



Petrol becomes the Golden Sponsor of Slovene alpine skiers

By signing a contract with the Ski Association of Slovenia's alpine ski fund, Petrol d.d., Ljubljana becomes the golden sponsor of Slovene alpine skiers.

Davos: World meeting to address global problems

Marko Kryžanowski, president of Petrol d.d., Ljubljana's Management Board, attends the World Economic Forum (WEF) in Davos. The main topics of what is known as the world's largest gathering of opinion leaders and forum for the sharing of ideas included climate change, globalisation, poverty, energy problems and technological innovation.

FEBRUARY 2007

Tickets on sale also at Petrol

Tickets for a range of music, sports and art events at home and abroad can be purchased, in cooperation with Eventim, at Petrol's service stations in Slovenia.

MARCH 2007

Cooperation with Technological Park Ljubljana launched

Petrol d.d., Ljubljana is chosen in a public tender and concludes a contract with Technological Park Ljubljana for the comprehensive supply of energy.

APRIL 2007

Acquisition of 6 service stations in Croatia

Petrol Trgovina d.o.o., acquires 6 service stations.

Pinus, Petrol and biodiesel

Petrol d.d., Ljubljana and PINUS TKI d.d., Rače conclude an agreement on business cooperation in the area of production and marketing of biofuel (biodiesel).

Important events and

OCTOBER 2007

Petrol has the best service station in the Adriatic region

A service station of Petrol Trgovina d.o.o., Zagreb located in Galižana near Pula receives the "Blue Flower 2007" award for being the best-kept service station in the Adriatic region.

NOVEMBER 2007

Petrol's annual report receives an award

Petrol d.d., Ljubljana wins the second prize at the Best Annual Report Competition for 2006 organised by Finance, a business daily.

Petrol is a "Trusted brand"

Petrol receives a "Trusted Brand" award for its service stations in what is one of the biggest European surveys of consumers' attitude towards consumer services and products carried out by the Reader's Digest magazine.

Petrol and Magna ranked as "Superbrands"

Petrol's corporate brand and its payment card Magna receive the prestigious award Superbrands, which stands for excellence in the development of the brand, products and services. It is awarded for recognition, reputation, appropriate strategic and marketing management of the brand, and trust demonstrated by consumers through their loyalty.

Accompanied by most respected employers

Petrol receives a prize awarded by Moje Delo, the largest recruitment website in Slovenia, to the most respected employers in Slovenia.

Petrol Energetika receives the "Environmentally Friendly Enterprise" award

November, which is already abundant with awards, culminates in Petrol Energetika d.o.o. receiving an award for being an environmentally friendly enterprise, which is presented by the business daily Finance, Environmental Agency of the Republic of Slovenia and Environmental Fund of the Republic of Slovenia.

Introduction of no-par value shares

The 16th General Meeting of Petrol d.d., Ljubljana adopts a resolution on the introduction of no-par value shares. Andrej Bratož is elected as new member of the Supervisory Board.

Petrol selected in a public tender in Montenegro

Petrol d.d., Ljubljana was selected in a public tender in Montenegro to establish a joint venture with the company Montenegro Bonus.

JULY 2007

Marko Kryžanowski the best manager in the region

Marko Kryžanowski, president of the Management Board of Petrol d.d., Ljubljana, received the award The Best Manager in SE and Central Europe for 2007.

SEPTEMBER 2007

Concession agreement on gas supply in Komenda

Petrol Plin d.o.o. signs a concession agreement with the municipality of Komenda on the construction of gas network through which the people of Komenda will be supplied with natural gas.

Petrol d.d., Ljubljana at the Auto Motor Show spectacle

The company participates at the biggest car and motorbike event in Slovenia called "Auto Motor Show".

Worker director is appointed

At the 23rd session of Workers' Council of Petrol d.d., Ljubljana, Bojan Herman is reappointed to the position of worker director for a five-year term beginning on 25 September 2007

Prima heating oil – friendlier on the environment

Petrol introduces its own environmentally friendly improvement – the new brand of extra light heating oil called Prima heating oil. It providers users with more efficient heating, longer life of heating systems and substantial savings while lessening the burden on the environment. More information on www.petrol.si

achievements in 2007

DECEMBER 2007

Fair Trade now also at Petrol's service stations

Petrol d.d., Ljubljana joins a fair trade humanitarian project coordinated in Slovenia by the association Umanotera. Five service stations now sell foodstuffs marked with the international fair trade logo.

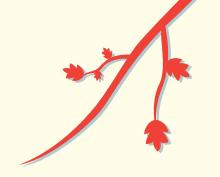
Opening of Technological Park Ljubljana

An example of good business practices and strategic cooperation of the Petrol Group in the field of efficient energy consumption. This modern energy plant has been constructed by the Group's experts and operates according to the principles of trigeneration¹. Petrol provides the companies and institutions based at the technological incubator with energy savings, complete independence and uninterrupted supply to main clients even in the event of a complete shutdown of the electricity grid. Automated management and remote control ensure simplicity and transparency.

Netko 2007 for www.petrol-energetika.si

The website of the subsidiary company Petrol Energetika d.o.o. receives the Golden Netko Award 2007 in the category of manufacturing, services, trade and finance companies. Netko is awarded by the Chamber of Commerce and Industry of Slovenia (more information on http://netko.gzs.si/slo/).





A N N U A L R E P O R T

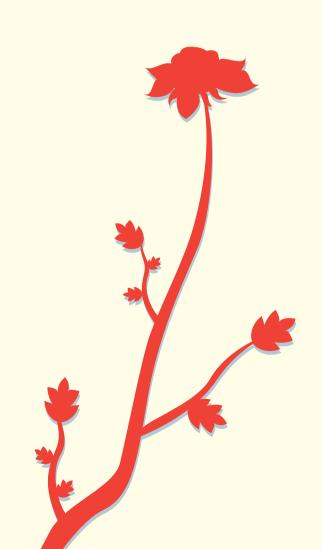
O F T H E P E T R O L G R O U P A N D

T H E C O M P A N Y P E T R O L D. D.,

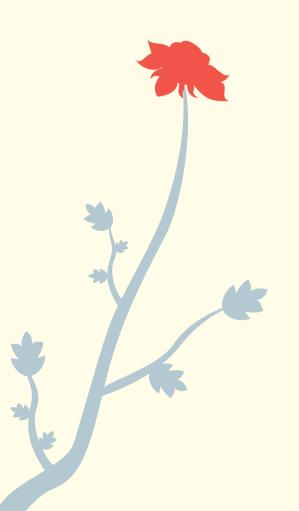
L J U B L J A N A

F O R T H E Y E A R 2 0 0 7

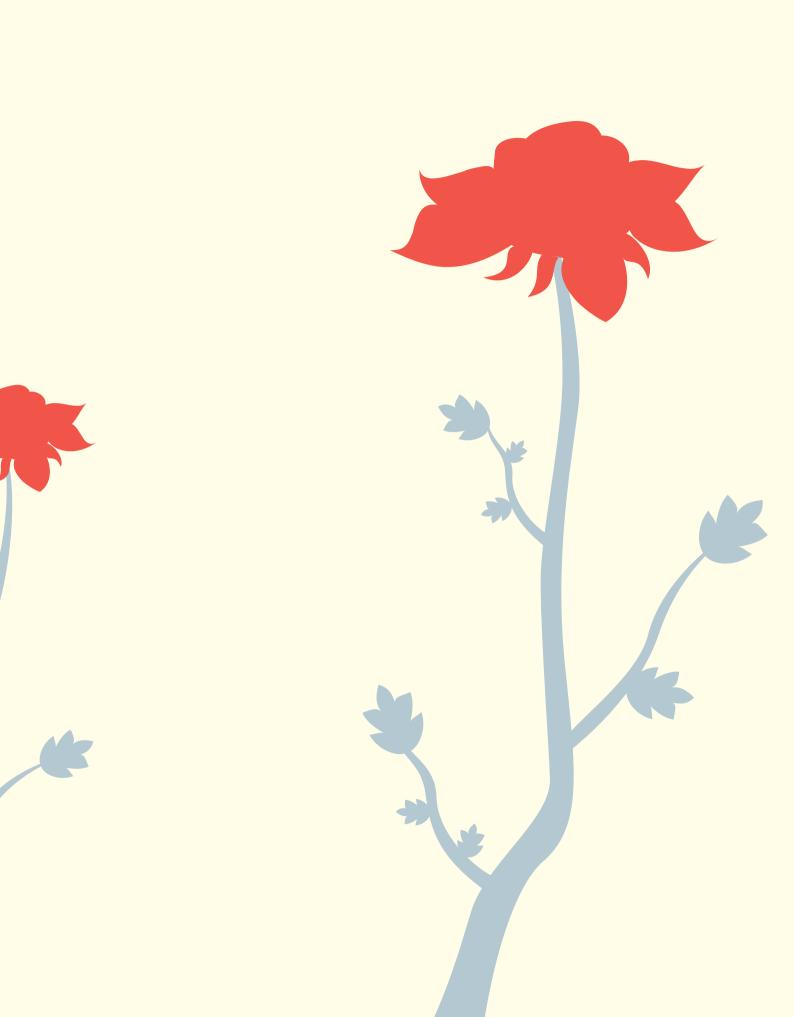




Thriving on strong foundations

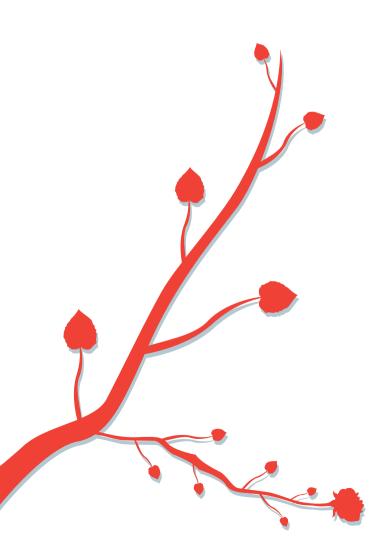






Contents

| ANNUAL REPORT | 9 |
|---|-----|
| REPORT OF THE SUPERVISORY BOARD | 155 |
| FINANCIAL REPORT OF THE PETROL GROUP AND | |
| THE COMPANY PETROL D.D., LJUBLJANA FOR 2007 | 165 |





What is begun is continued, what is planned is realised, what is dreamt is brought to life. You and us.

We create and deliver,
We save and transform,
We enrich and share.
One of the most precious things
on earth – shared energy.





CONTENTS / Annual report

| | The Petrol Group | 12 |
|----|---|-----|
| | Mission | 13 |
| | Vision | 13 |
| | Values | 14 |
| | Strategic goals of the Petrol group for the period 2006–2010 | 14 |
| | The geography of the Petrol group's operations | 15 |
| | New companies in the Petrol group | 16 |
| | Organisational structure of the Petrol group | 17 |
| | Significant performance indicators for 2007 | 18 |
| | Analysis of operating performance and strategy implementation in 2007 | 20 |
| | Key impacts on operations | 27 |
| | Events after the end of the accounting period | 30 |
| | Plans for 2008 | 31 |
| | Report of the president of the management board | 32 |
| | Members of the management board | 38 |
| | Governance and management system | 40 |
| | Members of the supervisory board | 42 |
| | Statement of conformity with the corporate governance code | 44 |
| | Reporting in accordance with article 70(6) of the companies act | 46 |
| 01 | PETROL'S SHARE | 51 |
| | Petrol's share | 54 |
|)2 | OIL TRADING ACTIVITY | 61 |
| | Sales of petroleum products, supplementary merchandise and services | 64 |
| | Purchase and logistics of petroleum products and | |
| | supplementary merchandise | 70 |
| 03 | SALES AND DISTRIBUTION OF GAS | 76 |
|)4 | PRODUCTION, SALES AND DISTRIBUTION OF | |
| | ELECTRICITY AND HEAT | 80 |
|)5 | ENVIRONMENT ACTIVITIES | 81 |
| 06 | EFFICIENT ENERGY CONSUMPTION PROJECTS | 83 |
| 07 | BUSINESS RISKS | 87 |
| | Risk management | 90 |
| | Internal audit | 99 |
| | The company's credit rating | 100 |

| SUSTAINABLE DEVELOPMENT | 103 |
|---|---|
| Employees | 106 |
| Customer satisfaction measurement | 111 |
| Investments | 113 |
| The quality system | 116 |
| Information technology | 118 |
| Social responsibility | 120 |
| COMPANIES IN THE PETROL GROUP | 125 |
| The controlling company: Petrol d.d., Ljubljana | 128 |
| Subsidiaries: Petrol - Trade Handelsges.M.B.H. | 130 |
| Cypet - Trade Ltd. | 131 |
| Cypet Oils Ltd. | 132 |
| Petrol BH Oil Company d.o.o. Sarajevo | 133 |
| Petrol Trgovina d.o.o., Zagreb | 134 |
| Petrol d.o.o., Beograd | 136 |
| Petrol Maloprodaja Slovenija, d.o.o. | 137 |
| Petrol Skladiščenje d.o.o. | 138 |
| Petrol Tehnologija, d.o.o. | 139 |
| Petrol VNC, d.o.o. | 140 |
| Petrol Plin, d.o.o. | 141 |
| Petrol Energetika d.o.o. | 142 |
| Petrol Gas Group d.o.o. | 144 |
| Rodgas AD Bačka Topola | 145 |
| Joint ventures: Geoenergo d.o.o. | 146 |
| Instalacija, d.o.o., Koper | 147 |
| Karkasa, d.o.o. | 148 |
| Petrol - Bonus d.o.o. | 149 |
| Petrol - OTI - Slovenija L.L.C. | 150 |
| Petrol Slovenia Tirana Wholesale SH.A. | 151 |
| Petrol Slovenia Tirana distribution SH.P.K. | 152 |
| Associates: Aquasystems d.o.o. | 152 |
| Geoplin d.o.o. | 153 |
| Marché Gostinstvo d.o.o. | 153 |
| Ogrevanje Piran d.o.o. | 153 |
| Istrabenz, d.d. | 153 |
| | Employees Customer satisfaction measurement Investments The quality system Information technology Social responsibility COMPANIES IN THE PETROL GROUP The controlling company: Petrol d.d., Ljubljana Subsidiaries: Petrol - Trade Handelsges.M.B.H. Cypet - Trade Ltd. Cypet Oils Ltd. Petrol BH Oil Company d.o.o. Sarajevo Petrol Trgovina d.o.o., Zagreb Petrol d.o.o., Beograd Petrol Maloprodaja Slovenija, d.o.o. Petrol Skladiščenje d.o.o. Petrol Tehnologija, d.o.o. Petrol Plin, d.o.o. Petrol Gas Group d.o.o. Petrol Gas Group d.o.o. Rodgas AD Bačka Topola Joint ventures: Geoenergo d.o.o. Instalacija, d.o.o., Koper Karkasa, d.o.o. Petrol - OTI - Slovenija L.L.C. Petrol Slovenia Tirana Wholesale SH.A. Petrol Slovenia Tirana distribution SH.P.K. Associates: Aquasystems d.o.o. Geoplin d.o.o. Marché Gostinstvo d.o.o. Ogrevanje Piran d.o.o. |

THE PETROL GROUP

We have had a good year, but greater responsibility lies ahead.

The Petrol Group is the largest Slovene energy group and the second largest Slovene group in terms of revenue. The year 2007 was another year that saw organic development of business, above-average growth in share value, and further strategic expansion in the region. In short, no reason not to improve even more.

The leading position on the domestic market, convincing growth through integration, reliable energy supply and implementation of environmentally friendly solutions – all that was achieved despite unstable global conditions. Nevertheless, oil trading activity remains Petrol's main line of business, and its role of strategic energy supplier is being successfully expanded.

Today, Petrol is a regional partner providing comprehensive energy supply on the road and at home. Reliability, well-planned organic growth, unconditional respect for the environment and strategic presence that relies on a growing network of almost four hundred service stations in four countries – these are the foundations of our operations and success. Excellence is also a combination of openness, flexibility and innovations. This is why the year 2007 brought about further cooperation and successful investments in all business pillars, which already show their profitability. The pillars also include energy and environment activities, such as efficient energy consumption projects for companies, local communities and public institutions.

 Size can incorporate flexibility just as well-planned growth can stand for the realisation of new opportunities.

In addition to our umbrella brand, Petrol, we successfully manage several product brands, which include the customer card Magna, the network of Hip Hop shops at service stations, and the environmentally friendlier Petrol Primadiesel. Customer satisfaction measurements², solid financial indicators and awards for business and environmental excellence received by Petrol in 2007³ attest to our good work. They include Reader's Digest »Trusted brands«, the »Superbrands« 2007 award received by Petrol for its corporate brand and the Magna card, and Environmentally

Friendly Enterprise award received by the subsidiary company Petrol Energetika⁴. A solid basis for development and facing new challenges.

MISSION

We provide a complete range of products and services as well as reliable supply

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

VISION

Creating in a superior and sustainable manner

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

² See p. 111

 $^{{\}color{red}3}\,\text{More information on www.superbrandsinternational.com and www.petrol.si}$

⁴ The award is presented by the business daily Finance in cooperation with the Environment Agency of the Republic of Slovenia and the Environment Fund of the Republic of Slovenia to the most successful Slovene companies in the area of reducing the burden on the environment and socially responsible attitude. In June 2008 Petrol Energetika will compete for European Awards for the Environment presented by DG Environment of the European Commission.

VALUES

Responsibility lies in meeting the expectations

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

STRATEGIC GOALS OF THE PETROL GROUP FOR THE PERIOD 2006-2010

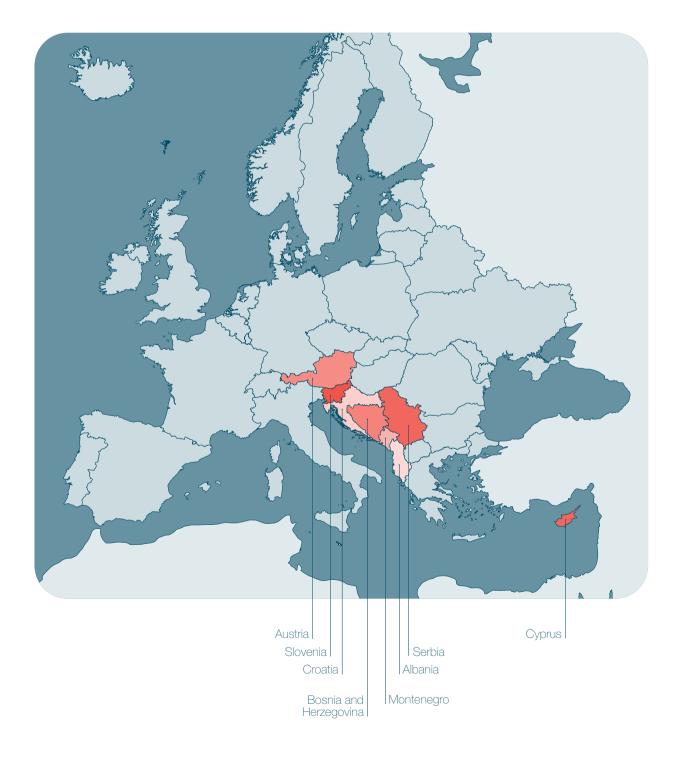
Petrol will achieve these goals as an important regional supplier of energy products and services

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

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

The geography of the Petrol group's operations

as at 31 December 2007



NEW COMPANIES IN THE PETROL GROUP

July 2007

- Rodgas, Bačka Topola: Petrol expands gas supply in Serbia
 In July and October 2007, the company Petrol d.d., Ljubljana acquires the majority,
 84.22 percent interest in the company "Rodgas a.d. za razvoj, održavanje gasne mreže i distribuciju gasa", Bačka Topola. The company's activity consists of the distribution of gas through gas network in Serbia.
- Petrol and Oti: Establishment of a company and launch of joint activities in Kosovo Petrol d.d., Ljubljana and the company OTI C.O. J.S.C. establish the company PETROL-OTI-Slovenija L.L.C. in which Petrol d.d., Ljubljana has a 51 percent interest. The new company is to engage in trading in petroleum products in the territory of Kosovo.
- Beginning of strategic cooperation in Albania
 Petrol d.d. co-founds the company Petrol Slovenia Tirana Wholesale SH.A. in which it acquires a 55 percent interest. The company's activity consists of wholesale trade in petroleum products in Albania. The company Petrol Slovenia Tirana Wholesale SH.A establishes the company Petrol Slovenia Tirana Distribution SH.P.K in which it has a 100 percent interest.

August 2007

- Petrol Gas Group: New member of the Group in Serbia
 In Serbia, Petrol d.d., Ljubljana establishes the company Petrol Gas Group d.o.o. which is to engage in gas activity on Serbian market. The company is fully owned by the parent company.
- Petrol Bonus is established: Energy cooperation in Montenegro continues

 Petrol d.d. Ljubljana and the company Montenegro Bonus establish the company PetrolBonus d.o.o. in which they both hold a 50 percent interest. The new company will sell gas and petroleum products on the territory of Montenegro.

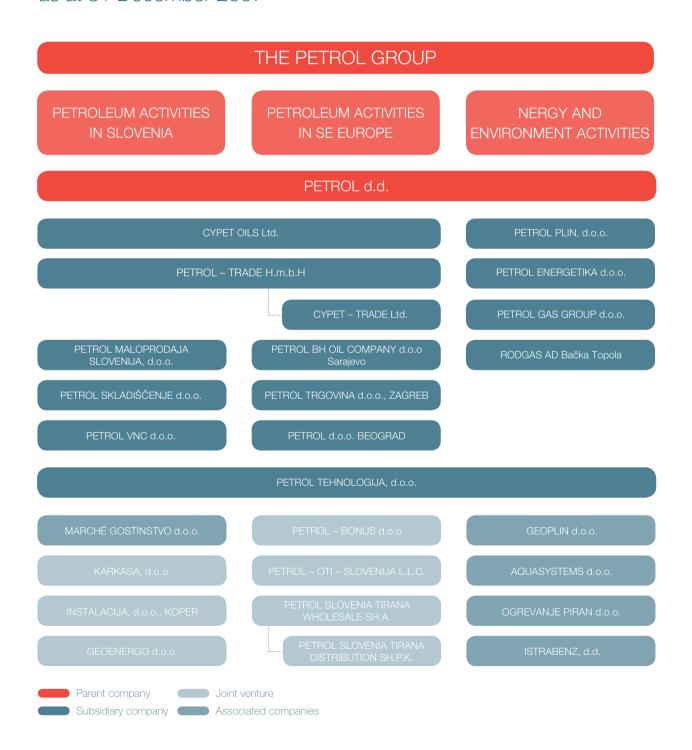
November 2007

• Acquisition of interest in the company Istrabenz d.d.

On 14 September 2007, Petrol d.d., Ljubljana announced its intention to take over the company Istrabenz, holdinška družba, d.d. On 10 October 2007, the parent company announced a bid to purchase the shares of Istrabenz, holdinška družba, d.d. at a price of EUR 100 per share, subsequently raising the price to EUR 110 per share on 26 October. The bid, which expired on 19 November 2007, was accepted by 1,905 shareholders of the target company who held 1,677,236 shares or 32.38% of its total shares.

Organisational structure of the Petrol group

as at 31 December 2007



SIGNIFICANT PERFORMANCE INDICATORS FOR 2007

Key figures are a Group effort

| THE PETROL GROUP | | | Index 07/06 |
|---|-------------------|-------------------|-------------|
| Net sales revenue | EUR 2.1 billion | EUR 1.94 billion | 109 |
| Gross profit | EUR 228.5 million | EUR 211.6 million | 108 |
| Operating profit before other operating revenues/expenses ¹ | EUR 46.4 million | EUR 32.1 million | 145 |
| Operating profit | EUR 50.5 million | EUR 47.1 million | 107 |
| Net profit | EUR 53.3 million | EUR 49.8 million | 107 |
| Equity | EUR 439.5 million | EUR 396.3 million | 111 |
| Total assets | EUR 1,115 million | EUR 843 million | 132 |
| Investments in fixed assets | EUR 253.1 million | EUR 38.8 million | - |
| EBITDA ² | EUR 77 million | EUR 73 million | 105 |
| Profitability of operations ³ | 1.26 | 1.18 | 106 |
| HIR⁴ | 1.65 | 1.47 | 113 |
| Indebtedness ⁵ | 0.95 | 0.46 | - |
| Net return on equity | 12.74% | 13.25% | 96 |
| Earnings per share ⁶ | EUR 22 | EUR 19 | 115 |
| Book value of share ⁷ | EUR 186 | EUR 168 | 111 |
| Share price on the last day of the trading year | EUR 908 | EUR 494 | 184 |
| Volume of petroleum products sold | 2.1 million tons | 2.0 million tons | 104 |
| Revenue from the sales of supplementary and other merchandise | EUR 262.9 million | EUR 215.7 million | 122 |
| Number of employees (including franchised service stations) as at 31 December | 2,944 | 2,768 | 106 |
| Number of retail points of sales as at 31 December | 380 | 361 | 105 |

- 5 Indebtedness = (Long-term and short-term financial liabilities) / Equity
- 6 Earnings per share = Net profit of Petrol d.d. for the accounting period / Weighted average number of issued ordinary shares, excluding own shares
- 7 Book value of share = Equity of Petrol d.d. at the end of the accounting period / Number of ordinary shares issued

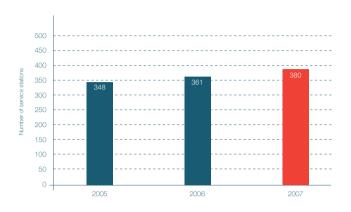
¹ Operating profit before other operating revenues/expenses = Gross profit from sales – Operating costs excluding depreciation of environment fixed assets and the costs of dump clean-up at Pesniški Dvor

² EBITDA = Operating profit + Regular depreciation

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

⁴ HIR (Human investment ratio) = (Operating profit before other operating revenues/expenses + Labour costs) / Labour costs. Labour costs comprise all costs related to labour costs of the Petrol Group and to those of franchised service stations.

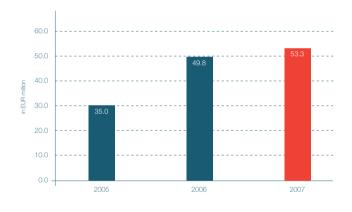
Number of service stations



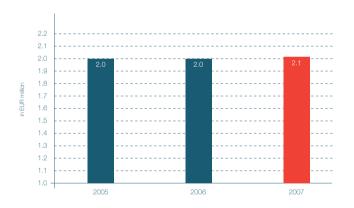
Investments in fixed assets



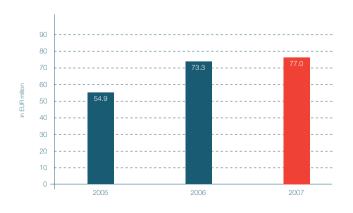
Net profit



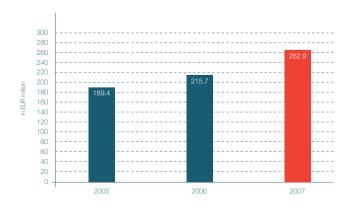
Volume of petroleum products sold



EBITDA



Revenue from the sales of supplementary and other merchandise



ANALYSIS OF OPERATING PERFORMANCE AND STRATEGY IMPLEMENTATION IN 2007

Marked by consistent growth

Some causes, processes and factors affecting key indicators for the past year. The costs and investments associated with the expansion of the Group, implementation of certain strategic projects, and events on the global energy market.

In 2007 the Petrol Group generated EUR 2.1 billion in net sales revenue, up 9 percent from 2006.

Gross profit from sales stood at EUR 228.5 million in 2007, up 8 percent on 2006. Compared with the 2006 sales, the following influenced the amount of gross profit in 2007:

- an increase of 14 percent in the sales of motor fuels (petrol and diesel fuel), while the ratio between the sales of petrol and diesel fuel changed from 1 to 1.6 in 2006 to 1 to 2.0 in 2007, with the model-based margin for diesel fuel being by 6 percent lower than the one for petrol;
- higher model-based margin for petrol and diesel fuel on the domestic market; the margin was changed in October 2006, meaning that the effect of the higher margin was not evident until the last quarter of 2006 and over the entire year 2007;
- an increase in the sales of other petroleum products (automotive products, industrial lubricants, petroleum fractions, etc.);
- an increase of 22 percent in the sales of supplementary and other merchandise; and
- a decrease of 19 percent in the sales of extra light heating oil.

The Petrol Group's operating costs totalled EUR 187.3 million in 2007, an increase of 3 percent over 2006. Excluding the costs of cleaning up a dump at Pesniški Dvor, which are recorded in the equivalent amount under other operating revenue, total costs amounted to EUR 183.7 million, an increase of 1 percent relative to the figure for 2006. To enable comparison in terms of content, the Petrol Group's operating costs need to be considered in connection with other operating revenue.

Compared to 2006, **costs of material** increased mostly on account of the costs of material used for building and equipment maintenance, and the costs of energy. Excluding the costs of cleaning up a dump at Pesniški Dvor, which are recorded in the equivalent amount under other operating revenue, the **costs of services** amounted to EUR 96.6 million, an increase of 5 percent relative to the figure for 2006. Due to the opening of new service stations, franchise costs and contributions associated with operations along motorways were among those costs that increased the most compared to 2006. The costs of building and equipment maintenance and security costs also increased. Moreover, higher sales of petroleum products were accompanied with increased storage costs.

The costs of advisory services were also higher, primarily due to the commissioning of studies aimed at analysing the efficiency of acquiring or establishing new companies in the markets of SE Europe. The costs of merchandise transportation decreased due to lower sales of extra light heating oil. Compared to the previous year, the costs of depreciation and amortisation rose 2 percent while the write-downs of fixed and operating current assets decreased. Labour costs were lower than those in the previous year by 1 percent. Relative to 2006, other costs rose 69 percent, particularly on account of the costs of sponsorship and donations that Petrol allocates to the promotion of sport and arts, thus supporting the community in which it operates.

INCREASE IN ENVIRONMENT-COST-ADJUSTED PROFIT, OPERATING PROFIT, EBITDA AND NET PROFIT

The Petrol Group's **operating profit before other operating revenues/expenses**⁵ stood at EUR 46.4 million in 2007, up 45 percent over 2006. In 2007 **profitability of operations**⁶ was 1.26 (in 2006: 1.18), meaning that the added value exceeded the operating costs by 26 percent. **Human investment ratio (HIR)**⁷ was 1.65 in 2007, meaning that the added value exceeded the operating costs by 65 percent and was above HIR for 2006, which stood at 1.47.

Operating profit of the Petrol Group totalled EUR 50.5 million in 2007, which is 7 percent more than in 2006. In addition to the reasons given above, the amount of operating profit was affected by net other operating revenue, which totalled EUR 9.2 million in 2007 and was lower by 48 percent compared to 2006. The 2006 other operating revenue includes EUR 8.0 million in other revenue, which is related to one-off events in 2006 (compensation received from the Government, refund of the fee for the building site use, elimination of accrued litigation interest).

The 2007 operating profit up 7% on the previous year

EBITDA⁸ stood at EUR 77 million, up 5 percent over the figure for 2006. 80 percent of EBITDA was generated through the sale of petroleum products and supplementary merchandise in Slovenia, 11 percent through the sale of petroleum products and supplementary merchandise in SE Europe, and the remaining 9 percent through energy and environment activities. The expansion to the markets of SE Europe and to the area of energy and environment activities is favourably reflected in the structure of EBITDA, in which the share of these activities is increasing (in 2007 it rose by 2 percentage points), while the share of sales of petroleum products and supplementary merchandise in Slovenia is shrinking.

EBITDA for 2007: +6%

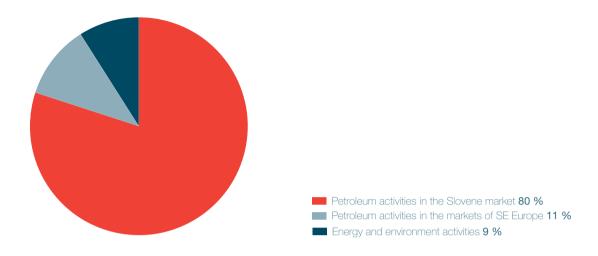
⁵ Operating profit before other operating revenues/expenses = Gross profit from sales – Operating costs which do not include depreciation of environment fixed assets and the costs of dump clean-up at Pesniški Dvor

⁶ Profitability of operations = Gross profit from sales / Operating costs which do not include depreciation of environment fixed assets and the costs of dump clean-up at Pesniški Dvor

⁷ HIR (Human investment ratio) = (Operating profit before other operating revenues/expenses + Labour costs) / Labour costs. Labour costs comprise all costs related to labour costs of the Petrol Group and to those of franchised service stations.

⁸ EBITDA = Operating profit + Regular depreciation

EBITDA of the Petrol Group broken down by activity



The Petrol Group's **net financial revenue** amounted to EUR 15.8 million in 2007, up 8 percent from 2006. In 2007 the amount of net financial revenue was affected the most by net financial revenue from interests in joint ventures and associates, which totalled EUR 10.2 million. The impact of net interest expenses, which increased due to extensive investment activities in the last quarter of 2007, when the Company acquired a 32.38 percent interest in the company Istrabenz holdinška družba d.d. via a takeover bid, and the expansion to the markets of SE Europe through establishment or acquisition of companies on those markets, was also significant.

The Petrol Group's **profit before taxes** totalled EUR 66.3 million in 2007, an increase of 10 percent over 2006.

Net profit totalled EUR 53.3 million, up 7 percent on the net profit generated in 2006.

CHANGES IN ASSETS AND LIABILITIES

The most important factors that affected the composition and structure of assets and liabilities in 2007 were the organic growth of business, fluctuations of petroleum products prices on the global oil market, the exchange rate of the US dollar, and intensified investment activities associated with the establishment and acquisition of companies in Slovenia and on the markets of SE Europe.

The Petrol Group's total assets stood at EUR 1.1 billion on the last day of 2007, which is 32 percent more than at the end of 2006.

The Group's total assets increased by 32% in 2007

The Group's balance sheet structure



Among long-term assets, property, plant and equipment represent the most important item, which totals EUR 450 million. Long-term investments in joint ventures and associates equal EUR 270 million and they increased in 2007 by EUR 197 million, mostly thanks to the acquisition of a stake in the company Istrabenz holdinška družba d.d. and the expansion to the markets of SE Europe by way of establishment and acquisition of companies on those markets.

SUCCESSFUL MANAGEMENT OF WORKING CAPITAL

The situation on the oil and the US dollar market, which are according to their characteristics two of the most volatile global markets, had a significant effect on the amount of current assets of the Petrol Group in 2007. At the Petrol Group, the management of current assets is given particular attention. The amount of the required operating current assets affects the amount of borrowing from suppliers and financial institutions. However, with short-term crediting ensured both at home and abroad, the Company is able to respond quickly to changes in the amount of operating current assets.

Among current assets, operating receivables increased the most in 2007. The amount of operating receivables was subject to higher sales of petroleum products and the rising prices of petroleum products on the global oil market.

Higher
oil prices
require the
optimisation
of stocks and
operating
receivables

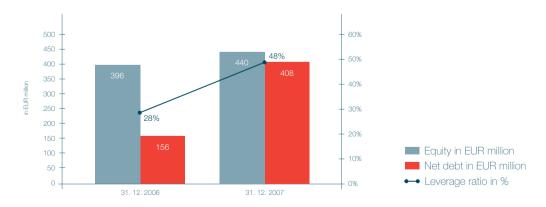
High prices of petroleum products resulted in the higher value of stocks. In comparison with the end of 2006, physical stocks of petroleum products were decreased by more than 25 percent at the end of 2007, but due to higher purchase prices, their value increased.

Short-term trade payables on a par with 2006 Short-term operating liabilities increased as a result of higher prices of petroleum products. However, due to reduced liabilities to the Government, short-term operating liabilities as at the last day of 2007 remained on a par with the figure at the end of 2006.

The Petrol Group's cash was tied up in receivables and inventories for an average period of 54 days, while its liabilities were settled in 43 days. The assets tied up for 11 days, which amount to more than EUR 50 million in working capital, were financed with short-term financial liabilities.

Long-term investments associated with the expansion of the Group's operations in Slovenia and on the markets of SE Europe were mostly financed through long-term borrowing, which was also reflected in indebtedness ratios. The ratio between financial liabilities⁹ and equity (the D/E ratio) was 0.95 at the end of 2007, whereas on the last day of 2006 it stood at 0.46. At the end of 2007, the leverage ratio 10 stood at 48 percent, while at the end of 2006 it stood at 28 percent. Despite an increase in borrowing, the Petrol Group remains financially solid and, thanks to its financial position, still maintains a high credit potential for projects that are profitable over the long term.

Leverage ratio



- 9 Short-term and long-term financial liabilities
- 10 Leverage = (Financial liabilities Cash and cash equivalent) / (Equity + Financial liabilities Cash and cash equivalents)

Considering its operations in 2007, Petrol proved that its strategy and strategic goals have been implemented in an efficient manner

The Petrol Group's development vision is clear. The strategic plan lays down long-term goals for the period until 2010. These cover all major areas of our operations, i.e. successful financial performance, care for customer satisfaction, efficiency of processes and care for the satisfaction of employees. The comparison of results achieved in 2007 against strategic goals reveals that 2007 was indeed a successful year. All key financial performance indicators, such as net profit, return on equity, earnings per share, EBITDA and the profitability of operations, have either already exceeded the values set for 2010 or their values point to an extremely favourable trend which will make the achievement of target values a reality.

In comparison with our competitors, the overall satisfaction of customers at our service stations in Slovenia and the satisfaction of heating oil users exceed target values for the year 2010, an indication of a high level of satisfaction with Petrol's services.

The successful realisation of plans is demonstrated via process efficiency ratios relating, among other things, to the number of service stations and gas concessions as well as to the productivity of the Petrol Group employees, which have already surpassed or come very close to the strategic target values for the end of this decade. Due to increasing competition, the ratio describing market share in Slovenia has not yet reached the goal set for 2010, which is why sales activities will be intensified.

Strategic goals for key aspects of the Petrol Group's operations

Strategy implementation and goal attainment

| | Goal | Indicator | Unit | Accom- plished 2007 | Target values 2007 | Compliance level with strategic goal in 2007 |
|-----------------------|-------------------------------------|---|---------------------------------|---------------------------|--|--|
| Financial performance | Growth | Net profit | EUR million | 53.3 | 40.9 | 1 |
| | | Return on equity | % | 12.7 | 8.9 | 1 |
| | | EBITDA ¹ | EUR million | 77.0 | 81.5 | 0 |
| | | Profitability of operations ² | | 1.4 | 1.4 | 1 |
| | | EPS (Earnings of the Petrol Group / No. of shares³) | EUR/share | 26 | 20 | † |
| | | | | | | |
| Ø | To maintain market share | Market share in Slovenia by the number of service stations | % | 65 | as in 2006 (67) | + |
| Customers | Care for customer satisfaction | General satisfaction of customers at service stations in Slovenia ⁴ | between 0 and 100 | 84 | at least as in 2006 (80) | 1 |
| | | Satisfaction of ELHO customers compared to competition in Slovenia ⁵ | between 0 and 100 | 79 | at least as in 2006 (77) | 1 |
| | | Number of contractables | | 380 | 458 | 0 |
| | | Number of service stations | | | | 0 |
| | Growth | Number of gas concessions | | 24 | 23 | 1 |
| | | Number of gas depots | | 1,759 | 3,010 | • |
| | | Waste treatment plants and other environment projects | No. of PE | 46,000 | 91,000 | 0 |
| Processes | | Number of TPF projects | | 7 | 23 | 0 |
| oce. | | Volume of petroleum products sold | million tons | 2.1 | 2.1 | 1 |
| ď | | Volume of natural gas sold | million m3 | 43.3 | 53 | 0 |
| | | Sales of electricity | MWh | 337,058 | 243,000 | 1 |
| | | Electricity distribution | MWh | 294,558 | 320,000 | 0 |
| | | Revenue from SM and OM sales | EUR million | 262.9 | 283.7 | 0 |
| | | Investing (excluding investment in Istrabenz d.d.) | EUR million | 63.9 | 61.6 | 0 |
| | | | | | | |
| | Care for employee satisfaction | Satisfaction of employees ⁶ | Organisational climate index | 3.56 | na ravni leta 2006 (3,6) | + |
| Employees | To optimise the number of employees | Number of employees | | 2,944 | 3,250 | 0 |
| | To optimise the labour costs | Human investment ratio (HIR) ⁷ | | 1,7 | 1.6 | 1 |
| | | Share of variable pay in overall salary based on individual's performance | % | 18 | increase in variable pay in relation to the overall salary | 0 |
| | Employee development | Share of employees taking part in education or training | % | 70 | 90 | + |
| | | Average number of teaching hours of education and training per employee | number of teaching hours | 24 | 35 | + |

Target value for 2010 achieved or exceeded

Results for 2007 indicate a favourable trend that will enable the achievement of strategic goals in 2010

Results for 2007 indicate a need for intensified activities so that strategic goals can be achieved in 2010

¹ EBITDA = Operating profit + Regular depreciation

² Profitability of operations = (EBITDA + Operating costs)/Operating costs

³ Excluding own shares

⁴ On a scale of 0 to 100; 100 indicates the highest satisfaction of customers at service stations

⁵ On a scale of 0 to 100; 100 indicates the highest satisfaction of ELHO customers compared to the competition

⁶ On a scale from 1 to 5; 5 indicates high satisfaction of employees with the organisational climate

⁷ HIR (Human investment ratio) = (Operating profit before other operating revenues/expenses + Labour costs) / Labour costs. Labour costs comprise all costs related to labour costs of the Petrol Group and to those of franchised service stations.

KEY IMPACTS ON OPERATIONS

The pricing of petroleum products

What did significantly affect operating results and decisions? Most certainly the pricing of petroleum products in all markets where the Petrol Group operates. Each market has its own characteristics.

SLOVENIA

Until 8 October 2007, petrol, diesel fuel and extra light heating oil were priced in accordance with the Regulation on the price methodology for petroleum products adopted by the Government of the Republic of Slovenia on 28 September 2006, which entered into force on 9 October 2006. According to the Regulation, government-regulated¹¹ prices of petroleum products changed fortnightly based on the average 14-day price from the stock exchange including all quotations. The Regulation also changed petrol and diesel fuel margins, while the margins for extra light heating oil remained unchanged.

A new regulation on the price methodology for petroleum products entered into force on 9 October 2007 which shall remain in force for the period of one year until 9 October 2008. The method of calculating retail prices and the amount of gross margin for government-regulated petroleum products remain unchanged.

In Slovenia, gross margins for petroleum products are still below the European average. For petrol, they amount to 78 percent of the average gross margin in the EU, for diesel fuel to 74 percent and for extra light heating oil to only 56 percent.

The new government regulation will remain in force until 9 October 2008

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

CROATIA

In Croatia, the prices of petroleum products, i.e. petrol, diesel fuel and extra light heating oil, are also government regulated. In 2007 they were set in accordance with the Petroleum product pricing rules ("Pravilnik o utvrđivanju cijena naftnih derivata") which have been in force since 4 January 2007. The prices changed fortnightly according to the prescribed methodology, provided that prices, inclusive of all duties, increased or decreased by more than 2 percent.

In Croatia, the pricing basis is similar to that in Slovenia. It involves fortnightly pricing adjustments reflecting the situation on global oil and foreign exchange market. In 2007 the level of model-based margin was again higher than recognised margins in Slovenia.

BOSNIA AND HERZEGOVINA

In Bosnia and Herzegovina, the prices of petroleum products were set in accordance with market conditions.

SERBIA

In Serbia, the prices of petroleum products were regulated by the Government in 2007 and set in accordance with the Petroleum product pricing regulation ("Uredba o cenama derivata nafte"). Pursuant to applicable legislation, the prices were harmonised every fifteen days, subject to certain conditions.

CHANGES IN CRUDE OIL PRICES IN 2007

In 2007 the average purchase price of crude oil in the world oil market was up 11% on 2006 Over the past year, the prices of crude oil mostly increased, exceeding USD 90 per barrel by the end of the year. The prices ranged from USD 50.7 per barrel in January 2007 to USD 96.0 per barrel at the end of December 2007. In the past year, the average purchase price of crude oil on the global oil market totalled USD 72.4 per barrel, up 11 percent from 2006. Consequently, the prices of petroleum products followed that trend.

Changes in oil prices in 2007



US DOLLAR EXCHANGE RATE

The average exchange rate of the US dollar according to the middle exchange rate of the European Central Bank for 2007 stood at 1.37 US dollars for 1 euro.

EVENTS AFTER THE END OF THE ACCOUNTING PERIOD

January 2008

 Petrol d.d., Ljubljana and the company Pinus TKI d.d., Rače establish the company BIO GORIVA d.o.o. which is to engage in the production of biodiesel. Petrol d.d., Ljubljana has a 25 percent stake in the new company.

February 2008

- Supervisory Board assesses and approves business integration in Croatia
 At its 34th regular session held on 1 February 2008, the Supervisory Board of Petrol d.d.,
 Ljubljana was brought up to date on the process of business integration with a Croatian company
 Euro-Petrol, d.o.o., giving approval to the Management Board to pursue further activities in
 this area. The Supervisory Board is also updated on and analyses the progress of other strategic
 projects in SE Europe.
- "Petrol Parcel" cooperation with the Slovene postal service
 On 1 February 2008, 10 service stations launch a test service called "Petrol Parcel", which offers fast, simple and convenient delivery of standard size parcels also outside regular hours of post offices.
- PETROL-INVEST is established

The company PETROL-INVEST d.o.o. is established, which is fully owned by Petrol d.d., Ljubljana. The company will invest in petroleum activity on the market of Montenegro.

• Euro-Petrol, d.o.o.

Petrol d.d., Ljubljana purchases a 51 percent stake in the company Euro-Petrol, d.o.o., Rijeka.

PLANS FOR 2008

10 challenging goals for 2008

For 2008 concrete goals have been set, which reflect global trends, changes in regional markets, the Group's strategy, risk analysis, potential to innovate, and committed and experienced co-workers. Goals are there to be achieved.

• Net sales revenue

EUR 2.3 billion or 9 percent more than in 2007

Operating profit

EUR 56.3 million or 12 percent more than in 2007

• Investments in fixed assets of the Petrol Group

EUR 112 million

• Petroleum product sales of the Petrol Group

2.1 million tons or 1 percent more than in 2007

• Gas12 sales of the Petrol Group

118.1 thousand tons, an increase of 63 percent over 2007

• Electricity sales of the Petrol Group

334,700 MWh, an decrease of 1 percent over 2007

• Revenue from the sales of supplementary and other merchandise

EUR 282.9 million or 8 percent more than in 2007

• Number of employees

In the Petrol Group and at franchised service stations the number of employees will have stood at 3,161 by the end of 2008, which is 217 more than in 2007.

• By the end of 2008, the Petrol Group's retail network will have comprised:

439 service stations

316 in Slovenia, 39 in Bosnia and Herzegovina, 71 in Croatia, 3 in Serbia, 6 in Kosovo and 4 in Montenegro

• Gas concessions and gas depots

The Petrol Group will operate 26 gas concessions and 2,162 gas depots in 2008



REPORT OF THE PRESIDENT OF THE MANAGEMENT BOARD

Reliable in terms of supply, convincing in terms of growth

Petrol had a good year, in fact a very good year. Well considered decisions, readiness for change, commitment to improve and good communication – these are only few components that helped us have a good year, and above all, create a foundation for continued reliable growth and high value of the company.

A good year means above-average results, achievement of goals and justified confidence. The first and the second have been successfully accomplished. As for the latter, our shareholders shall be the judge of that. In 2007 Petrol fulfilled its plans despite unpredictable circumstances, some of which fall beyond our control, but have unfortunately become part of social reality. These include geopolitical turmoil. Other circumstances, however, pose a challenge. These include increasing and more dynamic competition. Some other circumstances simply test our commitment, expertise and timely preparedness. Such is the case of more stringent environment regulations which Petrol decided to adopt early by introducing improved products.

In 2007 uncertainty continued on global energy markets as did upward pressure on demand, leading to higher oil prices. We also saw first changes in financial markets and downward revisions to economic growth projections. These partly predictable changes do not prevent companies that work towards sustainable development and introduce alternative models from being successful in their operations. Petrol achieves this by combining flexibility and reliability, knowledge and openness.

 A record net profit was generated that was 7 percent higher than in 2006.

Good work is reflected in figures.

In 2007 Petrol generated a record total profit in the amount of EUR 2.1 billion, up 9 percent on the previous year, while net operating profit totalled EUR 50.5 million. Net profit stood at EUR 53.3 million, which is 7% more than in 2006. Dividends paid to shareholders totalled EUR 5.5 per share. The company's equity and market value increased.



Marko Kryžanowski

Compared with the previous year, the volume of petroleum products sold rose 4 percent. The sales of motor fuel successfully offset a drop in the sales of extra light heating oil, which occurred due to high winter temperatures. In Slovenia, the Petrol Group sold 80 percent of total petroleum product sales, with the markets of South-Eastern Europe accounting for 20 percent. Of the total quantity sold, 51 percent was sold in the retail market; the remaining 49 percent was sold in the wholesale market. In comparison with the previous year, the sales of supplementary and other merchandise increased by 22 percent. At the end of 2007, the Petrol Group's retail network comprised 380 service stations.

Compared to 2006, the sales of liquefied natural gas increased by 4 percent, while those of natural gas rose 13 percent. At the end of 2007, Petrol operated 24 gas supply concessions. Liquefied petroleum gas was supplied to customers via 1,759 gas depots. Moreover, Petrol sold 337,058 MWh of electricity and 45,566 MWh of heat.

In 2007 Petrol made a number of strategic development steps, to which EUR 253 million was allocated. In part, results are already here to see, but the bulk of return will be generated in the near future. These important processes undoubtedly included continued expansion to the markets of SE Europe, first through the purchase of a chain of service stations, located at several key locations, from the company Zovko, thus consolidating our active presence on the Croatian market, but also through the establishment of new companies. In cooperation with the company Montenegro Bonus, we established in Montenegro the joint venture Petrol Bonus, in which Petrol holds a 50 percent interest. In Kosovo, we co-founded the company Petrol-Oti-Slovenija, in which we hold a 51 percent interest, and in Albania the company Petrol Slovenia Tirana Wholesale, in which we hold a 55 percent interest. The new companies will be primarily engaged in the sale of petroleum products in their respective markets.

The strategic deployment of energy supply services was accelerated through procedures aimed at acquiring new gas supply concessions in Serbia. To this end, we acquired a 84.22 percent interest in the company Rodgas, Bačka Topola, and established the company Petrol Gas Group in Novi Sad.

Stable development, financial strength and discipline are interconnected with the development of our portfolio and carefully considered new investments. These include the acquisition of a stake in the company Istrabenz, which will facilitate the implementation of our corporate development strategy, i.e. to become a leading energy company in the markets of SE Europe, and further development of the gas supply process. Furthermore, the development strategy will be expanded through integration with the Croatian company Euro-Petrol.

Talks with the company Lukoil continued. In the middle of 2006, Petrol concluded a framework agreement for the establishment of a joint venture with the company Lukoil Europe Holdings

B.V. But due to divergent views with regard to determining a ratio between their contributions to the joint venture, both parties withdrew their intention to establish a joint venture. They have nevertheless remained positive about their project-based and long-term business cooperation.

Annual performance may indeed be viewed as a set of factors and numbers. But first of all we are people – shareholders, partners, employees, customers, suppliers – with well considered decisions, ambitious plans and honest cooperation as their characteristics. This is why I am confident about the company's future. Through responsible communication, Petrol establishes good relations with its shareholders; through partner dialogue, it creates new solutions, thus expanding the range of products and services to the satisfaction of customers. Together with co-workers, who are committed to the implementation of strategies, we find solutions to the tasks, which are often very difficult, and provide customer-friendly products and services as well as care for the environment. Together we create what Petrol has to offer: reliable energy supply and contribution to a better quality of life.

The results Petrol strives for are not temporary but lasting. Successful year is a goal that has been accomplished. Our plans are long-term, which is why the principles of sustainable development are integrated in our strategic decisions and day-to-day operations. We simply do not want to create today's added value at the expense of future generations. I believe, and this is also demonstrated by the company's results, that economic growth should function in harmony with the society, local communities and environment protection. This is proven through stability and prudence, but also through above-average return. These are the foundations of Petrol's reliability.

Knowing who you are means knowing where you are heading

Petrol has set itself a clear vision and development strategy. The strategic plan lays down long-term goals for the period until 2010. These cover all major areas of our operations, i.e. successful financial performance, efficiency of processes and care for the satisfaction of customer and employees. The comparison of results achieved in 2007 against strategic goals reveals that 2007 was a successful year.

The greater part of key strategic indicators for 2010 has already been achieved today.

All key financial performance indicators, such as net profit, return on equity, earnings per share, EBITDA and the profitability of operations, have either already exceeded the values set for 2010 or their values point to an extremely favourable trend which will make the achievement of target

values a reality. This is an indication of successful financial operations, continued growth and increased profitability.

In comparison with our competitors, the overall satisfaction of customers at our service stations in Slovenia and the satisfaction of heating oil users exceed target values for the year 2010, an indication of a high level of satisfaction with Petrol's services. This is also confirmed by the "Trusted Brand" award received for service stations, and the prestigious title Superbrands, which Petrol received for its corporate brand.

The successful realisation of plans is demonstrated via process efficiency ratios relating, among other things, to the number of service stations and gas concessions as well as to the productivity of the Petrol Group employees, which have already surpassed or come very close to the strategic target values for the end of this decade. Due to increasing competition, the ratio describing market share in Slovenia has not yet reached the goal set for 2010, which is why sales activities will be intensified.

 The Group has a solid financial position which provides for the reliability of growth plans.

The Group's financial position is solid and provides for the reliability of growth plans in accordance with the strategy of four development pillars: oil trading activity, gas supply, electricity and energy services together with efficient energy consumption, and integrated environment solutions. Good results are a reflection of Petrol's successful transformation from an oil company to a regional energy group. Today, we not only market energy products but also integrated energy services. From comfort on the road to warmth at home. From comprehensive gas supply to efficient energy consumption. We are mostly known for our user-friendly service stations, but we also carry out environment projects. Knowledge is our priority, and we are always open to cooperation. Each business decision it responsibly implemented in terms of its financial profitability, technological adequacy and impact on the environment.

Goals for 2008

Our operations and plans are transparent. That is why concrete new goals have been set for 2008. In 2008 we will generate EUR 2.3 billion in net sales revenue and EUR 56.3 million in

operating profit. 2.1 million tons of petroleum products, 118.1 thousand tons of gas and 334,700 MWh of electricity will be sold. Furthermore, we will generate EUR 282.9 million in the sales of supplementary and other merchandise. Our main line of business will be conducted via 439 service stations, and we plan to increase the number of gas concessions and gas depots.

We would not be able to achieve our ambitious goals without the help of properly qualified employees. In the end I therefore wish to express respect and gratitude for all co-workers. Management can only be successful if its actions are development-oriented and correspond to professional responsibility. Reliability springs from trust, and management's first task is to listen. Conversations gave rise to numerous ideas that are today being realised in the market. We do not delude ourselves that we know everything – but I do know that much good can still come from our cooperation – to the benefit of owners, customers, partners and the natural environment in which we live. With due responsibility, careful consideration and commitment we will continue to operate in this manner.

We have had a successful year. It is up to us to continue it.

Marko Kryžanowski,

President of the Management Board

All 1.

MEMBERS OF THE MANAGEMENT BOARD

Marko Kryžanowski,

President of the Management Board

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

Born in 1966, he holds a bachelor degree in electrotechnics and has finished a presidential

MBA programme at the IEDC School of management. Honorary consul of Principality of Monaco.

Igor Irgolič,

Vice-president of the Management Board in charge of marketing

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

Born in 1963, he holds a bachelor degree in engineering and has afterwards specialised in management.

Alenka Vrhovnik Težak,

Member of the Management Board in charge of finance

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

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

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

Boštjan Napast,

Member of the Management Board in charge of energy

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

Born in 1971, he holds a bachelor degree in engineering.

He has worked for Petrol since 1998.

Bojan Herman,

Worker director

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

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

He was reappointed for another five-year term of office on 25 September 2007¹³.



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

GOVERNANCE AND MANAGEMENT SYSTEM

Managing the company

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

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

The Management Board comprises at least three and not more than six members. The actual number of its members is determined by the company's Supervisory Board in a decision on the appointment of the Management Board. The Management Board had five members in 2007.

Management
Board
meetings
and regular
reporting to
the Supervisory
Board

In 2007 the Management Board discussed issues falling within its competence at fifty-one meetings. In addition to formal meetings, the Management Board carried out its powers and responsibilities in daily operations as well as powers and responsibilities to the General Meeting, as stipulated by the Companies Act. As for relations with the Supervisory Board, these were performed in accordance with chapter 4 of the Supervisory Board rules of procedure. The Management Board regularly reported to the Supervisory Board on the company operations, while in 2007 the presidents of the Supervisory Board and Management Board were in regular contacts and deliberated the company's strategy, business development and risk management. There were no exceptional or important events in 2007 that would require convening the Supervisory Board at an extraordinary meeting. The Management Board focused some of its activities on the cooperation with the Workers' Council and the Petrol Group's representative trade union, which has been formally recognised in 2007.

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

members of the Management Board can represent the Company only with the president of the Management Board.

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

THE GENERAL MEETING OF SHAREHOLDERS

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

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

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

The Management Board called the General Meeting once in 2007. At the General Meeting held on 16 May 2007, the company's shareholders were acquainted with the annual report and the Supervisory Board's report on the verification of the annual report for the financial year 2006. They adopted resolutions on the distribution of accumulated profit and give discharge to the Management Board and the Supervisory Board for the year 2007. Moreover, they passed a resolution for the appointment of the company's auditor that will audit the financial report and review the business report for 2007. The General Meeting also discussed amendments to the Articles of Association, specifically to sections concerned with the company's share capital – changeover to the euro and introduction of no-par value shares – and remuneration to Supervisory Board members. Moreover, it discussed and confirmed the appointment of the absent Supervisory Board member, so the Supervisory Board again has nine members, i.e. its full composition, from the day of the General Meeting.

RESPONSIBILITIES AND COMPOSITION OF THE SUPERVISORY BOARD

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

The Supervisory Board comprises 9 members, of which three are employee representatitves The members of the Supervisory Board are elected for a term of four years and can be re-elected when their term of office expires. The Supervisory Board elects from among its members a president and a vice-president. The president of the Supervisory Board is always a representative of shareholders.

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

Activities and working principles of the Supervisory Board for 2007 are described in more detail in the chapter "Report of the Supervisory Board" herein.

MEMBERS OF THE SUPERVISORY BOARD

Viktor Baraga,

President of the Supervisory Board, shareholder representative

Honorary consul of Australia to the Republic of Slovenia.

Appointed for a four-year term of office beginning on 16 July 2005 at the 14th General Meeting held on 4 April 2005. On 4 August 2006, he was appointed to the position of the Supervisory Board president until the end of term of office¹⁴.

Milan Podpečan,

Vice-president, shareholder representative

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

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

Matjaž Gantar,

Shareholder representative

CEO of KD Group and KD Holding.

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

Bojan Šrot,

Shareholder representative

Mayor of the Municipality of Celje, attorney.

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

Aleš Marinček,

Shareholder representative

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

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

Andrej Bratož,

Shareholder representative

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

Appointed at the 16th General Meeting held on 16 May 2007 for a term of office beginning 16 May 2006 and ending 5 April 2009.

Samo Gerdin

Employee representative

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

Cvetka Žigart,

Employee representative

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

Ciril Pirš,

Employee representative

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



STATEMENT OF CONFORMITY WITH THE CORPORATE GOVERNANCE CODE

The company Petrol d.d., Ljubljana hereby makes its statement of conformity with the Corporate Governance Code (Official Gazette of the Republic of Slovenia No. 118/2005 of 17/12/2005 with amendments valid as from 05/02/2007), for the period 01/01/2007 to 27/02/2008.

