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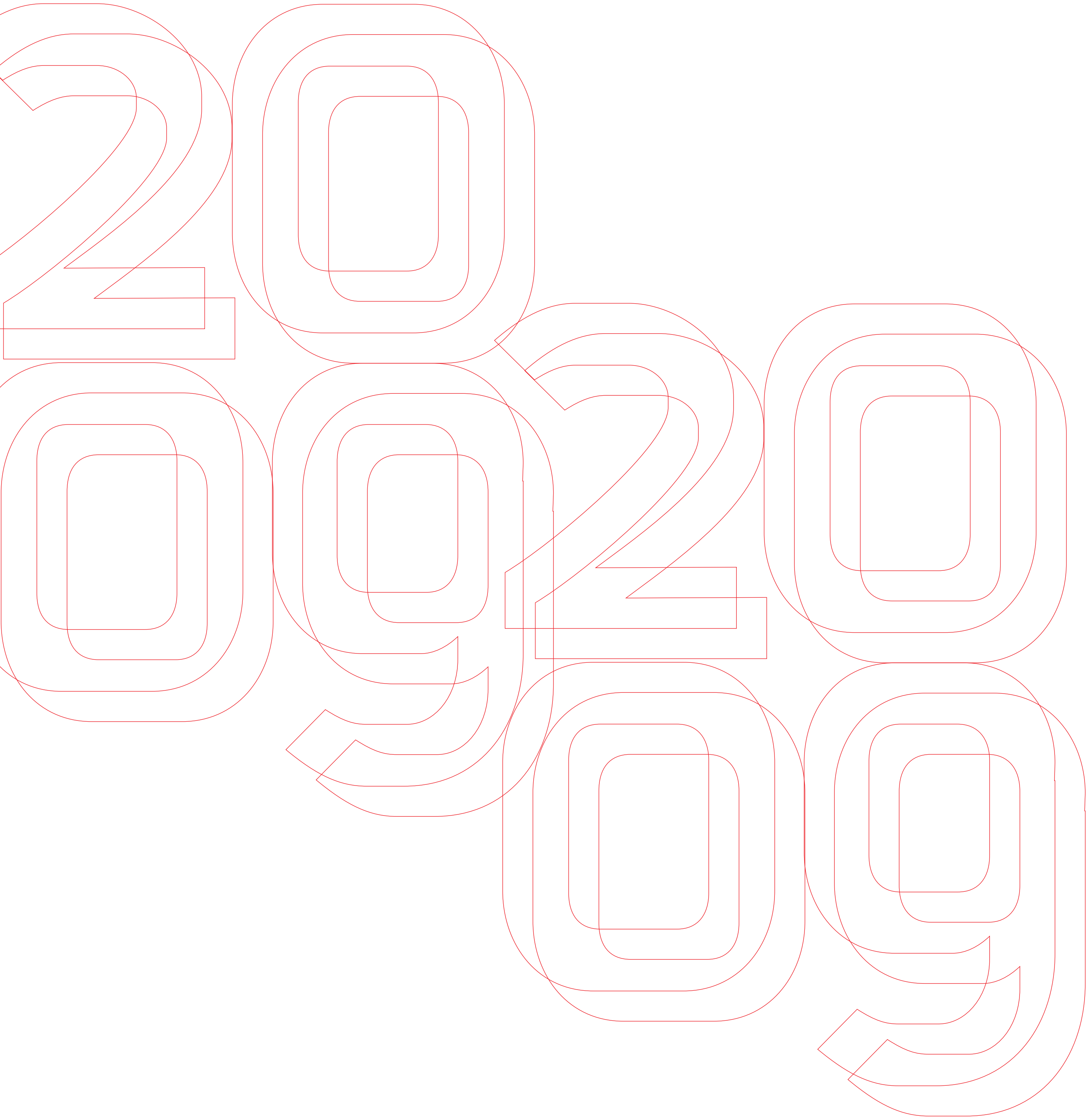
ANNUAL REPORT OF THE PETROL GROUP AND PETROL D.D., LJUBLJANA FOR THE YEAR 2009



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April 2010

STATEMENT OF THE MANAGEMENT BOARD

Pursuant to Article 60a of the Companies Act, the members of the Management Board and Supervisory Board of Petrol d.d., Ljubljana warrant that the annual report of the Petrol Group and Petrol d.d., Ljubljana for the year 2009, including the corporate governance statement, has been prepared and published in accordance with the Companies Act, Financial Instruments Market Act and International Financial Reporting Standards.

In accordance with Article 110 of the Financial Instruments Market Act, the members of the Management Board of Petrol d.d., Ljubljana, which comprises Aleksander Svetelšek, President of the Management Board, Mariča Lah, Member of the Management Board, Janez Živko, Member of the Management Board, Roman Dobnikar, Member of the Management Board, Rok Vodnik, Member of the Management Board, and Bojan Herman, Worker Director, declare that to their best knowledge:

- the financial report of the Petrol Group and Petrol d.d., Ljubljana for the year 2009 has been drawn up in accordance with International Financial Reporting Standards and gives a true and fair view of the assets and liabilities, financial position and financial performance of the company Petrol d.d., Ljubljana and other companies included in the consolidation as a whole;

- the business report of the Petrol Group and Petrol d.d., Ljubljana for the year 2009 gives a fair view of the development and results of the Company's operations and its financial position, including the description of material risks that the company Petrol d.d., Ljubljana and other companies included in the consolidation are exposed to as a whole.

ALEKSANDER SVETELŠEK
President of the Management Board

MARIČA LAH
Member of the Management Board

JANEZ ŽIVKO
Member of the Management Board

ROMAN DOBNIKAR
Member of the Management Board

ROK VODNIK
Member of the Management Board

BOJAN HERMAN
Worker Director

Ljubljana, 8 March 2010

2009

TABLE OF CONTENTS

2009

I. BUSINESS REPORT 2009

ENERGY

OPERATIONS IN 2009

2.2
MILLION TONS OF PETROLEUM PRODUCTS SOLD

3,556
EMPLOYEES

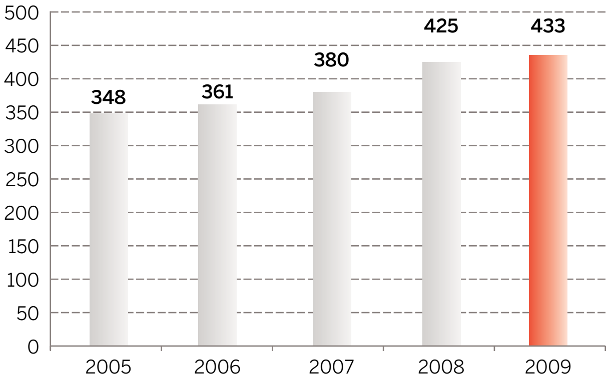
9
COUNTRIES IN WHICH WE OPERATE

BUSINESS HIGHLIGHTS OF 2009

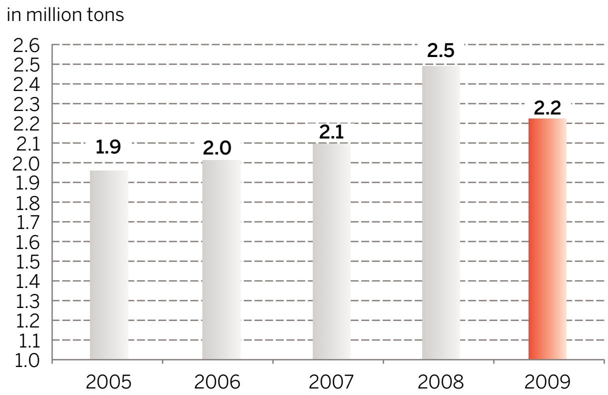
THE PETROL GROUP	Unit of measurement	ACHIEVED 2009	ACHIEVED 2008	Index 2009/2008
Net sales revenue	EUR million	2,333.9	2,949.6	79
Gross profit	EUR million	280.0	286.2	98
Operating profit	EUR million	50.8	70.9	72
Net profit or loss	EUR million	10.4	-61.5	-
Equity	EUR million	381.5	388.6	98
Total assets	EUR million	1,135.5	1,202.3	94
EBITDA[1]	EUR million	83.3	101.9	82
EBITDA / fixed assets	%	14.4	17.4	83
Added value / employee	EUR thousand	46.6	55.7	84
Debt ratio		1.3	1,4	96
Earnings per share[2]	EUR	5.2	-34.5	-
Share price as at the last trading day of the year	EUR	322	269	120
Volume of petroleum products sold	Million tons	2.22	2.49	89
Volume of liquefied petroleum gas sold	Thousand tons	46.1	45.7	101
Volume of natural gas sold	Thousand m^3	99,885	102,195	98
Electricity sold	MWh	227,826	345,988	66
Heat sold	MWh	60,377	53,104	114
Revenue from the sale of supplementary and other merchandise	EUR million	382.4	374.0	102
Investments in fixed assets	EUR million	44.5	140.8	32
Number of service stations as at the last day of the period		433	425	102
Number of gas concessions as at the last day of the period		28	27	104
Number of gas storage tanks as at the last day of the period		2,213	2,000	111
Number of employees (including franchised service stations) as at the last day of the period		3,556	3,536	101

1 EBITDA = operating profit or loss + regular depreciation
2 Earnings per share = net profit or loss of Petrol d.d., Ljubljana / weighted average number of issued ordinary shares, excluding own shares

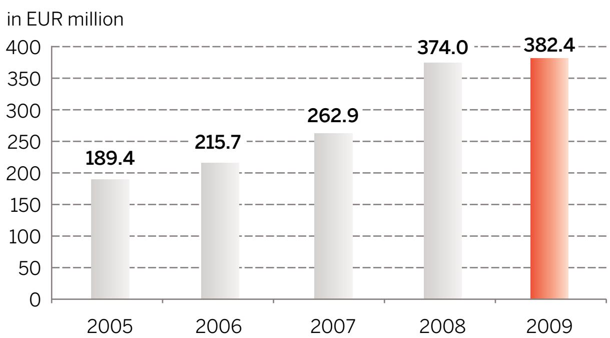
Number of service stations



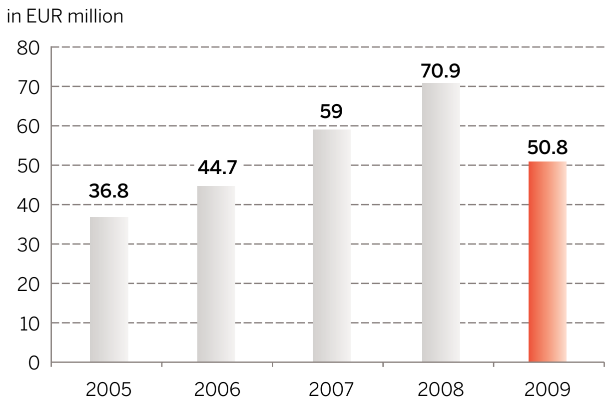
Volume of petroleum products sold



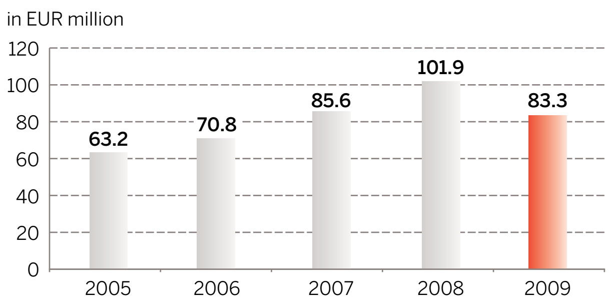
Revenue from the sale of SM and OM



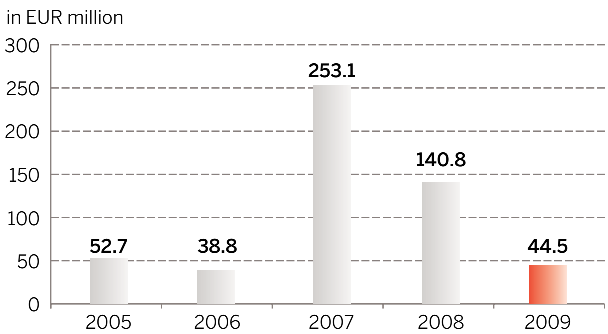
Operating profit



EBITDA



Investments in fixed assets



REPORT OF THE PRESIDENT OF THE MANAGEMENT BOARD

Ready to meet the future

Dear shareholders, business partners and employees,

The year 2009 brought social and economic changes and was characterised by unstable financial markets and important decisions all around the world and in Slovenia. The situation on stock exchanges has normalised, however, the downward trend in economic activity parameters and gross domestic product persists and sadly only the unemployment rate is climbing.

Petrol has also had a demanding year. In spite of stringent economic conditions, the Petrol Group completed the year 2009 relatively successfully. In 2010 we set ambitious goals.

In 2009 the Petrol Group sold 2.2 million tons of petroleum products or 11 percent less than in 2008. The decrease from 2008, which was expected, is due to the economic situation and a plunge in gross domestic product. High excise duties in Slovenia, exceeding those in most of the neighbouring countries, also had an important impact on operations. Nevertheless, we succeeded in boosting our market share in Slovenia. The sale of supplementary and other merchandise rose by 2 percent compared to 2008.

In 2009 we sold 70 thousand tons of natural gas, 228 thousand MWh of electricity and 60 thousand MWh of heat. We distributed 48 thousand tons of natural gas, 204 thousand MWh of electricity and 63 thousand MWh of heat.

Favourable sales results were achieved by the introduction of novelties, the establishment of strategic partnerships and expansion of the service station network. In this way, we mitigated the negative impacts of the stringent economic situation.

At the end of 2009, petroleum products were sold at 433 service stations: 311 in Slovenia, 73 in Croatia, 40 in Bosnia and Herzegovina, 3 in Serbia, 4 in Kosovo and 2 in Montenegro. Thanks to the strategic expansion of its retail network, the Petrol Group is also becoming an increasingly important energy supplier in the markets of SE Europe.

The widespread network of wholesale representatives and local wholesale units, technical and consulting support, and efficient logistics are the key elements securing a high level of sales services and competitive advantages.

Petrol was also active in the strategic segment of energy. In 2009 we won a new concession for natural gas supply in Slovenia, namely in the Muta Municipality. In the Municipality of Pećinci in Serbia, we have been expanding the natural gas distribution network. Furthermore, we concluded a concession contract with the Hrastnik Municipality on the supply and distribution of heat for town heating. We have been managing no less than 11 projects of efficient energy consumption and comprehensive energy supply. In May 2009, we obtained a new concession for municipal wastewater treatment in Sežana.

In 2009 Petrol's sales revenue was EUR 2.3 billion, down 21 percent from 2008. The decrease is chiefly the result of reduced sales of petroleum products and partly because of the lower prices of petroleum products on the global market. Already in 2009, great attention was paid to cost control. Costs were nevertheless higher than in 2008, mainly because of expanded operations. Rather high were also the costs of allowances for receivables resulting from the impact of the economic recession on some of our customers. Net profit of the Petrol Group was EUR 10.4 million.

The efforts to successfully resolve Petrol's investment in Istrabenz and ensure the restructuring of the company Istrabenz continued in 2009. We acted to the benefit of all shareholders of Istrabenz, as we believe that this is the only way we can maximise our joint assets.

We further pursued a stable dividend policy, which supports long-term maximisation of shareholder return. A gross dividend of EUR 5.90 per share was paid for the 2008 financial year.

How to proceed?

Today everyone wonders how to proceed. At Petrol we know how! The demanding and ambitious goals that we have set testify to that. We are decided to achieve them together.

The energy segments that we operate in are the basis of the modern economy. Along with the consumer goods and services sold at service stations, this makes it clear that Petrol is an important socio-economic entity in Slovenia and at the regional level. The challenges related to the search for and provision of suitable energy solutions that will also meet our high environmental standards are the foundation on which we have been building a company of the 21st century.

After the commencement of its term of office, the Management Board started preparing the Petrol Group's strategy until 2014. The key orientations until 2014 include high sales growth, increased net profit and profitability of operations, boosted added value per employee, return on assets and long-term financial stability. In part, these orientations will be realised by the stable growth of operations and in part they will require measures for the further streamlining of operations. One of the major streamlining measures is naturally even more efficient work organisation. The Management Board strives to secure a lean and efficient organisational structure, warranting clearly defined authorisations and responsibilities and preventing duplication of work activities. All employees of Petrol are aware that the further growth of the Company requires positive changes. We are positively oriented towards operations and thus prove our quality. Petrol is therefore looking at a year during which the operating activities of the entire Group will be consolidated.

In 2010 we plan to launch one of more important energy and infrastructural investment cycles. We will expand and renew Petrol's service station network both in Slovenia and in SE Europe markets. We plan to construct a petroleum product warehouse in Kosovo and a gas storage facility in Croatia. Long-term warehousing capacities represent a significant strategic objective, which will, due to the delivery of petroleum products by sea, boost Petrol's competitiveness and enable it to purchase independently.

The sale of petroleum products is projected to be 2.23 million tons, and the revenue from the sale of supplementary and other merchandise is forecast at EUR 408 million. Petrol will manage the retail network comprised of 443 service stations along with 28 gas supply concessions. Net sales revenue projection for 2010 is EUR 2.5 billion and net profit is planned at EUR 43.2 million.

Knowledge and experience, innovation, product and service quality, promotion of development, constant improvements and creativity. Being in contact with our customers and the other stakeholders of Petrol. This will lead Petrol to the desired position – one of the best energy traders in Europe. That is a promise and the commitment of us all.

The Greek philosopher Aristotle said: "The energy of the mind is the essence of life." And where is energy? In every individual, group and working collective – in short, in us. This energy directs and manages the world. It leads to the future.

At Petrol, we are ready to meet the future. More than ready, we intend to co-shape it!

Aleksander Svetelšek
President of the Management Board

STRATEGIC MANAGEMENT

Achievement of long-term goals

By employing methods of strategic management, the Petrol Group pays constant attention to all relevant external and internal factors that influence its long-term operations. Our mission statement lays down the purpose of our business, our vision statement sums up our main goals in the future, while our values statement represents the system of values which we observe when conducting business and in all other interactions with the environment.

MISSION
Who do we work for?

By offering a full range of energy and environment products and services, Petrol sees that its customers in Slovenia and in the markets of southeaster Europe receive reliable, economical and environment-friendly service. Thanks to our diversified network of service stations, drivers are offered everything they need for a safe and comfortable journey, while households are supplied with heat for their homes at their homes.

VISION
What do we aim for?

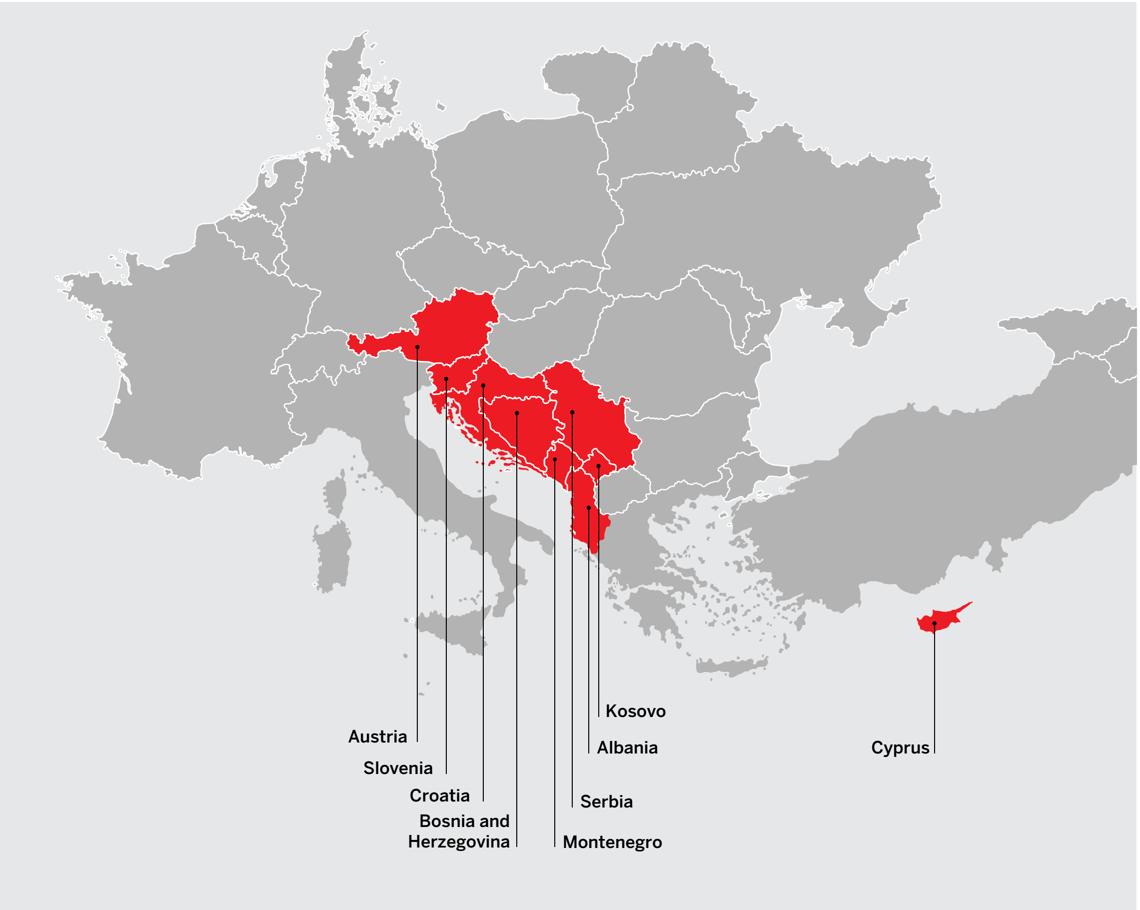
Petrol will be the top supplier of comprehensive energy and environment products and services, and will be recognised as one of the most advanced, dynamic, trustworthy and sustainability-oriented energy companies in Slovenia and southeaster Europe.

VALUES
What do we stand for?

At Petrol, we feel that we are particularly responsible to our customers, suppliers, business partners, shareholders and the society as a whole. We meet their expectations with the help of motivated and business-oriented employees, taking into account the fundamental legal and moral standards of the Slovene society and wider European criteria, while protecting the environment and pursuing sustainable development.

GEOGRAPHICAL STRUCTURE OF PETROL GROUP'S OPERATIONS

Petrol operates in nine countries.



ANALYSIS OF OPERATING PERFORMANCE

In 2009 the business environment was characterised by the financial crisis and escalating economic recession.

The Petrol Group considered the effect of the deteriorated economic conditions already when drafting the 2009 operating plan. Moreover, an efficient risk management system enables us to react quickly and efficiently to the events in the business environment. High excise duties in Slovenia, exceeding those in most neighbouring countries, had an important impact on operations in 2009.

In 2009 the Petrol Group generated EUR 2,333.9 million in net sales revenue, down 21 percent from 2008, this mainly being the consequence of lower prices of petroleum products and the volume of sales.

Gross profit from sales stood at EUR 280.0 million, which is 2 percent less than in 2008. Compared with the year 2008, the following influenced the amount of gross profit in 2009:

- an increase of 2 percent in revenue from the sale of supplementary and other merchandise;
- a decrease of 13 percent in the volume of motor fuels sold (petrol and diesel fuel).

The decrease in the sale of motor fuels was greatly influenced by the economic recession, which was reflected in reduced freight transport and construction work, and by non-competitive prices resulting from higher excise duties.

