

Report on the operations of the Petrol Group and the company Petrol d.d., Ljubljana in the first three months of 2018



May 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 Panić, 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 three months of 2018 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 three months of 2018 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 three months of 2018 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 Panić**

Member of the Management Board and Worker Director

INTRODUCTORY NOTES

The report on the operations of the Petrol Group and Petrol, d.d., Ljubljana, Dunajska 50, in the first three months of 2018 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 three months of 2018 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 three months of 2018 has been published on the website of Petrol d.d., Ljubljana (<http://www.petrol.si>), 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 the company Petrol d.d., Ljubljana in the first three months of 2018 at its meeting held on 17 May 2018.

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 Stebemak, 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-III 2018	I-III 2017	Index 2018 / 2017
Sales revenues	EUR million	1,178.6	1,108.4	106
Adjusted gross profit ¹	EUR million	102.2	92.5	110
Operating profit	EUR million	25.5	21.3	120
Net profit	EUR million	17.9	16.1	111
EBITDA	EUR million	37.7	32.7	115
Non-current (long-term) assets as at period end	EUR million	821.2	808.9	102
Earnings per share	EUR	8.7	7.8	112
Net debt / Equity		0.5	0.7	76
Net debt / EBITDA ²		2.2	2.3	93

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

²Calculated on an annual level

The Petrol Group	Unit	I-III 2018	I-III 2017	Index 2018 / 2017
Volume of petroleum products sold	thousand tons	729.0	756.1	96
Volume of liquefied petroleum gas sold	thousand tons	38.3	36.9	104
Volume of natural gas sold	thousand MWh	7,354.7	525.5	-
Heat sold	thousand MWh	72.8	64.2	113
Revenue from the sale of merchandise	EUR million	151.9	135.5	112
Number of service stations as at period end ¹		494	495	100

¹Number of service stations for the year 2017 as at 31 December 2017.

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

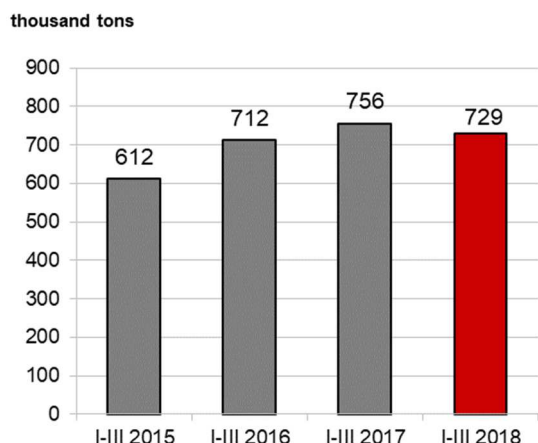


Figure 2: The Petrol Group's revenue from the sale of merchandise

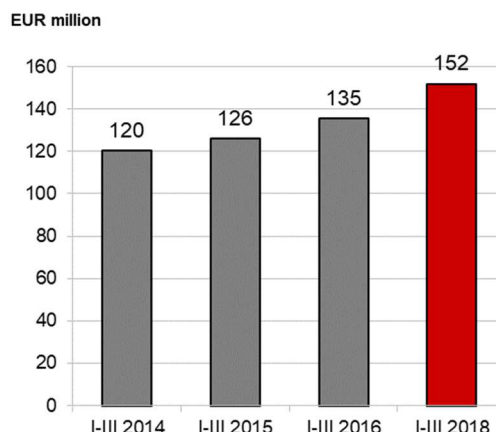


Figure 3: Increase in the number of the Petrol Group's service stations

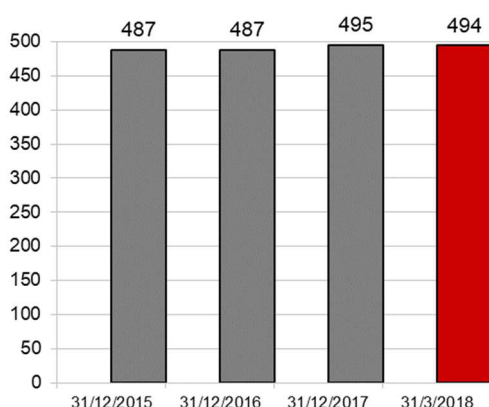


Figure 4: Net profit or loss of the Petrol group

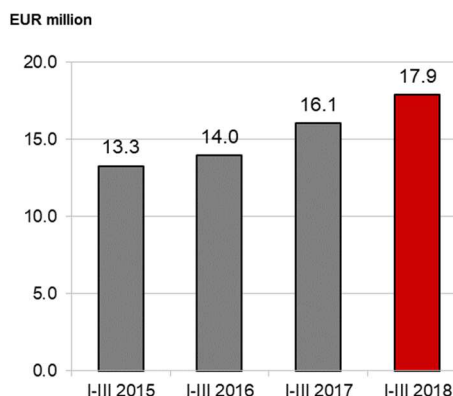


Figure 5: EBITDA of the Petrol Group

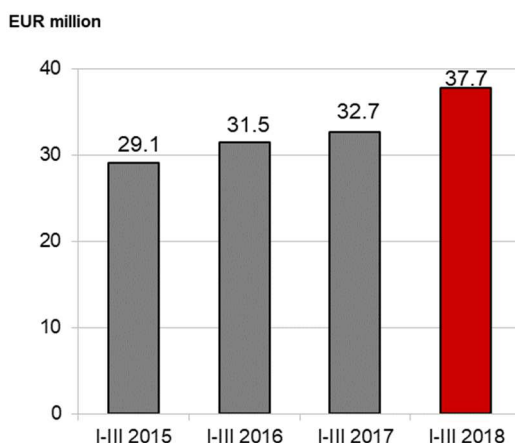
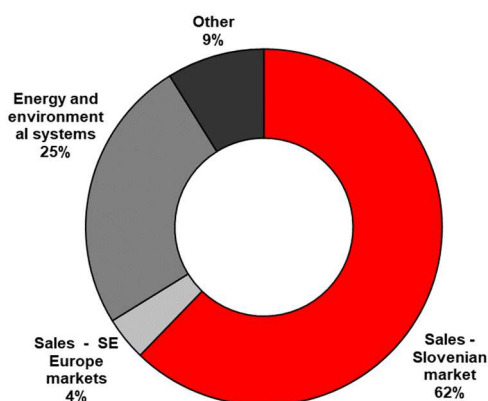


Figure 6: Breakdown of the Petrol Group's investments in the first three months of 2018



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 demanding 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 three months of 2018 stood at EUR 1.2 billion, a year-on-year increase of 6 percent, which was mainly due to higher oil prices. Adjusted gross profit totalled EUR 102.2 million or 10 percent more than in the first three months of 2017, with EBITDA amounting to EUR 37.7 million or 15 percent more than in the first three months of 2017.

Figure 7: EBITDA broken down by activity

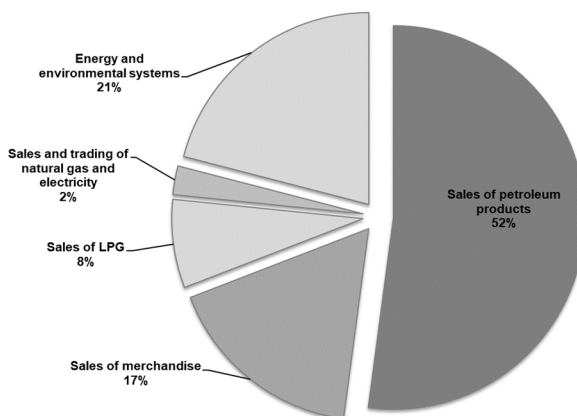
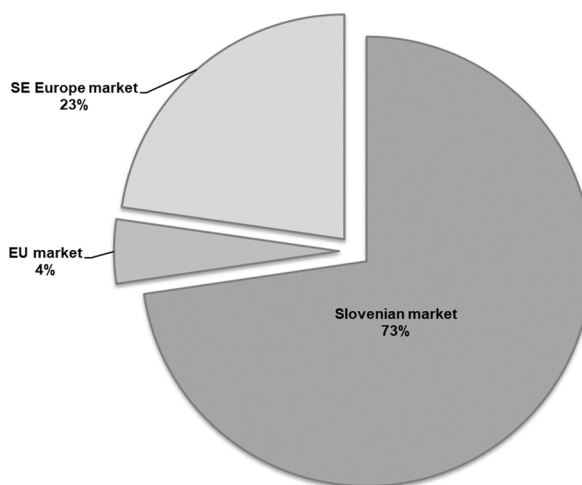


Figure 8: EBITDA broken down by market



Pre-tax profit totalled EUR 22.0 million or 19 percent more than in the first three months of 2017, with net profit for the first quarter of 2018 amounting to EUR 17.9 million or 11 percent more than in the first three months of 2017.

In the first three months of 2018, the Petrol Group sold 729.0 thousand tons of petroleum products¹, a year-on-year decrease of 4 percent. This was mainly the result of lower heating oil sales, which is offset through the sale of other energy products used for heating. In Slovenia, the three-month sales of petroleum products stood at 375.8 thousand tons, accounting for 52 percent of the Petrol Group's total sales. In the same period, the Group sold 173.4 thousand tons of petroleum products in SEE markets, representing 24 percent of the Petrol Group's total sales, and 179.8 thousand tons in EU markets, which represented 25 percent of the Group's total sales.

In the first three months of 2018, 40 percent of petroleum product sales were generated in the retail market and 60 percent in the wholesale market. At the end of March 2018, the Petrol Group's retail network consisted of 494 service stations, of which 317 were in Slovenia, 105 in Croatia, 38 in Bosnia and Herzegovina, 12 in Serbia, 11 in Montenegro and 11 in Kosovo.

During this period, EUR 151.9 million was generated in revenue from the sale of merchandise, an increase of 12 percent compared to the same period of the previous year.

In the first three months of 2018, the Petrol Group sold 38.3 thousand tons of liquefied petroleum gas, a year-on-year increase of 4 percent, and 7.4 TWh of natural gas.

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 three months of 2018 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 and natural gas 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 three months of 2018, the Petrol Group sold 729.0 thousand tons of petroleum products, a year-on-year decrease of 4 percent. This was mainly the result of lower heating oil sales, which is offset through the sale of other energy products used for heating.

In this period, 375.8 thousand tons of petroleum products were sold in Slovenia, which was 3 percent less than in the same period of 2017. Of this quantity, liquid fuels accounted for 366.6 thousand tons and other petroleum products for 9.2 thousand tons. Motor fuel sales (petrol and diesel fuel) were down 1 percent compared to the previous year's figures for this period.

In SEE markets, 173.4 thousand tons of petroleum products were sold in the first three months of 2018, a year-on-year increase of 9 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 2.0 thousand tons of petroleum products.

In EU markets, 179.8 thousand tons of petroleum products were sold in the first three months of 2018, which was 14 percent less than in the same period of 2017. 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.