The Code is publicly available in Slovene and English on the website of the Ljubljana Stock Exchange: http://www.ljse.si/cgi-bin/jve.cgi?doc=744&sid=xkIEBCjDhdObfczS http://www.ljse.si/cgi-bin/jve.cgi?doc=1361&sid=JxI1BH3eKq45Ve3a

IN CONFORMITY WITH PROVISIONS

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

Below we provide some explanations with regard to the provisions of the applicable Code, as well as our explanations relating to the binding recommendations of the Code that the company has not yet begun to observe:

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

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

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

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

3.4.6. and 3.4.7.: Liability insurance of Supervisory Board members:

The company has not concluded a liability insurance of Supervisory Board members.

7.3.4.: Internal act regulating trade limitations:

The company has not drawn up an internal act that would govern trade limitations in addition to

legal provisions and regulations. However, every person having access to internal information signs a special statement on keeping internal information confidential. In accordance with the Securities Market Agency's requirements, the company keeps the list of persons with access to internal information.

In future, the company will continue to conform to the Code's recommendations. Should it become evident that the company is not able to observe any of the obligations under the Code, the Management Board and the Supervisory Board will prepare a justified explanation. We would like to emphasise that in the period from the end of the accounting period until this statement has been published, no discrepancies occurred other than those mentioned above.

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

V Ljubljani, 27. 2. 2008

President of the Management Board

Marko Kryžanowski

President the Supervisory Board

Viktor Baraga

REPORTING IN ACCORDANCE WITH ARTICLE 70(6) OF THE COMPANIES ACT

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

1. Structure of the company's share capital:

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

The chart describing the structure of share capital of the company Petrol d.d., Ljubljana as at 31 December 2007 is shown in the chapter Petrol's share.

Ten largest shareholders of the company Petrol d.d., Ljubljana as at 31 December 2007 are indicated in the chapter Petrol's share.

2. Restrictions related to the transfer of shares:

All the shares are fully transferable.

3. Qualifying holdings under the Takeovers Act:

Pursuant to Article 77(1) of the Takeovers Act, the following information is made public:

- On 31 December 2007, Slovenska odškodninska družba d.d. held 412,009 shares of Petrol d.d., Ljubljana, representing 19.75 percent of the issuer's share capital;
- On 31 December 2007, Istrabenz d.d. held 329,797 shares of Petrol d.d., Ljubljana, representing 15.81 percent of the issuer's share capital;
- On 31 December 2007, Kapitalska družba d.d. holds 172,639 shares of Petrol d.d., Ljubljana, representing 8.27 percent of the issuer's share capital.

4. Holders of securities carrying special control rights:

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

5. Employee share scheme:

The company has no employee share schemes.

6. Restrictions related to voting rights:

There are no restrictions related to voting rights.

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

The company has no information as to such agreements.

8. The company's rules on:

Appointment and replacement of members of the management or supervisory bodies:

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

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

The Supervisory Board is required to notify immediately the Management Board, which does not fully fulfil the tasks falling under its mandate, of its findings and opinions and to determine the shortest deadline possible to eliminate the shortcomings determined. If the Management Board fails to achieve the expected improvements within the set deadline, the Supervisory Board shall decide on recalling individual members of the Management Board.

The **Supervisory Board** of the company comprises nine members, of which six are elected by the company's General Meeting with a majority vote of shareholders present and three are elected by

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

Amendments to the Articles of Association:

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

- **9.** Authorisation of management, particularly in connection with own shares: Authorisations of the Management Board members are defined in the chapter on corporate governance. The Management Board has no particular authorisation concerning the issue or purchase of treasury shares.
- 10. Important agreements that enter into force, change or expire due to changes in the control over the company as a result of a takeover bid:

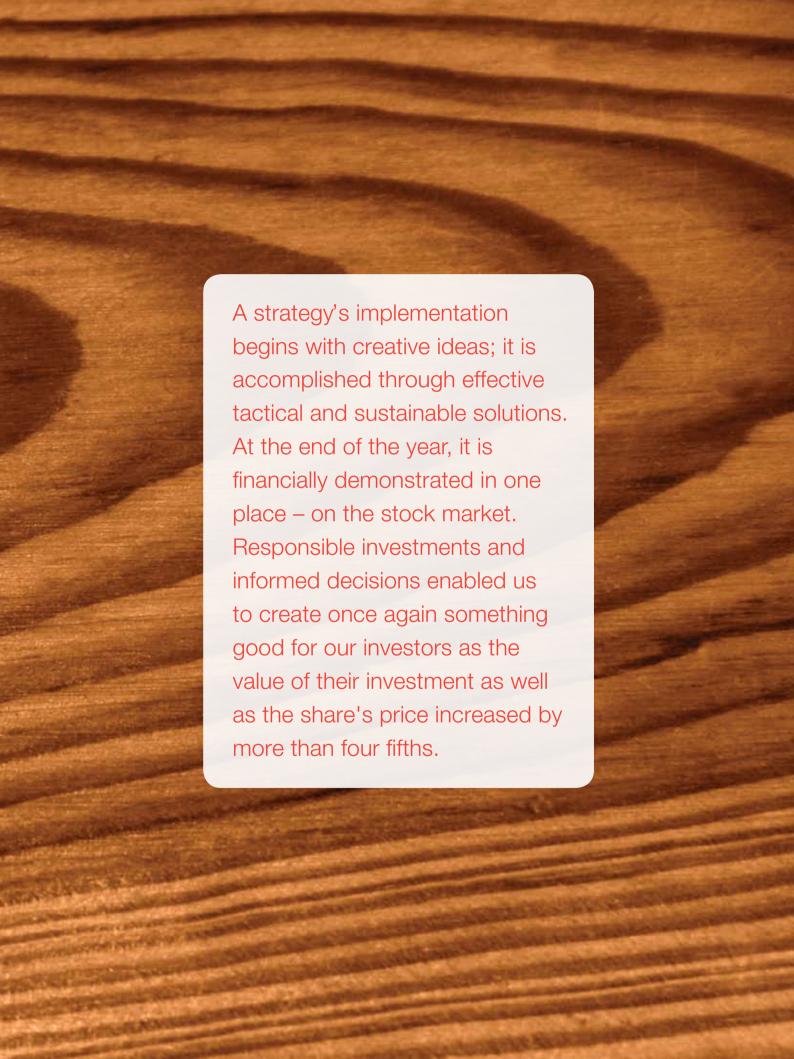
The company has not been informed of such agreements.

11. Agreements between the company and the members of its management and supervisory bodies or employees, which foresee compensation should such persons resign, be discharged without cause or have their employment relationship terminated: In the event of a recall or termination of employment contract due to justified business and economic reasons stipulated by the Companies Act, the members of the Management Board are entitled to receive compensation.

PETROL'S SHARE







PETROL'S SHARE

Achieving such growth is a success, but ensuring responsible future development of the company is more important still

Another record year. Rapid growth in the share's value and trading volume made a positive impact on the Group's past stock-market and financial year. We have thus fulfilled our responsibility in a fitting manner. Carefully considered structure of investments and development-oriented policy provide for long-term maximisation of returns and continued stable organic growth.

Petrol's share is currently listed on the prime market, but has been quoted on the stock exchange since 5 May 1997. In 2007 the volume of trading in Petrol's share at the stock exchange amounted to EUR 258 million, up 83.8 percent over 2006.

 With more than 81% growth in 2007, Petrol's share proved to be a good investment once again

Over the past three years, Petrol's share outperformed the SBI 20 index

In September 2007 the price of Petrol's share reached a record EUR 1.001.34. From the beginning of 2001 to the end of 2003, the share's growth exceeded the growth of the SBI 20 index. In 2004 the trend turned, with the SBI 20 index outperforming Petrol's share. In 2005, 2006 and 2007 the trend turned again and Petrol's share outperformed the SBI 20 index once more.

Between 1 January and 31 December 2007, the share's daily average price increased by 81.3 percent, rising more than 11 fold since its listing. The yearly average price of Petrol's share, which stood at EUR 763.67 in 2007, increased by 97.6 percent in comparison with the previous year. At the beginning of September 2007, the share's price equalled EUR 1,001.34, a record high since its flotation on the Ljubljana Stock Exchange.

RANKED SECOND BY VOLUME ON THE LJUBLJANA STOCK EXCHANGE

In 2007 the volume of trading in the share amounted to EUR 257.78 million, up 83.8 percent on 2006. Trading in Petrol's share accounted for 13.4 percent of the total trading volume on the Ljubljana Stock Exchange, and 14.1 percent of the share trading volume.

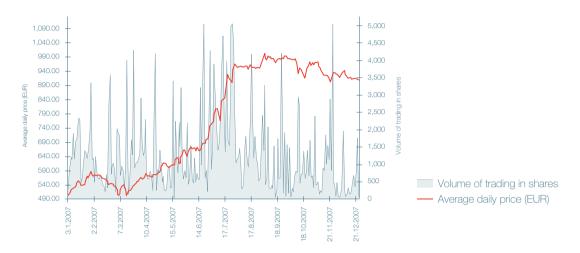
The share of Petrol d.d., Ljubljana was ranked second by the volume of trading on the Ljubljana Stock Exchange. On average, the monthly volume of transactions involving Petrol's share totalled EUR 21.48 million. The share was liquid at all times in 2007.

The market capitalisation of Petrol d.d., Ljubljana as at the last day of 2007 totalled EUR 1.89 billion, which accounts for 8.6 percent of the stock market's total capitalisation. In terms of market capitalisation, Petrol d.d., Ljubljana climbed to the second place, while its share was one of the three shares that accounted for more than ten percent of the SBI 20 index.

Petrol's share prices in the period 2006-2007 in EUR

| | | 2006 |
|---|----------|---------|
| High | 1,001.34 | 522.39 |
| Low | 500.60 | 286.00 |
| Average share price for the current year | 763.67 | 386.53 |
| Share price on the last trading day of the current year | 907.58 | 493.91 |
| Increase in average daily share price between 1 January and 31 December of the current year | 81.30% | 66.53% |
| Increase in the average price for the current year relative to the price as at 5 May 1997 | 965.30% | 439.19% |

Average price and the volume of trading in Petrol's share in 2007



THE SHARE'S FINANCIAL INDICATORS

Earnings per share rose by more than 15% compared to 2006 Earnings per share for 2007 amounted to EUR 22.23, an increase of 15.4 percent over 2006. Cash flow per share stood at EUR 32.22 and climbed 9.2 percent compared to the previous year. Return per share stood at 83.8 percent. Including the dividend yield of 1.11 percent, the total return per share was 84.9 percent.

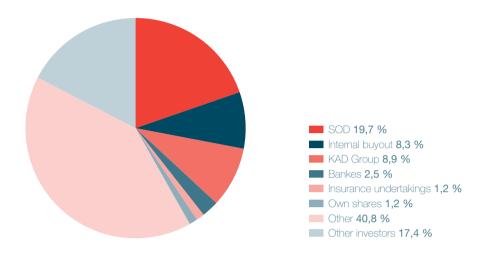
The ratio between the share's market price at the end of 2007 and its book value at the end of 2007 - the latter stood at EUR 186 - was 4.9, which is more than at the end of 2006. The ratio between the share's market price at the end of 2007 and earnings per share was 40.8.

 Return per share and dividend yield totalled 84.9% in 2007

THE STRUCTURE OF SHARE CAPITAL

Ownership structure did not change considerably. Slovenska odškodninska družba remains the largest single shareholder with 412,009 shares, followed by Istrabenz d.d. with 329,797 shares. Other large shareholders include the Kapitalska družba Group, Julius fond d.d. and Julius k.d.d., Vizija Holding d.d., Vizija holding ena d.d., Nacionalna finančna družba 1 d.d., Delniški VS Triglav Steber I and Kmečka družba funds.

Share capital composition of the company Petrol d.d., Ljubljana as at 31 December 2007



At year-end, 37,370 shares or 1.8 percent of all shares were held by foreign legal or natural persons. The total number of shareholders decreased from 42,566 as at the end of 2006 to 40,397. Although the number of shareholders has been falling since the joint stock company started operating, this trend slows down each year.

The largest shareholders of the company Petrol d.d., Ljubljana as at 31 December 2007

| | 10 largest shareholders of Petrol d.d., Ljubljana as at 31 December 2007 | | | |
|----|--|---|------------------|---------------|
| | | | Number of shares | Interest in % |
| 1 | SLOVENSKA ODŠKODNINSKA DRUŽBA, D.D. | MALA ULICA 5, 1000 LJUBLJANA | 412,009 | 19.75% |
| 2 | ISTRABENZ D.D. | CESTA ZORE PERELLO-GODINA 2, 6000 KOPER | 329,797 | 15.81% |
| 3 | KAPITALSKA DRUŽBA, D.D. | DUNAJSKA CESTA 119, 1000 LJUBLJANA | 172,639 | 8.27% |
| 4 | JULIUS FOND d.d. in JULIUS k.d.d. | TRG SVOBODE 3, 2000 MARIBOR | 71,745 | 3.44% |
| 5 | VIZIJA HOLDING, D.D. | DUNAJSKA CESTA 156, 1000 LJUBLJANA | 71,676 | 3.44% |
| 6 | VIZIJA HOLDING ENA, D.D. | DUNAJSKA CESTA 156, 1000 LJUBLJANA | 63,527 | 3.04% |
| 7 | NFD 1 DELNIŠKI INVESTICIJSKI SKLAD D.D. | TRDINOVA 4, 1000 LJUBLJANA | 50,293 | 2.41% |
| 8 | DELNIŠKI VZAJEMNI SKLAD TRIGLAV STEBER | SLOVENSKA CESTA 54, 1000 LJUBLJANA | 45,900 | 2.20% |
| 9 | KD GALILEO, VZAJEMNI SKLAD FLEKSIBILNE | CELOVŠKA CESTA 206, 1000 LJUBLJANA | 26,077 | 1.25% |
| 10 | KD ID, DELNIŠKA ID, D.D. | CELOVŠKA CESTA 206, 1000 LJUBLJANA | 25,807 | 1.24% |

| | Number of shares owned by members of the Supervisory Board on Management Board as at 31 December 2007 | | | |
|----|---|---|------------------|---------------|
| | Name and Surname | | Number of shares | Participation |
| | Supervisory board | | 775 | 0.04% |
| | Internal members | | 686 | 0.03% |
| 1. | Ciril Pirš | Supervisory Board member | 552 | 0.0265% |
| 2. | Samo Gerdin | Supervisory Board member | 39 | 0.0019% |
| 3. | Cvetka Žigart | Supervisory Board member | 95 | 0.0046% |
| | External members | | 89 | 0.004% |
| 1. | Viktor Baraga | President of the Supervisory Board | 21 | 0.0010% |
| 2. | Milan Podpečan | Vice-president of the Supervisory Board | 34 | 0.0016% |
| 3. | Matjaž Gantar | Supervisory Board member | 34 | 0.0016% |
| 4. | Bojan Šrot | Supervisory Board member | 0 | 0.0000% |
| 5. | Aleš Marinček | Supervisory Board member | 0 | 0.0000% |
| 6. | Andrej Bratož | Supervisory Board member | 0 | 0.0000% |
| | Management Board | | 1,842 | 0.09% |
| 1. | Marko Kryžanowski | President of the Management Board | 442 | 0.0212% |
| 2. | lgor Irgolič | Vice-president of the Management Board | 181 | 0.0087% |
| 3. | Alenka Vrhovnik Težak | Management Board member | 651 | 0.0312% |
| 4. | Boštjan Napast | Management Board member | 151 | 0.0072% |
| 5. | Bojan Herman | Management Board member - Worker director | 417 | 0.0200% |

OTHER EXPLANATIONS BY THE COMPANY PETROL D.D., LJUBLJANA UNDER THE SECURITIES MARKET ACT

The prospectus of the company Petrol d.d., Ljubljana, which was prepared for the purpose of listing the shares on the stock exchange, is published on the company's website. All amendments to the prospectus in accordance with Article 63 of the Securities Market Act have been published in the company's strategic document, annual report and public announcements available on the company's website www.petrol.si and on the website of the Ljubljana Stock Exchange, d.d. seonet.ljse.si.

RESERVES FOR OWN SHARES

As in previous years, Petrol d.d., Ljubljana did not repurchase its own shares in 2007. On the last day of 2007, the company held 25,027 own shares, which represents 1.2 percent of registered share capital. The number of own shares decreased by 731 from the previous year as a result of the payment of bonuses to the Management Board and a member of the Supervisory Board. Their total cost equalled EUR 2.6 million as at 31 December 2007 and was EUR 20.1 million lower than the market value of shares.

DIVIDEND DISTRIBUTION POLICY FOR THE MAXIMISATION OF LONG-TERM RETURNS

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

Petrol's management advocates a stable longterm dividend payout

In accordance with a General Meeting resolution, gross dividend per share for 2006, payable in 2007, stood at EUR 5.50.

Overview of dividend payments between 2003 and 2006

| Period | Total dividends in accordance with General Meeting resolution | Gross dividend per share |
|--------|---|--------------------------|
| 2003 | EUR 6,248,962.7 | EUR 3.0 |
| 2004 | EUR 7,860,919.0 | EUR 3.8 |
| 2005 | EUR 8,706,085.2 | EUR 4.2 |
| 2006 | EUR 11,474,655.5 | EUR 5.5 |

THE AMOUNT OF ACCUMULATED PROFIT

The amount of accumulated profit of Petrol d.d., Ljubljana for 2007, determined in accordance with IFRS, stood at EUR 47.4 million.

THE IMPORTANCE OF REGULAR PARTICIPATION AT INVESTORS' CONFERENCES AND THE AVAILABILITY OF INFORMATION

Petrol d.d., Ljubljana has set up a programme of regular cooperation with domestic and foreign investors, enabling it to be well informed, share ideas and enter into new strategic partnerships. The programme consists of public announcements, individual meetings and presentations, and public presentations of the company. The company also regularly attends investors' conferences organised each year by the Ljubljana Stock Exchange and various banks. Six important international conferences were attended in 2007: Slovene capital market days in Ljubljana, Zagreb, Stockholm and London, which were organised by the Ljubljana Stock Exchange in cooperation with its partners, and investors' conferences in Zuers and Stegersbach, Austria, events organised by Raiffeisen Centrobank and Erste Bank, respectively.

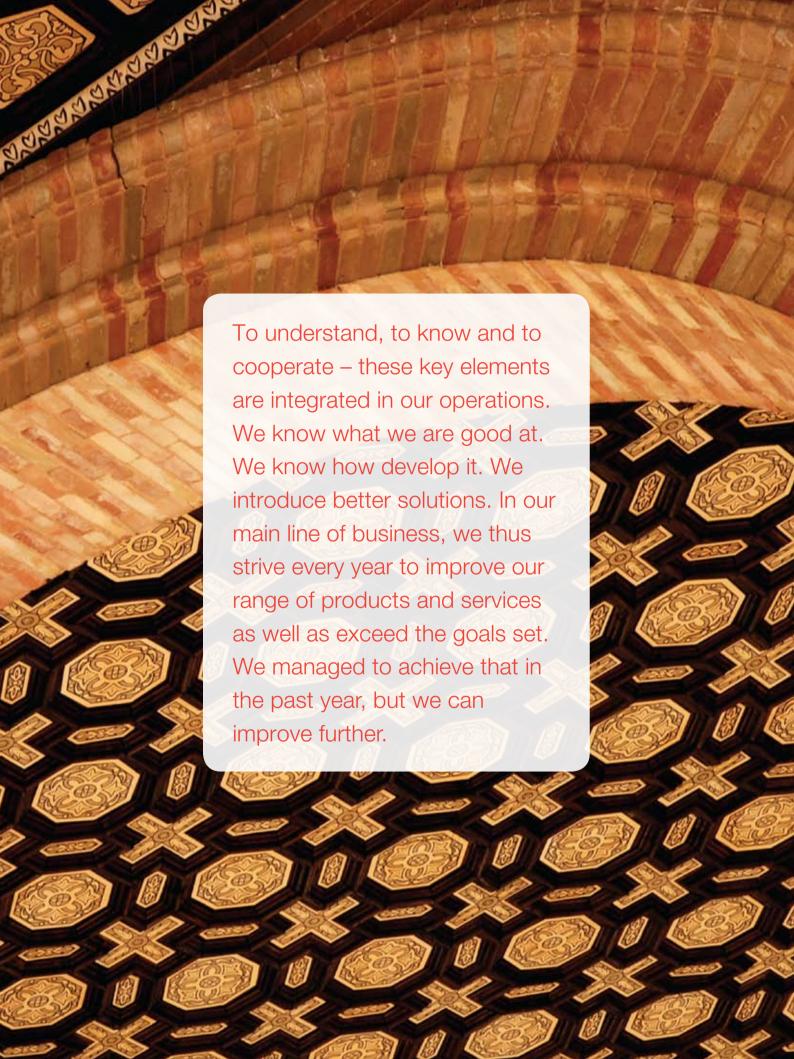
All information relevant to shareholders, including the financial calendar, is published on the company's website. The contact person in charge of investor relations is Ms Barbara Jama Živalič who can be reached at investitorji.informacije@petrol.si.

Presentation to investors at six major conferences

OIL TRADING ACTIVITY







SALES OF PETROLEUM PRODUCTS, SUPPLEMENTARY MERCHANDISE AND SERVICES

Most goals have been exceeded

By acting in a coordinated fashion, the Group met and even exceeded most of its sales targets in the past year. The sales of petroleum products grew by four percent and the sales targets were exceeded by seven percent. Within these figures, the sales of petroleum products in the markets of SE Europe rose by a quarter. The Petrol Group's sales of supplementary merchandise grew by as much as 22 percent, which includes a more than 60-percent increase in the markets of SE Europe. All of the above is the achievement of the group rather than individuals. With the majority of sales targets exceeded, this is a solid basis for facing new challenges.

Good cooperation means long-term cooperation. This is especially true for sales and marketing, which face increasingly complex demand. Those who create are those who listen, develop and think strategically at the same time.

Sales of petroleum products

The sales of petroleum products rose
 4% relative to 2006

What were the results for 2007? We sold 2.1 million tons of petroleum products, up 4 percent form 2006 and 7 percent more than planned. 80 percent of sales were generated in Slovenia, the remaining 20 percent in the markets of SE Europe.

The Group's sales of motor fuels increased 14% in comparison with 2006 51 percent of sales were generated in the retail market, while 49 percent in the wholesale market. The sales in the Slovene market were on a par with the 2006 sales. In the markets of SE Europe, the sales of petroleum products increased by 24 percent relative to 2006. The Petrol Group's sales of motor fuels rose 14 percent. In comparison with 2006, the Petrol Group's sales of extra light heating oil decreased by 19 percent, primarily due to warm winter and switching to more affordable heating sources.

 Changes in the structure of fuel sales the share of diesel fuel increases Our operations are significantly affected by changes in the structure of fuel sales. The ratio between the sales of petrol and diesel fuel changed dramatically over the past five years, mostly due to changes in the composition of customers' vehicle fleet leading to lower sales of petrol and higher sales of diesel fuel. In Slovenia, the level of model-based gross margins for petrol is higher by 6.7 percent.

Sales of supplementary and other merchandise

The 2007 sales of supplementary merchandise also point to high growth. EUR 263 million was generated through the sales of supplementary and other merchandise, which is 22 percent more than in 2006 and 15 percent more than planned. The Petrol Group still generates the bulk of its revenue from the sales of supplementary and other merchandise on the Slovene market, although the sales in the markets of SE Europe are quickly increasing, which is evident from a 61 percent growth relative to 2006.

A 22% growth was achieved and plans were exceeded by 15%

In Slovenia, the growth exceeded 20 percent. Compared with 2006, revenue from the sales of supplementary and other merchandise increased by the same percentage. The breakdown by product groups shows that sales revenue increased in all product groups of supplementary merchandise, with lottery and tobacco products recording the highest revenue.

Sales of services

The Petrol Group's sales of services were above plan in 2007. In the Group, the greater part of revenue from services is generated by the parent company. In 2007 it generated EUR 27.7 million in such revenue, which is 5 percent more than planned and 6 percent less than in 2006. Petrol's most important services include revenue from transportation, carwashes, waste treatment plants, leasing of hospitality facilities, and Magna card revenue. Due to changeover to the euro, revenue from commissions charged on payments in foreign currencies decreased by more than EUR 2 million.

In 2007 Magna card revenue rose 6 percent relative to the previous year. Revenue from carwashes increased by 2 percent, while revenue from transportation dropped 21 percent. The latter can be associated with a warm winter, switching to more affordable energy products and the resulting sales of extra light heating oil that were lower than in 2006.

Sales figures and survey results demonstrate a high degree of trust enjoyed by the Petrol Group's products and services among customers. Their buying experience, demands, observations and decisions serve as important reference points for an even better, competitive and environment friendly range of products and services.

Petrol receives a "Trusted Brand" award

In what is one of the biggest European surveys of consumers' attitudes to consumer products and services, carried out by the Reader's Digest magazine, Petrol was ranked among the most prestigious Slovene brands. In 2007 the survey was conducted for the first time among Slovene subscribers who picked the most trusted brands from different categories of products and services. Their choice has been founded on perceived quality and positive personal experience. Petrol won the award in the category of service stations.

ACTIVITIES CONTRIBUTING TO GOOD SALES FIGURES

Expansion of operations and modernisation of service stations

The Group expands its operations at the best locations and modernises service stations with higher sales potential.

Important improvements for better products and services

The sales of premium diesel fuel "Primadiesel" have been launched successfully. Offering improved engine efficiency, the new fuel is well positioned on the market and is quickly gaining trust of users. Moreover, the sales were indirectly boosted through the introduction of AdBlue additive contributing to cleaner exhausts of cargo vehicles, and the introduction of diesel fuel quick pumping aggregates for larger vehicles.

Following traffic trends

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

Comprehensive product range

Successful sales of supplementary merchandise are the result of a broad range of product groups, continuous expansion of range with new products, sales campaigns, planograms, and other sales promotion campaigns. By offering a complete range of industrial lubricants, Petrol established itself as a competent supplier in the Slovene market and also successfully expands its know-how to the markets of SE Europe.

Strategic importance of wholesale

Wholesale trade accounts for approximately half on the Group's total sales revenue. The greater part of wholesale results have been generated through sales to major owners of service stations, although the strategic distribution of regional wholesale units in the territory of Slovenia is also an important factor of successful sales.

At the end of 2007, the Petrol Group's retail network comprised 380 service stations, of which 307 in Slovenia, 36 in Bosnia and Herzegovina, 32 in Croatia, 3 in Serbia, and 2 in Kosovo. Services provided at service stations are complemented by 87 car washes, 74 bars, 7 mechanic and tyrefitting shops, and 30 TIP STOP quick service facilities designed for maintenance of cargo and passenger vehicles and operating as franchises.

Network of 380 service stations offering supplementary product range, 87 carwashes, 74 bars, 30 TIP STOP quick service facilities

PETROL AND ITS COMPETITION

In Slovenia, there are 19 traders operating in the area of retail sale of motor fuels. With its 307 service stations, Petrol d.d., Ljubljana has a 65 percent market share as far as the number of service stations is concerned. Its competitive advantage consists of having a leading position as regards transit routes, with particular emphasis being placed on motorway locations and key urban and border locations. Through the continuous expansion of its retail network, the Petrol Group is also becoming an increasingly important energy supplier in the markets of SE Europe.

Petrol's service stations account for 65 percent of all service stations in Slovenia

Numerous competitors are a market reality, but also a challenge in the area of wholesale operations. Many smaller traders and other oil companies attempt to win over customers by offering them attractive deals. We managed to respond successfully to their attempts by actively improving and customising the range of products offered in our sales network.

THE MAGNA CARD - CUSTOMER ADVANTAGE AND STRATEGIC MARKETING TOOL

For years, Petrol has been using the Magna card to set up its own direct marketing network and establish a comprehensive customer relationship management (CRM) system. The usability and positioning of the card, which is used "along and on the road", provides users with numerous advantages, including discounts and payment in instalments. The introduction by Petrol of prepayment cards enabling safe, reliable and convenient transfer of the so-called electronic money proved to be a success as well.

Magna has over 190,000 users

As an excellent brand, Magna won the Superbrands award in 2007

By the end of 2007, more than 80,000 payment cards were issued to natural persons. The number of cards issued to legal entities exceeded 100,000, of which more than 9,000 were issued in the

markets of SE Europe. Petrol also issued more than thousand Uta-Petrol cards that are used in international transport. These cards are accepted at all service stations of the Petrol Group and at numerous service stations in more than 30 other countries.

Strategic tasks until 2010

In Slovenia, we will

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

In the markets of SE Europe, we will

- expand our retail network
- increase the volume of wholesale operations
- establish ourselves as a reliable and quality partner
- promote card operations
- increase the volume of sales of non-petroleum goods

The project with Lukoil

In 2006 Petrol and Lukoil concluded a framework agreement for the establishment of a joint venture. Because significant differences arose when harmonising the basic aspects of determining the value of their contributions, the companies withdrew from their initial intention. Nevertheless, they wish to continue their cooperation, and management of both companies believe this would be to the benefit of both parties.

The first phase of business integration began in 2006 when the companies Petrol d.d., Ljubljana and Lukoil Europe Holdings B.V. concluded a framework contract for the establishment of the joint venture Petrol – Lukoil d.o.o., which would be engaged in the selling of petroleum products in the territory of Central and South-Eastern Europe. Under the signed agreement, Petrol would have had a 51 percent stake in the company and Lukoil a 49 percent stake. The partnership would enable

both companies to expand in the entire region of Central and South-Eastern Europe to ensure reliable supply of high-quality petroleum products to users in the region.

Diverging viewpoints do not exclude future partner cooperation

The framework agreement included an ambitious time schedule. Initially, project groups of both companies would separately analyse the tax, financial and operating aspects of establishing the new company. Afterwards, they would begin harmonising basic concepts of its operation. However, in harmonising the basic aspects of determining the value of the companies' contributions to the joint venture, it became clear that the views of both parties regarding the value of their contributions diverge significantly. At the same time, conditions on financial and capital markets changed as well.

CONVERGENCE BUT NOT UNIFICATION

Unfortunately, it was not possible to harmonise different views regarding the ratio between the contributions to the joint venture. For this reason, the companies withdrew from their intention to establish the joint venture but remained positive about their business cooperation. Considering a shared interest in the cooperation and strategic changes in the region, the companies determined it would be practical to identify and analyse other forms of business cooperation because important structural changes towards the establishment of integrated energy systems have recently taken place on the markets of Central and South-Eastern Europe. These market changes require from all market participants to make radical adjustments to their existing business models concerned with energy segments.

Strategic market changes in Central and SE Europe require adjustments

FUTURE LIES IN STRATEGIC PROJECT-BASED COOPERATION

After evaluating possible forms of business cooperation in December 2007, the companies Petrol d.d., Ljubljana and Lukoil Europe Holdings B.V. decided it would be possible to continue their cooperation in the future. Opportunities for partnership cooperation are opening up in the area of certain new projects concerning petroleum activities in South-Eastern Europe. The companies intend to expand their already successful cooperation in the area of purchasing and logistics of petroleum products. The fundamental goal of both companies is clear – to increase value for their owners, which can only be achieved through intensive search for new business opportunities. If future market conditions permit, the companies do not exclude the possibility of intensifying their existing cooperation.

PURCHASE AND LOGISTICS OF PETROLEUM PRODUCTS AND SUPPLEMENTARY MERCHANDISE

Intensifying cooperation with the largest

In addition to own storage capacity, reliable supply mostly depends on the reliability of purchases. At the Petrol Group, the purchases of petroleum products are carried out in cooperation with the largest multinational oil companies. Many years of cooperation with respected suppliers give Petrol the status of a partner, and all suppliers have ensure that their goods fully comply with European environment and energy standards.

Petrol is always in search for alternatives, enabling it to adjust to market changes and customer demands. In addition to channels of strategic importance, it pays attention to new potential sources of supply that are subject to global changes and new capital ties in our environment, in particular in SE and Eastern Europe.

The selection and cooperation in the area of purchases conforms to long-term financial objectives, strategic goals and environmental orientation of the company. In selecting suppliers, two factors are the most important:

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

IN PURCHASING SUPPLEMENTARY MERCHANDISE, WE OBSERVE THE PRINCIPLES OF OPTIMISATION AND BUSINESS PARTNERSHIP

Ensuring timely availability of merchandise Supplementary merchandise is purchased from producers and authorised distributors. The principles of business partnership are always observed. Purchasing is primarily concerned with ensuring timely availability of certain merchandise for sale. It is aimed at optimising the entire process of purchases and sales of supplementary merchandise. A lot of attention is paid to ensuring that new products are included in the product range and to special offer arrangements with suppliers.

EFFICIENT LOGISTICS OF PETROLEUM PRODUCTS CAN LOWER THE COSTS CONSIDERABLY

In 2007 the logistics of petroleum products was aligned with our strategic goals. The fuel supply chain was monitored all the way from the warehouse to tanks at service stations and to end customers. Through a systematic monitoring of all measuring devices in the supply chain and random controls at suppliers of logistic services, losses were lowered considerably.

In 2007 innovations and adaptation to market needs were also achieved in the area of logistics. By agreement with warehouse users, an additional liquid fuel tank was constructed at the company Instalacija Sermin, which will enable an even higher quality of storage facilities. At the same time, activities were underway to provide storage capacity in the markets of SE Europe.

In the area of supplementary merchandise logistics, reliability and flexibility play a crucial role. The supplementary merchandise logistics is done via storage and distributions centres, while fresh merchandise is delivered daily directly to retail points of sale.

Strategic tasks until 2010

In supplying petroleum products, we will

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

In purchasing supplementary merchandise, we will

• continually improve purchasing conditions, in terms of both financial conditions and innovations in our product range

In the area of logistics, we will

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

SALES AND DISTRIBUTION OF GAS

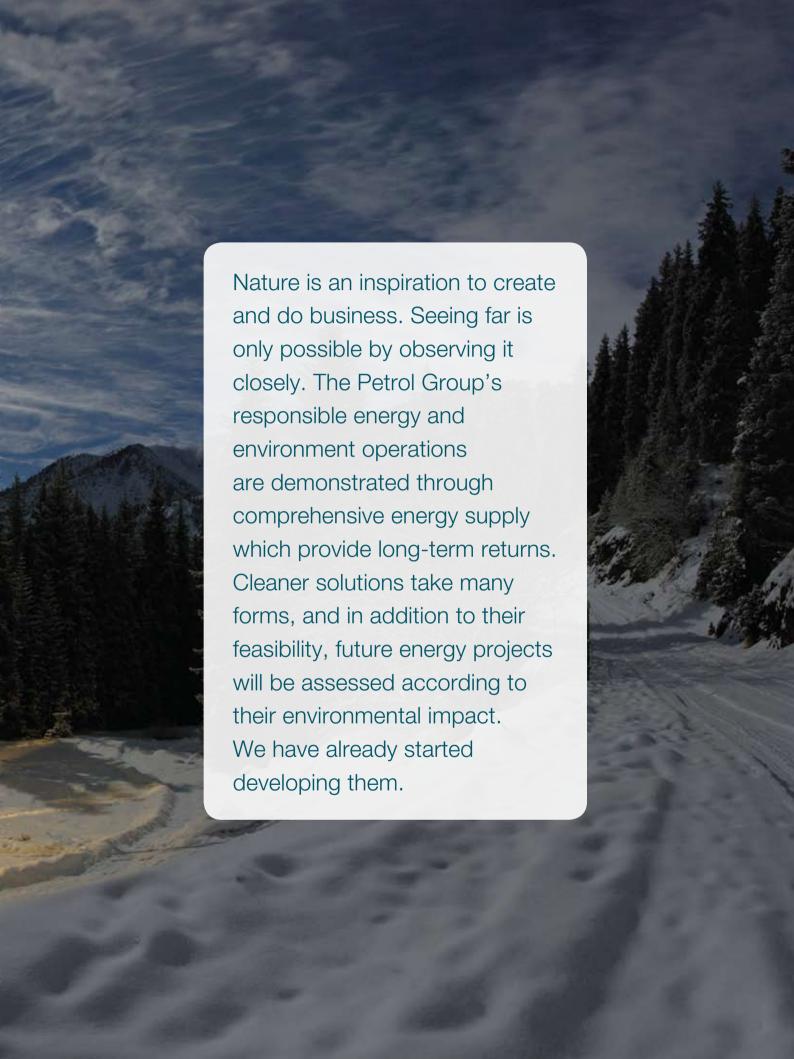
PRODUCTION, SALES AND DISTRIBUTION OF ELECTRICITY AND HEAT

ENVIRONMENT ACTIVITIES

EFFICIENT ENERGY
CONSUMPTION PROJECTS







SALES AND DISTRIBUTION OF GAS

More of clean heat

Gas is becoming an increasingly popular choice. Natural gas for more efficient and environment friendly heating for households, institutions and companies. Liquefied petroleum gas for households, manufacturing industry, hospitality industry and cleaner vehicle propulsion. In 2007 the Petrol Group successfully continued to sell and supply gas, exceeding the 2006 sales figures by almost ten percent. In this area of significant strategic importance, the Group thus expands and complements the integrity of its energy supply. Two new concessions have been obtained.

Liquefied petroleum gas, a real alternative also on the road

The power of example: Petrol is putting together a cleaner fleet of autogas-powered vehicles

Since 2005 the Petrol Group has provided users with the possibility to buy autogas or liquefied petroleum gas (LPG) at its service stations. This by-product of oil production is an energy-efficient and environment-friendly fuel because in addition to heat only water vapour and carbon dioxide are generated when complete combustion of the butane and propane mixture occurs. Its use is steadily increasing and contributes towards meeting the Kyoto goals concerning the limitation and reduction of greenhouse gases.

Besides intensive marketing, the Petrol Group decided to contribute to the promotion of this cleaner energy product by way of example. In 2007 we introduced the first ten vehicles belonging to the company's planned environment friendly vehicle fleet. At the same time, we plan to upgrade 30 service stations in Slovenia with an autogas module. Users will thus have access to cleaner energy for the propulsion of cars in all Slovenia's towns. In the past year, the sales of autogas at Petrol's service stations in Slovenia almost doubled.

The Petrol Group's gas supply is being strategically expanded. At the end of 2007, it operated twenty-four gas concessions, of which nineteen concerned natural gas supply and five liquefied petroleum gas supply. Management of concessions is split between the parent company and the Group's subsidiaries. Nineteen concessions are operated by Petrol Plin, d.o.o. (three of which are owned by the parent company Petrol d.d., Ljubljana), four by Petrol Energetika d.o.o. and one by Rodgas a.d. in Bačka Topola.

concessions and 1,759 gas depots at the end of 2007

The acquisition of documents required to set up a gas transmission network has been underway in the Municipality of Pečinci where Petrol Gas Group d.o.o. had been awarded the right to set up a distribution network and distribute natural gas.

Gas sales rose 9% relative to 2006

GAS SUPPLY GROWTH AND RESULTS

At the end of the year, liquefied petroleum gas was supplied to customers via 1,759 gas depots. The Petrol Group sold 72.4 thousand tons of gas¹⁵, up 9 percent compared to 2006.

In 2007 two natural gas supply concessions were given: one in Slovenia and one in Serbia. Compared to 2006, the number of gas depots increased by 187. The sales of liquefied petroleum gas for motor vehicles, which Petrol sold at five service stations in Slovenia at the end of 2007, were almost twice the sales in 2006. At the same time, we managed to boost the sales of liquefied petroleum gas in Bosnia and Herzegovina. The sales of natural gas increased by 13 percent relative to 2006, mostly due to sales generated by the company Rodgas a.d., which had been integrated in the Petrol Group in 2007.

In 2007 autogas sales nearly doubled

Strategic expansion to SE Europe

Petrol Gas Group and Rodgas a.d. – new members of the Group

In 2007 Petrol made and firm and well considered entry in the Serbian energy market by acquiring a stake in the company Rodgas a.d. Bačka Topola and establishing the company Petrol Gas Group, d.o.o. The fundamental objective is to expand operations to the area of natural gas supply in Serbia. Observing the principles of transparent and long-term cooperation as well as reliable supply, Petrol aims to obtain trust, the largest possible market share in the area of natural gas supply, and new natural gas distribution concessions. This requires flexible forms of cooperation and acquisitions of distribution companies. At the same time, the Group plans to intensify its activities in the area of sales and distribution of liquefied petroleum gas.

Strategic tasks until 2010

Natural gas

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

Liquefied petroleum gas

- to maintain market share in the area of bottled gas sales
- to set up 300 gas depots a year
- a 70 percent market share will be achieved in the area of selling liquefied petroleum gas for vehicle propulsion in Slovenia

Brief overview of takeover of the company Istrabenz d.d.

Combining vertical and horizontal growth may require decisions containing the instruments of inorganic growth, such as takeovers. At Petrol, they are only implemented in the case of compatible and perspective companies which can contribute to mutual expansion or intensified activity in the strategic areas of energy either by segments or geographically.

On 14 September 2007, Petrol d.d., Ljubljana announced its intention to take over the company Istrabenz, holdinška družba, d.d. On 10 October 2007, the parent company announced a bid to purchase the shares of Istrabenz, holdinška družba, d.d. at a price of EUR 100.00 per share, subsequently raising the price to EUR 110 per share on 26 October. The bid, which expired on 19 November 2007, was accepted by 1,905 shareholders of the target company who held 1,677,236 shares or 32,38% of its total shares.

Petrol purchased 32.38% of total shares via a takeover bid

The takeover of the company Istrabenz is one of the paths towards the implementation of the Group's development strategy through which Petrol wishes to become a leading energy company in the markets of SE Europe and upgrade the processes of natural and liquefied petrol gas supply with vertical and horizontal growth. Both objectives include the requirement that Petrol should upgrade the expansion of its activities with the instruments of inorganic growth, i.e. takeovers of companies for which it estimates that their activities are compatible with those of Petrol and their portfolios include energy segments at which Petrol wishes to strengthen its presence.

PRODUCTION, SALES AND DISTRIBUTION OF ELECTRICITY AND HEAT

Our growth is dynamic and friendly to the environment

Electricity is one of the cleanest forms of energy, provided its production is also environmentally acceptable. For years, Petrol has been successfully introducing cleaner and more economical methods of cogeneration, e.g. cogeneration of electricity and heat, ensuring their distribution at the same time. An integrated economic area in Ravne is an example of this. In the past year, the Group's sales of electricity rose four percent.

At the Petrol Group, the first steps towards trading in electricity were made in 2001 when the parent company obtained an electricity trading licence. The production, distribution and selling of electricity was taken over by the subsidiary company Petrol Energetika, d.o.o. which was incorporated in the Petrol Group in 2002.

Besides acting as a planner, operator and supplier, the company's market role includes providing energy system operator services to companies, the state and local communities. By combining its functions, the company links knowledge and the completeness of supply, and energy-related choices become even more tailored to the demands and needs of end users. The figures attest to the effectiveness of flexible operating methods.

WHAT WAS ACHIEVED IN 2007

More than 337 thousand MWh of electricity sold The Petrol Group sold 337,058 MWh of electricity, which is 4 percent more than in 2006. Of total electricity sold, 41,522 MWh were produced and 294,558 MWh distributed. In addition, the Group sold and distributed 45,566 MWh and 47,428 MWh of heat, respectively.

Strategic tasks until 2010

- through cooperation with customers in economically integrated areas, we will achieve a 2.5 percent market share in the field of electricity sales in Slovenia
- the market share in the field of electricity distribution in Slovenia will be increased to 3 percent

ENVIRONMENT ACTIVITIES

We implement environment friendly business opportunities in cooperation with partners

Through the development of strategically important environment activities, the Petrol Group provides services to Slovene households and companies in cooperation with its partners. Our range of services currently consists of water cycle services, i.e. wastewater treatment, pumping, and drinking water supply to households.

In the Group's energy services as a whole, environment activities account for a relatively small share, but they are vitally important for the sustainable development of the Petrol Group. In addition to environmental care, they represent a very dynamic economic activity of public importance, through which knowledge and capital create different forms of cooperation, including private-public partnerships. Preparations for and planning of new challenges continued in 2007.

Environment activities combine public significance with financial returns

In addition to providing a comprehensive water cycle services, the Group monitors and plans, step by step, the expansion of environment activities to other fields, like waste treatment. The tracking system of collecting and processing of all types of waste has been a part of daily activities at all service stations since the end of the nineties. Their ultimate goal is operations without adverse effects on the environment and the biosphere.

In 2007 the Petrol Group carried out environmental activities under two concessions for the operation of municipal wastewater treatment plants and the performance of public economic service of municipal wastewater treatment in the Municipality of Murska Sobota (capacity of 42,000 population equivalents) and in the Municipality of Mežica (capacity of 4,000 population equivalents). Both wastewater treatment plants operated successfully in 2007. As an important company member of Aquasystems d.o.o., Petrol d.d., Ljubljana is also involved in the treatment of municipal wastewaters in the Municipality of Maribor, the capacity of which is 190,000 population equivalents.

Two concessions for the management of central waste treatment plants

ACHIEVEMENTS IN 2007

More than 2.6 million m³ of wastewaters were treated in 2007 In 2007 the waste treatment plant in Murska Sobota processed 2.4 million m³ of wastewaters, and the plant in Mežica almost 250 thousand m³. The central waste treatment plant in Murska Sobota was upgraded with improvements in the area of wastewater treatment processes, thus achieving better treatment efficiency, while a lot of attention was also given to the optimisation of operations, to cost reduction in particular.

In 2007 the Petrol Group became a member of the Clean Water Consortium of the Meža Valley, in which it cooperates with three Koroška municipalities. The parties have the common goal of finding a comprehensive solution regarding the wastewater treatment in the basin of the Meža river.

Strategic tasks until 2010

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

EFFICIENT ENERGY CONSUMPTION PROJECTS AND OTHER ENERGY PROJECTS

Helping users achieve energy savings

Today, efficient energy consumption represents one of the largest energy reserves. In 2007 the Petrol Group implemented projects which provide users with contractual energy savings and contribute to cleaner environment through lower emissions.

In Slovenia and in the entire region of SE Europe, demand is rising along with increasing shortage of energy sources. The projects of efficient energy consumption and cogeneration of electricity and heat represent a short-term solution to this problem. This requires the introduction of flexible solutions that can be quickly implemented. For the Group, these represent long-term potential and stability of its operations also in times of uncertainty on oil and energy markets.

Efficiency energy consumption is a concept according to which the Petrol Group provides its partners the guaranteed efficiency of energy product consumption through appropriate management, financing¹⁶ and implementation of comprehensive energy projects. Optimum management of energy plants and a more cost-efficient consumption of primary energy products influence savings in terms of energy costs and lower greenhouse gas emissions, thus significantly contributing to cleaner environment.

 Contributing to cleaner environment and lower energy costs for users

RESULTS OF EFFICIENT ENERGY CONSUMPTION PROJECTS IN 2007

In 2007 the Group implemented three new efficient energy consumption projects, increasing the number of similar projects implemented at the end of the year in the industry, residential and public sector to seven.

Equipping Technological Park Ljubljana with a modern energy plant – a trigeneration plant for the simultaneous production of electricity and heat which uses heat emanating from the motor for the production of cooling during the summer, using absorbents – was the biggest and most technologically complex project. The energy plant provides the Park with all the energy it needs. The planned total annual production stands at 2,500 MWh for electricity, 2,800 MWh for heat and 2,200 MWh for cooling.

Managing 7 efficient energy consumption projects in 2007 In June 2007 Petrol was selected via a public tender to carry out a comprehensive energy supply project at the Psychiatric Hospital Begunje. We started supplying the institution with heat and water vapour it needed already in 2007.

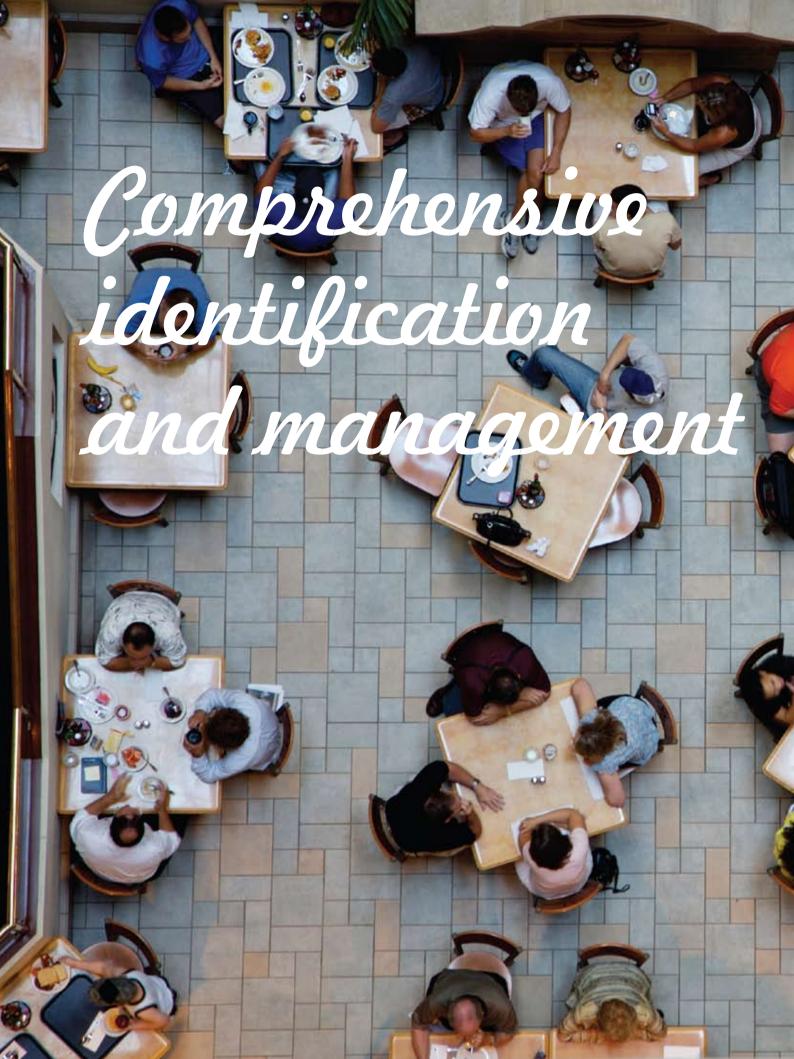
In Murska Sobota, we reconstructed the boiler room, which supplies heat to many residential buildings and will reduce the consumption of extra light heating oil by 15 percent.

Strategic tasks until 2010

- up to two major projects, in the industry and public sector, and two minor projects of boiler room renovation will be carried out in accordance with the principles of efficient energy consumption each year
- pilot projects in the field of solar, wind and geothermal energy will be implemented
- we will ensure cost optimisation for all active projects

BUSINESS RISKS







RISK MANAGEMENT

Uncertainty gives rise to risks as well as opportunities

Facing uncertainty is something all companies have in common. At the Petrol Group, we are aware that uncertainty can give rise to risks as well as opportunities, which is why risk management policy has been integrated in the process of strategic planning and each decision-making stage.

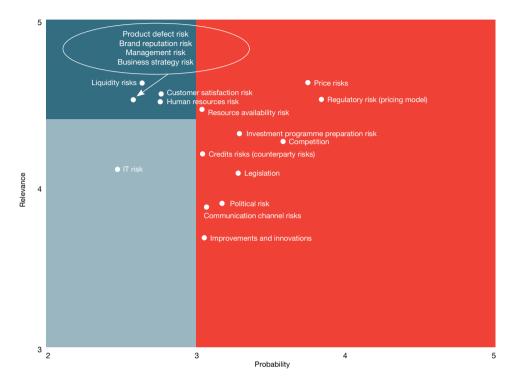
Identifying, highlighting, assessing and controlling The Petrol Group has set up a comprehensive business risk management system, which is based on ongoing monitoring of risks in the business environment. The system became an integral part of the Strategic Business Plan of the Petrol Group (2006-2010) and ensures that key risks the company is exposed to are identified, highlighted, assessed and controlled in due time. Risk management is integrated in the overall organisational structure of the Petrol Group and all levels of the business process.

IDENTIFICATION AND MANAGEMENT PROCESS

In 2004 the Petrol Group successfully completed the first methodology-based project in the area of risk management, which resulted in a list of risks. A risk catalogue was prepared which included a map of most relevant and probable risks as well as a report containing recommendations for improvement. Business risks were reassessed in 2006. As part of the project, we also analysed the existing insurance system in order to transfer certain business risks to an insurance company. At the same time, we determined key business risks and strategic activities through which risks are systematically managed and controlled.

Of all business risks included in the Petrol's model 67, eighteen risks were identified and highlighted as more likely or relevant in 2006. In the model, these risks are highlighted and arranged by degrees of probability and relevance. The arrangement of individual business risks is graphically presented on the chart using dots.

Arrangement of individual business risks of the Petrol Group in 2006



The majority of business risk exposure profiles presented on the chart include recommendations aimed at further improving business risk management in the future. Recommendations are provided in the form of specific tasks and are considered as objectives that are addressed as part of annual interviews.

ANALYSIS OF ONGOING RISK MONITORING RESULTS IN 2007

In 2007 the Petrol Group re-evaluated the results of ongoing monitoring of risks in the business environment. This year, the role of the members of the Business Risk Management Committee and persons in charge of individual areas of risk management was significant.

The role of the Petrol Group's Business Risk Committee

At its regular meetings, the Business Risk Committee discusses criteria and methodology for the assessment of risks and proposes improvements to the system. It thus actively participates in the business risk management system at both strategic and operational levels.

According to the Business Risk Management Committee's assessment, the Petrol Group was not exposed to new business risks in 2007 which would need to be included in the business risk catalogue prepared in 2006. In addition, no circumstances were observed that would significantly affect the assessment of business risks relative to the previous year. For this reason, the 2006 business risk management model – Petrol's model 67 – was used as a basis for drawing up a risk model for 2007. The former was also used to highlight the risks that either were successfully managed in 2007 or required additional attention in the next period.

In cooperation with persons in charge of individual areas of business risk management, the Business Risk Management Committee prepared the "Report on business risk management in the Petrol Group for the period January to September 2007" and submitted it to the Management Board. In January 2008 the Management Board approved the report and adopted the business risk management recommendations for 2008 contained therein as well as the Committee's proposal to re-evaluate risks in 2008.

Efficiency and new challenges in business risk management

Petrol's model 67

COMPRISING SIXTY-SEVEN BUSINESS RISKS IN THREE CATEGORIES:

- environment risks,
- · process risks,
- risk of information relevant for decision-making.

In 2007 the Petrol Group determined that the scope of Petrol's model 67 was in line with the risks in the business environment in 2007, and highlighted the most important business risks in the model. The highlighted risks were redefined and their management policies determined. We assessed the implementation of recommendations given in 2006 and draw up plans and recommendations for their management in 2008.

ENVIRONMENT RISKS

7 business risks in the external environment After analysing risks in the business environment of the Petrol Group, we assessed the most significant environment risks for 2007. These include political risks, changes in tax and other legislation, increased competition in the industry, technological innovation in the field of energy, access to capital, equity structure risks, and natural and other disasters.

The Petrol Group hedges the external environment risks by systematically monitoring events in the business environment and responding to them in due time.

In 2007 the Business Risk Committee separately discussed the risks arising from changes in legislation. The most important recommendation provided by the Management Board of Petrol d.d., Ljubljana in relation to risk management in the coming year refers to improvements in the flow of information within the Petrol Group in the area of changes in legislation and new legislation.

Importance of good flow of information

PROCESS RISKS

The most significant process risks from Petrol's model 67 include operating risks, authorisation risks, information technology risks and financial risks. These can affect the ability to implement the business strategy.

Operating risks

In 2007 operating risks were among the most significant business risks of the Petrol Group. After analysing operating risk management in 2007, the Petrol Group highlighted customer satisfaction risks, resource availability, product defect risks and human resources risks. The Petrol Group hedges these risks through regular evaluation of service stations, comprehensive supervision of suppliers, regular control over the fuel supervision and handling department, annual interviews system, and evaluation of management personnel.

In order to manage risks, our own operations have to be improved

Operating risks were among the most significant risks in 2007

In the area of customer satisfaction risk management, we successfully revised and updated the procedures for the management of incompatible products. New Management Board recommendations for 2008 include the expansion, in terms of content, of methods for determining the satisfaction of retail and wholesale customers.

In the area of resource availability risk management, especially as regards the purchasing of petroleum products, the main recommendation of the Management Board of Petrol d.d., Ljubljana is that control over supply sources should be strengthened in 2008.

Better control over the quality of goods and services

The Management Board commented favourably on the progress in the area of product defect risk management. This is a result of tighter control over the quality of merchandise and services.

In connection with human resources risks, we highlighted in particular the risk of fraud by

employees and third persons. The company's Management Board proposes that the concepts and methodology for safeguarding against fraud committed by employees and third persons should be redefined in the coming year.

Authorisation risks

Operating risks are closely connected with authorisation risks. These include management risks and communication channel risks.

Petrol manages such risks through regular measurement of organisational climate in the entire Petrol Group, annual interviews system, annual strategic and development conferences, information flow system, and limited access to confidential information.

Information technology risks

The management of risks relating to the security of information and communication technology has become a standard activity of the Petrol Group, and due to the nature of work, rapid development and emergence of new risks in this field, constitutes a necessity.

At the Petrol Group, information technology risks are managed in accordance with the plan for the recovery of enterprise information system (disaster recovery system).

The recommendations of the company's Management Board with regard to the management of these risks in the next year include the training of users about information security policy, regulation of administrative, normative and organisational aspects of information technology security, and enterprise information system recovery.

Financial risks

In 2007 the following financial risks from Petrol's model 67 were given special attention: price risks, foreign exchange risks, credit risks, liquidity risks and interest rate risks.

Price and foreign exchange risks

At the Petrol Group, petroleum products are purchased in accordance with market conditions on international markets and paid in US dollars, while sales are made in local currencies. The US dollar market and the global oil market are regarded as two of the most volatile global markets. In pursuing its main line of business, the Petrol Group is therefore subjected to the foreign exchange risk (changes in EUR to USD exchange rate) and also to the price risk (changes in prices of petroleum products).

Price discrepancies are hedged successfully using appropriate financial instruments

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

The harmonisation of pricing formulas for the purchase and sale of petroleum products represents an additional safeguard against price risks. Price and commodity swaps are an example of how petroleum product prices are additionally protected at the OTC market (a direct transaction between two parties outside the stock exchange). These precautions are mainly aimed at matching the prices recognised by the petroleum product-pricing model. Our business partners in this area are international financial organisations, banks and major oil corporations that supply petroleum products to the Petrol Group.

In 2007 the Petrol Group paid for purchases of petroleum products within deadlines standard for the oil business, exposing its operations to foreign exchange risks, i.e. to changes in the EUR/USD exchange rate occurring in the period between the transaction date and the payment date. At the controlling company, EUR/USD forward contracts entered into with Slovene banks represent the most important means of hedging foreign exchange risks. Moreover, the company supervises and offers advice on hedging foreign exchange risks in its subsidiary companies.

The above financial instruments are only used for the purpose of risk management. The Group thus enters into derivative transactions only to hedge price and foreign exchange risks and not for reasons of speculative nature.

The Management Board's recommendations for the next year in the area of financial risks comprise three important activities: keeping track of novelties in the field of hedging instruments, maintaining stability of the existing hedging system, and application of additional normative and organisational safeguards in entering into transactions.

Keeping up to date with novelties and maintaining stability

Credit risk

In monitoring the balance of operating receivables, the Petrol Group observes the decentralisation principle. At the same time, it follows a single policy for payment terms and conditions and for potential exposure to individual customers or groups of customers. Receivables are systematically monitored by age, region and organisational unit, and also by quality and individual customers.

For this purpose, a computer-based receivables management application is used, providing an automated and constant control over exposure to individual customers, with a possibility to react in good time. The settlement risk management process includes active involvement by numerous functions which regularly meet and adopt appropriate measures.

Systematic monitoring of receivables

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

Through permanently accessible information support and communication of information to all employees, the company actively monitors credit ratings of its customers and suppliers. A credit rating is an assessment of all types of risks that are related to doing business with these entities. Based on the assessment of risks, the company then appropriately secures its receivables using a wide range of instruments.