The Petrol Group's operating expenses totalled EUR 240.9 million in 2009, up 7 percent from 2008, mainly due to the expansion of its operations.

Compared to 2008, the costs of materials fell by 3 percent, chiefly because of lower energy costs. The costs of services stood at EUR 112.6 million, almost stagnating compared to 2008. The highest item among the costs of services were the fees charged by service station lessees, which equalled EUR 32.1 million and rose by 1 percent compared to the year before, predominantly on account of a higher number of franchised service stations. Compared to 2008, the maintenance costs related to property, plant and equipment were 11 percent higher due to legally prescribed inspections, and the contributions paid to DARS associated with operations along motorways grew by 39 percent because of new service stations along motorways. The costs of insurance grew as well. Transportation costs in 2009 amounted to EUR 27.2 million, having dropped by 5 percent compared to the year before as a result of lower sales of petroleum products. The costs of fairs, advertising and entertainment decreased by 15 percent. Depreciation charges exceeded the 2008 figure by 4 percent, primarily owing to new service stations and expanded operations. Labour costs were 5 percent higher than in 2008, mostly due to new recruitments and adjustment of salaries to inflation. Other costs grew compared to 2008 largely because of allowance for receivables arising from the impact of the economic recession on some of Petrol's customers.

Operating profit before other operating revenues/expenses[1] in 2009 stood at EUR 40.7 million, down 35 percent from 2008. The profitability of operations was 1.17 in the discussed period, which means that added value exceeded operating costs by 17 percent. In 2008 the respective figure was 1.28.

Operating profit totalled EUR 50.8 million in 2009, which is 28 percent less than in 2008. EBITDA amounted to EUR 83.3 million and was 18 percent lower than in 2008.

In 2009 the Petrol group generated added value per employee in the amount of EUR 46.6 thousand or 16 percent less than in 2008.

In 2009 the Petrol Group's net finance expenses totalled EUR 36.4 million. In comparison to 2008, finance income from participations in jointly controlled entities and associated companies was lower, chiefly because of the attributed loss of Istrabenz d.d. in the amount of EUR 20.5 million. Net interest expenses and net foreign exchange losses decreased. At the end of 2009, investments

1 Operating profit before other operating revenues/expenses = gross profit or loss from sales – operating costs excluding depreciation of environmental fixed assets

were revalued, and based thereon investments and goodwill were impaired in the total amount of EUR 7 million.

Profit before taxes totalled EUR 14.4 million. Net profit was EUR 10.4 million.

The total assets of the Petrol Group as at the last day of 2009 equalled EUR 1,135.5 million, which is 6 percent less than at the end of 2008.

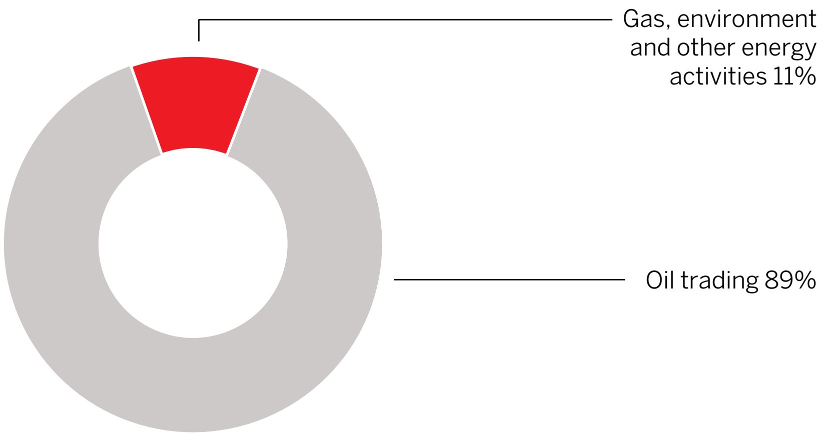
The most important items among long-term assets are property, plant and equipment, which total EUR 554.8 million, and long-term investments in jointly controlled entities and associates, which amount to EUR 136.6 million.

The management of current assets, which account for 30 percent of the Petrol Group's total assets, is given particular attention. The amount of current assets affects the amount of borrowing from suppliers and banking institutions. However, with short-term crediting ensured both at home and abroad, we are able to quickly respond to changes in the amount of current assets. Operating receivables and the value of inventories decreased as at the last day of 2009 compared to the end of 2008.

In 2009 the customers on average settled their liabilities later and the inventory turnover rate was longer than in 2008, resulting from the financial crisis and the economic recession. Cash of the Petrol Group in the period under review was on average tied up for 16 days, or 1 day more than in 2008. As at the last day of the respective period, the Petrol Group's working capital stood at EUR 109.6 million[2], which is EUR 31.2 million less than at the end of 2008. This was mostly due to lower prices of petroleum products.

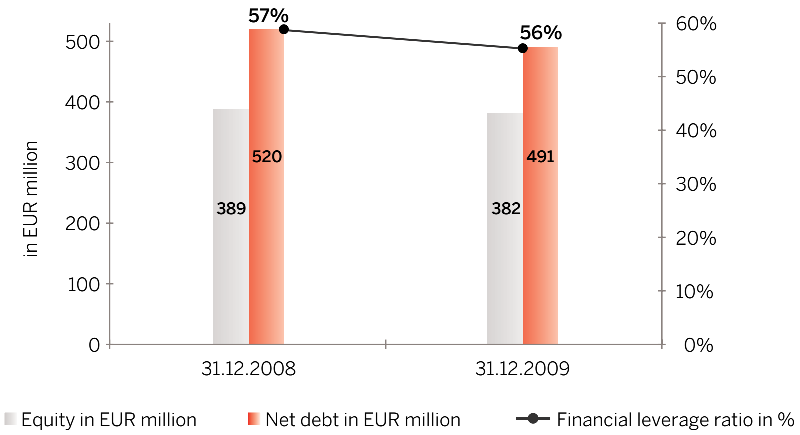
As a result of the widespread financial and economic crisis, the supply of long-term bank loans was limited, so Petrol d.d., Ljubljana issued in June 2009 ordinary registered long-term bonds with maturity in 2014 and a total nominal value of EUR 50 million to finance capital investment activities and adjust the balance sheet structure of the Petrol Group. This successful issue, which gave Petrol an additional pool of investors, proves that Petrol enjoys a high degree of trust in its business environment and that the financial position of the Petrol Group will remain strong. The interest in the purchase of bonds greatly exceeded the offered issue.

EBITDA of the Petrol Group by business activity



2 Working capital = operating receivables + inventory – short-term operating liabilities.

Equity, net debt and financial leverage ratio



The ratio between financial liabilities[3] and equity (D/E ratio) was 1.31 as at the last day of 2009, whereas at the end of 2008 it equalled 1.37. The financial leverage ratio[4] was 56 percent at the end of 2009 and 57 percent at the end of 2008.

The financial position of the Petrol Group remains strong despite the considerably deteriorated operating conditions with the increasing illiquidity and overindebtedness of companies in Slovenia and abroad, and the resulting poorer position of Petrol's customers.

Through active daily cash flow planning and monitoring the customers' operations, Petrol remains very liquid and meets the criteria of the financial profession regarding short- and long-term solvency.

3 Financial liabilities = short- and long-term financial liabilities.
4 Financial leverage = (financial liabilities – cash and cash equivalents)/(equity + financial liabilities – cash and cash equivalents)

EVENTS IN THE PETROL GROUP AFTER THE END OF THE ACCOUNTING PERIOD

• According to the results of the survey conducted by the employment portal MojeDelo.com, Petrol is among the most respected employers in Slovenia. Over three thousand job seekers took part in the employment portal's survey, assessing the reputation of individual Slovene companies based on various criteria.

• The Ribnica Municipality awarded the consortium consisting of Petrol d.d., Ljubljana, Petrol Energetika d.o.o., and the company Ekoen ena d.o.o. a concession for the local public utility service of heat energy supply, heat production by wood biomass and other renewable energy sources for district heating in the area of the Ribnica Municipality. In cooperation with its consortium partners, Petrol will manage the concession for 25 years.

• Petrol d.d., Ljubljana officially opened a new motorway service station – Grabonoš – next to the Maribor-Lendava motorway.

• Mojca Kert Kos, General Manager of Petrol Energetika d.o.o., won this year's award from the Chamber of Commerce and Industry of Slovenia for outstanding business and entrepreneurial achievements.

• Petrol d.d., Ljubljana, in conjunction with Domplan, HSE and Elektro Gorenjska, established the consortium 'Coenergy' for the cogeneration of heat and electricity in the boiler plant at Planina, Kranj.

• Rok Blenkuš, MSc, received the best logistics officer award for 2009, awarded by the Faculty of Logistics in Celje in the scope of the Logistics '10 trade fair.

• Petrol d.d., Ljubljana officially opened a new service station in the Municipality of Hoče – Slivnica.

• On 11 March 2010, Tomaž Berločnik resigned as member of the Supervisory Board of Petrol d.d., Ljubljana.

PLANS FOR 2010

In 2010 operating conditions are expected to remain very challenging from both a financial and economic perspective. To be able to do business in aggravated financial and economic situation, consistent monitoring and management of all business processes will be required.

In 2010 particular attention will be given to the optimisation and streamlining of operations. The amount and structure of assets and liabilities in the balance sheet will be mostly subject to changes in petroleum product prices in the global oil market, the US dollar exchange rate, and developments in financial and stock markets.

Because the supply of long-term financial sources from banks is limited, the Petrol Group will focus on ensuring own sources of financing through efficient management of stocks and operating receivables and through cost-effectiveness. This will enable us to continue our investment activities and reduce debt, giving us financial stability.

Main operating goals for 2010

- EUR 2.5 billion in net sales revenue
- EBITDA of EUR 96.6 million
- Net profit of EUR 43.2 million
- Petroleum product sales of 2.23 million tons
- Sales of supplementary and other merchandise of EUR 407.7 million
- Retail network comprising 443 service stations
- 2,400 LPG storage tanks
- 28 gas supply concessions

Our plans for 2010 are very ambitious. Business excellence, keeping track of and introducing modern approaches in the field of services, information technology and environment protection are at the heart of Petrol Group's operations. In addition, we are preparing a strategy for the period 2010-2014, which will lay down main development orientations and strategic goals of the Petrol Group.

MANAGEMENT OF PETROL D.D., LJUBLJANA

Compliance with legislation and the corporate governance system

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

1. Reference to the applicable Corporate Governance Code:

In the period 1 January 2009 to 31 December 2009, the Company was subject to the Corporate Governance Code for Joint Stock Companies (Official Gazette of the Republic of Slovenia, No. 118/2005 of 17 December 2005, as amended), which entered into force on 5 February 2007. The Code is publicly available in Slovene and English on the website of the Ljubljana Stock Exchange:

http://www.ljse.si/cgi-bin/jve.cgi?doc=8179&sid=o21bMVFIxnSDJgpM,
http://www.ljse.si/cgi-bin/jve.cgi?doc=8377&sid=HaDajxG7cwteu32m.

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

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

The Company operated in conformity with the Code's provisions. Because certain Code recommendations do not apply to the Company, it cannot violate them and does not mention them specifically. The obligations imposed on the Company or its bodies in particular cases will be fulfilled if such cases occur.
Below we provide some explanations relating to the binding recommendations of the Code that the Company has not yet implemented:

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

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

8.15.5.: Internal act regulating trading limitations:
The Company has not drawn up an internal act that would lay down additional rules on trading limitations in addition to legal provisions and regulations. Nevertheless, any person having access to internal information signs a special statement to keep internal information confidential. In accordance with the requirements of the Securities Market Agency, the Company keeps a list of persons with access to internal information.

The Company will continue to conform to the recommendation laid down in the Code (i.e. the new Corporate Governance Code for Joint Stock Companies) which was signed by the Ljubljana Stock Exchange, the Slovene Director's Association and the Managers' Association on 8 December 2009 and entered into force on 1 January 2010. Should it become evident that the Company is not able to observe any of the recommendations laid down in the Code, the Management Board and the Supervisory Board shall prepare a justified explanation. We would like to emphasise in particular that from the end of the accounting period to the publication of this statement no changes or new derogations took place. This announcement is permanently posted on the official website of the Company, www.petrol.si.

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

The company Petrol d.d., Ljubljana, reasonably applies the COSO model[1] of risk management and the internal control

1 The Committee of Sponsoring Organizations of the Treadway Commission is the author of the risk management model for companies, which is used under the name of the COSO model. Its application is recommended by all relevant international institutions and standards. This is a three-dimensional model, which means that all risks and the control system have to be positioned in such a way that the objectives of the Company and its organisational structure are considered at all times. The model has eight constantly repeating levels, namely: internal environment, objective setting, event (risk) identification, risk assessment, risk response, control activities (establishment of the control system), information and communication in order that employees assume their responsibilities, and monitoring.

system in connection with the financial reporting process. Three objectives are pursued in establishing the internal control system:

- accuracy and reliability of financial reporting
- compliance with applicable laws and regulations
- effectiveness and efficiency of operations

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

The Company's Management Board is aware that every internal control system, regardless of how well it functions, has restrictions and cannot fully prevent errors or frauds. But it must be configured so that it flags them as soon as possible and provides management with suitable assurance about the achievement of objectives. Given the general restrictions of control systems and with a view of achieving the above objectives, the relevance of separate business risks is evaluated every two years, taking into account the changed circumstances of the external and internal environment in which the Petrol Group operates, and based thereon the need for setting up new or different controls is examined and the efficiency of the existing internal control system is checked. Such a system enables us to focus on important risks and to assess and control them on a continuous basis. The Risk Management and Internal Controls chapter of this business report presents the risk management and control mechanisms in greater detail and in connection with the relevance of a specific type of risk.

In our opinion, the present internal control system of the company Petrol d.d. and the Petrol Group provided, in 2009, for efficient and successful achievement of business objectives, operation in compliance with legislative provisions, and fair and transparent reporting in all key aspects.

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

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

4.1 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.

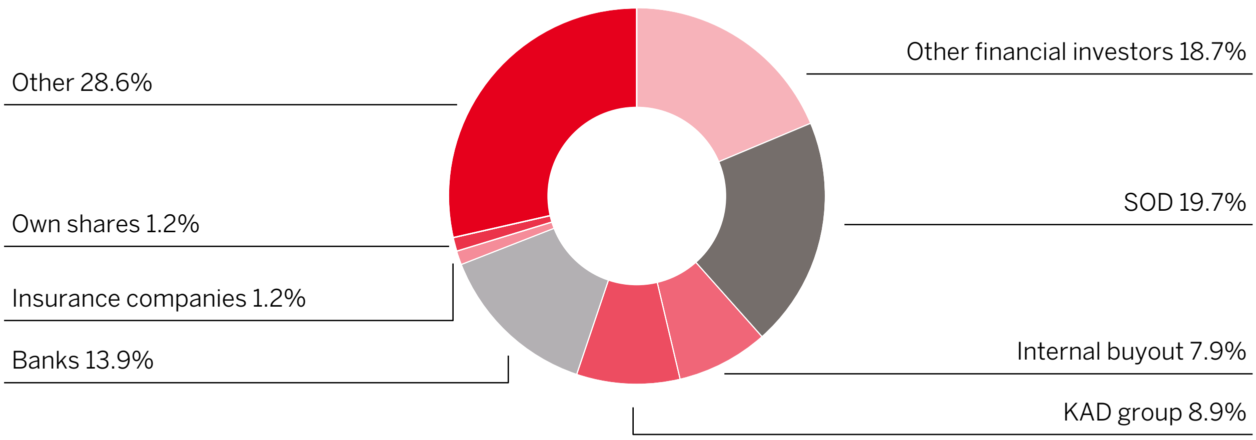
4.2 Restrictions on the transfer of shares

All the shares are fully transferable.

4.3 Qualifying holdings under the Takeovers Act

Pursuant to Article 77(1) of the Takeovers Act (acquiring a qualifying holding), we provide the following information: on 31 December 2009, 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 2008, Nova Ljubljanska banka d.d. held 210,664 shares of Petrol d.d., Ljubljana, representing 10.10 percent of the issuer's share capital, on 31 December 2009, Kapitalska družba, d.d., held 172,639 shares of Petrol d.d., Ljubljana, representing 8.27 percent

Share capital structure of the company Petrol d.d., Ljubljana as at 31 December 2009



The largest shareholders of Petrol d.d., Ljubljana as at 31 December 2009

	Shareholder	Address	No. of shares	Share in %
1	SLOVENSKA ODŠKODNINSKA DRUŽBA, D.D.	MALA ULICA 5, 1000 LJUBLJANA	412,009	19.75%
2	NLB d.d.	TRG REPUBLIKE 2, 1000 LJUBLJANA	210,664	10.10%
3	KAPITALSKA DRUŽBA, D.D.	DUNAJSKA CESTA 119, 1000 LJUBLJANA	172,639	8.27%
4	ISTRABENZ D.D.	CESTA ZORE PERELLO-GODINA 2, 6000 KOPER	79,990	3.83%
5	JULIUS FOND d.d. in JULIUS k.d.d.	TRG SVOBODE 3, 2000 MARIBOR	78,985	3.79%
6	VIZIJA HOLDING, K.D.D.	DUNAJSKA CESTA 156, 1000 LJUBLJANA	71,676	3.44%
7	VIZIJA HOLDING ENA, K.D.D.	DUNAJSKA CESTA 156, 1000 LJUBLJANA	63,620	3.05%
8	NFD 1 DELNIŠKI INVESTICIJSKI SKLAD D.D.	TRDINOVA 4, 1000 LJUBLJANA	62,620	3.00%
9	HYPO BANK D.D.	DUNAJSKA CESTA 117, 1000 LJUBLJANA	43,970	2.11%
10	TRIGLAV VZAJEMNI SKLADI - DELNIŠKI TRIG	SLOVENSKA CESTA 54, 1000 LJUBLJANA	27,056	1.30%

of the issuer's share capital.

4.4 Holders of securities carrying special control rights

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

4.5 Employee share scheme

The Company has no employee share schemes.

4.6 Restrictions on voting rights

There are no restrictions on voting rights.

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

The Company is not aware of such agreements.

4.8 The Company's rules regarding:

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

Members of the Management Board are appointed by the Supervisory Board for a term of five years with the possibility of reappointment. Members of the Supervisory Board appoint the members of the Management Board with due care and in a responsible manner. The Supervisory Board first specifies criteria for the selection of candidates, and then determines candidates who meet the criteria. Provided that appropriate and suitable candidates are found, the Supervisory Board appoints the members of the Management Board at a session convened for such purpose, but may decide to carry out an internal or public call for applications before doing so. If the Supervisory Board decides to issue a call for applications, a three-member committee is established which carries out a call for applications and determines candidates suitable to become members of the Management Board. In 2009 the Supervisory Board established the Human Resources and Management Board Evaluation Committee which may carry out eventual calls for application. The Supervisory Board reappoints the Management Board within one year before the expiry of the term, but it usually does so three months before the expiry. If the Company's General Meeting passes a vote of no confidence in the Management Board, the Supervisory Board forms an opinion concerning a recall of a Management Board member. Without prejudice to the above, the Supervisory Board may recall the Management Board for reasons stipulated by law on its own discretion. The Supervisory Board may appoint its members as temporary Management Board members to replace the missing or absent members of the Management Board for a period of not more than a year. Reappointment or extension of the term of office is permitted if the entire term of office is not longer than one year. The Supervisory Board is required to notify the Management Board that does not fully fulfil the tasks falling under its mandate immediately of its findings and opinions and to determine the shortest deadline possible to eliminate the shortcomings determined. If the Management Board fails to achieve the expected results within a set deadline, the Supervisory Board decides on recalling individual members of the Management Board. The Supervisory Board of the Company comprises nine members, of which six are elected by the Company's General Meeting with a majority vote of shareholders present and three are elected by the Company Workers' Council. The members of the Supervisory Board are elected for a term of four years and may be re-elected when their term of office expires. A resolution on an early recall of the Supervisory Board members representing shareholders is adopted with a three-quarters majority of votes present at a General Meeting, while the conditions for the recall of the Supervisory Board members representing employees shall be determined by the Workers' Council in a general act.

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

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

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

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

The Company is not aware of such agreements.

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

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

5. Information on the workings of the General Meeting

In accordance with applicable legislation, specifically the Companies Act, the General Meeting is a body through which the shareholders exercise their rights in respect of matters concerning the Company. The convening of General Meetings is governed by the Articles of Association in conformity with applicable legislation. The General Meeting is convened on the request of the Management Board, at the request of the Supervisory Board, or at the request of the Company's shareholders who collectively represent at least five percent of the Company's share capital. The party requesting the convening of a General Meeting must submit to the Management Board an agenda for the General Meeting together with an explanation and justification of the purpose and reasons for convening the General Meeting. The Management Board calls the General Meeting one month before the meeting by announcing the call in the Official Gazette of the Republic of Slovenia 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 two General Meetings in 2009. At the General Meeting held on 7 April 2009, shareholders voted on the following: modifications to the Articles of Association as a result of the harmonisation of the Company's registered activity with the new classification of activities, phrasing changes, appointment of Supervisory Board members, and gross amounts of Supervisory Board members' fees. At the General Meeting held on 5 May 2009, the Company's shareholders were presented with the annual report and the Supervisory Board's report on the verification of the annual report for the financial year 2008. They voted on the distribution of accumulated profit, the granting of a discharge from liability to the Management Board and Supervisory Board for the year 2008, and on the appointment of an auditor to audit the Company's financial report and review its business report for 2009. The shareholders adopted the resolutions on the distribution of the accumulated profit and appointment of the auditor to audit the financial report and review the business report for 2009, but did not grant the discharge from liability to the Management Board and the Supervisory Board.

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

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

Workings of the Management Board

The Management Board of Petrol d.d., Ljubljana manages the Company independently and on its own responsibility. It represents and acts on behalf of the Company. According to the Articles of Association, the Management Board is comprised of the president, one or more vice-presidents and one or more members. One its members is a worker director who only participates in decisions relating to human resources and social policy issues, and does not have the power to represent the Company. The Management Board comprises at least three and not more than six members. The actual number of its members is determined by the Company's Supervisory Board in a decision on the appointment of the Management Board. In the period

1 January 2009 to 8 June 2009, the Management Board had five members. From 8 June 2009 to 30 August 2009, it consisted of three members, and from that date onwards of six new members (except for the worker director). In 2009 the Management Board discussed issues falling within its competence at 46 meetings. All decisions were adopted unanimously. In addition to holding formal meetings, the Management Board exercised the powers and responsibilities constituting its daily activities as well as powers and responsibilities to the General Meeting, as stipulated by the Companies Act. Activities concerning the Supervisory Board were carried out in accordance with chapter 4 of Supervisory Board rules of procedure. The Management Board regularly reported to the Supervisory Board on the Company's operations and consulted it in connection with the Company's strategy, business development and risk management. In 2009 there were a number of exceptional or important events that required convening the Supervisory Board at extraordinary or correspondence meetings. These events resulted in as much as 19 meetings at which the Supervisory Board discussed issues falling within its competence. Some of the Management Board's activities were also focused on collaboration with the Workers' Council and the Petrol Group's representative trade union.