Until 28 February 2018, the prices of regulated motor fuels were set in accordance with the Decree Setting Prices for Petroleum Products, which was in force from 1 November 2017, i.e. for a period of four months. On 27 February 2018, the Government of the Republic of Slovenia adopted a new Decree Setting Prices for Petroleum Products, which was in force from 1 March 2018 to 31 March 2018. The new decree did not change the pricing method.

On 29 March 2018, the Government of the Republic of Slovenia adopted a new Decree Setting Prices for Petroleum Products, which shall remain in force from 1 April 2018 to 30 September 2018. The new decree does not change the pricing method.

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 78 percent of the average gross margin in the EU countries (68 percent if the compulsory stocks membership fee is not taken into account) and in the case of diesel fuel to 61 percent (53 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 may change on a daily basis. 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

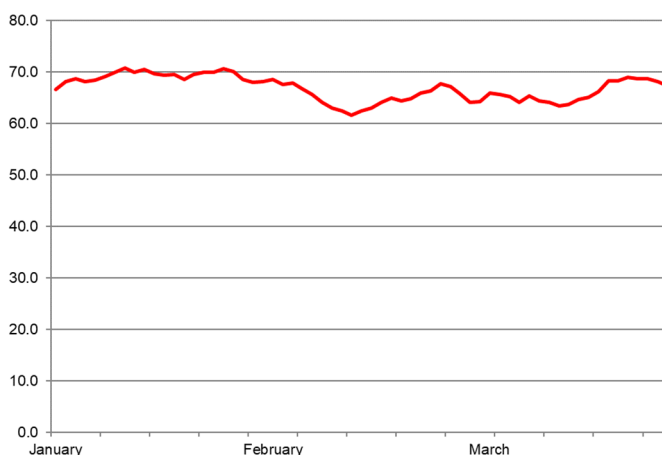
In Kosovo, retail and wholesale prices of petroleum products are not government-regulated. Only in the case of sales of petroleum products to government institutions and state-owned companies are prices set in accordance with a prescribed methodology, which takes into account average monthly market prices, 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

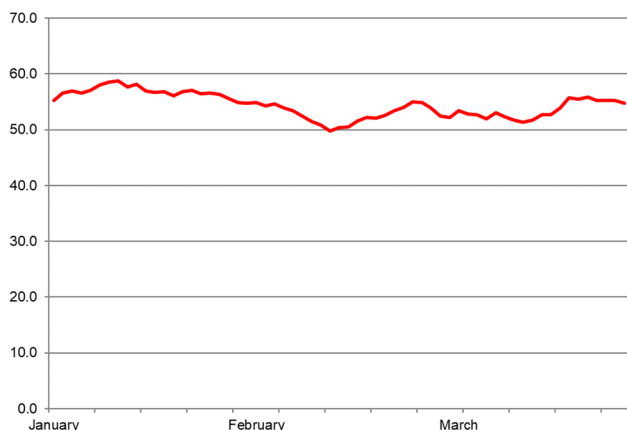
The average price of Brent Dated North Sea crude oil stood at USD 66.83 per barrel in the first three months of 2018, up 24 percent year-on-year. The average price in euros was up 8 percent. During this period, the price of Brent crude peaked on 11 January 2018, reaching USD 70.72 per barrel. Its lowest price was recorded on 13 February 2018 at USD 61.53 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 three months of 2018 in USD/barrel



SOURCE: Petrol, 2018

Figure 10: Changes in Brent Dated High oil price in the first three months of 2018 in EUR/barrel



SOURCE: Petrol, 2018

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 mostly on OPEC's oil output agreements, the situation in the Middle East (Syria, Iran), relations between Iran and the United States concerning the nuclear treaty, the deterioration of Russian-American

relations, and also 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 1.19 and 1.25 US dollars per euro in the first three months of 2018. The average exchange rate of the US dollar according to the exchange rate of the European Central Bank stood at 1.23 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 151.9 million in revenue from the sale of merchandise in the first three months of 2018, an increase of 12 percent compared to the same period of the previous year.

In Slovenia, EUR 138.3 million was generated in revenue from the sale of merchandise in the period under review, an increase of 12 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 13.5 million was generated in revenue from the sale of merchandise in the first three months of 2018, an increase of 8 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 three months of 2018, the Petrol Group generated EUR 9.0 million in revenue from the services related to oil and merchandise sales.

Sales of liquefied petroleum gas

In the first three months of 2018, the Petrol Group sold 38.3 thousand tons of liquefied petroleum gas, a year-on-year increase of 4 percent.

At the end of March 2018, 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 three months of 2018, the Petrol Group sold 4.8 TWh of natural gas, a significant increase relative to the previous year's figure for the same period. This was the result of the full consolidation of Geoplin d.o.o. natural gas sales.

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. In the first three months of 2018, the Petrol Group sold 289.2 MWh of electricity to end users.

B. ENERGY AND ENVIRONMENTAL SYSTEMS

Natural gas distribution

In the first three months of 2018, the Petrol Group distributed 529.9 thousand MWh of natural gas.

At the end of March 2018, the Group operated 26 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 three months of 2018, 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 and 53 small and medium waste treatment plants at its points of sale and storage facilities. 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.

In the first three months of 2018, the Petrol Group generated EUR 1.3 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 three months of 2018, 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 6.4 million in sales revenue from energy solutions.

District heating

Heat is supplied to customers through district heating systems. In the first three months of 2018, the Petrol Group generated EUR 3.0 million in sales revenue from district heating.

During this period, the Group sold 72.8 thousand MWh of heat (some of it as part of energy solutions) or 13 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. Renewable electricity is produced as planned. The company Petrol Hidroenergija d.o.o. Teslić obtained all the necessary permits and decisions, enabling it to complete the construction of the small hydroelectric plant and begin regular operation.

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 three months of 2018, the Group sold 4.5 TWh of electricity (of which 289.2 thousand MWh to end users, 4.2 TWh as part of trading and 41.7 thousand MWh as part of energy and environmental systems).

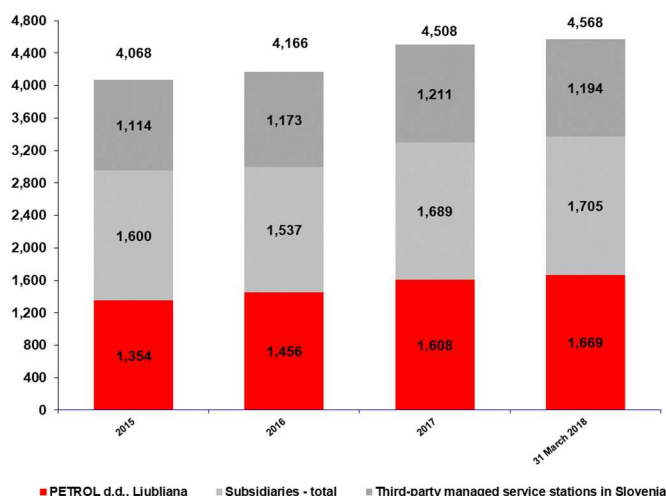
By acquiring a majority interest in Geoplin d.o.o. Ljubljana, the Petrol Group also began trading in natural gas in 2018. In the first three months of 2018, the Group sold 7.4 TWh of natural gas, of which 4.8 TWh to end users and 2.6 TWh as part of trading.

Sustainable development

Employees

On 31 March 2018, the Petrol Group had 4,568 employees, of which 33 percent worked for subsidiary companies abroad. The number of employees increased by 60 compared to the end of 2017.

Figure 11: Changes in the number of employees of the Petrol Group and at third-party managed service stations in the period 2015 – 2018



Employee structure

At the end of March 2018, the average age of the Petrol Group employees was 39 years. Sixty-one percent of the employees were male and 39 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.

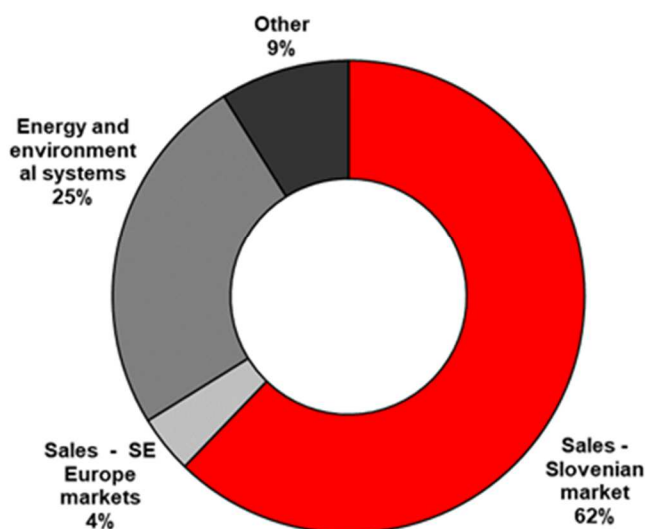
Training

In the first three months of 2018, more than 4.4 thousand employees took part in various forms of training. In all, the Petrol Group provided 22.6 thousand teaching hours of training, which represented, on average, 5 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 three months of 2018, net investments² in property, plant and equipment, intangible assets and long-term investments stood at EUR 19.3 million. Out of the above amount, 62 percent was allocated to sales in Slovenia, 4 percent to sales in SE Europe, 25 percent to energy and environmental systems, and 9 percent to the upgrading of information and other infrastructure.

Figure 12: Breakdown of the Petrol Group’s investments in the first three months of 2018



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.

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

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

* 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.

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 through the support we provide to 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 from the previous year, the most relevant and probable risks still comprise the following financial risks: price and volumetric risk, foreign exchange risk, credit risk and liquidity risk.

In addition to the main financial risks, the most relevant and probable risks include legislation and regulation risks, information system risks, business decision-making risks, interest rate risks and information risks.

Price and volumetric risk 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 and volumetric risks and to 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 volumetric 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 volumetric 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.

Transactions with derivatives are entered into only to hedge against price and volumetric risks and foreign exchange risks rather than for reasons of speculative nature.

Credit risk

The credit risk was assessed in 2017 as the third most relevant financial risk to which the Petrol Group was 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 half of 2017, the new system of limits was also being introduced at the Petrol Group's subsidiaries.

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 11 April 2018. 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 quarter of 2018, 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 the Petrol Group with a high level of liquidity. It was thus not necessary to incur additional non-current financial liabilities in the first three months of 2018.