As far as credit risk hedging is concerned, the cooperation between functions was strengthened in 2007 in the area of management of receivables arising form transactions with natural persons. The plans and recommendations of the Management Board for 2008 are aimed at upgrading the receivables collection system and customer rating monitoring system.

Liquidity risk

The parent company manages liquidity for the entire Group centrally Short-term solvency is assured by carefully planning and coordinating cash flows within the Group. In so doing, we mostly consider the risks related to payment indiscipline, which hinder the planning of revenue inflows from deferred payments.

Centralised liquidity management for the entire Group is performed by the parent company. To this end, we introduced in 2006 a cash pooling system for all subsidiaries in Slovenia. The parent company and its subsidiaries use dedicated software to plan and monitor daily liquidity, giving them detailed insight into and control over cash flows

Reliability is based on meeting all obligations responsibly

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

The Petrol Group ensures its long-term solvency by maintaining and increasing its equity as well as by establishing appropriate financial balance. This is achieved through the creation and continuous implementation of adequate financing structure and maturity.

The Management Board's recommendations for the next year in relation to liquidity risks are as follows: to ensure optimal long-term and short-term solvency of the Group, and include new subsidiaries in the liquidity monitoring system.

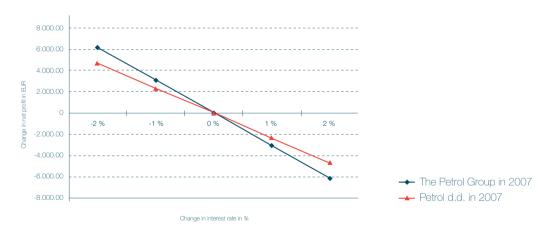
Interest rate risk

The Petrol Group monitors its exposure to the interest rate risk on a regular basis. Its long-term loans have a variable interest rate which is linked to EURIBOR. To hedge the exposure to the interest rate risk, a portion of variable interest rate is transformed into fixed interest rate using derivative financial instruments. The exposure to the interest rate risk is hedged up to the amount of half of the Petrol Group's net interest position. In deciding whether to pursue additional hedging activities, forecasts on interest rate changes are considered. The time of hedging and the type of instruments used to this end are determined on the basis of market conditions.

The Management Board's recommendation for the next year is to keep track of developments in the area of hedging instruments and to protect hedging activities by way of adopting additional normative and organisational measures.

Risk of changing interest rates

- impact of changing interest rates on net profit



Risk of exposure to individuals or groups of individuals as a single risk

According to the risk assessment, the Petrol Group is not considerably exposed to any individuals or groups of individuals which could pose a single risk. The protection against such exposure in ensured thanks to a diverse customer base which reflects the nature of products and the market share.

RISK OF INFORMATION RELEVANT TO DECISION-MAKING

The risks of information relevant to decision-making consist of risks of adequacy, reliability and accuracy of information that the Group uses in preparing operating and strategic business plans.

 Compliance with rules and the system of flexible strategic planning help manage risks associated with decision-making processes

According to the 2007 assessment of business risks, the most probable and most relevant risks of information relevant to decision-making include the investment programme preparation risk and business strategy risk. The Petrol Group hedges both risks by following and implementing the rules governing this field and by specifying global criteria for investments of the Petrol Group. As far as the business strategy is concerned, the Group has set up a system of flexible strategic planning and convenes development conferences on an annual basis. The area of business risks was not subject to particular attention in 2007.

INTERNAL AUDIT

Independent expert support contributed to the reliability of business processes

The goal and objective of Internal Audit consist of giving objective assurance, competent estimates and independent advice. Internal Audit demonstrated that it efficiently operates as an independent support unit. It answers directly to the president of the Management Board.

Since 2002, Internal Audit has been operating as an independent support function of the controlling company and the Group. The objective of Internal Audit consists of giving objective assurance and advice to the Management Board and management personnel. Substantively, its advisory function covers all operating levels, including the protection of property, improved quality and operating efficiency of the Petrol Group. It represents a valuable expert assistance in successfully achieving strategic and business objectives in accordance with the Petrol Group's principles of best practice.

Efficiency of internal control and risk management system

Internal Audit's audit procedure or annual work plan is based on the analysis of business risks of the Petrol Group and the control risk analysis. It is mainly focused on the existence and efficiency of functioning of the internal control system and on risk management within the Group.

The verification of internal controls in the Petrol Group's retail network is carried out by a dedicated team of qualified experts who above all verify cash transactions and fuel handling.

In 2007 Internal Audit carried out 18 reviews and advisory sessions. It also regularly monitored the implementation of recommendations from the previous year. The most attention was devoted to the efficiency of financial risk management and operations of subsidiary companies – in accordance with the parent company's rules and best practices.

18 reviews and advisory sessions in 2007

THE COMPANY'S CREDIT RATING

The highest possible rating

Excellent overall operating condition and financial strength of the parent company are evident from the highest possible rating awarded by the companies Dun & Bradstreet and Bisnode d.o.o.

Petrol maintains the highest rating with its business partners and financial institutions at home and abroad. The highest credit rating reflects the company's financial capacity and strength. It is a proof that the company meets its obligations in due time. It represents its financial strength resulting from its market position. It reflects its financial flexibility, generation of stable cash flows and added value from operations. Thanks to its financial stability, Petrol is able to benefit from the most favourable financing conditions on the domestic and foreign markets.



SUSTAINABLE DEVELOPMENT



Creating well and ensuring reliable supply with tomorrow in mind



The Group follows a simple guiding principle of the sustainable development – show your responsibility where you operate. The cooperation today should also provide conditions for the quality of living for the next generations and preserve biodiversity of the local and regional environment through dialogue, respect, commitment and knowledge. And this is how we conduct our business.

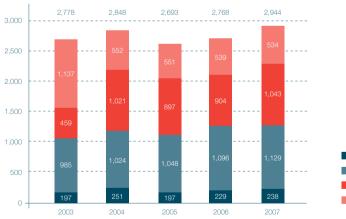
EMPLOYEES

The energy of each breath materialises in shared success

A rise in financial indicators in 2007 is a group effort. Any successful group is comprised of individuals who realise creativity through synergy. Only satisfied, educated, open and creative individuals can continue the group's successful operations in the future.

6% growth in the number of employees in 2007 At the end of 2007, the Petrol Group and franchised services stations had 2,944 employees, of which 17 percent worked for subsidiary companies and at franchised service stations abroad. Compared to the end of 2006, the number of employees increased by 176 or 6 percent, mostly due to hiring at service stations in Croatia.

Changes in the number of employees of the Petrol Group and at franchised service stations in the period 2003 - 2007



FRANCHISED service stations ABROAD
FRANCHISED service stations in SLOVENIA
SUBSIDIARY COMPANIES - total
PETROL d.d.

APPOINTING THE RIGHT EXPERTS TO THE RIGHT POSITIONS

Employment by the Petrol Group was selective and in line with strategic development goals. These include keeping and directing future development on the path towards the knowledge society. The consideration and promotion of competence play a key role in the recruitment. In 2007 487 workers were employed by the Petrol Group, while the employment contracts of 311 employees were terminated and 105 employees were transferred to new positions within the Group. In the Petrol Group, the turnover of employees stood at 8 percent, up by one percentage point relative to 2006.

EMPLOYEE STRUCTURE OF THE PETROL GROUP

At the end of 2007, the average age of employees was 42.4 years. 73 percent of employees were male and 27 percent were female.

One of the guiding principles of the Petrol Group's recruitment policy is to employ qualified staff to suitable positions. The average education level of employees measured on a scale of 1 - uncompleted primary school to 8 - doctor of science was 4.6 as at 31 December 2007. This means that on average the Petrol Group's employees have completed secondary school. The average education level is slightly higher than in 2006 when it stood at 4.59.

In 2007 the average age of employees was 42.4 years

WORKING TIME EFFICIENCY AND ABSENTEEISM

The efficiency and factors of successful business operations can be associated with the efficiency of employees during working hours. In 2007 the Petrol Group's working time efficiency rate was at 79 percent, down 1.4 percentage point compared to 2006. Absence due to illness increased slightly – by 0.9 percentage points – from 4.2 percent in 2006 to 5.1 percent in the previous year. Due to public holidays, there were also more days off in 2007.

TRAINING OF EMPLOYEES - KNOWLEDGE BUILDS TRUST

The nature of the Group's activities constantly requires top technical, environment and security skills of employees, which is reflected a permanent need to assimilate new knowledge. Knowledge is the glue that builds individual's confidence and trust among employees and partners. In 2007 the number of people who took part in various forms of education and training stood at 6,161. 112 people or 3.9 percent of all employees took part in the formal education process. 67,143 teaching hours of training were performed, which on average amounts to 24 teaching hours of training per employee.

24 hours of training per employee in 2007 In addition to the usual forms of training for senior and middle management and promising young staff, the workshop Inspirational Leadership in Action was carried out. We continued our skills development programmes in the area of management and teamwork, which included programmes such as Situational Management, Teamwork and Teambuilding, and programmes in the area of management and sales at service stations. The bulk of training consisted of technical training, training in the area of health and safety at work, and food safety (HACCP). This year, the programmes concerned with fire safety, safety and health at work, and environment protection were also organised for management personnel.

Particular attention was also devoted to the training of outworkers, i.e. truck drivers and students. In 2007 a number of various technical seminars were organised for them, which were attended by 2,039 participants.

REMUNERATION ENCOURAGES INDIVIDUAL AND GROUP PERFORMANCE

Performance orientation is a basis of the Petrol Group's remuneration system. Salaries thus consist of a fixed and variable part. Collective performance, which is calculated using a performance benchmark, is an important component of variable pay. For service stations and regional retail and wholesale units, performance is calculated on a monthly basis, for corporate functions it is calculated semi-annually. The Group encourages individual performance through bonuses for exceptional achievements and through promotion.

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

Since 2002, supplementary pension insurance of employees has been part of Petrol's salary policy, in which the employees of the parent company, subsidiaries and franchised service stations in Slovenia have been included.

Petrol receives employer excellence award

In 2007 Petrol received an award which is presented by the company Moje delo to Slovenia's most respected companies among good employers.

ORGANISATIONAL CLIMATE

Petrol measures organisational climate and employee satisfaction on a regular basis. Petrol has participated in the SiOK project – the Slovene Organisational Climate Survey – since its inception in 2001. Based on the results of the organisational climate survey, measures are prepared and implemented each year at all levels, thus improving the organisational climate. The survey is also performed amongst employees of the subsidiary companies Petrol Trgovina d.o.o., Zagreb, Petrol BH Oil Company, d.o.o., and Petrol d.o.o., Beograd.

In 2007 72 percent of employees took part in the survey, which is still a high rate of participation. At the Petrol Group, the results of the organisational climate and employee satisfaction surveys were again better than the average among Slovene companies in 2007.

Changes in climate and satisfaction indicators

| Organisational climate survey The Petrol Group | 2003 | 2004 | 2005 | 2006 | 2007 |
|--|------|------|------|------|------|
| Participation rate in % | 54.5 | 54.3 | 65.4 | 79.3 | 71.9 |
| Average organisational climate in the Petrol Group | 3.45 | 3.55 | 3.59 | 3.61 | 3.56 |
| Average satisfaction in the Petrol Group | 3.54 | 3.64 | 3.69 | 3.66 | 3.57 |

Source: Petrol. SiOK

PROVIDING SAFE AND HEALTHY WORKING CONDITIONS

The Petrol Group's ongoing internal activities include efforts to decrease the level of risk arising from the performance of work processes. The development and introduction of new technologies and procedures constantly change the working environment of employees. Petrol successfully follows changes and makes efforts to anticipate them in time. We look for and introduce only changes that are healthy and safe for employees.

All companies in the Petrol Group have adopted safety statements and risk assessments. For positions at which working and technological processes had changed, risk assessments have been revised.

In 2007 1,059 medical check-ups were performed as part of the preventive medical check-up programme. Regular monitoring of employees' health consisted of preliminary check-ups, periodic and other targeted preventive check-ups. Particular attention is devoted to co-workers with reduced working capacity.

Regular monitoring by means of preventive check-ups

ENCOURAGING ALTERNATIVE SOLUTIONS AND FRESH IDEAS

Openness to change, new concepts, knowledge and innovative ideas can be reflected in various ways. We have established Petrol's research paper award fund and take part in the Economic Challenge competition in which all faculties in Slovenia participate. The latter enables students to expand their knowledge with practical experience. The most creative students are thus given an opportunity to present themselves to Petrol, while the best papers are awarded cash prizes.

Petrol's award fund for young researchers and participation in the Economic Challenge competition In the framework of Petrol's award fund, we prepared a set of research paper topics in the previous year. We picked ten fields or topics that are relevant for Petrol's development and for which we estimate they would also present a challenge to ambitious, creative and talented students. This year's topic of Petrol's economic challenge was Slovenia, the land of green energy – Bioethanol at Petrol's service stations. More than hundred students took part in both projects in 2007 – a lot of good ideas and possibly successful cooperation in near future.

Each research competition can result in successful future cooperation

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

Strategic tasks until 2010

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

CUSTOMER SATISFACTION MEASUREMENT

Satisfying the most demanding requests, thinking critically like customers

Feedback on purchase and user experience is priceless for the development and improvement of our product and service range. Our markets change rapidly. Customer demands are increasing. And this is how it should be. By monitoring trends, Petrol aims to offer customers what they need and demand – competitive prices, friendliness and environmental acceptability, be it on the road or at home.

In 2007 the trends of increasingly demanding operations and customer attitudes continued as did the expansion of operations to new activities and markets, and competitors' pressure. This requires the Petrol Group to be exceedingly responsive and quickly adjust its operations to market conditions. The Group can only increase efficiency and performance if it understands users. Putting together the right combination of market surveys enables us to adapt quickly and provides us with new solutions. Their relevance is materialised through an improved range of products and services that are tailored to customers' needs.

The Petrol Group thus systematically monitors a number of parameters, including conditions in the market of service stations, heating oil and liquefied petroleum gas as well as demand for alternative energy choices.

Moreover, an important "side effect" of surveys most certainly should not be ignored. By including a wide group of stakeholders in the planning and presentation of surveys, we expand marketing philosophy and increase the level of knowledge in our society. In such a way, we considerably and retrospectively influence changes in organisational culture.

Understanding customers and offering better products and services

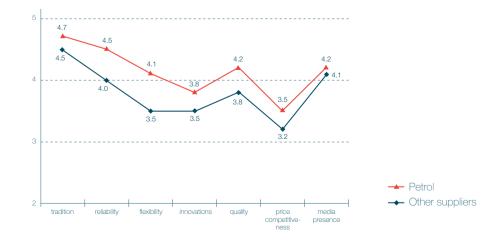
SURVEYS CONDUCTED BY THE PETROL GROUP IN 2007

- 1. Datamonitor surveys
- 2. Measurement of visitor satisfaction at Petrol's points of sale
- 3. Heating and energy sources: the company's position as a supplier of extra light heating oil
- 4. Measurement of efficiency of the advertising campaign "Petrol's points of sale"
- 5. Measurement of efficiency of the advertising campaign "Prima extra light heating oil"
 - As a supplier of extra light heating oil, Petrol received better score than the competition

Maintaining overall satisfaction - 84 points on a scale of 1 to 100 Using surveys and continuous monitoring of attitudes of our clients, we wish to satisfy their existing and anticipate their future needs as well as maintain their loyalty through a diversified product range and after sales activities. In 2007 the results of visitor satisfaction measurements at Petrol's points of sales showed that customers are mostly very satisfied with the products sold at Petrol's service stations, considering that we were given 84 points on a scale of 1 to 100.

Customer satisfaction with extra light heating oil – 79 points on a scale of 1 to 100 A good example of this is the survey about Petrol as a supplier of an energy product – extra light heating oil in the Slovene market. The results show that Petrol enjoys a high degree of trust and was given better score than its competitors according to a number of criteria. This confirms that marketing communication is appropriate and the quality of products and services is high in this segment. On a scale of 1 to 100, the buyers of extra light heating oil scored their satisfaction with Petrol with 79 points.

Petrol's sales of extra light heating oil compared to other suppliers



IMPORTANCE OF QUICK RESOLUTION OF CLAIMS AND COMPLAINTS

Mistakes happen and could lead to customer dissatisfaction. In such cases, a supplier's excellence is proven through quick resolution and understanding of customers' viewpoints. The system of traceability and control then prevents it from happening again.

The Petrol Group is aware that an efficient resolution of claims and complaints is an extremely important factor which impacts on customer satisfaction. At the Petrol Group, claims and complaints are resolved as part of an integrated complaint resolution system, which is configured to enable quick, efficient and customer-friendly resolution. An efficient complaint resolution system has a long-term impact on the satisfaction and loyalty of customers and, consequently, on the company's reputation and image.

Strategic tasks until 2010

- to preserve overall satisfaction of customers at service stations in Slovenia at least at the 2006 levels (80 points on a scale of 1 to 100)
- to preserve the satisfaction of extra light heating oil buyers at least at the 2006 levels, in comparison with the competition in Slovenia (77 points on a scale of 1 to 100)

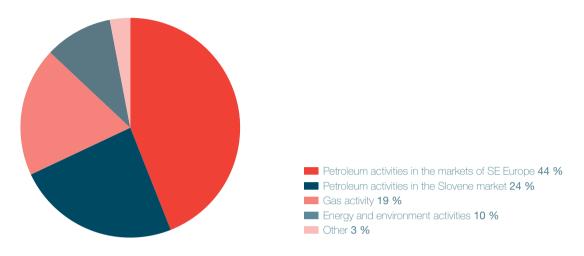
INVESTMENTS

Creating conditions for growth

The structure of investments reflects the development orientation of the Petrol Group. Gas, energy and environment activities are becoming increasingly important. In the region, the previous year was marked with intensive, yet carefully considered steps towards expansion to new markets.

In 2007 the Petrol Group invested EUR 253 million in fixed assets, of which EUR 189 million to acquire a stake in the company Istrabenz, holdinška družba, d.d., and EUR 64 million in other activities.

Breakdown of the Petrol Group's investments (excluding investment in Istrabenz d.d.)



SUCCESSFUL INVESTMENTS IN 2007 BROKEN DOWN BY ACTIVITY

Petroleum activity in Slovenia

We constructed two new service stations and a replacement building of one service station.

We began the construction of four service stations which will be completed in the first half of 2008. The process of obtaining documentation and building permits was also underway for construction that will begin in 2008.

At five service stations, we introduced the sale of liquefied petroleum gas for vehicle propulsion. We renovated shops at twelve service stations and invested in the protection of the environment, fire safety and protection of service stations and storage facilities.

Petroleum activity in the markets of SE Europe

In Croatia, six service stations were purchased and reconstructed, and five service stations were constructed anew.

In Bosnia and Herzegovina, three service stations were constructed.

In Serbia, one service station was purchased and reconstructed.

We started expanding our operations to new markets, establishing new companies there. In 2007 Petrol d.d., Ljubljana paid in the initial capital of the following companies:

- Petrol Slovenia Tirana Wholesale SH.A in the amount of EUR 1.1 million,
- Petrol-Oti-Slovenia L.L.C. in the amount of EUR 1.5 million, and
- Petrol Bonus d.o.o. in the amount of EUR 5,000

In Croatia, the retail network was expanded with 11 service stations in 2007

Gas activity

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

Petrol d.d., Ljubljana acquired:

- a 84.22 percent interest in the company Rodgas A.D. Bačka Topola for EUR 3,5 million and
- a 0.318 percent interest in the company Geoplin d.o.o. for EUR 739 thousand.

Energy and environment activities

We invested in the construction of the energy plant at Technological Part Ljubljana. We carried out a comprehensive energy supply project at the Psychiatric Hospital Begunje. We reconstructed the transformer station Lipa. We modernised the district heating system in Ravne na Koroškem. We invested in the construction of electricity power networks in integrated economic areas of Ravne and Štore ironworks. In the field of the environment, the bulk of funds were allocated to the project of cleaning the Meža River.

The construction of energy plant at Technological Park Ljubljana was the largest energy investment of 2007

Strategic tasks until 2010

- to ensure efficient management and supervision over investment and maintenance projects through centralised investment policy, monitoring of operation of accomplished projects under the "Total Cost of Ownership" principle, and cost optimisation of maintenance
- to allocate EUR 344 million to investments in the period 2006 to 2010

THE QUALITY SYSTEM

From new findings to knowledge systematisation

Meeting the stringiest environmental and energy standards is a precondition for the successful development and introduction of new solutions. Certificates are only the visible part of coordinated processes behind constant improvement of the Petrol Group's energy products and services, while testing and standardisation procedures attest to the continuity of its strategic operations.

SUSTAINABLE DEVELOPMENT GOES HAND IN HAND WITH TECHNOLOGICAL PROGRESS

A series of important improvements were implemented in 2007

We began selling new premium extra light heating oil – Prima heating oil. We continued with an active introduction of biofuel, in particular biodiesel. Unfortunately, the use of such fuel still lags behind the provisions of the European Directive 2003/30/EC, which lays down measures for the promotion of the use of biofuel and alternative vehicle propulsion fuels. It also lags behind the implementing regulations adopted in Slovenia pursuant to this directive. This is mostly because there are not enough efficient measures to boost the use of such fuel.

Environment friendly Prima heating oil was introduced We began looking into ways of introducing new fuels, i.e. petrol with bioethanol. From the viewpoint of storage, handling and sales, ensuring appropriate quality of biofuel is more demanding in comparison to standard fuel. That is why we established, in cooperation with our partners at Slovenia's central storage of petroleum products in Sermin, new and even more suitable conditions for storing and handling fuel. Of course, these measures increase the costs of fuel handling, but ensure greater safety as far as the use of such fuel by end users is concerned.

We successfully and actively cooperated with professional institutions at home and abroad, in particular in the areas of research, testing and inter-laboratory cooperation, but also in the preparation of bases for national legislation in this field and transposition of certain European directives into Slovene legislation.

Heating with Prima heating oil is more environmentally friendly

An important improvement, which was implemented in 2007, was a select range of additives that increase the protection and reliability of heating systems. They ensure optimum consumption, improve efficiency rates and lower maintenance costs. In addition, they prolong the life of all installations included in the heating system, and thanks to a more efficient combustion, considerably lessen the burden on the environment.

FUNCTIONING OF THE QUALITY SYSTEM

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

Overview of certificates and laboratory accreditations

| Company | Quality management system | Environment management system | Laboratory accreditations |
|--------------------------------|---------------------------|-------------------------------|------------------------------|
| Petrol d.d., Ljubljana | ISO 9001: 2000 | ISO 14001: 2004 | SIST EN ISO/IEC 17025 : 2005 |
| Petrol Skladiščenje d.o.o. | ISO 9001: 2000 | ISO 14001: 2004 | - |
| Petrol Tehnologija, d.o.o. | ISO 9001: 2000 | ISO 14001: 2004 | SIST EN ISO/IEC 17020 : 2004 |
| Petrol Energetika d.o.o. | ISO 9001: 2000 | ISO 14001: 2004 | - |
| Petrol Plin, d.o.o. | ISO 9001: 2000 | ISO 14001: 2004 | - |
| Petrol Trgovina d.o.o., Zagreb | ISO 9001: 2000 | - | - |

RESULTS AND ACHIEVEMENTS IN 2007

In all companies in the Petrol Group that have a certified environment management system, the system has been adapted to the requirements of the revised ISO 14001:2004 standard.

The Petrol Laboratory, which has 71 accredited testing methods, successfully passed a reassessment for obtaining the quality system accreditation under the standard SIST EN ISO/IEC 17025:2005.

At the subsidiary Petrol Tehnologija, the accreditation of methods for the control of flow rates and tyre pressure gauges was reassessed in accordance with SIST EN/ISO 17020:2004. At the same time, we obtained an important accreditation for the control of liquefied petroleum gas flow rate gauges.

Within the framework of the integrated quality system, which also includes suppliers of our own-brand products and other important products that are part of supplementary merchandise and services, we began evaluating the suppliers of automotive products and foodstuffs.

We upgraded the system of internal evaluations and assessments of operating quality at service stations.

Strategic tasks until 2010

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

INFORMATION TECHNOLOGY

New information solutions in support of more efficient operations

Fast development of new solutions includes continuous tests and opportunities. The effectiveness of implementation is measured through cost reduction, better control and safer operations. The Group's flexibility stems from efficient integration of improved systems into its existing operations.

In the area of information technology, the reliability, security and performance of the information system were increased using new solutions, which also included the management of business processes. We pursued the strategic goal of transferring business models that prove successful in

the domestic market to operations in the markets of SE Europe. The changeover to the euro was a complete success as there had never been any interruptions.

Changeover to the euro was a complete success

WHAT WAS ACHIEVED IN THE AREA OF IT

Ticket purchasing system at all Petrol's service stations since 2007

In all service stations in Slovenia, the system for the purchase of tickets for sports and arts events was introduced.

In service stations in Croatia, we introduced an integrated card operations system, while in Serbia the development of the information system continued.

Information support for the new generation of POS terminals has been prepared and certified. The system was already operational at some service stations in December 2007. Intensive activities were underway on the project for the automation and optimisation of secondary deliveries of extra light heating oil and liquefied petroleum gas. It is planned that this will result in a significant reduction in transport costs.

We continued working on a new fuel delivery system which is expected to be completed in 2008. In the area of extra light heating oil and liquefied petroleum gas sales, we successfully completed a project of a new generation system for the ordering and sale of the two energy products. We continued working on a project for integrated GIS support for gas networks and on a project for electronic capturing of gas level data in gas depots. Moreover, work began on an information support project for a company in Serbia.

We began introducing a new telephony system (IP telephony). We continued to develop information support for the monitoring of operations by business processes and activities and introduce certain new systems to improve technical security of Petrol's computer network.

At the end of 2007, we started working on a new technological platform for business communication support – Business Intelligence, Corporate Performance Management. The new platform will serve as a basis for all new business communication systems.

The new Business Intelligence platform will serve as a basis for all new communication systems

Strategic tasks until 2010

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

SOCIAL RESPONSIBILITY

Careful consideration of each step, importance of each decision

At the Petrol Group, care for the environment and its protection are commonplace. On the other hand, responsible conduct in the community in which we operate includes commitment, building of trust and testing of the sincerity of our sustainable development strategy.

PROTECTION OF THE ENVIRONMENT

It begins by way of example. It is continued by encouraging environment friendly operations of our partners and customers. The environment protection component is integrated into all levels of management and operations of the Petrol Group. Petrol's environment management system is adapted to the requirements of the international ISO 14001 standard and constitutes a part of the Petrol's strategic plan.

HOW THE ENVIRONMENT WAS PROTECTED IN 2007

We began more actively transferring good practices and high standards in the area of the environment protection to the region of SE Europe, in particular to Bosnia and Herzegovina and Croatia.

In the area of disaster prevention and mitigation of their consequences, three security reports for petroleum products storage facilities were updated and revised. In all fuel storage facilities and in the liquefied petroleum gas storage, operational protection and rescue exercises were carried out in accordance with existing plans.

Today, all service stations in Slovenia are already equipped with the system for contained filling of underground reservoirs, which significantly contributes to lower emissions of volatile carbohydrates. At service stations, we continued to install modern waste treatment plants and oil traps, and increase the use of environment friendly cleaning products.

By the end of 2007, 99 percent of Petrol's service stations and storage facilities were equipped with reservoirs and pipelines which, under normal operating conditions, provide the highest possible safety as far as spills into soil are concerned.

In the area of environment management and chemicals handling, all trainings required by legislation and internal regulations were carried out. Moreover, employees were regularly informed of novelties in the field of the environment protection and other environment-related topics.

HOW WASTE IS TREATED IN AN ENVIRONMENT FRIENDLY MANNER

Standard containers for separate collection of paper and paper packaging and plastic and plastic packaging have been installed at all service stations of Petrol. All service stations are equipped with suitable containers intended for the collection of used batteries and special environmental containers, which contain equipment necessary for rapid reaction to eventual smaller fuel spills.

Compared to 2006, we achieved a 4 percent reduction in the quantity of municipal waste. Half of all service stations have dedicated "Ecological Islands" for temporary collection and storage of hazardous waste.

The quantity of municipal waste was reduced by 4%

Clean-up of the bitumen dump at Pesniški Dvor

From environmental problem to reinstatement to original condition

In cooperation with the Ministry of the Environment and Spatial Planning, Petrol began to clean up the bitumen dump at Pesniški Dvor in spring 2007. Ecologically and technically wise, the dump cleanup is a very demanding project: 20,000 m³ of waste – acid bitumen – will have to be dug up and transported in order to be destroyed. The waste is unusable residue of the technological process of rerefining used motor and industrial oils using sulphuric acid. The cleanup is expected to be completed in 2008. Petrol will thus significantly contribute to the improvement of the environment in this area.

SPONSORSHIP AND DONATIONS

The Group's operations incorporate the care for social and environment issues. Particular attention is given to the promotion of sports and arts, which is why the greater part of sponsorship funds is allocated to them. Supporting the community in which we operate represents the benefit of better cooperation and, in turn, favourably affects our operations and development. For years, we have helped local communities achieve a more dynamic lifestyle, and encouraged higher quality of life. In addition, the Petrol Group demonstrates responsibility to the social environment by supporting humanitarian and environment protection projects.

WHICH SOCIAL PROJECTS WERE SUPPORTED IN 2007

The bulk of sponsorship funding is allocated to competitive sports. Although we have been traditionally supporting automotive sports, we remain the sponsor of the football stadium in Celje, which is consequently called the Petrol Arena. By signing a contract with the Ski Association of Slovenia's alpine ski fund, Petrol also became the golden sponsor of alpine skiers.

We continued successful cooperation with the Lent Festival, Slovene National Theatre Drama, and Slovene National Theatre Maribor. We helped the City Museum of Ljubljana raise funds for the protection of an item which is exceptionally important for world cultural heritage – the oldest wooden wheel in the world.

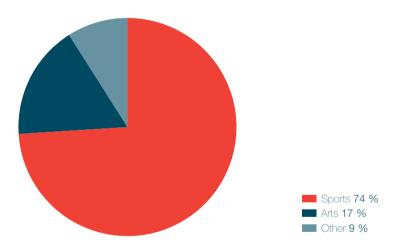
Petrol became the golden sponsor of Slovene alpine ski teams in 2007 Supported by Petrol, the Sculpture Association organised the exhibition called "Public Statues", while International Centre of Graphic Arts organised the 27th Biennial of Graphic Arts. Moreover, Petrol women's choir has been active for many years, and we have organised the art competition "Children to Adults" for the seventeenth consecutive year.

We have supported the organisation of technical conferences concerned with energy issues, finding alternative and renewable energy sources, their efficient use, and their impact on the living environment. We have also supported the "From Knowledge to Health" project.

The competition "Children to Adults" has been organised for the seventeenth consecutive year.

STRUCTURE OF SPONSORSHIP FUNDING IN 2007

In comparison with previous years, a minor structural change occurred in the composition of sponsorship funding. The portion allocated to sports decreased somewhat, but funds allocated to arts increased. In 2007 9 percent of funding was used for charity causes and environmental projects. 74 percent of total funding was allocated to sports, while 17 percent was allocated to arts. In addition to funding demanding arts projects, this includes supporting a number of smaller events, which are not at all inferior in terms of quality.



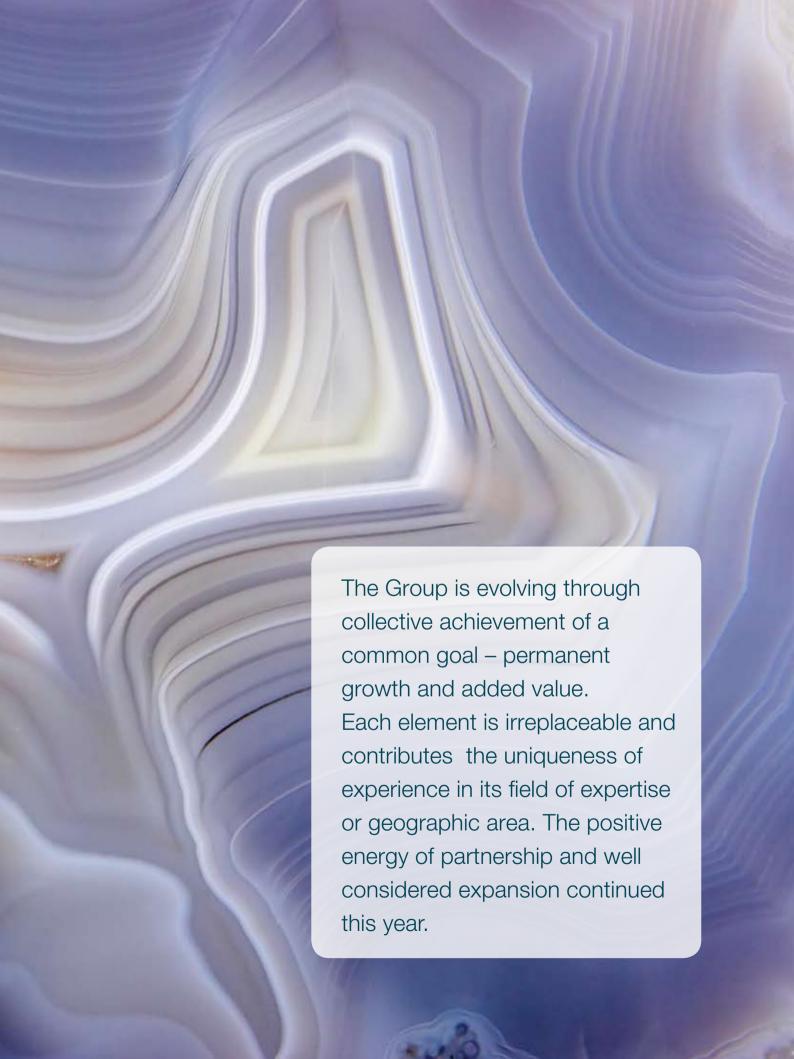
Fair Trade at Petrol's service stations

In 2007 Petrol d.d., Ljubljana joined a fair trade humanitarian project coordinated in Slovenia by the Umanotera association. As a result, five service stations now sell foodstuffs marked with the international fair trade logo. The purchase of those products contributes to the sustainable development of third-world countries.

COMPANIES IN THE PETROL GROUP









THE CONTROLLING COMPANY

PETROL D.D., LJUBLJANA

The guarantee of responsible growth, stability and integration

The parent company is the generator and guardian of the Group's balanced development. Its financial stability ensures that the Group will continue to grow successfully, in terms of value and size, also in the next year.

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

Company name: Petrol, slovenska energetska družba, d.d., Ljubljana Registered office: Dunajska cesta 50, 1527 Ljubljana, Slovenia

Principal activity: Sale of petroleum products, sale of merchandise and services in Slovenia and

in the markets of South Eastern Europe, energy and environment activities

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

E-mail: info@petrol.si

Telephone: 00386 1 47 14 232 Fax: 00386 1 47 14 809

Supervisory Board: Viktor Baraga, Milan Podpečan, Matjaž Gantar, Bojan Šrot, Aleš Marinček,

Andrej Bratož, Ciril Pirš, Samo Gerdin, Cvetka Žigart

Registration number: 5025796

Entry in the Companies Register: 30 March 1990

Tax number: 80267432

The parent company's principal activity is trading in petroleum products, supplementary merchandise and services. With its 307 service stations, it has a 65 percent market share in the Slovenian retail market for petroleum products. As a majority owner of thirteen subsidiaries that are engaged in similar activities, it has a role of the controlling company in the Petrol Group. At the same time, it accounts for the bulk of the Group's profits and revenue.

In 2007 the company Petrol d.d., Ljubljana sold 2 million tons of petroleum products, which is 7 percent more than planned and 1 percent less than in 2006. This is mostly the result of lower sales

of extra light heating oil due to mild winter. At the same time, the company generated EUR 251.7 million in revenue from the sale of supplementary and other merchandise, exceeding the plan by 15 percent and the 2006 results by 21 percent.

Net profit rose 15% in 2007

Accounting for 65% of service station market share; sales of petroleum products 7% above plan

With the sales of services amounting to EUR 27.2 million, the plan was exceeded by 5 percent, but was 6% lower than in 2006.

The company ended the year with EUR 1.9 billion in net sales revenue, EUR 57.2 million in pre-tax profit, and EUR 45.8 million in net profit. Compared to 2006, net sales revenue increased by 5 percent, pre-tax profit by 16 percent, and net profit by 15 percent.

The company's equity totalled EUR 387.4 million as at 31 December 2007.



SUBSIDIARIES

PETROL-TRADE HANDELSGES.M.B.H.

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

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

Registered office: Elisabethstrasse 10, 1010 Wien, Austria

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

Director: Marko Malgaj E-mail: malgaj@petrol-trade.at Telephone: 0043 1 585 54 73 Fax: 0043 1 585 54 73 42

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

Registration number: 9455930

Entry in the Companies Register: 30 November 1987

Tax number: 214/3129

The company Petrol-Trade Handelsges.m.b.H. is a 100% owner of the subsidiary Cypet-Trade Ltd., which was established in 1998 and operating in the field of trading and financing of oil and petroleum product transactions.

In 2007 the company Petrol-Trade Handelsges.m.b.H. purchased and sold 807,004 tons of petroleum and chemical products, exceeding the annual plan for 2007 by 6 percent.

The company generated EUR 393.86 million in net sales revenue in 2007, exceeding the plan by 10 percent.

Net profit of the company Petrol-Trade Handelsges.m.b.H. for 2007 totalled EUR 1.07 million, meaning that 77 percent of the plan was implemented. The plan was not met in particular due to falls in US dollar exchange rate against the euro, and changed structure of sales with regard to the Petrol Group's plan.

The company's equity totalled EUR 2.8 million as at 31 December 2007.

CYPET-TRADE LTD.

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

Company name: Cypet-Trade Ltd.

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

3311 Limassol, Cyprus

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

Director: Marko Malgaj E-mail: cypet@logos.cy.net Telephone: 00357 25 586 039

Fax: 00357 25 588 752

Board of directors: Marko Kryžanowski, Boštjan Napast, Marko Malgaj, Demetra Vasiliou,

Christakis Myrianthous, Nicoletta Demetriou

Registration number: 89452

Entry in the Companies Register: 18 November 1998

Tax number: 12089452Z

From 1 January 2004, the company's principal activities include trading and financing of oil and petroleum products transactions, and transactions involving other merchandise. On the above date, the operations of the company Cypet Oils Ltd. were transferred to the company Cypet-Trade Ltd.

In 2007 the company Cypet-Trade Ltd. sold 1,057,281 tons of petroleum products, which is 6 percent more than planned. It generated EUR 516.06 million in net sales revenue, which is 9 percent more than planned.

The company's net profit totalled EUR 3.55 million in 2007, exceeding the plan by 4 percent. Improved results stem from higher-than-planned quantity of petroleum products sold by the parent company.

The company's equity totalled EUR 6.7 million as at 31 December 2007.

CYPET OILS LTD.

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

Company name: Cypet Oils Ltd.

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

3311 Limassol, Cyprus

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

Director: Marko Malgaj E-mail: cypet@logos.cy.net Telephone: 00357 25 586 039 Fax: 00357 25 588 752

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

Registration number: 38175

Entry in the Companies Register: 11 December 1989

Tax number: 12038175W

In 2007 Cypet Oils Ltd. only generated revenue from financing, while its net profit for 2007 stood at EUR 18.9 thousand.

The company's equity totalled EUR 1.5 million as at 31 December 2007.

PETROL BH OIL COMPANY D.O.O. SARAJEVO

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

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

Registered office: Grbavička 4/4, 71000 Sarajevo, Bosnia and Herzegovina Principal activity: Trading in solid, liquid and gaseous fuels, and in similar products

Director (procurator): Aleksander Malahovsky E-mail: aleksander.malahovsky@petrol.si

Telephone: 00387 33 560 088 Fax: 00387 33 560 071

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

Registration number: 20219629

Entry in the Companies Register: 5 January 1999

Tax number: 01076661

Retail prices of petroleum products were set in accordance with market conditions in 2007. Importers of petroleum products paid customs duties on crossing the border and the sales tax was replaced with the value added tax on 1 January 2006.

Through retail and wholesale activities, the company sold 120,513 tons of petroleum products in 2007, exceeding the plan by 11 percent. In the same period, the company generated EUR 102.2 million in revenue from the sale of oil and petroleum products, EUR 2.8 million in revenue from the sale of supplementary merchandise, and EUR 197 thousand in revenue from the sale of services. The company's total net sales revenue totalled EUR 105.2 million, thus exceeding the plan by 10 percent.

In 2007 the company's net profit totalled EUR 664.6 thousand, meaning that 57 percent of the plan was implemented. Lower-than-planned profit is mostly the result of higher operating costs and, to a smaller extent, additional customs duties and changes in the customs system.

The company Petrol BH Oil Company d.o.o. Sarajevo operated 36 service stations at the end of 2007.

The company's equity totalled EUR 40.7 million as at 31 December 2007.

PETROL TRGOVINA D.O.O., ZAGREB

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

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

Registered office: Oreškovićeva 3D, Otok, 10010 Zagreb, Croatia Principal activity: Trading in petroleum products and consumer goods

Director: Ignac Rupar E-mail: ignac.rupar@petrol.si Telephone: 00385 1 66 80 001 Fax: 00385 1 66 80 030

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

Registration number: 0400661

Entry in the Companies Register: 25 September 1996

Tax number: 0400661

In Croatia, rules regarding the compulsory stocks of products were in force in 2007. They were adopted by the Croatian government as a law governing the oil and petroleum product market. In accordance with a regulation arising from the above law, entities bound by that law had to establish, in 2007, stocks amounting to 25 percent of net quantity of oil and petroleum products imported in the previous calendar year. On 31 May 2007 the Croatian government adopted a new decree on the quantity and structure of compulsory stocks of oil and petroleum products for 2007, which determined the quantity of stocks for each importer.

In 2007 petroleum products were priced in accordance with the Petroleum product pricing rules ("Pravilnik o utvrđivanju cijena naftnih derivata") which have been in force since 4 January 2007. The prices changed fortnightly in line with conditions on global oil and foreign exchange markets. The above rules also laid down expenses for the financing of the Agency for Compulsory Stocks ("Agencije za obvezne zalihe").

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

Excluding the replenishment of compulsory stocks, the company Petrol Trgovina d.o.o., Zagreb sold 108,416 tons of petroleum products in 2007, thus implementing 87 percent of the plan.

Revenue from the sales of merchandise totalled EUR 118.4 million, with revenue from the sales of

services amounting to EUR 0.4 million. In 2007 Petrol Trgovina d.o.o. generated EUR 118.8 million in net sales revenue.

The company's net profit totalled EUR 973 thousand in 2007, meaning the plan was exceed in the same amount. The main reason for the better-than-planned results is a repayment of a large receivable that had already been written off in 2006 and the retroactive decision of the Ministry of the Economy, Employment and Enterprise on the lowering of compulsory stock fee which had been in force since 26 July 2006. Pursuant to the above decision adopted in December 2006, the company was exempt from the payment of the fee up the amount of the fee overpaid in 2006.

At the end of 2007, the company Petrol Trgovina d.o.o. operated 32 service stations in Croatia.

The company's equity totalled EUR 55.0 million as at 31 December 2007.

PETROL D.O.O. BEOGRAD

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

Company name: Petrol d.o.o. Beograd

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

Principal activity: Trading in solid, liquid and gaseous fuels

Director: Dušan Krt E-mail: dusan.krt@petrol.si Telephone: 00381 11 212 93 84 Fax: 00381 11 313 29 28

Supervisory Board: Marko Kryžanowski, Igor Irgolič, Boštjan Napast

Registration number: 17454404

Entry in the Companies Register: 31 December 2002

Tax number: 102485196

In 2007 the Serbian oil and petroleum product market was fully regulated by the Government and it was only possible to import crude oil and, since September 2005, eurodiesel. A company that is engaged in the retail sale of petroleum products on the Serbian market has to purchase those products from local companies or import crude oil and have it processed at NIS a.d. Novi Sad's refineries.

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

The company Petrol d.o.o. Beograd operated three service stations at the end of 2007.

In 2007 the total quantity of oil and petroleum products sold totalled 3,839 tons, down 42 percent compared to the plan. Lower sales are the result of delayed opening of a service station and lower sales.

In 2007 Petrol d.o.o. Beograd generated EUR 4.2 million in net sales revenue, implementing 51 percent of the plan. The company thus operated at a loss of EUR 590 thousand, which is higher than planned. The lower-than-planned result stems from lower sales at service stations.

The company's equity totalled EUR 8,0 million as at 31 December 2007.

PETROL MALOPRODAJA SLOVENIJA, D.O.O.

In 1999 the controlling company Petrol d.d., Ljubljana acquired a 100 percent ownership of the company Shell Slovenija d.o.o. Ljubljana, renaming it Destilat d.o.o. on entry in the Companies Register in July 1999. On 9 March 2004, the company Destilat d.o.o. was renamed Petrol Maloprodaja Slovenija, d.o.o.

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

Registered office: Dunajska cesta 50, 1000 Ljubljana, Slovenia

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

Director: Igor Mravlja E-mail: igor.mravlja@petrol.si

Telephone: 00386 1 47 14 832 Fax: 00386 1 47 14 811

Members of the General Meeting: Igor Irgolič, Marko Kryžanowski, Boštjan Napast

Registration number: 5823749

Entry in the Companies Register: 7 July 1999

Tax number: 63442213

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

In 2007 the company Petrol Maloprodaja Slovenija, d.o.o. generated EUR 11.22 million in net sales revenue, thus exceeding the plan by 2 percent. Net sales revenue was generated through fees charged to Petrol d.d., Ljubljana in connection with sales activities performed at service stations that are managed by Petrol Maloprodaja Slovenija, d.o.o. The company Petrol Maloprodaja Slovenija, d.o.o. also received EUR 265 thousand in interest income.

The company ended the year 2007 with net profit close to zero profit.

The company's equity totalled EUR 12.7 million as at 31 December 2007.

PETROL SKLADIŠČENJE D.O.O.

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

Company name: Petrol Skladiščenje d.o.o.

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

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

Director: Miran Obreza E-mail: miran.obreza@petrol.si Telephone: 00386 1 586 34 56 Fax: 00386 1 520 36 74

Members of the General Meeting: Boštjan Napast, Igor Irgolič, Rok Blenkuš

Registration number: 1721895

Entry in the Companies Register: 14 August 2002

Tax number: 51018900

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

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

In 2007 the company generated EUR 2.27 in net sales revenue. It ended the year 2007 with net profit in the amount of EUR 952.

The company's equity totalled EUR 556 thousand as at 31 December 2007.

PETROL TEHNOLOGIJA, D.O.O.

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

Company name: Petrol Tehnologija d.o.o.

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

Principal activity: Maintenance of buildings, technological equipment and installations

Director: Miran Obreza E-mail: miran.obreza@petrol.si Telephone: 00386 1 520 36 00 Fax: 00386 1 520 36 01

Members of the General Meeting: Marta Svoljšak Jerman, Barbara Jama Živalič, Mojca Kert Kos, Igor Matičič

Registration number: 1779192

Entry in the Companies Register: 25 November 2002

Tax number: 75194996

The company's activity includes maintenance of property, technological equipment and reservoirs, maintenance and construction of technological installations, maintenance and construction of energy plants, maintenance and testing of gas depot tightness, gauge control, environment and equipment measurements, and technical supervision of service stations. The company has agencies for the purchase of spare parts, installations and equipment.

In 2007 the company Petrol Tehnologija d.o.o. generated EUR 6.3 million in net sales revenue and ended the year with net profit of EUR 138 thousand. Its net sales revenue was by 19 percent higher than planned, while net profit exceeded the plan by EUR 97 thousand. Better-than-planned results were generated thanks to mild winter at the beginning of the year, which provided for favourable working conditions for preventive and intervention maintenance. Higher investments of the Petrol Group in the markets of SE Europe and the resulting increase in the amount of work for the company also contributed to the better results.

The company's equity totalled EUR 960 thousand as at 31 December 2007.

PETROL VNC D.O.O.

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

Company name: Petrol VNC d.o.o.

Registered office: Dunajska cesta 50, 1000 Ljubljana, Slovenia

Principal activity: Investigation activities and security

Director: Bojan Babič

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

Telephone: 00386 1 471 43 91 Fax: 00386 1 471 48 09 Registration number: 2197995

Entry in the Companies Register: 16 May 2006

Tax number: 12786896

The company provides professional services related to the reception, information processing, displaying and archiving of alarm messages from secured buildings. The company's activities also include the provision of ongoing surveillance of a secured area or building, information of other private security companies and state bodies (police, fire brigade and various rescue services) of alarm messages received, information and operational guidance of intervention teams in the field, and preparation of security footage from video surveillance systems on the request of clients. In 2007 the company began providing various consulting services in the field of security, and detective services.

Petrol VNC d.o.o. pursues its activity in accordance with contracts concluded with various private security companies and other economic entities.

In 2007 the company generated EUR 260 thousand in net revenue from sales, ending the year with net profit of EUR 6 thousand.

The company's equity totalled EUR 129 thousand as at 31 December 2007.

PETROL PLIN, D.O.O.

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

Company name: Petrol Plin d.o.o.

Registered office: Dunajska cesta 50, 1000 Ljubljana, Slovenia

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

Managing director: Štefan Mitja Lebar

E-mail: stefan.lebar@petrol.si Telephone: 00386 1 47 14 911 Fax: 00386 1 47 14 400

Members of the General Meeting: Boštjan Napast, Alenka Vrhovnik Težak, Janez Grošelj

Registration number: 5842247

Entry in the Companies Register: 4 October 1993

Tax number: 36799220

In addition to its principal activity, the company operates in the field of construction and management of natural gas networks and vaporised liquefied petroleum gas networks, in the field of production and marketing of electricity, and in the field of wastewater treatment.

In 2007 the company Petrol Plin d.o.o. was actively engaged in the construction of gas networks in the municipalities Bačka Topola and Pećinci in Serbia where the parent company Petrol d.d., Ljubljana established the subsidiary company Petrol Gas Group, d.o.o. and became the majority owner of the company Rodgas AD Bačka Topola.

At the end of 2007, the company Petrol Plin d.o.o. operated nineteen gas concessions. Three concessions are owned by the parent company Petrol d.d., Ljubljana, while sixteen are owned by Petrol Plin, d.o.o. Liquefied petroleum gas was sold via 1,759 gas depots.

In 2007 Petrol Plin d.o.o. sold 24,165 tons of liquefied petroleum gas, exceeding the plan by 10 percent. Using its own concessions, the company also sold 9 million Sm³ of natural gas, thus implementing 79 percent of the plan. Another 1.8 million Sm³ of natural gas was distributed. Using three concessions owned by the company Petrol d.d., Ljubljana and operated by the company Petrol Plin d.o.o., the company sold 9.03 million Sm³ of natural gas, implementing 90 percent of the plan.

In 2007 Petrol Plin d.o.o. generated EUR 24.86 million in net sales revenue, thus implementing 95 percent of the plan. Net profit totalled EUR 483 thousand, meaning that the plan was implemented up to 89 percent. Lower-than-planned results mostly stem from unfavourable winter weather conditions that were marked with above-average temperatures at the beginning of 2007.

The company's equity totalled EUR 12.7 million as at 31 December 2007.

PETROL ENERGETIKA D.O.O.

The company Petrol Energetika d.o.o. is assuming an increasingly visible role as regards the energy supply of Slovene steel industry and manufacturing industry. The company ensures comprehensive planning and determining of modern energy concepts of energy supply.

Company name: Petrol Energetika d.o.o.

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

Principal activity: Production, sale and distribution of electricity and heat, sale and distribution

of natural gas and other energy products **Managing director:** Mojca Kert-Kos

E-mail: mojca.kos@petrol.si
Telephone: 00386 2 870 61 00
Fax: 00386 2 870 61 06
Registration number: 5705754

Entry in the Companies Register: 12 February 1993

Tax number: 56859708

In the middle of 2002, the controlling company Petrol d.d., Ljubljana purchased from the company Slovenske železarne d.d. 80 percent interests in Energetika Ravne and Energetika Štore. Through capital increase, the company Petrol d.d., Ljubljana increased its ownership to 99.33 percent by the end of 2007. The remaining 0.67 percent of the company is owned by the company Železar Štore d.p., delniška družba pooblaščenka, d.d.

SYSTEM OPERATOR

In the market, Petrol Energetika d.o.o.'s operates as a producer, trader, dealer and broker in the marketing of energy products, but also as a distribution system operator. Its most important customers include energy-intensive steel and manufacturing industries, and users in geographically integrated local communities.

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

PROVIDING LASTING SYNERGY AND REGIONAL ENERGY SUPPLY

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

For the purpose of trading in natural gas, the company developed its own model for forecasting and optimising demand for natural gas. It is in charge of the natural gas balance group, which comprises larger industry customers and customers from the Slovene municipalities where the Petrol Group obtained the natural gas concessions.

The company Petrol Energetika d.o.o. developed and implemented a competitive Multi utility operating model, which links the provision of comprehensive energy services to industry customers and retail clients in the technological, economical and environmental sense.

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

In 2007 Petrol Energetika d.o.o. sold 344.8 million kWh of electricity, of which the quantity it generated totalled 41.5 million kWh and the quantity it distributed 294.6 million kWh. The company sold and distributed 32 million Sm³ and 50,5 mio Sm³ of natural gas, respectively. In the area of heat management, the company generated 48.9 thousand MWh of heat. It sold and distributed 45.6 thousand MWh and 47.4 thousand MWh of heat, respectively.

In 2007 the company's net sales revenue totalled EUR 43.5 million, exceeding the plan by 20 percent. Its net profit stood at EUR 1.43 million in 2007. Net profit attributable to the company Petrol d.d., Ljubljana totals EUR 1.42 million, which is 25 percent more than planned. Better-than-planned results mostly stem from increased sales to industry customers.

The company's equity totalled EUR 15.0 million as at 31 December 2007.

PETROL GAS GROUP D.O.O.

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

Company name: Petrol Gas Group d.o.o.

Registered office: Kninska 139B, 21203 Veternik, Serbia

Principal activity: Gas distribution Managing director: Štefan Mitja Lebar

E-mail: stefan.lebar@petrol.si Telephone: 00386 1 47 14 911 Fax: 00386 1 47 14 400 Registration number: 20316586

Entry in the Companies Register: 8 August 2007

Tax number: 105106816

The company Petrol Gas Group d.o.o. manages the Pećinci concession obtained by Petrol d.d., Ljubljana via a public tender and transferred to the newly established subsidiary Petrol Gas Group d.o.o. after the latter had been established.

In the field of energy in the Republic of Serbia, Petrol d.d., Ljubljana aims to expand its activities by obtaining new concessions for the distribution of natural gas and liquefied petroleum gas, and through integration with similar companies. The goal of Petrol Gas Group d.o.o. is to merge all gas activities of the Petrol Group in the territory of Serbia through distribution of liquefied petroleum gas and natural gas, and to sell liquefied petroleum gas via gas depots, sell autogas and pursue retail and wholesale of bottled LPG.

The company's equity totalled EUR 94 thousand as at 31 December 2007.

RODGAS AD

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

Company name: Rodgas AD Bačka Topola

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

Principal activity: Gas distribution
Managing director: Milan B. Dragosavac
E-mail: milan.dragosavac@petrol.si
Telephone: 00381 6 35 10 787
Registration number: 8576416

Entry in the Companies Register: 17 February 1994

Tax number: 101446475

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

The company Rodgas AD distributes natural gas via a gas network measuring 112.9 km. In 2007 the company sold 5.52 million Sm³ of natural gas to household and industry customers. 1,064 households and 110 economic entities are connected to the network.

In 2007 the company generated EUR 1.51 million in net sales revenue. Its net profit totalled EUR 94 thousand, of which EUR 79 thousand is attributable to the company Petrol d.d., Ljubljana.

The company's equity totalled EUR 1.1 million as at 31 December 2007.



JOINT VENTURES

GEOENERGO D.O.O.

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

Company name: Geoenergo d.o.o.

Registered office: Mlinska ulica 5, 9220 Lendava, Slovenia Principal activity: Extraction of natural gas, oil and gas condensate

Directors: Ivan Pavoševič, Andraž Lipolt

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

Telephone: 00386 2 577 22 62 Fax: 00386 2 578 89 15

Supervisory Board: Barbara Jama Živalič, Lovro Pratnekar, Marta Svoljšak Jerman, Renata Kevrič

Registration number: 1465830

Entry in the Companies Register: 20 June 2002

Tax number: 28050657

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

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

In 2007 the company sold 3.4 million Sm³ of natural gas and 424 tons of crude oil and gas condensate.

Geoenergo d.o.o.'s net sales revenue totalled EUR 759 thousand in 2007, meaning that 96 percent of the plan was implemented.

Through its operations, the company generated EUR 45 thousand in net profit in 2007. Net profit attributed to Petrol d.d., Ljubljana amounted to EUR 23 thousand.

The company's equity totalled EUR 134 thousand as at 31 December 2007.

INSTALACIJA, D.O.O., KOPER

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

Company name: Instalacija, d.o.o., Koper

Registered office: Sermin 10a, 6000 Koper, Slovenia

Principal activity: Storage and handling of petroleum products

Director: Rinaldo Glavina

E-mail: rinaldo.glavina@instalacija.si Telephone: 00386 5 668 21 00 Fax: 00386 5 639 53 20 Registration number: 5498007

Entry in the Companies Register: 5 July 1991

Tax number: 62032429

Important events in 2007 comprised the construction of a new R-18 reservoir with capacity of 30,000 m³, filling arm replacement at tanker pier, installation of fuel filtering system at the truck filling station, and the completion of ramp six at the truck filling station.

In 2007 the company handled 1.98 million tons of petroleum products, which is more than planned and represents a record annual quantity of petroleum products handled.

The company's net sales revenue totalled EUR 12.3 million in 2007, which is more than planned. Its net profit totalled EUR 4.05 million, thus exceeding the plan by almost 17 percent. Net profit attributed to Petrol d.d., Ljubljana amounted to EUR 1.98 million. The company's net profit was higher than expected mostly due to higher volume of merchandise handled and lower costs of merchandise, materials and services.

The company's equity totalled EUR 24.2 million as at 31 December 2007.

KARKASA, D.O.O.

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

Company name: Karkasa, d.o.o.

Registered office: Škofjeloška cesta 6, 4000 Kranj, Slovenia

Principal activity: Truck tyre retreading

Director: Peter Globočnik

E-mail: peter_globocnik@goodyear.com

Telephone: 00386 4 207 75 97 Fax: 00386 4 207 75 04 Registration number: 1965042

Entry in the Companies Register: 13 July 2004

Tax number: 20610181

The company, in which both founders hold a fifty percent interest, began operating in January 2005. In 2007 the company retreaded 5,918 tyres, exceeding its plan by 8 percent. Having sold 5,947 retreaded truck tyres, its sales plan was exceeded by 8 percent.

Karkasa, d.o.o. generated EUR 901 thousand in net sales revenue in 2007, thus exceeding the plan by 12 percent. The company's net profit is by 29 percent higher than planned and totals EUR 69 thousand. Higher-than-expected results stem from higher sales of retreaded truck tyres and higher-than-planned production, favourable production and sales structure, and extra sales of by-products of the production process, which had not been previously included in the plan.

In 2007 net profit attributed to Petrol d.d., Ljubljana amounted to EUR 35 thousand.

The company's equity totalled EUR 324 thousand as at 31 December 2007.

PETROL - BONUS D.O.O.

Pursuant to a public tender, the companies Petrol d.d., Ljubljana and Montenegro Bonus-Cetinje established the company Petrol-Bonus d.o.o., having signed a contract in August 2007. Both companies have a 50 percent interest in the new company. The company's principal activity is the sale of gas and petroleum products in the territory of Montenegro.