Members of the Management Board are elected for a five-year term of office and may be re-elected. The persons representing and acting on behalf of the Company are the president of the Management Board and the vice-president or a member of the Management Board. Vice-presidents or individual members of the Management Board may represent the Company only together with the president of the Management Board. Legal representatives need an approval of the Supervisory Board to acquire or dispose of their own shares, or acquire, establish or dissolve companies and business units. Approval is also required for raising or granting loans that individually exceed five percent of the Company's total capital, or for other individual capital investments exceeding five percent of total capital. They also need approval to grant a power of attorney and mortgages.

Until 8 June 2009, the Management Board of Petrol d.d., Ljubljana, consisted of Marko Kryžanowski, President of the Management Board, Igor Irgolič, Vice-president of the Management Board in charge of marketing, Alenka Vrhovnik Težak, MSc, Member of the Management Board in charge of finance, Boštjan Napast, Member of the Management Board in charge of energy, and Bojan Herman, Worker director.

Between 8 June 2009 and 30 August 2009, the composition of Petrol's Management Board was as follows: Alenka Vrhovnik Težak, MSc, President of the Management Board, Boštjan Napast, Member of the Management Board, and Bojan Herman, Worker director.
On 8 June 2009, Nevenka Šubelj was appointed as procurator of Petrol d.d., Ljubljana. Her appointment as procurator expired on 8 September 2009.

Management Board of Petrol d.d., Ljubljana, since 30 August 2009

Aleksander Svetelšek, President of the Management Board
Appointed for a five-year term of office beginning on 30 August 2009. Born in 1963, he has a bachelor's degree in economics. Fields of responsibility: human resources, capital investments, foreign markets

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

Marića Lah, MSc, Member of the Management Board
Appointed for a five-year term of office beginning on 30 August 2009. Born in 1956, she has a master's degree in management. Fields of responsibility:

- procurement, logistics

Roman Dobnikar, Member of the Management Board
Appointed for a five-year term of office beginning on 30 August 2009. Born in 1973, he has a bachelor's degree in economics. Fields of responsibility:

- sales, marketing

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

- energy

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 and was appointed for another five-year term of office on 25 September 2007.[2]

2 At the 23rd session of Petrol d.d., Ljubljana Workers' Council of 18 September 2007.

Responsibilities and composition of the Supervisory Board

Under the Articles of Association, the Supervisory Board of the company Petrol d.d., Ljubljana comprises nine members. They are elected for a term of four years and may be re-elected when their term of office expires. The Supervisory Board elects its president and vice-president from among its members. The president of the Supervisory Board is always a representative of shareholders. The president of the Supervisory Board represents the Company in relation to the Management Board, and the Supervisory Board in relation to the Management Board and third parties, unless otherwise determined in a specific case.

In 2009 the composition of the Supervisory Board changed as follows: on 14 January 2009, Andrej Bratož resigned as member of the Supervisory Board; on 21 February 2009, the term of office of employee representatives Samo Gerdin, Cvetka Žigart and Ciril Pirš expired; on 22 February 2009, new employee representatives, Samo Gerdin, France Premrn and Andrej Tomplak, were appointed. On 5 April 2009, the term of office of Milan Podpečan, Vice-president of the Supervisory Board, and Bojan Šrot and Aleš Marinček, Members of the Supervisory Board, expired. At the General Meeting held on 7 April, Tomaž Kuntarič, Bruno Korelič, Tomaž Berločnik, Urban Golob, Žiga Debeljak and Dari Južna were elected members of the Supervisory Board for a four-year term of office beginning on 7 April 2009 (the term of office of Mr Južna began on 16 July 2009). Viktor Baraga served as president of the Supervisory Board until 22 April 2009, when he resigned. Tomaž Kuntarič was then elected new president of the Supervisory Board and Bruno Korelič deputy president of the Supervisory Board. From 16 July 2009 onward, when the last of the Supervisory Board members took office, the full Supervisory Board took up its work. At its first meeting on 22 April 2009, the Supervisory Board of Petrol d.d., Ljubljana dissolved the committees established by the previous Supervisory Board on 28 May 2008, and established the following committees instead:

1. Audit Committee
2. Human Resources and Management Board Evaluation Committee

Members of the Supervisory Board of Petrol d.d., Ljubljana

Tomaž Kuntarič,
President of the Supervisory Board, shareholder representative
Director of Slovenska odškodniska družba, d.d. Appointed for a four-year term of office at the 18th General Meeting held on 7 April 2009.

Bruno Korelič,
Deputy President of the Supervisory Board, shareholder representative
Retired. Appointed for a four-year term of office at the 18th General Meeting held on 7 April 2009.

Dari Južna,
Shareholder representative
Chairman of the Board of the brokerage company Perspektiva d.d., director of Vizija holding, k.d.d., Vizija holding Ena, k.d.d. and Perspektiva FT, d.o.o. Appointed for a four-year term of office at the 18th General Meeting held on 7 April 2009. He began his term of office on 16 July 2009.

Tomaž Berločnik,
Shareholder representative
Director of Berli d.o.o., Ljubljana, and president of the Management Board of Istrabenz, d.d. since 14 January 2010. Appointed for a four-year term of office at the 18th General Meeting held on 7 April 2009.

Urban Golob,
Shareholder representative
Member of the Board of Hypo Alpe-Adria-Bank d.d. Appointed for a four-year term of office at the 18th General Meeting held on 7 April 2009.

Žiga Debeljak,
Shareholder representative
President of the Management Board of Poslovni sistem Mercator, d.d. Appointed for a four-year term of office at the 18th General Meeting held on 7 April 2009.

Samo Gerdin,
Employee representative
Petrol d.d., Technical Development, Quality and Safety Department. Re-appointed for a four-year term of office at the 4th Workers' Council meeting of 16 February 2009. He began his term of office on 22 February 2009.

Franc Premrn,
Employee representative
Petrol d.d., Wholesale Department. Appointed for a four-year term of office at the 4th Workers' Council meeting of 16 February 2009. He began his term of office on 22 February 2009.

Andrej Tomplak,
Employee representative
Petrol Maloprodaja Slovenija d.o.o. Appointed for a four-year term of office at the 4th Workers' Council meeting of 16 February 2009. He began his term of office on 22 February 2009.

PETROL'S SHARE

In 2009 share prices and world and European stock market benchmarks reflecting share price movements improved in comparison with 2008. This was also the case with the share of Petrol.

In the first quarter of 2009, benchmark indices dipped even below their values as at the end of 2008, but thanks to a reversal of this trend later in the year, they ended the year in the black. The local stock market index, SBI20, and Petrol's share followed a similar trend.

Petrol's share is traded on the prime market, but has been listed on the stock exchange since 5 May 1997. In 2009 the volume of trading in Petrol's share at the stock exchange amounted to EUR 24.83 million, down 55.2 percent compared to 2008. Despite a lower trading volume relative to previous years, Petrol's share was again one of the most traded shares among those listed on the Ljubljana Stock Exchange.

In recent years, Petrol's share generally outperformed the SBI20 Index. In 2008, the year of declining share values at world markets, the decrease in Petrol's share price was slightly greater than that of the SBI20. But in 2009 the share again outperformed the SBI20 Index.

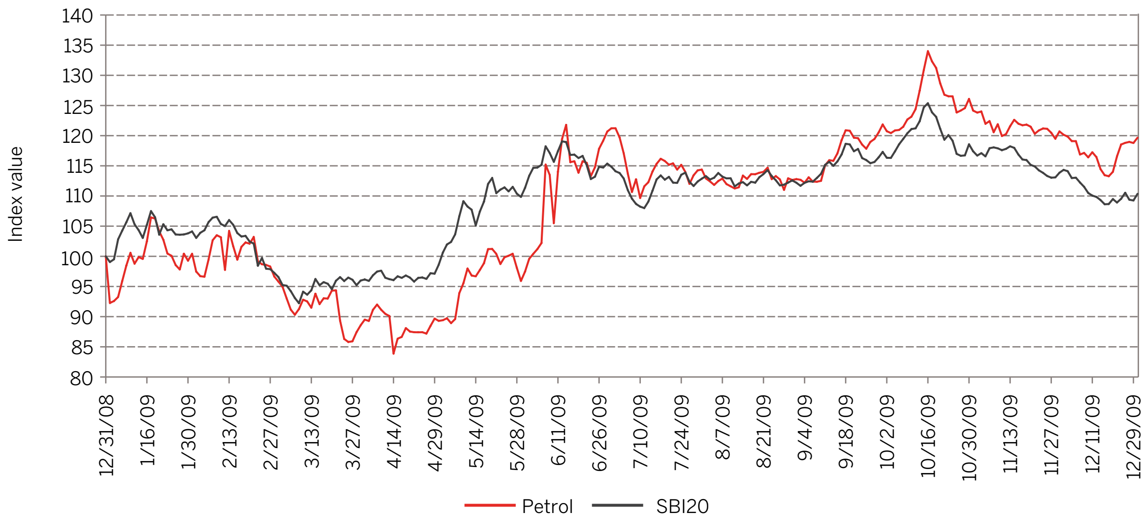
Between 1 January and 31 December 2009, the share's daily average price grew by 29.7 percent and increased more than threefold since its listing. The yearly average price of Petrol's share, which stood at EUR 291.39 in 2009, was 46.2 percent lower than in the previous year. In 2009 the daily average price of Petrol's share ranged between EUR 225.48 and EUR 360.22.

Trading volume and market capitalisation

The volume of trading in the share on the stock market amounted to EUR 24.83 million in 2009, down 55.2 percent from 2008. The trading in Petrol's shares accounted for 2.7% of the total trading volume on the Ljubljana Stock Exchange and 3.4% of the share trading volume.

By trading volume on the Ljubljana Stock Exchange, the share of Petrol d.d., Ljubljana was ranked sixth, reaching fifth place among prime market shares. On average, the monthly volume of transactions involving Petrol's share totalled EUR 2.1 million. The lower trading volumes and trading share in 2009 reflected the fact that the average share prices on the Ljubljana Stock Exchange were also lower than the year before, as was the overall trading volume. What is more, trading in Petrol's share was predo-

Comparison of the base index of Petrol's share average price and the SBI20 Index for 2009



minantly carried out through ordinary transactions, while certain other shares which exceeded Petrol's share in terms of turnover were mostly traded in blocks. The share was liquid at all times in 2009.

The market capitalisation of Petrol d.d., Ljubljana as at the last trading day of 2009 totalled EUR 671 million, which accounts for 7.9 percent of the stock market's total capitalisation. Petrol d.d., Ljubljana thus climbed to the third place in terms of market capitalisation as at the last trading day of 2009, and its share was one of the three shares that accounted for more than ten percent of the SBI20 index.

Key financial indicators and Petrol's share

Earnings per share of Petrol d.d, Ljubljana amounted to EUR 5.17 in 2009, with cash flows per share amounting to EUR 15.14. The return per share calculated based on the average share price as at the end of 2009 and 2008 stood at 19.7 percent. Together with the dividend yield of 2.2 percent, the total return per share stood at 21.9 percent in 2009.

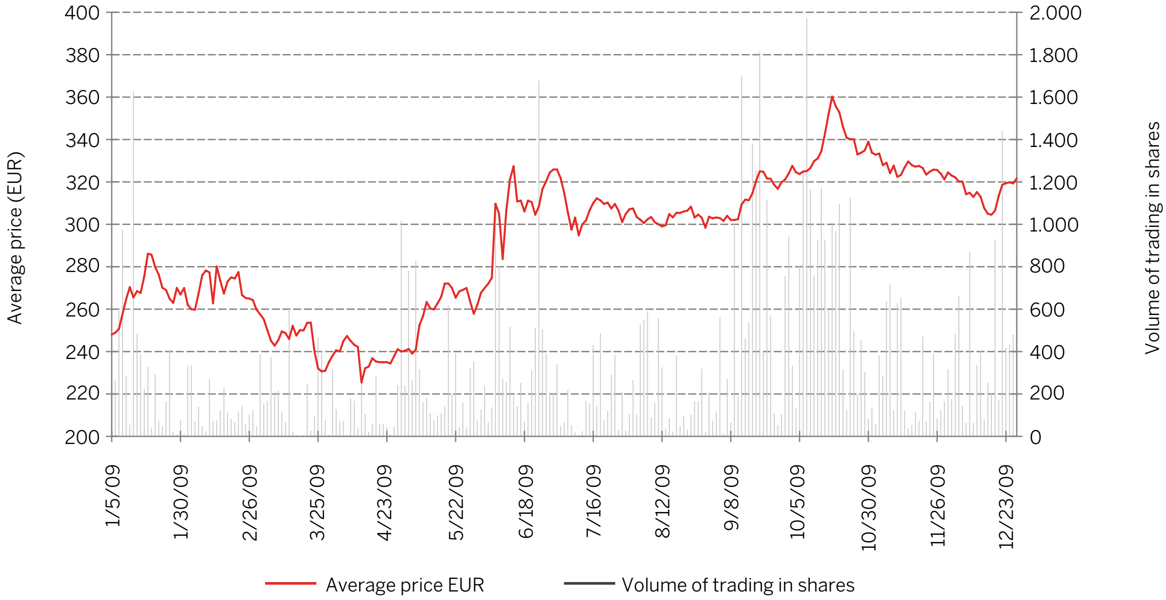
The ratio between the share's market price at the end of 2009 and its book value, which stood at EUR 189 at the end of 2009, was 1.7, which is less than at the end of 2008. The ratio between the share's market price at the end of 2009 and earnings per share stood at 62.2.

The ratio between the share's market price at the end of 2009 and its book value, which stood at EUR 186 at the end of 2009, was 2.5, which is less than at

Petrol's share prices in the period 2008–2009 in EUR

	2009	2008
High	360.22	904.19
Low	225.48	225.86
Average price in the current year	291.39	541.51
Price on the last trading day of the current year	321.69	268.82
Increase/decrease in average daily price from 1 January to 31 December of the current year	29.70%	-70.27%
Increase in average price in the current year relative to the price as at 5 May 199	306.48%	655.39%

Average price and the volume of trading in Petrol's share in 2009



the end of 2008. The ratio between the share's market price at the end of 2009 and earnings per share stood at 40.8.

Share capital structure

In 2009 there were no substantial changes in Petrol d.d., Ljubljana's share capital structure. With 412,009 shares, Slovenska odškodninska družba is still the largest single shareholder, followed by NLB d.d. with 210,664 shares and Kapitalska družba d.d. with 172,639 shares. Other large single shareholders include Istrabenz d.d., Julius fond d.d. and Julius k.d.d., Vizija holding k.d.d., Vizija holding Ena k.d.d., Nacionalna finančna družba 1 d.d., Hypo bank d.d. and Triglav vzajemni skladi.

The chart presenting the share capital structure is shown in the chapter concerned with the management of the company Petrol d.d., Ljubljana.

At year-end, 31,923 shares or 1.5 percent of all shares were held by foreign legal or natural persons. The number of shareholders increased from 39,796 as at the end of 2008 to 39,904. The year 2009 thus saw for the first time the reversal of the trend of declining shareholder numbers.

Ten largest shareholders of Petrol d.d., Ljubljana are shown in the chapter concerned with the management of the company Petrol d.d., Ljubljana.

Other explanations by Petrol d.d., Ljubljana

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

In September 2009, a prospectus of Petrol d.d., Ljubljana for admission of bonds to trading on a regulated market was prepared.

Authorised capital

Petrol d.d., Ljubljana had no authorised capital as at 31 December 2009.

Contingent increase in share capital

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

Reserves for own shares

As in previous years, Petrol d.d., Ljubljana did not repurchase its own shares in 2009. On the last day of 2009, the Company held 24,703 own shares, representing 1.2 percent of its registered share capital. The total book value of own shares equalled EUR 2.6 million as at 31 December 2009 and was EUR 5.3 million lower than their market value on the said date.

Dividend policy to maximise long-term returns

A 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 more predictable returns and long-term stability of Petrol's share price.

In accordance with a General Meeting resolution, gross dividend per share for 2008, payable in 2009, stood at EUR 5.90.

Accumulated profit

The amount of accumulated profit of Petrol d.d., Ljubljana for 2009, determined in accordance with Companies Act, stood at EUR 14.6 million.

Regular participation at investors' conferences and access to information

Petrol d.d., Ljubljana has set up a programme of regular cooperation with domestic and foreign investors, enabling it to be well informed, share ideas and enter into new strategic partnerships.

Overview of dividend payments 2005–2008

Period	Total dividends in accordance with General Meeting resolution	Gross dividend per share
2005	8,706,085.20 EUR	4.20 EUR
2006	11,474,655.50 EUR	5.50 EUR
2007	12,309,175.90 EUR	5.90 EUR
2008	12,309,175.90 EUR	5.90 EUR

Shares owned by Supervisory Board and Management Board members as at 31 December 2009

	Name and surname	Position	No. of shares	Share of equity
	Supervisory board		**135**	**0.01%**
	Internal members		**135**	**0.01%**
1.	Samo Gerdin	Member of the Supervisory Board	-	0.0000%
2.	Franc Premrn	Member of the Supervisory Board	135	0.0065%
3.	Andrej Tomplak	Member of the Supervisory Board	-	0.0000%
	External members		-	**0.00%**
1.	Tomaž Kuntarič	President of the Supervisory Board	-	0.0000%
2.	Bruno Korelič	Vice-president of the Supervisory Board	-	0.0000%
3.	Tomaž Berločnik	Member of the Supervisory Board	-	0.0000%
4.	Urban Golob	Member of the Supervisory Board	-	0.0000%
5.	Žiga Debeljak	Member of the Supervisory Board	-	0.0000%
6.	Dari Južna	Member of the Supervisory Board	-	0.0000%
	Management		**840**	**0.04%**
1.	Aleksander Svetelšek	President of the Management Board	105	0.0050%
2.	Janez Živko	Member of the Management Board	40	0.0019%
3.	Mariča Lah	Member of the Management Board	40	0.0019%
4.	Roman Dobnikar	Member of the Management Board	153	0.0073%
5.	Rok Vodnik	Member of the Management Board	85	0.0041%
6.	Bojan Herman	Member of the Management Board - Worker Director	417	0.0200%

The programme consists of public announcements, individual meetings and presentations, and public presentations. The Company regularly attends investors' conferences organised each year by the Ljubljana Stock Exchange and various banks. In 2009 the Company participated at three important international conferences: Slovene Capital Market Day in Ljubljana organised by the Ljubljana Stock Exchange and its partners, and investors' conferences in Zuers and Stegersbach, Austria, which were organised by Raiffeisen Centrobank and Erste Bank, respectively.

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

BUSINESS RISKS

Uncertainty can be either a risk or an opportunity. That is why the Petrol Group has integrated the business risk management policy into the process of strategic business planning and each decision it makes. In accordance with Article 30 of the Financial Operations, Insolvency Proceedings and Compulsory Dissolution Act, the Petrol Group regularly carries out measures aimed at managing business risks to which it is exposed in pursuing its business activities. The management of these risks is described below, while the disclosures pertaining to financial instruments and risks are presented in the financial report.

All companies are faced with operational uncertainty which is even more acute in the time of global economic crisis. To be able to continuously monitor the risks in our business environment, we have set up a comprehensive business risk management system, which ensures that the key risks that the Company is exposed to are identified, assessed and controlled in due time. Business risk management is integrated into the entire organisational structure and into business processes at all levels of operations.

Risks were dealt with in a systematic and comprehensive way once more in 2009. Individual business risks were successfully controlled, meaning our response was timely and the risks were reduced or even avoided.

Events in 2009 that affected business risks and their management

In 2009 business risk management was marked by the global financial crisis and the resulting economic downturn, which also had a profound impact on the real sector of the Slovene economy.

The difficulties of the banking sector led to uncertainty, particularly as regards interest rate, credit and liquidity risk management. Because we realised that weakened liquidity of banks and unfavourable financing conditions might have an important impact on the operations of companies and individuals, we stepped up our vigilance in the management of financial risks. We paid additional attention to the solvency of customers and, consequently, to the balance of operating receivables. The liquidity and short-term solvency of Petrol Group companies was ensured through central management and reconciliation of current cash flows and by entering into agreements with banks to increase credit lines.

Having successfully completed the initial sale of the Company's ordinary registered bonds in June 2009, Petrol d.d., Ljubljana also secured another long-term source of financing. The financial position of the Petrol Group thus remains strong, and financial risks are lower as a result.

Categories of business risks that affect our operations

I. Environment risks		
I.1. Political risks	I.3. Economic environment risks	I.5. Disaster risks
I.2. Financial environment risks	I.4. Legislation and regulation risks	
I. Performance risks		
II.1. Operating risks	**II.2. Management and decision-making risks**	**II.5. Financial risks**
II.1.1. Human resources management risks	II.2.1. Management risks	II.5.1. Price risks
II.1.2. Commercial risks	II.2.2. Business and financial decision-making risks	II.5.2.Credit risks (counterparty risks)
II.1.3. Safety and protection risks	II.2.3. Strategic decision-making risks	II.5.3. Liquidity risks
II.1.4. Risks of discontinued operations	**II.3. Information risks**	II.5.4. Foreign exchange risks
	II.4. Risks of fraud and other illegal activities	II.5.5. Interest rate risks
		II.5.6. Financial instruments risks

Despite rapid changes in capital and financial markets, we were able to adapt quickly to the new financial situation in 2009.

Petrol's business risk model

To allow for a more efficient assessment and obtain more realistic results, individual risks are joined, based on their characteristics, into 20 business risk categories that are divided into two main groups: environment risks and performance risks.

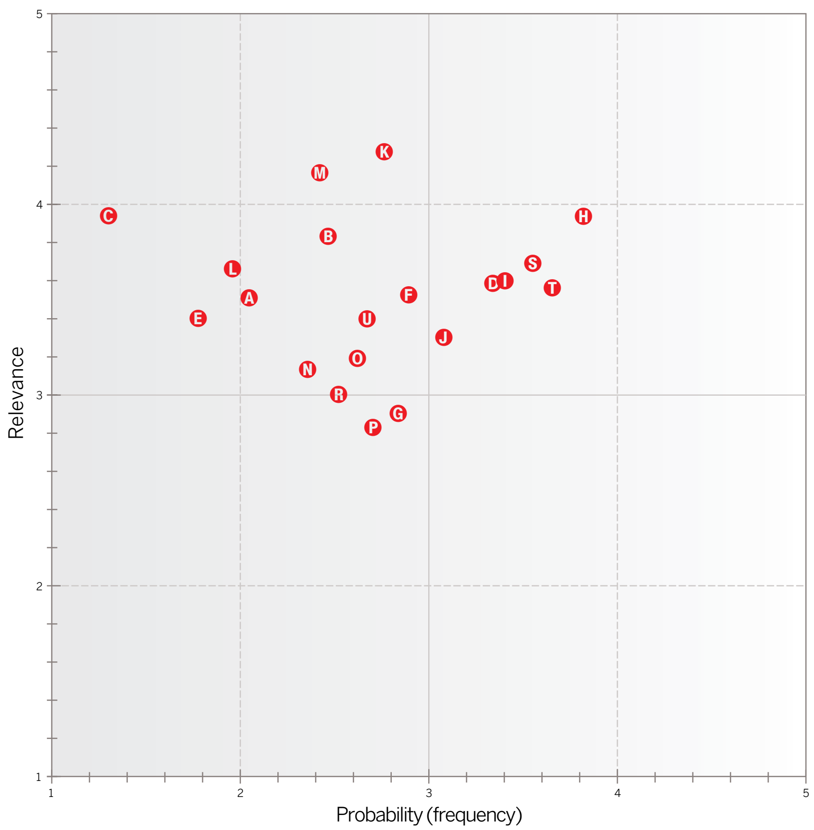
Assessment methodology comprises value variables, meaning that a 5-grade scale of relevance and probability (frequency) was established in respect of individual business risks.