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

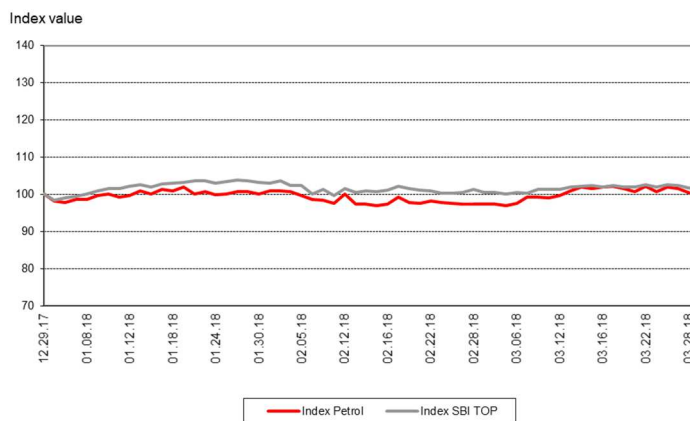
The Petrol Group regularly monitors its exposure to the interest rate risk. Thirty-one percent of the Group's non-current financial liabilities contain a variable interest rate that is linked to EURIBOR. The average EURIBOR rate in the first three months of 2018 was similar to the one at the end of 2017 and thus remains historically low (negative). In the first three months of 2018, the Petrol Group's overall borrowing interest rate was, on average, lower than in 2017. This was the result of low EURIBOR rates, interest rate margins, which had been further reduced, and the redemption of bonds issued in 2012, which carried a high fixed interest rate.

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. In the first three months of 2018, we entered into a new EUR 60 million interest rate hedging contract with a maturity that matches the loan agreement with a variable interest rate and deferred drawing until the end of the second quarter of 2019, which had already been signed. 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 March 2018, share prices at the Ljubljana Stock Exchange were on average slightly higher than at the end of 2017. 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 817.45 as at the end of March 2018 and was up 1.4 percent relative to the end of 2017 (806.52). During this period, Petrol's shares lost 0.4 percent in value. In terms of trading volume, which in the case of Petrol's shares amounted to EUR 13.9 million between January and March 2018, the shares were ranked third among the shares traded on the Ljubljana Stock Exchange. In terms of market capitalisation, which stood at EUR 726 million as at 31 March 2018, the shares were ranked second and accounted for 13.6 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 three months of 2018 compared to the end of 2017



In the first three months of 2018, the price of Petrol's shares ranged between EUR 339 and EUR 357 per share. Their average price for the period stood at EUR 347.89 and their price as at the end of March 2018 at EUR 348. The Petrol Group's earnings per share stood at EUR 8.71, with its book value per share amounting to EUR 343.51. Petrol d.d., Ljubljana had 24,007 shareholders as at 31 March 2018. At the end of March 2018, 560,589 shares or 26.9 percent of all shares were held by foreign legal or natural persons. Compared to the end of 2017, the number of foreign shareholders increased by 1 percentage point.

Figure 14: Closing price and the volume of trading in Petrol's shares in the first three months of 2018

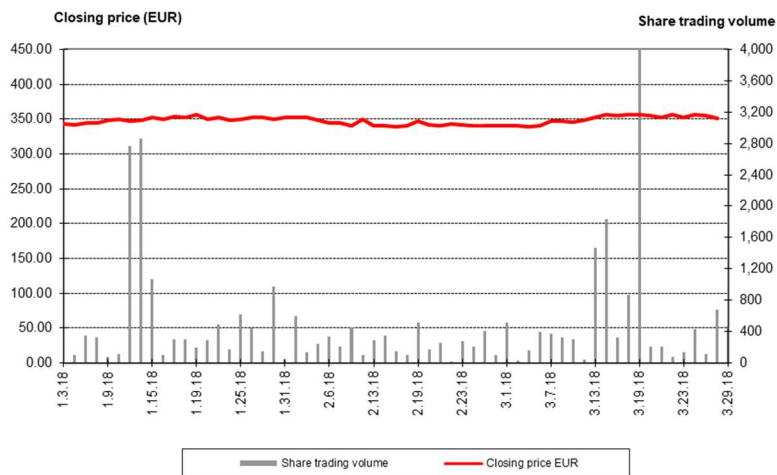


Figure 15: Ownership structure of Petrol d.d., Ljubljana as at 31 March 2018

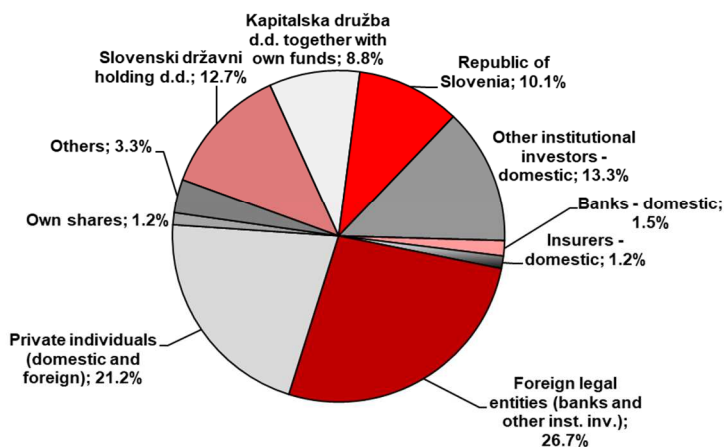


Table 3: Changes in the ownership structure of Petrol d.d., Ljubljana (comparison between 31 March 2018 and 31 December 2017)

	March 31, 2018		December 31, 2017	
	No. of Shares	in %	No. of Shares	in %
Slovenski državni holding d.d.	264,516	12.7%	264,516	12.7%
Kapitalska družba d.d. together with own funds	184,191	8.8%	184,191	8.8%
Republic of Slovenia	210,685	10.1%	210,685	10.1%
Other institutional investors - domestic	277,779	13.3%	287,248	13.8%
Banks - domestic	31,189	1.5%	44,210	2.1%
Insurers - domestic	25,486	1.2%	25,486	1.2%
Foreign legal entities (banks and other inst. inv.)	555,840	26.7%	535,905	25.7%
Private individuals (domestic and foreign)	443,079	21.2%	441,840	21.2%
Own shares	24,703	1.2%	24,703	1.2%
Others	68,833	3.3%	67,517	3.2%
Total	2,086,301	100.0%	2,086,301	100.0%

Table 4: 10 largest shareholders of Petrol d.d., Ljubljana as at 31 March 2018

	Shareholder	Address	No. of Shares	Share in %
1	ČEŠKOSLOVENSKA OBCHODNI BANK, A.S. - FID	RADLICKA 333/150, 150 57 PRAGA 5, REPUBLIKA ČEŠKA	267,076	12.80%
2	SLOVENSKI DRŽAVNI HOLDING, D.D.	MALA ULICA 5, 1000 LJUBLJANA	264,516	12.68%
3	REPUBLIKA SLOVENIJA	GREGORČIČEVA ULICA 20, 1000 LJUBLJANA	210,685	10.10%
4	KAPITALSKA DRUŽBA, D.D.	DUNAJSKA CESTA 119, 1000 LJUBLJANA	172,639	8.27%
5	SPLITSKA BANKA D.D. - CLIENT ACCOUNT - F	DOMOVINSKOG RATA 61, 21000 SPLIT, HRVAŠKA	102,852	4.93%
6	VIZIJA HOLDING, K.D.D.	DUNAJSKA CESTA 156, 1000 LJUBLJANA	71,676	3.44%
7	VIZIJA HOLDING ENA, K.D.D.	DUNAJSKA CESTA 156, 1000 LJUBLJANA	63,620	3.05%
8	PERSPEKTIVA FT D.O.O.	DUNAJSKA CESTA 156, 1000 LJUBLJANA	36,262	1.74%
9	SOP LJUBLJANA	VOŠNJAKOVA ULICA 6, 1000 LJUBLJANA	34,496	1.65%
10	DUTB, D. D.	DAVČNA ULICA 1, 1000 LJUBLJANA	29,979	1.44%

Table 5: Shares owned by members of the Supervisory and Management Board as at 31 March 2018

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 Berložnik	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 31 March 2018, 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 28th General Meeting held on 26 April 2018, Petrol d.d., Ljubljana shall pay 2017 gross dividends of EUR 16.00 per share in August 2018. The gross dividend per share for 2016, which was paid in 2017, stood at EUR 14.00.

Own shares

Petrol d.d., Ljubljana did not repurchase its own shares in the first three months of 2018. As at 31 March 2018, 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 31 March 2018 and was EUR 6 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 27th 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. In April 2018, it received a court decision according to which the procedure is now concluded and final due to the withdrawal of the lawsuit.

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 three months of 2018, several individual investor and analyst meetings were held. In March, we participated in a Ljubljana Stock Exchange webcast.

General Meeting resolutions

At the 28th General Meeting of Petrol d.d., Ljubljana held on 26 April 2018, the following resolutions were adopted:

- The accumulated profit of EUR 32,985,568.00 as at 31 December 2017 shall be used in its entirety to pay gross dividends of EUR 16.00 per share (own shares excluded). The dividends are to be paid out of the net profit for 2017 and other revenue reserves. The Company shall pay the dividends on 10 August 2018 to shareholders registered with KDD – the Central Securities Clearing Corporation on 9 August 2018, as laid down in a Management Board decision.
- The Company's Management Board shall be granted discharge from liability for the year 2017.
- The Company's Supervisory Board shall be granted discharge from liability for the year 2017.
- The audit firm ERNST & YOUNG Revizija, poslovno svetovanje, d.o.o., Ljubljana shall be appointed auditor for the year 2018.

Credit rating

On 11 April 2018, 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

There were no events after the reporting date that would significantly affect the disclosed operations in the first three months of 2018.

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.	
		1-3 2018	1-3 2017	1-3 2018	1-3 2017
Sales revenue		1,178,635,455	1,108,380,674	917,699,199	936,739,356
- of which excise duty		252,466,469	247,702,580	177,058,669	179,425,913
Cost of goods sold		(1,076,478,622)	(1,015,881,575)	(842,576,650)	(868,316,733)
Costs of materials	3	(9,209,103)	(9,814,680)	(5,191,725)	(5,166,219)
Costs of services	4	(33,816,038)	(31,450,934)	(27,242,023)	(25,630,231)
Labour costs	5	(21,374,346)	(17,779,956)	(14,462,254)	(12,351,812)
Depreciation and amortisation	6	(12,421,804)	(11,714,391)	(7,973,685)	(7,713,065)
Other costs	7	(1,781,276)	(2,030,323)	(1,182,984)	(585,984)
Operating costs		(78,602,567)	(72,790,284)	(56,052,672)	(51,447,311)
Other revenue	2	2,053,606	1,598,684	665,862	1,228,711
Other expenses		(133,062)	(16,860)	(5,829)	(5,173)
Operating profit		25,474,810	21,290,639	19,729,910	18,198,851
Share of profit or loss of equity accounted investees		332,203	295,495	-	-
Finance income from dividends paid by subsidiaries, associates and jointly controlled entities		-	-	801,029	0
Other finance income	8	13,275,952	13,272,939	10,692,955	11,231,323
Other finance expenses	8	(17,069,900)	(16,313,001)	(14,665,597)	(13,825,535)
Net finance expense		(3,793,948)	(3,040,062)	(3,972,642)	(2,594,212)
Profit before tax		22,013,065	18,546,072	16,558,298	15,604,639
Tax expense		(4,106,059)	(1,045,312)	(2,788,418)	(1,702,002)
Deferred tax		(3,802)	(1,434,512)	81,657	(1,499,361)
Corporate income tax		(4,109,861)	(2,479,824)	(2,706,761)	(3,201,364)
Net profit for the period		17,903,204	16,066,248	13,851,536	12,403,275
Net profit for the period attributable to:					
Owners of the controlling company		18,225,973	16,055,222	13,851,536	12,403,275
Non-controlling interest		(322,769)	11,026	-	-
Basic and diluted earnings per share	9	8.71	7.79	6.72	6.02