Company name: Petrol-Bonus d.o.o., Cetinje

Registered office: Donje polje b.b., Cetinje, Montenegro Principal activity: Wholesale and retail sale of fuel

Managing director: Miodrag Ivanović Financial director: Dean Krivec E-mail: dean.krivec@petrol.si

Board of directors: Rok Blenkuš, Štefan Mitja Lebar, Biserka Dragićević

Registration number: 5-0403054 / 001

Entry in the Companies Register: 22 August 2007

Tax number: 02675889

Petrol-Bonus d.o.o. which will combine the investment potential and specific know-how of the Petrol Group and Montenegro Bonus's knowledge of local market conditions. The investment plan for the coming years includes investments in service stations, construction of petroleum products warehouse, and the construction of liquefied petroleum gas warehouse. Petrol-Bonus d.o.o. also plans to cooperate with the Government in the field of storage of compulsory oil stocks and participate in gas network construction projects in the territory of Montenegro.

In 2007 Petrol-Bonus d.o.o. mostly focused on activities necessary to begin operating in 2008. Its activities in 2007 were primarily devoted to alignment with local legislation and implementation of Petrol's standards for the newly established company. Potential locations for new service stations were examined. The company did not operate in 2007.

The company's equity totalled EUR 10 thousand as at 31 December 2007.

PETROL - OTI - SLOVENIJA L.L.C.

The company PETROL - OTI – Slovenija L.L.C. was established in July 2007. It is 51 percent owned by Petrol d.d., Ljubljana and 49 percent owned by OTI C.O. J.S.C. Prishtina. The company's principal activity is the sale of petroleum products in the territory of Kosovo.

Company name: PETROL - OTI- Slovenija L.L.C.

Registered office: Prishtina Magijstralija, Prishtine str. No., Prishtina, Serbia - Kosovo Principal activity: Retail sale and wholesale of liquid and gaseous fuel and similar products

Director: Bojan Babič

E-mail: bojan.babic@petrol.si Telephone: 00386 1 471 43 91 Fax: 00386 1 471 48 09

Board of directors: Bojan Babič, Roman Mazi, Nazmi Bytygi

Registration number: 70441544

Entry in the Companies Register: 17 July 2007

Tax number: 3005453

The company was established for the purpose of developing trade in petroleum products in the area of wholesale and retail sale, and building its own storage facilities.

In 2007 it obtained necessary licences for the pursuit of activities in the area of trading in petroleum products, and began operating in the field of wholesale and retail sale. Presently, it has two service stations.

In 2007 it generated EUR 1.22 million in net sales revenue and EUR 42 thousand in net loss. Net loss attributed to Petrol d.d., Ljubljana amounted to EUR 22 thousand.

The company's equity totalled EUR 2.9 million as at 31 December 2007.

PETROL SLOVENIA TIRANA WHOLESALE SH.A.

Petrol Slovenia Tirana Wholesale SH.A. was established in July 2007 and is 55 percent owned by Petrol d.d., Ljubljana. The company's principal activity is wholesale of liquid and gaseous fuel and similar products in the territory of Albania.

Company name: Petrol Slovenia Tirana Wholesale SH.A Registered office: Deshmoret e 4 Shkurtit Pll.26, Tirana, Albania

Principal activity: Wholesale of liquid and gaseous fuel, and similar products

Director: Roman Mazi E-mail: roman.mazi@petrol.si Telephone: 00386 1 471 44 75 Fax: 00386 1 471 48 09

Registration number: K 72001009 G

Entry in the Companies Register: 6 July 2007

Tax number: K 72001009 G

The company did not operate actively in 2007.

The company's equity totalled EUR 2.0 million as at 31 December 2007.



PETROL SLOVENIA TIRANA DISTRIBUTION SH.P.K.

Petrol Slovenia Tirana Distribution SH.P.K. was established in July 2007 and is fully owned by Petrol Slovenia Tirana Wholesale SH.A. Its principal activity is retail sale of liquid and gaseous fuel in Albania.

Company name: Petrol Slovenia Tirana Distribution SH.P.K. Registered office: Deshmoret e 4 Shkurtit Pll.26, Tirana, Albania

Principal activity: Retail sale of liquid and gaseous fuel

Director: Roman Mazi, Bojan Babič

E-mail: roman.mazi@petrol.si, bojan.babic@petrol.si Telephone: 00386 1 471 44 75, 00386 1 471 43 91

Fax: 00386 1 471 48 09

Registration number: K 72029013 N

Entry in the Companies Register: 23 July 2007

Tax number: K 72029013 N

The company did not operate actively in 2007.

The company's equity totalled EUR 20 thousand as at 31 December 2007.

ASSOCIATES

AQUASYSTEMS D.O.O.

Company name: Aquasystems d.o.o.

Registered office: Dupleška 330, 2000 Maribor, Slovenia

Activity: Construction and operation of industrial and municipal water treatment plants - central waste

treatment plan in Maribor

Ownership share of Petrol, d.d., Ljubljana: 26%

GEOPLIN D.O.O.

Company name: Geoplin d.o.o.

Registered office: Cesta Ljubljanske brigade 11, 1001 Ljubljana, Slovenia

Activity: Sale and transport of natural gas

Ownership share of Petrol, d.d., Ljubljana: 27.5755%

MARCHÉ GOSTINSTVO D.O.O.

Company name: Marché Gostinstvo d.o.o.

Registered office: Notranjska cesta 71, 1370 Logatec, Slovenia

Activity: Preparation of food and beverages, sale of merchandise and other services

Ownership share of Petrol, d.d., Ljubljana: 25%

OGREVANJE PIRAN D.O.O.

Company name: Ogrevanje Piran d.o.o.

Registered office: Liminjanska cesta 117, 6320 Portorož, Slovenia

Activity: Gaseous fuel supply, generation and distribution of steam and heat

Ownership share of Petrol, d.d., Ljubljana: 40%

ISTRABENZ, D.D.

Company name: Istrabenz, d.d.

Registered office: Cesta Zore Perello-Godina 2, 6000 Koper, Slovenia

Activity: Management of Istrabenz Group's investments and other investments

Ownership share of Petrol, d.d., Ljubljana: 32.63%





CONTENTS / Report of the supervisory board

| Operations of the supervisory board; assessment of | |
|--|-----|
| cooperation with the management board | 158 |
| Monitoring of the company's operations and significance of | |
| cooperation in adopting strategic decisions | 159 |
| Assessment of the Petrol group's operations in 2007 | 161 |
| Approval of the 2007 annual report | 162 |



REPORT OF THE SUPERVISORY BOARD

Sowing with constructive energy, harvesting good results

For Petrol, the year 2007 was marked with important achievements and momentous decisions. Accordingly, the Supervisory Board's actions were critical, yet constructive. Careful consideration was given to the adoption of decisions, evaluation of results and understanding of causes. The arguments presented were openly embraced, with due respect paid to dialogue and shareholders' interests, in particular.

Good preparation of proposals, innovative solutions, ambitious strategies and firm implementation tactics – these are the characteristics of good management. Technical competence, constructiveness, thorough consideration of plans and results together with authorisations of most important investments and understanding of laws and factors of successful management – in particular the understanding of circumstances and causes as well as the assessment of strategy feasibility – these are the components of good supervision.

The Supervisory Board exercises control and provides counsel. These principles were also observed in 2007.

At the Supervisory Board, the respect of dialogue should not be and has not been merely proverbial. The company's Management Board was always invited to attend Supervisory Board meetings. The cooperation between the Management Board and the Supervisory Board was in conformity with the rules of procedure of both bodies, but had only one goal: success of the company.

I regard the cooperation with the Management Board as successful.

OPERATIONS OF THE SUPERVISORY BOARD; ASSESSMENT OF COOPERATION WITH THE MANAGEMENT BOARD

In 2007 the Supervisory Board of Petrol d.d., Ljubljana held ten meetings, three of which were correspondence meetings. Its operations were in conformity with the Supervisory Board's rules of procedure. Agenda and documents to be discussed in relation to individual agenda items were set

out in written convening notices, which I provided as president of the Supervisory Board. Members of the Supervisory Board prepared for the topics to be discussed, submitted constructive proposals and, in accordance with their statutory and legal powers, adopted qualified decisions on the basis of competently prepared and comprehensive information presented by the Management Board. The Supervisory Board's rules of procedure comply with the Corporate Governance Code.

The Supervisory Board continued the practice of providing concrete information to stakeholders, which is one of the cornerstones of transparent company operations. If events occurred that were relevant to investors, I issued public statements immediately after meetings, with the possibility of obtaining further information always being left open.

Successful cooperation is subject to good communication and compliance with the rules of procedure. In addition to submitting extensive materials, the Management Board also provided the Supervisory Board with all necessary explanations concerning particular topics. Besides detailed explanations of materials directly at meetings, which contributed to professional dialogue and to the justification of decisions, I wish to underline another matter that helped build trust in the cooperation – the willingness of management to provide exhaustive answers to questions of the Supervisory Board. In most cases, the questions were anything but common, both in terms of their number and complexity. We could say that in this case responsibility starts with patience in answering. I regard the cooperation with the Management Board as successful.

MONITORING OF THE COMPANY'S OPERATIONS AND SIGNIFICANCE OF COOPERATION IN ADOPTING STRATEGIC DECISIONS

The most important topics discussed at Supervisory Board meetings in 2007 were associated with the monitoring of company operations:

- Discussion of the Report on unaudited operating results of the Group for 2006; verification and approval of the 2006 annual report. At its 24th session held on 23 February 2007, the Supervisory Board discussed the Report on unaudited operating results of the Petrol Group for the year 2006. It determined that the results were good as all key performance indicators planned for 2006 had been met or exceeded. At the 26th session held on 5 April 2007, the Management Board presented the 2006 annual report, which was discussed in the presence of the director of the auditing firm BDO EOS Revizija, d.o.o., Ljubljana, being the certified auditor of the Petrol Group. On the basis of the verification of the 2006 annual report and the financial statements and notes thereto as well as of the certified auditor's reports we determined that no further explanation is required. We have therefore approved the 2006 annual report of the company and the group without reservations.
- Monitoring of interim operations of the Petrol Group. At the 27th session of the Supervisory Board held on 16 May 2007, the Management Board reported on operations of the Petrol Group

in the first quarter of 2007. The report on operations of the Petrol Group in the first six months of 2007 was discussed at the 29th session held on 28 August, with the report on operations of the Petrol Group in the first nine months of 2007 being discussed at the 32nd session held on 20 November 2007. The members of the Supervisory Board noted that the results were good and above plan.

- Convening of the General Meeting of Petrol d.d., Ljubljana. At its 26th meeting held on 5 April 2007, the Supervisory Board adopted a decision to convene the General Meeting of Petrol d.d., Ljubljana. In addition to the usual agenda items concerned with informing the General Meeting on the 2006 annual report, distributing accumulated profit, giving discharge to the Management Board and the Supervisory Board, and appointing the auditor, agenda also included the proposal for the introduction of no-par value shares and conversion of share capital from Slovene tolars into euros, and the election of Andrej Bratož to the position of Supervisory Board member for the period until the end of term of the previous member. All proposed decisions were approved. The General Meeting gave discharge to the Management Board and the Supervisory Board for their work performed in 2006.
- Adoption of Business policy and financial calendar. At its 23rd session held on 19 December 2007, the Supervisory Board discussed and approved the draft business policy of the Petrol Group for 2008 as proposed by the Management Board, and the company's financial calendar for 2008.

In 2007 the Petrol Group faced a series of important strategic decisions. In certain projects, the Supervisory Board did not only verify, evaluate or approve decisions, but it also actively participated in the deliberation of proposals and in finding solutions. Such were the projects of potential integration with the company Lukoil, potential acquisition of IES Spa Mantova, the acquisition of a stake in the Rijeka-based company Euro-Petrol, and a bid to purchase the shares of the holding company Istrabenz. These did not merely consist of giving approval to the Management Board, but also included a joint deliberation of the Management Board's proposals and necessary activities. Moreover, they also represent guidelines for our future operations.

Global and regional changes in the business environment required carefully considered and fast enough adoption of decisions and approval to the Management Board for their implementation. Due to fluctuating oil prices on the global market, the implementation of the 2007 business policy, which foresaw the expansion of activities to new markets, and owing to current economic and political conditions, the approval of the Supervisory Board was provided in accordance with the provision 10.10 of the Articles of Association.

Such cases included the approval given to the Management Board to increase corporate guarantees, arising from an increase in credit lines and issued to companies abroad, in the amount of the difference between the existing and necessary amounts, which was the result of higher oil prices. They also included an approval to establish companies in foreign markets, and an approval for all transactions exceeding the amount stipulated in the Articles of Association.

ASSESSMENT OF THE PETROL GROUP'S OPERATIONS IN 2007

In the financial year 2007, the Petrol Group increased the value of the owners' funds by carefully managing its assets and through well-designed marketing activities, despite harsher conditions on the global oil market. Its economic position is stable and ranks Petrol among the leading Slovene companies. Petrol's operations are focused on achieving long-term and stable growth in harmony with the environment, economy, local authorities and shareholders.

 In 2007 the Petrol Group increased the value of the owners' funds despite harsher conditions on the global oil market. Its economic position is stable; its operations are oriented towards achieving long-term and stable growth.

Business results are another proof that the company was operating well in 2007. The Petrol Group generated EUR 2.1 billion in net sales revenue, up 9 percent from 2006. Pre-tax profit amounted to EUR 66.3 million, which is 10 percent more than in 2006. Net profit totalled EUR 53.3 million, an increase of 7 percent over 2006. The Petrol Group's return on equity equalled 12.7 percent.

In 2007 the Group continued its intensive investment cycle through investments in the total amount of EUR 253.1 million, of which EUR 189.2 million was allocated to the acquisition of a stake in the company Istrabenz holdinška družba d.d., while the remaining EUR 63.9 million was allocated to developing all areas of the Group's operations. Expressed with the D/E ratio, indebtedness of the Petrol Group equalled 0.95. Still, the Group maintains a high credit potential for carrying out successful projects that are profitable over the long term.

The volume of petroleum products sold by the Petrol Group totalled EUR 2.1 million tons, up 4 percent on the year 2006. Revenue from the sales of non-petroleum merchandise totalled EUR 262.9 million, up 22 percent on 2006. At the end of 2007, the Group's network comprised 380 service stations.

In 2007 the Petrol Group sold 43,284 thousand m³ of natural gas, an increase of 13 percent over 2006. It also sold 337,058 MWh of electricity, up 4 percent on 2006. At the end of 2007, the Petrol Group supplied liquefied petroleum gas to customers via 1,759 gas depots and operated 24 gas supply concessions.

In 2007 the Petrol Group successfully continued its strategy to diversify and expand its operations in individual segments. This is demonstrated by an intensive expansion of petroleum product operations to the markets of SE Europe, the expansion of gas operations to the Serbian market, and new efficient energy consumption projects.

Although oil prices reached record levels in 2007, while in Slovenia the prices of petrol and middle distillates remained under government control, the Group ended the year with excellent results thanks to well thought out business decisions and market behaviour. This proves Petrol has thorough knowledge of the market and responds to it in a timely and well-considered manner.

APPROVAL OF THE 2007 ANNUAL REPORT

At its 35th session held on 27 February 2008, the Supervisory Board discussed the Report on unaudited operating results of the Petrol Group for 2007. It noted that the operating results were good as all key performance indicators planned for 2007 had been achieved or exceeded.

At its 36th session held on 2 April 2008, the Supervisory Board discussed the 2007 annual report in the presence of the certified auditor. On the basis of the verification of the 2007 annual report and the financial statements and notes thereto as well as of the certified auditor's report we approved the Annual report on the Group's and the Company's operations in 2007 without reservations.

The members of the Supervisory Board observed at all times the business and substantive context as well as formal requirements of the topics discussed. In my opinion, that was done responsibly and appropriately to the given situation. Of course, codes of conducts only provide a basis for formal guidance and the evaluation of our work and company operations in accordance with law and with what is widely deemed appropriate. Rules are important, but do not make successful companies. People do that.

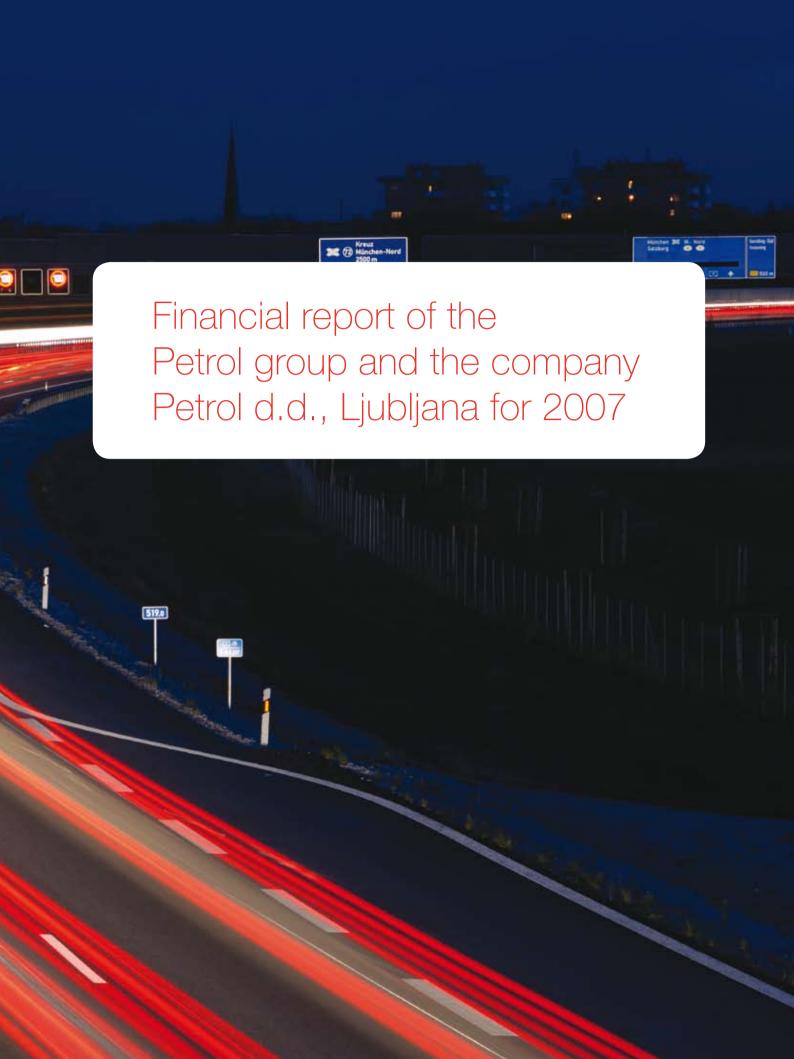
With all responsibility and commitment, I will make every effort to ensure the Supervisory Board continues operating in a professional, efficient and lawful manner – all to the benefit of the company and its shareholders.

Ljubljana, 2 April 2008

Viktor Baraga

President the Supervisory Board







CONTENTS / Financial report

| Letter from the Management Board member in charge of finance | 168 |
|--|-----|
| Independent auditor's report | 174 |
| Introduction | 176 |
| Statement of compliance | 177 |
| General information | 178 |
| Financial statements of the Petrol Group and the company Petrol d.d. | 181 |
| Accounting policies of the Petrol Group | 190 |
| Accounting policies of the company Petrol d.d., Ljubljana | 205 |
| Notes to the financial statements | 206 |
| Notes to the financial statements itemised by activities | 274 |



LETTER FROM THE MANAGEMENT BOARD MEMBER IN CHARGE OF FINANCE

A dynamic financial year

We have had yet another successful year in our more than 60-year long history. In 2007 the Petrol Group, whose 26 companies operate in 8 countries, generated a record total revenue in the amount of EUR 2.1 billion, up 9% from the previous year. Operating profit totalled EUR 50.5 million, with total profit amounting to EUR 66.3 million. Net profit stood at EUR 53.3 million, which is 7% more than in 2006.

Despite demanding and dynamic business environment, the Petrol Group fulfilled and even exceeded its plans in 2007. The price of oil and petroleum products was affected by all kinds of geopolitical turmoil. The average price of oil in 2007 stood at USD 72 per barrel and rose 11% compared to the average price in 2006. Towards the end of the year, it even drew near the psychological threshold of USD 100 per barrel. The Petrol Group is not only exposed to the changing prices of petroleum products but also to foreign exchange risks. Petroleum products are purchased on international markets under market conditions and paid in US dollars, while sales are made in local currencies. Compared to 2006, the average US dollar exchange rate dropped 11%, thus mitigating the end effects of rising oil prices.

After the collapse of property market in the USA, the banking market was gripped by a financial crisis that was manifested in higher interest rates, both EURIBOR and interest margin, and tightened credit standards. The financial crisis also affected Petrol's operations and was mostly evident in the form of higher financing costs.

Facing uncertainty is something all companies have in common. The quality and reliability of the Petrol Group's operations is ensured through a comprehensive system of the efficient management of business risks. The system is based on the continuous monitoring of risks in the business environment, which ensures that key risks the company is exposed to are identified, assessed and controlled in due time. Risk management is integrated in the overall organisational structure of the Petrol Group as well as in all levels of the business process. All companies in the group are subject to a single financial and accounting policy, operational and strategic controlling, treasury, cash pooling or zero balancing of funds in the transaction account, which the Petrol Group introduced as one of the first companies in Slovenia, as well as to the management of long-term investments and the provision of optimum funding sources at the level of the Petrol Group.



Alenka Vrhovnik Težak

Petrol enjoys the highest rating with business partners and financial institutions at home and abroad. Its excellent overall operating condition and financial strength are evident from the highest possible rating awarded by the companies Dun & Bradstreet and Bisnode d.o.o. We are one of the largest groups in Slovenia. Thanks to our financial strength, we are able to benefit from the most favourable financing conditions on the domestic and foreign markets. Many years of good relations with domestic and foreign banks provide us with constant access to liquidity reserves through credit lines approved for the financing of investments and working capital.

The acquisition of a 32.38 percent stake in the company Istrabenz in the amount of EUR 189 million, for which we were able to obtain the highest bank guarantee ever issued in Slovenia, attests to that. The bank guarantee was backed by a consortium of banks from Slovenia and abroad, and issued by Nova Ljubljanska Banka d.d. and Raiffeisen Zentralbank Osterreich AG Vienna.

Besides acquiring the stake in Istranbenz, we made a number of other development steps in 2007, to which additional EUR 64 million was allocated. In Croatia, we purchased 6 services stations from the company Zovko. In Montenegro, we established, in cooperation with Montenegro Bonus, the company Petrol Bonus in which we hold a 50 percent interest. In Kosovo, we co-founded the company Petrol-Oti-Slovenija in which we have a 51 percent interest, and in Albania we co-founded the company Petrol Slovenia Tirana Wholesale in which we hold a 55 percent interest. Moreover, in Serbia, we acquired a 84.22 percent share of the company Rodgas, Bačka Topola, and established the company Petrol Gas Group in Novi Sad. All of the above proves that Petrol is a financially solid group which recognises the importance of new investments that are actively and above all well managed.

In addition to intensive investment activities, the composition and structure of assets and liabilities in the 2007 balance sheet were affected by organic growth of business, changes in the prices of petroleum products on the global oil market, and the US dollar exchange rate.

Among long-term assets, property, plant and equipment represent the most important item which totals EUR 450 million. Long-term investments in joint ventures and associates equal EUR 270 million and they increased in 2007 by EUR 197 million, mostly thanks to the acquisition of a stake in the company Istrabenz holdinška družba d.d. and expansion to the markets of SE Europe by way of establishment and acquisition of companies on those markets.

The situation on the oil and the US dollar market, which are according to their characteristics two of the most volatile global markets, had a significant effect on the amount of current assets of the Petrol Group in 2007. The management of current assets, which account for 32 percent of the Petrol Group's total assets, is given particular attention. The amount of the required operating current assets affects the amount of borrowing from suppliers and financial institutions. However, with

short-term crediting ensured both at home and abroad, the Company is able to respond quickly to changes in the amount of operating current assets.

Successful management of working capital

Among current assets, operating receivables increased the most in 2007. The amount of operating receivables was subject to higher sales of petroleum products and the rising prices of petroleum products on the global oil market. The Petrol Group generates most of its sales revenue at service stations where customers pay in cash or with payment cards; the remaining revenue is generated through wholesale trading which is based on deferred payments. Such a customer structure has a favourable effect on Petrol's financial capacity. The average collection period confirms that although receivables increased in nominal terms, they are still successfully managed.

High prices of petroleum products also resulted in the higher value of inventories. In comparison to the end of 2006, physical inventories of petroleum products were decreased by more than 25 percent at the end of 2007, but their value increased due to higher purchase prices. Through efficient optimisation of inventories, the company managed to lessen the impact of higher petroleum products prices on the value of inventories, thus reducing funds tied up in inventories and attaining a more favourable impact on cash flows.

In 2007 changing prices of petroleum products also affected short-term operating liabilities, in particular trade liabilities which increased as a result of higher prices of petroleum products. However, due to reduced liabilities to the Government, short-term liabilities as at the last day of 2007 remained on a par with their figure at the end of 2006. At the end of 2007, the company paid excise duty to the Government, while the excise duty for 2006 had been paid at the beginning of 2007. As a result of the above payments, the balance of cash was lower at the end of 2007 than at the end of 2006.

The Petrol Group's average inventory turnover period was 16 days, while the customers met their obligations in 38 days, meaning that the Petrol Group's cash was tied up in receivables and inventories for an average period of 54 days. Because the Petrol Group meets its short-term operating liabilities in an average period of 43 days, its assets are tied up in transactions for an average period of 11 days, which amounts to more than EUR 50 million in working capital. Due to high prices of petroleum products, the amount of working capital was considerably higher relative to the previous years and was financed with short-term financial liabilities. The Petrol Group used the excess of short-term financial liabilities over short-term assets to finance its long-term

investments. Long-term investments associated with the expansion of operations in Slovenia and on the markets of SE Europe were also financed through long-term borrowing. Long-term liabilities increased by EUR 159 million and stood at EUR 287 million at the end of 2007.

Maintaining high credit potential for long-term growth

The expansion of business and related financing affected the debt-to-assets ratios as well. At the end of 2007, the ratio between financial liabilities¹ and equity was 0.95 whereas on the last day of 2006 it stood at 0.46. At the end of 2007, the leverage ratio² stood at 48 percent while at the end of 2006 it stood at 28 percent. Both ratios confirm that in 2007 investments were financed using a larger share of debt than in 2006. Despite an increase in borrowing, the Petrol Group remains financially solid and, thanks to its financial position, still maintains a high credit potential for projects that are profitable over the long term.

Because the company's share was one of the most attractive and best performing shares at the Ljubljana Stock Exchange, investor confidence was again very high over the past year. In 2007 the volume of trading in Petrol's share at the stock exchange amounted to EUR 257.78 million, up 83.8 percent from 2006. Between 1 January and 31 December 2007, the share's daily average price increased by 81.3 percent, rising 11 fold since its listing. At the beginning of September 2007, the share's price equalled EUR 1,001.34, a record high since its flotation on the Ljubljana Stock Exchange.

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

As a company listed on the prime market of the Ljubljana Stock Exchange, Petrol regularly and transparently notifies its shareholders and other stakeholders of its operations. To provide information on when the results will be published, a financial calendar has been prepared which is strictly followed. Interim results and any other price-sensitive information are available in the Slovene and English language on the company's website and on the website of the Ljubljana Stock Exchange (SEOnet). Petrol regularly participates at investors' conferences in Slovenia and abroad.

¹ Short-term and long-term financial liabilities

² Leverage = (Financial liabilities - Cash and cash equivalent) / (Equity + Financial liabilities - Cash and cash equivalents)

The quality and transparency of our reporting was also confirmed by the second prize received in November 2007 at the best annual report competition organised by Finance, a business daily, in the category of all companies and in the category of companies that prepare financial statements in accordance with International Financial Reporting Standards.

The efficiency of the Petrol Group's financial function relies on strong and professional team working in the field of finance and accounting. I therefore wish to conclude this letter by thanking all co-workers for their successful performance. I am convinced that we will together continue to contribute to successful operations of the Petrol Group.

Petrol remains a financially solid group with the highest ratings and business excellence. As an energy group, we have set ourselves ambitious goals that will be met through a combination of organisational efficiency and state-of-the-art knowledge.

Alenka Vrhovnik Težak

Management Board member in charge of finance



INDEPENDENT AUDITOR'S REPORT (1/2)



BDO EOS Revizija d.o.o. Družba za revidiranje Dunajska cesta 106 SI-1000 Ljubljana, Slovenija Tel.: +386 1 5300920 Fax: +386 1 5300921 Ex-mail: info@bdo.si WWW: www.bdo.si

INDEPENDENT AUDITOR'S REPORT

(Translation from the original in Slovene)

To the shareholders of Petrol, Slovenska energetska družba, d.d., Ljubljana

We have audited the accompanying financial statements of Petrol, Slovenska energetska družba, d.d., Ljubljana (Company) and Petrol Group (Group), which comprise the separate and consolidated balance sheet as at December 31, 2007, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

We also read the Management Report.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as endorsed in the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT (2/2)



Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Petrol, Slovenska energetska družba, d.d., Ljubljana and Petrol Group as of December 31, 2007, and of their financial performance and their cash flows for the year then ended, in accordance with International Financial Reporting Standards as endorsed in the European Union.

The Management Report is in conformity with the audited financial statements.

Ljubljana, 14. March 2008

BDO EOS Revizija d.o.o. Dunajska cesta 106, Ljubljana

Mateja Vrankar Certified auditor, Managing Partner

BDO EOS Revizija d.o.o.

INTRODUCTION

The Management Board is responsible for the preparation of financial statements for each financial year so that they give a true and fair view of operations of the company Petrol d.d., Ljubljana (the company Petrol d.d.) and its subsidiary companies (collectively "the Petrol Group"), in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and published by the International Accounting Standards Board.

The Management Board reasonably expects that over the foreseeable future the company and the Group will have appropriate resources at their disposal to continue their operations, which is why the financial statements have been prepared on the assumption that the company and the Group will continue operating as a going concern.

The Management Board's responsibilities in the preparation of financial statements include:

- selection and consistent application of appropriate accounting policies,
- reasonable and prudent evaluations and assessments,
- preparation of financial statements in accordance with IFRS; any significant deviations are disclosed and explained in the report;
- preparation of financial statements on the basis of the going concern assumption.

The Management Board is responsible for the keeping of appropriate records which always and with reasonable accuracy present the financial position of the company Petrol d.d. and the Petrol Group, and for the compliance of the company's financial statements with IFRS. The Management Board is also responsible for the protection of the company's property and for the prevention and identification of misuse and other irregularities.

The Management Board declares that the financial statements have been prepared in accordance with IFRS and contain no reservations as to their application.

On behalf of the Management Board,

Alenka Vrhovnik Težak

A.W

Marko Kryžanowski

ABL.

Member of the Management Board

President of the Management Board

Petrol d.d.

Dunajska c. 50, 1000 Ljubljana, Slovenia

7 March 2008

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (IASB), and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union.

The following new standards adopted by the EU but not in force on 31 December 2007 have not been applied in the preparation of the financial statements:

- IFRS 8 Operating Segments (effective from 1 January 2009). The standard will replace IAS 14 and shall only apply to companies whose securities are traded on a regulated market or companies that have applied for an admission to trading on a regulated market. As far as the interpretation's significance is concerned, the company will have to continue to disclose information by business and geographical segments.
- IFRIC 11: IFRS 2 Group and Treasury Share Transactions stipulates that share based payments in which the company receives goods or services as payment for its own equity instruments are accounted for as equity-settled, irrespective of how its own equity instruments were obtained. In the preparation of financial statements for the year 2008, the Group will have to apply IFRIC 11 retroactively. We do not expect IFRIC 11 to affect the financial statements.

GENERAL INFORMATION

Number of employees by level of formal education

| | т | HE PETROL GROU | Р | | PETROL D.D. | |
|-----------------------|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 |
| Level I | 63 | 70 | 90 | 37 | 40 | 93 |
| Level II | 187 | 206 | 91 | 99 | 109 | 91 |
| Level III | 43 | 36 | 119 | 21 | 21 | 100 |
| Level IV | 1,035 | 967 | 107 | 538 | 546 | 99 |
| Level V | 1,174 | 1,054 | 111 | 662 | 617 | 107 |
| Level VI | 127 | 125 | 102 | 85 | 84 | 101 |
| Level VII | 283 | 280 | 101 | 192 | 192 | 100 |
| Post-graduate degrees | 32 | 30 | 107 | 29 | 26 | 112 |
| TOTAL* | 2,944 | 2,768 | 106 | 1,663 | 1,635 | 102 |
| | 1,367 | 1,325 | 103 | 1,129 | 1,096 | 103 |

^{*} The number of employees at franchised service stations

Key financial information

| | THE | PETROL GROUP | | | PETROL D.D. | |
|--|---------------|---------------|----------------|---------------|---------------|----------------|
| (in EUR) | 2007 | 2006 | Index 07/06 | 2007 | 2006 | Index 07/06 |
| Gross invoiced sales | 2,613,823,848 | 2,297,797,463 | 114 | 2,301,773,742 | 2,182,680,504 | 105 |
| Tax (VAT) | 504,359,520 | 356,347,884 | 142 | 367,510,093 | 348,495,206 | 105 |
| Net sales revenue | 2,109,464,328 | 1,941,449,579 | 109 | 1,934,263,649 | 1,834,185,297 | 105 |
| Gross profit from sales | 228,492,970 | 211,566,696 | 108 | 192,544,028 | 179,336,098 | 107 |
| Regular depreciation or amortisation | (26,560,761) | (26,116,641) | 102 | (20,587,128) | (21,101,373) | 98 |
| Operating profit less regular depreciation or amortisation and adjustments to operating current assets | 79,068,047 | 77,958,687 | 101 | 59,589,862 | 59,415,048 | 100 |
| Operating profit less regular depreciation or amortisation | 77,022,804 | 73,251,046 | 105 | 58,189,938 | 57,031,259 | 102 |
| Operating profit | 50,462,043 | 47,134,406 | 107 | 37,602,811 | 35,929,884 | 105 |
| Interest expense | (12,464,723) | (8,985,570) | 139 | (9,322,069) | (5,793,398) | 161 |
| Interest rate swaps | (212,034) | (260,073) | 82 | (212,034) | (260,075) | 82 |
| Taxes | (13,050,826) | (10,648,807) | 123 | (11,402,829) | (9,457,875) | 121 |
| Net profit | 53,256,021 | 49,817,948 | 107 | 45,822,279 | 39,699,368 | 115 |
| Cash flow (net profit plus regular depreciation or amortisation) | 79,816,782 | 75,934,588 | 105 | 66,409,406 | 60,800,741 | 109 |
| Net cash flows from operating activities | 5,881,893 | 101,852,268 | 6 | 8,370,889 | 79,219,417 | 11 |
| Total assets | 1,114,656,946 | 843,435,658 | 132 | 1,054,619,502 | 788,278,092 | 134 |
| Current assets | 353,148,002 | 309,006,043 | 114 | 333,207,735 | 286,609,347 | 116 |
| Short-term financial receivables | 12,183,425 | 3,265,874 | 373 | 15,187,796 | 4,582,812 | 331 |
| Equity | 439,490,160 | 396,283,132 | 111 | 387,410,010 | 350,469,794 | 111 |
| Average equity | 417,886,646 | 375,972,610 | 111 | 368,939,902 | 334,794,521 | 110 |
| Short-term liabilities | 387,898,752 | 319,424,571 | 121 | 386,837,720 | 318,965,055 | 121 |
| Financial liabilities (non-current and short-term) | 418,733,834 | 184,237,269 | 227 | 353,872,536 | 136,154,885 | 260 |
| Net financial liabilities (financial liabilities less short-term financial receivables) | 406,550,409 | 180,971,395 | 225 | 338,684,740 | 131,572,073 | 257 |
| Non-current financial liabilities | 260,788,526 | 97,270,640 | 268 | 259,789,252 | 93,469,344 | 278 |

Key financial indicators

| | | IE PETROL GRO | UP | | PETROL D.D. | |
|---|-------|---------------|----------------|-------|-------------|----------------|
| | | | Index 07/06 | | | Index 07/06 |
| Values in percentages (%) | | | | | | |
| Gross profit from sales/Net revenue from sales (%) | 10.83 | 10.90 | 99 | 9.95 | 9.78 | 102 |
| Operating profit less regular depreciation or amortisation and adjustment to operating current assets/Net sales revenue | 3.75 | 4.02 | 93 | 3.08 | 3.24 | 95 |
| Operating profit/Net sales revenue | 2.39 | 2.43 | 98 | 1.94 | 1.96 | 99 |
| Net profit/Net sales revenue (%) | 2.52 | 2.57 | 98 | 2.37 | 2.16 | 109 |
| Net profit/Average equity (%) | 12.74 | 13.25 | 96 | 12.42 | 11.86 | 105 |
| | | | | | | |
| Current assets/Short-term liabilities | 0.91 | 0.97 | 94 | 0.86 | 0.90 | 96 |
| Financial liabilities/Equity | 0.95 | 0.46 | 205 | 0.91 | 0.39 | 235 |
| Net financial liabilities/Equity | 0.93 | 0.46 | 203 | 0.87 | 0.38 | 233 |
| Non-current financial liabilities/Equity | 0.59 | 0.25 | 242 | 0.67 | 0.27 | 251 |
| Interest coverage* | 6.23 | 7.54 | 83 | 7.00 | 9.12 | 77 |

^{* (}Net profit + Taxes + Interest expense and Interest rate swaps)/Interest expense and Interest rate swaps)

The share

| | | PETROL D.D. | |
|--|---------------------|---------------------|----------------|
| | 31 December 2007 | 31 December 2006 | Index 07/06 |
| Number of ordinary shares issued | 2,086,301 | 2,086,301 | 100 |
| - number of own shares repurchased | 25,027 | 25,758 | 97 |
| The share's book value on the last day of the financial year (EUR) (Equity/No. of ordinary shares issued) | 186 | 168 | 111 |
| The share's market price on the Ljubljana Stock Exchange | | | |
| Yearly high (EUR) | 1,001 | 522 | 192 |
| Yearly low (EUR) | 501 | 286 | 175 |
| Yearly average (EUR) | 764 | 387 | 198 |
| Price on the last trading day of the year (EUR) | 908 | 494 | 184 |
| Market capitalisation (EUR) (No. of ordinary shares issued * Price on the last trading day of the year) | 1,894,361,308 | 1,030,448,475 | 184 |
| Return per share in the current year (EUR) (Price on the last trading day of the current year - Price on the last trading day of the previous year) | 414 | 199 | 208 |
| Rate of return per share in the current year (Price on the last trading day of the current year/Price on the last trading day of the previous year) | 84% | 67% | 125 |
| P/BV (Average market share price/Book value of the share) | 4.11 | 2.30 | 179 |
| P/E (Average market share price/Earnings per share) | 34.37 | 20.06 | 171 |
| P/CE (Average market share price/Cash earnings per share) | 23.71 | 13.10 | 181 |
| Earnings per share (EPS) (EUR) (Earnings for the financial year/ Weighted average number of ordinary shares issued) | 22.23 | 19.27 | 115 |
| Cash earnings per share (CEPS) (EUR) (Earnings for the financial year + Regular depreciation or amortisation /No. of ordinary shares issued - No. of own shares repurchased) | 32.22 | 29.51 | 109 |
| Dividend distribution policy | | | |
| Accumulated profit (EUR) * | 47,440,089 | 31,324,341 | 151 |
| Funds for dividend payment (EUR) * | * | 11,337,007 | 131 |
| Dividend per share (EUR) * | * | 5.5 | _ |
| Number of shareholders | 40.397 | 42.566 | 95 |

^{*} Amount to be determined by the General Meeting of shareholders.

FINANCIAL STATEMENTS OF THE PETROL GROUP AND THE COMPANY PETROL D.D.

Income statement

| | | | 뿔 | THE PETROL GROUP | | | | | PETROL D.D. | | |
|--|-------|-----------------|-----------|------------------|-----------|----------------|-----------------|-----|-----------------|-----------|----------------|
| (in EUR) | | | Structure | | Structure | Index 07/06 | 2007 | | 2006 | Structure | Index 07/06 |
| Net sales revenue | 1. | 2,109,464,328 | 100 | 1,941,449,579 | 100 | 109 | 1,934,263,649 | 100 | 1,834,185,297 | 100 | 105 |
| Cost of merchandise sold | | (1,872,402,915) | 88 | (1,732,330,396) | 88 | 108 | (1,733,019,458) | 06 | (1,654,849,199) | 06 | 105 |
| Net profit/(loss) on commodity swaps | 41. | (8,568,443) | 0 | 2,447,513 | 0 | 1 | (8,700,163) | 0 | 0 | 0 | 1 |
| Gross profit from sales | | 228,492,970 | 11 | 211,566,696 | 11 | 108 | 192,544,028 | 10 | 179,336,098 | 10 | 107 |
| | | | | | | | | | | | |
| Selling costs | 3 10. | (152,473,684) | 7 | (145,787,853) | ∞ | 105 | (136,363,960) | 7 | (133,748,998) | 7 | 102 |
| General and administrative costs | 3 10. | (36,145,061) | 2 | (39,227,896) | 2 | 92 | (26,695,394) | 1 | (27,408,405) | 1 | 26 |
| Other operating revenue | 2. | 10,587,818 | 1 | 20,583,459 | 1 | 51 | 8,118,137 | 0 | 17,751,189 | 1 | 46 |
| Operating profit | | 50,462,043 | 2 | 47,134,406 | 2 | 107 | 37,602,811 | 2 | 35,929,884 | 2 | 105 |
| | | | | | | | | | | | |
| Net financial revenue from interests due to valuation according to the equity method | 11. | 10,208,831 | 0 | 11,855,951 | - | 98 | 1 | 1 | • | 1 | • |
| Financial revenue from dividends from subsidiaries, associates and joint ventures | 11. | • | 1 | • | 1 | • | 10,267,365 | 0.5 | 8,287,501 | 0.5 | 124 |
| Other financial revenue | 12. | 39,951,611 | 2 | 33,183,300 | 2 | 120 | 39,443,914 | 2 | 32,420,113 | 2 | 122 |
| Other financial expenses | 12. | (34,296,553) | 2 | (31,694,429) | 2 | 108 | (30,088,981) | 2 | (27,480,254) | - | 109 |
| Profit before taxes | | 66,325,932 | ဇ | 60,479,227 | ဂ | 110 | 57,225,108 | ဗ | 49,157,243 | က | 116 |
| | | | | | | | | | | • | |
| Taxes | 13. | (13,050,826) | - | (10,648,807) | - | 123 | (11,402,829) | - | (9,457,875) | - | 121 |
| Net profit for the period | | 53,275,106 | က | 49,830,421 | က | 107 | 45,822,279 | 8 | 39,699,368 | 8 | 115 |
| Net profit attributable to minority shareholders | 14. | 19,085 | 0 | 12,473 | 0 | 153 | 1 | ' | 1 | ' | 1 |
| | | | | | | | | | | | |
| Net profit or loss attributable to owners of the controlling company | | 53,256,021 | ო | 49,817,948 | ო | 107 | 45,822,279 | 2 | 39,699,368 | 2 | 115 |
| | | | | | | | | | | | |
| Earnings per share | 15. | 25.84 | | 24.18 | | 107 | 22.23 | | 19.27 | | 115 |

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

Balance sheet

| | | | THE | THE PETROL GROUP | | | | | PETROL D.D. | | |
|---|-------|---------------------|-----------|---------------------|-----------|----------------|---------------------|-----------|---------------------|-----------|----------------|
| (in EUR) | Notes | 31 December 2007 | Structure | 31 December 2006 | Structure | Index 07/06 | 31 December 2007 | Structure | 31 December 2006 | Structure | Index 07/06 |
| ASSETS | | | | | | | | | | | |
| | | | | | | | | | | | |
| Non-current (long-term) assets | | | | | | | | | | | |
| Intangible assets | 16. | 8,105,180 | - | 8,176,423 | - | 66 | 3,606,118 | 0 | 3,737,661 | 0 | 96 |
| Property, plant and equipment | 17. | 449,678,744 | 40 | 416,666,854 | 49 | 108 | 297,903,604 | 28 | 299,068,686 | 38 | 100 |
| Investment property | 18. | 15,681,677 | - | 14,356,268 | 2 | 109 | 16,315,863 | 2 | 16,047,692 | 2 | 102 |
| Investments in subsidiaries | 19. | 0 | 0 | 0 | 0 | 1 | 137,348,899 | 13 | 105,075,428 | 13 | 131 |
| Investments in joint ventures | 20. | 14,637,908 | - | 12,912,932 | 2 | 113 | 9,792,885 | - | 7,187,465 | - | 136 |
| Investments in associates | 21. | 255,490,263 | 23 | 60,494,609 | 7 | 422 | 230,563,013 | 22 | 40,549,453 | 5 | 1 |
| Available-for-sale financial assets | 22. | 10,509,249 | - | 11,807,198 | - | 68 | 10,430,206 | - | 11,643,298 | - | 06 |
| Financial receivables | 23. | 3,117,731 | 0 | 4,918,540 | 1 | 63 | 12,106,775 | 1 | 14,339,588 | 2 | 84 |
| Operating receivables | 24. | 2,575,546 | 0 | 3,217,464 | 0 | 80 | 2,373,074 | 0 | 2,981,411 | 0 | 80 |
| Deferred tax assets | 25. | 1,712,646 | 0 | 1,879,327 | 0 | 91 | 971,332 | 0 | 1,038,063 | 0 | 94 |
| | | 761,508,944 | 89 | 534,429,615 | 83 | 142 | 721,411,767 | 89 | 501,668,745 | 64 | 144 |
| | | | | | | | | | | | |
| Current assets | | | | | | | | | | | |
| Inventories | 26. | 84,873,820 | 8 | 79,399,800 | 6 | 107 | 74,064,112 | 7 | 68,614,334 | 6 | 108 |
| Financial receivables | 27. | 12,183,425 | - | 3,265,874 | 0 | 373 | 13,291,270 | - | 3,950,927 | - | 336 |
| Operating receivables | 28. | 239,226,988 | 21 | 194,157,656 | 23 | 123 | 231,068,890 | 22 | 186,517,112 | 24 | 124 |
| Corporate income tax assets | | 300,547 | 0 | 11,713 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Financial assets at fair value through profit or loss | 29. | 2,184,036 | 0 | 1,479,698 | 0 | 148 | 1,896,526 | 0 | 631,885 | 0 | 300 |
| Cash and cash equivalents | 30. | 10,170,684 | 1 | 28,677,797 | 3 | 35 | 10,513,377 | 1 | 25,484,817 | 3 | 41 |
| Deferred costs and accrued revenue and other assets | 31. | 4,208,502 | 0 | 2,013,505 | 0 | 509 | 2,373,561 | 0 | 1,410,272 | 0 | 168 |
| | | 353,148,002 | 32 | 309,006,043 | 37 | 114 | 333,207,735 | 32 | 286,609,347 | 36 | 116 |
| TOTAL ASSETS | | 1,114,656,946 | 100 | 843,435,658 | 100 | 132 | 1,054,619,502 | 100 | 788,278,092 | 100 | 134 |

Equity and liabilities

| | | | E | THE PETROL GROUP | | | | | PETROL D.D. | | |
|---|-------|---------------------|-----------|---------------------|-----------|----------------|---------------------|-----------|---------------------|-----------|----------------|
| (in EUR) | Notes | 31 December 2007 | Structure | 31 December 2006 | Structure | lndex 07/06 | 31 December 2007 | Structure | 31 December 2006 | Structure | lndex 07/06 |
| Equity attributable to owners of the Petrol Group | | | | | | | | | | | |
| Called-up capital | 32. | 52,240,977 | ß | 52,235,879 | 9 | 100 | 52,240,977 | 5 | 52,235,879 | 7 | 100 |
| Capital surplus | | 80,778,118 | 7 | 80,574,118 | 10 | 100 | 80,778,118 | 80 | 80,574,118 | 10 | 100 |
| Legal reserves | | 61,854,074 | 9 | 61,820,739 | 7 | 100 | 61,749,884 | 9 | 61,749,884 | 8 | 100 |
| Reserves for own shares | | 2,638,832 | 0 | 2,715,907 | 0 | 26 | 2,638,832 | 0 | 2,715,909 | 0 | 26 |
| Own shares | 33. | (2,638,832) | 0 | (2,715,907) | 0 | 26 | (2,638,832) | 0 | (2,715,909) | 0 | 26 |
| Other revenue reserves | | 156,732,106 | 14 | 135,161,152 | 16 | 116 | 156,732,105 | 15 | 135,161,152 | 17 | 116 |
| Investment revaluation reserves | | 3,072,944 | 0 | 899,077 | 0 | 342 | 3,072,944 | 0 | 899,077 | 0 | 342 |
| Translation differences | | 532,999 | 0 | 1,699,929 | 0 | 31 | 0 | 0 | 0 | 0 | ı |
| Retained earnings | | 53,968,960 | S | 34,013,378 | 4 | 159 | 9,924,842 | - | 0 | 0 | 1 |
| Net profit for the period | | 30,309,982 | က | 29,878,860 | 4 | 101 | 22,911,140 | 2 | 19,849,684 | က | 115 |
| | | 439,490,160 | 39 | 396,283,132 | 47 | 111 | 387,410,010 | 37 | 350,469,794 | 44 | 111 |
| | | | | | | | | | | | |
| Equity of minority shareholders | 14. | 727,765 | 0 | 114,356 | 0 | 929 | 0 | • | 0 | • | • |
| Total equity | | 440,217,925 | 39 | 396,397,488 | 47 | # | 387,410,010 | 37 | 350,469,794 | 44 | ŧ |
| Non-current liabilities | | | | | | | | | | | |
| Provisions for employee benefits | 34. | 4,025,556 | 0 | 4,073,060 | 0 | 66 | 1,823,708 | 0 | 1,890,199 | 0 | 96 |
| Other provisions and long-term deferred revenue | 35. | 18,472,936 | 2 | 23,764,342 | က | 78 | 16,637,627 | 2 | 21,856,163 | ю | 92 |
| Financial liabilities | 36. | 260,788,526 | 23 | 97,270,640 | 12 | 268 | 259,789,252 | 25 | 93,469,344 | 12 | 278 |
| Operating liabilities | 37. | 1,553,382 | 0 | 1,671,048 | 0 | 66 | 1,254,458 | 0 | 1,358,981 | 0 | 92 |
| Deferred tax liabilities | 25. | 1,699,869 | 0 | 834,509 | 0 | 204 | 866,728 | 0 | 268,555 | 0 | 323 |
| | | 286,540,269 | 26 | 127,613,599 | 15 | 225 | 280,371,772 | 27 | 118,843,243 | 15 | 236 |
| Short-term liabilities | | | | | | | | | | | |
| Financial liabilities | 36. | 157,945,308 | 14 | 86,966,629 | 10 | 182 | 94,083,284 | o | 42,685,541 | 5 | 220 |
| Operating and other liabilities | 38. | 217,302,738 | 19 | 218,220,336 | 26 | 100 | 282,626,479 | 27 | 264,361,567 | 34 | 107 |
| Corporate income tax liabilities | | 2,529,444 | 0 | 4,405,988 | - | 25 | 1,960,921 | 0 | 3,408,304 | 0 | 58 |
| Accrued costs and deferred revenue | 39. | 10,121,262 | 1 | 9,831,618 | 1 | 103 | 8,167,037 | 1 | 8,509,644 | 1 | 96 |
| | | 387,898,752 | 35 | 319,424,571 | 38 | 121 | 386,837,720 | 37 | 318,965,055 | 40 | 121 |
| Total liabilities | | 674,439,021 | 61 | 447,038,170 | 53 | 151 | 667,209,493 | 63 | 437,808,298 | 26 | 152 |
| TOTAL EQUITY AND LIABILITIES | | 1,114,656,946 | 100 | 843,435,658 | 100 | 132 | 1,054,619,502 | 100 | 788,278,092 | 100 | 134 |

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

In accordance with Article 230(3) of the Companies Act, net profit of Petrol d.d., Ljubljana for 2007 has already been halved and transferred to other

revenue reserves.

Statement of changes in equity of the Petrol group

| | | | | REVENUE | REVENUE RESERVES | | | | RETAINE | RETAINED PROFIT | | | |
|---|----------------------|--------------------|------------|-------------------------------|------------------|------------------------------|---------------------------------------|----------------------------|----------------------|---------------------------------|---|---------------------------------------|-------------|
| (in EUR) | Called-up capital | Capital surplus | Legal | Reserves for own shares | Own | Other revenue reserves | Investment revaluation reserves | Translation differences | Retained earnings | Net profit for the period | Equity attributable to owners of the Petrol Group | Equity of minority shareholders | Total |
| Balance as at 1 January 2006 | 52,249,920 | 80,528,025 | 61,825,883 | 2,759,142 | (2,759,142) | 112,945,279 | 601,063 | 1,910,282 | 24,401,533 | 20,657,300 | 355,119,286 | 110,429 | 355,229,715 |
| Transfer from reserves to net profit | | | | | | | | | | | 0 | | 0 |
| Transfer of net profit for the previous year to retained earnings | | | | | | | | | 20,651,748 | (20,651,748) | 0 | | 0 |
| Valuation of available-for-sale financial assets | | | | | | | 366,429 | | | | 366,429 | | 366,429 |
| Deferred tax liabilities | | | | | | | (68,257) | | | | (68,257) | | (68,257) |
| Translation differences | | | | | | | | (209,840) | | | (209,840) | | (209,840) |
| Gains on disposal of own shares | | 67,735 | | | | | | | | | 67,735 | | 67,735 |
| Disposal of own shares | | | | | 42,493 | | | | | | 42,493 | | 42,493 |
| Transfer to reserves | | | | (42,493) | | 42,493 | | | | | 0 | | 0 |
| Creation of legal reserves | | | 11,476 | | | | | | | (11,476) | 0 | | 0 |
| Settlement of retained loss | | | | | | | | | 77,929 | (77,929) | 0 | | 0 |
| Transfer to other reserves in accordance with a General Meeting resolution | | | | | | 11,111,275 | | | (11,111,275) | | 0 | | 0 |
| Payment of bonuses to the Supervisory Board | | | | | | (160,416) | | | | | (160,416) | | (160,416) |
| Dividend payments for 2005 | | | | | | (8,596,812) | | | | | (8,596,812) | | (8,596,812) |
| Decrease in minority share- holders' interest due to capital increase | | | | | | | | | | | 0 | (8,513) | (8,513) |
| Profit of minority shareholders | | | | | | | | | | | 0 | 12,473 | 12,473 |
| Profit for the current year | | | | | | | | | | 49,817,948 | 49,817,948 | | 49,817,948 |
| Transfer of a portion of the 2006 profit of Petrol d.d. to other reserves | | | | | | 19,849,683 | | | | (19,849,683) | 0 | | 0 |
| Translation differences | (14,041) | (21,643) | (16,620) | (739) | 739 | (30,351) | (159) | (213) | (6,558) | (5,551) | (95,435) | (33) | (95,468) |
| | | | | | | | | | | | | | |
| Balance as at 31 December 2006 | 52,235,879 | 80,574,118 | 61,820,739 | 2,715,909 | (2,715,909) | 135,161,152 | 899,077 | 1,699,929 | 34,013,378 | 29,878,860 | 396,283,132 | 114,356 | 396,397,488 |

| | | | | REVENUE RESERVES | RESERVES | | | | RETAINED PROFIT |) PROFIT | : | | |
|---|----------------------|------------|------------|-------------------------------|-------------|------------------------------|---------------------------------------|-------------------------|-----------------|---------------------------------|---|---------------------------------------|--------------|
| (in EUR) | Called-up capital | Capital | Legal | Reserves for own shares | Own | Other revenue reserves | Investment revaluation reserves | Translation differences | Retained | Net profit for the period | Equity attributable to owners of the Petrol | Equity of minority shareholders | Total |
| Balance as at 1 January 2007 | 52,235,879 | 80,574,118 | 61,820,739 | 2,715,909 | (2,715,909) | 135,161,152 | 899,077 | 1,699,929 | 34,013,378 | 29,878,860 | 396,283,132 | 114,356 | 396,397,488 |
| Conversion of share capital into EUR | 5,098 | | | | | (5,098) | | | | | 0 | | 0 |
| Transfer of net profit for the previous year to retained earnings | | | | | | | | | 29,878,860 | (29,878,860) | 0 | | 0 |
| Valuation of available-for-sale financial assets | | | | | | | 2,772,039 | | | | 2,772,039 | | 2,772,039 |
| Deferred tax liabilities | | | | | | | (598,172) | | | | (598,172) | | (598,172) |
| Translation differences | | | | | | | | (1,166,930) | | | (1,166,930) | | (1,166,930) |
| Gains on disposal of own shares | | 204,000 | | | | | | | | | 204,000 | | 204,000 |
| Disposal of own shares | | | | | 77,077 | | | | | | 77,077 | | 77,077 |
| Transfer to reserves | | | | (77,077) | | 77,077 | | | | | 0 | | 0 |
| Creation of legal reserves | | | 33,947 | | | | | | | (33,947) | 0 | | 0 |
| Settlement of retained loss | | | (612) | | | | | | 1,564 | (952) | 0 | | 0 |
| Transfer to other reserves in accordance with a General Meeting resolution | | | | | | 9,924,842 | | | (9,924,842) | | 0 | | 0 |
| Dividend payments for 2006 | | | | | | (11,337,007) | | | | | (11,337,007) | | (11,337,007) |
| Increase in minority interest | | | | | | | | | | | 0 | 609,680 | 609,680 |
| Decrease in minority share- holders' interest due to capital increase | | | | | | | | | | | 0 | (15,356) | (15,356) |
| Profit of minority shareholders | | | | | | | | | | | 0 | 19,085 | 19,085 |
| Profit for the current year | | | | | | | | | | 53,256,021 | 53,256,021 | | 53,256,021 |
| Transfer of a portion of the 2007 profit of Petrol d.d. to other reserves | | | | | | 22,911,140 | | | | (22,911,140) | 0 | | 0 |
| | | | | | | - | | | | | | | |
| Balance as at 31 December 2007 | 52,240,977 | 80,778,118 | 61,854,074 | 2,638,832 | (2,638,832) | 156,732,106 | 3,072,944 | 532,999 | 53,968,960 | 30,309,982 | 439,490,160 | 727,765 | 440,217,925 |

Statement of changes in equity of Petrol d.d.

| | | | | REVENUE RESERVES | | | | RETAINED PROFIT | PROFIT | |
|--|----------------------|--------------------|------------|----------------------------|-------------|------------------------------|---------------------------------------|-----------------|---------------------------------|-------------|
| (in EUR) | Called-up capital | Capital surplus | Legal | Reserves for own shares | Own shares | Other revenue reserves | Investment revaluation reserves | Retained | Net profit for the period | Total |
| Balance as at 01 January 2006 | 52,249,920 | 80,528,025 | 61,766,486 | 2,759,142 | (2,759,142) | 112,945,279 | 601,063 | (4,944,076) | 16,058,338 | 319,205,028 |
| Transfer of net profit for the previous year to retained earnings | | | | | | | | 16,054,023 | (16,054,023) | 0 |
| Valuation of available-for-sale financial assets | | | | | | | 366,429 | | | 366,429 |
| Deferred tax liabilities | | | | | | | (68,257) | | | (68,257) |
| Gains on disposal of own shares | | 67,735 | | | | | | | | 67,735 |
| Disposal of own shares | | | | | 42,493 | | | | | 42,493 |
| Transfer to reserves | | | | (42,493) | | 42,493 | | | | 0 |
| Transfer to other reserves in accordance with a General Meeting resolution | | | | | | 11,111,275 | | (11,111,275) | | 0 |
| Payment of bonuses to the Supervisory Board | | | | | | (160,416) | | | | (160,416) |
| Dividend payments for 2005 | | | | | | (8,596,812) | | | | (8,596,812) |
| Profit for the current year | | | | | | | | | 39,699,368 | 39,699,368 |
| Transfer of a portion of the 2006 profit to other reserves | | | | | | 19,849,683 | | | (19,849,683) | 0 |
| Translation differences | (14,041) | (21,643) | (16,602) | (740) | 740 | (30,350) | (158) | 1,329 | (4,316) | (85,783) |
| | | | | | | | | | | |
| Balance as at 31 December 2006 | 52,235,879 | 80,574,118 | 61,749,884 | 2,715,909 | (2,715,909) | 135,161,152 | 720,668 | 0 | 19,849,684 | 350,469,794 |

| | | | | REVENUE RESERVES | RESERVES | | | RETAINED PROFIT | PROFIT | |
|---|----------------------|-----------------|------------|----------------------------|-------------|------------------------------|---------------------------------------|----------------------|---------------------------------|--------------|
| (in EUR) | Called-up capital | Capital surplus | Legal | Reserves for own shares | Own shares | Other revenue reserves | Investment revaluation reserves | Retained earnings | Net profit for the period | |
| Balance as at 1 January 2007 | 52,235,879 | 80,574,118 | 61,749,884 | 2,715,909 | (2,715,909) | 135,161,152 | 720,668 | 0 | 19,849,684 | 350,469,794 |
| | | | | | | | | | | |
| Conversion of share capital into EUR | 5,098 | | | | | (2,098) | | | | |
| Transfer of net profit for the previous year to retained earnings | | | | | | | | 19,849,684 | (19,849,684) | 0 |
| Valuation of available-for-sale financial assets | | | | | | | 2,772,039 | | | 2,772,039 |
| Deferred tax liabilities | | | | | | | (598,172) | | | (598,172) |
| Gains on disposal of own shares | | 204,000 | | | | | | | | 204,000 |
| Disposal of own shares | | | | | 77,077 | | | | | 77,077 |
| Transfer to reserves | | | | (77,077) | | 77,077 | | | | 0 |
| Transfer to other reserves in accordance with a General Meeting resolution | | | | | | 9,924,842 | | (9,924,842) | | 0 |
| Payment of bonuses to the Supervisory Board | | | | | | | | | | 0 |
| Dividend payments for 2006 | | | | | | (11,337,007) | | | | (11,337,007) |
| Profit for the current year | | | | | | | | | 45,822,279 | 45,822,279 |
| Transfer of a portion of the 2007 profit to other reserves | | | | | | 22,911,140 | | | (22,911,140) | 0 |
| | | | | | | | | | | |
| Balance as at 31 December 2007 | 52,240,977 | 80,778,118 | 61,749,884 | 2,638,832 | (2,638,832) | 156,732,106 | 3,072,944 | 9,924,842 | 22,911,140 | 387,410,010 |
| Distributable profit for 2007 | | | | | | 14,604,107 | | 9,924,842 | 22,911,140 | 47,440,089 |

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

Cash flow statement

| | | TH | HE PETROL GROU | | | PETROL D.D. | |
|---|-------|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| (in EUR) | Notes | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 |
| Cash flows from operating activities | | | | | | | |
| Cash generated from operations | 40. | 31,253,120 | 122,029,597 | 26 | 28,983,743 | 95,219,200 | 30 |
| Interest paid | | (10,816,377) | (9,405,341) | 115 | (7,829,373) | (6,094,846) | 128 |
| Taxes paid | | (14,554,850) | (10,771,987) | 135 | (12,783,481) | (9,904,937) | 129 |
| | | | | | | | |
| Net cash flows from operating activities | | 5,881,893 | 101,852,268 | 6 | 8,370,889 | 79,219,417 | 11 |
| Cash flows from investing activities | | | | | | | |
| Expenditure for investments in subsidiaries | | (3,479,735) | 0 | - | (32,273,471) | (5,059,502) | 638 |
| Expenditure for investments in joint ventures | | (2,605,420) | 0 | - | (2,605,420) | 0 | - |
| Expenditure for investments in associates | | (190,013,560) | 0 | - | (190,013,560) | 0 | - |
| Receipts from intangible assets | | 21,094 | 0 | - | 0 | 0 | - |
| Expenditure for intangible assets | | (387,472) | (613,766) | 63 | (341,538) | (303,906) | 112 |
| Receipts from property, plant and equipment | | 5,514,071 | 5,571,128 | 99 | 1,372,368 | 5,463,074 | 25 |
| Expenditure for property, plant and equipment | | (72,762,011) | (42,884,301) | 170 | (26,169,900) | (17,182,732) | 152 |
| Receipts from investment property | | 0 | 38,808 | - | 0 | 38,808 | - |
| Receipts from available-for- sale financial assets | | 13,055,848 | 732,257 | - | 12,997,456 | 680,658 | - |
| Expenditure for available-for- sale financial assets | | (1,970,245) | (165,331) | - | (1,967,053) | (130,283) | - |
| Receipts from financial assets held for trading | | 16,160,347 | 12,071,470 | 134 | 0 | 0 | - |
| Expenditure for financial assets held for trading | | (15,738,152) | (12,493,665) | 126 | 0 | 0 | - |
| Receipts from loans granted | | 26,902,978 | 6,185,219 | 435 | 17,692,981 | 6,903,017 | 256 |
| Expenditure for loans granted | | (33,951,978) | (2,766,713) | - | (24,663,354) | (5,588,636) | 441 |
| Interest received | | 5,964,939 | 5,809,690 | 103 | 6,103,493 | 5,725,175 | 107 |
| Dividends received from subsidiaries | | 0 | 0 | - | 4,160,188 | 1,939,559 | 214 |
| Dividends received from joint ventures | | 2,883,898 | 3,384,652 | 85 | 2,883,898 | 3,384,652 | 85 |
| Dividends received from associates | | 3,223,278 | 2,963,287 | 109 | 3,223,278 | 2,963,287 | 109 |
| Dividends received from other companies | | 951,891 | 447,392 | 213 | 951,891 | 447,392 | 213 |
| Net cash flows from investing activities | | (246,230,229) | (21,719,876) | - | (228,648,743) | (719,437) | |

| | THE PETROL GROUP | | | | PETROL D.D. | |
|--|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 |
| Cash flows from financing activities | | | | | | |
| Receipts from loans received | 1,831,871,636 | 1,481,343,628 | 124 | 653,090,405 | 358,772,596 | 182 |
| Expenditure for loans received | (1,599,248,840) | (1,535,836,451) | 104 | (437,194,333) | (410,647,943) | 106 |
| Bonuses paid to the Supervisory Board | 0 | (160,416) | - | 0 | (160,416) | - |
| Dividends paid to shareholders | (10,589,660) | (8,073,051) | 131 | (10,589,660) | (8,073,051) | 131 |
| Net cash flows from financing activities | 222,033,136 | (62,726,290) | - | 205,306,412 | (60,108,814) | - |
| Increase/(decrease) in cash and cash equivalents | (18,315,200) | 17,406,103 | - | (14,971,442) | 18,391,166 | - |
| Changes in cash and cash equivalents | | | | | | |
| Beginning of the year | 28,677,797 | 11,275,080 | 254 | 25,484,819 | 7,095,560 | 359 |
| Translation differences | (191,913) | (3,386) | - | 0 | (1,907) | - |
| Increase/(decrease) | (18,315,200) | 17,406,103 | - | (14,971,442) | 18,391,166 | - |
| END OF THE PERIOD | 10,170,684 | 28,677,797 | 35 | 10,513,377 | 25,484,819 | 41 |

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

ACCOUNTING POLICIES OF THE PETROL GROUP

A. BASIS OF PREPARATION

Slovenia adopted the euro as a functional currency on 1 January 2007. On the date indicated, the assets, liabilities and equity of the companies in Slovenia were converted in their entirety to euros at the exchange rate of SIT 239.64 for 1 euro, in accordance with IAS 21.37. Revenue and expenses for 2007 have already been recorded and presented in euros.