In the first quarter of 2009, we prepared a report on business risks of the Petrol Group for the year 2008, which includes the results of the latest assessment of business risks (performed at the end of 2008), an overview of the implementation of business risk management recommendations from previous periods and new recommendations for an even better management of business risks.

Most relevant and probable business risks

The most relevant and probable business risks comprise all financial risks: price, foreign exchange, credit, liquidity and interest rate risks. To control or manage these risks, the most rigorous control system possible is required. The Company has implemented this system, which

Distribution of business risks in the Petrol Group according to the latest assessment performed in 2008



Key:

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

Probability (frequency) levels:

1 - the event can occur less than once every three years;
2 - the event can occur at least once every three years, but no more than twice a year;
3 - the event can occur more than twice a year, but no more than once a month;
4 - the event can occur more than once a month, but no more than once a week;
5 - the event can occur more than once a week.

Relevance levels:

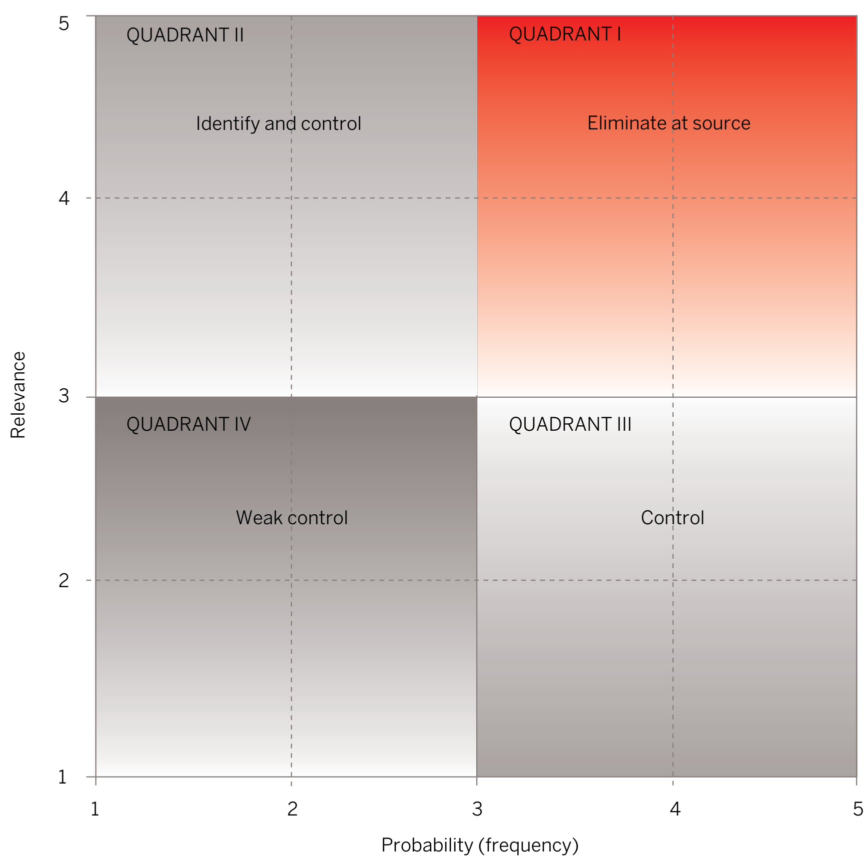
1 - potential damage to operations is less than EUR 50,000;
2 - potential damage to operations is between EUR 50,000 and EUR 250,000;
3 - potential damage to operations is between EUR 250,001 and EUR 1,000,000;
4 - potential damage to operations is between EUR 1,000,001 and EUR 5,000,000;
5 - potential damage to operations is more than EUR 5,000,000.

is described in more detail in sections dealing with individual financial risks. In addition to financial risks, most relevant and probable risks include financial environment risk, commercial risk, risk of strategic decision-making, risk of business and financial decision-making and economic environment risk.

The dots shown in the chart on previous page denote individual business risks. These are distributed depending on their value and assessment criteria level.

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

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



MANAGEMENT OF INDIVIDUAL RISK CATEGORIES IN 2009

I. Environment risks

The risks arising from external environment are hedged against by systematically monitoring events in the business environment and responding to them in a timely manner. The most relevant and probable business risks related to external environment risks comprise financial and economic environment risks. Political risks, legislation and regulation risks, and disaster risks, which also belong to this category, are also relevant, but have a lower probability (frequency).

Identification of financial environment risks is also sought through financial planning and simulations as well as through cooperation with the financial environment (banks, financial institutions, investors). In addition, these risks are considered in the preparation of strategic business plans.

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

II. Performance risks

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

II.1. Operating risks

Operating risks are a group of risks which include human resources management risks, commercial risks, safety and protection risks, and risks of discontinued operations. According to the latest assessment, commercial risks are the most relevant and probable of the above risks.

Commercial risks include the risks of customer dissatisfaction, risks of limited supply sources of petroleum products and other goods, risks of ineffective alliances, risks of inefficient distribution channels and risks of low service quality or sale of poor-quality products. The Petrol Group hedges against these types of business risks by regularly assessing service stations and conducting comprehensive supervision over its suppliers. As regards the management of risks related to the availability of sources, especially to the procurement of petroleum products, we continued to implement the comprehensive supervision over suppliers in 2009.

II.2. Management and decision-making risks

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

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

II.3. Information risks

According to the latest assessment, information risks are one of the least probable (frequent) and least relevant risks, but should by no means be ignored. As a result, the management of the risks related to ICT adequacy and security represents a vital and ongoing activity in this field.

II.4. Risks of fraud and other illegal activities

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

II.5. Financial risks

Financial risks feature most prominently among business risks. The most relevant and probable financial risks include price risks, foreign exchange risks, credit risks, liquidity risks and interest rate risks, with financial instruments risks having a less prominent profile.

Price and foreign exchange risks

The Petrol Group purchases petroleum products under conditions on international markets, pays for them in US dollars and sells them in local currencies. Because the US dollar and the global oil market are two of the most volatile global markets, we are exposed to both the foreign exchange risk (changes in EUR/USD exchange rate) and the price risk (changes in prices of petroleum products) when pursuing our core line of business.

Since April 2000, the petroleum products pricing model has allowed for changes in world prices of petroleum products and exchange rates to be passed on to domestic prices. This has significantly reduced our exposure to price and foreign exchange risk.

Price risks are hedged against by harmonising the procurement and sales price formulas of petroleum products as well as by using appropriate financial instruments. In certain cases, we hedge against changes in petroleum product prices at the OTC market (direct transactions between two parties outside the stock exchange) using price and commodity swaps. These hedges are mainly aimed at matching the prices recognised by the petroleum products pricing model. Our business partners in this area are international financial organisations, banks and major oil corporations, which supply us with petroleum products.

In 2009 we paid for the purchases of petroleum products within deadlines standard for the oil business (30 days after the B/L), thus exposing our business to foreign exchange risks, i.e. to changes in the EUR/USD exchange rate occurring in the period between the transaction date and the payment date. The controlling company hedges against currency risks using forward contracts on EUR/USD entered into with Slovene banks. The value of such forward contracts is determined by the sales department and the finance department, which coordinate their work weekly so as to ensure optimal hedging against currency risks in the time when the economic crisis makes the forecasting of sales volumes an even more demanding task.

In addition to the above, the controlling company supervises and offers advice on hedging against currency risks to its subsidiaries. This mainly concerns the risks arising from changes in the HRK/EUR exchange rate in Croatia and the RSD/EUR exchange rate in Serbia. The hedging of the HRK/EUR exchange rate was too expensive at the beginning of the year due to the illiquid market and uncertainty in Croatia's financial market. Because the situation stabilised somewhat in the months that followed, we entered into several forward transactions in Croatia to hedge the HRK/EUR exchange rate. In Serbia, we are exposed to changes in the RSD/EUR exchange rate only because of a long-term EUR-denominated loan. Considering the Petrol Group's overall operations, this represents only a small portion, meaning we are not exposed to significant risks in this area.

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

Credit risks

In the time of the economic crisis, we estimate that the management of credit risk is one of the most demanding tasks. When dealing with lay away sales, this means that we are exposed to the counterparty risk. In the area of receivables management, we have been intensifying, since the end of 2008, the collection of receivables, consistently applying the rules for discontinuing sales to defaulting customers and accelerating the use of legal remedies to collect receivables. The Company offers deferred payments out of the need to provide its customers with at least some form of crediting and thereby increase its sales revenue. The sales function is thus in constant search for compromise between the tendency to increase sales and, given the increased number of defaults, tendency to keep the balance of receivables at manageable levels.

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

Despite the general weakening of the financial strength of our customers due to liquidity problems, decreased production and reduced exports, we estimate that the Petrol Group is not exposed to significant credit risks in relation to any individuals or groups of individuals that could represent a significant single risk. Our estimate is based on the nature of our products, our market share and diversified customer base.

We actively monitor credit ratings of our customers and suppliers by means of information support and exchange of information between all employees. This year, Credit Check, a risk management tool developed by the company Bisnode, was added to our system to assess the credit rating of individual customers. Credit Check predicts the probability of insolvency procedures occurring over the next 12-month period.

In 2009 the Petrol Group's days sales outstanding increased due to the overall increase in iliquidity. That is why we are even more actively pursuing collection and require considerable additional security from customers. To this end, we use numerous types of credit insurance (mortgages, pledges, bank guarantees, collaterals, promissory notes, bills of exchange etc.). In addition, we are quicker to act against defaulting customers by discontinuing sales to them. Increased number of defaults has become a considerable problem for the Slovene economy. Given our extensive retail network, it is clear that we have been affected by the fact that due to insufficient credit from banks customers have turned to suppliers for financing.

Liquidity risks

The financial crisis in the Slovene and global financial market resulted in a considerably reduced liquidity of the banking sector. The weakened liquidity of banks and unfavourable financing conditions significantly affect the operations of both companies and individuals.

For this reason, the Petrol Group is exercising even greater caution in maintaining its short-term solvency, which was achieved in 2009 through central management and careful planning and coordination of cash flows. The controlling company and its subsidiaries use dedicated software to plan and monitor daily liquidity, giving them detailed insight into and control over cash flows. The overall uncertainty makes the planning of cash flows considerably more difficult. Because a substantial number of our customers have problems financing their operations due to the general increase in the number of defaults and decrease in sales, cash inflows from lay away sales are the most difficult to plan.

To be able to efficiently manage our cash flows, we introduced in 2006 a cash pooling system for all Slovene subsidiaries. Due to tax and economic reasons (costs of payment transactions, foreign exchange differences), subsidiaries in SE Europe markets are not yet able to take advantage of the system. In substance, however, cash pooling is performed through the management of operating receivables.

The Petrol Group is capable of meeting all of its outstanding liabilities at any given moment as it has, in addition to its own funds, access to liquidity reserves through approved credit lines with domestic and foreign banks. It thus maintains a high credit rating with its business partners and financial organisations at home and abroad. In 2009 petroleum product prices were lower than planned. That is why the Petrol Group needed less working capital in the period concerned and, consequently, lower credit lines. Considering the forecasts of higher oil prices in the coming period and the resulting increase in our needs for short-term financing, we are already actively working to increase credit lines.

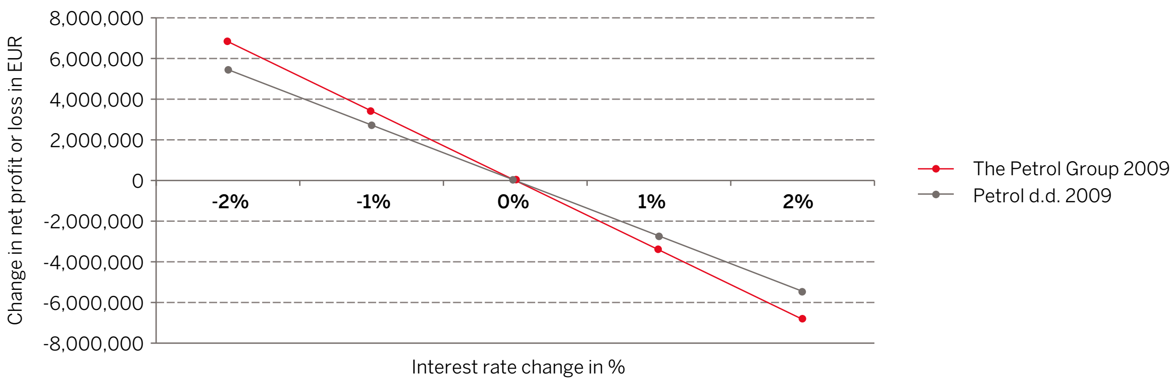
Our long-term solvency is ensured by maintaining and increasing the amount of equity. As a result of virtually non-existing long-term banking sources on the market, the Company issued ordinary registered bonds in June 2009. Concerned for their own liquidity, banks have only been granting short-term loans since autumn 2008. Due to uncertainty in the banking sector, a lot of time and attention is dedicated to daily communication with banks.

Interest rate risk

The Petrol Group regularly monitors its exposure to the interest rate risk. Its long-term loans contain a variable interest rate which is linked to EURIBOR. Despite a decrease in EURIBOR in 2009, the Petrol Group's overall interest rate remained the same because the banks increased their interest margins. In addition, banks also considerably increased other costs associated with financing.

To hedge against exposure to the interest rate risk, a portion of variable interest rates is transformed into a fixed interest rate using derivative financial instruments. Exposure to the interest rate risk is hedged up to the amount of half of the Petrol Group's net interest position. When deciding whether to pursue additional hedging activities, forecasts regarding interest rate changes are considered. The time of hedging and the type of instruments used to this effect are determined on the basis of market conditions.
In 2009 no additional interest rate hedges were concluded because we estimated that the European Central Bank will further reduce its interest rates to revive

The effect of changing interest rates on net profit



the economy. At the same time, the Company issued a fixed rate bond at the end of June, thus partially reducing its interest rate exposure.

INTERNAL AUDIT

Organisation-wise, Internal Audit has operated within the controlling company as an independent and autonomous support function since 2002. It is responsible directly to the president of the Management Board and operates throughout the Petrol Group. The purpose of Internal Audit is to give objective assurance and advice to the Management Board and to management at all levels as regards property protection, improvement of quality and efficiency of the Petrol Group's operations, thus helping the Company achieve its strategic and business goals based on best practices. Internal Audit operates in accordance with the Rules Governing the Work of Internal Audit and the principles of independence, professional competence, objectivity and ethical principles as the fundamental principles of the auditing profession. It reports on its work to the Management Board and, if necessary, to the Supervisory Board. The audit approach is based on the analysis of the Petrol Group's business risks and the analysis of control risks. It is mainly focused on the existence and efficiency of the functioning of the internal control system and risk management within the Petrol Group. The verification of the functioning of internal controls in the Petrol Group's retail network is carried out by a dedicated team of qualified experts who mainly verify cash transactions and fuel handling.

In 2009 Internal Audit carried out 19 reviews and advisory sessions and monitored the implementation of recommendations from previous years. It mainly focused on the verification of the efficiency of financial risk management, mostly of credit risk and operations of subsidiary companies in SE European markets as well as on the verification of the efficiency of key business processes in accordance with the parent company's rules and best practices. ■


PETROL
EURO SUPER 1.157
SUPER PLUS 1.176
PRIMA DIESEL 1.073
AVTOPLIN LPG 0.669
HIP SHOP
ODPRTO OPEN 0-24
PETROL
PETROL

ENERGY ON THE GO

ENERGY ACTIVITIES

2.2

MILLION TONS OF PETROLEUM PRODUCTS SOLD

382.4

MILLION EUROS GENERATED FROM THE SALE OF SUPPLE-MENTARY MERCHANDISE

433

SERVICE STATIONS


PETROL
PETROL

OIL TRADING

Maintaining the position of a leading oil trading company in Slovenia and expansion of operations into SE Europe markets is one of the key strategic orientations of the Petrol Group

KEY IMPACTS ON OPERATIONS

Pricing of petroleum products

The Petrol Group operates in an unpredictable economic environment. Our business is significantly affected by methods for the pricing of petroleum products in the countries where we operate, as well as by the pricing of other energy products, oil prices and the US dollar exchange rate.

Slovenia

In 2009 oil prices in Slovenia were set in accordance with the Regulation on the Price Methodology for Petroleum Products adopted by the Government of the Republic of Slovenia on 9 October 2008 for the period of one year. According to this regulation, government-regulated prices of petroleum products (petrol, diesel fuel and extra light heating oil) changed every 14 days, based on an average 14-day price from the stock exchange including all quotations. Since 15 December 2008, quotations for petrol and diesel of improved quality have been used for calculating retail prices. In the Regulation on the Price Methodology for Petroleum Products, the model-based margin (EUR 0.08134 for a litre of petrol, EUR 0.07626 for a litre of diesel fuel and EUR 0.05023 for a litre of extra light heating oil) was set at a fixed amount.

As from 9 October 2009, petroleum products have been priced in accordance with a new regulation on the price methodology for petroleum products, but the method of calculating retail prices remained unchanged. In the new regulation, the model-based margin for government-regulated petroleum products is still fixed, but has been slightly adjusted compared with the previous regulation (EUR 0.08199 for a litre of petrol, EUR 0.07687 for a litre of diesel fuel and EUR 0.05063 for a litre of extra light heating oil). Gross margins will remain fixed for the duration of the regulation, which will be in force for one year.

In 2009 the Government of the Republic of Slovenia considerably increased excise duties on motor fuels, which in the case of petrol rose on average by more than a third compared with the year 2008 and in the case of diesel by more than 40 percent. The increase in the excise duties affected the growth of retail prices in Slovenia to such an extent that the prices of Slovene oil retailers were no longer competitive with the prices in the neighbouring countries.

Gross margins in Slovenia are still below European average

In Slovenia, gross margins for petroleum products, which are, under the model, set at a fixed amount and do not reflect changes in retail prices, are still below European average. In the case of petrol, they amount to 76 percent of the average gross margin in the EU, in the case of diesel fuel to 66 percent, and in the case of extra light heating oil to not more than 55 percent.

Croatia

In common with Slovenia, the prices of petroleum products, i.e. petrol, diesel fuel and extra light heating oil, are also government-regulated in Croatia. Up to 3 September 2009, 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 2009. The prices changed fortnightly according to the prescribed methodology, provided that prices, inclusive of all duties, increased or decreased by more than 2 percent.

On 3 September 2009, new petroleum product pricing rules were adopted. Under the new rules, retail prices of petroleum products change every seven days according to the prescribed methodology, provided that prices, inclusive of all duties, increase or decrease by more than 2 percent, but the change in the retail price may not exceed 3.5 percent.

The gross margin is set at a fixed amount and remains unchanged. It amounts to HRK 0.6 (EUR 0.08) for a litre of diesel or petrol and HRK 0.4 (EUR 0.05) for a litre of extra light heating oil. The prescribed methodology for setting maximum permitted retail prices of fuel is similar to the methodology in place in Slovenia. Also, the adjustment of prices is subject to changes in prices in the oil market and changes in the exchange rate of the US dollar against the national currency.

Despite the above model, the leading oil company, INA, which in contrast to its previous practice set retail prices at its service stations at the maximum permitted level in 2009, plays a major role in the setting of prices in the Croatian market.

Bosnia and Herzegovina
In Bosnia and Herzegovina, retail prices of petroleum prices are not government-regulated and are set freely in accordance with market conditions. The prices change weekly. In the Federation of Bosnia and Herzegovina, retailers notify the Federal Ministry of Commerce of new retail prices a day in advance, whereas in the Republic of Srpska changes in prices need not be notified in advance. Despite the free setting of prices, retail fuel prices do not vary significantly between service stations, but they are slightly lower in the Republic of Srpska, whose service stations enjoy lower purchase prices thanks to its supply sources.

Serbia
In Serbia, the prices of petroleum products are regulated by the government and set in accordance with the Petroleum Product Pricing Regulation ("Uredba o cenama derivata nafte"). All petroleum products are subject to a maximum retail price requirement and a maximum distributor's or producer's price requirement. For all petroleum products, the prescribed gross margin amounts to RSD 5 (EUR 0.05) per litre, except for eurodiesel, for which the margin amounts to RSD 10 (EUR 0.11) per litre. The liberalisation of petroleum product imports applies only to eurodiesel and autogas. Under the applicable legislation, the prices are adjusted every fifteen days, subject to certain conditions.

Montenegro
In Montenegro, the prices of petroleum products are set in accordance with the Regulation on the Method of Setting Maximum Retail Prices ("Uredba o načinu obrazovanja maksimalnih maloprodajnih cijena"), which has been in force since 1 January 2009. The prices are changed fortnightly, provided that movements in the oil market (Platt's European Marketscan) and in the exchange rates of the euro and the US dollar change by more than 5 percent. In addition to market oil prices and changes in the exchange rates of the euro and the US dollar, the price calculation methodology also includes all taxes and charges as well as an oil companies' margin. The gross margin is set at a fixed amount and amounts to EUR 0.063 for a litre of NMB 95, EUR 0.064 for a litre of eurodiesel and EUR 0.078 for a litre of extra light heating oil.

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

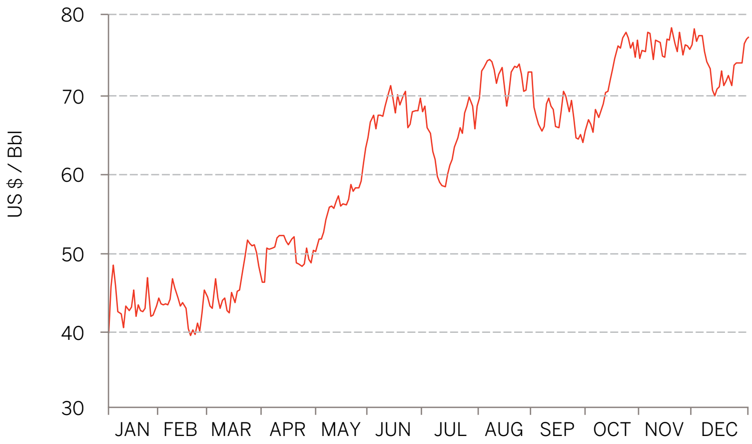
Changes in crude oil prices in 2009

The financial and economic crisis, which started in 2008, also affected changes in oil prices at the beginning of 2009 which stayed below USD 50 per barrel until mid-March 2009. Afterwards, oil prices changed in line with more or less optimistic predictions regarding recovery from the recession and reinvigoration of economic activity. In 2009 oil prices per barrel ranged from USD 39.67 to USD 78.86. In the previous year, the average purchase price of crude oil on the world oil market stood at USD 61.70 per barrel, down 36.56 percent from 2008. The prices of petroleum products followed the same trend.

US dollar exchange rate

In 2009 the average exchange rate of the US dollar according to the middle exchange rate of the European Central Bank stood at 1.39 US dollars for 1 euro.

Changes in oil prices in 2009



SALES PERFORMANCE

The turbulent economic environment left a strong mark on the past business year of the Group. Mainly the economic crisis and the modified fiscal policy should be stressed, resulting in smaller demand for petroleum products. Also worth noting were the global trends in oil and energy activity as well as the ever greater customer demands. These pressures were to a high degree mitigated by the introduction of operating novelties, establishment of strategic partnerships and expansion of the service station network. Thus, given the stringent operating conditions, we achieved good sales results. In addition to customer satisfaction surveys, all of the above testifies to the level of trust enjoyed by the Petrol Group's products and services among customers. These are also important orientations for a further improved, competitive and environmentally friendly service range, giving us good prospects for the future.