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.	
	1-3 2018	1-3 2017	1-3 2018	1-3 2017
Net profit for the period	17,903,204	16,066,248	13,851,536	12,403,275
Other comprehensive income to be recognised in the statement of profit or loss in the future				
Effective portion of changes in the fair value of cash flow variability hedging	(338,391)	40,158	(244,392)	(95,617)
Change in deferred taxes	87,153	(6,273)	70,233	18,167
Foreign exchange differences	462,582	2,362,902	-	-
Total other comprehensive income to be recognised in the statement of profit or loss in the future	211,344	2,396,787	(174,159)	(77,450)
Other comprehensive income not to be recognised in the statement of profit or loss in the future				
Unrealised actuarial gains and losses	0	0	0	0
Attribution of changes in the equity of subsidiaries	0	0	-	-
Attribution of changes in the equity of associates	0	0	-	-
Total other comprehensive income not to be recognised in the statement of profit or loss in the future	0	0	0	0
Total other comprehensive income after tax	211,344	2,396,787	(174,159)	(77,450)
Total comprehensive income for the period	18,114,548	18,463,035	13,677,377	12,325,826
Total comprehensive income attributable to:				
Owners of the controlling company	18,418,170	18,455,289	13,677,377	12,325,826
Non-controlling interest	(303,622)	7,746	-	-

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

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

(in EUR)	Note	The Petrol Group		Petrol d.d.	
		31 March 2018	31 December 2017	31 March 2018	31 December 2017
ASSETS					
Non-current (long-term) assets					
Intangible assets	10	187,088,489	186,185,049	151,896,753	153,693,903
Property, plant and equipment	11	617,557,426	620,459,508	311,204,021	312,657,480
Investment property		16,509,254	16,750,344	15,979,015	16,211,085
Investments in subsidiaries	12	-	-	339,654,796	329,225,470
Investments in jointly controlled entities	13	1,897,651	1,755,182	1,219,000	1,219,000
Investments in associates	14	61,833,051	62,444,322	21,726,406	21,726,406
Financial assets at fair value through other comprehensive income	15	11,173,565	11,173,565	1,689,491	1,689,491
Financial receivables		32,803,502	32,651,760	7,973,915	6,362,867
Operating receivables		4,168,210	3,275,362	4,129,762	3,239,145
Deferred tax assets		9,046,235	8,977,390	5,620,223	5,468,333
		942,077,383	943,672,482	861,093,380	851,493,180
Current assets					
Inventories	16	125,640,649	159,748,956	94,990,864	117,265,435
Financial receivables	17	30,790,799	29,754,766	13,088,476	15,018,789
Operating receivables	18	437,971,325	441,456,308	302,078,405	293,516,557
Corporate income tax assets		111,349	108,824	0	0
Financial assets at fair value through profit or loss	19	1,233,635	1,661,550	1,233,635	1,661,550
Prepayments and other assets	20	35,238,162	34,377,552	19,513,204	21,218,283
Cash and cash equivalents		48,670,149	45,492,821	19,606,238	23,651,242
		679,656,068	712,600,777	450,510,821	472,331,856
Total assets		1,621,733,451	1,656,273,259	1,311,604,201	1,323,825,036
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		4,708,359	4,708,359	2,604,670	2,604,670
Own shares		(4,708,359)	(4,708,359)	(2,604,670)	(2,604,670)
Other revenue reserves		215,574,783	214,915,535	216,359,244	216,667,051
Fair value reserve		(812,490)	(832,522)	39,295,125	39,295,125
Hedging reserve		(291,155)	(39,917)	(342,946)	(168,787)
Foreign exchange differences		(5,609,834)	(6,053,269)	-	-
Retained earnings		266,218,598	247,992,625	45,988,034	32,136,498
		670,300,219	651,202,769	496,281,704	482,912,133
Non-controlling interest		46,355,682	50,664,385	-	-
Total equity		716,655,901	701,867,154	496,281,704	482,912,133
Non-current liabilities					
Provisions for employee post-employment and other long-term benefits		7,107,629	7,104,156	6,100,872	6,100,872
Other provisions		37,281,304	38,687,918	14,238,270	14,119,496
Long-term deferred revenue		7,192,190	6,376,773	6,552,257	6,328,758
Financial liabilities	21	357,619,683	357,485,819	306,535,146	306,280,056
Operating liabilities		1,162,089	1,217,562	867,909	923,382
Deferred tax liabilities		3,787,568	3,800,572	0	0
		414,150,463	414,672,800	334,294,452	333,752,564
Current liabilities					
Financial liabilities	21	62,777,078	62,860,637	158,801,310	134,723,206
Operating liabilities	22	397,559,870	450,518,749	302,674,194	356,672,760
Corporate income tax liabilities		4,455,770	3,460,394	5,213,961	3,778,471
Other liabilities	23	26,134,369	22,893,525	14,338,579	11,985,901
		490,927,087	539,733,305	481,028,045	507,160,338
Total liabilities		905,077,550	954,406,105	815,322,497	840,912,903
Total equity and liabilities		1,621,733,451	1,656,273,259	1,311,604,201	1,323,825,036

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 2017	52,240,977	80,991,385	61,987,955	2,604,670	(2,604,670)	191,876,506	(585,653)	41,909	(10,295,581)	220,392,308	596,649,806	(980,113)	595,669,693
Net profit for the period										16,055,222	16,055,222	11,026	16,066,248
Other changes in other comprehensive income								33,885	2,366,182		2,400,067	(3,280)	2,396,787
Total changes in total comprehensive income	0	0	0	0	0	0	0	33,885	2,366,182	16,055,222	18,455,289	7,746	18,463,035
As at 31 March 2017	52,240,977	80,991,385	61,987,955	2,604,670	(2,604,670)	191,876,506	(585,653)	75,794	(7,929,399)	236,447,530	615,105,095	(972,367)	614,132,728
As at 31 December 2017	52,240,977	80,991,385	61,987,955	4,708,359	(4,708,359)	214,915,535	(832,522)	(39,917)	(6,053,269)	247,992,625	651,202,769	50,664,385	701,867,154
Adjustment on adoption of IFRS 15						(307,807)					(307,807)		(307,807)
As at 1 January 2018	52,240,977	80,991,385	61,987,955	4,708,359	(4,708,359)	214,607,728	(832,522)	(39,917)	(6,053,269)	247,992,625	650,894,962	50,664,385	701,559,347
Increase/(decrease) in non-controlling interest						967,055	20,032				987,087	(4,005,081)	(3,017,994)
Transactions with owners	0	0	0	0	0	967,055	20,032	0	0	0	987,087	(4,005,081)	(3,017,994)
Net profit for the period										18,225,973	18,225,973	(322,769)	17,903,204
Other changes in other comprehensive income								(251,238)	443,435		192,197	19,147	211,344
Total changes in total comprehensive income	0	0	0	0	0	0	0	(251,238)	443,435	18,225,973	18,418,170	(303,622)	18,114,548
As at 31 March 2018	52,240,977	80,991,385	61,987,955	4,708,359	(4,708,359)	215,574,783	(812,490)	(291,155)	(5,609,834)	266,218,598	670,300,219	46,355,682	716,655,901

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 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
Net profit for the period									12,403,275	12,403,275
Other changes in comprehensive income								(77,450)		(77,450)
Total changes in total comprehensive income	0	0	0	0	0	0	0	(77,450)	12,403,275	12,325,825
As at 31 March 2017	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	191,556,836	39,295,125	(77,450)	34,239,364	459,996,122
As at 31 December 2017	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	216,667,051	39,295,125	(168,787)	32,136,498	482,912,133
Adjustment on adoption of IFRS 15						(307,807)				(307,807)
As at 1 January 2018	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	216,359,244	39,295,125	(168,787)	32,136,498	482,604,326
Net profit for the period									13,851,536	13,851,536
Other changes in other comprehensive income								(174,159)		(174,159)
Total changes in total comprehensive income	0	0	0	0	0	0	0	(174,159)	13,851,536	13,677,377
As at 31 March 2018	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	216,359,244	39,295,125	(342,946)	45,988,034	496,281,704

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)	Note	The Petrol Group		Petrol d.d.	
		31 March 2018	31 March 2017	31 March 2018	31 March 2017
Cash flows from operating activities					
Net profit		17,903,204	16,066,248	13,851,536	12,403,275
Adjustment for:					
Corporate income tax		4,109,861	2,479,824	2,706,761	3,201,364
Depreciation of property, plant and equipment and of investment property	6	10,351,004	10,092,959	6,230,342	6,351,454
Amortisation of intangible assets	6	2,070,800	1,621,432	1,743,343	1,361,611
(Gain)/loss on disposal of property, plant and equipment	2, 7	(36,296)	(61,043)	(82,517)	(171,341)
Impairment, write-down/(reversed impairment) of assets		(12,931)	795,405	0	0
Revenue from assets under management		(16,350)	(16,350)	(16,350)	(16,350)
Net (decrease in)/creation of provisions for long-term employee benefits		3,000	0	0	0
Net (decrease in)/creation of other provisions and long-term deferred revenue		(899,276)	(324,478)	34,465	(315,297)
Net goods surpluses		(289,389)	(36,529)	(367,522)	(140,716)
Net (decrease in)/creation of allowance for receivables	8	(586,095)	2,064,602	(900,844)	1,131,246
Net finance (income)/expense	8	1,645,654	3,086,489	1,934,359	2,930,287
Impairment of goodwill	8	0	341,093	0	0
Share of profit of jointly controlled entities		(142,445)	(107,141)	-	-
Share of profit of associates		(189,758)	(188,354)	-	-
Finance income from dividends received from associates		-	-	(801,029)	0
Cash flow from operating activities before the changes in working capital		33,910,983	35,814,157	24,332,544	26,735,534
Net (decrease in)/creation of other liabilities	23	3,230,780	3,661,226	2,352,678	(17,699)
Net decrease in/(creation of) other assets	20	(2,309,877)	(2,451,635)	(2,307,054)	(4,677,179)
Change in inventories	16	34,462,173	(8,674,373)	22,642,093	(2,767,327)
Change in operating and other receivables	18	7,607,894	75,261,859	(2,977,440)	74,437,207
Change in operating and other liabilities	22	(47,055,171)	(121,579,347)	(48,254,171)	(127,033,405)
Cash generated from operating activities		29,846,782	(17,968,113)	(4,211,350)	(33,322,869)
Interest paid	8	(424,801)	(1,105,009)	(480,064)	(1,459,852)
Taxes paid		(2,863,975)	(3,589,471)	(1,352,927)	(940,693)
Net cash from (used in) operating activities		26,558,006	(22,662,593)	(6,044,341)	(35,723,414)
Cash flows from investing activities					
Payments for investments in subsidiaries	12	(8,361,725)	(353,344)	(9,881,725)	(1,500,000)
Receipts from investments in subsidiaries	12	480,000	0	0	0
Receipts from intangible assets	10	205,472	0	53,808	0
Payments for intangible assets	10	(260,974)	(1,059,893)	0	(1,056,086)
Receipts from property, plant and equipment	11	352,835	564,659	320,419	424,853
Payments for property, plant and equipment	11	(17,671,241)	(13,863,667)	(14,855,266)	(6,227,275)
Payments for financial assets available for sale	15	0	(36,464)	0	(36,464)
Receipts from loans granted	17	1,011,755	755,799	2,225,897	5,107,056
Payments for loans granted	17	(2,198,087)	(74,990)	(1,812,356)	(7,815,426)
Interest received	8	731,445	860,708	665,791	787,874
Dividends received from associates		801,029	0	801,029	0
Net cash from (used in) investing activities		(24,909,491)	(13,207,192)	(22,482,403)	(10,315,468)
Cash flows from financing activities					
Proceeds from bonds issued	21	0	11,000,000	0	11,000,000
Payments for bonds issued	21	0	(8,408,000)	0	(8,408,000)
Proceeds from borrowings	21	182,137,690	313,945,235	249,603,310	386,024,348
Repayment of borrowings	21	(182,387,010)	(282,637,859)	(225,121,213)	(345,241,929)
Dividends paid to shareholders		(358)	(21,706)	(358)	(21,706)
Net cash from (used in) financing activities		(249,678)	33,877,670	24,481,739	43,352,713
Increase/(decrease) in cash and cash equivalents		1,398,837	(1,992,115)	(4,045,004)	(2,686,170)
Changes in cash and cash equivalents					
At the beginning of the year		45,492,821	26,987,969	23,651,242	12,657,723
Foreign exchange differences		13,043	71,823	-	-
Cash acquired through acquisition of companies		1,765,448	22,751	-	-
Increase/(decrease)		1,398,837	(1,992,115)	(4,045,004)	(2,686,170)
At the end of the period		48,670,149	25,090,428	19,606,238	9,971,553