For the purpose of preparing comparable data for 2006, all assets, liabilities and equity were converted to euros on 31 December 2005 at the exchange rate of SIT 239.5756 for 1 euro. However, the 2006 revenue and expenses were converted at the closing exchange rate of SIT 239.64 for 1 euro because the average exchange rate for the year differed only insignificantly from the closing rate. Due to a difference between the exchange rate as at 31 December 2005 and the closing exchange rate, conversion differences exist in the tables of changes for 2006.

In this report, the financial statements have been presented in euros (EUR) without cents. Due to rounding, some immaterial differences may arise with regard to the sums presented in the tables.

The consolidated financial statements have been prepared on the historical cost basis, with the exception of the following assets and liabilities, which are carried at their fair value: derivatives, investments held for trading, financial assets at fair value through profit or loss, and available-for-sale financial assets.

All companies in the Group keep their books of account in accordance with International Financial Reporting Standards.

B. BASIS OF CONSOLIDATION

The consolidated financial statements consist of financial statements of the controlling company and of subsidiaries. A subsidiary is a company in which the controlling company holds a dominant equity interest or has a controlling influence on other grounds.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values as at the date of acquisition. Any excess of the cost over the controlling company's share in the fair value of the acquired identifiable assets and liabilities is recognised as goodwill.

Any excess of the share in the fair value of the acquired identifiable assets and liabilities over the cost is recognised in profit or loss in the period of acquisition. The stake of minority shareholders is stated at the minority's proportion of the fair values of recognised assets and liabilities. Subsequently, any losses relating to the minority stake in excess of the minority stake are allocated to the proportion attributable to the parent company.

Shares in the profit of subsidiaries acquired or disposed of during the year are included in the consolidated income statement as from the effective date of acquisition or up to the effective date of disposal, as appropriate.

For the purpose of compiling consolidated financial statements, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group, where necessary.

All intra-group balances, unrealised gains, revenue and expenses are eliminated in full.

Investments in associates

An associate is a company in which the Group has a significant influence due to its equity interest therein or on other grounds.

Shares in profit are included in these financial statements using the equity method, unless they are classified as available-for-sale financial assets (see below).

Any excess of the cost over the controlling company's share in the fair value of acquired identifiable assets and liabilities is recognised as goodwill, but it is not carried separately, rather it represents a part of the investment in an associate. Any excess of the share in the fair value of the acquired identifiable assets and liabilities over the cost is recognised in profit or loss in the period of acquisition.

Joint ventures

The Group's interest in joint ventures is accounted for using the equity method, as described above for the associated companies.

Joint ventures are companies in which the Group holds 50 percent of voting rights.

C. GOODWILL

Goodwill resulting from consolidation represents the excess of the cost over the Group's interest in the fair value of acquired identifiable assets, liabilities and contingent liabilities of a subsidiary as at the date of acquisition.

Goodwill is recognised as an asset and is reviewed for impairment at least once a year. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

D. FINANCIAL INSTRUMENTS

The Group classifies investments into the following categories: available-for-sale financial assets, financial assets at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which an investment was acquired.

E. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

If fair value can be determined and gains or losses arising from the valuation are recognised directly in equity, except for impairment losses and foreign exchange gains or losses, such assets are valued at fair value until a financial asset is derecognised, at which point previously recognised accumulated gain or loss is recognised in profit or loss for the period. Interest calculated using the effective interest method is recognised in profit or loss. Dividends are recognised in profit or loss when the company's right to receive payment is exercised.

If there is not enough reliable information on the investment's fair value, such investment is carried at cost less a write-down to an eventual lower carrying amount of shares or interests. Considering the shallowness of the over-the-counter security market and poor transparency of transactions involving such securities, the Management Board believes that the discounted return models are not appropriate for determining the value of such securities as there is too much uncertainty linked to

input data used in such models to allow for a well founded planning. To determine a potential need for the impairment of investments, as much current information on the business performance of companies as possible is required and the analysis of their financial statements is needed.

F. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss include financial assets held for trading and assets designated at fair value through profit or loss on recognition.

Such assets are measured at fair value, while realised/unrealised gains and losses on valuation are recognised in profit or loss.

G. LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments, which are not listed on an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as long-term assets. In the balance sheet, loans and receivables are included in operating or other receivables that are disclosed at amortised cost using the effective interest rate.

H. TRANSLATION OF FOREIGN CURRENCIES

The consolidated financial statements are presented in euros, which is the controlling company's local and reporting currency. Items included in the financial statements of each of the Group's companies are measured using the currency of the primary economic environment in which the company operates (the "local currency").

The profit or loss and financial position of individual companies in the Group (none of which has the currency of a hyperinflationary economy) that have a local currency which is different from the reporting currency are translated into the reporting currency as follows:

- assets and liabilities in each balance sheet presented are translated using the middle exchange rate of the ECB on that balance sheet date:
- revenue and expenses in each income statement presented are translated using the average exchange rate of the ECB; and
- all resulting exchange rate differences are recognised as a separate component of equity (translation differences).

Foreign exchange differences arising from the translation of net investments in the companies abroad, borrowings and other currency instruments designated as hedges of such investments are disclosed as consolidated equity translation differences. When a company abroad is disposed of, these foreign exchange differences are recognised in the income statement as part of gains or losses on the sale.

Foreign currency transactions are converted into the reporting currency using the exchange rate valid on the date of transaction. Gains and losses arising from such transactions and from the conversion of cash and liabilities denominated in a foreign currency are recognised in profit or loss.

I. SEGMENT REPORTING

Business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns different from those of other business segments.

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

- petroleum products and other petroleum products,
- supplementary and other merchandise,
- · energy, and
- services.

Geographical segment represents products or services within a particular economic environment that are subject to risks and returns different from those operating in other economic environments.

J. INTANGIBLE ASSETS

On initial recognition, concessions for the construction of a gas network and distribution of natural gas are recognised at cost less accumulated amortisation.

Other intangible assets are initially measured at cost.

Amortisation is calculated using the straight-line method of amortisation, taking into account the useful life of intangible assets (other than goodwill for which the need for impairment is assessed on an annual basis), as follows:

| (in %) | 2007 | 2006 |
|-------------------|----------------|----------------|
| Concessions | 3.45 - 20.00% | 3.45 - 20.00% |
| Computer software | 20.00 - 25.00% | 20.00 - 25.00% |
| Other rights | 3.33 - 20.00% | 3.33 - 20.00% |

The Group has no intangible assets with unidentifiable useful lives.

K. PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses, except for land, which is stated at cost less any impairment. The cost includes expenses that are directly attributable to the acquisition of an individual fixed asset.

Maintenance and repairs, replacements and improvements of minor importance are recognised as expensed as incurred. Amounts of major renovations are depreciated over the remaining useful life of a corresponding asset or to the date of the next major renovation, whichever is sooner.

The asset's residual values and useful lives are periodically reviewed and adjusted, if appropriate. If an asset's carrying amount is greater than its estimated recoverable amount, the asset's carrying amount is immediately written down to its recoverable amount and recognised in profit or loss.

Depreciation is calculated using the straight-line method of depreciation, taking into account the useful life of property, plant and equipment, as follows:

| (in %) | 2007 | |
|--|----------------|----------------|
| Buildings: | | |
| Buildings at service stations | 2.50 - 10.00% | 2.50 - 10.00% |
| Underground and ground-level reservoirs | 2.85 - 50.00% | 2.85 - 50.00% |
| Underground service roads at service stations | 5.00 - 14.30% | 5.00 - 14.30% |
| Other buildings | 1.43 - 50.00% | 1.43 - 50.00% |
| Equipment: | | |
| Equipment - mechanical and electronic equipment for maintenance of other equipment | 10.00 - 25.00% | 10.00 - 25.00% |
| Equipment at gas terminals | 3.33 - 20.00% | 3.33 - 20.00% |
| Pumping equipment at service stations | 5.00 - 25.00% | 5.00 - 25.00% |
| Motor vehicles | 10.00 - 25.00% | 10.00 - 25.00% |
| Trucks - cisterns | 25.00% | 25.00% |
| Computer hardware | 15.00 - 25.00% | 16.00 - 25.00% |
| Office equipment - furniture | 6.7 - 12.50% | 10.00 - 12.50% |
| Small tools: | 33.33% | 33.33% |
| Environment fixed assets: | 5.00 - 25.00% | 5.00 - 25.00% |

Depreciation commences when an assets is ready for use. Construction in progress is not depreciated.

Gains and losses on disposals or elimination are determined by comparing sales revenue with the carrying amount. These are included in the income statement. Borrowing costs incurred in respect of an asset in preparation can be capitalised in the period required to complete and prepare the asset for its intended use. Other borrowing costs are recognised as expenses.

Items of property, plant and equipment available for sale are disclosed separately from other assets and are not depreciated in the year of sale.

L. INVESTMENT PROPERTY

Investment property is the property held by the Group to earn rentals or for capital appreciation or both.

Investment property is valued using the cost model. After the recognition, an asset is recorded at cost less accumulated depreciation and accumulated loss arising from impairment. Depreciation rates are the same as for other tangible assets.

The preponderant share of investment property leased to lessees outside the Petrol Group consists of the parts of buildings used by the Petrol Group in performing its own activities. The Petrol Group does not intend to dispose of the buildings, which are being leased, as a whole. Consequently, the fair value of parts of buildings has not been assessed. The Management Board believes that the fair value of the investment property is at least equal to its carrying amount.

M. LEASE

Finance lease

A lease is classified as a finance lease when under the terms of the lease all significant risks and benefits of ownership are transferred to the lessee. All other leases are classified as operating leases.

The Group as a lessor

Amounts due from lessees under a finance lease are recorded as receivables in the amount of the net investment under lease. Finance lease revenue is allocated to accounting periods so as to reflect a constant periodic rate of return on the leased net investment that is yet to be realised.

Finance lease revenue is recognised on a straight-line basis over the lease period.

Operating lease

Expenses and revenue arising from an operating lease are recognised in the income statement on a straight-line basis over the period of the lease.

N. INVENTORIES

Inventories of merchandise and material are initially valued at cost, which consists of the purchase price, import duties and direct purchase costs. Any discounts obtained are subtracted from the purchase price. Direct purchase costs include transportation costs, the costs of loading, reloading and unloading, transport insurance costs, handling costs, costs related to brokerage and agency arrangements, other sundry costs incurred prior to initial storage and borne by the purchaser, and non-refundable duties. Purchase price discounts include discounts indicated on the invoice and subsequently obtained discounts relating to a specific purchase.

Duties included in the purchase price of petroleum product inventories in non-customs warehouses and at service stations include in particular: import duties, excise duty, carbon tax, and membership fees related to mandatory commodity reserves of the Republic of Slovenia.

Inventories are revalued due to impairment if their carrying amount exceeds their market value. The market value means the replacement cost unless the replacement cost exceeds the net realisable value (in this case the net realisable value is considered to be the market value) or the net realisable value less gross return exceeds the replacement cost of merchandise (in this case the net realisable value less gross return is considered to be the market value). A reduction in the value of inventories of material and small tools is charged to the costs of material, while a reduction in the value of inventories of merchandise is charged to corresponding operating expenses.

The consumption of merchandise is accounted for using the first-in, first-out (FIFO) method. The FIFO method assumes that the items of inventories that have been purchased or produced first are also the first to be sold. Accordingly, the items remaining in the inventories at the end of the period are the ones that were bought most recently.

The consumption of material is accounted for using the method of average cost for the accounting period. At the end of each month, inventories of material are restated to a new value which corresponds to the average cost for the accounting period.

For inventories that have remained unchanged for more than a year, the Group forms a 100 % allowance to the debit of operating expenses.

O. TRADE RECEIVABLES

Trade receivables are carried at their nominal value less relevant allowances for estimated irrecoverable amounts.

Receivables are revalued for impairment if their net carrying amount exceeds their fair value, i.e. the collectible amount. Receivables for which it can be assumed they will not be settled in a regular payment period or up to their full amount are deemed doubtful. Should court proceedings be initiated, they are deemed disputed.

Allowances are made as follows:

- 100% for domestic trade receivables that are overdue by more than 60 days,
- 70% for doubtful and disputed receivables,
- for receivables that require allowances on the basis of an individual assessment of collectibility, irrespective of the above conditions.

For receivables from foreign legal and natural persons, an allowance in the amount of 100% is made for all doubtful and disputed receivables other than insured receivables.

In the income statement, the formation of allowances is disclosed under general and administrative costs or operating expenses for operating current assets.

P. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, bank deposits with maturities of up to 3 months, and other current and highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at cost.

Q. SHARE CAPITAL

The called-up capital of the controlling company Petrol d.d. consists of share capital that is nominally defined in its Articles of Association, registered with a court, and has been paid up by its owners.

Dividends on ordinary shares are recognised in equity for the period in which they were approved by the General Meeting.

Capital surplus

General equity revaluation adjustments as at 31 December 2006 included the revaluation of share capital prior to 2002, as provided by Slovene Accounting Standards. Because of the transition to International Financial Reporting Standards, the revaluation adjustment was moved to capital surplus. This amount can only be used to increase the share capital.

Legal and other reserves

Legal and other reserves comprise a portion of profit from previous years that has been retained for a dedicated purpose, mainly for offsetting eventual future losses. The reserves include legal reserves and other revenue reserves. When formed, they are recognised by the body responsible for preparation of the annual report or by way of a resolution of this body.

Reserves for own shares

If the parent company or its subsidiaries acquire an ownership interest in the parent company, the amount paid, including transaction costs less tax, is deducted from the total equity in the form of own shares until such shares are cancelled, reissued or sold. If own shares are subsequently sold or reissued, the consideration received is included in equity net of transaction costs and related tax effects.

R. LIABILITIES

Liabilities are initially recognised at fair value less transaction costs incurred. They are subsequently disclosed at amortised cost using the effective interest rate method. Over the borrowing period, any difference between the amount (excluding transaction costs) and the amortised cost is recognised in the income statement using the effective interest rate method.

S. TAXATION

Tax expenses represent the sum of current tax liabilities and deferred tax liabilities.

Current tax liabilities are based on the taxable income for the year. Taxable income differs from net profit reported in the income statement as it excludes the revenue and expense items that are taxable or deducted in other years, and other items that are never subject to taxation or deduction. The Group's current tax liabilities are calculated using the tax rates effective on the balance sheet date.

Deferred income tax is fully disclosed using the balance sheet liability method for temporary differences arising between the tax base of assets and liabilities and their carrying amounts in individual financial statements. Deferred income tax is determined using the tax rates (and legislation) that are effective on the balance sheet date and are expected to apply when a deferred tax asset is realised or a deferred tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable income will be available against which temporary differences can be used.

T. PROVISIONS

Provisions are recognised when the Group has a current legal or indirect commitment arising from past events if it is likely that outflows will be required to settle this commitment and a reliable estimate of the amount can be made.

Environmental provisions

The creation of long-term provisions for investments in environmental modernisation, improvements and the clean-up of the bitumen dump at Pesniški Dvor has been approved by the Ministry of the Environment as part of laws relating to the ownership transformation of Slovene companies. In accordance with the Act Governing the Use of Funds Reserved on a Long-Term Basis for Environmental Rehabilitation, the provisions are reduced each year by an amount equal to the depreciation of purchased environmental property, plant and equipment and by an amount for the coverage of costs relating to the clean-up of the bitumen dump at Pesniški Dvor.

Post-employment benefits

Employees are entitled to receive severance pay upon retirement, which is recognised in accordance with the Employment Act on the termination of employment.

Severance pay upon retirement is determined using the projected unit credit method (accrued benefit method pro-rated on service). The provisions set aside by the Group in this respect thus correspond to the number of years of service. On 31 December, an actuarial evaluation is performed which is appropriately recorded through profit or loss.

Severance pay upon retirement reduces the provisions as they fall due.

Other long-term benefits

Employees are entitled to receive jubilee benefits which are recognised upon the fulfilment of conditions relating to the length of service.

Jubilee benefits are determined using the projected unit credit method (accrued benefit method pro-rated on service). The provisions set aside by the Group in this respect thus correspond to the number of years of service. On 31 December, an actuarial evaluation is performed which is appropriately recorded through profit or loss.

The payment of jubilee benefits reduces the provisions as they fall due.

Jubilee benefits are paid to employees based on the calculations and thresholds set out in the following table:

| Years of service | Benefit (% of average monthly salary in Slovenia) |
|------------------|---|
| 10 years | 40 |
| 20 years | 60 |
| 25 years | 70 |
| 30 years | 80 |
| 35 years | 90 |
| 40 years | 100 |

U. RECOGNITION OF REVENUE

Revenue is measured at fair value of the received consideration or receivable and represents the amounts receivable for merchandise and services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Revenue is recognised as follows:

Sales of merchandise

The sales of merchandise are recognised when the Group delivers products to the customer, the customer accepts the products, and the collectibility of the related receivables is reasonably assured.

Sales of services

The sales of services are recognised in the accounting period in which the services are rendered, subject to the completion of a transaction assessed on the basis of the actual service provided as a proportion of total services to be provided.



Connection fee

Since concessions are amortised over the period of 20 to 30 years, the connection fees are recognised on a straight-line basis over the same period as concession.

Revenue from interest

Interest revenue is accrued on a time basis with regard to the principal outstanding and at the applicable effective interest rate, which is the rate that exactly discounts estimated future cash receipts over the expected life of a financial asset to the asset's net carrying amount.

Revenue from dividends

Dividend revenue from investments is recognised when the payment is received.

V. COST OF MERCHANDISE SOLD

The cost of merchandise sold is transferred using the FIFO method.

The inventories of material are transferred using average purchase costs for the accounting period.

W. GENERAL AND ADMINISTRATIVE COSTS (INCLUDING DEPRECIATION OR AMORTISATION) AND SELLING COSTS (INCLUDING DEPRECIATION OR AMORTISATION)

General and administrative costs (including depreciation or amortisation) and selling costs (including depreciation or amortisation) comprise all costs incurred in the accounting period. They represent the costs of commercial and administrative tasks, and costs related to the sale of products and services.

As these costs do not affect the inventory valuation, they are recognised in their entirety in the accounting period in which they are incurred.

Individual types of costs are posted to separate cost centres, which allows for direct allocation of costs to selling costs and general and administrative costs. Should that prove impossible, 80% of costs are allocated to selling costs and 20% to general and administrative costs.

In financial accounting, these costs are initially broken down by primary types as:

- costs of material.
- · costs of services,
- costs of depreciation (amortisation),
- labour costs,
- costs of duties independent of profit or loss.

X. LABOUR COSTS

Labour costs include:

- employees' salaries (gross);
- salary compensation paid to employees under employment regulations or employment contracts for periods of their absence from work (in the gross amount charged to the company);
- employee allowances that are not directly work-related and have the nature of salaries (transportation expenses, meal allowances);
- benefits in kind, gifts and bonuses to employees;
- severance pay; and
- duties subsequently charged on the above items and against the payer.

Y. FINANCIAL EXPENSES

Financial expenses comprise the expenses due to the impairment of long-term and short-term investments, interest expenses and other financial expenses.

Z. RISKS MANAGEMENT AND DERIVATES

a) Forward transactions:

The Petrol Group purchases petroleum products in US dollars, but sells them primarily in euros. Because purchases and sales are made in different currencies, mismatches occur, which are hedged using forward transactions.

The fair value of forward transactions on the balance sheet date is determined by obtaining for each outstanding transaction the value it would have, had it been concluded on the balance sheet date.



b) Commodity swaps:

In purchasing and selling of petroleum products, mismatches occur between the purchase and selling price, which is hedged using commodity swaps.

The fair value of commodity swaps on the balance sheet date is determined using publicly available tables of data issued by relevant institutions in relation to commodity swaps on the balance sheet date.

c) Interest rate swaps and interest rate collars

In relation to interest rates on loans received, there is a risk of interest rate fluctuations, which is hedged using interest rate swaps and interest rate collars.

The fair value of interest rate swaps and interest rate collars on the balance sheet date is determined by discounting future cash flows arising from variable interest rate (interest proceeds from a swap) and from fixed interest rate (interest payments from a swap).

Risk management is further explained in the business report in the chapter: Management of business risks.

AA. COMPARATIVE FIGURES

Comparative financial statements have been prepared on a comparable basis for the previous year.

BB. USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of financial statements, and the disclosed amounts of revenue and expenses in the reported period.

These estimates and assumptions mainly relate to:

- revaluation of property, plant and equipment;
- estimation of useful lives of depreciable assets;
- impairment of assets;
- employee benefits, provisions, etc.

Actual results could differ from these estimates.

Estimates are subject to regular verification. Changes in accounting estimates are recognised in the period in which they were changed if the change affects that period only. If the change affects future periods, they are recognised in the period of the change and in future periods.

CC. CASH FLOW STATEMENT

In the section referring to business operations, the income statement has been prepared on the basis of the indirect method using data derived from the balance sheet as at 31 December 2006 and 31 December 2007 and data derived from the income statement for 2007. The section referring to investing and financing has been prepared on the basis of the direct method.

ACCOUNTING POLICIES OF THE COMPANY PETROL D.D., LJUBLJANA

Accounting policies of the company Petrol d.d., Ljubljana equal the accounting policies of the Petrol Group, with the exception of the policy relating to investments in subsidiaries, joint ventures and associates.

DD. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

In the stand-alone financial statements of the company Petrol d.d., Ljubljana, investments in subsidiaries, joint ventures and associates have been accounted for at cost.



NOTES TO THE FINANCIAL STATEMENTS

1. Segment reporting of the Petrol Group

| (in EUR) | Petroleum products | Supplementary and other merchandise | Services | Energy | Net eliminations | Total |
|---|--------------------|---|--------------|--------------|---------------------|-----------------|
| Year ended 31 December 2006 | | | | | | |
| Revenue | 2,655,095,774 | 216,290,965 | 48,772,363 | 81,343,807 | 0 | 3,001,502,909 |
| Revenue from relations with subsidiaries | (1,026,819,947) | (605,646) | (15,999,720) | (16,628,017) | 0 | (1,060,053,330) |
| Net revenue | 1,628,275,827 | 215,685,319 | 32,772,642 | 64,715,790 | 0 | 1,941,449,579 |
| Profit for the segment (operating profit) | 39,960,624 | 4,073,602 | 399,658 | 2,723,819 | (23,297) | 47,134,406 |
| Net financial revenue | 00,000,024 | 4,070,002 | 000,000 | 2,720,010 | (20,201) | 1,488,871 |
| Share in profit of joint ventures | | | | | | 1,938,650 |
| Share in profit of associates | | | | | | 9,917,301 |
| Pre-tax profit | | | | | | 60,479,227 |
| Taxes | | | | | | (10,648,807) |
| Net profit for the period | | | | | | 49,830,421 |
| Net (profit)/loss of minority shareholders | | | | | | (12,473) |
| Net profit of majority shareholder | | | | | | 49,817,948 |
| Segment assets | 859,300,325 | 87,871,716 | 31,412,682 | 57,455,988 | (244,531,163) | 791,509,548 |
| Deferred tax assets | 000,000,020 | 07,071,710 | 01,412,002 | 37,433,300 | (244,301,100) | 1,879,327 |
| Joint ventures | | | | | | 7,210,674 |
| Associates | | | | | | 42,836,108 |
| Total assets | | | | | | 843,435,658 |
| | | | | | | , , |
| Segment liabilities | 514,115,792 | 50,976,127 | 11,773,060 | 29,790,953 | (164,650,868) | 442,005,064 |
| Deferred tax liabilities | | | | | | 834,509 |
| Joint ventures | | | | | | 675,580 |
| Associates | | | | | | 3,523,018 |
| Total liabilities | | | | | | 447,038,171 |
| Investment expenditure | 30,693,031 | 2,453,288 | 589,876 | 6,436,008 | 0 | 40,172,204 |
| Amortisation of intangible assets and depreciation of property, plant and equipment | 22,298,702 | 2,682,349 | 822,480 | 1,972,722 | 0 | 27,776,252 |
| Write-downs | 6,215,361 | 465,365 | 108,813 | 270,885 | 0 | 7,060,424 |
| | | | | | | |

| | Petroleum | Supplementary and other | | | Net | |
|---|-----------------|-------------------------|--------------|--------------|---------------|-----------------|
| (in EUR) | products | merchandise | Services | Energy | eliminations | Total |
| Year ended 31 December 2007 | | | | | | |
| Revenue | 2,790,621,284 | 263,610,245 | 44,636,513 | 96,975,819 | 0 | 3,195,843,861 |
| Revenue from relations with subsidiaries | (1,042,987,641) | (710,385) | (18,481,917) | (24,199,590) | 0 | (1,086,379,533) |
| Net revenue | 1,747,633,643 | 262,899,860 | 26,154,596 | 72,776,229 | 0 | 2,109,464,328 |
| | | | | | (12.22) | |
| Profit for the segment (operating profit) | 41,385,985 | 4,934,448 | 453,540 | 3,699,063 | (10,993) | 50,462,043 |
| Net financial revenue | | | | | | 5,655,058 |
| Share in profit of joint ventures | | | | | | 2,003,455 |
| Share in profit of associates | | | | | | 8,205,376 |
| Pre-tax profit | | | | | | 66,325,932 |
| Taxes | | | | | | (13,050,826) |
| Net profit for the period | | | | | | 53,275,106 |
| Net (profit)/loss of minority shareholders | | | | | | (19,085) |
| Net profit of majority shareholder | | | | | | 53,256,021 |
| Segment assets | 953,121,141 | 109,055,596 | 30,396,338 | 72,197,916 | (324,391,242) | 840,379,749 |
| Deferred tax assets | | | | | | 1,712,646 |
| Joint ventures | | | | | | 14,643,519 |
| Associates | | | | | | 257,921,032 |
| Total assets | | | | | | 1,114,656,946 |
| Commont linkilities | 745 000 070 | 00.005.010 | 14.074.705 | 0F 044 0C4 | (010 055 107) | 667 101 745 |
| Segment liabilities | 745,002,070 | 88,365,213 | 14,274,725 | 35,844,864 | (216,355,127) | 667,131,745 |
| Deferred tax liabilities | | | | | | 1,680,775 |
| Joint ventures | | | | | | 807,190 |
| Associates | | | | | | 5,119,311 |
| Total liabilities | | | | | | 674,739,021 |
| Investment expenditure | 44,914,557 | 4,671,924 | 733,756 | 13,729,903 | 0 | 64,050,140 |
| Amortisation of intangible assets and depreciation of property, plant and equipment | 22,221,420 | 3,067,342 | 595,789 | 2,311,647 | 0 | 28,196,198 |
| Write-downs | 1,913,577 | 245,613 | 28,965 | 214,325 | 0 | 2,402,480 |



1. Segment reporting of the company Petrol d.d.

| | | Supplementary | | | |
|---|--------------------|-----------------------|------------|------------|---------------|
| (in EUR) | Petroleum products | and other merchandise | | | |
| Year ended 31 December 2006 | | | | | |
| | | | | | |
| Revenue | 1,442,236,584 | 208,224,311 | 29,228,241 | 22,525,237 | 1,702,214,373 |
| Revenue from relations with subsidiaries | 125,845,773 | 605,646 | 389,180 | 5,130,325 | 131,970,924 |
| Net revenue | 1,568,082,357 | 208,829,957 | 29,617,421 | 27,655,562 | 1,834,185,297 |
| Profit for the segment (operating profit) | 30,717,192 | 4,090,774 | 580,173 | 541,745 | 35,929,884 |
| Net financial revenue | | | | | 4,939,859 |
| Share in profit of subsidiaries | | | | | 1,939,559 |
| Share in profit of joint ventures | | | | | 3,384,652 |
| Share in profit of associates | | | | | 2,963,287 |
| Pre-tax profit | | | | | 49,157,243 |
| Taxes | | | | | (9,457,875) |
| Net profit for the period | | | | | 39,699,368 |
| Segment assets | 630,332,569 | 84,044,342 | 11,795,697 | 11,058,466 | 737,231,074 |
| Deferred tax assets | | , , | , , | | 1,038,063 |
| Joint ventures | | | | | 7,190,273 |
| Associates | | | | | 42,818,682 |
| Total assets | | | | | 788,278,092 |
| Segment liabilities | 372,337,074 | 49,644,944 | 6,967,712 | 6,532,230 | 435,481,960 |
| Deferred tax liabilities | 0.2,00.,01 | 10,011,011 | 0,007,772 | 3,332,233 | 268,555 |
| Joint ventures | | | | | 675,580 |
| Associates | | | | | 1,382,202 |
| Total liabilities | | | | | 437,808,298 |
| | | | | | |
| Investment expenditure | 12,480,752 | 1,664,100 | 233,558 | 218,961 | 14,597,371 |
| Amortisation of intangible assets and depreciation of property, plant and equipment | 19,460,641 | 2,594,752 | 364,176 | 341,415 | 22,760,984 |
| Write-downs | 2,614,150 | 348,553 | 48,920 | 45,862 | 3,057,485 |

| | | Supplementary | | | |
|---|--------------------|--------------------------|------------|------------|---------------|
| (in EUR) | Petroleum products | and other merchandise | | Energy | |
| Year ended 31 December 2007 | | | | | |
| | | | | | |
| Revenue | 1,516,599,820 | 251,032,716 | 24,566,490 | 20,950,532 | 1,813,149,558 |
| Revenue from relations with subsidiaries | 111,899,561 | 701,038 | 2,077,414 | 6,436,078 | 121,114,091 |
| Net revenue | 1,628,499,381 | 251,733,754 | 26,643,904 | 27,386,610 | 1,934,263,649 |
| Profit for the segment (operating profit) | 31,657,806 | 4,892,126 | 518,919 | 533,960 | 37,602,811 |
| Net financial revenue | | | | | 9,354,933 |
| Share in profit of subsidiaries | | | | | 4,160,188 |
| Share in profit of joint ventures | | | | | 2,883,898 |
| Share in profit of associates | | | | | 3,223,278 |
| Pre-tax profit | | | | | 57,225,108 |
| Taxes | | | | | (11,402,829) |
| Net profit for the period | | | | | 45,822,279 |
| Segment assets | 682,681,353 | 105,495,717 | 11,190,168 | 11,514,521 | 810,881,759 |
| Deferred tax assets | | | | | 971,332 |
| Joint ventures | | | | | 9,798,496 |
| Associates | | | | | 232,967,915 |
| Total assets | | | | | 1,054,619,502 |
| Segment liabilities | 557,871,044 | 86,208,603 | 9,144,341 | 9,409,394 | 662,633,382 |
| Deferred tax liabilities | 007,071,044 | 00,200,000 | 0,144,041 | 0,400,004 | 1,960,921 |
| Joint ventures | | | | | 807,190 |
| Associates | | | | | 1,808,000 |
| Total liabilities | | | | | 667,209,493 |
| | | | | | |
| Investment expenditure | 18,723,048 | 2,893,299 | 306,899 | 315,794 | 22,239,040 |
| Amortisation of intangible assets and depreciation of property, plant and equipment | 18,709,177 | 2,891,156 | 306,671 | 315,560 | 22,222,565 |
| Write-downs | 1,422,936 | 219,888 | 23,324 | 24,000 | 1,690,149 |

The operations of the Petrol Group and the company Petrol d.d., Ljubljana are organised into the following four main business segments, which represent a basis for reporting relevant information by segments:

- petroleum products,
- supplementary and other merchandise,
- services, and
- energy.

The assets broken down by segments mainly include property, plant and equipment, intangible assets, inventories, receivables and cash, but exclude financial investments. The liabilities broken down by segments comprise all liabilities other than deferred tax liabilities. Investment expenditure includes increases in property, plant and equipment and increases in intangible assets.

Secondary reporting format - geographical segments of the Petrol Group

| | SALES | | | TOTAL / | ASSETS | | INVESTMENT EXPENDITURE | | |
|---------------------------|---------------|---------------|----------------|---------------|-------------|----------------|------------------------|------------|----------------|
| (in EUR) | 2007 | | Index 07/06 | | | Index 07/06 | | | Index 07/06 |
| Slovenia | 1,771,246,129 | 1,678,453,810 | 106 | 515,739,143 | 629,995,051 | 82 | 34,686,728 | 21,673,852 | 160 |
| Croatia | 147,238,411 | 111,948,948 | 132 | 86,688,448 | 64,387,385 | 135 | 22,602,825 | 7,710,699 | 293 |
| Bosnia and Herzegovina | 141,965,387 | 139,595,088 | 102 | 65,355,043 | 60,975,931 | 107 | 3,636,930 | 6,793,236 | 54 |
| Austria | 727,900 | 1,382,445 | 53 | 775,360 | 2,439,530 | 32 | 3,471 | 8,901 | 39 |
| Other countries | 48,286,501 | 10,069,287 | 480 | 171,821,753 | 33,711,651 | 510 | 3,120,187 | 3,985,516 | 78 |
| | 2,109,464,328 | 1,941,449,579 | 109 | 840,379,748 | 791,509,548 | 106 | 64,050,140 | 40,172,204 | 159 |
| | | | | | | | | | |
| Joint ventures | | | | 14,643,519 | 7,210,674 | 203 | | | |
| Associates | | | | 257,921,032 | 42,836,108 | 602 | | | |
| Unallocated assets | | | | 1,712,647 | 1,879,327 | 91 | | | |
| TOTAL ASSETS | | | | 1,114,656,946 | 843,435,658 | 132 | | | |

Secondary reporting format - geographical segments of the company Petrol d.d.

| | SALES | | | TOTAL ASSETS | | | INVESTMENT | EXPENDITURE | |
|---------------------------|---------------|---------------|----------------|---------------|-------------|----------------|------------|-------------|----------------|
| (in EUR) | 2007 | | Index 07/06 | | | Index 07/06 | | | Index 07/06 |
| Slovenia | 1,726,751,085 | 1,634,676,317 | 106 | 723,888,369 | 657,040,586 | 110 | 19,853,181 | 13,009,578 | 153 |
| Croatia | 87,010,633 | 98,895,577 | 88 | 36,476,586 | 40,003,255 | 91 | 1,000,398 | 787,061 | 127 |
| Bosnia and Herzegovina | 92,002,552 | 91,646,774 | 100 | 38,569,298 | 37,431,497 | 103 | 1,057,792 | 729,371 | 145 |
| Austria | 4,060,115 | 1,296,833 | 313 | 1,702,081 | 540,085 | 315 | 46,681 | 10,321 | 452 |
| Other countries | 24,439,264 | 7,669,796 | 319 | 10,245,425 | 2,215,651 | 462 | 280,988 | 61,040 | 460 |
| | 1,934,263,649 | 1,834,185,297 | 105 | 810,881,759 | 737,231,074 | 110 | 22,239,040 | 14,597,371 | 152 |
| | | | | | | | | | |
| Joint ventures | | | | 9,798,496 | 7,190,273 | 136 | | | |
| Associates | | | | 232,967,915 | 42,818,682 | 544 | | | |
| Unallocated assets | | | | 971,332 | 1,038,063 | 94 | | | |
| TOTAL ASSETS | | | | 1,054,619,502 | 788,278,092 | 134 | | | |

The Petrol Group and the company Petrol d.d., Ljubljana operate in three main geographical segments: Slovenia, Croatia, Bosnia and Herzegovina. The parent company, which is also the largest company of the Petrol Group, is based in Slovenia.

2. Other operating revenue

| | THE PETROL GROUP | | | | PETROL D.D. | |
|--|------------------|------------|-----------------|-----------|-------------|----------------|
| (in EUR) | 2007 | 2006 | Indeks 07/06 | 2007 | 2006 | Index 07/06 |
| Utilisation of environmental provisions | 5,210,395 | 2,814,881 | 185 | 5,210,395 | 2,814,881 | 185 |
| Reversal of allowances for receivables | 1,513,856 | 1,399,357 | 108 | 169,407 | 34,232 | 495 |
| Written off receivables collected | 568,005 | 40,077 | - | 566,530 | 35,486 | - |
| Elimination of accrued inventory deficits | 518,372 | 0 | - | 518,372 | 0 | - |
| Profit on disposal of fixed assets | 378,782 | 1,858,696 | 20 | 323,697 | 1,830,180 | 18 |
| Cash discounts, rebates received | 294,504 | 259,589 | 113 | 202,767 | 176,673 | 115 |
| Elimination of accrued costs, expenses | 250,831 | 1,048,640 | 24 | 250,831 | 489,484 | 51 |
| Revenues from elimination of accrued litigation costs | 186,482 | 4,815,052 | 4 | 186,482 | 4,799,019 | 4 |
| Lawsuits won in previous years | 165,143 | 0 | - | 165,143 | 0 | - |
| Compensation received from insurance companies | 143,664 | 395,902 | 36 | 129,593 | 316,406 | 41 |
| Repayment of court fees | 99,007 | 114,947 | 86 | 86,709 | 105,522 | 82 |
| Revenues from depreciation and amortisation of assets under management | 65,400 | 65,400 | 100 | 52,262 | 52,262 | 100 |
| Compensation received from the Government | 38,330 | 4,332,165 | 1 | 38,330 | 4,332,165 | 1 |
| Compensation received | 22,385 | 0 | - | 22,325 | 36,293 | 62 |
| Refund of the fee for the building site use | 11,724 | 2,164,818 | 1 | 11,724 | 2,164,818 | 1 |
| Contractual penalties received | 6,000 | 38,954 | 15 | 6,000 | 38,954 | 15 |
| Elimination of accrued bonuses | 0 | 472,033 | - | 0 | 472,033 | - |
| Others | 1,114,938 | 762,947 | 146 | 177,572 | 52,780 | 336 |
| | | | | | | |
| Total other operating revenue | 10,587,818 | 20,583,459 | 51 | 8,118,137 | 17,751,189 | 46 |

The utilisation of environmental provisions of the company Petrol d.d., Ljubljana in the amount of EUR 5,210,395 (in 2006: 2,814,881) is related to the accounted for depreciation of environmental fixed assets in the amount of EUR 1,635,438 (in 2006: EUR 1,659,611) and the costs incurred in connection with the dump clean-up at Pesniški Dvor in the amount of EUR 3,574,957 (in 2006: EUR 1,155,270).

The reversal of allowances for the Petrol Group's receivables mostly includes the reversal of receivables from the company Petrol Trgovina d.o.o. in the amount of EUR 1,094,458 and the company Petrol BH Oil Company d.o.o. in the amount of EUR 141,192, and the repayment of overdue receivables.

Written off receivables collected include in particular the final repayment received by Petrol d.d., Ljubljana from a debtor's bankruptcy estate.

The elimination of accrued inventory deficits by Petrol d.d., Ljubljana represents the difference between envisaged and actual deficits in the inventory period.

Major differences between the amounts for 2007 and 2006 are as follows:

- In 2006 profit on the disposal of fixed assets was higher primarily due to profit generated by Petrol d.d., Ljubljana on the disposal of a warehouse in Maribor in the amount of EUR 846,102, land in Gornja Radgona in the amount of EUR 561,738, land in Celje in the amount of EUR 157,165, and other land of Petrol d.d., Ljubljana and the Petrol Group in the amount of EUR 293,691.
- Compensation received from the Government in 2006 is mostly associated with the judgement received by Petrol d.d., Ljubljana from the Higher Court in Ljubljana, under which the company received from the Republic of Slovenia a compensation and interest on arrears arising from unreasonably lengthy decision-making procedures.
- The refund of the fee for the building site use received by Petrol d.d., Ljubljana in 2006 mostly includes the refund of previously overcharged fees for the use of a building site in Nova Gorica.
- The elimination of accrued bonuses by Petrol d.d., Ljubljana in 2006 represents unpaid bonuses for 2005.
- The elimination of accrued litigation costs by Petrol d.d., Ljubljana in 2006 represents the reversal of provisions in accordance with a Constitutional Court judgement on the accounting for interest.

3. Selling costs, and general and administrative costs

| | | THE PETROL GROUP | | | | PETROL D.D. | | |
|------------------------------|-----|------------------|----------------------------------|-------------|-------------|----------------------------------|-------------|--|
| (in EUR) | | Selling costs | General and administrative costs | | | General and administrative costs | | |
| Year ended 31 December 2006 | | | | | | | | |
| | | | | | | | | |
| Costs of material | 4. | 7,224,796 | 778,188 | 8,002,984 | 6,575,260 | 597,838 | 7,173,098 | |
| Costs of services | 5. | 80,176,940 | 13,072,626 | 93,249,566 | 88,210,222 | 10,895,769 | 99,105,992 | |
| Labour costs | 6. | 29,966,420 | 14,956,506 | 44,922,926 | 15,275,398 | 10,304,896 | 25,580,294 | |
| Depreciation or amortisation | 7. | 25,687,932 | 2,088,320 | 27,776,252 | 21,036,466 | 1,724,518 | 22,760,983 | |
| Write-downs | 8. | 0 | 7,060,424 | 7,060,424 | 0 | 3,057,485 | 3,057,485 | |
| Other costs | 9. | 285,086 | 1,017,343 | 1,302,429 | 327,455 | 823,379 | 1,150,835 | |
| Other operating expenses | 10. | 2,446,678 | 254,490 | 2,701,168 | 2,324,196 | 4,521 | 2,328,717 | |
| TOTAL | | 145,787,853 | 39,227,896 | 185,015,749 | 133,748,998 | 27,408,405 | 161,157,403 | |

| | | THE PETROL GROUP | | | PETROL D.D. | | |
|------------------------------|-----|------------------|----------------------------------|-------------|-------------|----------------------------------|-------------|
| (in EUR) | | | General and administrative costs | | | General and administrative costs | |
| Year ended 31 December 2007 | | | | | | | |
| | | | | | | | |
| Costs of material | 4. | 8,843,136 | 906,139 | 9,749,275 | 7,273,068 | 686,718 | 7,959,786 |
| Costs of services | 5. | 86,849,421 | 13,313,019 | 100,162,440 | 93,838,466 | 11,004,208 | 104,842,674 |
| Labour costs | 6. | 29,935,222 | 14,608,991 | 44,544,213 | 14,327,330 | 9,939,003 | 24,266,332 |
| Depreciation or amortisation | 7. | 25,996,246 | 2,199,952 | 28,196,198 | 20,407,649 | 1,814,916 | 22,222,565 |
| Write-downs | 8. | 0 | 2,402,480 | 2,402,480 | 0 | 1,690,149 | 1,690,149 |
| Other costs | 9. | 420,587 | 1,781,885 | 2,202,472 | 251,788 | 1,557,368 | 1,809,155 |
| Other operating expenses | 10. | 429,072 | 932,595 | 1,361,667 | 265,661 | 3,033 | 268,693 |
| TOTAL | | 152,473,684 | 36,145,061 | 188,618,745 | 136,363,960 | 26,695,394 | 163,059,354 |

4. Costs of material

| | THE PETROL GROUP | | | | PETROL D.D. | | |
|---|------------------|-----------|----------------|-----------|-------------|----------------|--|
| (in EUR) | | | Index 07/06 | | | Index 07/06 | |
| Costs of energy | 4,739,707 | 4,279,089 | 111 | 3,976,552 | 3,792,674 | 105 | |
| Electricity | 3,913,075 | 3,250,980 | 120 | 2,760,714 | 2,480,345 | 111 | |
| Heating | 447,971 | 642,489 | 70 | 509,409 | 677,047 | 75 | |
| Motor fuel | 373,293 | 384,740 | 97 | 330,825 | 334,855 | 99 | |
| Gas consumed | 5,368 | 880 | - | 1,565 | 881 | 178 | |
| Charges for natural gas transmission network | 0 | 0 | - | 374,039 | 299,546 | 125 | |
| Costs of consumables | 3,867,126 | 2,594,237 | 149 | 3,073,780 | 2,548,782 | 121 | |
| Cleaning material and personal safety equipment | 1,406,076 | 806,698 | 174 | 1,287,287 | 900,164 | 143 | |
| Water consumed | 564,970 | 535,495 | 106 | 412,627 | 398,187 | 104 | |
| Material for maintenance of fixed assets | 544,888 | 222,008 | 245 | 239,687 | 189,079 | 127 | |
| Other costs of material | 1,351,192 | 1,030,037 | 131 | 1,134,179 | 1,061,351 | 107 | |
| Write-off of small tools | 190,186 | 128,422 | 148 | 147,447 | 88,343 | 167 | |
| Other costs of material | 952,256 | 1,001,235 | 95 | 762,007 | 743,299 | 103 | |
| Office supplies and literature | 866,546 | 844,241 | 103 | 680,830 | 663,675 | 103 | |
| Laboratory supplies | 81,177 | 79,624 | 102 | 81,177 | 79,624 | 102 | |
| Other | 4,533 | 77,370 | 6 | 0 | 0 | - | |
| TOTAL COSTS OF MATERIALS | 9,749,275 | 8,002,984 | 122 | 7,959,786 | 7,173,098 | 111 | |

5. Costs of services

| | | HE PETROL GROU | | PETROL D.D. | | |
|--|------------|----------------|----------------|-------------|------------|----------------|
| (in EUR) | 2007 | 2006 | Index 07/06 | 2007 | 2006 | Index 07/06 |
| Costs of transportation services | 25,982,993 | 26,363,249 | 99 | 24,669,885 | 25,592,445 | 96 |
| Transport operations | 24,111,035 | 24,404,912 | 99 | 23,241,250 | 24,034,359 | 97 |
| Postal, telephone and other data transmission services | 1,871,958 | 1,958,338 | 96 | 1,428,635 | 1,558,086 | 92 |
| Rents | 8,968,792 | 7,843,607 | 114 | 8,164,808 | 7,503,561 | 109 |
| Costs of warehouse and rail tanker rentals | 6,157,080 | 6,324,199 | 97 | 6,751,982 | 6,127,735 | 110 |
| Other | 2,811,712 | 1,519,408 | 185 | 1,412,826 | 1,375,826 | 103 |
| Costs of fixed asset maintenance services | 7,199,860 | 6,668,849 | 108 | 7,519,600 | 7,163,251 | 105 |
| Maintenance of buildings and equipment | 5,008,708 | 4,685,545 | 107 | 5,622,865 | 5,431,718 | 104 |
| Public utility services, maintenance of green plots, cleaning, ploughing | 2,191,152 | 1,983,304 | 110 | 1,896,735 | 1,731,533 | 110 |
| Costs of professional services | 5,282,400 | 4,606,024 | 115 | 4,013,836 | 3,748,789 | 107 |
| Consulting services | 1,853,264 | 1,719,505 | 108 | 2,092,074 | 2,144,342 | 98 |
| Student and other employment agencies | 1,299,683 | 1,211,889 | 107 | 315,418 | 318,685 | 99 |
| Legal and notary services | 1,039,148 | 700,104 | 148 | 898,229 | 674,374 | 133 |
| Radio and television subscriptions, copyrights, electronic media | 268,903 | 209,314 | 128 | 264,578 | 208,897 | 127 |
| Court proceedings and detective services | 209,255 | 300,163 | 70 | 200,987 | 294,105 | 68 |
| Auditing services | 225,204 | 196,610 | 115 | 58,780 | 58,083 | 101 |
| - annual report audit | 167,005 | 178,319 | 94 | 56,180 | 56,965 | 99 |
| - other auditing services | 28,254 | 1,118 | - | 1,920 | 1,118 | 172 |
| - tax consulting services | 18,000 | 5,000 | - | 0 | 0 | - |
| - other non-auditing services | 11,945 | 12,172 | 98 | 680 | 0 | - |
| Health services | 136,925 | 86,680 | 158 | 54,795 | 18,692 | 293 |
| Other | 250,018 | 181,760 | 138 | 128,975 | 31,609 | 408 |
| Costs of payment transactions and bank services | 4,671,744 | 4,955,028 | 94 | 4,202,491 | 4,620,798 | 91 |
| Payment card commissions | 2,902,265 | 2,843,724 | 102 | 2,665,646 | 2,680,763 | 99 |
| Payment transactions | 1,591,609 | 1,801,502 | 88 | 1,372,722 | 1,633,647 | 84 |
| Other | 177,870 | 309,802 | 57 | 164,123 | 306,389 | 54 |
| Costs of fairs, advertising and entertainment | 3,181,182 | 3,035,028 | 105 | 2,783,505 | 2,847,321 | 98 |
| Advertising costs | 2,147,722 | 2,575,492 | 83 | 1,896,728 | 2,437,646 | 78 |
| Reimbursement to members of the Supervisory Board and Workers' Council for work performed | 106,614 | 84,794 | 126 | 101,547 | 84,795 | 120 |
| Costs of fairs | 73,426 | 22,438 | 327 | 25,062 | 22,439 | 112 |
| Other | 853,420 | 352,303 | 242 | 760,168 | 302,441 | 251 |
| Costs of insurance premiums | 2,237,089 | 2,281,664 | 98 | 1,890,019 | 1,930,851 | 98 |
| Reimbursement of work-related costs to employees | 691,671 | 706,714 | 98 | 393,168 | 462,219 | 85 |
| Costs of services in the manufacturing of products and performance of services | 0 | 626 | - | 0 | 626 | - |

| | THE PETROL GROUP | | | | PETROL D.D. | | |
|---|------------------|------------|----------------|-------------|-------------|----------------|--|
| (in EUR) | 2007 | 2006 | Index 07/06 | | 2006 | Index 07/06 | |
| Costs of other services | 41,946,709 | 36,788,776 | 114 | 51,205,362 | 45,236,130 | 113 | |
| Lessee franchise costs | 27,621,568 | 24,661,809 | 112 | 25,325,130 | 23,026,701 | 110 | |
| Costs of dump clean-up at Pesniški Dvor | 3,533,897 | 1,092,785 | 323 | 3,539,929 | 1,092,785 | 324 | |
| Contributions paid to DARS for operations along motorways | 2,896,214 | 2,399,261 | 121 | 2,641,090 | 2,399,263 | 110 | |
| Costs of fire protection and physical and technical security | 1,732,986 | 1,347,467 | 129 | 1,636,784 | 1,292,014 | 127 | |
| Fees for the building site use | 1,365,041 | 1,238,921 | 110 | 1,217,449 | 1,058,986 | 115 | |
| Costs of environment protection services - ecology, hazardous waste removal, waste treatment plants | 1,203,767 | 1,277,687 | 94 | 1,125,245 | 1,248,521 | 90 | |
| Concession charges | 457,666 | 142,101 | 322 | 207,146 | 214,830 | 96 | |
| Membership fees | 354,367 | 150,280 | 236 | 193,558 | 242,621 | 80 | |
| Subcontractor costs | 336,502 | 689,188 | 49 | 173 | 7,593 | 2 | |
| Real estate management | 324,778 | 293,532 | 111 | 13,798,525 | 12,889,011 | 107 | |
| Gas pumping and weighing | 61,268 | 38,925 | 157 | 0 | 0 | - | |
| Costs of gas pipeline construction | 0 | 104,941 | - | 0 | 0 | - | |
| Other | 2,058,655 | 3,351,879 | 61 | 1,520,333 | 1,763,804 | 86 | |
| TOTAL COSTS OF SERVICES | 100,162,440 | 93,249,566 | 107 | 104,842,674 | 99,105,992 | 106 | |

6. Labour costs

| | THE PETROL GROUP | | | PETROL D.D. | | |
|--|------------------|------------|----------------|-------------|------------|----------------|
| (in EUR) | | | Index 07/06 | | | Index 07/06 |
| Salaries | 31,868,232 | 31,908,350 | 100 | 17,842,164 | 18,193,828 | 98 |
| Pension insurance costs | 2,599,816 | 2,581,364 | 101 | 1,469,221 | 1,497,980 | 98 |
| Costs of other insurance | 2,339,487 | 2,318,711 | 112 | 1,193,898 | 1,225,517 | 97 |
| Payroll tax | 1,233,979 | 1,801,206 | 69 | 840,391 | 1,256,122 | 67 |
| Contribution for not meeting the quotas of employed disabled persons | 12,183 | 31,758 | 38 | 7,671 | 31,758 | 24 |
| Severance pays | 337,061 | 1,371,829 | 25 | 217,949 | 1,202,696 | 18 |
| Meal allowance | 1,359,620 | 1,302,788 | 104 | 526,062 | 496,937 | 106 |
| Annual leave pay | 1,085,909 | 1,122,813 | 97 | 447,407 | 456,101 | 98 |
| Transport allowance | 1,149,889 | 1,105,237 | 104 | 399,272 | 383,308 | 104 |
| Supplementary pension insurance | 739,952 | 746,624 | 99 | 416,994 | 420,324 | 99 |
| Compensations | 246,640 | 268,649 | 92 | 245,787 | 267,390 | 92 |
| Jubilee benefits | 159,924 | 248,047 | 64 | 49,302 | 103,993 | 47 |
| Other allowances and reimbursements | 1,411,521 | 115,550 | - | 610,214 | 44,339 | - |
| TOTAL LABOUR COSTS | 44,544,213 | 44,922,926 | 99 | 24,266,332 | 25,580,294 | 95 |

7. Depreciation or amortisation

| | THE PETROL GROUP | | | PETROL D.D. | | |
|---|------------------|------------|----------------|-------------|------------|----------------|
| (in EUR) | | | Index 07/06 | | | Index 07/06 |
| Amortisation of intangible assets | 696,615 | 669,087 | 104 | 473,081 | 453,910 | 104 |
| Depreciation of property, plant and equipment | 26,732,955 | 26,362,465 | 101 | 20,901,474 | 20,647,463 | 101 |
| Depreciation of investment property | 766,628 | 744,700 | 103 | 848,010 | 1,659,610 | 51 |
| TOTAL DEPRECIATION OR AMORTISATION | 28,196,198 | 27,776,252 | 102 | 22,222,565 | 22,760,983 | 98 |

8. Write-downs

| | THE PETROL GROUP | | | PETROL D.D. | | |
|---|------------------|-----------|----------------|-------------|-----------|----------------|
| (in EUR) | | | Index 07/06 | | | Index 07/06 |
| Allowance for operating receivables | 1,659,521 | 3,541,592 | 47 | 1,102,371 | 1,217,742 | 91 |
| Loss on sale/elimination of property, plant and equipment | 329,626 | 1,500,380 | 22 | 276,619 | 646,743 | 43 |
| Write-down of receivables | 299,445 | 226,106 | 132 | 297,721 | 226,104 | 132 |
| Revaluation of inventories | 86,277 | 939,943 | 9 | 0 | 939,944 | - |
| Other expenses for fixed assets | 27,611 | 852,404 | 3 | 13,438 | 26,952 | 50 |
| TOTAL WRITE-DOWNS | 2,402,480 | 7,060,424 | 34 | 1,690,149 | 3,057,485 | 55 |

In accordance with its policy for the creation of allowances for receivables, the Petrol Group's allowances for operating receivables included in 2007 the allowances for receivables from Petrol d.d., Ljubljana in the amount EUR 1,102,371, the company Petrol Trgovina d.o.o., Zagreb in the amount of EUR 240,667, the company Petrol BH Oil Company d.o.o., Sarajevo in the amount of EUR 204,463, and other Petrol Group companies in the amount of EUR 112,020.