Sale of petroleum products

In 2009 we sold 2.2 million tons of petroleum products, which represents a decrease of 11 percent from 2008 and is 3 percent less than planned. 74 percent of sales were generated in Slovenia and the remaining 26 percent in foreign markets. 51 percent of sales were generated in the retail market and 49 percent in the wholesale market.

Sales in the Slovene market dropped by 16 percent compared to 2008 and lagged behind the plan by 5 percent, however, it should be stressed that we nevertheless succeeded to boost our market share, which we are particularly satisfied with. In the markets of SE Europe, sales of petroleum products increased by 3 percent relative to 2008.

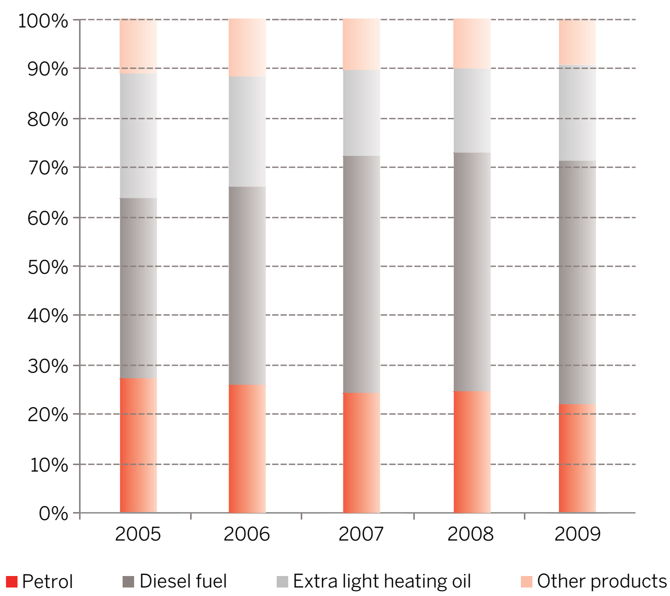
In comparison to 2008, the Petrol Group's sales of motor fuels fell by 13 percent, with sales of light heating oil decreasing by 1 percent. Owing to the economic recession, freight transport declined both in Slovenia and other markets in which the Petrol Group operates, and an even greater decrease was seen in transit through Slovenia and other SE European countries. The scope of construction work diminished as well. These factors had a negative impact on the sale of diesel fuel. Sales of motor fuels further deteriorated in 2009 also due to the uncompetitive price of fuel in Slovenia as a result of high excise duties, resulting in decreased sales to the population living next to the border and transit traffic, in addition to which Slovene customers living close to the border started buying fuel in the neighbouring countries. For the first time in many years, petrol was costlier in Slovenia than in any neighbouring country, except Italy.

The structure of fuel sales has a significant influence on our business results. In 2009 the share of diesel in the fuel sales structure continued to increase, a trend typical of the past years. This was primarily the result of changes in the composition of customers' vehicle fleets and the rather high share of lorry transit through Slovenia. In Slovenia, the Regulation on the Price Methodology for Oil Derivates specifies a lower gross margin on diesel than on petrol.

Supplementary merchandise

In comparison to 2008, the sale of supplementary merchandise recorded growth in spite of the economic crisis. In 2009 the sales of supplementary and other merchandise amounted to EUR 382.4 million, which is 2 percent more than in 2008 and 6 percent less than planned. Compared to 2008, the sales results improved in most categories. The Petrol Group still generates the bulk of its revenue from the sale of supplementary and other merchandise in the Slovene market, although sales in the markets of SE Europe are quickly increasing, which is evident from the 50-percent growth compared to 2008. The upward trend in sales on the domestic and foreign mar-

Structure of sales of petroleum products of Petrol Group



kets additionally proves that our business decisions were the right ones.

Sale of services

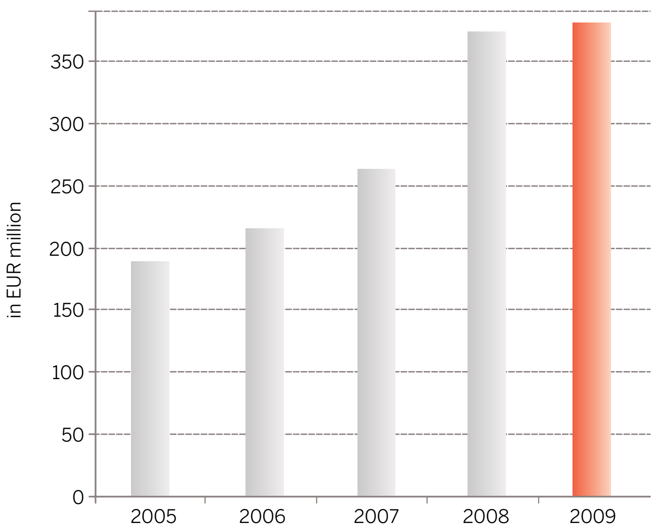
In 2009 the sale of services in oil activity was, in spite of the economic crisis, higher than in 2008 and exceeded the plan. The greater part of the Group's revenue from services is generated by the parent company, which in 2009 earned EUR 30.1 million in services revenue. This figure is 10 percent above the plan and 3 percent higher than in 2008. Petrol's most important services include transport services, car-washes, the "coffee to go" service, leasing of restaurant facilities, and the Magna card.

Retail and wholesale network of the Petrol Group

By the end of 2009, the Petrol Group's retail network grew to 433 service stations, of which 311 in Slovenia, 73 in Croatia, 40 in Bosnia and Herzegovina, 3 in Serbia, 4 in Kosovo and 2 in Montenegro. The services provided at the service stations are complemented by 100 car-washes, 104 bars and 31 TIP STOP quick-service facilities. The latter are designed for maintaining goods and passenger vehicles, and operate as franchises.

In Slovenia, there are 26 traders engaged in the retail trade in motor fuels. With its 311 service stations, Petrol d.d., Ljubljana has a 61-percent market share in terms of the number of service stations. Its competitive advantage consists of having a leading position as regards transit routes, with particular emphasis on motorway locations and key urban and border locations. Our main competitor is the company OMV, which has a 21-percent share of the market (by the number of service stations).

Increased sales of supplementary and other merchandise



Thanks to the strategic expansion of its retail network, the Petrol Group is also becoming an increasingly important energy supplier in the markets of SE Europe. In Croatia, the Petrol Group holds a 10-percent market share in terms of the number of service stations. Its major competitors in retail are INA, OMV and Tifon. OMV and INA are also the strongest competitors of Petrol in Bosnia and Herzegovina. Also in 2009, the Serbian oil and petroleum product market was completely regulated by the state. Companies were able to import only crude oil and diesel fuel. Those companies which are engaged in the retail sale of petroleum products in the Serbian market have to buy these products from NIS a.d. or import crude oil and process it at NIS refineries.

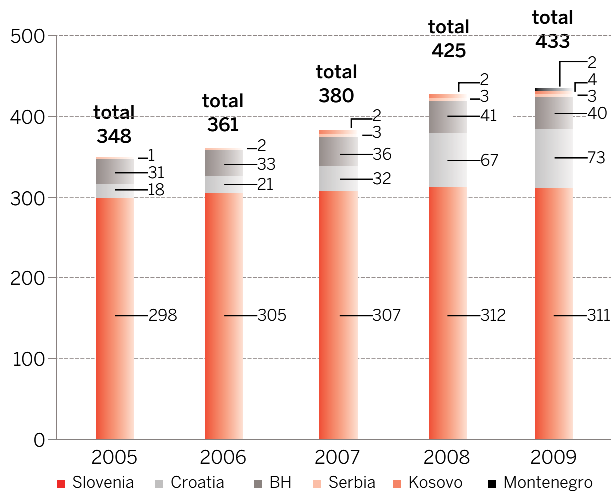
Our sales were favourably affected by the establishment of new points of sale for the AdBlue additive, which contributes to

In 2009 Petrol's service stations served 4 million coffees to go.

Coffee to go – sales hit

The Petrol Group's service stations are successfully developing into friendly stops offering everything that we, drivers and passengers, not just our cars, need for a smooth journey. The coffee to go service was one of selling novelties introduced at Petrol's service stations at the end of 2007. The service proved to be the sales hit of 2009 as well. All of the above reinforces our belief that we are on the right track. The ability to quickly adjust the service range to the customers' needs is one of the strategic components of good sales. In addition to carefully selecting the services and products, a transparent selling environment and a surrounding area that is always tidy are no less important.

Expansion of Petrol's service station network in the 2005–2010 period



cleaner exhausts of goods vehicles, and introducing high-volume diesel dispensers for transport vehicles. At the beginning of the winter season, we organised, together with the Slovene Road Safety Council, free preventive checks for our customers' vehicles at more than 150 service stations in Slovenia. We have also been expanding the sale of autogas. At the end of 2009, autogas was available at 34 service stations in Slovenia, 35 in Croatia, 3 in Bosnia and Herzegovina, 3 in Serbia, 4 in Kosovo, and 2 in Montenegro – in total at 81 service stations.

Opening hours have been adjusted to reflect seasonal traffic flows and actual customer needs. For the purpose of operational streamlining, we closed some service stations in locations with insufficient turnover.

Extensive Supplementary range at Petrol's service stations

The range available at Petrol's points of sale is constantly changing as a result of fast adjustment of the service range to the needs of customers and the introduction of products that open new sales opportunities (e.g. tickets, lottery, sports betting, coffee to go, breakfast on the go, etc.).

A carefully selected quality product range including car-care products and supplies, and food products has lately been upgraded by a range of services related to the information revolution. Thus, Petrol is becoming the central point for monitoring and paying for sports bets and lottery tickets as well as for the purchase of telecommunication cards and tickets for various events.

On their way to work or school, morning visitors can get breakfast on the go – a fresh, crunchy croissant and steamy coffee. Somewhat later travellers can opt for brunch on the go. We also offer other combined products on a regular basis, among which the favoured sandwiches and well-known fruit beverages are especially popular.

The arrangement of the shopping premises has been quickly adjusted to the extensive range. Owing to different shopping habits, Petrol reduced the area designated for car-care products and supplies, thus gaining room for new products. In 2009 all major service stations were fitted with coffee corners, supplemented by corners to fill in betting and lottery tickets. We have been expanding and renovating our mini bakeries so as to be able to offer visitors even more appealing high-quality hot snacks of all types. Lower-budget customers may choose from displayed items available at a promotional price.

The Petrol Group sells nearly half of its petroleum products through wholesale. Its market position enables it to provide an uninterrupted supply of motor fuels and other petroleum products, making it the leading supplier to companies in the markets where it operates.

In 2009 wholesale was also characterised by fierce competition in the form of numerous minor merchants and oil companies. Adaptability and reliability in the past year enabled Petrol to prove worthy of trust and to boost the scope of cooperation with its major customers

David Korošec,
Director of the Retail Operations

At Petrol's modern service stations customers can buy gifts, quench their thirst with the latest energy drink, enjoy a cereal bar, buy lottery tickets, and on their way home collect a postal package. Petrol's point of sale has thus developed into a junction of fast mobile travellers of all generations.

and partners. The widespread network of sales representatives, local presence through wholesale units, suitable technical and consulting support, and efficient logistics are the key elements securing a high level of sales services and competitive advantages.

Magna card

Wholesale customers can buy within a wide, integrated wholesale network of service stations using the Magna corporate card. It is the number of additional services payable by Magna that represents one of the key competitive advantages, enabling Petrol's business partners to pay for goods and services in the Petrol retail network in Slovenia and foreign markets as well as to shop at the service stations of Petrol's partners. One of the hits among the most popular services under the Magna corporate card was the simplified accounting of the reimbursed excise duty for carriers, which was introduced in 2009.

The Petrol Group has been using the Magna card for years to develop its own efficient direct-marketing network and establish a comprehensive customer relationship management (CRM) system. The usability and positioning of the card, which can be used "along and on the road", provides users with numerous advantages, including discounts and instalment payment. The introduction of Petrol's prepayment cards enabling safe, reliable and convenient transfer of electronic money proved to be a success as well. By the end of 2009, more than 86,000 payment cards were issued to natural persons. The number of cards issued to legal entities exceeded 170,000, of which more than 12,000 were issued in the markets of SE Europe. Petrol also issued more than a 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 other service stations.

Darko Pahor,
Director of the Wholesale Operations

New sales opportunities and channels

Tradition and a special market position impose on Petrol a responsibility for reliable supply and top product quality. Of the greatest importance is customer satisfaction, providing the basis for long-term success and sales growth. We continuously upgrade and supplement the service range, tailoring it to our customers' needs. In addition to petroleum products which account for the basic wholesale activity, Petrol also markets 10,000 products from the chemical industry, car supplies, motor oils and lubricants, car-care products, industrial lubricants and tobacco products. We are constantly on the lookout for new sales opportunities and distribution channels, and we have been adapting the organisational structure to market demands, thus being able to increase efficiency and cut operating costs. We pursue a stable and long-term distribution policy, taking into account the specifics of sales markets and allowing for optimal utilisation of the sales potential.

ADVANTAGES OF NEW-GENERATION PETROL FUELS

In August 2009, we launched a new generation of Petrol's fuels on the Slovene market. The fuels comply with the latest trends and quality requirements of engine manufacturers and conform to applicable European legislation.

Boosted power and improved operating characteristics of petrol engines

Petrol's 95-octane petrol is free of lead and sulphur. It can be used in all types of engines with the octane number requirement of 95. It brings numerous benefits to users, including an up to 4% reduction in fuel consumption, which is probably the most important advantage for drivers. It also ensures more engine power, up to 100-percent-improved purity of the engine supply system, and a prolonged lifespan of vital engine parts and the exhaust system. Moreover, it is more environmentally friendly. The engine exhaust gases contain 74% less hydrocarbons, up to 50% less carbon dioxide and up to 32% less nitrogen oxides.

Improved efficiency and purity of diesel engines

Petrol's new diesel fuel represents a quality upgrade of the previous Primadiesel. All customers who have previously used Primadiesel can change to the new fuel without any changes or restrictions. The preparation of the new diesel fuel involves a modern multifunctional additive package from a top global manufacturer. In comparison with traditional fuels, it reduces consumption by up to 2%. The purification effect of the fuel on all key elements of the vehicle's fuel supply system is no less than 100% greater if the new fuel is used, and deposits on injection nozzles are reduced by as much as 55%. The content of exhaust hydrocarbons decreases by up to 13% and exhaust particles by up to 21%.

Marta Svoljšak, PhD,
Director of Technical Development, Quality and Safety

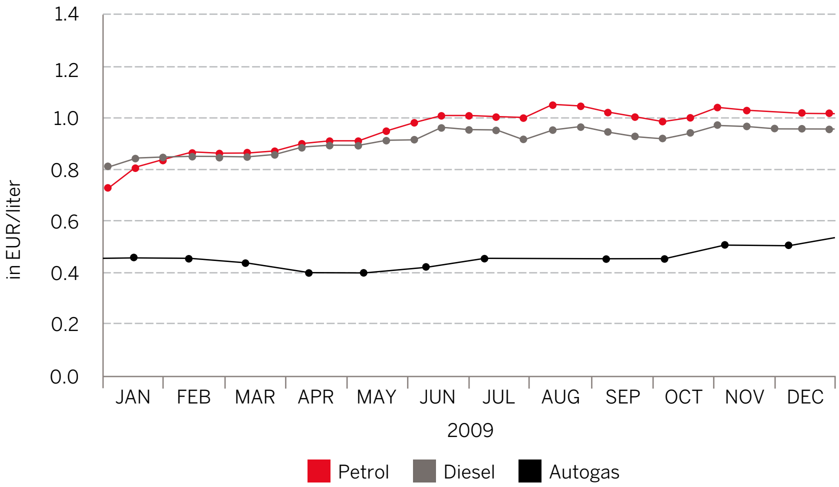
New generation of Petrol fuels

In terms of quality, the new generation of Petrol fuels is significantly superior to traditional fuels. They offer customers more at an equal price and thus higher added value. Fuels are above-standard fuels containing a specifically selected and tailored range of additives which provide users with a series of advantages, including greater engine power, protection and reliability, as well as savings and more effective management while driving. The new fuels also greatly reduce emissions of harmful substances into the environment.

AUTOGAS - ECONOMICAL AND ENVIRONMENTALLY FRIENDLY

Autogas is liquefied petroleum gas, a mixture of butane and propane, adjusted for use in vehicles. It is commonly found on the market under the name of LPG, short for liquefied petroleum gas. Owing to good efficiency and favourable environmental characteristics, it represents one of the most widespread alternatives to traditional engine fuels.

Comparison of fuel prices



Advantages and restrictions of autogas

Compared to traditional motor fuels, autogas brings users significant advantages: lower costs of fuel as a result of lower price, prolonged engine life, greater distance on a single tank (if autogas and petrol are used), it is safer than petrol in the event of a severe crash, provides for a more complete combustion of the gas-air mixture and thus significantly reduces emissions of harmful substances into the environment and ensures a quieter-running engine.

In comparison with other vehicles using motor fuels, autogas vehicles ensure:

- 34-percent decrease in nitrogen oxide emissions (NOx);
- 15-percent decrease in carbon dioxide emissions (CO_2);
- up to 60-percent decrease in carbon monoxide emissions (CO);
- up to 40-percent decrease in smog.

Furthermore, autogas does not cause emissions of hydrocarbon (HC), sulphur dioxide (SO_2) and other toxins.

The weaknesses of autogas are few: autogas vehicles are (as yet) not allowed to be parked in underground parking garages, the engine power is slightly lower (by a few percent), depending on the engine type and equipment installed, which means that the somewhat greater investment arising from the installation of the autogas system quickly pays off.

Service station network

In 2009 we continued expanding the autogas service station network. At the end of 2009, Petrol had 34 service stations fitted with autogas pumps. Additionally, autogas was also sold at 47 service stations abroad. In Slovenia, autogas is not as widely used as in the neighbouring countries, especially in Croatia and Italy, however, a widespread sales network is important for transit traffic and also as an encouragement and condition for more extensive use of this type of fuel.

Autogas is a price-competitive and widely accessible fuel.

Today, autogas is the most economically-efficient and environmentally friendly fuel. Petrol is striving to boost the visibility of this energy source and promote the installment of autogas system into vehicles. The latest technologies enable the installation of the system in petrol and diesel engines. On account of its efficiency it is now installed chiefly in petrol-running vehicles. When a traditional autogas system is installed, a vehicle loses on average up to 5 percent of its speed and 10 percent of its power, however, it operates more quietly and smoothly. In cars using direct injection, the power reduction is practically negligible.

Franc Dover, MSc, General Manager
Petrol Plin d.o.o.,

PROCUREMENT AND LOGISTICS

At Petrol, procurement of petroleum products is conducted via the largest multinational oil companies. Many years of continuous cooperation with respected suppliers give Petrol the status of their partner. But that does not mean that we ignore new potential procurement sources arising from global changes and new capital ties in our environment, in particular in SE and eastern Europe.

Procurement of petroleum products

In consistency with the Company's long-term financial goals, its environmental orientation and main policies, the selection of suppliers is subject to the following factors:

- strict compliance of all the products procured with applicable European standards and regulations,
- the purchase price and other terms of procurement allow for the lowest purchasing costs.

The procurement strategy for motor fuels and middle distillates focuses on supply by sea, although inland refineries located in SE Europe, which mainly provide pricing and logistic advantages as regards supply to SE Europe markets, are also important. Other petroleum products, such as fuel oil, bitumen and gas, are delivered by land only.

In 2009 motor fuel deliveries to our SE Europe subsidiaries were carried out mainly by sea to their storage facilities on the Adriatic coast. From there, the fuel was delivered by land to its final destination. Other inland sources for supplying petroleum products both to Slovenia and SE Europe are near-by inland refineries in Croatia, Hungary and Italy.

Streamlining of petroleum product logistics

In 2009 the petroleum product logistics was in line with the Company's strategic goals. But due to the generally difficult economic situation, particular attention was given to the streamlining of logistics processes and cost optimisation. The suppliers of logistics services were checked and transport margins reduced. We do business only with reliable haulage contractors which are also considered as our future partners. A new visual identity was selected for the road tankers of our haulage contractors.

The fuel supply chain was monitored all the way from the warehouse to tanks at service stations and to end customers. As part of monitoring the liquid fuel supply chain we carried out on-the-spot verifications of gauges, points of delivery and transport units. In 2009 the majority of road tankers used to transport liquid fuel were fitted with an automated monitoring and control system, which enables us to monitor the movement of road tankers and fuel transfers directly from a control centre located at the Company's headquarters. The system has been developed by Petrol's own informatics and technology units.

The system of automated centralised fuel dispatching was transferred for use in our retail network in Croatia and Bosnia and Herzegovina, and a procurement and logistics model was introduced at both Petrol companies in Croatia. Throughout the year, intensive activities were underway to ensure sufficient storage capacity in the markets of SE Europe.

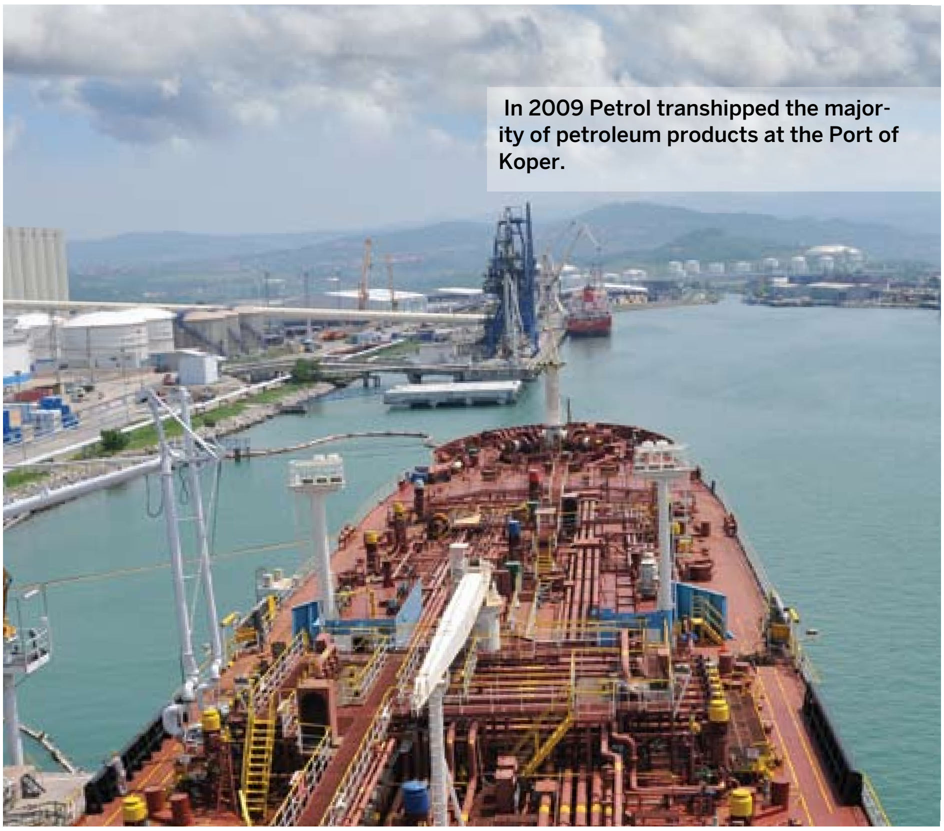
Procurement and logistics of supplementary merchandise

The procurement and logistics of supplementary merchandise need to be reliable and flexible as well as in line

Miha Kirn,
Director of Petroleum Procurement

Checking the goods delivered

When selecting suppliers of individual types of goods, the most important underlying criteria are the quality of fuel and timeliness and reliability of supply. These are followed by price, which, of course, needs to give us a competitive edge in the market. For each type of the goods delivered, certain analyses need to be carried out before the goods are accepted. This particularly applies to goods that are delivered by sea. Before taking delivery of such goods, we need to be sure that they are of sufficient quality and in conformity with laws and applicable standards. The procurement process can only be effective and efficient if the departments dealing with sales, logistics, price hedging, quality assurance and financing all take part in it.