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 31 March 2018 and separate financial statements of the company Petrol d.d., Ljubljana for the period ended 31 March 2018. 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 7 May 2018.

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 2017.

The financial statements for the period from January – March 2018 are prepared based on the same accounting policies used for the preparation of financial statements for the year ended 31 December 2017, considering the implementation of the new standards IFRS 9 and IFRS 15.

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 at fair value through other comprehensive income.

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 January - 31 March 2017:

(in EUR)	Sales	Energy and Environmental Systems	Total	Statement of profit or loss/ Statement of financial position
Sales revenue	1,201,707,661	21,115,996	1,222,823,657	-
Revenue from subsidiaries	(113,960,787)	(482,196)	(114,442,983)	-
Sales revenue	1,087,746,874	20,633,800	1,108,380,674	1,108,380,674
Net profit for the year	11,767,304	4,298,944	16,066,248	16,066,248
Interest income*	644,951	197,864	842,815	842,815
Interest expense*	(2,775,352)	(851,447)	(3,626,799)	(3,626,799)
Depreciation of property, plant and equipment, depreciation of investment property, amortisation of intangible assets	(8,469,390)	(3,245,001)	(11,714,391)	(11,714,391)
Share of profit or loss of equity accounted investees	0	295,495	295,495	295,495
Total assets	1,209,687,061	229,669,535	1,439,356,596	1,439,356,596
Equity accounted investees	82,254,881	49,379,537	131,634,418	131,634,418
Property, plant and equipment, intangible assets and investment property	637,445,055	171,416,277	808,861,332	808,861,332
Other assets	489,987,126	8,873,720	498,860,846	498,860,846
Current and non-current operating and financial liabilities	656,172,669	124,580,047	780,752,716	780,752,716

*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 January - 31 March 2018:

(in EUR)	Sales	Energy and Environmental Systems	Total	Statement of profit or loss/ Statement of financial position
Sales revenue	1,277,863,313	19,817,804	1,297,681,117	-
Revenue from subsidiaries	(118,937,288)	(108,374)	(119,045,662)	-
Sales revenue	1,158,926,025	19,709,430	1,178,635,455	1,178,635,455
Net profit for the year	13,975,428	3,927,776	17,903,204	17,903,204
Interest income*	740,437	271,718	1,012,155	1,012,155
Interest expense*	(1,778,321)	(652,592)	(2,430,913)	(2,430,913)
Depreciation of property, plant and equipment, depreciation of investment property, amortisation of intangible assets	(8,858,168)	(3,563,636)	(12,421,804)	(12,421,804)
Share of profit or loss of equity accounted investees	0	332,203	332,203	332,203
Total assets	1,373,281,530	248,451,921	1,621,733,451	1,621,733,451
Equity accounted investees	12,355,333	51,375,369	63,730,702	63,730,702
Property, plant and equipment, intangible assets and investment property	634,978,173	186,176,996	821,155,169	821,155,169
Other assets	725,948,024	10,899,556	736,847,580	736,847,580
Current and non-current operating and financial liabilities	693,628,542	125,490,178	819,118,720	819,118,720

*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.	
	1-3 2018	1-3 2017	1-3 2018	1-3 2017
Compensation, litigation proceeds and contractual penalties received	212,943	494,414	53,026	493,396
Utilisation of environmental provisions	156,286	314,276	154,984	312,974
Gain on disposal of fixed assets	98,773	301,549	90,948	181,090
Compensation received from insurance companies	14,299	20,422	10,097	10,594
Other revenue	1,571,305	468,023	356,807	230,657
Total other revenue	2,053,606	1,598,684	665,862	1,228,711

3. Costs of material

(in EUR)	The Petrol Group		Petrol d.d.	
	1-3 2018	1-3 2017	1-3 2018	1-3 2017
Costs of energy	7,147,870	7,185,061	3,599,340	3,528,210
Costs of consumables	1,882,258	2,437,958	1,498,386	1,533,685
Write-off of small tools	25,253	51,939	12,350	15,455
Other costs of materials	153,722	139,722	81,649	88,869
Total costs of materials	9,209,103	9,814,680	5,191,725	5,166,219

4. Costs of services

(in EUR)	The Petrol Group		Petrol d.d.	
	1-3 2018	1-3 2017	1-3 2018	1-3 2017
Costs of service station managers	8,291,751	8,181,697	8,291,751	8,181,697
Costs of transport services	7,168,015	7,042,651	6,141,496	5,953,793
Costs of fixed-asset maintenance services	4,382,988	3,042,369	3,214,096	2,157,353
Lease payments	3,094,620	2,903,384	1,395,906	1,233,721
Costs of professional services	2,013,703	1,433,515	1,811,636	1,539,307
Costs of payment transactions and bank services	1,852,877	1,833,755	1,386,593	1,387,988
Costs of fairs, advertising and entertainment	1,793,409	1,470,788	1,264,103	1,131,406
Contributions for operations at motorway service areas	1,233,002	1,100,439	1,048,273	916,848
Costs of insurance premiums	1,012,875	918,138	620,985	589,559
Costs of fire protection and physical and technical security	443,754	463,415	358,709	364,647
Outsourcing costs	362,139	279,169	197,674	16,343
Property management	335,117	381,506	298,068	374,107
Costs of environmental protection services	320,261	319,570	189,838	177,005
Concession charges	318,792	302,525	209,659	207,525
Reimbursement of work-related costs to employees	229,989	222,608	136,324	123,247
Membership fees	129,289	85,775	70,837	58,460
Other costs of services	833,457	1,469,630	606,075	1,217,225
Total costs of services	33,816,038	31,450,934	27,242,023	25,630,231

5. Labour costs

(in EUR)	The Petrol Group		Petrol d.d.	
	1-3 2018	1-3 2017	1-3 2018	1-3 2017
Salaries	15,065,442	12,456,909	10,029,183	8,494,685
Costs of pension insurance	1,324,312	1,008,783	984,263	826,244
Costs of other social insurance	1,408,000	1,211,982	792,743	676,552
Transport allowance	708,048	632,543	426,482	384,108
Annual leave allowance	611,619	430,449	444,077	325,971
Meal allowance	588,302	512,455	420,474	373,746
Supplementary pension insurance	296,389	250,494	256,270	228,586
Other allowances and reimbursements	1,372,234	1,276,341	1,108,762	1,041,920
Total labour costs	21,374,346	17,779,956	14,462,254	12,351,812

6. Depreciation and amortisation

(in EUR)	The Petrol Group		Petrol d.d.	
	1-3 2018	1-3 2017	1-3 2018	1-3 2017
Amortisation of intangible assets	2,070,800	1,621,432	1,743,343	1,361,611
Depreciation of property, plant and equipment	10,077,543	9,822,510	5,965,900	6,091,760
Depreciation of investment property	273,461	270,449	264,442	259,694
Total depreciation and amortisation	12,421,804	11,714,391	7,973,685	7,713,065

7. Other costs

(in EUR)	The Petrol Group		Petrol d.d.	
	1-3 2018	1-3 2017	1-3 2018	1-3 2017
Sponsorships and donations	711,300	515,379	697,910	493,840
Environmental charges and charges unrelated to operations	611,919	282,014	272,621	37,172
Disposals/impairment of assets	62,477	1,035,911	8,431	9,749
Other costs	395,580	197,019	204,022	45,223
Total other costs	1,781,276	2,030,323	1,182,984	585,984

8. Other financial income and expenses

(in EUR)	The Petrol Group		Petrol d.d.	
	1-3 2018	1-3 2017	1-3 2018	1-3 2017
Foreign exchange differences	4,204,366	5,159,327	2,282,267	3,265,365
Gain on derivatives	7,035,613	7,115,006	6,713,504	7,053,965
Interest income	1,012,155	842,815	739,588	864,022
Allowances for receivables reversed and bad debt recovered	993,526	150,380	901,459	9,217
Other finance income	30,292	5,411	56,138	38,754
Total other finance income	13,275,952	13,272,939	10,692,955	11,231,323
Foreign exchange differences	(2,706,906)	(2,837,259)	(1,386,768)	(1,632,328)
Loss on derivatives	(11,267,462)	(6,984,952)	(10,548,130)	(7,219,680)
Interest expense	(2,430,913)	(3,626,799)	(2,463,305)	(3,588,604)
Allowance for operating receivables	(407,431)	(2,214,982)	(615)	(1,140,464)
Impairment of goodwill	0	(341,093)	0	0
Other finance expenses	(257,188)	(307,916)	(266,779)	(244,459)
Total other finance expenses	(17,069,900)	(16,313,001)	(14,665,597)	(13,825,535)
Net finance expense	(3,793,948)	(3,040,062)	(3,972,642)	(2,594,212)