The Petrol Group writes off receivables for which it cannot expect to be collected (due to bankruptcy, liquidation, etc.). The company Petrol d.d., Ljubljana and the Petrol Group wrote off EUR 297,721 and EUR 299,445 in such receivables, respectively.

Other expenses relating to fixed assets mostly include expenses for the revaluation of fixed assets by Petrol d.d., Ljubljana in the amount of EUR 13,438 and Petrol d.o.o., Beograd in the amount of EUR 11,818.

9. Other costs

| | THE PETROL GROUP | | | PETROL D.D. | | |
|---|------------------|-----------|----------------|-------------|-----------|----------------|
| (in EUR) | | | Index 07/06 | | | Index 07/06 |
| Sponsorship | 945,648 | 539,025 | 175 | 940,398 | 537,354 | 175 |
| Donations | 407,570 | 255,842 | 159 | 376,265 | 236,407 | 159 |
| Environment protection expenditure | 240,804 | 145,377 | 166 | 85,551 | 139,639 | 61 |
| Charges unrelated to labour costs or profit or loss | 141,777 | 78,092 | 182 | 9,878 | 9,906 | 100 |
| Accrued costs | 79,658 | 177,495 | 45 | 66,539 | 129,736 | 51 |
| Scholarships | 1,672 | 605 | 276 | 1,672 | 604 | 277 |
| Other costs | 385,343 | 105,992 | 364 | 328,852 | 97,189 | 338 |
| TOTAL OTHER COSTS | 2,202,472 | 1,302,429 | 169 | 1,809,155 | 1,150,835 | 157 |

10. Other operating expenses

| | THE PETROL GROUP | | | PETROL D.D. | | |
|---------------------------------------|------------------|-----------|----------------|-------------|-----------|----------------|
| (in EUR) | | | Index 07/06 | | | Index 07/06 |
| Underpaid charges from previous years | 89,377 | 724,743 | 12 | 16,306 | 724,742 | 2 |
| Expenses from previous years | 491,940 | 17,424 | - | 114,680 | 17,424 | - |
| Payment of tanker demurrage | 101,623 | 980,494 | 10 | 101,623 | 980,494 | 10 |
| Complaints granted | 21,086 | 44,279 | 48 | 21,086 | 44,278 | 48 |
| Cash discounts granted | 61 | 35,341 | - | 61 | 34,644 | - |
| Accrued compensation | 451,448 | 527,135 | 86 | 0 | 527,135 | - |
| Others | 206,132 | 371,754 | 55 | 14,937 | 0 | - |
| TOTAL OTHER OPERATING EXPENSES | 1,361,667 | 2,701,168 | 50 | 268,693 | 2,328,717 | 12 |

Underpaid charges of Petrol d.d., Ljubljana from previous years mostly consist of underpaid corporate income tax for 2004 arising from the elimination of revenue from profit participation from the tax balance sheet.

The payment of tanker demurrage includes accrued claims arising from delays in unloading cargo in port.



11. Other financial revenue and other financial expenses

| | THE PETROL GROUP | | | PETROL D.D. | | |
|--------------------------------|------------------|--------------|----------------|--------------|--------------|----------------|
| (in EUR) | | | Index 07/06 | | | Index 07/06 |
| Foreign exchange differences | 21,271,179 | 23,469,250 | 102 | 20,834,530 | 22,874,775 | 91 |
| Interest revenue | 6,519,406 | 6,200,042 | 98 | 6,646,352 | 6,131,551 | 108 |
| Revenue from dividends | 951,891 | 447,396 | 100 | 951,891 | 447,396 | 213 |
| Other financial revenue | 11,209,135 | 3,066,612 | 102 | 11,011,141 | 2,966,390 | 371 |
| | | | | | | |
| Total other financial revenue | 39,951,611 | 33,183,300 | 120 | 39,443,914 | 32,420,113 | 122 |
| | | | | | | |
| Interest expenses | (12,676,757) | (9,245,643) | 137 | (9,534,103) | (6,053,472) | 157 |
| Foreign exchange differences | (7,766,986) | (10,194,045) | 76 | (6,993,246) | (9,249,382) | 76 |
| Other financial expenses | (13,852,810) | (12,254,740) | 113 | (13,561,632) | (12,177,399) | 111 |
| | | | | | | |
| Total other financial expenses | (34,296,553) | (31,694,429) | 108 | (30,088,981) | (27,480,254) | 109 |
| Net other financial expenses | 5,655,058 | 1,488,871 | 380 | 9,354,933 | 4,939,859 | 189 |

Foreign exchange gains and losses arising in the Petrol Group and the company Petrol d.d., Ljubljana on the import and export of merchandise and on payments abroad should be considered together with forward transactions relating to the purchase of dollars. The company Petrol d.d., Ljubljana received EUR 4,464,514 in net revenue from foreign exchange differences and forward transactions, while the Petrol Group received EUR 4,126,918 in such revenue.

The Group's foreign exchange risks are hedged in their entirety, both in terms of balance sheet hedging and dynamic hedging. As for hedging, the Group first employs the natural types of hedging (i.e. balance sheet hedging), while the remaining portion is hedged dynamically (entering into forward transactions on a daily basis) to ensure a neutral dollar position.

Interest revenue of the Petrol Group and the company Petrol d.d., Ljubljana mostly consists of interest on trade receivables in the amount of EUR 3,374,663, whereas other revenue includes interest received from other companies and banks. Interest expenses mostly represent interest for long-term loans granted by banks.

The Petrol Group's business policy provides that the interest risk should be hedged in the amount of 50% of net interest position, based on a calculation performed on the last day of the month. In connection with the above, the Group generated EUR 777,601 in financial revenue and EUR 212,034 in financial expenses in 2007.

12. Net financial revenue from interests

| | THE PETROL GROUP | | | | | |
|---|------------------|-----------|----------------|--|--|--|
| (in EUR) | | | Index 07/06 | | | |
| Financial revenue from interests - profit generated in the year | | | | | | |
| Geoplin d.o.o. Ljubljana | 7,850,773 | 9,992,960 | 79 | | | |
| Aquasystems d.o.o. | 244,462 | 38,090 | 642 | | | |
| Ogrevanje Piran d.o.o. | 78,807 | (91,441) | - | | | |
| Marché Gostinstvo d.o.o. | 31,334 | (22,308) | - | | | |
| | 8,205,376 | 9,917,301 | 83 | | | |
| | | | | | | |
| Instalacija, d.o.o., Koper | 1,968,400 | 1,899,470 | 104 | | | |
| Geoenergo d.o.o. | 22,613 | 24,483 | 92 | | | |
| Karkasa, d.o.o. | 34,718 | 14,697 | 236 | | | |
| Petrol - Oti - Slovenija L.L.C. | (21,532) | 0 | - | | | |
| Petrol Slovenia Tirana Wholesale Sh.A. | (744) | 0 | - | | | |
| | 2,003,455 | 1,938,650 | 103 | | | |

| | PETROL D.D. | | | | | | |
|---|-------------|-----------|-----|--|--|--|--|
| (in EUR) | 2007 2006 | | | | | | |
| Financial revenue from dividends received | | | | | | | |
| Petrol - Trade H.m.b.H. | 4,160,189 | 1,939,561 | 214 | | | | |
| Instalacija, d.o.o., Koper | 2,883,898 | 3,384,652 | 85 | | | | |
| Aquasystems d.o.o. | 259,990 | 0 | - | | | | |
| Geoplin d.o.o., Ljubljana | 2,963,288 | 2,963,288 | 100 | | | | |
| | 10,267,365 | 8,287,501 | 124 | | | | |

13. Taxes

| | | THE PETROL GROUP | | | PETROL D.D. | | | | | |
|--------------|--------------|------------------|----------------|--------------|--------------|----------------|--|--|--|--|
| (in EUR) | | | Index 07/06 | | | Index 07/06 | | | | |
| Tax expense | (12,890,367) | (11,413,883) | 113 | (11,336,098) | (10,227,466) | 111 | | | | |
| Deferred tax | (160,459) | 765,077 | - | (66,731) | 769,591 | - | | | | |
| | | | | | | | | | | |
| Taxes | (13,050,826) | (10,648,807) | 123 | (11,402,829) | (9,457,875) | 121 | | | | |

| | THE PETROL GROUP | | | PETROL D.D. | | |
|--|------------------|-------------|----------------|-------------|-------------|----------------|
| (in EUR) | | | Index 07/06 | | | Index 07/06 |
| Accounting profit | 66,325,932 | 60,479,227 | 110 | 57,225,108 | 49,157,243 | 116 |
| | | | | | | |
| Tax calculated at effective tax rate | 15,254,964 | 15,119,808 | 101 | 13,161,775 | 12,289,311 | 107 |
| | | | | | | |
| Tax effect of untaxed revenue | (3,348,760) | (4,455,653) | 75 | (2,764,054) | (3,592,102) | 77 |
| Tax effect of revenue not deducted on tax assessment | 1,209,834 | 1,812,858 | 67 | 938,377 | 1,530,257 | 61 |
| Effect of lower tax rate | (371,348) | (191,337) | 194 | 0 | 0 | - |
| Different recognition of revenue and expenses | 306,135 | (1,636,868) | - | 66,731 | (769,591) | - |
| | | | | | | |
| Taxes | 13,050,826 | 10,648,807 | 123 | 11,402,829 | 9,457,875 | 121 |
| | | | | | | |
| Effective tax rate | 19.68 % | 17.61 % | 112 | 19.93 % | 19.24 % | 104 |

14. Minority interest

| | THE PETROL GROUP | | | | |
|---|---------------------|---------------------|----------------|--|--|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | | |
| Beginning of the year | 114,356 | 110,429 | 104 | | |
| Profit of minority shareholders | 19,085 | 12,473 | 153 | | |
| Decrease in minority shareholders' interest due to capital increase by majority shareholder | (15,356) | (8,513) | 180 | | |
| Increase in minority interest | 609,680 | 0 | - | | |
| Translation differences | 0 | (33) | - | | |
| | | | | | |
| End of the year | 727,765 | 114,356 | - | | |

15. Earnings per share

| | TI | HE PETROL GROU | Р | PETROL D.D. | | |
|---|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| (in EUR) | 31 december 2007 | 31 december 2006 | Index 07/06 | 31 december 2007 | 31 december 2006 | Index 07/06 |
| Net operating profit | 53,256,021 | 49,817,948 | 107 | 45,822,279 | 39,699,368 | 115 |
| Weighted average number of ordinary shares issued | 2,061,003 | 2,060,360 | 100 | 2,061,003 | 2,060,360 | 100 |
| Earnings per share | 25.84 | 24.18 | 107 | 22.23 | 19.27 | 115 |

Earnings per share are calculated by dividing net owners' profit with the number of ordinary shares, excluding ordinary shares purchased by the company Petrol d.d., Ljubljana and held as own shares from the calculation. The Petrol Group and the company Petrol d.d., Ljubljana have no potential dilutive ordinary shares.

16. Intangible assets of the Petrol Group

| (in EUR) | Software | Concessions | | Ongoing investments | |
|--|-------------|-------------|---|---------------------|-------------|
| Cost | | | | | |
| Balance as at 1 January 2006 | 3,055,107 | 7,858,062 | 0 | 356,906 | 11,270,075 |
| New acquisitions | 0 | 0 | 0 | 614,134 | 614,134 |
| Disposals | 0 | (12,823) | 0 | 0 | (12,823) |
| Transfers from ongoing investments | 416,095 | 256,239 | 0 | (672,334) | 0 |
| Translation differences | (700) | 4,732 | 0 | (99) | (8,400,884) |
| Balance as at 31 December 2006 | 3,470,502 | 8,106,209 | 0 | 298,606 | 11,875,318 |
| | | | | | |
| Accumulated allowance | | | | | |
| Balance as at 1 January 2006 | (2,145,886) | (896,999) | 0 | 0 | (3,042,885) |
| Depreciation or amortisation | (356,931) | (312,156) | 0 | 0 | (669,087) |
| Disposals | 0 | 12,823 | 0 | 0 | 12,823 |
| Translation differences | 573 | (315) | 0 | 0 | 259 |
| Balance as at 31 December 2006 | (2,502,245) | (1,196,650) | 0 | 0 | (3,698,895) |
| | | | | | |
| Net carrying amount as at 31 December 2006 | 968,257 | 6,909,559 | 0 | 298,606 | 8,176,423 |
| Net carrying amount as at 1 January 2006 | 909,221 | 6,961,063 | 0 | 356,906 | 8,227,190 |

| (in EUR) | Software | Concessions | | Ongoing investments | |
|---|-------------|-------------|---------|---------------------|-------------|
| Cost | | | | | |
| Balance as at 1 January 2007 | 3,470,502 | 8,106,209 | 0 | 298,606 | 11,875,318 |
| New acquisitions due to takeover of a company | 1,453 | 0 | 255,816 | 0 | 257,269 |
| New acquisitions | 19,303 | 5,945 | 0 | 362,224 | 387,472 |
| Disposals | (228,361) | (1,627) | 0 | (17,755) | (247,743) |
| Transfers from ongoing investments | 351,062 | 0 | 0 | (351,062) | 0 |
| Translation differences | (99) | 3,083 | 0 | 37 | 3,021 |
| Balance as at 31 December 2007 | 3,613,860 | 8,113,610 | 255,816 | 292,050 | 12,275,336 |
| Accumulated allowance | | | | | |
| Balance as at 1 January 2007 | (2,502,245) | (1,196,650) | 0 | 0 | (3,698,895) |
| Depreciation or amortisation | (382,509) | (314,847) | 0 | 0 | (697,356) |
| Disposals | 225,967 | 681 | 0 | 0 | 226,648 |
| Translation differences | 7 | (556) | 0 | 0 | (549) |
| Balance as at 31 December 2007 | (2,658,781) | (1,511,376) | 0 | 0 | (4,170,157) |
| Net carrying amount as at 31 December 2007 | 955,081 | 6,602,234 | 255,816 | 292,050 | 0 105 100 |
| Net carrying amount as at 51 December 2007 | 955,061 | 5,602,234 | 255,816 | 292,050 | 8,105,180 |
| Net carrying amount as at 1 January 2007 | 968,257 | 6,909,559 | 0 | 298,606 | 8,176,423 |



Intangible assets of Petrol d.d.

| (in EUR) | Software | Concessions | Ongoing investments | Total |
|--|-------------|-------------|---------------------|-------------|
| Cost | | | | |
| Balance as at 1 January 2006 | 2,793,066 | 3,522,651 | 50,803 | 6,366,520 |
| New acquisitions | 0 | 0 | 303,902 | 303,902 |
| Disposals | 0 | (12,823) | 0 | (12,823) |
| Transfers from ongoing investments | 354,690 | 0 | (354,690) | 0 |
| Translation differences | (748) | (945) | (15) | (1,707) |
| Balance as at 31 December 2006 | 3,147,008 | 3,508,883 | 0 | 6,655,892 |
| | | I | I | |
| Accumulated allowance | | | | |
| Balance as at 1 January 2006 | (2,007,841) | (469,974) | 0 | (2,477,815) |
| Depreciation or amortisation | (313,554) | (140,356) | 0 | (453,910) |
| Disposals | 0 | 12,823 | 0 | 12,823 |
| Translation differences | 539 | 130 | 0 | 670 |
| Balance as at 31 December 2006 | (2,320,856) | (597,376) | 0 | (2,918,232) |
| | | | | |
| Net carrying amount as at 31 December 2006 | 826,153 | 2,911,508 | 0 | 3,737,661 |
| | | 1 | | |
| Net carrying amount as at 1 January 2006 | 785,225 | 3,052,677 | 50,803 | 3,888,705 |

| (in EUR) | Software | Concessions | Ongoing investments | |
|--|-------------|-------------|---------------------|-------------|
| Cost | | | | |
| Balance as at 1 January 2007 | 3,147,008 | 3,508,883 | 0 | 6,655,891 |
| New acquisitions | 0 | 0 | 341,538 | 341,538 |
| Disposals | (221,833) | 0 | 0 | (221,833) |
| Transfers from ongoing investments | 333,886 | 0 | (333,886) | 0 |
| Balance as at 31 December 2007 | 3,259,061 | 3,508,883 | 7,652 | 6,775,596 |
| | | 1 | | |
| Accumulated allowance | | | | |
| Balance as at 1 January 2007 | (2,320,855) | (597,376) | 0 | (2,918,230) |
| Depreciation or amortisation | (332,725) | (140,355) | 0 | (473,081) |
| Disposals | 221,833 | 0 | 0 | 221,833 |
| Balance as at 31 December 2007 | (2,431,747) | (737,731) | 0 | (3,169,478) |
| | | | | |
| Net carrying amount as at 31 December 2007 | 827,313 | 2,771,154 | 7,652 | 3,606,118 |
| | | ı | I | |
| Net carrying amount as at 1 January 2007 | 826,153 | 2,911,508 | 0 | 3,737,661 |

All intangible assets disclosed are owned by the companies in the Petrol Group and are unencumbered.



Overview of items exceeding 5% of net carrying amount as at 31/12/2007 (in EUR):

| | THE PETR | OL GROUP | PETROL D.D. | | |
|---|---------------------|---------------------|---------------------|---------------------|--|
| | 31 December 2007 | 31 December 2006 | 31 December 2007 | 31 December 2006 | |
| Right to use the gas transmission network in the Municipality of Domžale | 1,536,221 | 1,614,004 | 1,536,221 | 1,614,004 | |
| Right to use property owned by the Municipality of Murska Sobota | 674,859 | 709,192 | 674,859 | 709,192 | |
| Payment of concession charges to the Municipality of Murska Sobota | 560,072 | 588,311 | 560,072 | 588,311 | |
| Right to use the gas transmission network in the Municipality of Prevalje | 1,050,207 | 1,092,209 | 0 | 0 | |
| Right to use the gas transmission network in the Municipality of Mežica | 417,301 | 433,993 | 0 | 0 | |

The remaining useful life of the above assets is 19 years, except for the rights to use a gas distribution network in the Municipalities Prevalje and Mežica, in the case of which it amounts to 25 years.

17. Property, plant and equipment of the Petrol Group

| (in EUR) | Land | Buildings | Plant | Equipment | Ongoing investments | Total |
|--|-------------|---------------|--------------|--------------|---------------------|---------------|
| Cost | | | | | | |
| Balance as at 1 January 2006 | 111,051,977 | 381,998,346 | 15,839,985 | 124,314,050 | 34,424,937 | 667,629,295 |
| New acquisitions | 0 | 38,892 | 0 | 3,000 | 39,507,669 | 39,549,561 |
| Disposals | (3,343,294) | (4,824,399) | (1,075,071) | (3,469,521) | (141,320) | (12,853,605) |
| Transfer from ongoing investments | 3,844,659 | 25,619,333 | 1,348,406 | 8,404,294 | (39,216,691) | 0 |
| Transfer to investment property | (1,143,628) | 0 | 0 | 0 | 0 | (1,143,628) |
| Transfer from investment property | 0 | 5,457,849 | 0 | 0 | 0 | 5,457,849 |
| Revaluation - impairment | (31,698) | (20,452) | 0 | (64,422) | (81,293) | (197,863) |
| Foreign exchange differences | (4,015) | 45,077 | (4,257) | (26,745) | (6,084) | 3,977 |
| Balance as at 31 December 2006 | 110,374,000 | 408,314,647 | 16,109,064 | 129,160,657 | 34,487,219 | 698,445,586 |
| | | | | | | |
| Accumulated allowance | | | | | | |
| Balance as at 1 January 2006 | 0 | (154,686,930) | (12,466,274) | (91,575,887) | 0 | (258,729,090) |
| Depreciation or amortisation | 0 | (17,061,530) | (622,242) | (8,773,231) | 0 | (26,457,002) |
| Depreciation or amortisation - impairment | 0 | 52,725 | 0 | 41,813 | 0 | 94,538 |
| Disposals | 0 | 2,557,561 | 1,197,767 | 1,805,700 | 0 | 5,561,029 |
| Transfer from investment property | 0 | (2,333,509) | 0 | 0 | 0 | (2,333,509) |
| Foreign exchange differences | 0 | 49,088 | 3,350 | 32,866 | 0 | 85,304 |
| Balance as at 31 December 2006 | 0 | (171,422,594) | (11,887,398) | (98,468,739) | 0 | (281,778,731) |
| | | | | | | |
| Net carrying amount as at 31 December 2006 | 110,374,000 | 236,892,053 | 4,221,666 | 30,691,916 | 34,487,219 | 416,666,854 |
| Net carrying amount as at 1 January 2006 | 111,051,977 | 227,311,417 | 3,373,712 | 32,738,163 | 34,424,937 | 408,900,205 |

| | | | | | Ongoing | |
|---|-------------|---------------|--------------|---------------|--------------|---------------|
| (in EUR) | Land | Buildings | Plant | Equipment | investments | Total |
| Cost | | | | | | |
| Balance as at 1 January 2007 | 110,374,000 | 408,314,647 | 16,109,064 | 129,160,657 | 34,487,219 | 698,445,586 |
| New acquisitions as a result of taking over a company | 2,681 | 4,913,141 | 0 | 82,616 | 70,718 | 5,069,156 |
| New acquisitions | 6,510 | 2,043,813 | 2,103,692 | 19,639 | 59,489,015 | 63,662,669 |
| Disposals | (771,124) | (1,115,392) | (678,397) | (7,338,861) | (4,235,182) | (14,138,956) |
| Transfer from ongoing investments | 12,690,584 | 29,509,611 | 0 | 8,694,698 | (50,894,893) | 0 |
| Transfer to investment property | (336,900) | (2,509,296) | 0 | 0 | 0 | (2,846,196) |
| Transfer from investment property | 0 | 763,067 | 0 | 0 | 0 | 763,067 |
| Foreign exchange differences | (65,164) | (403,658) | 0 | (17,761) | (63,307) | (549,890) |
| Balance as at 31 December 2007 | 121,900,587 | 441,515,933 | 17,534,359 | 130,600,988 | 38,853,570 | 750,405,436 |
| | | | | | | |
| Accumulated allowance | | | | | | |
| Balance as at 1 January 2007 | 0 | (171,422,594) | (11,887,398) | (98,468,739) | 0 | (281,778,731) |
| Depreciation or amortisation | 0 | (18,481,427) | (676,401) | (8,613,217) | 0 | (27,771,045) |
| Depreciation or amortisation - impairment | 0 | 88,508 | 0 | 2,339 | 0 | 90,847 |
| Disposals | 0 | 1,181,857 | 642,231 | 6,839,020 | 0 | 8,663,108 |
| Transfer to investment property | 0 | 401,173 | 0 | 0 | 0 | 401,173 |
| Transfer from investment property | 0 | (410,081) | 0 | 0 | 0 | (410,081) |
| Foreign exchange differences | 0 | 66,007 | 0 | 12,033 | 0 | 78,040 |
| Balance as at 31 December 2007 | 0 | (188,576,558) | (11,921,568) | (100,228,564) | 0 | (300,726,689) |
| Net carrying amount as at 31 December 2007 | 121,900,587 | 252,939,375 | 5,612,791 | 30,372,423 | 38,853,570 | 449,678,744 |
| Net carrying amount as at 1 January 2007 | 110,374,000 | 236,892,053 | 4,221,666 | 30,691,916 | 34,487,219 | 416,666,854 |



Property, plant and equipment of Petrol d.d.

| (in EUR) | Land | | | Ongoing investments | |
|--|-------------|---------------|--------------|---------------------|---------------|
| Cost | | | | | |
| Balance as at 1 January 2006 | 89,923,494 | 308,922,511 | 111,459,180 | 23,505,933 | 533,811,118 |
| New acquisitions | 0 | 0 | 0 | 14,258,249 | 14,258,249 |
| Disposals | (2,934,489) | (3,356,577) | (1,953,898) | (209,034) | (8,453,998 |
| Transfer from ongoing investments | 1,111,801 | 17,909,226 | 5,901,218 | (24,922,245) | (|
| Transfer to investment property | (1,143,628) | 0 | 0 | 0 | (1,143,628) |
| Transfer from investment property | 0 | 5,457,849 | 0 | 0 | 5,457,849 |
| Translation differences | (24,168) | (83,016) | (29,953) | (6,314) | (143,451 |
| Balance as at 31 December 2006 | 86,933,010 | 328,849,993 | 115,376,547 | 12,626,589 | 543,786,139 |
| | | | | | |
| Accumulated allowance | | | | | |
| Balance as at 1 January 2006 | 0 | (138,672,649) | (86,423,430) | 0 | (225,096,079) |
| Depreciation or amortisation | 0 | (14,575,835) | (6,898,581) | 0 | (21,474,416 |
| Disposals | 0 | 2,319,008 | 1,807,052 | 0 | 4,126,060 |
| Transfer from investment property | 0 | (2,333,509) | 0 | 0 | (2,333,509) |
| Translation differences | 0 | 37,266 | 23,224 | 0 | 60,490 |
| Balance as at 31 December 2006 | 0 | (153,225,719) | (91,491,735) | 0 | (244,717,454) |
| | | | | | |
| Net carrying amount as at 31 December 2006 | 86,933,010 | 175,624,274 | 23,884,812 | 12,626,589 | 299,068,686 |
| | 22.222.424 | 4=0.000.000 | 05 005 550 | | 000 = 4 = 004 |
| Net carrying amount as at 01 January 2006 | 89,923,494 | 170,249,862 | 25,035,750 | 23,505,933 | 308,715,039 |

| (in EUR) | Land | | | Ongoing investments | |
|--|------------|---------------|--------------|---------------------|---------------|
| Cost | | | | | |
| Balance as at 1 January 2007 | 86,933,010 | 328,849,992 | 115,376,547 | 12,626,589 | 543,786,139 |
| New acquisitions | 0 | 0 | 0 | 21,897,502 | 21,897,502 |
| Disposals | (756,603) | (618,393) | (6,917,060) | (65,635) | (8,357,691) |
| Transfer from ongoing investments | 3,959,845 | 10,406,611 | 4,509,086 | (18,875,541) | 0 |
| Transfer to investment property | (336,900) | (1,578,044) | 0 | 0 | (1,914,944) |
| Transfer from investment property | 0 | 912,260 | 0 | 0 | 912,260 |
| Balance as at 31 December 2007 | 89,799,353 | 337,972,426 | 112,968,573 | 15,582,915 | 556,323,266 |
| | | | | | |
| Accumulated allowance | | | | | |
| Balance as at 1 January 2007 | 0 | (153,225,718) | (91,491,735) | 0 | (244,717,453) |
| Depreciation or amortisation | 0 | (14,515,701) | (6,385,773) | 0 | (20,901,474) |
| Disposals | 0 | 800,147 | 6,512,612 | 0 | 7,312,759 |
| Transfer to investment property | 0 | 303,143 | 0 | 0 | 303,143 |
| Transfer from investment property | 0 | (416,640) | 0 | 0 | (416,640) |
| Balance as at 31 December 2007 | 0 | (167,054,767) | (91,364,895) | 0 | (258,419,662) |
| | | | | | |
| Net carrying amount as at 31 December 2007 | 89,799,353 | 170,917,659 | 21,603,677 | 15,582,915 | 297,903,604 |
| | | | | | |
| Net carrying amount as at 1 January 2007 | 86,933,010 | 175,624,274 | 23,884,812 | 12,626,589 | 299,068,686 |

All items of property, plant and equipment are owned by Petrol's companies and are unencumbered.

Land in Ljubljana in the amount of EUR 1,880,000 and gas distribution network in the Municipality of Domžale in the amount of EUR 1,476,515 constituted important increases in individual items of property, plant and equipment of the company Petrol d.d., Ljubljana in 2007. Six service stations of the company Petrol Trgovina d.o.o., Zagreb in the amount of EUR 12,297,910 constituted an important increase in individual items of property, plant and equipment of the Petrol Group in 2007.

The sale of portions of land in Sežana in the amount of EUR 282,249 and EUR 170,879 constituted in 2007 an important decrease in individual items of property, plant and equipment of the company Petrol d.d., Ljubljana in terms of their carrying amount.

Overview of items exceeding 2% of net carrying amount as at 31/12/2007 (in EUR):

| | THE PETROL GROUP | | PETROL D.D. | |
|------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 31 December 2007 | 31 December 2006 | 31 December 2007 | 31 December 2006 |
| Office building, Dunajska 50 | 10,190,060 | 12,061,017 | 10,190,060 | 12,061,017 |

Investments in property, plant and equipment and in intangible assets

| | TI | HE PETROL GROU | | | | |
|--|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 |
| Construction of service stations | 34,237,073 | 16,690,102 | 205 | 6,494,627 | 4,923,001 | 132 |
| Purchase of land | 3,959,845 | 7,027,345 | 56 | 3,959,845 | 1,110,837 | 356 |
| Gas transmission networks | 9,566,643 | 6,223,068 | 154 | 2,487,271 | 1,985,253 | 125 |
| Informatics | 2,008,756 | 2,227,838 | 90 | 1,910,615 | 2,162,214 | 88 |
| Acquisition of SIQ certificates | 396,299 | 1,452,537 | 27 | 396,299 | 1,452,537 | 27 |
| Purchase of vehicles - passenger and cargo | 873,478 | 550,179 | 159 | 720,411 | 514,434 | 140 |
| Warehouse construction | 393,199 | 532,428 | 74 | 270,746 | 532,428 | 51 |
| Gas depots | 514,074 | 429,202 | 120 | 0 | 0 | - |
| Major repairs | 637,170 | 406,952 | 157 | 510,766 | 406,952 | 126 |
| Investment in TPF | 54,908 | 378,605 | 15 | 54,908 | 378,605 | 15 |
| Security of service stations | 416,235 | 217,468 | 191 | 416,235 | 217,468 | 191 |
| Other investments | 10,604,988 | 2,025,651 | 524 | 4,675,779 | 574,520 | 814 |
| | | | | | | |
| Investments in property, plant and equipment | 63,662,668 | 38,161,375 | 167 | 21,897,502 | 14,258,249 | 154 |
| Investments in intangible assets | 643,288 | 614,134 | 105 | 341,538 | 303,902 | 112 |
| TOTAL INVESTMENTS | 64,305,956 | 38,775,509 | 166 | 22,239,040 | 14,562,151 | 153 |



Changes in environment property, plant and equipment of the company Petrol d.d.

| | | | Investment | |
|--|--------------|--------------|------------|--------------|
| (in EUR) | Buildings | Equipment | property | Total |
| Cost | | | | |
| Balance as at 1 January 2006 | 33,043,186 | 13,604,441 | 0 | 46,647,627 |
| New acquisitions | 0 | 0 | 83,805 | 83,805 |
| Disposals | (72,630) | (34,798) | 0 | (107,428) |
| Foreign exchange differences | (8,880) | (3,657) | 0 | (12,537) |
| Balance as at 31 December 2006 | 32,961,676 | 13,565,986 | 83,805 | 46,611,467 |
| | | | | |
| Accumulated allowance | | | | |
| Balance as at 1 January 2006 | (13,546,776) | (13,604,441) | 0 | (27,151,217) |
| New acquisitions | 0 | 0 | (48,582) | (48,582) |
| Depreciation or amortisation | (1,655,980) | 0 | (3,635) | (1,659,615) |
| Disposals | 37,410 | 34,798 | 0 | 72,208 |
| Foreign exchange differences | 3,639 | 3,657 | 0 | 7,296 |
| Balance as at 31 December 2006 | (15,161,707) | (13,565,986) | (52,217) | (28,779,910) |
| | | | | |
| Net carrying amount as at 31 December 2006 | 17,799,969 | 0 | 31,588 | 17,831,557 |
| | | | | |
| Net carrying amount as at 1 January 2006 | 19,496,410 | 0 | 0 | 19,496,410 |

| (in EUR) | Buildings | Equipment | Investment property | Total |
|--|--------------|--------------|------------------------|--------------|
| Cost | | | | |
| Balance as at 1 January 2007 | 32,961,676 | 13,577,160 | 83,805 | 46,622,641 |
| Disposals | | (551,235) | 0 | (551,235) |
| Balance as at 31 December 2007 | 32,961,676 | 13,025,925 | 83,805 | 46,071,406 |
| | | | | |
| Accumulated allowance | | | | |
| Balance as at 1 January 2007 | (15,161,707) | (13,577,160) | (52,217) | (28,791,084) |
| Depreciation or amortisation | (1,631,806) | 0 | (3,632) | (1,635,438) |
| Disposals | 0 | 551,235 | 0 | 551,235 |
| Balance as at 31 December 2007 | (16,793,513) | (13,025,925) | (55,849) | (29,875,287) |
| | | | | |
| Net carrying amount as at 31 December 2007 | 16,168,163 | 0 | 27,956 | 16,196,119 |
| | | | | |
| Net carrying amount as at 1 January 2007 | 17,799,969 | 0 | 31,588 | 17,831,557 |

The company Petrol d.d., Ljubljana is the only company with environment property, plant and equipment.

Environment property plant and equipment also include fixed assets relating to the environmental restoration of service stations and warehouses, the cost of which stood on 31 December 2007 at EUR 46,071,406, which equals the total amount of long-term provisions earmarked for this purpose.

The present value of environment property, plant and equipment as at 31 December 2007 stood at EUR 16,196,119.



18. Investment property of the Petrol Group

| (in EUR) | Investment property |
|---|---------------------|
| Cost | |
| Balance as at 1 January 2006 | 27,166,944 |
| New acquisitions | 45,919 |
| Disposals | (98,802) |
| Transfer to property, plant and equipment | (5,457,849) |
| Transfer from property, plant and equipment | 1,143,628 |
| Translation differences | (7,305) |
| Balance as at 31 December 2006 | 22,792,535 |
| Accumulated allowance | |
| Balance as at 1 January 2006 | (10,050,360) |
| New acquisitions | (37,410) |
| Depreciation or amortisation | (744,700) |
| Disposals | 59,994 |
| Transfer to property, plant and equipment | 2,333,509 |
| Translation differences | 2,701 |
| Balance as at 31 December 2006 | (8,436,267) |
| | |
| Net carrying amount as at 31 December 2006 | 14,356,268 |
| Net carrying amount as at 01 January 2006 | 17,116,584 |

| (in EUR) | Investment property |
|---|---------------------|
| Cost | |
| Balance as at 1 January 2007 | 22,792,535 |
| Transfer to property, plant and equipment | (763,067) |
| Transfer from property, plant and equipment | 2,846,196 |
| Balance as at 31 December 2007 | 24,875,663 |
| | |
| Accumulated allowance | |
| Balance as at 1 January 2007 | (8,436,267) |
| Depreciation or amortisation | (766,628) |
| Transfer to property, plant and equipment | 410,081 |
| Transfer from property, plant and equipment | (401,173) |
| Balance as at 31 December 2007 | (9,193,987) |
| | |
| Net carrying amount as at 31 December 2007 | 15,681,677 |
| | |
| Net carrying amount as at 1 January 2007 | 14,356,268 |



Investment property of the company Petrol d.d.

| (in EUR) | Investment property |
|---|---------------------|
| | investment property |
| Cost | |
| Balance as at 1 January 2006 | 29,299,436 |
| New acquisitions | 72,630 |
| Disposals | (98,802) |
| Transfer to property, plant and equipment | (5,457,849) |
| Transfer from property, plant and equipment | 1,143,628 |
| Translation differences | (7,878) |
| Balance as at 31 December 2006 | 24,951,162 |
| | |
| Accumulated allowance | |
| Balance as at 1 January 2006 | (10,429,706) |
| New acquisitions | (37,410) |
| Depreciation or amortisation | (832,661) |
| Disposals | 59,994 |
| Transfer to property, plant and equipment | 2,333,509 |
| Translation differences | 2,804 |
| Balance as at 31 December 2006 | (8,903,470) |
| Net carrying amount as at 31 December 2006 | 16,047,692 |
| Net carrying amount as at 01 January 2006 | 18,869,730 |

| (in EUR) | Investment property |
|--|---------------------|
| Cost | |
| Balance as at 1 January 2007 | 24,951,162 |
| Transfer to property, plant and equipment | (912,260) |
| Transfer from property, plant and equipment | 1,914,944 |
| Balance as at 31 December 2007 | 25,953,846 |
| A considerate della considerat | |
| Accumulated allowance | |
| Balance as at 1 January 2007 | (8,903,470) |
| Depreciation or amortisation | (848,010) |
| Transfer to property, plant and equipment | 416,640 |
| Transfer from property, plant and equipment | (303,143) |
| Balance as at 31 December 2007 | (9,637,983) |
| | |
| Net carrying amount as at 31 December 2007 | 16,315,863 |
| Net carrying amount as at 1 January 2007 | 16,047,692 |

Investment property includes buildings (warehouses, carwashes, bars) that are being leased out by the company Petrol d.d. and the Petrol Group.

In 2007 Petrol d.d. and the Petrol Group generated EUR 1,582,789 and EUR 1,566,659 in rental income, respectively (in 2006: EUR 1,519,648 and EUR 1,411,059).



Property that Petrol d.d., Ljubljana leases to subsidiaries is transferred to property, plant and equipment in the process of consolidation as it does not constitute investment property at the Group level.

The Management Board believes that the carrying amount of investment property represents a good approximation to its fair value.

19. Petrol d.d.'s investments in subsidiary companies

Changes in investments in subsidiaries

| | PETROL D.D. | | | |
|---------------------------|---------------------|---------------------|----------------|--|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | |
| Balance as at 1 January | 105,075,428 | 99,938,187 | 105 | |
| New acquisitions | 32,273,471 | 5,164,099 | 625 | |
| Translation differences | 0 | (26,858) | - | |
| | | | | |
| Balance as at 31 December | 137,348,899 | 105,075,428 | 131 | |

Balance of investments in subsidiaries

| | PETROL D.D. | | |
|---------------------------------------|---------------------|---------------------|----------------|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 |
| Petrol Trgovina d.o.o., Zagreb | 51,021,249 | 30,478,397 | 167 |
| Petrol BH Oil Company d.o.o. Sarajevo | 34,537,990 | 34,537,990 | 100 |
| Petrol Plin, d.o.o. | 11,460,741 | 8,956,985 | 128 |
| Petrol Energetika d.o.o. | 11,367,889 | 9,281,426 | 122 |
| Petrol Maloprodaja Slovenija, d.o.o. | 11,344,738 | 11,344,738 | 100 |
| Petrol d.o.o., Beograd | 10,041,792 | 6,511,792 | 154 |
| Rodgas AD Bačka Topola | 3,510,400 | 0 | - |
| Cypet Oils Ltd. | 2,150,906 | 2,150,906 | 100 |
| Petrol Skladiščenje d.o.o. | 794,951 | 794,951 | 100 |
| Petrol Tehnologija, d.o.o. | 755,579 | 755,579 | 100 |
| Petrol - Trade H.m.b.H. | 147,830 | 147,830 | 100 |
| Petrol VNC, d.o.o. | 114,834 | 114,834 | 100 |
| Petrol Gas Group d.o.o. | 100,000 | 0 | - |
| TOTAL INVESTMENTS IN SUBSIDIARIES | 137,348,899 | 105,075,428 | 131 |

In the consolidation process, investments in subsidiaries are eliminated from the Petrol Group's financial statements.

Increases in long-term investments in subsidiaries in 2007 include the acquisition of a 84.22% stake in the company Rodgas a.d. in the amount of EUR 3,510,400, the establishment of a new subsidiary Petrol

Gas Group d.o.o. in the amount of EUR 100,000, and the increase in the capital of the subsidiaries Petrol Trgovina d.o.o., Zagreb in the amount of EUR 20,542,852, Petrol d.o.o., Beograd in the amount of EUR 3,500,000, Petrol Plin d.o.o., in the amount of EUR 2,503,756, and Petrol Energetika d.o.o. in the amount of EUR 2,086,463.

Subsidiary companies of the Petrol Group as at 31/12/2007 are presented in the table below. The companies are not listed on a regulated market.

| | | | Ownersh | ip and voting rights |
|---------------------------------------|--|--|---------|-------------------------|
| Name of the subsidiary | Address of the subsidiary | Activity | | |
| Petrol Maloprodaja Slovenija, d.o.o. | Dunajska c. 50, Ljubljana, Slovenia | Wholesale of solid, liquefied and gaseous fuels | 100% | 100% |
| Petrol Plin, d.o.o. | Dunajska c. 50, Ljubljana, Slovenia | Gas activities - gas production, distribution of liquid fuels within the liquefied and natural gas network | 100% | 100% |
| Petrol Skladiščenje d.o.o. | Zaloška 259, Ljubljana-Polje, Slovenia | Warehousing services | 100% | 100% |
| Petrol Tehnologija, d.o.o. | Zaloška 259, Ljubljana-Polje, Slovenia | Maintenance services | 100% | 100% |
| Petrol Energetika d.o.o. | Koroška c. 14, Ravne na koroškem, Slovenia | Distribution of gas and electricity | 99.33% | 99.02% |
| Petrol VNC, d.o.o | Dunajska c. 50, Ljubljana, Slovenia | Investigative activities and protection | 100% | 100% |
| Petrol Trgovina d.o.o., Zagreb | Ilica 71, Zagreb, Croatia | Sales and marketing of petroleum products | 100% | 100% |
| Petrol BH Oil Company d.o.o. Sarajevo | Fra Anđela Zvizdovića 1, Sarajevo, Bosnia and Herzegovina | Sales and marketing of petroleum products | 100% | 100% |
| Petrol d.o.o., Beograd | Dragoslava Jovanovića 13, Beograd, Serbia and Montenegro | Sales and marketing of petroleum products | 100% | 100% |
| Petrol-Trade H.m.b.H. | Elisabethstrasse 10 Top 4 u.5, 1010 Vienna, Austria | Trading in oil, petroleum products and chemical products | 100% | 100% |
| Cypet-Trade Ltd. | Ariadne House, Office 52, 333 28th October Street, Limassol, Cyprus | Trading in oil and petroleum products | 100% | 100% |
| Cypet Oils Ltd. | Ariadne House, Office 52, 333 28th October Street, Limassol, Cyprus | Trading in oil and petroleum products | 100% | 100% |
| Petrol Gas Group d.o.o. | Kninska 139B, Veternik, Serbia | Gas distribution | 100% | - |
| Rodgas AD Bačka Topola | Maršala Tita 61, Bačka Topola, Serbia | Gas distribution | 84.22% | - |

20. Investments in joint ventures

Changes in investments in joint ventures

| | | THE PETROL GROUP | | | PETROL D.D. | | | |
|---------------------------|---------------------|---------------------|----------------|---------------------|---------------------|----------------|--|--|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 | | |
| Balance as at 1 January | 12,912,932 | 14,362,794 | 90 | 7,187,465 | 7,189,397 | 100 | | |
| Allocated profit | 2,003,454 | 1,938,650 | 103 | 0 | 0 | - | | |
| Dividends received | (2,883,898) | (3,384,652) | 85 | 0 | 0 | - | | |
| New investments | 2,605,420 | 0 | - | 2,605,420 | 0 | - | | |
| Translation differences | 0 | (3,860) | - | 0 | (1,932) | - | | |
| | | | | | | | | |
| Balance as at 31 December | 14,637,908 | 12,912,932 | 113 | 9,792,885 | 7,187,465 | 136 | | |



Balance of investments in joint ventures

| | | THE PETROL GROUP | | PETROL D.D. | | | |
|--|---------------------|---------------------|----------------|---------------------|---------------------|----------------|--|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 | |
| Instalacija, d.o.o. Koper | 11,855,592 | 12,771,090 | 93 | 7,041,412 | 7,041,412 | 100 | |
| Karkasa, d.o.o. | 161,862 | 127,145 | 127 | 146,053 | 146,053 | 100 | |
| Geoenergo d.o.o. | 37,310 | 14,697 | 254 | 0 | 0 | - | |
| Petrol-Bonus, d.o.o. | 5,000 | 0 | - | 5,000 | 0 | - | |
| Petrol - Oti Slovenija L.L.C. | 1,478,888 | 0 | - | 1,500,420 | 0 | - | |
| Petrol Slovenia Tirana Wholesale Sh.A. | 1,099,256 | 0 | - | 1,100,000 | 0 | - | |
| | | | | | | | |
| Total investments in joint ventures | 14,637,908 | 12,912,932 | 113 | 9,792,885 | 7,187,465 | 136 | |

In 2007 the Petrol Group allocated the participating earnings in the amount of EUR 2,003,454 in conformity with the equity method, subtracting dividends on retained earnings in the amount of EUR 2,883,898 from them.

In 2007 new non-current investments of the company Petrol d.d., Ljubljana in joint ventures comprised investments in the newly established companies Petrol - Bonus d.o.o. in the amount of EUR 5,000, Petrol - Oti - Slovenija L.L.C in the amount of EUR 1,500,420, and Petrol Slovenia Tirana Wholesale Sh.A. in the amount of EUR 1,100,000.

In preparing consolidated financial statements, the Petrol Group uses the latest available financial statements of joint ventures, which are not necessarily audited. If a joint venture does not prepare the financial statements in accordance with IFRS, the Petrol Group adjusts such statements by acquiring additional information so that consolidation can be performed.

Joint ventures of the Petrol Group as at 31/12/2007 are presented in the table below. The companies are not listed on a regulated market.

| | | | | nip and voting rights |
|---|---|--|------|--------------------------|
| Name of the joint venture | Address of the joint venture | Activity | | 2006 |
| Geoenergo d.o.o. | Rudarska 1, Lendava, Slovenia | Extraction of natural gas, oil and gas condensate | 50% | 50% |
| Karkasa, d.o.o. | Škofjeloška cesta 6, Kranj, Slovenia | Truck tyre retreading | 50% | 50% |
| Instalacija, d.o.o., Koper | Sermin 10/a, Koper, Slovenia | Warehousing and handling of petroleum products | 49% | 49% |
| Petrol - Bonus d.o.o. | Ulica Donje polje bb, Cetinje, Montenegro | Fuel wholesale and retail activities | 50% | - |
| Petrol - OTI - Slovenija L.L.C.* | Prishtina Magijstralija, Priština, Serbia | Retail trade and wholesale of liquid and gaseous fuel and similar products | 51% | - |
| Petrol Slovenia Tirana Wholesale Sh.A.* | Deshmoret e 4 Shkurtit Pll.26, Tirana, Albania | Whosale of liquid, gaseous and similar fuel | 55% | - |
| Petrol Slovenia Tirana Distribution Sh.p.k. | Deshmoret e 4 Shkurtit Pll.26, Tirana, Albania | Retail trade in liquid and gaseous fuel | 100% | - |

^{*} Joint management is stipulated in the contract of members.



The following significant amounts from the unaudited financial statements of joint ventures have been taken into account in preparing the Petrol Group's financial statements:

| (in EUR) | Current assets | Non-current assets | Short-term liabilities | Non-current liabilities | Revenue | Expenses |
|--|----------------|-----------------------|---------------------------|----------------------------|------------|-------------|
| Geoenergo d.o.o. | 295,535 | 5,810 | 167,302 | 0 | 762,090 | (703,345) |
| Karkasa, d.o.o. | 350,991 | 230,502 | 238,732 | 19,037 | 905,828 | (815,833) |
| Instalacija, d.o.o., Koper | 1,438,551 | 42,970,519 | 4,637,007 | 15,576,975 | 12,629,769 | (7,372,098) |
| Petrol - Bonus d.o.o. | 10,000 | 0 | 0 | 0 | 0 | 0 |
| Petrol Slovenia Tirana Wholesale Sh.A. | 1,998,622 | 20,000 | 20,124 | 0 | 24,579 | (25,932) |
| Petrol - OTI - Slovenija L.L.C. | 1,325,974 | 1,595,530 | 21,726 | 0 | 1,225,061 | (1,267,280) |

21. Investments in associates

Changes in investments in associates

| | THE PETROL GROUP | | | PETROL D.D. | | | |
|---------------------------|---------------------|---------------------|----------------|---------------------|---------------------|----------------|--|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 | |
| Balance as at 1 January | 60,494,609 | 53,554,986 | 113 | 40,549,453 | 40,560,353 | 100 | |
| Net allocated profit | 7,908,400 | 9,917,301 | 80 | 0 | 0 | - | |
| Dividends received | (3,223,278) | (2,963,287) | 109 | 0 | 0 | - | |
| New acquisitions | 190,310,532 | 0 | - | 190,013,560 | 0 | - | |
| Translation differences | 0 | (14,391) | - | 0 | (10,900) | - | |
| | | | | | | | |
| Balance as at 31 December | 255,490,263 | 60,494,609 | 422 | 230,563,013 | 40,549,453 | 569 | |

Balance of investments in associates

| | | THE PETROL GROUP | | PETROL D.D. | | | | |
|---|---------------------|---------------------|----------------|---------------------|---------------------|----------------|--|--|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 | | |
| Istrabenz, d.d. | 189,274,277 | 0 | - | 189,274,277 | 0 | - | | |
| Geoplin d.o.o., Ljubljana | 62,899,094 | 57,272,326 | 110 | 38,661,659 | 37,922,375 | 102 | | |
| Aquasystems d.o.o. | 1,849,937 | 1,865,465 | 99 | 1,091,028 | 1,091,028 | 100 | | |
| Ogrevanje Piran d.o.o. | 873,795 | 794,992 | 110 | 932,248 | 932,248 | 100 | | |
| Marché Gostinstvo d.o.o. | 593,160 | 561,826 | 106 | 603,801 | 603,802 | 100 | | |
| | | | | | | | | |
| Total investments in associated companies | 255,490,263 | 60,494,609 | 422 | 230,563,013 | 40,549,453 | 569 | | |

Increased investments in associates in 2007 comprise the acquisition of a 32.63% stake in the company Istrabenz d.d. in the amount of EUR 189,274,277 and a 0.31% stake in the company Geoplin d.o.o. in the amount of EUR 739,284.

In 2007 the Petrol Group allocated the participating earnings in the amount of EUR 7,908,400 in conformity with the equity method, subtracting dividends on retained earnings in the amount of EUR 3,223,278 from them.

In preparing consolidated financial statements, the Petrol Group uses the latest available financial statements of associates, which are not necessarily audited. If an associate does not prepare the financial statements in accordance with IFRS, the Petrol Group adjusts such statements by acquiring additional information so that consolidation can be performed

According to the calculation on the basis of the stock exchange quotation as at 31 December 2007, the market value of the investment in the company Istrabenz d.d. equals EUR 176,265,005.

The associated companies of the Petrol Group as at 31/12/2007, which are not listed on an organised market, are presented in the table below.

| | | | Ownersł | nip and voting rights |
|--------------------------|--|---|---------|--------------------------|
| Name of the associate | Address of the associate | | | 2006 |
| Ogrevanje Piran, d.o.o. | Liminjanska cesta 117, Portorož, Slovenia | Supply of gaseous fuels, generation and distribution of steam and heat | 40% | 40% |
| Geoplin d.o.o. | Cesta Ljubljanske brigade 11, Ljubljana, Slovenia | Sales and transport of natural gas | 27.57% | 27.26% |
| Aquasystems, d.o.o. | Dupleška 330, Maribor, Slovenia | Construction and operation of industrial and municipal water treatment plants | 26% | 26% |
| Marché Gostinstvo d.o.o. | Notranjska cesta 71, Logatec, Slovenia | Preparation of food and beverages, sale of merchandise and other services | 25% | 25% |

The associated company of the Petrol Group as at 31/12/2007, which is listed on an organised market, is presented in the table below.

| | | | Ownersł | nip and voting rights |
|-----------------------|---|---|---------|--------------------------|
| Name of the associate | Address of the associate | Activity | | 2006 |
| Istrabenz d.d. | Cesta Zore Perello - Godina 2, Koper, Slovenia | Management of the Istrabenz Group's investments and other investments | 32.63% | 0.06% |

Significant amounts from the unaudited financial statements of associates not listed on the stock exchange but included in the financial statements of the Petrol Group include:

| (in EUR) | | Liabilities | | Net profit | Net profit attributable to the Petrol Group |
|--------------------------|-------------|-------------|-------------|------------|---|
| Geoplin Group* | 274,428,000 | 47,228,200 | 299,665,400 | 26,084,400 | 7,192,904 |
| Aquasystems, d.o.o.** | 36,792,208 | 29,677,101 | 8,811,774 | 926,697 | 240,941 |
| Marche Gostinstvo d.o.o. | 4,346,074 | 1,973,425 | 10,848,616 | 125,334 | 31,334 |
| Ogrevanje Piran, d.o.o. | 2,875,640 | 691,153 | 1,435,388 | (57,331) | (22,932) |

^{*} The Geoplin Group's latest available information is comprised of consolidated financial statements for the period January to November 2007.

** Aquasystems, d.o.o.'s latest available information is comprised of financial statements for the period January to November 2007.

Significant amounts from the unaudited financial statements of the associate which is listed on the stock exchange and included in the financial statements of the Petrol Group include:

| (in EUR) | Assets | Liabilities | | Net profit | Net profit attributable to the Petrol Group |
|-------------------------|---------------|-------------|-------------|-------------|---|
| The Istrabenz Group *** | 1,373,341,445 | 860,041,315 | 602,897,532 | 117,970,725 | - |

^{***} The Istrabenz Group's latest available information is comprised of consolidated financial statements for the period January to September 2007.

22. Available-for-sale financial assets

Changes in available-for-sale financial assets

| | | HE PETROL GROU | | PETROL D.D. | | | |
|--|---------------------|---------------------|----------------|---------------------|---------------------|----------------|--|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 | |
| Balance as at 1 January | 11,807,198 | 12,322,519 | 96 | 11,643,298 | 12,116,733 | 96 | |
| | | | | | | | |
| New acquisitions | 1,970,246 | 165,315 | - | 1,967,054 | 130,282 | - | |
| Increase in fair value through equity | 4,354,549 | 457,916 | - | 4,354,549 | 457,914 | - | |
| Decrease in fair value through equity | (368,081) | (123,335) | 298 | (368,081) | (123,335) | 298 | |
| Decrease in fair value through profit or loss | (207,721) | 0 | - | (205,012) | 0 | - | |
| Decrease in investment revaluation surplus as a result of disposal | (1,182,577) | 0 | - | (1,182,577) | 0 | - | |
| Disposal of investments | (5,808,417) | (1,011,926) | - | (5,723,077) | (935,040) | - | |
| Other decreases | (55,948) | 0 | - | (55,948) | 0 | - | |
| Translation differences | 0 | (3,291) | - | 0 | (3,256) | - | |
| | | | | | | | |
| Balance as at 31 December | 10,509,249 | 11,807,198 | 89 | 10,430,206 | 11,643,298 | 90 | |



Balance of available-for-sale financial assets

| | т | THE PETROL GROUP | | | PETROL D.D. | | |
|---|---------------------|--|----------------|---------------------|---------------------|----------------|--|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 | |
| Shares of companies | 9,741,224 | 5,242,190 | 21 | 9,741,224 | 5,242,190 | 186 | |
| Bonds held for sale | 0 | 4,573,527 | - | 0 | 4,573,527 | - | |
| Shares of banks | 314,884 | 1,485,374 | 21 | 235,841 | 1,485,373 | 16 | |
| Mutual fund units held for sale | 298,902 | 238,157 | 126 | 298,902 | 238,158 | 126 | |
| Life insurance | 0 | 107,741 | - | 0 | 22,839 | - | |
| Bills of exchange | 0 | 78,998 | - | 0 | 0 | - | |
| Interests in companies | 144,788 | 71,762 | 202 | 144,788 | 71,761 | 202 | |
| Other investments in bonds | 9,451 | 9,452 | 100 | 9,451 | 9,451 | 100 | |
| | | | | | | | |
| Total available-for-sale financial assets | 10,509,249 | 10,509,249 11,807,198 89 10,430,206 11,643,298 | | | | | |

The available-for-sale financial assets include investments in shares and interests of companies and banks as well as investments in mutual funds and bonds.

New acquisitions of the Petrol Group are primarily comprised of the payment of life insurance policy premiums and of the acquisition of shares of Zavarovalnica Triglav d.d. in the amount of EUR 1,550,155.

In 2007 the Petrol Group disposed of an investment in the bonds of NLB d.d. Ljubljana – NLB 15 in the amount of EUR 2,080,204, DARS d.d., Ljubljana – DRS1 in the amount of EUR 2,112,335, and life insurance policies in the amount of EUR 29,794.

In 2007 the Petrol Group redeemed all life insurance policies, which accounts for EUR 117,887 in disposals of the available-for-sale financial assets.

An increase and decrease in the fair value of the available-for-sale financial assets represents the valuation of investments listed on a regulated market at fair value. This enabled the company Petrol d.d., Ljubljana and the Petrol Group to increase the value of the available-for-sale financial assets by a net amount of EUR 3,986,468.

At the company Petrol and the Petrol Group, the available-for-sale financial assets valued at fair value as at 31 December 2007 total EUR 5,265,463. The available-for-sale financial assets of the Petrol Group and the company Petrol valued at cost as at 31 December 2007 total EUR 5,244,786 and EUR 5,165,743, respectively.

In terms of significant amounts, the carrying amounts of the available-for-sale financial assets are equivalent to their fair values.

23. Non-current financial receivables

| | THE PETROL GROUP | | | PETROL D.D. | | |
|---|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 |
| Financial receivables from companies | 1,923,941 | 1,923,941 | 100 | 10,912,985 | 11,344,988 | 96 |
| Financial receivables from others | 1,193,790 | 2,994,600 | 40 | 1,193,790 | 2,994,600 | 40 |
| TOTAL NON-CURRENT FINANCIAL RECEIVABLES | 3,117,731 | 4,918,540 | 63 | 12,106,775 | 14,339,588 | 84 |

Petrol d.d., Ljubljana's non-current financial receivables from the group companies include loans to the subsidiary company Petrol Plin, d.o.o. in the amount of EUR 5,874,734, the subsidiary company Petrol Energetika, d.o.o. in the amount of EUR 3,006,860, the subsidiary company Petrol Tehnologija, d.o.o. in the amount of EUR 107,450, and associated company Aquasystems, d.o.o. in the amount of EUR 1,923,941.

Petrol d.d., Ljubljana's non-current financial receivables from others include loans to others in the amount of EUR 1,193,790.

In terms of significant amounts, the carrying amounts of financial receivables are equivalent to their fair values.