In 2009 Petrol transhipped the majority of petroleum products at the Port of Koper.

Marija Gabrovšek, Director of Merchandise Procurement

In procurement, a well-organised document flow is of vital importance, with electronically supported transactions with suppliers and distributors being one of the main conditions. Particular attention is devoted to the streamlining of the entire procurement and merchandise and service logistics process.

with the strategy of the Petrol Group. The sale of supplementary merchandise requires coordinated procurement and sales channels to optimise the entire process. Supplementary merchandise is purchased from producers and authorised distributors, and the principles of business partnership are observed at all times. When putting together our range of merchandise, we take into account the wishes of our customers and provide them high-quality products, which has a favourable effect on our sales. We pay particular attention to ensure that new products are included in the product range and arrange special offer prices in cooperation with suppliers.

In the procurement of supplementary merchandise, one of the key tasks is to ensure adequate availability of goods, while achieving an optimal inventory turnover rate. The supplementary merchandise logistics to the points of sale at service stations is conducted via storage and distribution centres, while fresh goods are delivered daily directly to retail points of sale. Procurement is mainly focused on achieving optimal procurement terms in all supplementary merchandise segments, both in terms of a suitable price and payment conditions.

Rok Blenkuš, MSc, Director of Logistics

Unit merchandise logistics

In connection with unit merchandise logistics, a call for tenders was issued for the provision of transport services from our storage facility in Zalog, and significant savings were generated through the conclusion of three-year contracts. We began to optimise operations at our central unit merchandise storage facility, focusing on internal logistics. During the first phase, unit merchandise stocks were reduced considerably.

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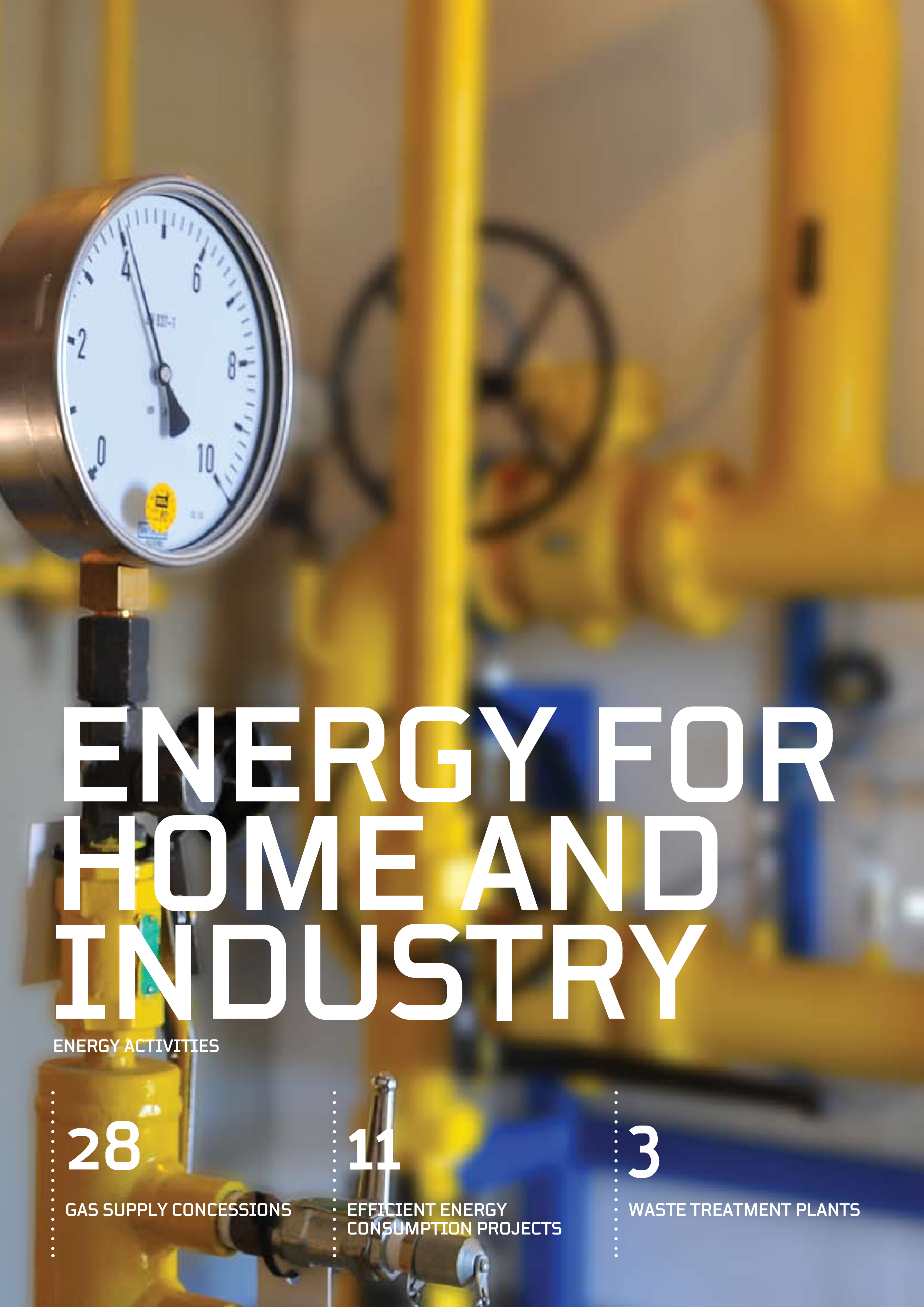


ENERGY FOR HOME AND INDUSTRY

ENERGY ACTIVITIES

28

GAS SUPPLY CONCESSIONS

11

EFFICIENT ENERGY CONSUMPTION PROJECTS

3

WASTE TREATMENT PLANTS


UTEKOČINJEN NAFTNI PLIN
080 22 66
PETROL
brezplačna telefonska številka

SALE AND DISTRIBUTION OF GAS

Economical use, comprehensive supply and the lowering of environmental impacts constitute the main reasons underlying the successful expansion of the supply and sale of gas.

The Petrol Group is active in the supply of natural and liquefied petroleum gas as well as the construction and management of gas distribution networks. The sales prices of liquefied petroleum gas are determined freely. Also freely determined are the sales prices of natural gas as an energy source (supply), whereas the distribution prices (network fees) are approved by the Energy Agency of the Republic of Slovenia.

In 2009 Petrol won a new concession for natural gas supply in Slovenia, namely in the Muta Municipality. At the end of 2009, it thus operated 28 gas concessions, of which 23 were related to natural gas supply and 5 to liquefied petroleum gas supply. The management of concessions is split between the parent company and the Group's subsidiaries. Twenty-one concessions are operated by Petrol Plin, d.o.o. (three of which are owned by the parent company Petrol d.d., Ljubljana), five by Petrol Energetika d.o.o. and one by Rodgas AD Bačka Topola and Petrol Gas Group, d.o.o. from Serbia.

In 2007 Petrol d.d., Ljubljana entered the Serbian energy market by purchasing a stake in the company Rodgas AD Bačka Topola, establishing the company Petrol Gas Group, d.o.o. and obtaining two gas supply concessions. The strategic expansion of gas activities in the market of the Republic of Serbia, both in terms of supplying the Serbian market with natural gas and liquefied petroleum gas and providing services of designing, advising and preparing technical solutions for improving energy efficiency, remains the company's main goal.

In the Municipality of Pećinci in Serbia, where Petrol Gas Group, d.o.o. had been awarded the right to set up a distribution network and distribute natural gas, 35 km of the distribution network were constructed in 2008. In 2009 Petrol gained the construction and energy permit for setting up 12 km of high-pressure connecting gas pipeline which will enable connection to the gas transport network of Srbijagas. The construction of the connecting gas pipeline and the main measurement and regulation station will be finalised in April 2010, when natural gas will start being supplied to the Pećinci Municipality.

Natural gas sales of the Petrol Group in 2009 totalled 99.9 million Sm^3, a decrease of 2 percent from 2008. The distribution of natural gas amounted to 68.2 million Sm^3, which is 16 percent less than in 2008. The Petrol Group sold 46.1 thousand tons of liquefied petroleum gas – up by 1 percent from 2008. The sale of autogas stood at 13.4 thousand tons and exceeded the 2008 figure by 58 percent. At the end of 2009, customers were supplied with gas also via 2,213 gas depots, which is 213 more than at the end of 2008. The sale of industrial gases equalled 2.7 thousand tons. ■

Franc Dover, MSc, Petrol Plin d.o.o., General Manager

Introduction of gas pipeline network in Slovenske Konjice

After more than 37 years since the first talks about the energy supply in Slovenske Konjice, Petrol Plin d.o.o. built a network and enabled the residents of the municipality to use an energy source that is at present the cleanest of the fossil fuels. Slovenske Konjice thus became the 69^{th} local community in the Republic of Slovenia boasting an active distribution network. The natural gas distribution network in Slovenske Konjice, including the house connections, comprises over 55 km of gas pipes of various diameters. More than 900 buildings are connected to the network extending also to Konjiška vas and Tepanje, meaning that 1,400 customers will be supplied natural gas. The planned annual consumption of natural gas is 4 million m^3. The total investment value of the network was EUR 5 million.

Boilers at Toplarna Hrastnik

PRODUCTION, SALE AND DISTRIBUTION OF ELECTRICITY AND HEAT

Electricity and heat constitute an important part of the Group's balanced energy range.

The deregulation and liberalisation of the energy market made electricity and heat interesting for Petrol as well. Electricity plays an important role in all segments of the economy and households – heating and cooling – and as an energy source, i.e. transportation power.

The production, sale and distribution of electricity and heat are performed by Petrol Energetika d.o.o. In 2009 this company was merged with Petrol Toplarna Hrastnik d.o.o., which Petrol d.d., Ljubljana bought in 2008. Petrol Energetika d.o.o. acts as the producer, trader, representative and intermediary in the marketing of energy products. It has also assumed the role of the distribution system operator.

The economic crisis and the related decrease in economic activity of our biggest customers in 2009 resulted in smaller electricity sales compared to the year before. In 2009 the Petrol Group's electricity sales totalled 227.8 million kWh, which is 34 percent less than in 2008, and the quantity distributed equalled 204.2 million kWh.

Moreover, the Petrol Group sold 60.4 million kWh of heat, up 14 percent from 2008, and distributed 62.9 million kWh of heat, an increase of 31 percent compared to 2008. ■

Matej Haberl,
Director of the Hrastnik branch

Toplarna Hrastnik's ambitious plans

Toplarna Hrastnik joined the Petrol Group in 2008. Since 2009 it has been operating as a business unit of Petrol Energetika d.o.o. Our common goal is to develop it into a regional coordinator of comprehensive energy and environmental services in the entire Zasavje region, namely by offering a service range tailored to the customers' needs and requirements.

In 2009 we strived hard to conclude a concession contract with the Hrastnik Municipality on the supply and distribution of heat energy for town heating. Our contractual obligations primarily focus on the provision of reliable energy supply, acceptable in environmental terms and competitive on the market. Therefore, Petrol will restore the town network, reduce heat losses and modernise production sources. An agreement was concluded with the selected provider on the establishment of a new electricity and heat cogeneration plant. Petrol has over ten years of experience in such projects. It manages the largest number of cogeneration units – in Hrastnik, at the thermal power plant in Ravne, in Unior, Martex and the Ljubljana Technological Park.

EFFICIENT ENERGY CONSUMPTION AND COMPREHENSIVE ENERGY SUPPLY

Optimum and competitive supply for our customers

At Petrol, we are aware that our success depends chiefly on customer satisfaction with our services, their ability to be competitive on the global market in the long run and their success. We are even more aware of this fact during the financial and economic crisis. The basic goal of Petrol's concept of efficient energy consumption and comprehensive energy supply is to provide customers an optimal and competitive energy supply, utilising all synergies of the Petrol Group – from procurement and selection of energy sources to the choice of technological solutions for energy supply, financing, system management and maintenance. Such energy services complement the standard business lines of the Group and create new added value for customers,

while providing a considerable competitive edge for the Petrol Group.

The key to the past successful approach of Petrol is its ability to set up a long-term partnership with the customer, the crucial activity not being negotiation on the service or energy product price, but the provision of an optimal concept of energy supply in the future, which should be constantly upgraded to bring the customer all benefits arising from state-of-the art energy technologies and the use of renewable energy sources. Petrol's experts and contractual obligations represent a guarantee that the energy supply concept prepared by Petrol will provide the customer long-term competitive supply and contribute to a cleaner environment.

At the end of the past year, the Petrol Group already managed eleven such projects in the manufacturing, housing and public sector. In 2009 it successfully managed a new project to ensure energy savings in the district heating system in Piran and implemented two projects for which contracts stipulated energy savings – in the boiler room of the primary school and municipal building in Slovenske Konjice.

At the end of 2009, Petrol applied to the tender for efficient heat and electricity cogeneration in relation to the boiler room of Planina in Kranj. Petrol was a member of a consortium. The project will be finalised by June 2011.

In conjunction with Unior, we prepared a project for introducing additional cogeneration for district heating in Zreče and the implementation of a project for utilisation of waste heat from Unior's production for preparing sanitary hot water. Both projects will be completed in 2010.

We successfully optimised the functioning of the existing projects and began the process of transferring these operations from the parent company to the subsidiary Petrol Energetika d.o.o. Attention was also devoted to the consolidation of project development and marketing.

Moreover, new products were developed in the area of renewable sources:

- district heating system by means of wood biomass, for which Petrol in 2009 applied to the tender for a concession on district heating by wood biomass in Ribnica; the system will be constructed in 2010;
- in cooperation with Unior, Petrol set up wind potential measurements at Rogla in view of introducing wind energy. ■

Miha Valentinčič,
Energy Department

Efficient energy consumption

An example of a successful project is our cooperation with Unior d.d., which has extended over several years. Continually looking for improvements in Unior's energy efficiency, we are searching for possibilities to implement projects involving efficient use of energy and renewable energy sources.

Petrol's experts, in cooperation with the customer's responsible persons and outsourcers, prepare a status analysis and determine the critical aspects of energy inefficiency and the range of potential improvements. Suitable technical solutions are drafted, the optimal technology is selected and all necessary economic calculations are made, providing the basis for the implementation of measures. A few years ago, Unior and Petrol had merely a purchase and sale relationship as regards lubricants, petroleum products and gas. Today, we have a successful partnership, also cooperating on electricity and heat cogeneration projects. Moreover, we launched a project for utilising the waste heat produced by air compressors, quench and temper and induction furnaces in production processes, which will lead to savings equalling 6,000 MWh of primary energy. Among the started projects is also a project involving an additional unit for electricity and heat cogeneration and a project related to the use of wind potential for electricity production.

ENVIRONMENTAL ACTIVITIES

Environmental activities account for a small portion of the overall energy service network of the Group, but boast great development potential.

In addition to protecting the environment, they represent a dynamic economic activity of public importance, through which knowledge and capital are combined into various forms of cooperation, including private-public partnerships.

Active within Petrol is a group of experts knowledgeable in water treatment technology and very familiar with the respective legal requirements. At the start of the year, the Petrol Group carried out environmental activities under two concessions for the public utility service of municipal wastewater treatment. In May 2009, it obtained a new concession for municipal wastewater treatment in Sežana. The capacity of the treatment plant in Murska Sobota is 42,000 population equivalents (PE) and in Sežana and Mežica 6,000 and 4,000 PE, respectively. All treatment plants successfully operated in 2009. As an important company member of Aquasystems d.o.o., Petrol d.d., Ljubljana is also involved in the treatment of municipal wastewater in the Municipality of Maribor, the capacity of which is 190,000 PE.

Expansion of environmental activities

In addition to providing comprehensive water cycle supply, the Petrol Group also monitors and plans the expansion of environmental activities into other areas. Particular attention is devoted to waste management that can be used for energy purposes. ■

Concession for municipal wastewater treatment in Sežana

The contract on the purchase of a treatment plant in Sežana, signed in 2008 with Adriaplin, entered into force in April 2009. The treatment plant is a medium-sized plant with a capacity of 6,000 PE. After the completion of the sewage network, the capacity will increase to 12,000 PE. As the treatment plant was constructed in the karst area, its flawless functioning is extremely important. The latest technologies will be applied in its expansion.

ENERGY BETWEEN US

SUSTAINABLE DEVELOPMENT

3,556

EMPLOYEES

3.7

WAS THE AVERAGE ORGANISATIONAL CLIMATE SCORE

87%

OF CUSTOMERS ARE SATISFIED WITH PETROL'S SERVICES

EMPLOYEES

The Petrol Group is a dynamic system in which there is a constant exchange and flow of energies, including the ones that cannot be quantified. The energy to create, achieve and exceed goals is a special kind of energy which exists in countless interactions between all employees.

Due to business, security and environmental challenges, the performance of our business activities requires highly competent employees. Accordingly, the learning process is never finished. In the Petrol Group, knowledge is the glue that builds up an individual's confidence as well as trust among employees and partners.

Number of employees

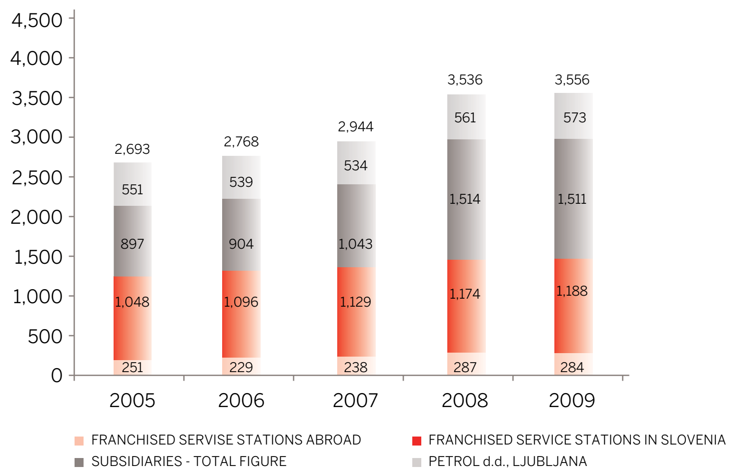
At the end of 2009, there were 3,556 people employed within the Petrol Group and at franchised services stations, of which 27 percent worked for subsidiary companies and at franchised service stations abroad. Compared with the end of 2008, the number of employees increased by 20, or 0.6 percent.

At the end of 2009, the average age of employees was 39.5 years. 70 percent of employees were male and 30 percent were female. 98 percent of the Petrol Group's employees are employed under a collective labour agreement. 31 percent of management positions are occupied by women.

The right experts at the right place

Recruiting the right experts to the right posts is the key for the completion of our projects. During the selection and

Changes in the number of employees of the Petrol Group and at franchised service stations in the period 2005–2009



Helena Krištofelc,
Director of Human Resources

Development and training

We regularly invest in the development and education of our employees as only qualified, loyal and creative workers can help us achieve long-term competitiveness in this difficult and rapidly changing situation. Employees are constantly encouraged to pursue professional development and personal growth through internal training organised by the Petrol Academy, which focused in 2009 on sales skills, getting to know own-brand products and mentoring of co-workers. Each training programme is carefully prepared in advance and comprises topics that are adjusted to the needs of our business processes.

recruitment process, all candidates are ensured equal opportunities irrespective of sex or other personal circumstances.

In 2009 the Petrol Group employed 345 workers, the employment contracts of 325 employees were terminated and 132 people were transferred to new positions within the Group. The Group's staff turnover rate stood at 9 percent.

The efficiency and factors contributing to successful business go hand in hand with the efficiency of employees during working hours. In 2009 Petrol's working time efficiency rate stood at 80 percent, up by 0.5 percentage points from 2008. A slight increase was recorded in the number of absences due to maternity leave.

In 2009 the number of employees who took part in various forms of education and training stood at 9,288, of which 90 were engaged in the formal education process. 81,179 teaching hours of training were carried out, which on average amounted to more than 23 teaching hours of training per employee.

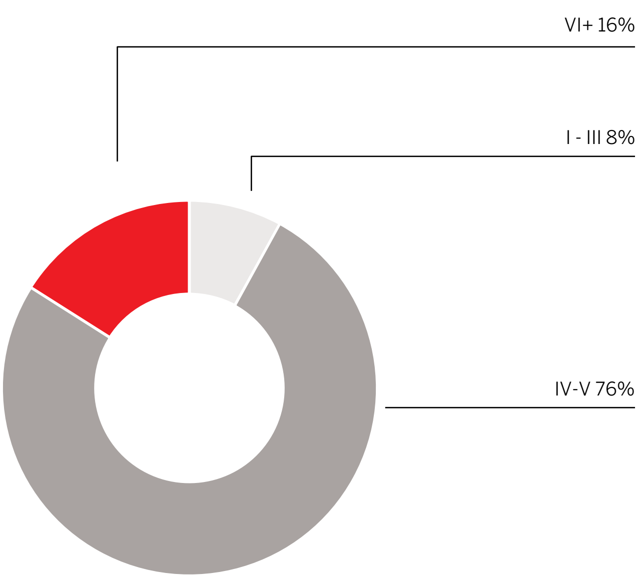
In 2009 the Company continued its management and sales programmes at service stations, teamwork workshops as well as technical and legally required training. The bulk of training consisted of technical training, training in the area of occupational health and safety, and food safety (HAACP). Induction seminars were organised for the newly employed at service stations. Employees were informed of novelties in the area of information support to operations.

Particular attention was devoted to the training of outworkers, i.e. truck drivers and students. In 2009 a number of various technical seminars were organised for them, which were attended by 2,006 active participants.

Occupational safety

Striving for lower levels of risk arising from the performance of work processes is one of the Petrol Group's fundamental activities. The deployment of new technologies requires additional adjustments and knowledge. Keeping track of changes, understanding changed conditions and anticipating their impact in time –

The Petrol Group's education structure as at 31 December 2009



Golden Thread

In 2009 Petrol was among the finalists of the Golden Thread competition organised by Dnevnik Newspaper Company. The Golden Thread project is aligned with guidelines in the field of employment and labour, adheres to European criteria and encourages innovativeness, knowledge economy and creativity.

Petrol Games

For more than 30 years, Petrol has been promoting sports, recreation and socialising at events for employees that are organised several times a year. These events were previously organised by the trade union and sports committees, but in 2006 the Petrol Sports Club was established to handle the organisation of Petrol Games and also encourage its members to join other mass sports events, thus promoting a healthy lifestyle of all employees. The Petrol Sports Club organises Petrol Summer Games, comprising sports such as football, basketball, volleyball, bowling, chess, running and tennis, which are accompanied by a series of social events, and Petrol Winter Games. In 2009 Petrol Winter Games took place in Kranjska Gora, while Summer Games took place in Domžale.