9. Earnings per share

(in EUR)	The Petrol Group		Petrol d.d.	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Net profit (in EUR)	17,903,204	16,066,248	13,851,536	12,403,275
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	30,723	24,703	24,703	24,703
Number of own shares at the end of the period	30,723	24,703	24,703	24,703
Weighted average number of ordinary shares issued	2,055,578	2,061,598	2,061,598	2,061,598
Diluted average number of ordinary shares	2,055,578	2,061,598	2,061,598	2,061,598
Basic and diluted earnings per share (EUR/share)	8.71	7.79	6.72	6.02

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)	Right to use concession		Goodwill	Ongoing investments	Long-term deferred expenses	Total
	Software	infrastructure				
Cost						
As at 1 January 2017	19,571,272	104,067,778	106,509,484	1,269,770	0	231,418,304
New acquisitions as a result of control obtained	0	821	341,093	0	0	341,914
New acquisitions	0	0	0	1,059,893	0	1,059,893
Disposals/Impairments	(108,471)	0	(341,093)	0	0	(449,564)
Transfer from ongoing investments	93,225	68,667	0	(161,892)	0	0
Foreign exchange differences	1,129	100,125	209,304	2,943	0	313,501
As at 31 March 2017	19,557,155	104,237,391	106,718,788	2,170,714	0	232,684,048
Accumulated amortisation						
As at 1 January 2017	(12,253,666)	(37,971,966)	0	0	0	(50,225,632)
New acquisitions as a result of control obtained	0	(509)	0	0	0	(509)
Amortisation	(580,000)	(1,041,432)	0	0	0	(1,621,432)
Disposals/Impairments	108,471	0	0	0	0	108,471
Foreign exchange differences	(1,165)	(34,067)	0	0	0	(35,232)
As at 31 March 2017	(12,726,360)	(39,047,974)	0	0	0	(51,774,334)
Net carrying amount as at 1 January 2017	7,317,606	66,095,812	106,509,484	1,269,770	0	181,192,672
Net carrying amount as at 31 March 2017	6,830,795	65,189,417	106,718,788	2,170,714	0	180,909,714

(in EUR)	Right to use concession		Goodwill	Ongoing investments	Long-term deferred expenses	Total
	Software	infrastructure				
Cost						
As at 1 January 2018	26,746,392	105,938,314	105,882,081	5,014,512	0	243,581,299
New acquisitions as a control obtained	0	430,428	2,589,211	0	1,115	3,020,754
New acquisitions	0	0	0	186,101	74,873	260,974
Disposals/Impairments	(253)	(44,530)	0	(187,337)	0	(232,120)
Transfer from ongoing investments	300,528	840,141	0	(1,140,669)	0	0
Foreign exchange differences	630	7,219	14,678	284	0	22,811
As at 31 March 2018	27,047,297	107,171,572	108,485,970	3,872,891	75,988	246,653,718
Accumulated amortisation						
As at 1 January 2018	(14,393,544)	(43,002,706)	0	0	0	(57,396,250)
New acquisitions as a control obtained	0	(121,499)	0	0	0	(121,499)
Amortisation	(963,660)	(1,107,140)	0	0	0	(2,070,800)
Disposals/Impairments	252	26,396	0	0	0	26,648
Foreign exchange differences	(450)	(2,878)	0	0	0	(3,328)
As at 31 March 2018	(15,357,402)	(44,207,827)	0	0	0	(59,565,229)
Net carrying amount as at 1 January 2018	12,352,848	62,935,608	105,882,081	5,014,512	0	186,185,049
Net carrying amount as at 31 March 2018	11,689,895	62,963,745	108,485,970	3,872,891	75,988	187,088,489

Intangible assets of Petrol d.d., Ljubljana

(in EUR)	Software	Right to use concession infrastructure	Goodwill	Ongoing investments	Long-term deferred expenses	Total
Cost						
As at 1 January 2017	18,958,934	81,374,984	89,138,157	1,073,527	0	190,545,602
New acquisitions	0	0	0	1,056,086	0	1,056,086
Disposals/Impairments	(107,414)	0	0	0	0	(107,414)
Transfer from ongoing investments	92,090	68,667	0	(160,757)	0	0
As at 31 March 2017	18,943,610	81,443,651	89,138,157	1,968,856	0	191,494,274
Accumulated amortisation						
As at 1 January 2017	(11,952,028)	(30,598,285)	0	0	0	(42,550,313)
Amortisation	(554,116)	(807,495)	0	0	0	(1,361,611)
Disposals/Impairments	107,414	0	0	0	0	107,414
As at 31 March 2017	(12,398,730)	(31,405,780)	0	0	0	(43,804,510)
Net carrying amount as at 1 January 2017	7,006,906	50,776,699	89,138,157	1,073,527	0	147,995,289
Net carrying amount as at 31 March 2017	6,544,880	50,037,871	89,138,157	1,968,856	0	147,689,764

(in EUR)	Software	Right to use concession infrastructure	Goodwill	Ongoing investments	Long-term deferred expenses	Total
Cost						
As at 1 January 2018	26,013,629	81,744,724	89,138,157	4,678,547	0	201,575,057
New acquisitions	0	0	0	58,657	74,873	133,530
Disposals/Impairments	0	0	0	(187,337)	0	(187,337)
Transfer from ongoing investments	297,947	769,199	0	(1,067,146)	0	0
As at 31 March 2018	26,311,576	82,513,923	89,138,157	3,482,721	74,873	201,521,250
Accumulated amortisation						
As at 1 January 2018	(14,057,563)	(33,823,591)	0	0	0	(47,881,154)
Amortisation	(925,131)	(818,212)	0	0	0	(1,743,343)
Disposals/Impairments	0	0	0	0	0	0
As at 31 March 2018	(14,982,694)	(34,641,803)	0	0	0	(49,624,497)
Net carrying amount as at 1 January 2018	11,956,066	47,921,133	89,138,157	4,678,547	0	153,693,903
Net carrying amount as at 31 March 2018	11,328,882	47,872,120	89,138,157	3,482,721	74,873	151,896,753

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 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	12,382,336	12,382,336
Disposals/Impairments	(433,572)	(1,228,756)	(9,377)	(772,360)	(3,597)	(2,447,662)
Transfer from ongoing investments	727,922	2,218,168	822,647	30,213,260	(33,981,997)	0
Transfer to investment property	(392)	(737,830)	0	0	0	(738,222)
Transfer from investment property	0	659,726	0	0	0	659,726
Foreign exchange differences	972,039	1,610,908	(110)	527,772	321,712	3,432,321
As at 31 March 2017	211,643,202	633,054,015	35,907,920	219,824,027	20,801,854	1,121,231,018
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	(5,636,866)	(475,788)	(3,709,856)	0	(9,822,510)
Disposals/Impairments	0	384,835	9,325	754,481	0	1,148,641
Transfer to investment property	0	454,524	0	0	0	454,524
Transfer from investment property	0	(406,120)	0	0	0	(406,120)
Foreign exchange differences	0	(585,187)	95	(308,981)	0	(894,073)
As at 31 March 2017	0	(364,109,437)	(19,048,480)	(128,112,649)	0	(511,270,566)
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 31 March 2017	211,643,202	268,944,578	16,859,440	91,711,378	20,801,854	609,960,452

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2018	212,380,212	639,874,317	36,457,138	230,848,417	34,743,016	1,154,303,100
New acquisitions as a result of control obtained	0	0	2,022,626	67,506	0	2,090,132
New acquisitions	0	0	0	0	6,119,123	6,119,123
Disposals/Impairments	(133,194)	(92,185)	(26,743)	(527,459)	(18,732)	(798,313)
Transfer from ongoing investments	135,389	6,108,774	264,546	4,239,579	(10,748,288)	0
Transfer to investment property	0	(34,695)	0	0	0	(34,695)
Foreign exchange differences	128,173	323,303	0	97,548	17,552	566,576
As at 31 March 2018	212,510,580	646,179,514	38,717,567	234,725,591	30,112,671	1,162,245,923
Accumulated depreciation						
As at 1 January 2018	0	(378,484,490)	(19,618,389)	(135,740,713)	0	(533,843,592)
New acquisitions as a result of control obtained	0	0	(1,054,159)	(30,973)	0	(1,085,132)
Depreciation	0	(5,416,459)	(471,313)	(4,189,771)	0	(10,077,543)
Disposals/Impairments	0	11,099	25,561	444,507	0	481,167
Transfer to investment property	0	2,323	0	0	0	2,323
Foreign exchange differences	0	(120,082)	0	(45,638)	0	(165,720)
As at 31 March 2018	0	(384,007,609)	(21,118,300)	(139,562,588)	0	(544,688,497)
Net carrying amount as at 1 January 2018	212,380,212	261,389,827	16,838,749	95,107,704	34,743,016	620,459,508
Net carrying amount as at 31 March 2018	212,510,580	262,171,905	17,599,267	95,163,003	30,112,671	617,557,426

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

(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	5,162,346	5,162,346
Disposals/Impairments	(202,815)	(360,901)	(730,251)	(3,597)	(1,297,564)
Transfer from ongoing investments	727,922	1,992,651	1,775,059	(4,495,632)	0
Transfer to investment property	(392)	(737,830)	0	0	(738,222)
Transfer from investment property	0	640,474	0	0	640,474
As at 31 March 2017	106,568,251	477,694,780	172,383,111	10,257,539	766,903,681
Accumulated depreciation					
As at 1 January 2017	0	(334,960,876)	(121,371,254)	0	(456,332,130)
Depreciation	0	(3,679,278)	(2,412,482)	0	(6,091,760)
Disposals/Impairments	0	327,912	716,140	0	1,044,052
Transfer to investment property	0	454,524	0	0	454,524
Transfer from investment property	0	(398,019)	0	0	(398,019)
As at 31 March 2017	0	(338,255,737)	(123,067,596)	0	(461,323,333)
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 31 March 2017	106,568,251	139,439,043	49,315,515	10,257,539	305,580,348

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
Cost					
As at 1 January 2018	104,270,519	479,686,715	176,240,824	23,106,434	783,304,492
New acquisitions	0	0	0	4,782,715	4,782,715
Disposals/Impairments	(133,042)	(92,185)	(259,303)	(5,184)	(489,714)
Transfer from ongoing investments	132,890	1,170,581	2,700,115	(4,003,586)	0
Transfer to investment property	0	(34,695)	0	0	(34,695)
Transfer from investment property	0	0	0	0	0
As at 31 March 2018	104,270,367	480,730,416	178,681,636	23,880,379	787,562,798
Accumulated depreciation					
As at 1 January 2018	0	(345,512,369)	(125,134,643)	0	(470,647,012)
Depreciation	0	(3,441,036)	(2,524,864)	0	(5,965,900)
Disposals/Impairments	0	11,099	240,713	0	251,812
Transfer to investment property	0	2,323	0	0	2,323
Transfer from investment property	0	0	0	0	0
As at 31 March 2018	0	(348,939,983)	(127,418,794)	0	(476,358,777)
Net carrying amount as at 1 January 2018	104,270,519	134,174,346	51,106,181	23,106,434	312,657,480
Net carrying amount as at 31 March 2018	104,270,367	131,790,433	51,262,842	23,880,379	311,204,021