Changes in non-current financial receivables

| | THE PETROL GROUP | | | PETROL D.D. | | |
|--|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 |
| Balance as at 1 January | 4,918,540 | 5,167,960 | 95 | 14,339,588 | 13,498,249 | 106 |
| | | | | | | |
| New loans | 162,771 | 233,851 | 70 | 6,876,753 | 1,977,024 | 348 |
| Transfer from short-term financial receivables | 0 | 104,323 | - | 0 | 104,323 | - |
| Loan repayment | (94,289) | (213,636) | 44 | (6,201,463) | (213,636) | - |
| Transfer to short-term financial receivables | (1,869,291) | (374,720) | 499 | (2,908,103) | (1,024,381) | 284 |
| Translation differences | 0 | 762 | - | 0 | (1,991) | - |
| BALANCE AS AT 31 DECEMBER | 3,117,731 | 4,918,540 | 63 | 12,106,775 | 14,339,588 | 84 |

Non-current financial receivables of the company Petrol d.d., Ljubljana rose by EUR 6,876,753 on account of a new loan to the company Petrol Plin, d.o.o. in the amount of EUR 6,713,982 and a loan to others in the amount of EUR 162,771. Long-term financial receivables of the Petrol Group rose by EUR 162,771 on account of new loans to others.

Non-current financial receivables of the Petrol Group and the company Petrol d.d., Ljubljana decreased by EUR 6,201,463 as a result of the repayment of a loan granted to the company Petrol Plin, d.o.o. in the amount of EUR 6,107,173, and the repayment of loans granted to others in the amount of EUR 94,289.

Due to a transfer to short-term financial receivables, non-current financial receivables decreased by EUR 2,908,103, of which EUR 839,248 is related to loans to Petrol Plin, d.o.o., EUR 127,931 to loans to Petrol Energetika, d.o.o., EUR 71,633 to a loan to Petrol Tehnologija, d.o.o., EUR 1,506,426 to a loan to Teve d.o.o., and EUR 362,865 to loans to others. As a result of a transfer to short-term financial receivables, the Petrol Group's non-current financial receivables from others decreased by EUR 1,869,281.

24. Non-current operating receivables

| | THE PETROL GROUP | | | PETROL D.D. | | |
|--|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 |
| Receivables from companies | 1,426,404 | 1,426,404 | 100 | 1,441,696 | 1,443,469 | 100 |
| Allowance for receivables from companies | (1,426,404) | (1,426,404) | 100 | (1,426,404) | (1,426,404) | 100 |
| Finance lease receivables | 126,812 | 167,443 | 76 | 57,286 | 57,286 | 100 |
| Allowance for finance lease receivables | (57,286) | (57,286) | 100 | (57,286) | (57,286) | 100 |
| Receivables from municipalities | 1,947,268 | 2,525,935 | 77 | 1,799,030 | 2,382,974 | 75 |
| Other receivables | 558,752 | 581,372 | 96 | 558,752 | 581,372 | 96 |
| TOTAL NON-CURRENT OPERATING RECEIVABLES | 2,575,546 | 3,217,464 | 80 | 2,373,074 | 2,981,411 | 80 |

Non-current operating receivables from group companies mostly consist of receivables from the joint venture Geoenergo, d.o.o. in the amount of EUR 1,426,404. The receivable is associated with long-term assets earmarked for the restructuring of the company Nafta Lendava d.o.o., which the company Petrol d.d., Ljubljana was obliged to provide under an agreement concluded with the Government of the Republic of Slovenia. Because the repayment of long-term operating receivables depends on the generation and distribution of profit of the company Geoenergo, d.o.o., an allowance for the entire receivable has been formed.

Receivables from municipalities comprise a receivable from the Municipality of Nova Gorica in the amount of EUR 852,988 and a receivable from the Municipality of Šempeter Vrtojba in the amount of EUR 946,043, both associated with the repayment of the fee for the building site use.

Other receivables mostly consist of a receivable from the Municipality of Mengeš in the amount of EUR 485,471 arising from prepaid concession charges.

In terms of significant amounts, the carrying amounts of operating receivables are equivalent to their fair values.

Changes in non-current finance lease receivables

| | TH | HE PETROL GROU | JP | PETROL D.D. | | | |
|---|---------------------|---------------------|----------------|---------------------|---------------------|----------------|--|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 | |
| Balance of finance lease receivables as at 1 January | 167,443 | 57,269 | 292 | 57,286 | 57,269 | 100 | |
| Allowance for finance lease receivables as at 1 January | (57,286) | (57,269) | 100 | (57,286) | (57,269) | 100 | |
| | | | | | | | |
| New loans | 0 | 133,354 | - | 0 | 0 | - | |
| Loan repayment | (6,120) | 0 | - | 0 | 0 | - | |
| Transfer to short-term investments | (34,511) | (23,197) | 149 | 0 | 0 | - | |
| | | | | | | | |
| Balance of finance lease receivables as at 31 December | 126,812 | 167,426 | 76 | 57,286 | 57,269 | 100 | |
| Allowance for finance lease receivables as at 31 December | (57,286) | (57,269) | 100 | (57,286) | (57,269) | 100 | |
| Balance as at 1 January | 110,157 | 0 | - | 0 | 0 | - | |
| BALANCE AS AT 31 DECEMBER | 69,526 | 110,157 | 63 | | | | |

Non-current receivables arising from the Petrol Group's finance lease by maturity:

| Repayments | (in EUR) |
|------------|----------|
| in year 1 | 19,145 |
| in year 2 | 20,307 |
| in year 3 | 21,539 |
| in year 4 | 22,845 |
| in year 5 | 4,834 |

The repayment period is 5 years at 6% interest rate. Over the next five years, the Group's interest revenue will amount to EUR 10,617.

25. Deferred taxes

| | Ī | THE PETROL GROUP | | | PETROL D.D. | |
|---|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 |
| Beginning of the year | (1,044,818) | (348,080) | 300 | (769,507) | (68,186) | - |
| Acquisition of a company | 288,914 | 0 | - | 0 | 0 | - |
| To debit/(credit) of the income statement | 160,459 | (765,077) | - | 66,731 | (769,592) | - |
| To debit/(credit) of equity | 598,172 | 68,257 | - | 598,173 | 68,257 | - |
| Translation differences | (15,504) | 82 | - | 0 | 14 | - |
| END OF THE YEAR | (12,777) | (1,044,818) | | (104,603) | (769,507) | 14 |



Changes in deferred taxes of the Petrol Group

| (in EUR) | | Tax non- deductible provisions | Revaluation and impairment of assets | | Receivables/ liabilities | Other | |
|---|----------|--------------------------------------|---|-----------|-----------------------------|----------|-------------|
| Deferred tax assets | | | | | | | |
| | | | | | | | |
| Balance as at 1 January 2006 | (59,063) | (924,597) | (191,631) | (129,971) | (34,373) | 0 | (1,339,636) |
| To debit/(credit) of the income statement | 59,047 | (193,001) | (396,065) | (7,995) | 34,364 | (36,396) | (540,047) |
| Translation differences | 16 | 245 | 51 | 35 | 9 | 0 | 357 |
| | | | | | | | |
| Balance as at 31 December 2006 | 0 | (1,117,353) | (587,644) | (137,932) | 0 | (36,396) | (1,879,327) |
| | | | | | | | |
| Acquisition of a company | 0 | (1,249) | 0 | 0 | 0 | 0 | (1,249) |
| To debit/(credit) of the income statement | 0 | 44,416 | 88,069 | 6,543 | 0 | 28,702 | 167,730 |
| Translation differences | 0 | 57 | 144 | 0 | 0 | 0 | 199 |
| BALANCE AS AT 31 DECEMBER 2007 | 0 | (1,074,130) | (499,431) | (131,389) | 0 | (7,694) | (1,712,646) |

| (in EUR) | Investments | Tax non-deductible provisions | Fixed assets | Receivables/ liabilities | Total |
|---|-------------|-------------------------------|--------------|-----------------------------|-----------|
| Deferred tax liabilities | | | | | |
| | | | | | |
| Balance as at 1 January 2006 | 448,756 | 0 | 542,800 | 0 | 991,556 |
| To debit/(credit) of the income statement | (248,328) | 0 | 0 | 23,297 | (225,030) |
| To debit/(credit) of equity | 68,257 | 0 | 0 | 0 | 68,257 |
| Translation differences | (130) | 0 | (146) | 0 | (275) |
| | | | | | |
| Balance as at 31 December 2006 | 268,555 | 0 | 542,654 | 23,297 | 834,509 |
| | | | | | |
| Acquisition of a company | 0 | 0 | 290,164 | 0 | 290,164 |
| To debit/(credit) of the income statement | 0 | 0 | (3,068) | (4,203) | (7,271) |
| To debit/(credit) of equity | 598,172 | 0 | 0 | 0 | 598,172 |
| Translation differences | 0 | 0 | (15,703) | 0 | (15,703) |
| BALANCE AS AT 31 DECEMBER 2007 | 866,728 | | 814,047 | 19,094 | 1,699,869 |

Changes in deferred taxes of the company Petrol d.d.

| (in EUR) | | | | Accelerated depreciation | Total |
|---|----------|-----------|-----------|--------------------------|-------------|
| Deferred tax assets | | | | | |
| | | | | | |
| Balance as at 1 January 2006 | (59,063) | (350,557) | (75,621) | 0 | (485,241) |
| To debit/(credit) of the income statement | 59,047 | (192,343) | (386,997) | (32,658) | (552,951) |
| Translation differences | 16 | 96 | 17 | 0 | 130 |
| | | | | | |
| Balance as at 31 December 2006 | 0 | (542,804) | (462,601) | (32,658) | (1,038,063) |
| | | | | | |
| To debit/(credit) of the income statement | 0 | 4,479 | 29,594 | 32,658 | 66,731 |
| BALANCE AS AT 31 DECEMBER 2007 | | (538,325) | (433,006) | | (971,332) |

| (in EUR) | Investments | Total |
|---|-------------|-----------|
| | investments | Total |
| Deferred tax liabilities | | |
| Balance as at 1 January 2006 | 417,055 | 417,055 |
| To debit/(credit) of the income statement | (216,642) | (216,642) |
| To debit/(credit) of equity | 68,257 | 68,257 |
| Translation differences | (115) | (115) |
| | | |
| Balance as at 31 December 2006 | 268,555 | 268,555 |
| | | |
| To (debit)/credit of the income statement | | 0 |
| To (debit)/credit of equity | 598,172 | 598,172 |
| BALANCE AS AT 31 DECEMBER 2007 | 866,728 | 866,728 |

26. Inventories

| | THE PETROL GROUP | | | | PETROL D.D. | |
|---------------------------------------|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 |
| Inventory of spare parts and material | 847,024 | 778,455 | 109 | 0 | 8,638 | - |
| Merchandise: | 84,026,796 | 78,621,345 | 107 | 74,064,112 | 68,605,696 | 108 |
| - fuel | 61,744,571 | 59,218,090 | 104 | 54,364,479 | 51,367,985 | 106 |
| - other petroleum products | 4,851,451 | 5,307,536 | 91 | 4,478,863 | 4,207,011 | 106 |
| - other merchandise | 17,430,774 | 14,095,719 | 124 | 15,220,770 | 13,030,700 | 117 |
| TOTAL INVENTORIES | 84,873,820 | 79,399,800 | 107 | 74,064,112 | 68,614,334 | 108 |

None of the Company's inventories have been pledged as collateral for liabilities.

On 31 December 2007, the company Petrol d.d., Ljubljana checked the value of merchandise inventories and determined that the net realisable value of its inventories equals or exceeds the cost of merchandise. The company thus did not impair the value of inventories in 2007.

On 31 December 2007, the Petrol Group checked the value of merchandise inventories and determined that the net realisable value of inventories of the companies Petrol Plin d.o.o., Petrol Energetika d.o.o. and Petrol Beograd d.o.o. dropped below their cost, which is why it impaired the value of inventories in the amount of EUR 86,277.

27. Short-term financial receivables

| | THE PETROL GROUP | | | PETROL D.D. | | |
|--|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 |
| Time bank deposits with maturity between 3 months and 1 year | 12,705 | 12,548 | 101 | 0 | 0 | - |
| Receivables from banks arising from euro cash frontloading | 0 | 2,201,431 | - | 0 | 2,201,433 | - |
| Loans to companies | 13,043,247 | 1,995,873 | - | 14,081,782 | 2,693,412 | - |
| Adjustments of loans to companies | (1,126,117) | (1,130,638) | 100 | (1,126,117) | (1,130,640) | 100 |
| Interest receivables from others | 959,619 | 892,756 | 107 | 1,041,634 | 892,656 | 117 |
| Allowance for interest receivables | (706,029) | (706,097) | 100 | (706,029) | (705,934) | 100 |
| TOTAL SHORT-TERM FINANCIAL RECEIVABLES | 12,183,425 | 3,265,874 | 373 | 13,291,270 | 3,950,927 | 336 |

Short-term loans granted by Petrol d.d., Ljubljana, which on 31 December 2007 amounted to EUR 14,081,782, represent a short-term portion of long-term loans to the subsidiary companies Petrol Plin d.o.o. in the amount of EUR 839,248, Petrol Energetika d.o.o. in the amount of EUR 127,931 and Petrol Tehnologija d.o.o. in the amount of EUR 71,633, a short-term portion of long-term loans to others in the amount of EUR 1,506,426, a short-term portion of loans granted to road hauliers for the purchase of vehicles in the amount of EUR 368,210 and to others in the amount of EUR 165,757, short-term loans to other companies in the amount of EUR 9,857,084, and short-term disputed receivables from loans to others in the amount of EUR 1,145,483 for which an allowance has been created in the amount of EUR 1,126,117.

Short-term financial receivables from interest in the amount of EUR 1,041,634 represent interest payable by subsidiary companies in the amount of EUR 80,009, interest payable by associated companies in the amount of EUR 49,358, and interest payable by other companies in the amount of EUR 912,267 for which an allowance has been created in the amount of EUR 706,029.

In terms of significant amounts, the carrying amounts of short-term financial receivables are equivalent to their fair values.

28. Short-term operating receivables

| | THE PETROL GROUP | | | | PETROL D.D. | |
|--|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 |
| Receivables from domestic customers | 228,074,004 | 194,507,553 | 117 | 192,591,744 | 164,675,388 | 117 |
| Allowance for receivables from domestic customers | (16,949,625) | (18,211,187) | 93 | (12,414,897) | (11,961,292) | 104 |
| Receivables from foreign customers | 19,714,555 | 11,270,618 | 175 | 47,404,090 | 31,161,793 | 152 |
| Allowance for receivables from foreign customers | (1,972,933) | (2,136,355) | 92 | (1,884,100) | (2,049,011) | 92 |
| Operating receivables from government and other institutions | 9,939,190 | 7,891,694 | 126 | 5,097,384 | 3,898,610 | 131 |
| Allowance for receivables from government and other institutions | (125,133) | (125,133) | 100 | 0 | 0 | - |
| Operating receivables from interest | 1,240,211 | 1,352,470 | 92 | 1,125,833 | 1,300,071 | 87 |
| Allowance for interest receivables | (894,128) | (1,144,801) | 78 | (881,928) | (1,114,413) | 79 |
| Other operating receivables | 276,866 | 828,815 | 33 | 30,764 | 605,968 | 5 |
| Allowance for other receivables | (76,019) | (76,019) | 100 | 0 | 0 | - |
| TOTAL SHORT-TERM OPERATING RECEIVABLES | 239,226,988 | 194,157,656 | 123 | 231,068,890 | 186,517,112 | 124 |

Short-term operating receivables include trade receivables, interest receivables payable by customers, and other operating receivables.

Allowances for receivables from domestic customers and for interest receivables include receivables overdue for more than 60 days and receivables from lawsuits, compositions and bankruptcy proceedings. Allowances for receivables from certain major customers are formed individually, as provided by the company's accounting policy.

In terms of significant amounts, the carrying amounts of short-term operating receivables are equivalent to their fair values.

Changes in allowances for operating receivables of the Petrol Group

| (in EUR) | Short-term operating receivables | Short-term interest receivables | |
|--|----------------------------------|---------------------------------|--------------|
| Balance as at 1 January 2006 | (19,308,582) | (1,265,396) | (20,573,977) |
| | | | |
| Changes in allowances affecting profit or loss | (2,133,859) | (30,709) | (2,164,568) |
| Changes in allowances not affecting profit or loss (recorded interest) | 0 | 150,501 | 150,501 |
| Write-downs of receivables subject to allowances | 895,618 | 463 | 896,082 |
| Translation differences | (1,872) | 340 | (1,532) |
| BALANCE AS AT 31 DECEMBER 2006 | (20,548,694) | (1,144,801) | (21,693,494) |

| (in EUR) | Short-term operating receivables | Short-term interest receivables | Total |
|--|----------------------------------|---------------------------------|--------------|
| Balance as at 1 January 2007 | (20,548,694) | (1,144,801) | (21,693,494) |
| | | | |
| Changes in allowances affecting profit or loss | (202,539) | 56,874 | (145,665) |
| Changes in allowances not affecting profit or loss (recorded interest) | 10,732 | 192,708 | 203,440 |
| Write-downs of receivables subject to allowances | 1,619,001 | 1,091 | 1,620,092 |
| Translation differences | (2,210) | 0 | (2,210) |
| BALANCE AS AT 31 DECEMBER 2007 | (19,123,710) | (894,128) | (20,017,836) |

Changes in allowances for operating receivables of the company Petrol d.d.

| (in EUR) | Short-term operating receivables | Short-term interest receivables | Total |
|--|----------------------------------|---------------------------------|--------------|
| Balance as at 1 January 2006 | (13,377,335) | (1,261,351) | (14,638,686) |
| | | | |
| Changes in allowances affecting profit or loss | (1,213,666) | (4,077) | (1,217,743) |
| Changes in allowances not affecting profit or loss (recorded interest) | 0 | 150,501 | 150,501 |
| Write-downs of receivables subject to allowances | 577,103 | 175 | 577,278 |
| Translation differences | 3,597 | 336 | 3,933 |
| BALANCE AS AT 31 DECEMBER 2006 | (14,010,301) | (1,114,416) | (15,124,717) |

| (in EUR) | Short-term operating receivables | Short-term interest receivables | Total |
|--|----------------------------------|---------------------------------|--------------|
| Balance as at 1 January 2007 | (14,010,301) | (1,114,416) | (15,124,717) |
| | | | |
| Changes in allowances affecting profit or loss | (968,299) | 35,335 | (932,964) |
| Changes in allowances not affecting profit or loss (recorded interest) | 0 | 197,152 | 197,152 |
| Write-downs of receivables subject to allowances | 679,603 | 0 | 679,603 |
| BALANCE AS AT 31 DECEMBER 2007 | (14,298,997) | (881,929) | (15,180,925) |

Operating receivables of the Petrol Group broken down by maturity

| | BREAKDOWN BY MATURITY | | | | | |
|---|-----------------------|--------------------------|--------------------------|--------------------------|------------------------------|--------------|
| (in EUR) | not yet due | up to 30 days overdue | 31 to 60 days overdue | 61 to 90 days overdue | more than 90 days overdue | |
| Trade receivables | 167,619,507 | 53,632,221 | 3,070,880 | 161,385 | 4,382,009 | 228,866,001 |
| - domestic market | 157,655,917 | 48,118,257 | 5,245,389 | 1,695,408 | 15,359,033 | 228,074,004 |
| - allowances for receivables | 0 | 0 | (4,264,685) | (1,558,620) | (11,126,318) | (16,949,625) |
| – foreign market | 9,963,590 | 5,513,964 | 2,090,176 | 24,950 | 2,121,874 | 19,714,555 |
| - allowances for receivables | 0 | 0 | 0 | (353) | (1,972,580) | (1,972,933) |
| Operating receivables from government and other institutions | 7,283,640 | 65,946 | 262,002 | 0 | 2,327,602 | 9,939,190 |
| allowances for receivables from government and other institutions | 0 | 0 | 0 | 0 | (125,133) | (125,133) |
| Interest receivables | 70,686 | 198,758 | 51,502 | 68,804 | 850,462 | 1,240,211 |
| - allowances for interest receivables | 0 | 0 | 0 | (48,146) | (845,987) | (894,128) |
| Other receivables | 199,172 | 158 | 80 | 82 | 77,374 | 276,866 |
| - allowances for other receivables | 0 | 0 | 0 | 0 | (76,019) | (76,019) |
| TOTAL | 175,173,005 | 53,897,083 | 3,384,464 | 182,125 | 6,590,308 | 239,226,988 |

Operating receivables of the company Petrol d.d. broken down by maturity

| | | BREAKDOWN BY MATURITY | | | | | | | |
|---------------------------------------|-------------|--|-------------|-------------|-------------|--------------|--|--|--|
| (in EUR) | not yet due | up to 30 days 31 to 60 days 61 to 90 days more than 90 overdue overdue days overdue days overdue | | | | | | | |
| Trade receivables | 168,862,233 | 47,649,664 | 5,524,403 | 167,371 | 3,493,166 | 225,696,837 | | | |
| - domestic market | 143,251,823 | 32,397,635 | 5,455,363 | 1,470,463 | 10,016,460 | 192,591,744 | | | |
| - allowances for receivables | 0 | 0 | (4,264,685) | (1,470,463) | (6,679,749) | (12,414,897) | | | |
| – foreign market | 25,610,410 | 15,252,029 | 4,333,725 | 167,371 | 2,040,555 | 47,404,090 | | | |
| - allowances for receivables | 0 | 0 | 0 | 0 | (1,884,100) | (1,884,100) | | | |
| Other receivables | 5,128,148 | 0 | 0 | 0 | 0 | 5,128,148 | | | |
| Interest receivables | 28,701 | 164,558 | 50,646 | 43,786 | 838,142 | 1,125,833 | | | |
| - allowances for interest receivables | 0 | 0 | - | (43,786) | (838,142) | (881,928) | | | |
| TOTAL | 174,019,082 | 47,814,222 | 5,575,049 | 167,371 | 3,493,166 | 231,068,890 | | | |

29. Financial assets at fair value through profit or loss

| | THE PETROL GROUP | | | PETROL D.D. | | |
|---|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 |
| Receivables from banks arising from forward transactions | 667,553 | 26,502 | - | 667,553 | 26,502 | - |
| Receivables from interest rate swaps with banks | 951,691 | 605,383 | 157 | 951,691 | 605,383 | 157 |
| Receivables from commodity swaps | 564,792 | 425,618 | 133 | 277,282 | 0 | - |
| | | | | | | |
| Total financial assets at fair value through profit or loss | 2,184,036 | 1,479,698 | 148 | 1,896,526 | 631,885 | 300 |

Receivables from banks arising from forward transactions for the purchase of dollars in the amount of EUR 667,553 include the accrued positive valuation effect of outstanding forward contracts as at 31 December 2007 and should be considered together with the accrued negative effect of outstanding forward contracts as at 31 December 2007 in the amount of EUR 745,744 that was disclosed as a short-term financial liability.

Receivables from banks in connection with interest rate swaps in the amount of EUR 951,691 include the accrued positive valuation effect of interest risk hedging contracts as at 31 December 2007 and should be considered together with the accrued negative effect of outstanding interest risk hedging contracts in the amount of EUR 84,693 as at 31 December 2007, which was disclosed as a financial liability to banks.

Receivables from banks in connection with commodity swaps in the amount of EUR 277,282 include the accrued positive valuation effect of outstanding commodity swap contracts as at 31 December 2007 and should be considered together with the accrued negative effect of outstanding commodity swap contracts in the amount of EUR 460,223 as at 31 December 2007, which was disclosed as a financial liability to banks.

30. Cash and cash equivalents

| | | HE PETROL GROUF | • | | PETROL D.D. | |
|--------------------------------------|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 |
| Cash | 77,692 | 306,422 | 25 | 6,519 | 25,173 | 26 |
| Cash in banks | 10,031,113 | 17,119,005 | 59 | 6,113,255 | 10,640,790 | 57 |
| Short-term deposits - up to 3 months | 61,879 | 11,252,370 | 1 | 4,393,603 | 14,818,854 | 30 |
| TOTAL CASH AND CASH EQUIVALENTS | 10,170,684 | 28,677,797 | 35 | 10,513,377 | 25,484,817 | 41 |

31. Deferred costs and accrued revenue and other assets

| | THE PETROL GROUP | | | | PETROL D.D. | |
|---|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 |
| Advances | 1,477,110 | 213,324 | - | 232,857 | 105,343 | 221 |
| Transitional account for merchandise sold | 711,477 | 30,671 | - | 711,209 | 33,075 | - |
| Prepaid insurance premiums | 477,816 | 149,796 | 319 | 381,173 | 129,655 | 294 |
| Prepaid costs of subscriptions, sponsorship, specialised literature | 288,574 | 614,000 | 47 | 285,537 | 271,335 | 105 |
| Uninvoiced natural gas | 247,876 | 0 | - | 96,071 | 0 | - |
| Accrued interest on arrears arising from overdue trade receivables | 226,497 | 250,029 | 91 | 226,497 | 250,029 | 91 |
| Receivables from insurance companies - loss events | 211,984 | 506,595 | 42 | 208,547 | 506,595 | 41 |
| Inventories of virtual cards | 189,842 | 0 | - | 110,993 | 0 | - |
| Deferred expenses associated with the cost of natural gas | 106,708 | 78,196 | 136 | 0 | 0 | - |
| Receivables from accrued costs | 85,345 | 57,999 | 147 | 85,049 | 57,690 | 147 |
| Deferred costs of major repairs | 46,317 | 56,343 | 82 | 0 | 0 | - |
| Deferred operating costs - DARS | 35,628 | 0 | - | 35,628 | 0 | - |
| Accrued revenue from rents | 26,170 | 0 | - | 0 | 0 | - |
| Prepaid costs associated with Magna cards | 11,452 | 29,281 | 39 | 0 | 29,281 | - |
| Prepaid costs of holiday homes | 0 | 27,270 | - | 0 | 27,271 | - |
| Other short-term deferred costs and expenses | 65,706 | 0 | - | 0 | 0 | - |
| TOTAL DEFERRED COSTS AND ACCRUED REVENUE AND OTHER ASSETS | 4,208,502 | 2,013,505 | 209 | 2,373,561 | 1,410,272 | 168 |

32. Equity

The share capital of the company Petrol d.d., Ljubljana totals EUR 52,240,977 and is divided into 2,086,301 ordinary shares with a nominal value of EUR 25.04. All shares have been paid up in full.

All 2,086,301 ordinary shares are listed on the Ljubljana Stock Exchange under the designation PETG. The quoted share price as at 31 December 2007 was EUR 907.58. The book value of the share as at 31 December 2007 was EUR 185.69.

At the 16th General Meeting of the joint-stock company Petrol d.d. held on 16 May 2007, the shareholders adopted the following resolution on the allocation of accumulated profit:

At the proposal of the Management Board and the Supervisory Board, the accumulated profit for the financial year 2006 in the amount of EUR 31,324,339.58 shall be allocated in accordance with the provisions of Articles 230, 231, 282 and 293 of the Companies Act (ZGD-1) to:

- 1. the payment of dividends to shareholders in the gross amount of EUR 5.50 per share or in the total amount of EUR 11,474,655.50;
- 2. the transfer to other revenue reserves in the amount of EUR 9,924,842.04;
- 3. the transfer to retained earnings in the amount of EUR 9,924,842.04, the distribution of which shall be determined in the coming financial years.

The payment under items 1 and 2 shall be made from other revenue reserves set aside in the period between 1993 and 2000.

The company paid out dividends for only 2,061,274 shares amounting to EUR 11,337,007 as it does not pay dividends on own shares.

On the payment of bonuses to the members of the Management Board and the Supervisory Board in the form of own shares, capital surplus rose by EUR 204,000 in 2007, which represents the surplus in the share's disposal value over its book value. In 2007 the company Petrol d.d., Ljubljana disposed of 731 own shares.

Net profit for the financial year 2007 has already been halved and transferred to other revenue reserves in the amount of EUR 22,911,139, as provided by Article 230(3) of the Companies Act (ZGD 1).

Reserves

In 2007 capital surplus increased by EUR 204,000, which constitutes a surplus in the disposal value of own shares over the book value of own shares paid as a 2006 bonus to a member of the Supervisory Board and members of the Management Board.

In 2007 other reserves increased by the transferred amount of the 2006 accumulated profit totalling EUR 9,924,842, by the transferred half of the 2007 profit totalling EUR 22,911,139, and by the amount of bonuses paid to the Supervisory Board and the Management Board totalling EUR 77,077.

In 2007 other reserves decreased by the amount of dividends paid to shareholders in the amount of EUR 11,337,007 and by the amount EUR 5,098 arising from the conversion of share capital into euros in accordance with Article 693 of the Companies Act (ZGD-1).

Investment valuation reserves increased by the amount of a positive effect of valuing investments at market value, which amounted to EUR 2,772,039, and decreased by the amount of deferred taxes associated with the valuation of investments which amounted to EUR 598,172.

The Petrol Group's legal reserves increased as well due to a transfer of a 5% share of profit for the current year to legal reserves of the subsidiaries Petrol Maloprodaja Slovenija d.o.o., Petrol Plin d.o.o., Petrol Tehnologija d.o.o., Petrol Skladiščenje d.o.o. and Petrol VNC d.o.o.

In 2007 the Petrol Group's company Petrol Maloprodaja Slovenija d.o.o. determined that in the preparation of the opening balance sheet as at 1 January 2005 for the purpose of the transition of IFRS the company did not transfer reserves for the revaluation of fixed assets to retained earnings in the amount of EUR 2,713,998 as it should have done because the fair value of land was used as historical cost in accordance with IFRS 1.17. Moreover, the company did not recognise deferred tax liabilities in the amount of EUR 542,800 and decreased retained earnings by the same amount. The effect of the adjustment on total equity as at 1 January 2005 and consequently as at 31 December 2006 resulted in a decrease in equity by EUR 542,654 and increase in a deferred tax liability in the amount of EUR 542,654. The adjustments do not affect profit or loss for 2005, 2006 and 2007. The comparatives presented in the balance sheet for 2006 include the adjustments as well as translation differences.

33. Changes in own shares of the company Petrol d.d.

| | Number of shares | Share capital EUR | Own shares EUR | Capital surplus EUR | Total EUR | | | |
|--------------------------------|------------------|----------------------|-------------------|------------------------|--------------|--|--|--|
| Balance as at 31 December 2005 | 2,086,301 | 52,255,020 | (2,759,142) | 80,528,023 | 130,023,900 | | | |
| Net disposal of own shares | | | 42,492 | 67,736 | 110,228 | | | |
| Translation differences | | (14,043) | 741 | (21,641) | (34,942) | | | |
| | | | | | | | | |
| Balance as at 31 December 2006 | 2,086,301 | 52,240,977 | (2,715,909) | 80,574,118 | 130,099,186 | | | |
| Net disposal of own shares | | | 77,077 | 204,000 | 281,077 | | | |
| | | | | | | | | |
| Balance as at 31 December 2007 | 2,086,301 | 52,240,977 | (2,638,832) | 80,778,118 | 130,380,263 | | | |

Purchase and disposal of own shares of the company Petrol d.d.

Purchase of own shares

| | Number of shares | Cost (in EUR)* |
|-----------------|------------------|----------------|
| Transaction | | |
| Purchases | | |
| 1997 | 9,218 | 629,060 |
| 1998 | 25,748 | 2,183,612 |
| 1999 | 1,176 | 74,524 |
| TOTAL PURCHASES | 36,142 | 2,887,195 |

Disposal of own shares

| | Number of shares | Cost (in EUR)* |
|----------------------------|------------------|----------------|
| Transaction | | |
| Payments - Disposals | | |
| Payment of bonuses in 1997 | (1,144) | (104,848) |
| Payment of bonuses in 1998 | (1,092) | (98,136) |
| Payment of bonuses in 1999 | (715) | (62,189) |
| Payment of bonuses in 2000 | (1,287) | (119,609) |
| Payment of bonuses in 2001 | (1,122) | (95,252) |
| Payment of bonuses in 2002 | (1,830) | (158,256) |
| Payment of bonuses in 2003 | (1,603) | (138,625) |
| Payment of bonuses in 2004 | (1,044) | (90,284) |
| Payment of bonuses in 2005 | (144) | (15,183) |
| Payment of bonuses in 2006 | (403) | (42,492) |
| Payment of bonuses in 2007 | (731) | (77,077) |
| TOTAL PAYMENTS | (11,115) | (1,001,951) |

 $^{^{\}star}$ Figures converted from SIT into EUR at the parity exchange rate of 239.64.

Due to the payment of the 2006 bonus to a member of the Supervisory Board and to members of the Management Board, the number of own shares decreased by 731 shares or the total amount of EUR 77,077 in 2007 (the bonus received by a member of the Supervisory Board was paid at the share's average market value in 2005 which stood at EUR 273.52, while the bonus received by members of the Management Board was paid at the share's average market value in 2006 which stood at EUR 386.52) The difference up to the disposal value in the amount of EUR 204,000.46 was used in 2007 to increase the paid-up capital surplus.

On 31 December 2007, Petrol d.d. held 25,027 own shares. On 31 December 2007, the cost of repurchased own shares stood at EUR 2,638,832, while their market value amounted to EUR 22,714,005 on the same date.

34. Provisions for employee benefits

| | THE PETROL GROUP | | | PETROL D.D. | | |
|--|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 |
| Severance pay upon retirement | 2,517,809 | 2,538,942 | 104 | 1,137,045 | 1,190,072,65 | 100 |
| Jubilee benefits | 1,507,747 | 1,534,118 | 104 | 686,663 | 700,126,56 | 107 |
| TOTAL PROVISIONS FOR EMPLOYEE BENEFITS | 4,025,556 | 4,073,060 | 99 | 1,823,708 | 1,890,199 | 96 |

Changes in provisions for employee benefits

| | THE PETROL GROUP | | | PETROL D.D. | | |
|--------------------------------|------------------|---------------------|-----------|-------------|---------------------|-----------|
| (in EUR) | | Jubilee benefits | | | Jubilee benefits | |
| Changes | | | | | | |
| Balance as at 1 January 2006 | 2,441,509 | 1,474,449 | 3,915,958 | 1,189,186 | 656,761 | 1,845,948 |
| | | | | | | |
| Net provisions set aside | 266,337 | 228,096 | 494,433 | 115,603 | 90,169 | 205,771 |
| Utilisation | (168,248) | (168,031) | (336,279) | (114,397) | (46,628) | (161,025) |
| Translation differences | (656) | (396) | (1,052) | (319) | (175) | (494) |
| | | | | | | |
| Balance as at 31 December 2006 | 2,538,942 | 1,534,118 | 4,073,060 | 1,190,073 | 700,127 | 1,890,199 |
| | | | | | | |
| Net provisions set aside | 122,917 | 174,937 | 297,854 | 11,901 | 65,725 | 77,626 |
| Acquisition of a company | 8,155 | 4,339 | 12,494 | | | |
| Utilisation | (150,457) | (205,463) | (355,920) | (64,929) | (79,189) | (144,118) |
| Translation differences | (1,748) | (184) | (1,932) | 0 | 0 | 0 |
| BALANCE AS AT 31 DECEMBER 2007 | 2,517,809 | 1,507,747 | 4,025,556 | 1,137,045 | 686,663 | 1,823,708 |

In the calculation of provisions for employee benefits 534 employees of the company Petrol d.d. and 1,315 employees of the Petrol Group were included. The calculation was performed using the interest rate of 5.85% while the interest rate of 3.4% was applied to future increases in salaries.

35. Other provisions and long-term deferred revenue

Other non-current provisions of the Petrol Group

| BALANCE AS AT 31 DECEMBER 2007 | 16,229,180 | 78,054 | 433,043 | 35,813 | 16,776,090 |
|--|---------------------------|------------------------------------|---------------------------------|------------------|-------------|
| Decrease in provisions during the year | (5,210,394) | (1,522) | 0 | (435,413) | (5,647,329) |
| Increase in provisions | 0 | 2,934 | 11,911 | 30,127 | 30,127 |
| Balance as at 31 December 2006 | 21,439,574 | 76,642 | 421,132 | 441,099 | 22,378,447 |
| Translation differences | (6,521) | (20) | (116) | (129) | (6,787) |
| Decrease in provisions during the year | (2,814,882) | (1,977) | (11,855) | (39,885) | (2,868,599) |
| Increase in provisions | 0 | 0 | 0 | 445,968 | 445,968 |
| Balance as at 1 January 2006 | 24,260,976 | 78,639 | 433,103 | 35,145 | 24,807,864 |
| (in EUR) | Environment provisions | Provisions from donations received | Provisions for legal procedures | Other provisions | Total |

Other non-current provisions of the company Petrol d.d.

| (in EUR) | | Provisions from donations received | Other provisions | Total |
|--|-------------|------------------------------------|------------------|-------------|
| Balance as at 1 January 2006 | 24,260,976 | 78,639 | 0 | 24,339,616 |
| | | | | |
| Increase in provisions | 0 | 0 | 14,571 | 14,571 |
| Decrease in provisions during the year | (2,814,882) | (1,977) | (6,903) | (2,823,762) |
| Translation differences | (6,521) | (20) | 0 | (6,541) |
| Balance as at 31 December 2006 | 21,439,574 | 76,642 | 7,668 | 21,523,884 |
| | | | | |
| Increase in provisions | 0 | 667 | 0 | 667 |
| Decrease in provisions during the year | (5,210,394) | (750) | (2,048) | (5,213,192) |
| BALANCE AS AT 31 DECEMBER 2007 | 16,229,180 | 76,559 | 5,620 | 16,311,359 |

Environmental provisions include long-term provisions for investments in the environmental restoration of service stations, road tankers and warehouses, and investments in the clean-up of the bitumen dump at Pesniški Dvor, which have been approved by way of a decision issued by the Ministry of Environment and Spatial Planning in relation to the ownership transformation of the company Petrol d.d., Ljubljana. In the opening balance sheet as at 1 January 1993, they were recognised as a liability charged against equity in the initial amount of EUR 22,356,856.

On 31 December 2007, the unutilised portion of provisions relating to investments in the environmental restoration totalled EUR 16,196,120, with the unutilised portion of provisions relating to the clean-up of the bitumen dump at Pesniški Dvor totalling EUR 33,060.

A decrease in environmental provisions, which amounted in 2007 to EUR 5,210,395, includes assets relating to the utilisation of the accrued depreciation of environmental fixed assets totalling EUR 1,635,437 and assets used in the clean-up of the bitumen dump, which amounted to EUR 3,574,957 and are being utilised in line with the contract on the bitumen dump clean-up concluded by the Republic of Slovenia, the company Petrol d.d. and the company Gorenje d.d.

Provisions for legal procedures consist of gross provisions for certain legal procedures brought against the Petrol Group and the company Petrol d.d. Once relevant legal advice has been obtained, such claims will not result in major losses that would exceed the amounts as at 31 December 2007.

Long-term deferred revenue of the Petrol Group

| (in EUR) | Long-term deferred revenue from gas connections | Other long-term deferred revenues | Total |
|--|---|-----------------------------------|-----------|
| Balance as at 1 January 2006 | 873,182 | 0 | 873,182 |
| | | | |
| Increase in deferred revenue | 607,440 | 151,164 | 758,605 |
| Decrease in deferred revenue during the year | (245,656) | 0 | (245,656) |
| Translation differences | (235) | 0 | (235) |
| Balance as at 31 December 2006 | 1,234,731 | 151,164 | 1,385,896 |
| | | | |
| Increase in deferred revenue | 498,367 | 19,706 | 518,073 |
| Decrease in deferred revenue during the year | (156,734) | (50,388) | (207,122) |
| BALANCE AS AT 31 DECEMBER 2007 | 1,576,364 | 120,482 | 1,696,847 |

Long-term deferred revenue of the company Petrol d.d.

| (in EUR) | Long-term deferred revenue from gas connections | Other long-term deferred revenues | Total |
|--|---|-----------------------------------|-----------|
| Balance as at 1 January 2006 | 151,543 | 0 | 151,543 |
| | | | |
| Increase in deferred revenue | 207,261 | 151,164 | 358,425 |
| Decrease in deferred revenue during the year | (177,650) | 0 | (177,650) |
| Translation differences | (40) | 0 | (40) |
| Balance as at 31 December 2006 | 181,114 | 151,164 | 332,278 |
| | | | |
| Increase in deferred revenue | 108,940 | 19,706 | 128,646 |
| Decrease in deferred revenue during the year | (84,268) | (50,388) | (134,656) |
| BALANCE AS AT 31 DECEMBER 2007 | 205,786 | 120,482 | 326,268 |

Long-term deferred revenue from gas connections consists of revenue deferred by the company Petrol d.d. and the Petrol Group over the concession period. The increase in the above revenue in 2006 is a result of new connections, while the decrease arose due to the transfer of the portion, which falls due in the current year, to revenue.

36. Financial liabilities

| | THE PETROL GROUP | | | PETROL D.D. | | |
|--|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 |
| Short-term financial liabilities | | | | | | |
| | | | | | | |
| Bank loans | 155,076,156 | 82,372,893 | 188 | 83,359,647 | 30,337,258 | 275 |
| Liabilities to banks arising from forward transactions | 745,744 | 1,089,217 | 68 | 745,744 | 1,089,218 | 68 |
| Liabilities to banks arising from interest rate swaps | 84,693 | 32,987 | 257 | 84,693 | 32,989 | 257 |
| Liabilities to banks arising from euro cash frontloading | 0 | 2,201,431 | - | 0 | 2,201,433 | - |
| Liabilities for commodity swaps | 287,510 | 0 | - | 460,423 | 0 | - |
| Loans from companies | 1,751,205 | 1,270,101 | 138 | 9,432,777 | 9,024,643 | 105 |
| | 157,945,308 | 86,966,629 | 182 | 94,083,284 | 42,685,541 | 220 |
| Non-current financial liabilities | | | | | | |
| | | | | | I | |
| Bank loans | 260,788,526 | 97,270,640 | 268 | 259,789,252 | 93,469,344 | 278 |
| | 000 700 500 | 07.070.010 | | 050 700 650 | 00.400.011 | 6=0 |
| | 260,788,526 | 97,270,640 | 268 | 259,789,252 | 93,469,344 | 278 |
| TOTAL FINANCIAL LIABILITIES | 418,733,834 | 184,237,269 | 227 | 353,872,536 | 136,154,885 | 260 |

Financial liabilities are not covered by securities in rem. Their interest rate is variable and linked to EURIBOR.

Liabilities to banks in the amount of EUR 745,744 arising from forward transactions include the accrued negative valuation effect of outstanding forward contracts as at 31 December 2007 and should be considered together with the accrued positive effect of outstanding forward contracts in the amount of EUR 667,553 as at 31 December 2007, which was disclosed as a short-term financial receivable.

Liabilities to banks in the amount of EUR 84,693 arising from interest rate swaps include the accrued negative valuation effect of interest risk hedging contracts as at 31 December 2007 and should be considered together with the accrued positive effect of outstanding interest risk hedging contracts in the amount of EUR 84,693 as at 31 December 2007, which was disclosed as a financial receivable from banks.

Liabilities to banks in the amount of EUR 277,282 arising from commodity swaps include the accrued negative valuation effect of outstanding commodity swap contracts and should be considered together with the accrued positive effect of outstanding commodity swap contracts in the amount of EUR 460,223 as at 31 December 2007, which was disclosed as a financial receivable from banks.

Loans from subsidiary companies in the amount of EUR 7,750,295 represent a liability to the company Petrol Maloprodaja Slovenija, d.o.o. in the amount of EUR 7,629,133, the company Petrol VNC d.o.o. in the amount of EUR 30,195 and the company Petrol Skladiščenje d.o.o. in the amount of EUR 21,974. A loan from the joint venture Karkasa, d.o.o. totals EUR 68,993 while a loan from the associated company Marché Gostinstvo d.o.o. amounts to EUR 1,581,562.



On the day loan agreements were entered into, the effective interest rate for bank loans to the company Petrol d.d., Ljubljana as at 31 December 2007 ranged between 2.7% and 5.723% for non-current loans and equalled 4.802% for short-term loans.

On the day loan agreements were entered into, the effective interest rate for euro-denominated bank loans to the Petrol Group ranged between 2.7% and 5.723%, while the effective interest rate for dollar-denominated loans ranged between 5.42% and 5.91%.

In terms of significant amounts, the carrying amounts of financial liabilities are equivalent to their fair values.

37. Changes in non-current operating liabilities for assets received for management

| | THE PETROL GROUP | | | PETROL D.D. | | |
|---------------------------|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 |
| Balance as at 1 January | 1,671,048 | 1,750,053 | 95 | 1,358,981 | 1,411,621 | 96 |
| | | | | | | |
| Decrease | (117,666) | (78,534) | 150 | (104,523) | (52,262) | 200 |
| Translation differences | 0 | (470) | 0 | 0 | (378) | 0 |
| BALANCE AS AT 31 DECEMBER | 1,553,382 | 1,671,048 | 93 | 1,254,458 | 1,358,981 | 92 |

Non-current operating liabilities of the company Petrol d.d., Ljubljana in the amount of EUR 1,254,458 and the Petrol Group in the amount of EUR 1,553,382 include property, plant and equipment that municipalities transferred to the management of Petrol under the concession contracts. Liabilities are decreased by the accrued depreciation of assets transferred to the management of Petrol.

In terms of significant amounts, the carrying amounts of operating liabilities are equivalent to their fair values.

38. Short-term operating and other liabilities

| | THE PETROL GROUP | | | PETROL D.D. | | |
|--|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 |
| Trade payables | 146,920,173 | 107,729,404 | 136 | 215,854,734 | 159,895,401 | 135 |
| - domestic | 83,428,122 | 50,470,681 | 165 | 54,086,038 | 41,477,750 | 130 |
| - foreign | 63,492,051 | 57,258,723 | 111 | 161,768,696 | 118,417,651 | 137 |
| Excise duty liabilities | 35,930,375 | 77,947,004 | 46 | 35,911,401 | 77,944,450 | 46 |
| Value added tax (VAT) liabilities | 19,261,583 | 17,561,705 | 110 | 18,844,341 | 17,087,903 | 110 |
| Carbon tax | 1,690,709 | 2,215,757 | 76 | 1,578,549 | 2,187,189 | 72 |
| Import duty liabilities | 1,044,849 | 3,818,720 | 27 | 52,137 | 133,613 | 39 |
| Social security contributions | 413,531 | 401,440 | 103 | 216,180 | 220,848 | 98 |
| Other liabilities to the Government | 2,177,767 | 729,941 | 298 | 2,010,637 | 568,812 | 353 |
| Liabilities to employees | 6,713,009 | 5,127,754 | 131 | 4,994,708 | 3,869,755 | 129 |
| Liabilities associated with the distribution of profit | 424,227 | 397,863 | 107 | 424,227 | 397,863 | 107 |
| Liabilities arising from advances and guarantees | 369,392 | 357,349 | 103 | 361,304 | 351,327 | 103 |
| Other liabilities | 2,357,123 | 1,933,400 | 122 | 2,378,263 | 1,704,407 | 140 |
| TOTAL SHORT-TERM OPERATING AND OTHER LIABILITIES | 217,302,738 | 218,220,336 | 100 | 282,626,479 | 264,361,567 | 107 |

Compared to 2006, the excise duty liabilities of the Petrol Group and the company Petrol d.d., Ljubljana decreased in 2007 because instead of at the end of December 2006, the excise duty for November 2006 fell due not earlier than 3 January 2007.

In 2007 other liabilities to the Government increased in particular due to higher liabilities of the company Petrol d.d., Ljubljana to the Slovene Agency for Commodity Reserves in the amount of EUR 604,138 and unclaimed VAT credits in the amount of EUR 947,124.

In terms of significant amounts, the carrying amounts of short-term operating liabilities and other short-term liabilities are equivalent to their fair values.



39. Accrued costs and deferred revenue

| | | THE PETROL GROUP | | | PETROL D.D. | |
|---|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 |
| Accrued interest for legal action | 2,554,984 | 2,493,674 | 102 | 2,533,691 | 2,493,674 | 102 |
| Accrued costs of legal action | 1,358,683 | 1,674,453 | 81 | 1,243,697 | 1,580,813 | 79 |
| Accrued environment protection costs | 1,221,672 | 1,155,133 | 106 | 1,221,672 | 1,155,133 | 106 |
| Accrued costs of holidays | 1,393,190 | 1,302,671 | 107 | 789,017 | 716,366 | 110 |
| Accrued merchandise deficits | 546,023 | 518,372 | 105 | 546,023 | 518,372 | 105 |
| Accrued expenses for tanker demurrage | 505,507 | 822,350 | 61 | 505,507 | 822,350 | 61 |
| Accrued compensation | 0 | 527,137 | - | 0 | 527,137 | - |
| Accrued costs of motorway locations payable to DARS | 272,477 | 0 | - | 272,477 | 0 | - |
| Accrued interest on arrears arising from overdue trade receivables | 226,497 | 250,029 | 91 | 226,497 | 250,029 | 91 |
| Accrued licence fees | 158,794 | 0 | - | 158,794 | 0 | - |
| Customer credit - Magna prepayment card | 79,511 | 163,100 | 49 | 79,511 | 163,100 | 49 |
| Accrued concession charges | 119,963 | 0 | - | 72,601 | 0 | - |
| Accrued expenses for complaints | 41,696 | 43,866 | 95 | 41,696 | 43,866 | 95 |
| Accrued costs annual report audit | 55,263 | 57,248 | 97 | 35,100 | 34,260 | 102 |
| Accrued costs of professional services | 17,000 | 34,001 | 50 | 0 | 34,001 | - |
| Accrued costs of fuel vouchers | 14,521 | 13,295 | 109 | 14,521 | 13,295 | 109 |
| Accrued ongoing investments | 133,675 | 0 | - | 0 | 0 | - |
| Cogeneration lease | 149,708 | 124,049 | 121 | 0 | 0 | - |
| System services provisions | 74,858 | 330,182 | 23 | 0 | 0 | - |
| Other accrued costs | 518,558 | 114,109 | 454 | 136,692 | 55,350 | 247 |
| Short-term deferred revenue from Lubricoat project | 73,350 | 80,617 | 91 | 73,350 | 80,617 | 91 |
| Short-term deferred revenue from gas connections | 153,595 | 45,547 | 337 | 93,656 | 16,725 | - |
| Short-term deferred revenue from the termination of education contracts | 16,008 | 4,557 | 351 | 16,008 | 4,557 | 351 |
| Short-term deferred revenue from assigned contributions | 34,716 | 0 | - | 13,317 | 0 | - |
| Short-term deferred revenue from heating | 182,187 | 0 | - | 0 | 0 | - |
| Other short-term deferred revenue | 218,826 | 77,228 | 283 | 93,211 | 0 | - |
| TOTAL ACCRUED COSTS AND DEFERRED REVENUE | 10,121,262 | 9,831,618 | 103 | 8,167,037 | 8,509,644 | 96 |

40. Cash from operations

| | Tł | HE PETROL GROU | | | PETROL D.D. | |
|---|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 |
| Pre-tax profit | 66,325,932 | 60,479,227 | 110 | 57,225,108 | 49,157,244 | 116 |
| Adjustments for: | | | | | | |
| Depreciation of property, plant and equipment | 27,499,583 | 27,107,165 | 101 | 21,749,484 | 22,307,073 | 98 |
| Amortisation of intangible assets | 696,615 | 669,087 | 104 | 473,081 | 453,910 | 104 |
| (Profit)/loss on disposal of property, plant and equipment | (49,156) | (358,317) | 14 | (47,078) | (1,183,438) | 4 |
| Other fixed asset (revenue)/expenses | 10,931 | 852,404 | - | (3,074) | 26,953 | - |
| Net (decrease)/creation of allowance for operating receivables | 145,665 | 2,142,234 | 7 | 932,964 | 1,183,513 | 79 |
| Net write-down of operating receivables | (268,560) | 186,029 | - | (268,809) | 226,106 | - |
| Impairment of inventories | (734,434) | 939,943 | - | (820,879) | 939,943 | - |
| Elimination of negative goodwill | (15,356) | (8,513) | 180 | 0 | 0 | - |
| Revenue from assets under management | (65,400) | (65,400) | 100 | (52,262) | (52,262) | 100 |
| Net (decrease)/creation of provisions for employee benefits | (59,998) | 158,154 | - | (66,491) | 44,746 | - |
| Net (decrease)/creation of other provisions | (5,141,573) | (1,910,078) | 269 | (5,135,750) | (2,611,688) | 197 |
| Net (decrease)/creation of accrued costs and deferred revenue | 39,144 | (4,886,559) | - | (426,060) | (3,894,609) | 11 |
| Net decrease/(creation) of deferred costs and accrued revenue | (1,437,806) | 973,748 | - | (1,342,373) | 1,454,256 | - |
| Net merchandise deficits | 2,190,459 | 3,041,012 | 72 | 1,785,712 | 2,716,562 | 66 |
| Disposal of own shares | 281,077 | 110,228 | 255 | 281,077 | 110,228 | 255 |
| Net financial (revenue)/expenses | (1,661,097) | 3,026,782 | - | (4,890,680) | (74,018) | - |
| Share in profit of joint ventures | (2,003,455) | (1,938,650) | 103 | 0 | 0 | - |
| Share in profit of associates | (8,205,376) | (9,917,301) | 83 | 0 | 0 | - |
| Financial revenue from dividends received from subsidiaries | 0 | 0 | - | (4,160,188) | (1,939,559) | 214 |
| Financial revenue from dividends received from joint ventures | 0 | 0 | - | (2,883,898) | (3,384,653) | 85 |
| Financial revenue from dividends received from associates | 0 | 0 | - | (3,223,278) | (2,963,287) | 109 |
| Changes in working capital, excluding effect of increases or decreases in investments in subsidiaries | | | | | | |
| Inventories | (6,911,936) | 33,778,995 | - | (6,414,780) | 35,724,654 | - |
| Operating and other receivables | (35,475,836) | (6,927,433) | - | (40,391,873) | (12,896,733) | 313 |
| Receivables from forward transactions | (641,051) | 719,972 | - | (641,051) | 719,972 | - |
| Receivables from commodity swaps | (139,174) | (425,618) | - | (277,282) | 0 | - |
| Operating and other liabilities | (3,070,114) | 13,322,403 | - | 17,465,174 | 8,194,204 | 213 |
| Liabilities for forward transactions | (343,474) | 960,082 | - | (343,474) | 960,082 | - |
| Liabilities for commodity swaps | 287,510 | 0 | - | 460,423 | 0 | - |
| CASH GENERATED FROM OPERATIONS | 31,253,120 | 122,029,597 | 26 | 28,983,743 | 95,219,200 | 30 |

In comparison to 2006, cash generated from operations in 2007 decreased because instead of in December 2006 Petrol d.d. paid the excise duty for November 2006 on the date of maturity, i.e. 3 January 2007.

41. Derivative financial instruments

| | Т | HE PETROL GROU | | | PETROL D.D. | | |
|-------------------------------------|---------------------|---------------------|----------------|---------------------|---------------------|----------------|--|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 | |
| Total amount of forward contracts | | | | | | | |
| | | | | | | | |
| Total amount in USD (purchase) | (168,717,064) | (104,998,197) | 161 | (168,717,064) | (104,998,197) | 161 | |
| Total amount in EUR (purchase) | (37,280,908) | (8,715,485) | 428 | (37,280,908) | (8,715,485) | 428 | |
| Total amount in USD (disposal) | 37,280,908 | 8,782,724 | 424 | 37,280,908 | 8,782,724 | 424 | |
| Total amount in EUR (disposal) | 168,795,254 | 105,748,533 | 160 | 168,795,254 | 105,748,533 | 160 | |
| | | | | | | | |
| Gains on forward transactions | 667,553 | 26,506 | - | 667,553 | 26,506 | - | |
| Loss on forward transactions | (745,744) | (1,089,218) | 68 | (745,744) | (1,089,218) | 68 | |
| | 1 | | | | | | |
| Total amount of interest rate swaps | 96,461,538 | 57,692,308 | 167 | 96,461,538 | 57,692,308 | 167 | |
| | T | | | | | | |
| Gains on interest rate swaps | 951,691 | 605,383 | 157 | 951,691 | 605,383 | 157 | |
| Loss on interest rate swaps | (84,693) | (32,989) | 257 | (84,693) | (32,989) | 257 | |
| | ı | | | | ı | ı | |
| Effect of commodity swaps | | | | | | | |
| | | | | | _ | | |
| Unrealised loss | (594,510) | (357,198) | 166 | (594,510) | 0 | - | |
| Unrealised profit | 134,087 | 782,816 | 17 | 134,087 | 0 | - | |
| Realised loss | (12,949,287) | (2,688,754) | 482 | (12,949,287) | 0 | - | |
| Realised profit | 4,841,267 | 4,710,649 | 103 | 4,709,547 | 0 | - | |
| TOTAL EFFECT OF COMMODITY SWAPS | (8,568,443) | 2,447,513 | | (8,700,163) | | | |

42. Accumulated profit

| | | PETROL D.D. | |
|--|---------------------|---------------------|----------------|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 |
| Compulsory allocation of net profit | | | |
| Net profit | 45,822,279 | 39,699,370 | 115 |
| - settlement of retained loss | 0 | 0 | - |
| - creation of legal reserves | 0 | 0 | - |
| - creation of reserves for own shares | 0 | 0 | - |
| - creation of statutory reserves | 0 | 0 | - |
| Net profit after compulsory allocation | 45,822,279 | 39,699,370 | 115 |
| | | | |
| - creation of other revenue reserves | 22,911,140 | 19,849,683 | 115 |
| Remaining net profit | 22,911,140 | 19,849,687 | 115 |
| | | | |
| Accumulated profit | | | |
| Remaining net profit | 22,911,140 | 19,849,687 | 115 |
| + retained earnings | 9,924,842 | 0 | - |
| + other revenue reserves | 14,604,107 | 11,474,654 | 127 |
| ACCUMULATED PROFIT | 47,440,089 | 31,324,341 | 151 |



Accumulated profit comprises half of retained earnings for 2007 in the amount of EUR 22,911,140, retained earnings in the amount of EUR 9,924,842, and other revenue reserves in the amount of EUR 14,604,107.

Final dividends for the year ended 31 December 2006 in the gross amount of EUR 5.50 per share were paid in 2007. The entire payment to shareholders totalled EUR 11,337,007.

Final dividends for the year ended 31 December 2007 have not yet been proposed and confirmed by owners at the General Meeting, which is why they have not been included in liabilities in these financial statements.