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

The "Family Friendly Enterprise" project

Petrol has committed itself to implementing, over the next three years, certain measures for facilitating a work and family life balance. In 2009 the Company applied for the Family Friendly Enterprise certificate which is awarded by Ekvilib Institute and the Ministry of Labour, Family and Social Affairs. As part of our preparations for the acquisition of the certificate, 18 measures were prepared in 2009. These include changes in working hours, organisation of work, management skills, communication and information policy, health protection, human resources development and benefits for families. We expect that positive effects will be reflected in higher motivation, performance, satisfaction and loyalty as well as in reduced absenteeism and lower unwanted turnover rates.

Alternative solutions and fresh ideas

The Group supports the transfer of knowledge and practical use of research concepts. That is why we continued in 2009 the "Petrol Prize Fund for Young Researchers" project which is open to all faculties in Slovenia, thus bringing in the freshness of interdisciplinary suggestions. The paper awarded in 2009 was entitled 'Sale of Non-Prescription Medicines at Service Stations in Slovenia'.

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

these are the underlying assumptions of our business. We seek and introduce only solutions that are healthy and safe for our employees.

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

As in previous years, the Group followed a programme of preventive medical checkups in 2009. Continued monitoring of medical condition remains one of the most effective methods for a timely prevention of chronic diseases and for obtaining feedback on the suitability of working conditions. We carried out 718 medical checkups. In 2009 particular attention was also devoted to workers with a reduced working capacity.

Remuneration system

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

For several years, the Petrol Group has had in place a system of annual interviews with key personnel. 105 annual interviews were conducted in 2009. They involved all members of top, middle and junior management, and employees at highly technical positions who have individual employment contracts.

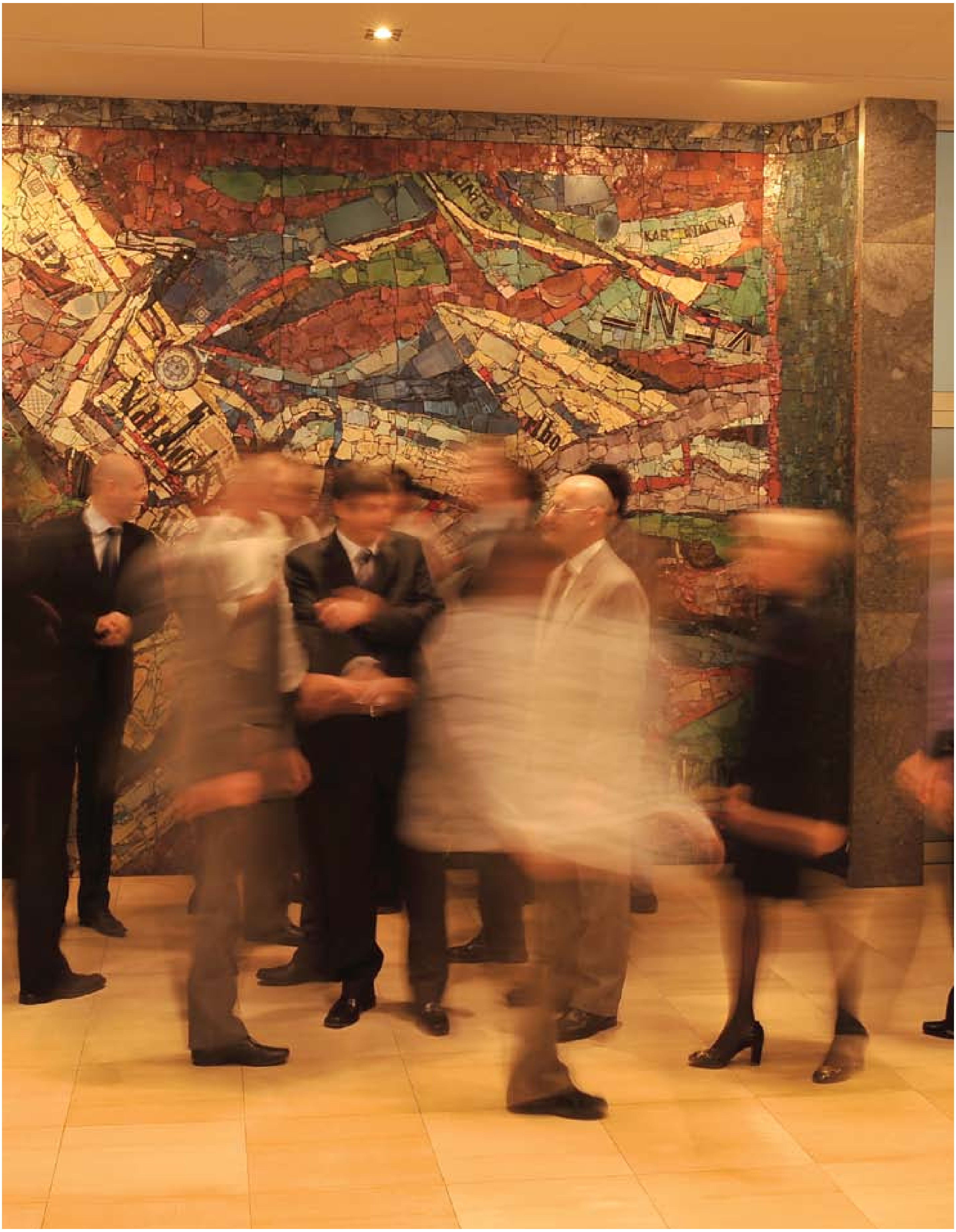
At Petrol, the voluntary supplementary pension insurance of employees has been part of the salary policy since 2002. The scheme covers the employees of the parent company, subsidiaries and franchised service stations in Slovenia.

Organisational climate

Petrol measures organisational climate and employee satisfaction on a regular basis. We have been participating in the SiOK project – Slovene Organisational Climate Survey – since its inception in 2001. Based on the results of the organisational climate survey, measures are prepared and implemented each year at all levels, thus improving the organisational climate. In 2009, 77.6 percent of employees took part in the survey, which is a high rate of participation. At the Petrol Group level, the 2009 results of the organisational climate and employee satisfaction surveys improved compared with the previous year. ■

Changes in organisational climate and satisfaction indicators

Orginisational climate	2005	2006	2007	2008	2009
Participation rate in survey %	65.4	79.3	71.9	74.0	77.6
Average organisational climate	3.6	3.6	3.6	3.6	3.7
Average satisfaction	3.7	3.7	3.6	3.6	3.7

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Raffaello
merci
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CUSTOMER SATISFACTION MEASUREMENT

Our product development decisions are based on views, opinions and feedback received from customers in connection with our products and services.

The Petrol Group systematically monitors a number of parameters which influence the sales of energy products and also cover demand for new alternative energy choices. In addition, we keep track of developments and trends in the markets of western and central Europe that are comparable to Slovenia's.

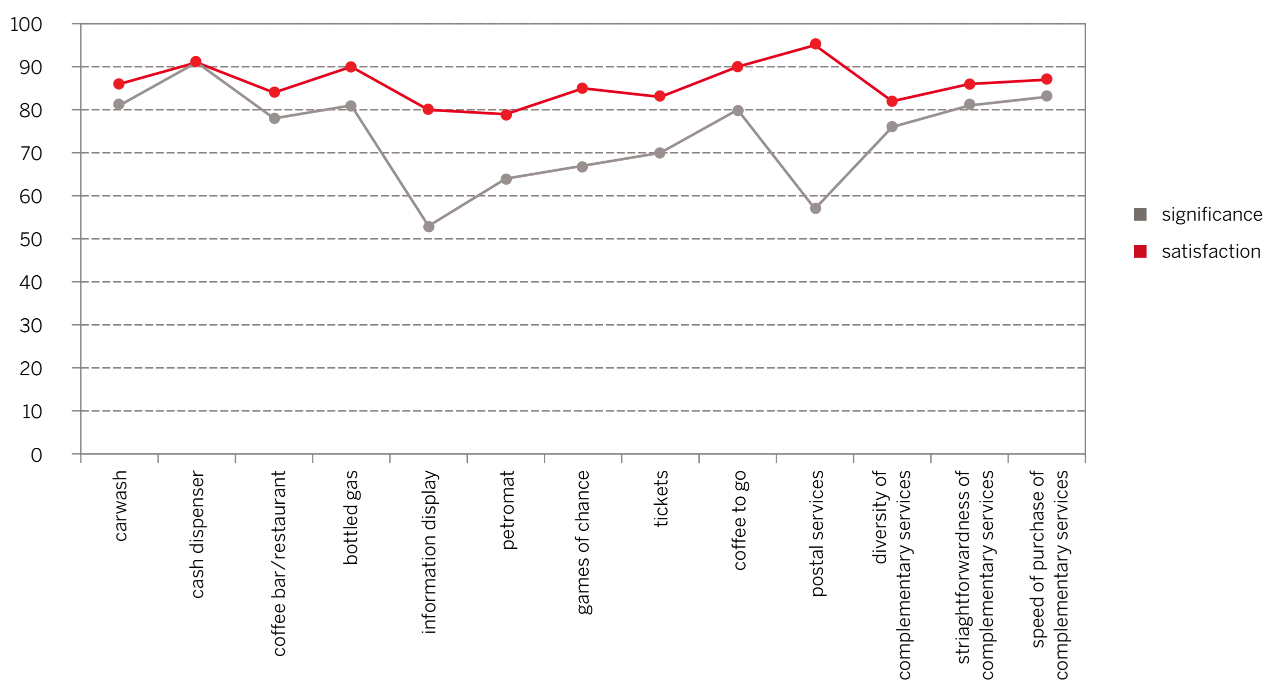
In 2009 market trends continued in line with expectations. On the one hand, they were marked by growing complexity of business, and on the other, by legitimate customer demands and increasing competition pressure accompanied by the expansion of business to additional activities and markets. All of this requires greater responsiveness and quick adjustment of operations to market conditions. Efficiency and success can be increased sustainably only by understanding the customer and having a responsible attitude towards the environment. A proper selection of relevant market surveys enables us to adapt quickly and find new solutions. Their relevance is demonstrated through an improved range of products and services tailored to customers' needs and wishes.

87 percent of the customers surveyed rated their satisfaction with Petrol's service stations with top two marks, i.e. 4 or 5.

Market surveys for more knowledge

There is one important and positive "side effect" of the surveys that should definitely not go unnoticed. By including a wide group of stakeholders in the planning and

Customer satisfaction with services at Petrol's service stations



presentation of the surveys, we disseminate our marketing philosophy and increase the level of knowledge in the Petrol Group, thus providing important feedback for change in our organisational culture. Significant attention is also devoted to the post-survey period. Project groups draw up plans for improving the areas that have been marked as least satisfactory by our customers. Together, we upgrade other elements of customer satisfaction, doing our best to be one step ahead of their wishes and needs.

Through surveys and continuous monitoring of our clients' behaviour, we wish to satisfy their existing and anticipate their future needs. By offering them a diversified product range and after sales activities, we wish to keep their loyalty.

The results of customer satisfaction surveys on extra light heating oil in 2009 show that customers are mostly very satisfied with Petrol's services, considering that on a scale of 1 to 5 satisfaction score stood at 4.9 and as much as 87 percent of customers expressed complete satisfaction with the services.

Service stations are much more than just refuelling points

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

The handling of claims and complaints is a reflection on the company

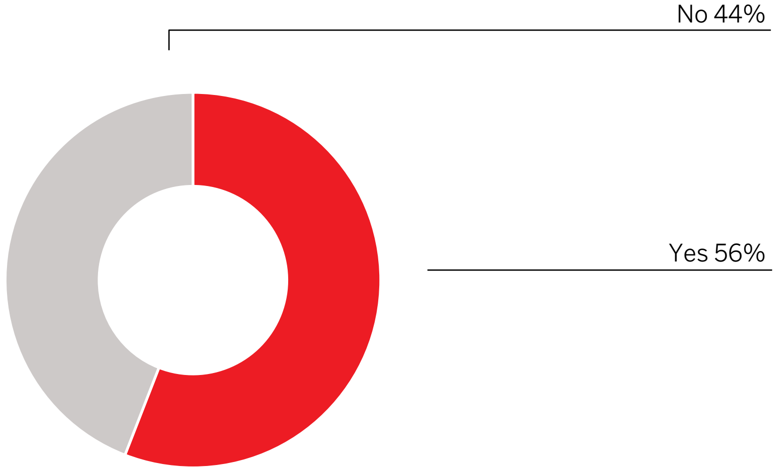
Claims and complaints are a valuable signal and an important source of information about customer satisfaction. In general, customers file complaints when they are extremely dissatisfied with the service or when a company is so important to them that they wish to improve its services. Customer satisfaction does not only depend on the gains resulting from a claim handling process. It is mostly defined by the way a company handles individual claims or complaints.

Accordingly, efficient resolution of complaints and claims is an important factor affecting customer satisfaction. Within the Petrol Group, complaints and claims are resolved using a comprehensive claims resolution system whose procedures and measures are laid down in rules on claims resolution. The system is configured to enable quick, efficient and customer-friendly resolution, as each remark or instance of customer dissatisfaction is carefully examined. An efficient claims resolution system has a positive long-term impact on the satisfaction and loyalty of customers and, consequently, on the Company's reputation and image. ■

Surveys carried out within the Petrol Group in 2009

- Slovenia's energy efficiency survey (REUS)
- Measurement of satisfaction of Petrol's extra light heating oil customers
- Survey of motor fuel quality perception in Slovenia
- Survey of Croatian service station market
- Measurement of visitor satisfaction at Petrol's points of sale
- Measurement of impact of advertising campaigns
- Random shopping surveys
- Datamonitor surveys

Do you think there are differences between diesel and petrol fuel of different brands or from different suppliers?

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espresso
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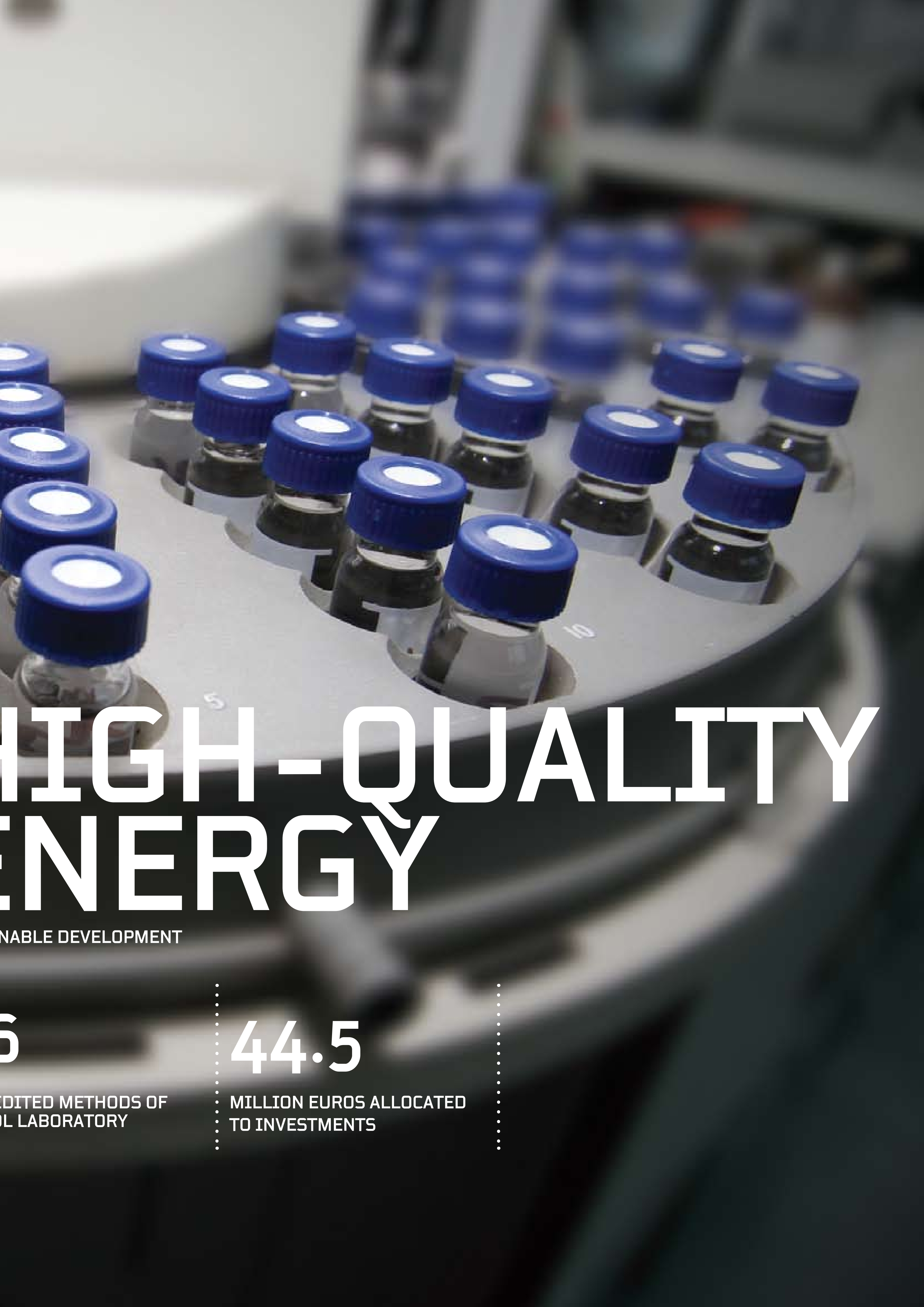

HIGH-QUALITY ENERGY

NABLE DEVELOPMENT

6

EDITED METHODS OF
OL LABORATORY

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MILLION EUROS ALLOCATED
TO INVESTMENTS

THE QUALITY SYSTEM

High standards of quality enable us to meet the expectations of our customers.

High level of customer satisfaction is ensured by constantly monitoring the quality of goods and services offered to customers and by carrying out second party audits of key suppliers (supplier audits). Petrol being a trading company, it is not in a position to develop end-products directly. What it can do, however, is to improve their quality before they reach end-customers.

Quality of services at service stations

The system of internal evaluations and assessments of service station operating quality is being continuously upgraded. The operating quality of Petrol's retail points of sale is monitored by means of internal control and a "random shopping" method. Survey results confirm a high level of service quality at our service stations, which has now become our competitive advantage.

Ongoing development of the quality system

Since 1997, we have been regularly upgrading and expanding the Group's quality management system, which is certified to the ISO 9001 standard. In addition to the certified quality and environment management systems (see the table below), the integrated quality system of the Petrol Group incorporates the requirements of the ISO 22000 food safety management system, the requirements of the OHSAS 18001 occupational

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	/	/

health and safety system and the requirements of the BS 7799-2 information security system.

Analyses and testing

Operating within the Petrol Group are also Slovenia's leading oil laboratory and an inspection body for the control of liquid flow gauges, tyre pressure gauges and pressurised equipment.

Within the parent company, Petrol Laboratory operates as an independent and neutral institution. It is equipped with modern equipment and provides services also to external clients. Petrol Laboratory has in place a quality system that is certified to the SIST EN ISO/IEC 17025:2005 standard "General requirements for the competence of testing and calibration laboratories". In 2009 the number of its accredited methods was increased to 76.

As part of the Petrol Group, the company Petrol Tehnologija d.o.o. has in place a quality system that is certified to the SIST EN ISO/IEC 17020 standard "General criteria for the operation of various types of bodies performing inspection". Petrol Tehnologija d.o.o. has 13 accredited testing methods for flow gauge control and pressurised equipment control. Its services are also provided to external clients.

Manja Moder, Msc,
Head of the laboratory

Oil laboratory

Petroleum products, lubricants and various chemical products that we market need to undergo a number of analyses and tests before they can be sold, and are also checked after they have been put on the market.

Comprehensive management of quality within the Petrol Group is evident in the operation of individual organisational units. Petrol Laboratory is one the most important of these as it is in charge of determining whether products truly comply with or even exceed local and international requirements. It operates as an independent and neutral institution which deserves to be called Slovenia's leading oil laboratory thanks to its modern equipment and numerous services that are provided not only to the parent company but also to external clients. The laboratory enables fast and effective performance of all key control processes both in the procurement and marketing chain. Such technical support is becoming an increasingly important element, enabling Petrol to adapt to new trends and market demands related to fuel.

Manja Moder MSc, leads and manages the work of twelve experts, mostly chemists. The laboratory performs its work in an independent, unbiased and confidential manner. Analyses and tests are carried out not only for Petrol but also for external clients, which mostly include other companies and inspection bodies of the Republic of Slovenia. Its work is organised in such a way that laboratory staff are unaware of the origin of the sample that is being analysed.

COMPLIANCE WITH ENVIRO-NMENTAL DIRECTIVES

Petrol has been intensively engaged in fuel improvement for a number of years as a result of adapting to both increasingly strict requirements of engine manufacturers and environmental requirements and limitations. These stricter limitations relate to parameters that are the most significant from the environmental perspective (e.g. sulphur content) but also to the introduction of biofuel to the market.

In 2009 an important milestone was reached, similar to the one in the year 2000 when fuel had to be made lead-free. In 2009 a requirement to reduce sulphur content to a maximum of 10 mg/kg (ppm) of fuel became effective. This limitation applies to both petrol and diesel, and at this point one can already speak of sulphur-free fuel.

In 2009 consumers were offered new motor fuel of improved quality. Since 2009, motor fuel from our sales range has been free of sulphur, meaning its content did not exceed 10 mg/kg. This represents an important step towards a reduced environmental burden arising from the use of fossil fuels.

Alternative fuels

Petrol analyses and evaluates future trends too. Although for the time being there is no real possibility that any of the known alternative fuels could pose a serious risk for present-day fossil fuels in the near future, the economic downturn and increasingly significant and notable environmental changes have reinvigorated global activities as regards the introduction of alternative and more environmentally friendly fuels to the market. Because the introduction of these fuels requires even more relevant knowledge and experience, Petrol is closely monitoring developments in this area. Concrete activities are already underway, especially as regards the introduction of compressed natural gas and hydrogen as a means of propulsion.

Hydrogen Pillar

In cooperation with the Hydrogen Technology Development Centre, which was established in 2008, we prepared a design of Slovenia's first filling station for hydrogen-powered vehicles to be located at Ljubljana Barje service station.

Collaborating with two institutes, three universities and nine companies, Petrol d.d., Ljubljana was successful in the call for applications issued by the Ministry of Higher Education, Science and Technology to obtain funds for financing the centres of excellence. Among the centres of excellence, the Hydrogen Pillar, which is operated by Petrol, represents an important step forward in combining research and economic spheres and finding the best solutions for the introduction of hydrogen to direct use.

Another centre of excellence, which is called Low-Carbon Technologies, brings together top research teams from academic and economic spheres. Petrol will earmark a portion of the funding to a demonstration project of installing a hydrogen pump at a selected service station. The project that lasted several months and was carried out in cooperation with the Hydrogen Technology Development Centre, which was co-founded by Petrol, was thus successfully completed. ■

INVESTMENTS

Although the scale of capital investments was adjusted to take account of a more difficult access to long-term financial sources, we nevertheless continued to pursue our main development goals in this area in 2009.

The expansion of operations into SE Europe and investments made in respect of gas and other energy activities are in line with the fundamental business orientations of the Petrol Group.

In 2009 the Petrol Group invested EUR 45.5 million in fixed assets.