12. Investment in subsidiaries

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

(in EUR)	Petrol d.d.	
	31 March 2018	31 March 2017
As at 1 January	329,225,470	290,581,344
New acquisitions	10,429,326	1,500,000
As at 31 March	339,654,796	292,081,344

13. Investments in jointly controlled entities

(in EUR)	The Petrol Group		Petrol d.d.	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
As at 1 January	1,755,182	1,652,682	1,219,000	1,196,000
Attributed profit/loss	142,445	107,141	0	0
Foreign exchange differences	24	0	0	0
As at 31 March	1,897,651	1,759,823	1,219,000	1,196,000

14. Investments in associates

(in EUR)	The Petrol Group		Petrol d.d.	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
As at 1 January	62,444,322	129,686,241	21,726,406	52,852,540
Attributed profit/loss	189,758	188,354	0	0
Dividends received	(801,029)	0	0	0
As at 31 March	61,833,051	129,874,595	21,726,406	52,852,540

15. Financial assets at fair value through comprehensive income

(in EUR)	The Petrol Group		Petrol d.d.	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
As at 1 January	11,173,565	2,598,071	1,689,491	2,519,028
New acquisitions	0	36,464	0	36,464
As at 31 March	11,173,565	2,634,534	1,689,491	2,555,491

16. Inventories

(in EUR)	The Petrol Group		Petrol d.d.	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Spare parts and materials inventories	2,506,268	2,362,733	1,978,407	1,896,790
Merchandise:	123,134,381	157,386,223	93,012,457	115,368,645
- fuel	86,366,115	100,594,442	64,567,638	86,478,396
- other petroleum products	5,159,342	5,357,876	4,441,647	4,303,093
- other merchandise	31,608,924	51,433,905	24,003,172	24,587,156
Total inventories	125,640,649	159,748,956	94,990,864	117,265,435

17. Current financial receivables

(in EUR)	The Petrol Group		Petrol d.d.	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Loans granted	21,438,495	22,025,288	18,005,378	20,004,800
Adjustment to the value of loans granted	(3,057,078)	(3,095,684)	(5,389,212)	(5,430,283)
Time deposits with banks (3 months to 1 year)	12,220,889	10,541,500	0	0
Interest receivables	1,223,913	1,157,199	4,531,022	4,397,792
Allowance for interest receivables	(1,147,325)	(1,105,221)	(4,108,326)	(4,029,003)
Finance lease receivables	49,614	75,482	49,614	75,482
Bank receivables arising from interest rate swaps	62,291	156,202	0	0
Total current financial receivables	30,790,799	29,754,766	13,088,476	15,018,789

18. Current operating receivables

(in EUR)	The Petrol Group		Petrol d.d.	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Trade receivables	473,355,005	481,578,064	321,319,858	318,916,206
Allowance for trade receivables	(49,908,456)	(50,602,952)	(31,235,579)	(32,059,730)
Operating receivables from state and other institutions	2,491,108	3,962,504	404,324	376,081
Operating interest receivables	6,070,825	5,505,191	6,671,000	6,288,440
Allowance for interest receivables	(3,158,047)	(2,849,598)	(3,034,959)	(2,676,168)
Receivables from insurance companies (loss events)	316,310	371,155	152,501	198,302
Other operating receivables	9,188,945	3,876,309	7,801,260	2,473,426
Allowance for other receivables	(384,365)	(384,365)	0	0
Total current operating receivables	437,971,325	441,456,308	302,078,405	293,516,557

19. Financial assets at fair value through profit or loss

(in EUR)	The Petrol Group		Petrol d.d.	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Assets arising from commodity swaps	778,110	1,661,550	778,110	1,661,550
Assets arising from forward contracts	455,524	0	455,524	0
Total financial assets at fair value through profit or loss	1,233,635	1,661,550	1,233,635	1,661,550

20. Prepayments and other assets

(in EUR)	The Petrol Group		Petrol d.d.	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Prepayments	25,694,520	27,188,684	13,197,666	17,209,798
Prepaid subscriptions, specialised literature, etc.	1,591,372	1,432,884	1,392,125	1,248,633
Uninvoiced services and goods	1,300,919	1,226,748	1,023,393	982,477
Prepaid insurance premiums	333,088	832,266	193,005	565,048
Other deferred costs and accrued revenue	6,318,263	3,696,970	3,707,015	1,212,327
Total prepayments and other assets	35,238,162	34,377,552	19,513,204	21,218,283

21. Financial liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Current financial liabilities				
Bonds issued	5,628,136	3,878,327	5,628,136	3,878,327
Bank loans	54,848,213	54,455,711	54,044,303	54,092,750
Liabilities to banks arising from commodity swaps	92,583	1,729,801	92,583	1,635,792
Liabilities to banks arising from interest rate swaps	423,390	178,999	423,390	178,999
Liabilities to banks arising from forward contracts	12,298	845,458	12,298	845,458
Other liabilities arising from financial instruments	0	0	2,568,846	2,568,846
Other loans and financial liabilities	1,772,458	1,772,341	96,031,754	71,523,033
	62,777,078	62,860,637	158,801,310	134,723,206
Non-current financial liabilities				
Bonds issued	256,768,407	256,527,730	256,768,407	256,527,730
Bank loans	100,851,276	100,958,089	49,766,739	49,752,326
	357,619,683	357,485,819	306,535,146	306,280,056
Total financial liabilities	420,396,761	420,346,456	465,336,456	441,003,262

22. Current operating liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Trade liabilities	273,318,073	338,710,484	203,732,502	269,513,648
Excise duty liabilities	64,970,584	60,837,074	57,186,177	53,207,020
Value added tax liabilities	27,108,052	22,062,303	18,005,879	11,792,071
Environment pollution charge liabilities	10,838,450	10,140,301	10,388,804	9,638,883
Liabilities to employees	9,775,095	8,834,803	7,859,846	7,179,922
Liabilities arising from prepayments and collaterals	3,052,268	2,331,190	1,842,760	1,681,815
Import duty liabilities	2,625,747	2,240,607	5,050	7,701
Other liabilities to the state and other state institutions	2,091,543	1,908,983	176,391	194,538
Liabilities arising from interests acquired	767,600	220,000	767,600	220,000
Social security contribution liabilities	744,505	669,887	535,042	536,744
Liabilities associated with the allocation of profit or loss	634,310	634,630	634,310	634,630
Other liabilities	1,633,643	1,928,487	1,539,833	2,065,788
Total current operating and other liabilities	397,559,870	450,518,749	302,674,194	356,672,760

23. Other liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Accrued annual leave expenses	2,004,114	2,003,527	1,211,614	1,211,614
Accrued expenses for tanker demurrage	332,457	194,800	332,457	194,800
Accrued motorway site lease payments	115,838	115,869	115,838	115,869
Accrued concession fee costs	181,191	194,857	147,466	186,871
Other accrued costs	17,646,786	14,939,585	7,324,064	5,513,531
Deferred revenue from rebates granted	1,106,499	598,611	669,721	282,016
Deferred default interest income	2,114,977	2,114,977	2,114,977	2,114,977
Deferred prepaid card revenue	1,559,951	1,406,305	1,458,323	1,280,609
Other deferred revenue	1,072,556	1,324,994	964,119	1,085,614
Total other liabilities	26,134,369	22,893,525	14,338,579	11,985,901

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*.

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.

Credit risk

Maximum exposure to credit risk represents the carrying amount of financial assets which was the following as at 31 March 2018:

(in EUR)	The Petrol Group 31 December		Petrol d.d. 31 December	
	31 March 2018	2017	31 March 2018	2017
Financial assets at fair value through other comprehensive income	11,173,565	11,173,565	1,689,491	1,689,491
Non-current financial receivables	32,803,502	32,651,760	7,973,915	6,362,867
Non-current operating receivables	4,168,210	3,275,362	4,129,762	3,239,145
Current financial receivables	30,790,799	29,754,766	13,088,476	15,018,789
Current operating receivables (excluding receivables from the state)	435,480,217	437,493,804	301,674,081	293,140,476
Financial assets at fair value through profit or loss	1,233,635	1,661,550	1,233,635	1,661,550
Cash and cash equivalents	48,670,149	45,492,821	19,606,238	23,651,242
Total assets	564,320,077	561,503,628	349,395,598	344,763,560

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	373,747,330	47,319,698	6,003,575	673,908	3,230,601	430,975,112
Interest receivables	2,433,590	130,230	32,415	4,048	55,310	2,655,593
Other receivables (excluding receivables from the state)	3,827,842	23,467	10,521	767	502	3,863,099
Total as at 31 December 2017	380,008,762	47,473,395	6,046,511	678,723	3,286,413	437,493,804
(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	383,250,406	28,741,263	5,353,194	1,748,922	4,352,764	423,446,549
Interest receivables	2,642,617	142,397	61,476	8,864	57,424	2,912,778
Other receivables (excluding receivables from the state)	9,052,265	52,429	9,123	5,862	1,211	9,120,890
Total as at 31 March 2018	394,945,288	28,936,089	5,423,793	1,763,648	4,411,399	435,480,217

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

(in EUR)	Not yet due	Breakdown by maturity				Total
		Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	
Trade receivables	249,618,785	25,959,059	3,578,435	829,530	6,870,666	286,856,476
Interest receivables	12,700	85,487	17,302	0	3,496,783	3,612,272
Other receivables (excluding receivables from the state)	2,671,728	0	0	0	0	2,671,728
Total as at 31 December 2017	252,303,213	26,044,546	3,595,737	829,531	10,367,449	293,140,476

(in EUR)	Not yet due	Breakdown by maturity				Total
		Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	
Trade receivables	257,455,585	17,721,770	4,167,488	3,031,025	7,708,411	290,084,279
Interest receivables	10,447	76,498	52,313	0	3,496,783	3,636,041
Other receivables (excluding receivables from the state)	7,953,761	0	0	0	0	7,953,761
Total as at 31 March 2018	265,419,792	17,798,268	4,219,801	3,031,025	11,205,194	301,674,081

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

(in days)	The Petrol Group		Petrol d.d.	
	1-3 2018	1-12 2017	1-3 2018	1-12 2017
Days sales outstanding				
Contract days	33	30	30	28
Overdue receivables in days	8	9	7	8
Total days sales outstanding	41	39	37	36

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 2018, 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 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	357,485,819	371,470,330	0	0	325,407,925	46,062,405
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	62,860,637	72,001,674	71,641,369	360,305	0	0
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	341,493,601	341,493,601	340,514,158	979,443	0	0
As at 31 December 2017	761,864,057	784,989,605	412,155,527	1,339,748	325,431,925	46,062,405

The Group's liabilities as at 31 March 2018 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	357,619,683	371,297,667	0	0	324,940,924	46,356,743
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	62,777,078	72,302,589	64,400,746	7,901,843	0	0
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	276,353,626	276,353,626	275,670,274	683,352	0	0
As at 31 March 2018	696,774,387	719,977,882	340,071,020	8,585,195	324,964,924	46,356,743

The Company's liabilities as at 31 December 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	306,280,056	318,331,345	0	0	272,979,607	45,351,738
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	134,723,206	143,544,979	113,671,723	29,873,256	0	0
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	272,434,066	272,434,066	271,642,539	791,527	0	0
As at 31 December 2017	713,461,328	734,334,390	385,314,262	30,664,783	273,003,607	45,351,738

The Company's liabilities as at 31 March 2018 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	306,535,146	318,604,463	0	0	273,334,045	45,270,418
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	158,801,310	167,630,085	119,541,695	48,088,390	0	0
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	206,674,245	206,674,245	206,496,537	177,708	0	0
As at 31 March 2018	672,034,701	692,932,793	326,038,232	48,266,098	273,358,045	45,270,418

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 certain 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 certain 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 South-eastern 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 three months of 2018, 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 and volumetric risk

The Group/Company is exposed to price and volumetric risks deriving from energy commodities. The Group/Company manages price and volumetric risks primarily by aligning purchases and sales of energy commodities in terms of quantities as well as purchase and sales conditions, thus securing its margin. Potential residual mismatches are hedged with derivative financial instruments. Depending on the business model for each energy commodity, appropriate limit systems are in place that limit exposure to price and volumetric risks.