43. Transactions with related parties

| | | THE PETR | OL GROUP | | | PETROL D.D. | | | | |
|---|-----------|----------------------------------|------------|----------------------------------|-------------|----------------------------------|-------------|----------------------------------|--|--|
| (in EUR) | | Percentage of total amount | | Percentage of total amount | | Percentage of total amount | | Percentage of total amount | | |
| Sales revenue: | | | | | | | | | | |
| Revenue from sales to subsidiaries | - | - | - | - | 121,114,091 | 6.2615% | 131,970,923 | 7.1951% | | |
| Revenue from sales to joint ventures | 42,981 | 0.0020% | 36,200 | 0.0019% | 32,283 | 0.0017% | 36,200 | 0.0020% | | |
| Revenue from sales to associates | 2,005,235 | 0.0951% | 2,132,515 | 0.1098% | 1,895,230 | 0.0980% | 1,998,715 | 0.1090% | | |
| Cost of merchandise sold: | | | | | | | | | | |
| Cost of merchandise sold to subsidiaries | - | - | - | - | 936,124,661 | 54.0170% | 906,478,989 | 54.7771% | | |
| Cost of merchandise sold to joint ventures | 584,823 | 0.0312% | 374,846 | 0.0217% | 584,823 | 0.0337% | 374,846 | 0.0227% | | |
| Cost of merchandise sold to associates | 2,092,260 | 0.1117% | 2,210,482 | 0.1278% | 2,092,260 | 0.1207% | 2,210,482 | 0.1336% | | |
| Selling expenses: | | | | | | | | | | |
| Costs of sales to subsidiaries | - | - | - | - | 20,116,554 | 14.7521% | 18,542,021 | 13.8633% | | |
| Costs of sales to joint ventures | 6,830,533 | 4.4798% | 6,349,478 | 4.3553% | 6,830,533 | 5.0090% | 6,349,478 | 4.7473% | | |
| Costs of sales to associates | 149,195 | 0.0978% | 237,202 | 0.1627% | 146,673 | 0.1076% | 226,828 | 0.1696% | | |
| General and administrative costs: | | | | | | | | | | |
| General and administrative costs of subsidiaries | - | - | - | - | 71 | 0.0003% | 0 | 0.0000% | | |
| General and administrative costs of associates | 5,637 | 0.0156% | 2,596 | 0.0066% | 5,006 | 0.0188% | 0 | 0.0000% | | |
| Financial revenue and expenses arising from | | | | | | | | | | |
| interests in group companies: Financial revenue from interests | - | - | - | - | 4,160,188 | 40.5186% | 1,939,559 | 23.4034% | | |
| - subsidiaries Financial revenue from interests | 2,043,150 | 19.8915% | 1,952,508 | 15.1187% | 2,883,898 | 28.0880% | 3,384,652 | 40.8404% | | |
| - joint ventures Financial revenue from interests | 8,228,308 | 80.1085% | 10,514,622 | 81.4170% | 3,223,278 | 31.3934% | 2,963,287 | 35.7561% | | |
| - associates Financial expenses for interests - joint ventures | 39,695 | 63.3832% | 13,858 | 2.2675% | 0 | 0.0000% | 0 | 0.0000% | | |
| Financial expenses for interests - associates | 22,932 | 36.6168% | 597,321 | 97.7325% | 0 | 0.0000% | 0 | 0.0000% | | |
| Financial revenue and | | | | | | | | | | |
| expenses arising from interest: | | | | | | | | | | |
| Financial revenue from interest - subsidiaries | - | - | - | - | 561,481 | 8.4480% | 422,505 | 6.8907% | | |
| Financial revenue from interest - joint ventures | 682 | 0.0105% | 2,650 | 0.0427% | 682 | 0.0103% | 2,650 | 0.0432% | | |
| Financial revenue from interest - associates | 186,985 | 2.8681% | 163,946 | 2.6443% | 186,985 | 2.8133% | 163,946 | 2.6738% | | |
| Financial expenses for interest - subsidiaries | - | - | - | - | 546,165 | 5.7285% | 272,692 | 4.5047% | | |
| Financial expenses for interest - joint ventures | 616 | 0.0049% | 0 | 0.0000% | 616 | 0.0065% | 0 | 0.0000% | | |
| Financial expenses for interest - associates | 88,979 | 0.7019% | 41,950 | 0.4537% | 88,979 | 0.9333% | 41,950 | 0.6930% | | |

| | | THE PETRO | OL GROUP | | | PETRO | DL D.D. | |
|---|---------------------|----------------------------------|---------------------|----------------------------------|---------------------|----------------------------------|---------------------|----------------------------------|
| (in EUR) | 31 December 2007 | Percentage of total amount | 31 December 2006 | Percentage of total amount | 31 December 2007 | Percentage of total amount | 31 December 2006 | Percentage of total amount |
| Investments in group companies: | | | | | | | | |
| Investments in subsidiaries | - | - | - | - | 137,348,899 | 36.3641% | 105,075,428 | 68.7611% |
| Investments in joint ventures | 14,637,908 | 5.4189% | 12,912,932 | 17.5907% | 9,792,885 | 2.5927% | 7,187,465 | 4.7035% |
| Investments in associates | 255,490,263 | 94.5811% | 60,494,609 | 82.4093% | 230,563,013 | 61.0432% | 40,549,453 | 26.5355% |
| Non-current financial receivables: | | | | | | | | |
| Non-current financial receivables from subsidiaries | - | - | - | - | 8,989,044 | 74.2480% | 9,421,048 | 65.3050% |
| Non-current financial receivables from associates | 1,923,941 | 61.7097% | 1,923,941 | 38.4390% | 1,923,941 | 15.8914% | 1,923,940 | 13.3364% |
| Non-current operating receivables: | | | | | | | | |
| Non-current operating receivables from subsidiaries | - | - | - | - | 15,292 | 0.6444% | 17,063 | 0.5723% |
| Non-current operating receivables from joint ventures | 0 | 0.0000% | 0 | 0.0000% | 0 | 0.0000% | 0 | 0.0000% |
| Short-term operating receivables: | | | | | | | | |
| Short-term operating receivables from subsidiaries | - | - | - | - | 29,082,020 | 12.5859% | 22,483,968 | 11.5991% |
| Short-term operating receivables from joint ventures | 5,611 | 0.0023% | 2,775 | 0.0014% | 5,611 | 0.0024% | 2,775 | 0.0014% |
| Short-term operating receivables from associates | 457,470 | 0.1908% | 362,715 | 0.1795% | 431,603 | 0.1868% | 345,289 | 0.1781% |
| Short-term financial receivables: | | | | | | | | |
| Short-term loans to subsidiaries | - | - | - | - | 1,396,102 | 10.2892% | 717,497 | 9.0109% |
| Short-term loans to joint ventures | 0 | 0.0000% | 20,435 | 0.5506% | 0 | 0.0000% | 33 | 0.0004% |
| Short-term loans to associates | 49,358 | 0.4051% | 0 | 0.0000% | 49,358 | 0.3638% | 0 | 0.0000% |
| Short-term financial liabilities: | | | | | | | | |
| Short-term financial liabilities to subsidiaries | - | - | - | - | 8,141,996 | 8.6540% | 7,754,544 | 18.5432% |
| Short-term financial liabilities to joint ventures | 69,250 | 0.0439% | 0 | 0.0000% | 69,250 | 0.0736% | 0 | 0.0000% |
| Short-term financial liabilities to associates | 1,586,232 | 1.0061% | 1,184,735 | 1.3760% | 1,586,232 | 1.6860% | 1,184,735 | 2.8330% |
| Short-term operating liabilities: | | | | | | | | |
| Short-term operating liabilities to subsidiaries | - | - | - | - | 162,902,725 | 57.6389% | 118,721,599 | 43.2355% |
| Short-term operating liabilities to joint ventures | 737,940 | 0.3391% | 675,580 | 0.2942% | 737,940 | 0.2611% | 675,580 | 0.2460% |
| Short-term operating liabilities to associates | 3,533,079 | 1.6237% | 2,338,282 | 1.0183% | 221,768 | 0.0785% | 197,467 | 0.0719% |
| | | | | | | | | |



44. Remuneration to the Supervisory and the Management Board members and employees of the Petrol Group with individual contracts

| REMUNERATION TO THE SUPERVISORY BOARD MEMBERS | Session fees | Monthly reimbursements | Other remuneration | Total |
|--|--------------|------------------------|--------------------|---------|
| Viktor Baraga, President of the Supervisory Board since since 4 August 2006 | 4,933 | 16,083 | 3,832 | 24,849 |
| Andrej Bratož, Member of the Supervisory Board since 16 May 2007 | 3,795 | 949 | | 4,744 |
| Milan Podpečan, Member of the Supervisory Board since 5 April 2005 | 4,620 | 6,433 | | 11,053 |
| Matjaž Gantar, Member of the Supervisory Board since 5 April 2005 | 2,310 | 6,433 | | 8,743 |
| Aleš Marinček, Member of the Supervisory Board since 14 March 2006 | 4,620 | 6,433 | | 11,053 |
| Bojan Šrot, Member of the Supervisory Board since 14 March 2006 | 4,620 | 6,433 | | 11,053 |
| Samo Gerdin, Member of the Supervisory Board, employee representative since 21 February 2005 | 4,620 | 6,433 | | 11,053 |
| Cvetka Žigart, Member of the Supervisory Board, employee representative since 21 February 2005 | 4,620 | 6,433 | | 11,053 |
| Ciril Pirš, Member of the Supervisory Board, employee representative since 21 February 2005 | 3,795 | 6,433 | | 10,228 |
| TOTAL | 37,933 | 62,066 | 3,832 | 103,832 |

Until 16 May 2007, the company Petrol d.d., Ljubljana paid monthly reimbursement to the Supervisory Board. Following a General Meeting resolution and an amendment to the Articles of Association, the company Petrol d.d., Ljubljana now pays the participation at the Supervisory Board meetings in the form of session fees.

| REMUNERATION TO THE MANAGEMENT BOARD MEMBERS | Fixed portion of remuneration | Variable portion of remuneration in the form of own shares | Other remuneration and bonuses | Total |
|---|-------------------------------------|--|--------------------------------------|-----------|
| Marko Kryžanowski, President of the Management Board | 196,800 | 164,000 | 156,769 | 517,569 |
| Igor Irgolič, Vice-president of the Management Board | 149,708 | 125,000 | 130,136 | 404,844 |
| Alenka Vrhovnik Težak, Member of the Management Board | 150,005 | 125,000 | 133,894 | 408,899 |
| Boštjan Napast, Member of the Management Board | 150,005 | 125,000 | 133,937 | 408,942 |
| Bojan Herman, Worker director | 64,493 | 55,000 | 16,226 | 135,719 |
| TOTAL | 711,011 | 594,000 | 570,962 | 1,875,973 |

Other remuneration and bonuses include accounted for bonuses, insurance taxes and contributions, use of company vehicles, and bonuses arising from the difference between the average price of shares in 2006 and the market price of shares upon payment in 2007.

The company Petrol d.d. has the Supervisory Board and the Management Board. Other companies in the Group employ staff with individual contracts who are not subject to the tariff part of the collective labour agreement.

The total amount of remuneration paid in 2007 by the company Petrol d.d. and the Petrol Group to employees with individual contracts who are not subject to the tariff part of the collective labour agreement (excluding members of the Management Board) totalled EUR 4,896,374 and EUR 6,489,000, respectively.

The total amount of remuneration paid in 2007 to the members of the Workers' Council by the company Petrol d.d. stood at EUR 5,299 while the total amount paid by the Petrol Group totalled EUR 9,135.

The company and the Group had no receivables from or liabilities to the members of the Supervisory Board as at 31 December 2007.

The company and the Group had no receivables from or liabilities to the members of the Management Board, with the exception of those related to liabilities for December salaries that are paid in January 2008.

45. Acquisitions of companies and interests, and establishment of companies

Rodgas AD Bačka Topola

In July and October 2007, the company Petrol d.d., Ljubljana acquired the majority, 84.22 percent interest in the company "Rodgas AD za razvoj, održavanje gasne mreže i distribuciju gasa", Bačka Topola.

On the date of the takeover, the acquisition of the company affected the assets and liabilities of the Petrol Group in the following manner:

| (v EUR) | |
|---|-----------|
| Non-current (long-term) assets | 4,107,219 |
| Current assets | 461,816 |
| - Cash and cash equivalents | 30,665 |
| - Other current assets | 431,151 |
| Non-current liabilities | (302,658) |
| Short-term liabilities | (402,113) |
| | |
| Equity | 3,864,264 |
| Acquisition of a 84.2226 percent stake in the company Rodgas a.d. | 3,254,584 |
| Goodwill | 255,816 |
| | |
| Purchase price | 3,510,400 |
| Cash acquired | (30,665) |
| NET PAYMENT FOR THE PURCHASE OF EQUITY INTEREST | 3,479,735 |

If the Petrol Group acquired the company Rodgas AD on 1 January 2007, its revenue would have amounted to EUR 2,110,403,123 and its net profit to EUR 53,275,890.

Goodwill arising from the takeover of the company has not been tested for impairment because the company was acquired in the second half of the year and there were no indicators of potential impairment.



Petrol-Bonus d.o.o.

Petrol d.d. Ljubljana and the company Montenegro Bonus established the company Petrol-Bonus d.o.o. in which they both hold a 50 percent interest. On the establishment, the company Petrol d.d., Ljubljana undertook to invest EUR 154,550,000 in the company until 2012.

Euro-Petrol d.o.o.

On 28 February 2008 the company Petrol d.d. acquired a 51 percent interest in the company Euro-Petrol d.o.o., Rijeka.

By the time the annual report was issued, the Petrol Group did not prepare opening financial statements for the subsidiary company Euro-Petrol d.o.o. and does not yet have information on the impact of assets and liabilities as at the date of takeover.

Based on the previous valuations of the company we estimate that the purchase price corresponds to the fair value of identifiable assets. We therefore estimate that neither goodwill nor negative goodwill will arise in future. The difference between the cost and fair value will be available after the appraisal of individual assets has been performed in 2008.

Joint venture

On the establishment of the joint venture, the company Petrol d.d., Ljubljana concluded an option contract under which it can purchase the co-founder's share after five years have passed since the establishment. Management estimates that the fair value of the option contract is minimum or nil as at 31 December 2007.

Associated company

Petrol d.d., Ljubljana concluded an option contract for the acquisition of an interest in the associated company under which the seller of the interest undertakes to transfer its interest on the first call of the purchaser. Management estimates that the fair value of the option contract is minimum or nil as at 31 December 2007.

46. Risks

Presentation of the carrying amount and fair value of financial instruments

| | THE PETROL GROUP | | | | PETROL D.D. | | | |
|--|--------------------|---------------|--------------------|------------------|--------------------|------------------|--------------------|---------------|
| | 31 Decer | | 31 Decen | 31 December 2006 | | 31 December 2007 | | |
| (in EUR) | Carrying amount | | Carrying amount | | Carrying amount | | Carrying amount | |
| Available-for-sale financial assets | 10,509,249 | 10,509,249 | 11,807,198 | 11,807,198 | 10,430,206 | 10,430,206 | 11,643,298 | 11,643,298 |
| Financial receivables | 15,301,156 | 15,301,156 | 8,184,414 | 8,184,414 | 25,398,045 | 25,398,045 | 18,287,878 | 18,287,878 |
| Operating receivables | 241,802,534 | 241,802,534 | 197,375,120 | 197,375,120 | 233,441,963 | 233,441,963 | 190,005,118 | 190,005,118 |
| Cash | 10,170,684 | 10,170,684 | 28,677,797 | 28,677,797 | 10,513,377 | 10,513,377 | 25,484,817 | 25,484,817 |
| Financial liabilities | (417,615,887) | (417,615,887) | (183,115,065) | (183,115,065) | (352,581,676) | (352,581,676) | (135,032,678) | (135,032,678) |
| Operating liabilities | (218,856,120) | (218,856,120) | (219,891,384) | (219,891,384) | (283,880,936) | (283,880,936) | (265,720,548) | (265,720,548) |
| Derivative financial instruments (assets) | 2,184,036 | 2,184,036 | 1,479,698 | 1,479,698 | 1,896,526 | 1,896,526 | 631,885 | 631,885 |
| Derivative financial instruments (liabilities) | (1,117,947) | (1,117,947) | (1,122,204) | (1,122,204) | (1,290,860) | (1,290,860) | (1,122,207) | (1,122,207) |
| TOTAL FINANCIAL INSTRUMENTS | (357,622,295) | (357,622,295) | (156,604,426) | (156,604,426) | (356,073,355) | (356,073,355) | (155,822,437) | (155,822,437) |

Credit risk

On the reporting date, the item that was most exposed to the credit risk was short-term operating receivables.

| | Т | HE PETROL GROU | IP | PETROL D.D. | | | |
|-------------------------------------|---------------------|---------------------|----------------|---------------------|---------------------|----------------|--|
| | 24.5 | 0/ 5 | | 0.5 | Of December 1 | | |
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 | |
| Short-term operating receivables | 239,226,988 | 194,157,656 | 123 | 231,068,890 | 186,517,112 | 124 | |
| | | | | | | | |
| without allowances | | | | | | | |
| Receivables from domestic customers | 228,074,004 | 194,507,553 | 117 | 192,591,744 | 164,675,388 | 119 | |
| Receivables from foreign customers | 19,714,555 | 11,270,618 | 175 | 47,404,090 | 31,161,793 | 186 | |
| total | 247,788,559 | 205,778,171 | 120 | 239,995,834 | 195,837,181 | 123 | |
| hedged | | | | | | | |
| - bills of exchange | 29,690,821 | 20,695,875 | 143 | 22,480,872 | 16,555,860 | 136 | |
| - bank guarantees | 19,519,406 | 10,175,235 | 192 | 16,031,822 | 6,707,056 | 239 | |
| - corporate guarantees | 1,137,741 | 137,741 | 826 | 1,000,000 | - | - | |
| - debentures | - | - | - | - | - | - | |
| - other collaterals | 1,696,668 | 1,050,156 | 162 | 1,696,668 | 1,050,156 | 162 | |

The largest portion of the above receivables includes receivables from domestic and foreign customers arising from the wholesale of merchandise and services and the sale of merchandise to the holders of the Magna card who are natural persons. The structure of wholesale and retail customers who are natural persons is dispersed so the company is not significantly exposed to a single customer. In dealing with certain customers, the company also acquires securities – bills, debentures, bank guarantees, corporate guarantees, mortgages and pledges.

The company has established a computerised system of grades, ratings and blocks, enabling it to monitor defaulting debtors constantly. Entities involved in wholesale trade are responsible for sales and the collection of receivables. They also operate in the field so the customers are constantly monitored. The financial function at the level of Petrol Group is concerned with uniform payment conditions and constant monitoring of the overall exposure to customers, but also assists in the collection in the field.

The system for the monitoring of credit risks is improved yearly. In 2007 the company prepared additional instructions for the setting of limits on the exposure to individual customers as well as instructions for drawing up credit reports and implemented them in practice.

The level of the receivables management is measured using the average collection period criteria.

| | | HE PETROL GROU | | PETROL D.D. | | | |
|---------------------------------|---------------------|---------------------|----------------|---------------------|---------------------|----------------|--|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 | |
| Receivables management criteria | | | | | | | |
| | | | | | | | |
| Average collection period | | | | | | | |
| contract days | 35 | 33 | 106 | 35 | 35 | 100 | |
| overdue receivables in days | 15 | 16 | 94 | 14 | 16 | 88 | |
| total receivables | 50 | 50 | 100 | 50 | 51 | 98 | |

Credit risks also exists in relation to financial assets held for sale and short-term financial receivables, but the volume of such investments in terms of value is considerably smaller in comparison to total assets and does not represent a significant risk.

The majority of the available-for-sale investments represent an investment in the shares of a first-class insurance company.

| | THE PETROL GROUP | | | PETROL D.D. | | |
|--|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 |
| Available-for-sale financial assets | 10,509,249 | 11,807,198 | 89 | 10,430,206 | 11,643,298 | 90 |
| - shares, bonds | | | | | | |
| Short-term financial receivables hedged | 12,183,425 | 3,265,874 | 373 | 13,291,270 | 3,950,927 | 336 |
| - with interests in companies | 9,857,094 | - | - | 9,857,094 | - | - |
| - pledge of movable and immovable property | 2,040,393 | 366,026 | 557 | 2,040,393 | 366,026 | 557 |

Liquidity risk

The company manages liquidity risks using:

- uniform and centralised treasury management at the level of the Petrol Group;
- uniform approach to banks;
- computer-assisted system for the management of cash flows of the parent company and its subsidiaries; and
- centralised collection of available cash through cash pooling.

The company generates half of total revenue through its retail network in which cash or payment cards are used as the mean of payment. This ensures regular daily inflows and mitigates liquidity risks. Moreover, the Petrol Group has credit lines at its disposal both at home and abroad, the extent of which enables it to meet all its due liabilities at any given moment.

The majority of financial liabilities for long-term and short-term loans received exist at the level of the parent company which also generates the majority of revenue.

| | | HE PETROL GROU | | | | |
|-----------------------------|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 |
| 6 months or less | 132,089,531 | 48,614,756 | 272 | 69,031,294 | 26,256,664 | 263 |
| 6 to 12 months | 25,855,777 | 38,351,874 | 67 | 25,051,990 | 16,428,876 | 152 |
| 1 to 5 years | 215,325,932 | 19,613,812 | - | 214,326,658 | 15,812,519 | - |
| over 5 years | 45,462,594 | 77,656,827 | 59 | 45,462,594 | 77,656,826 | 59 |
| TOTAL FINANCIAL LIABILITIES | 418,733,834 | 184,237,269 | 227 | 353,872,536 | 136,154,885 | 260 |

All liabilities are included in the computer-assisted planning of the parent company's cash flows, which is prepared daily, by days and for three months in advance, so that the principle of prudence is complied with. The system enables us to enter inflow and outflow items of cash flows manually, thus optimally managing the cash flow.

Foreign exchange and price risk

| | | THE PETROL GROUP | | | | | |
|----------------------------------|---------------|------------------|-------------|-------------|-----------|---------------|--|
| | | 31 December 2007 | | | | | |
| (in EUR) | EUR | USD | HRK | BAM | RSD | | |
| Short-term operating receivables | 211,992,566 | 1,075,394 | 12,647,915 | 12,820,849 | 690,264 | 239,226,988 | |
| Short-term operating liabilities | (149,407,082) | (59,821,935) | (5,838,787) | (1,504,088) | (730,846) | (217,302,738) | |
| Financial liabilities | (356,036,001) | (62,662,740) | 0 | 0 | (35,093) | (418,733,834) | |
| BALANCE SHEET EXPOSURE | (293,450,517) | (121,409,281) | 6,809,128 | 11,316,761 | (75,675) | (396,809,584) | |

Contination on the next page \rightarrow

| | PETROL D.D. | | | | | |
|----------------------------------|------------------|---------------|---------------|--|--|--|
| | 31 December 2007 | | | | | |
| (in EUR) | EUR | USD | | | | |
| Short-term operating receivables | 230,014,372 | 1,054,518 | 231,068,890 | | | |
| Short-term operating liabilities | (127,487,229) | (155,139,250) | (282,626,479) | | | |
| Financial liabilities | (353,412,113) | (460,423) | (353,872,536) | | | |
| BALANCE SHEET EXPOSURE | (250,884,970) | (154,545,155) | (405,430,125) | | | |

| | | THE PETROL GROUP | | | | | | | |
|----------------------------------|---------------|------------------|-------------|-----------|-------------|---------------|---------------|--|--|
| | | 31 December 2006 | | | | | | | |
| (in EUR) | EUR | USD | HRK | | RSD | | | | |
| Short-term operating receivables | 8,250,013 | 1,054,574 | 11,421,720 | 9,239,096 | 404,498 | 163,787,754 | 194,157,656 | | |
| Short-term operating liabilities | (11,431,697) | (44,755,718) | (6,816,875) | (705,033) | (3,301,982) | (151,209,032) | (218,220,336) | | |
| Financial liabilities | (149,525,075) | (30,076,682) | 0 | 0 | 0 | (4,635,512) | (184,237,269) | | |
| BALANCE SHEET EXPOSURE | (152,706,759) | (73,777,825) | 4,604,845 | 8,534,064 | (2,897,484) | 7,943,210 | (208,299,949) | | |

| | PETROL D.D | | | | | | |
|----------------------------------|------------------|---------------|---------------|---------------|--|--|--|
| | 31 December 2006 | | | | | | |
| (in EUR) | EUR | USD | | | | | |
| Short-term operating receivables | 28,931,801 | 347,785 | 157,237,526 | 186,517,112 | | | |
| Short-term operating liabilities | (3,114,010) | (115,212,136) | (382,687,713) | (501,013,859) | | | |
| Financial liabilities | (123,764,829) | 0 | (12,390,056) | (136,154,885) | | | |
| BALANCE SHEET EXPOSURE | (97,947,038) | (114,864,351) | (237,840,243) | (450,651,632) | | | |

Because the Petrol Group purchases petroleum products in USD while the sales on the domestic and foreign markets are made in EUR, it is exposed to the risk of fluctuating EUR/USD rate. It is also exposed to the risk of changes in the prices of petroleum products.

The following exchange rates prevailed in the period:

| for 1 euro | 31 December 2007 | 31 December 2006 |
|------------|------------------|------------------|
| USD | 1.4692 | 1.3172 |
| HRK | 7.3308 | 7.3425 |
| BAM | 1.9558 | 1.9558 |
| RSD | 82.8740 | 78.9614 |

Hedging is performed in accordance with the Petrol Group's rules on the management of price and foreign exchange risks that were prepared on the basis of the Regulation on the price methodology for petroleum products. All purchases of petroleum products are hedged.

The hedging system remained unchanged because the Regulation was not amended. Hedging is performed on the EUR/USD rate which is included in the retail price, meaning that changes in the foreign exchange

rate are transferred to the selling price through the retail price which changes fortnightly. Because the margin, which is recognised under the Regulation, and the total exposure to the changes in the foreign exchange rate are hedged, the changes in the US dollar exchange rate do not directly affect profit or loss. Changes in retail prices affect the relative costs of operations (banking costs, financing costs, etc.) that are associated with the retail price and increase together with prices. The margin is recognised in the nominal amount, irrespective of the retail price.

The Petrol Group has outstanding USD-denominated short-term financial liabilities abroad which do not constitute a foreign exchange risk because the Group enters in forward transactions with the maturity up to the day such liabilities are settled, thus hedging the EUR/USD foreign exchange risk.

Instruments used for the hedging of the USD exchange rate which is recognised by the pricing model include forward transactions entered into with first-class banks. We therefore estimate that the counterparty default risk is nil.

| | THE PETROL GROUP | | | PETROL D.D. | | |
|----------------------------------|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 |
| Outstanding forward transactions | | | | | | |
| in EUR | 131,514,346 | 97,033,069 | 136 | 131,514,346 | 97,033,069 | 136 |
| originally in USD | 193,106,000 | 126,735,000 | 152 | 193,108,000 | 126,735,000 | 152 |

For the purpose of hedging petroleum products prices, commodity swaps are mostly used (variable to fixed price swap). Partners in this area include global financial institutions and banks or a supplier of merchandise. We therefore believe that the counterparty default risk is nil.

Interest rate risk

For the purpose of interest rate risk hedging, multiple financial instruments are used, most frequently interest rate swaps (IRS), but also several derivatives that are based on interest rate swaps (collars, IRS with triggers, IRS with the cancellation option).

Because partners in this area include first-class Slovene banks we estimate that the counterparty default risk is nil.

The core of the interest rate risk hedging system has remained the same for several years, but has been expanded using various financial instruments for which we estimate they provide the best effects at a given moment.

| | THE PETROL GROUP | | | PETROL D.D. | | |
|---------------------------|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| (in EUR) | 31 December 2007 | 31 December 2006 | Index 07/06 | 31 December 2007 | 31 December 2006 | Index 07/06 |
| 6 months or less | 0 | 0 | - | 0 | 0 | - |
| 6 to 12 months | 0 | 9,000,000 | - | 0 | 9,000,000 | - |
| 1 to 5 years | 81,461,538 | 38,692,309 | 211 | 81,461,538 | 38,692,309 | 211 |
| over 5 years | 15,000,000 | 10,000,000 | 150 | 15,000,000 | 10,000,000 | 150 |
| TOTAL INTEREST RATE SWAPS | 96,461,538 | 57,692,309 | 167 | 96,461,538 | 57,692,309 | 167 |

Risk of changing interest rates

Exposure

The exposure of the Petrol Group and Petrol d.d., Ljubljana to the risk of changing interest rates was as follows:

| | THE PETR | OL GROUP | PETROL D.D. | |
|---|---------------|---------------|---------------|---------------|
| (in EUR) | | | | |
| Financial instruments with fixed interest rate | | | | |
| Financial receivables | 0 | 0 | 0 | 0 |
| Financial liabilities | 0 | 0 | 0 | 0 |
| Total amount of interest rate swaps | 96,461,538 | 57,692,308 | 96,461,538 | 57,692,308 |
| Net financial instruments with fixed interest rate | 96,461,538 | 57,692,308 | 96,461,538 | 57,692,308 |
| | | | | |
| Financial instruments with variable interest rate | | | | |
| Financial receivables | 15,301,156 | 8,184,414 | 25,398,045 | 18,290,515 |
| Financial liabilities | (417,615,887) | (183,115,065) | (352,581,676) | (135,032,678) |
| Net financial instruments with variable interest rate | (402,314,731) | (174,930,651) | (327,183,631) | (116,742,163) |

Sensitivity analysis of cash flows associated with instruments with variable interest rate

On the reporting date, a change in interest rates by 100 or 200 basis points would increase (decrease) net profit by amounts indicated below. The analysis assumes that all variables, in particular foreign exchange rates, remain unchanged. In performing the calculation, financial instruments with variable interest rates are also decreased by the total amount of interest rate swaps (table above and Note 41 - Derivatives). The analysis has been prepared in the same manner for both years.

Change in net profit in the case of increase by 100 or 200 bp

| | THE PETR | OL GROUP | PETROL D.D. | | |
|--------------------------------------|-------------|-------------|-------------|-------------|--|
| (in EUR) | | | | | |
| Cash flow variability (net) - 100 bp | (3,069,711) | (1,183,605) | (2,320,130) | (601,721) | |
| Cash flow variability (net) - 200 bp | (6,139,423) | (2,367,211) | (4,640,259) | (1,203,441) | |

Change in net profit in the case of decrease by 100 or 200 bp

| | THE PETR | OL GROUP | PETROL D.D. | | |
|--------------------------------------|-----------|-----------|-------------|-----------|--|
| (in EUR) | | | | 2006 | |
| Cash flow variability (net) - 100 bp | 3,069,711 | 1,183,605 | 2,320,130 | 601,721 | |
| Cash flow variability (net) - 200 bp | 6,139,423 | 2,367,211 | 4,640,259 | 1,203,441 | |

47. Contingent liabilities of the company Petrol d.d. and the Petrol Group

Contingent liabilities related to guarantees

The company Petrol d.d., Ljubljana issued guarantees for credit lines approved to the companies in the Petrol Group, which totalled EUR 209,767,441 as at 31 December 2007. The guarantees were issued primarily to foreign banks. On 31 December 2007, the value of the utilised portion of the guarantees was EUR 159,032,610 and was broken down as follows:

- EUR 149,173,574 for the company Cypet Trade Ltd, Limassol, Cyprus,
- EUR 7,902,825 for the company Petrol Trade H.m.b.H, Vienna, Austria,
- EUR 3,491,286 for the company Petrol Trgovina, d.o.o., Zagreb,
- EUR 911,309 for the company Aquasystems, d.o.o., Maribor,
- EUR 260,006 for the company Petrol Energetika, d.o.o., Ravne na Koroškem,
- EUR 3,046 for the company Petrol Tehnologija, d.o.o.

The company Petrol d.d., Ljubljana also issued other guarantees which totalled EUR 4,999,353 as at 31 December 2007. The guarantees mostly include performance guarantees issued for participation in public tenders.

Other guarantees issued by the Petrol Group amounted to EUR 2,297,176. On 31 December 2007, all guarantees issued by the Petrol Group totalled EUR 7,296,529.

In addition to the above guarantees, the company Petrol d.d. also assumed the liabilities arising out of blank bills of exchange issued as guarantee to the subsidiaries Petrol Plin, d.o.o., Petrol Energetika, d.o.o., Petrol Maloprodaja Slovenija d.o.o. and Petrol Tehnologija, d.o.o. and to the joint venture Instalacija, d.o.o. Koper. On 31 December 2007, the total amount of bills of exchange issued was EUR 7,687,034.

On 31 December 2007, the total amount of bills of exchange issued by the Petrol Group equalled EUR 5,166,966.

Contingent liabilities related to legal action

As a defendant and debtor, the company Petrol d.d. faced lawsuits in the total amount of EUR 2,187,471. Interest on arrears for the claims filed against the company amounted to EUR 3,723,023 as at 31 December 2007. The Management Board believes that it is probable the Company will lose some of the lawsuits. As a result, the company set aside short-term provisions which stood at EUR 1,243,697 on 31 December 2007, compared to EUR 1,580,813 as at 31 December 2006. In addition, the company has also set aside short-term provisions for interest on arrears for claims filed which totalled EUR 2,533,691 as at 31 December 2007, compared to EUR 2,493,674 as at 31 December 2006.

As a defendant and debtor, the Petrol Group faced lawsuits in the total amount of EUR 2,820,995. Interest on arrears for the claims filed against the Group amounted to EUR 3,744,316 as at 31 December 2007. The Management of the Petrol Group believes that it is probable the Petrol Group will lose some of the lawsuits. As a result, the Petrol Group set aside short-term provisions which stood at EUR 1,358,683 on 31 December 2007, compared to EUR 1,674,453 as at 31 December 2006. In addition, the Petrol Group has also set aside short-term provisions for interest on arrears for claims filed which totalled EUR 2,554,984 as at 31 December 2007, compared to EUR 2,493,674 as at 31 December 2006. The Petrol Group has also created long-term provisions for legal procedures which totalled EUR 433,043 as at 31 December 2007, compared to EUR 421,132 as at 31 December 2006.

Inventories not owned by Petrol

On 31 December 2007, the inventories of the Petrol Group and the company Petrol d.d., Ljubljana included commodity reserves of the Republic of Slovenia in the amount of EUR 115,479,158. On 31 December 2007, the inventories of the company Petrol d.d., Ljubljana included merchandise delivered on consignment in the amount of EUR 4,713,294, while the figure for the Petrol Group stood at EUR 4,740,474. The merchandise delivered on consignment is stated at cost, while the commodity reserve inventories are stated at calculated prices.

48. Events after the balance sheet date

Except for the acquisition of a stake in the company Euro-Petrol d.o.o., there were no events after the balance sheet date that would materially affect the financial statements for 2007.

Appendix to the annual report of the company Petrol d.d. for 2007

Breakdown of financial statements by activities pursuant to the Public Utilities Act and the Energy Act



Notes to the financial statements itemised by activities

In the preparation of its financial statements and annual report, the company is obliged to comply with the Public Utilities Act provisions, which stipulate that a company holding a concession for a public utility activity shall keep separate accounts in accordance with the Companies Act.

Petrol d.d., Ljubljana conducts its public utility activities in two sectors: energy and water management.

In the area of energy, the company's activities involve the distribution and supply of natural gas and the management of a distribution network, for which it has obtained a licence and concluded three concession contracts with the municipalities of Trzin, Mengeš and Domžale. Under the provisions of the Energy Act, the above constitutes an energy sector activity in the area of natural gas supply, for which the Company shall prepare separate financial statements, have them audited, and publish the audited financial statements.

The company's water management activities comprise the treatment of urban and drainage waste waters, for which it has concluded two concession contracts with the municipalities of Murska Sobota and Mežica.

For 2007, the Petrol d.d., Ljubljana's balance sheet as at 31 December 2007 and the income statement for 2007 were prepared separately for natural gas distribution and supply, water treatment and other activities, as required by law.

Basic rules and criteria for allocating assets, liabilities, revenue and expenses according to individual activities

Cost centres are defined using individual concessions or contracts for undertaking the pursuit of business activities. All assets, liabilities, revenue and expenses directly connected with a particular cost centre of a concession are recognised directly under that cost centre.

The company did not receive any government grants. All intangible assets and items of property, plant and equipment are financed from the company's own resources.

All transactions with related companies are presented in notes to the overall financial statements of the company Petrol d.d., Ljubljana.

Balance sheet as at 31 December 2007

| | | Activity of operating | Activity of urban | | |
|--|--------------------------|------------------------------------|---------------------------------------|---------------------------------|---------------------------------|
| (in EUR) | Supply of natural gas | natural gas distribution system | and drainage waste water treatment | Market activity | TOTAL |
| A) NON-CURRENT (LONG-TERM) ASSETS | 1,642 | 18,081,724 | 8,027,319 | 695,301,084 | 721,411,767 |
| I. Intangible fixed assets | 0 | 1,536,221 | 1,234,931 | 834,966 | 3,606,118 |
| Land | 0 | 2,879 | 0 | 89,796,474 | 89,799,353 |
| Buildings | 0 | 13,621,657 | 3,315,194 | 153,980,808 | 170,917,659 |
| Other equipment | 0 | 47,358 | 3,357,676 | 18,198,643 | 21,603,677 |
| Property, plant and equipment in the course of construction or manufacturing | 0 | 2,387,486 | 14,082 | 13,181,347 | 15,582,915 |
| Advances for acquisition of property, plant and equipment | 0 | 0 | 0 | 0 | 0 |
| II. Property, plant and equipment | 0 | 16,059,380 | 6,686,952 | 275,157,272 | 297,903,604 |
| III. Investment property | 0 | 0 | 0 | 16,315,863 | 16,315,863 |
| IV. Investments in subsidiaries | 0 | 0 | 0 | 137,348,899 | 137,348,899 |
| V. Investments in joint ventures | 0 | 0 | 0 | 9,792,885 | 9,792,885 |
| VI. Investments in associates | 0 | 0 | 0 | 230,563,013 | 230,563,013 |
| VII. Available-for-sale financial assets | 0 | 0 | 0 | 10,430,206 | 10,430,206 |
| Financial receivables from subsidiaries | 0 | 0 | 0 | 8,989,044 | 8,989,044 |
| Financial receivables from associates | 0 | 0 | 0 | 1,923,941 | 1,923,941 |
| Financial receivables from others | 0 | 0 | 0 | 1,193,790 | 1,193,790 |
| VIII. Financial receivables | 0 | 0 | 0 | 12,106,775 | 12,106,775 |
| Operating receivables from subsidiaries | 0 | 0 | 0 | 15,292 | 15,292 |
| Operating receivables from others | 0 | 485,471 | 0 | 1,872,311 | 2,357,782 |
| IX. Operating receivables | 0 | 485,471 | 0 | 1,887,603 | 2,373,074 |
| X. Deferred tax assets | 1,642 | 652 | 105,436 | 863,602 | 971,332 |
| B) CURRENT ASSETS | 990,450 | 389,998 | 506,256 | 221 221 022 | 333,207,735 |
| · | 990,430 | 309,998 | 0 | 331,321,032 | 333,207,739 |
| Spare parts and material Merchandise | 23,539 | 0 | 0 | 74,040,573 | 74,064,112 |
| I. Inventories | | 0 | 0 | | · · |
| | 23,539 | 0 | 0 | 74,040,573 | 74,064,112 1,396,102 |
| Financial receivables from subsidiaries | 0 | 0 | 0 | 1,396,102 | |
| Financial receivables from associates Financial receivables from others | 0 | 0 | 0 | 49,358 | 49,358 13.742.336 |
| II. Financial receivables | 0 | 0 | 0 | 13,742,336 | -, , |
| | 0 | 0 | 0 | 15,187,796 29,082,020 | 15,187,796 29,082,020 |
| Operating receivables from subsidiaries | | | - | | <u> </u> |
| Operating receivables from joint ventures | 0 | 0 | 0 | 5,611 | 5,611 |
| Operating receivables from associates | 0 | 330,003 | 472 800 | 431,603 | 431,603 |
| Operating trade receivables | 856,857 | 339,993 | 473,890 | 194,506,863 | 196,177,603 |
| Operating receivables from others | 25,596 | 10,200 | 20,801 | 5,315,456 | 5,372,053 |
| III. Operating receivables IV. Deferred costs and accrued revenue | 882,453 68,777 | 350,193 33,614 | 494,691 | 229,341,553 2,271,170 | 231,068,890 |
| v. Cash and cash equivalents | 15,681 | 6,191 | 11,565 | 10,479,940 | 10,513,377 |
| TOTAL ASSETS | 992,092 | 18,471,722 | 8,533,575 | 1,026,622,116 | 1,054,619,502 |

| | | Activity of operating | Activity of urban | | |
|--|--------------------------|------------------------------------|---------------------------------------|---------------------|---------------------|
| (in EUR) | Supply of natural gas | natural gas distribution system | and drainage waste water treatment | Market activity | TOTAL |
| A) EQUITY | 312,028 | 14,411,626 | 2,259,771 | 370,426,585 | 387,410,010 |
| I. Called-up capital | 22,320 | 6,074,686 | 887,409 | 45,256,562 | 52,240,977 |
| II. Capital surplus | 34,514 | 9,393,041 | 1,372,165 | 69,978,398 | 80,778,118 |
| Legal reserves | 0 | 0 | 0 | 61,749,884 | 61,749,884 |
| Reserves for own shares | 0 | 0 | 0 | 2,638,832 | 2,638,832 |
| Own shares | 0 | 0 | 0 | (2,638,832) | (2,638,832) |
| Other revenue reserves | 127,598 | 0 | 120,208 | 156,484,300 | 156,732,106 |
| III. Revenue reserves | 127,598 | 0 | 120,208 | 218,234,184 | 218,481,990 |
| IV. Investment revaluation reserves | 0 | 0 | 0 | 3,072,944 | 3,072,944 |
| V. Retained earnings | 0 | (519,952) | (240,219) | 10,685,013 | 9,924,842 |
| VI. Net profit for the year | 127,596 | (536,149) | 120,208 | 23,199,484 | 22,911,139 |
| | | | | | |
| B) NON-CURRENT LIABILITIES | 0 | 3,366,252 | 5,953,368 | 271,052,153 | 280,371,772 |
| Provisions for employee benefits | 0 | 0 | 4,195 | 1,819,513 | 1,823,708 |
| Other provisions | 0 | 0 | 0 | 16,311,359 | 16,311,359 |
| Long-term deferred revenue | 0 | 205,785 | 0 | 120,483 | 326,268 |
| I. Provisions and long-term deferred revenue | 0 | 205,785 | 4,195 | 18,251,355 | 18,461,335 |
| II. Non-current financial liabilities to banks | 0 | 1,906,009 | 5,949,174 | 251,934,069 | 259,789,252 |
| III. Non-current operating liabilities to others | 0 | 1,254,458 | 0 | 0 | 1,254,458 |
| IV. Deferred tax liabilities | 0 | 0 | 0 | 866,728 | 866,728 |
| O) OHODT TERM HARM ITEO | 000 004 | 200 044 | 000 405 | 005 440 070 | 202 207 722 |
| C) SHORT-TERM LIABILITIES Financial liabilities to subsidiaries | 680,064 | 693,844 | 320,435 | 385,143,379 | 386,837,720 |
| | 0 | 0 | 0 | 8,141,996 69,250 | 8,141,996 69,250 |
| Financial liabilities to joint ventures Financial liabilities to associates | 0 | 0 | 0 | 1,586,232 | 1,586,232 |
| Financial liabilities to banks | 0 | 0 | 0 | 84,190,083 | 84,190,083 |
| Financial liabilities to others | 0 | 0 | 0 | 95,723 | 95,723 |
| I. Short-term financial liabilities | 0 | 0 | 0 | 94,083,284 | 94,083,284 |
| Operating liabilities to subsidiaries | 589,092 | 227,894 | 20,789 | 162,064,950 | 162,902,725 |
| Operating liabilities to joint ventures | 0 | 0 | 0 | 737,940 | 737,940 |
| Operating liabilities to associates | 0 | 0 | 0 | 221.768 | 221,768 |
| Operating trade payables | 0 | 236,335 | 232.740 | 51,592,669 | 52,061,744 |
| | 0 | 0 | 11,488 | 4,983,220 | 4,994,708 |
| Liabilities to employees Liabilities to the Government | 90,972 | 11,096 | 53,604 | 58,457,572 | 58,613,243 |
| Liabilities arising from advances | 0 | 0 | 0 | 361,304 | 361,304 |
| Liabilities associated with the distribution | 0 | 0 | 0 | 424,227 | 424,227 |
| of profit Other short-term operating liabilities to | 0 | 52,262 | 0 | 2,256,558 | 2,308,820 |
| others II. Short-term operating and other | 680,064 | 527,587 | 318,621 | 281,100,208 | 282,626,479 |
| liabilities III. Corporate income tax liabilities | 0 | 0 | 0 | 1,960,921 | 1,960,921 |
| IV. Accrued costs and deferred revenue | 0 | 166,257 | 1,815 | 7,998,965 | 8,167,037 |
| TOTAL LIABILITIES | 690.064 | 4,060,096 | | 656,195,531 | |
| TOTAL LIADILITIES | 680,064 | 4,000,096 | 6,273,804 | 030, 193,331 | 667,209,492 |

The balance sheet of the company Petrol d.d., Ljubljana as at 31 December 2007 was broken down as follows:

- intangible assets and property, plant and equipment are broken down as they are actually posted to cost centres.
- long-term operating receivables are broken down as they are actually posted to cost centres,
- deferred tax assets are broken down according to Key 4, except for deferred receivables arising
 from allowances for trade receivables that are related to water treatment activities, in which
 case they are broken down according to actual trade receivables, and activities concerning the
 supply and distribution of natural gas where they are broken down in proportion to allowances
 for receivables.
- inventories are broken down as they are actually posted to cost centres,
- short-term operating receivables relating to trade receivables are broken down according to profit centres, depending on which profit centre customers belong to. Based on the selling price calculation, receivables from buyers of natural gas are broken down by natural gas supply and the activity of operating the natural gas distribution system. Short-term operating receivables from the Government arising from VAT are broken down according to Key 1,
- cash and cash equivalents are broken down according to Key 2,
- deferred costs and accrued revenue and other assets are broken down as they are actually posted to cost centres,
- depending on the differences between assets and liabilities, called-up capital and capital surplus
 are broken down by the amount of deficit or surplus until the assets and liabilities have been
 balanced on individual profit centres,
- other revenue reserves are broken down according to net profit generated in the financial year.

 In accordance with the company's policy, half of net profit for the year is transferred to revenue reserves when the annual report is prepared,
- retained earnings were transferred according to stand-alone financial statements for previous years,
- net profit for the year is calculated in the income statement for the current year,
- provisions for employees benefits are broken down according to Key 4,
- long-term deferred revenue is posted directly to cost centres,
- long-term financial liabilities are recognised as long-term loans and are broken down by activity according to Key 3,
- long-term operating liabilities are posted directly to individual activities,
- short-term operating liabilities relating to trade payables are broken down as they are actually posted to cost centres; short-term operating liabilities to the Government for VAT, taxes and excise duties are broken down according to Key 2; short-term operating liabilities to employees are broken down according to Key 4,
- short-term accrued costs and deferred revenue are broken down as they are actually posted to cost centres.

Keys:

- **Key 1:** is calculated on the basis of costs of material and services for the current year
- **Key 2:** is calculated on the basis of net sales revenue for the current year
- **Key 3:** is calculated on the basis of actual investment value for the current year relating to individual profit centres
- **Key 4:** is calculated on the basis of labour costs for the current year

Income statement for the year ended 31 December 2007

| | | Activity of operating natural | Activity of urban and drainage | | |
|--|-------------------|-------------------------------|--------------------------------|-----------------|-----------------|
| | Supply of natural | gas distribution | waste water treat- | | |
| (in EUR) | gas | system | ment | Market activity | TOTAL |
| Revenue from sales of services | 0 | 1,000,021 | 2,153,150 | 24,567,109 | 27,720,280 |
| Revenue from merchandise sold | 3,023,891 | 0 | 0 | 1,903,519,478 | 1,906,543,369 |
| Net sales revenue | 3,023,891 | 1,000,021 | 2,153,150 | 1,928,086,587 | 1,934,263,649 |
| Cost of merchandise sold | (2.702.349) | 0 | 0 | (1,739,017,272) | (1,741,719,621) |
| Gross profit from sales | 321,542 | 1,000,021 | 2,153,150 | 189,069,315 | 192,544,028 |
| | | | | | |
| Costs of material | 0 | (388,363) | (221,360) | (7,350,063) | (7,959,786) |
| Costs of services | 0 | (604,824) | (415,642) | (103,822,208) | (104,842,674) |
| Labour costs | 0 | 0 | (55,967) | (24,210,365) | (24,266,332) |
| Depreciation or amortisation | 0 | (575,547) | (552,002) | (21,095,016) | (22,222,565) |
| Write-downs | (4,190) | (1,658) | (520,987) | (1,163,314) | (1,690,149) |
| Other costs | 0 | (9) | (79) | (1,809,067) | (1,809,155) |
| Operating expenses | (4,190) | (1,570,401) | (1,766,037) | (159,450,033) | (162,790,661) |
| | | | | | |
| Other operating revenue | 0 | 89,495 | 0 | 8,028,642 | 8,118,137 |
| Other operating expenses | 0 | 0 | 0 | (268,693) | (268,693) |
| Operating profit | 317,352 | (480,885) | 387,113 | 37,379,231 | 37,602,811 |
| Financial revenue from interests | 0 | 0 | 0 | 18.421.293 | 18.421.293 |
| Financial revenue from long-term receivables | 0 | 0 | 0 | 1,776,230 | 1,776,230 |
| Financial revenue from short-term receivables | 0 | 0 | 0 | 29,513,755 | 29,513,755 |
| Financial revenue | 0 | 0 | 0 | 49,711,278 | 49,711,278 |
| T manda revenue | · · | <u> </u> | Ū | 43,711,270 | 43,711,270 |
| Financial expenses for write-downs of long-term and short-term investments | 0 | 0 | 0 | (206,153) | (206,153) |
| Financial expenses for interest and other liabilities | 0 | (55,545) | (218,119) | (29,609,164) | (29,882,828) |
| Financial expenses | 0 | (55,545) | (218,119) | (29,815,317) | (30,088,981) |
| Profit before taxes | 317,352 | (536,430) | 168,995 | 57,275,192 | 57,225,108 |
| FIGUR DEIGLE (4X62 | 317,352 | (530,430) | 100,995 | 31,213,192 | 51,223,108 |
| Corporate income tax | (62,865) | 0 | (32,875) | (11,240,358) | (11,336,098) |
| Deferred taxes | 708 | 281 | 104,296 | (172,016) | (66,731) |
| Net profit for the period | 255,195 | (536,149) | 240,416 | 45,862,818 | 45,822,279 |

The income statement of the company Petrol d.d., Ljubljana for 2007 was broken down as follows:

- net sales revenue is broken down as it is actually posted to cost centres. In the period 1 January 2007 to 31 December 2007, the company sold 9,028,627 m³ of natural gas, of which 5,857,189 m³ to legal entities and 3,171,438 m³ to natural persons. Revenue from the sale of natural gas to legal entities totalled EUR 1,893,987 and to natural persons EUR 1,129,904. (In the period 1 January 2007 to 30 June 2007, the company sold 4,443,199 m³ of natural gas, of which 2,823,825 m³ to legal entities and 1,619,374 m³ to natural persons. Revenue from the sale of natural gas to legal entities totalled EUR 574,484 and to natural persons EUR 629,335),
- the cost of merchandise sold is broken down as it is actually posted to cost centres,
- the costs of material and services are broken down as they are actually posted to cost centres,
- labour costs are broken down according to Key 4. The key is calculated on the basis of a ratio between the waste treatment plant population units,
- the costs of depreciation and amortisation are broken down as they are posted to cost centres,
- allowances for trade receivables related to municipal cleansing services are broken down as they are posted to cost centres; in the case of activities concerning the supply and distribution of natural gas, they are broken down in proportion to outstanding receivables as at 31 December 2007,
- other costs, other operating expenses and other operating revenue are broken down as they are actually posted to cost centres,
- financial expenses are broken down according to Key 3. The key is calculated on the basis of actual investment value for the current year relating to individual profit centres. The basis for calculating the amount of financial expenses is the assumption that D/E = 50/50 and the interest rate equals 4.28% per annum,
- corporate income tax is broken down in proportion to net profit before taxes,
- deferred taxes are broken down as they are actually posted to cost centres and according to
 Key 4, except for deferred taxes arising from allowances for trade receivables associated with
 the activity of water treatment, in which case they are broken down according to actual trade
 receivables, and the activity concerning the supply and distribution of natural gas, in which case
 they are broken down in proportion to allowances for receivables.



Description of concession contracts

1. Municipality of MURSKA SOBOTA

The concession contract was signed on 9 September 2002.

SUBJECT OF THE CONTRACT: Construction of a new waste treatment plant in Murska Sobota and construction of a pressurised line to the sewerage system of the city of Murska Sobota intended to transport waste waters from Bakovci to the central waste treatment plant in Murska Sobota, and performance of the mandatory economic public service of urban and drainage waste water treatment in the Municipality of Murska Sobota.

DURATION OF THE CONTRACT: 25 years.

WHEN THE CONCESSION CONTRACT EXPIRES, all rights, liabilities, responsibilities and authorisations of the concessionaire will be transferred to the grantor. The concession contract expires when the concession period elapses.

THE NET CARRYING AMOUNT OF PROPERTY, PLANT AND EQUIPMENT as at 31 December 2007: EUR 5.883,883.25

2. Municipality of MEŽICA

The concession contract was signed on 11 December 2001.

SUBJECT OF THE CONTRACT: Construction of the central waste treatment plant and cleaning of waste waters from the sewerage system in the Municipality of Mežica.

DURATION OF THE CONTRACT: 15 years.

WHEN THE CONCESSION CONTRACT EXPIRES, all rights, liabilities, responsibilities and authorisations of the concessionaire will be transferred to the grantor. The concession contract expires when the concession period elapses.

THE NET CARRYING AMOUNT OF PROPERTY, PLANT AND EQUIPMENT as at 31 December 2007: EUR 803,068.72.

3. Municipality of TRZIN

The concession contract was signed on 06 February 2002.

SUBJECT OF THE CONTRACT: Concession for construction, management and supply with natural gas distributed via a network.

DURATION OF THE CONTRACT: 30 years.

WHEN THE CONCESSION EXPIRES, the network is transferred to the grantor free of charge. The concessionary shall perform public utility services after the expiry of the concession, but not longer than 1 year after the expiry, unless the contracting parties agree otherwise.

THE NET CARRYING AMOUNT OF PROPERTY, PLANT AND EQUIPMENT as at 31 December 2007: EUR 2,087,313.66.

4. Municipality of MENGEŠ

The concession contract was signed on 28 December 2001.

SUBJECT OF THE CONTRACT: Concession for construction, management and supply with natural gas distributed via a network.

DURATION OF THE CONTRACT: 30 years.

WHEN THE CONCESSION EXPIRES, the network is transferred to the grantor free of charge. The concessionary shall perform public utility services after the expiry of the concession, but not longer than 1 year after the expiry, unless the contracting parties agree otherwise.

THE NET CARRYING AMOUNT OF PROPERTY, PLANT AND EQUIPMENT as at 31 December 2007: EUR 1,106,832.45

5. Municipality of DOMŽALE

The concession contract was signed on 10 September 2002.

SUBJECT OF THE CONTRACT:

- 1. Right to exploit, manage and maintain the existing public gas transmission network for natural gas supply owned by the Municipality of Domžale.
- 2. Development, planning and acceleration of the natural gas supply in the Municipality of Domžale.
- 3. Construction of a local gas transmission network and the accompanying facilities used in supplying natural gas in the Municipality of Domžale.
- 4. Supply of natural gas via a gas transmission network in the Municipality of Domžale.
- 5. Management and maintenance of a gas transmission network for distribution of natural gas and other facilities and equipment used in supplying natural gas.

DURATION OF THE CONTRACT: 30 years.

WHEN THE CONCESSION EXPIRES, the grantor obtains from the concessionary title to the entire gas transmission network and other plant constructed by the concessionary under the concession contract, free of charge.

If on the expiry of the concession the grantor does not intend to take over the gas transmission system, the concessionary shall, on the grantor's request, continue to supply gas for the period mutually agreed by the contracting parties, which shall not exceed 2 years.

THE NET CARRYING AMOUNT OF PROPERTY, PLANT AND EQUIPMENT as at 31 December 2007: EUR 12,865,233.67

Petrol, Slovenska energetska družba, d.d.

Dunajska cesta 50, 1527 Ljubljana

phone: 01 / 47 14 332 fax: 01 / 47 14 809

., 017, 17, 11, 003

www.petrol.si

Published by: Petrol d.d.

Design: Kompas Design

Photos: Fulvio Grisoni, Getty Images

Printed by: Tiskarna Petrič

NEW COMPANIES IN THE PETROL GROUP

JULY 2007

Rodgas, Bačka Topola: Petrol expands gas supply in Serbia

In July and October 2007, the company Petrol d.d., Ljubljana acquires the majority, 84.22 percent interest in the company "Rodgas a.d. za razvoj, održavanje gasne mreže i distribuciju gasa", Bačka Topola. The company's activity consists of the distribution of gas through gas network in Serbia.

Petrol and Oti: Establishment of a company and launch of joint activities in Kosovo

Petrol d.d., Ljubljana and the company OTI C.O. J.S.C. establish the company PETROL-OTI-Slovenija L.L.C. in which Petrol d.d., Ljubljana has a 51 percent interest. The new company is to engage in trading in petroleum products in the territory of Kosovo.

Beginning of strategic cooperation in Albania

Petrol d.d. co-founds the company Petrol Slovenia Tirana Wholesale SH.A. in which it acquires a 55 percent interest. The company's activity consists of wholesale trade in petroleum products in Albania. The company Petrol Slovenia Tirana Wholesale SH.A establishes the company Petrol Slovenia Tirana Distribution SH.P.K in which it has a 100 percent interest.

AUGUST 2007

Petrol Gas Group: New member of the Group in Serbia

In Serbia, Petrol d.d., Ljubljana establishes the company Petrol Gas Group d.o.o. which is to engage in gas activity on Serbian market. The company is fully owned by the parent company.

Petrol Bonus is established: Energy cooperation in Montenegro continues

Petrol d.d. Ljubljana and the company Montenegro Bonus establish the company Petrol-Bonus d.o.o. in which they both hold a 50 percent interest. The new company will sell gas and petroleum products on the territory of Montenegro.

NOVEMBER 2007

Acquisition of interest in the company Istrabenz d.d.

On 14 September 2007, Petrol d.d., Ljubljana announced its intention to take over the company Istrabenz, holdinška družba, d.d. On 10 October 2007, the parent company announced a bid to purchase the shares of Istrabenz, holdinška družba, d.d. at a price of EUR 100 per share, subsequently raising the price to EUR 110 per share on 26 October. The bid, which expired on 19 November 2007, was accepted by 1,905 shareholders of the target company who held 1,677,236 shares or 32.38% of its total shares.

EVENTS AFTER THE END OF THE ACCOUNTING PERIOD

JANUARY 2008

Petrol d.d., Ljubljana and the company Pinus TKI d.d., Rače establish the company BIO GORIVA d.o.o. which is to engage in the production of biodiesel. Petrol d.d., Ljubljana has a 25 percent stake in the new company.

FEBRUARY 2008

Supervisory Board assesses and approves business integration in Croatia

At its 34th regular session held on 1 February 2008, the Supervisory Board of Petrol d.d., Ljubljana was brought up to date on the process of business integration with a Croatian company Euro-Petrol, d.o.o., giving approval to the Management Board to pursue further activities in this area. The Supervisory Board is also updated on and analyses the progress of other strategic projects in SE Europe.

"Petrol Parcel" – cooperation with the Slovene postal service

On 1 February 2008, 10 service stations launch a test service called "Petrol Parcel", which offers fast, simple and convenient delivery of standard size parcels also outside regular hours of post offices.

PETROL-INVEST is established

The company PETROL-INVEST d.o.o. is established, which is fully owned by Petrol d.d., Ljubljana. The company will invest in petroleum activity on the market of Montenegro.

Euro-Petrol, d.o.o.

Petrol d.d., Ljubljana purchases a 51 percent stake in the company Euro-Petrol, d.o.o., Rijeka.

Net sales revenue

EUR 2.3 billion or 9 percent more than in 2007

Operating profit

EUR 56.3 million or 12 percent more than in 2007

Gas¹¹ sales of the Petrol Group

118.1 thousand tons, an increase of 63 percent over 2007

Electricity sales of the Petrol Group

334,700 MWh, an decrease of 1 percent over 2007

Number of employees

In the Petrol Group and at franchised service stations the number of employees will have stood at 3,161 by the end of 2008, which is 217 more than in 2007.



10 challenging goals for 2008

Investments in fixed assets of the Petrol Group

EUR 112 million

Petroleum product sales of the Petrol Group

2.1 million tons or 1 percent more than in 2007

Revenue from the sales of supplementary and other merchandise

EUR 282.9 million or 8 percent more than in 2007

By the end of 2008, the Petrol Group's retail network will have comprised:

439 service stations 316 in Slovenia, 39 in Bosnia and Herzegovina, 71 in Croatia, 3 in Serbia, 6 in Kosovo and 4 in Montenegro

Gas concessions and gas depots

The Petrol Group will operate 26 gas concessions and 2,162 gas depots in 2008