The Group/Company hedges energy commodity prices primarily by using commodity swaps (variable to fixed price swap). Partners in this area include global financial institutions and banks or suppliers of goods. 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 three months of 2018, 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 11 April 2018 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 three months of 2018 to keep indebtedness in line with the strategic plan.

Carrying amount and fair value of financial instruments

(in EUR)	The Petrol Group			
	31 March 2018		31 December 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-derivative financial assets at fair value				
Financial assets at fair value through other comprehensive income	11,173,565	11,173,565	11,173,565	11,173,565
Non-derivative financial assets at amortised cost				
Financial receivables (excluding derivative financial instruments)	63,532,010	63,532,010	62,250,324	62,250,324
Operating receivables (excluding receivables from the state)	439,648,427	439,648,427	440,769,166	440,769,166
Cash and cash equivalents	48,670,149	48,670,149	45,492,821	45,492,821
Total non-derivative financial assets	563,024,151	563,024,151	559,685,876	559,685,876
Non-derivative financial liabilities at amortised cost				
Bank loans and other financial liabilities (excluding derivative fin. instr.),	(419,868,490)	(419,868,490)	(417,592,198)	(417,592,198)
Operating liabilities (excluding other non-current liabilities and current liabilities to the state, employees and arising from advance payments)	(276,377,626)	(276,377,626)	(341,517,601)	(341,517,601)
Total non-derivative financial liabilities	(696,246,116)	(696,246,116)	(759,109,799)	(759,109,799)
Derivative financial instruments at fair value				
Derivative financial instruments (assets)	1,295,926	1,295,926	1,817,752	1,817,752
Derivative financial instruments (liabilities)	(528,271)	(528,271)	(2,754,258)	(2,754,258)
Total derivative financial instruments	767,655	767,655	(936,506)	(936,506)

(in EUR)	Petrol d.d.			
	31 March 2018		31 December 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-derivative financial assets at fair value				
Financial assets at fair value through other comprehensive income	1,689,491	1,689,491	1,689,491	1,689,491
Non-derivative financial assets at amortised cost				
Financial receivables (excluding derivative financial instruments)	21,062,391	21,062,391	21,381,656	21,381,656
Operating receivables (excluding receivables from the state)	305,803,843	305,803,843	296,379,621	296,379,621
Cash and cash equivalents	19,606,238	19,606,238	23,651,242	23,651,242
Total non-derivative financial assets	348,161,963	348,161,963	343,102,010	343,102,010
Non-derivative financial liabilities at amortised cost				
Bank loans and other financial liabilities (excluding derivative fin.instr.),	(462,239,339)	(462,239,339)	(435,774,167)	(435,774,167)
Operating liabilities (excluding other non-current liabilities and current liabilities to the state, employees and arising from advance payments)	(206,698,245)	(206,698,245)	(272,458,066)	(272,458,066)
Total non-derivative financial liabilities	(668,937,584)	(668,937,584)	(708,232,233)	(708,232,233)
Derivative financial instruments at fair value				
Derivative financial instruments (assets)	1,233,635	1,233,635	1,661,550	1,661,550
Derivative financial instruments (liabilities)	(3,097,117)	(3,097,117)	(5,229,095)	(5,229,095)
Total derivative financial instruments	(1,863,482)	(1,863,482)	(3,567,545)	(3,567,545)

25. Related party transactions

(in EUR)	The Petrol Group		Petrol d.d.	
	1-3 2018	1-3 2017	1-3 2018	1-3 2017
Sales revenue:				
Subsidiaries	-	-	67,070,290	70,827,695
Jointly controlled entities	349,154	309,230	23,633	26,889
Associates	86,464	26,828	86,464	26,828
Cost of goods sold:				
Subsidiaries	-	-	26,061,964	13,119,634
Jointly controlled entities	114,763	46,145	0	0
Associates	0	8,555,261	0	14,362
Cost of materials:				
Subsidiaries	-	-	368,250	377,571
Jointly controlled entities	1,946	1,823	377	328
Associates	0	162,750	0	0
Cost of services:				
Subsidiaries	-	-	330,540	515,740
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Other costs:				
Subsidiaries	-	-	5,001	9
Jointly controlled entities	0	253	0	0
Associates	0	0	0	0
Finance income from interests in Group companies:				
Subsidiaries	-	-	0	0
Jointly controlled entities	142,445	107,141	0	0
Associates	189,758	188,354	801,029	0
Finance income from interest:				
Subsidiaries	-	-	176,520	130,699
Jointly controlled entities	0	44,551	0	44,551
Associates	0	0	0	0
Gain of derivatives:				
Subsidiaries	-	-	18,118	55,927
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Other finance income:				
Subsidiaries	-	-	52,881	33,343
Jointly controlled entities	0	0	0	0
Associates	0	688	0	688
Finance expenses due to impairment of goodwill:				
Subsidiaries	0	341,093	0	0
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Finance expenses for interest:				
Subsidiaries	-	-	177,139	163,247
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Loss on derivatives:				
Subsidiaries	-	-	0	266,144
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0

(in EUR)	The Petrol Group		Petrol d.d.	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Investments in Group companies:				
Subsidiaries	-	-	339,654,796	329,225,470
Jointly controlled entities	1,897,651	1,755,182	1,219,000	1,219,000
Associates	61,833,051	62,444,322	21,726,406	21,726,406
Non-current financial receivables:				
Subsidiaries	-	-	6,275,918	4,805,918
Jointly controlled entities	583,548	428,994	738,548	583,994
Associates	0	0	0	0
Current operating receivables:				
Subsidiaries	-	-	20,885,091	21,351,402
Jointly controlled entities	489,975	438,342	330,705	313,222
Associates	37,178	654	37,178	654
Current financial receivables:				
Subsidiaries	-	-	10,648,547	12,037,946
Jointly controlled entities	487,229	486,006	487,229	486,006
Associates	0	0	0	0
Short-term deposits (up to 3 months):				
Subsidiaries	-	-	239,382	219,533
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Current accrued revenue:				
Subsidiaries	-	-	196,603	0
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Current financial liabilities:				
Subsidiaries	-	-	96,940,804	72,432,083
Jointly controlled entities	1,571,939	0	1,571,939	0
Associates	0	0	0	0
Current operating liabilities:				
Subsidiaries	-	-	9,817,746	9,305,163
Jointly controlled entities	31,128	46,505	399	1,513
Associates	0	0	0	0
Current accrued costs and expenses:				
Subsidiaries	-	-	153,014	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.	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Guarantee issued to:	Value of guarantee issued		Guarantee amount used	
Petrol d.o.o.	113,120,743	116,685,484	69,095,219	68,065,716
Geoplin d.o.o. Ljubljana	28,000,000	28,000,000	0	0
Petrol BH Oil Company d.o.o. Sarajevo	10,681,312	10,681,312	508,397	36,646
Petrol d.o.o. Beograd	8,513,610	8,504,298	1,915,082	1,500,000
Petrol Bucharest ROM S.R.L.	4,000,000	4,500,000	0	0
Petrol Trade Handelsgesellschaft m.b.H.	3,000,000	3,000,000	1,800,000	2,250,000
Petrol - Energetika Dooel Skopje	1,000,000	1,000,000	0	0
Aquasystems d.o.o.	911,309	911,309	911,309	911,309
Petrol Crna Gora MNE d.o.o.	790,000	790,000	129,424	161,299
Petrol Oti Slovenia LLC	500,000	0	233,363	0
Petrol Geoterm d.o.o.	132,490	132,490	132,490	132,490
Petrol Energetika, d.o.o.	50,000	50,000	0	0
Total	170,699,464	174,254,893	74,725,284	73,057,460
Other guarantees	8,087,510	15,183,739	8,087,510	15,183,739
Bills of exchange issued as security	5,116,485	4,693,627	5,116,485	4,693,627
Guarantee statement	23,458	0	23,458	0
Total contingent liabilities for guarantees issued	183,926,917	194,132,259	87,952,737	92,934,826

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 31,130,190. 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 long-term provisions, which stood at EUR 9,515,582 as at 31 March 2018.

The total value of lawsuits against the Group as defendant and debtor totals EUR 34,944,272. 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 long-term provisions, which stood at EUR 9,799,689 as at 31 March 2018.

27. Events after the reporting date

There were no events after the reporting date that would significantly affect the financial statements for the first three months of year 2018.

APPENDIX 1: ORGANISATIONAL STRUCTURE OF THE PETROL GROUP

The Petrol Group as at 31 March 2018	Sales	Energy and environmental systems	Trading
The parent company			
PETROL d.d., LJUBLJANA	✓	✓	✓
Subsidiaries			
PETROL d.o.o. (100%)	✓	✓	✓
DUBROVNIK PLIN d.o.o. (100%)	✓		
PETROL JAVNA RASVJETA 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 ENERGETIKA, d.o.o. (100%)	✓	✓	
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)			✓
MEGAENERGIJA d.o.o. (100%)		✓	
MBILLS d.o.o. (76%)	✓		
GEOPLIN d.o.o. Ljubljana (53.4155%)	✓		✓
GEOCOM d.o.o. (100%)	✓		
GEOPLIN D.O.O., Zagreb (100%)	✓		
GEOPLIN D.O.O. Beograd (100%)	✓		
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%)		✓	
VJETROELEKTRANA DAZLINA d.o.o. (50%)		✓	
SOENERGETIKA d.o.o. (25%)		✓	
Associates			
PLINHOLD d.o.o. Ljubljana (22.31%)		✓	
AQUASYSTEMS d.o.o. (26%)		✓	