Oil trading in Slovenia

In Slovenia, four more service stations were constructed, of which two along new motorway sections. The shopping sections of six service stations were refurbished. We began the construction of two service stations that will be completed in the first half of 2010. The process of preparing documentation and obtaining building permits for construction work scheduled to begin in 2010 was also underway. At six service stations, we introduced the sale of liquefied petroleum gas for vehicle propulsion. Investments were made in the protection of the environment, fire safety and the security of service stations and storage facilities.

Oil trading in SE Europe

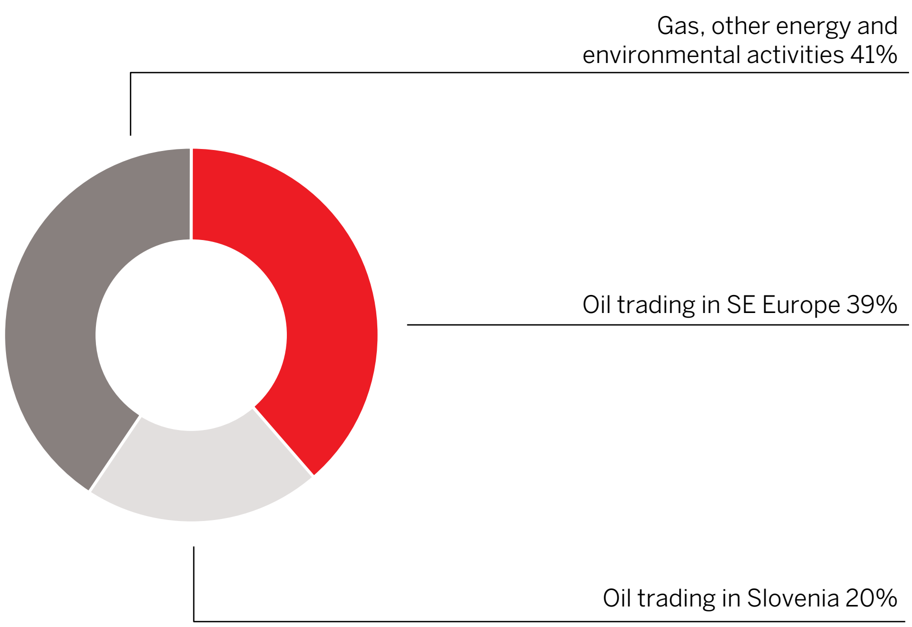
In Croatia, two service stations were constructed and two purchased. Our range in Croatia was expanded thanks to the newly constructed Petrol Motel along the motorway at Desinec. In Montenegro, we constructed one service station and purchased another one.

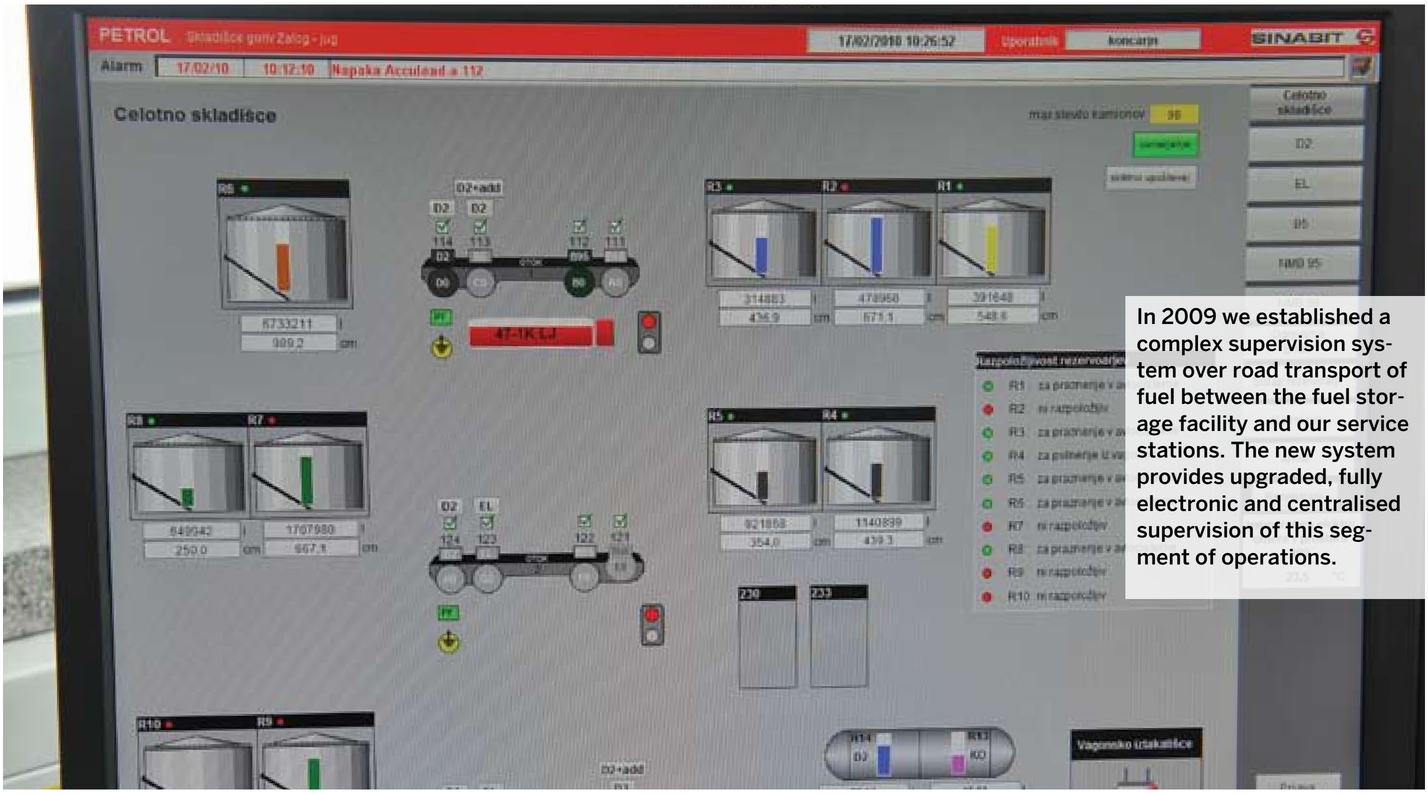
Gas, energy and environment activities

Funds were invested in the construction of gas network in Slovenia and Serbia and in the purchase of gas storage tanks. Petrol d.d., Ljubljana increased its stake in the company Geoplin, d.o.o. to 32 percent.

The Company also invested in efficient energy consumption projects. In addition, investment funds were allocated to the expansion of electricity production activities in integrated economic areas of Ravne and Štore. In the field of the environment, the bulk of funds were allocated to the acquisition of the Sežana waste treatment plant. ■

Structure of investments of the Petrol Group in 2009





In 2009 we established a complex supervision system over road transport of fuel between the fuel storage facility and our service stations. The new system provides upgraded, fully electronic and centralised supervision of this segment of operations.

INFORMATION SUPPORT

Major elements of the Petrol Group's competitive advantage are efficient application of information and communication technologies and a high-capacity information system.

The information system expands beyond the Company's borders, covering the entire ecosystem of the Company, its business partners and national institutions. Advanced technologies and e-business methods enable us to efficiently integrate into the broader business environment. In stringent economic conditions, an ever greater emphasis is placed on projects boosting performance efficiency and offering new business opportunities.

Service stations – IT as a competitive advantage

In retail, the IT system brings an important competitive advantage both in support of more efficient performance as well as in expansion of operations as regards the sale of digital content (prepaid telephony, lottery/betting, tickets, motorway vignettes). Our service stations also sell Hungarian toll stickers – vignettes. Our customers can pay through their mobile phones (Moneta) at all service stations in Slovenia. On-line authorisations and PIN checking are provided for all major international truck cards. The project of introducing a new generation of POS terminals with higher capacity has been completed.

Wholesale – expansion of the e-business systems

In wholesale, we have gradually expanded the e-business systems involving inter-company business. E-business systems will bring about a significant change in wholesale operations in the next two years.

Automation of the supply chain

In Slovenia, we have introduced a system allowing for automated compilation of optimised orders for bulk goods sent by service stations to distribution warehouses or directly to suppliers. The new system reduces the need for lengthy preparation of orders to a high degree and the electronically generated orders are optimised both in terms of ordered quantity and the proper selection of items for a particular point of sale.

At the Zalog fuel storage facility we

successfully launched a new-generation warehouse IT system. This system enables the introduction of an unmanned warehouse – the driver carries out all operations without any involvement of the warehouse staff. The system will also be introduced in other fuel storage facilities as a standard solution.

Energy and municipal activity – new activities, new products

We have designed a new system for monitoring our energy activity operations. It includes a data warehouse and a business notification system. By means of this system, monitoring can be conducted by a specific concession or major customer, separately for the network charges and energy segment. Toplarna Hrastnik and the Sežana treatment plant were included in Petrol's uniform IT system.

Information support for companies in SE European markets – transfer of best practices

We have finalised the complete integration of the Kosovo- and Montenegro-based companies from the Petrol Group into Petrol's IT system. We also provide uniform IT support in these markets, including Petrol's card products. The high-capacity IT system in Petrol's companies operating in the SE European markets facilitates the simple transfer of good business practices from Slovenia to the said markets and enables the companies to manage their business processes more efficiently than competitors who have less advanced IT systems.

Electronic document systems – a new dimension of IT support

In 2009 we started introducing electronic document systems. The newly introduced systems are on the one hand closely related to other IT system components and on the other hand meet all criteria (good practice, legislation, regulations) for the storage of electronic documentary materials. In the first phase, we focused on documentation related to incoming invoices, contracts, offers and order forms. Within this set, we introduced completely electronic document flow, thus greatly optimising the business process. In addition to optimisation, electronic document flow provides for a more efficient and quickly adjustable work organisation. For example, individual tasks may be quickly and efficiently consolidated for several group companies, individuals can take an equal part in a specific segment of operations even though their post is at another location, and similar.

Uniform communication system – company virtualisation

We have completed the project of transition to IP telephony in all group companies, with the exception of some service stations abroad. The system represents a significant component of the uniform communication system which will be set up by 2011. The transition to IP telephony has resulted in considerable communications savings for the entire group, both in data transfer and telephony. Work with the new systems will be efficient and productive – regardless of the individual's location. Virtualisation of the working environment will in the future boost the rationalisation of operations, increase operating efficiency and improve responsiveness. ■

Pavel Batista, Director of Informatics

What – Where – When

Only through close cooperation with all business segments can we constantly improve and optimise business processes. The introduction of efficient business models, new technologies and in some cases new business opportunities are possible only if cooperation exists among all business segments. Operational integration means that cooperation is established with business segments already in the initial phase when new solutions are being designed. Thus, sometimes an idea is put forward by us, sometimes by a business segment, and on some occasions we find the best solution together and agree on a project.

The integration of the business-IT system components is also significant. A higher integration level enables greater automation and optimisation of business processes. This can be explained by an example. Every receipt issued to a customer at a service station is transferred to the central database (with all the items it contains) and provides the sole basis for any processing until posted to the general ledger. In terms of data, this offers us exceptional analytical possibilities and provides answers to what, where and when.

ENVIRONM
FRIENDLY
ENERGY

SUSTAINABLE DEVELOPMENT

FOR THE PROTECTION OF THE ENVIRONMENT

FOR TOP ATHLETES

FOR ARTS AND CU

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ULTURE


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ENVIRONMENTAL PROTECTION

We continue introducing best environmental protection practices in all markets, at all times in line with the applicable environmental legislation of the countries the Petrol Group operates in.

In 2009 Petrol actively cooperated with national, economic and other institutions involved in the same activity as the Group. We promote respect for high environmental requirements among our employees, customers, suppliers and other partners, and inform them about other environmental protection policies. All requirements are considered both in the development of business processes and of new products and services.

Higher-risk facilities

In the area of prevention of major accidents and mitigation of their consequences, we continued activities in 2009 to implement prescribed systemic and regular operational measures at higher-risk facilities as part of the tasks specified in safety reports, accident prevention schemes, and protection and rescue plans. The mandatory annual inspection was carried out in all risk-prone facilities.

In 2009 supplemented public information on safety measures and behaviour in the event of an accident in fuel storage facilities was prepared for higher-risk facilities (Rače and Lendava fuel storage facilities).

Protection and rescue plans

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

Environmental protection permits

The environmental protection legislation applying to the Slovene market stipulates that by the end of 2010, applications have to be prepared for environmental protection permits with regard to emissions into the air and water and noise emissions in respect of all fuel storage facilities, LPG storage facilities and facilities that pose a major or minor environmental risk. The prescribed documents for obtaining the permits started being prepared in 2009. This is a priority task, as only such permits and the provision of suitable operating conditions will enable smooth operations.

Closed loading of underground tanks

At the end of 2009, systems for the closed loading of underground tanks were installed at all service stations and fuel storage facilities of Petrol d.d., Ljubljana for which the legislation so required, thus preventing emissions into the air.

Wastewater

Continued systematic and methodical installation of modern treatment plants and oil separators, accompanied by reduced use of inadequate cleaning agents, intensified maintenance of treatment plants and improved awareness of employees, had the biggest contribution to an efficient improvement of the condition of wastewater in 2009.

Fuel storage facility, Zalog, Ljubljana

In 2009 the new treatment plant next to the Murska Sobota–South motorway service station was upgraded to 1,000 PE (population equivalents). The treatment plant was designed for cleaning municipal wastewater from two service stations and two restaurant facilities. The treatment plant will also process wastewater from the truck stop which will be constructed in 2010. DARS (Motorway Company in the Republic of Slovenia) took part in the construction of this treatment plant.

Zero leakage possibility

At the end of 2009, 98 percent of service stations and fuel storage facilities of Petrol d.d., Ljubljana were fitted with reservoirs and pipelines which under normal operating conditions ensure the highest possible prevention level of leakage into the soil. The reservoirs and the loading and suction pipes with so-called zero leakage possibility have in recent years become a common component of our service stations.

Waste management

In the area of waste management, the Petrol Group provides for organised collection, separation, temporary storage or permanent disposal of waste according to the regulations and its environmental protection criteria. A special focus is on waste that might pose a significant threat to the environment. During the systematic collection and separation, temporary storage and disposal of waste, all legal requirements and recommendations are fully complied with, including the most recent. In 2009 special attention in waste management was devoted to efforts to reduce the quantity of waste.

Environmental protection training

To be able to implement the environmental protection system in an efficient manner, a high level of staff competency and awareness is of vital importance. That is why Petrol's employees are systemati-

Environmentally friendly lighting at the service station in Pince

Light of the future at the service station in Pince

In March 2009, a new service station was opened next to the Prekmurje motorway – Pince South. It is the first service station in Slovenia to meet all requirements of the Decree on Limit Values due to Light Pollution of Environment. Among other things, the Decree stipulates that the lighting be provided by lamps with zero upward emission of light flow. LED advertising boards are the result of a joint project undertaken with some Slovene companies and the University. The Pince service station received all certificates for this technology (EMC, LVD and CE) and thus obtained the permit of use from the Ministry of the Environment and Spatial Planning. LED technology is also energy-saving. One of its great advantages is lower maintenance costs. The LED modules installed at the Pince service station have a guaranteed service life of 50,000 hours.

Fuel storage facility, Zalog, Ljubljana

cally acquainted every year with novelties in the area of environmental protection.

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

Protecting and safeguarding people and property

Owing to the development and introduction of new technologies and procedures, the working environment has been changing. Petrol successfully keeps up with these changes. It constantly strives to reduce the risk level arising from working processes and looks for more health-friendly and employee-safe solutions.

All companies of the Petrol Group have adopted safety declarations with risk assessment. The latest findings in occupational safety and health are integrated in new processes and projects. Moreover, we monitor the risks related to the occurrence of accidents and injuries. The risks are assessed periodically and through safety measures maintained at an acceptable level. A priority in the advancement of occupational safety and health is the reduction of risks at very exposed workplaces. ■

Marta Svoljšak, PhD,
Director of Technical Development, Quality and Safety

Reducing risks

One of the priorities in the area of occupational safety and health is the reduction of risks at very exposed workplaces. A great emphasis was put on the theoretical and practical training of employees in occupational safety and health, workplace ergonomics, fire safety, environmental protection, safe handling of chemicals and first aid.

Since 2003, the issue of occupational safety and health has been integrated into the Group's quality system through the established occupational health and safety system – OHSAS 18001.

The Arena Petrol stadium in Celje has 13,600 seats.

SOCIAL RESPONSIBILITY

The environment that we operate in has a significant impact on our operations and development, which is why we systematically support sports and cultural activities that complement life in the local communities.

Caring about social and environmental issues has been part of the Petrol Group's operations for a number of years. We realise the importance of promoting activities which consolidate national identity. The most important are sports and the arts, which is why the greater part of sponsorship funds has been allocated to them. Consequently, by supporting numerous humanitarian and environmental protection projects, we have been helping the wider community for many years to achieve a more active lifestyle and an overall high quality of life.

Sponsoring competitive sports

In 2009 the greater part of sponsorship funds was allocated to supporting competitive sports, especially group sports such as basketball, football, handball and hockey, but individual sports such as skiing and cycling were not neglected either. The athletes sponsored by Petrol in 2009 accomplished numerous notable achievements. Petrol has been a traditional supporter of motorsports, but it is also the sponsor of the football stadium in Celje, which is called Arena Petrol as a result.

Donations to non-profit organisations

Cooperation with the Ministry of the Environment and Spatial Planning continued in 2009, and, in addition, the "Conserving Turtles in the Slovene Sea" project now also comprises the project "Dolphins in the Slovene Sea – Our Intelligent Creatures". The majority of donations were allocated to non-profit organisations, for humanitarian purposes, and to art associations having difficulties raising necessary funds in their local communities. Petrol also supported the renovation of numerous cultural monuments and contributed funds for the construction of the Slovene Alpine Museum.

Cultural projects

In the area of culture, the Petrol Group in 2009 revived its cooperation with the Ljubljana Festival and successfully continued its cooperation with the Slovene National Theatre - Drama, Slovene National Theatre Maribor and the Prešeren Theatre Kranj. Supported by Petrol, the Sculpture Association organised the 13th Slovene Sculpture Exhibition.

In the Petrol Group, the Petrol Ladies' Choir has been active for years, promoting tradition and preserving cultural heritage by performing Slovene songs.

Supporting technical conferences

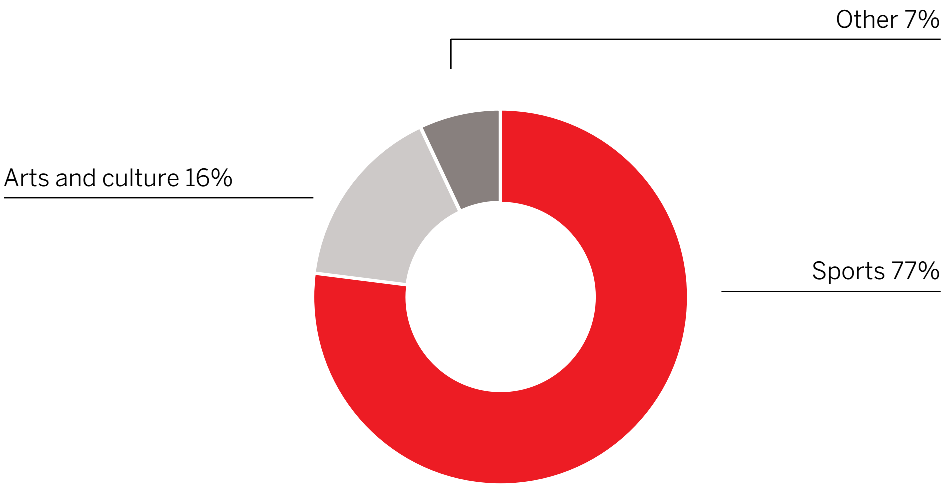
In 2009 Petrol also supported the organisation of numerous technical conferences concerned with energy issues and finding alternative and renewable energy sources, their efficient use, and their impact on the natural environment.

Sponsorships and donations

In 2009, 7 percent of the funding was allocated to charity, to supporting the organisation of technical consultations in the field of energy, and to environmental protection projects.

77 percent of the funds were allocated to sports. In 2009 arts and culture received 16 percent of the sponsorship funding. In addition to demanding arts projects, this also includes numerous smaller events of no lesser quality. ■

Structure of sponsorship funds



TOP RESULTS

Andrej Jerman, downhill contestant, Kitzbühel.

Ski Association of Slovenia:

As the golden sponsor of alpine skiers within the Ski Association of Slovenia, Petrol enables the development and progress of top alpine skiing as well as the achievement of exceptional results by national alpine ski teams. The realisation of such goals is possible owing to individuals' abilities, supported by the entire team, which needs considerable funds to perform its tasks. Petrol's financial assistance greatly contributes to the establishment of conditions which along with hard work lead to the best results.

Acroni Jesenice HC:

Petrol is the silver sponsor of Acroni Jesenice HC. Acroni Jesenice HC competes in the Slovene league, defending the national champion title won in 2008/2009. The sponsorship funds are also allocated to the operations of the team and competing in the Ebel league, the expanded Austrian hockey league, which besides Austrian teams includes also Slovene, Croatian and Hungarian teams.

Match at **Podmežakla** in 2009.

Slovene National Theatre – Drama Ljubljana: Julius Caesar.

Slovene National Theatre – Drama Ljubljana:

Petrol and the Slovene National Theatre - Drama have been business partners since the 2002/2003 season, when Petrol became the sponsor of the Small Stage. In the 2009/2010 season, Petrol is sponsoring the Main Stage, where the following plays are being performed: Thomas Middleton, William Rowley: **The Changeling**; Bernard-Marie Koltes: **Roberto Zucco**; William Shakespeare: **Julius Caesar**; Boštjan Tadel: **Supply and Demand**; Anton Pavlovich Chekhov: **Platonov**.

Wind in the Pine Branches, 13 March 2009.

Slovene National –Theatre Maribor:

The Slovene National Theatre Maribor stages six opera-ballet performances and six plays a year. In the 2008/2009 season, Petrol sponsored the opera La Traviata. Petrol's sponsorship funds enable us to put on quality performances again and again, and provide possibilities to efficiently inform the public about our performances.

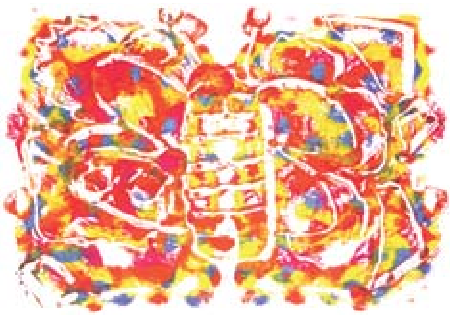
Handball Association of Slovenia:

Years ago, Petrol became the golden sponsor of the senior handball national team. We are happy that by supporting this dynamic and successful sport, it aims to upgrade its brand and at the same time contribute to the realisation of our goals.

Slovenia: Israel, qualifications for the 2010 European Championship in Austria; 17 June 2009, Slovan sports hall, Ljubljana.

Bojan Brežnik,
Director of Marketing

In addition to supporting competitive sports and non-profit organisations, particular attention is devoted to various art projects. The fine arts competition "Children to Adults", which is the largest fine arts festival for children in Slovenia, was organised for the nineteenth time in 2009. 3,635 fine artworks participated in the competition. Some of them were, as in the past years, published in a catalogue.

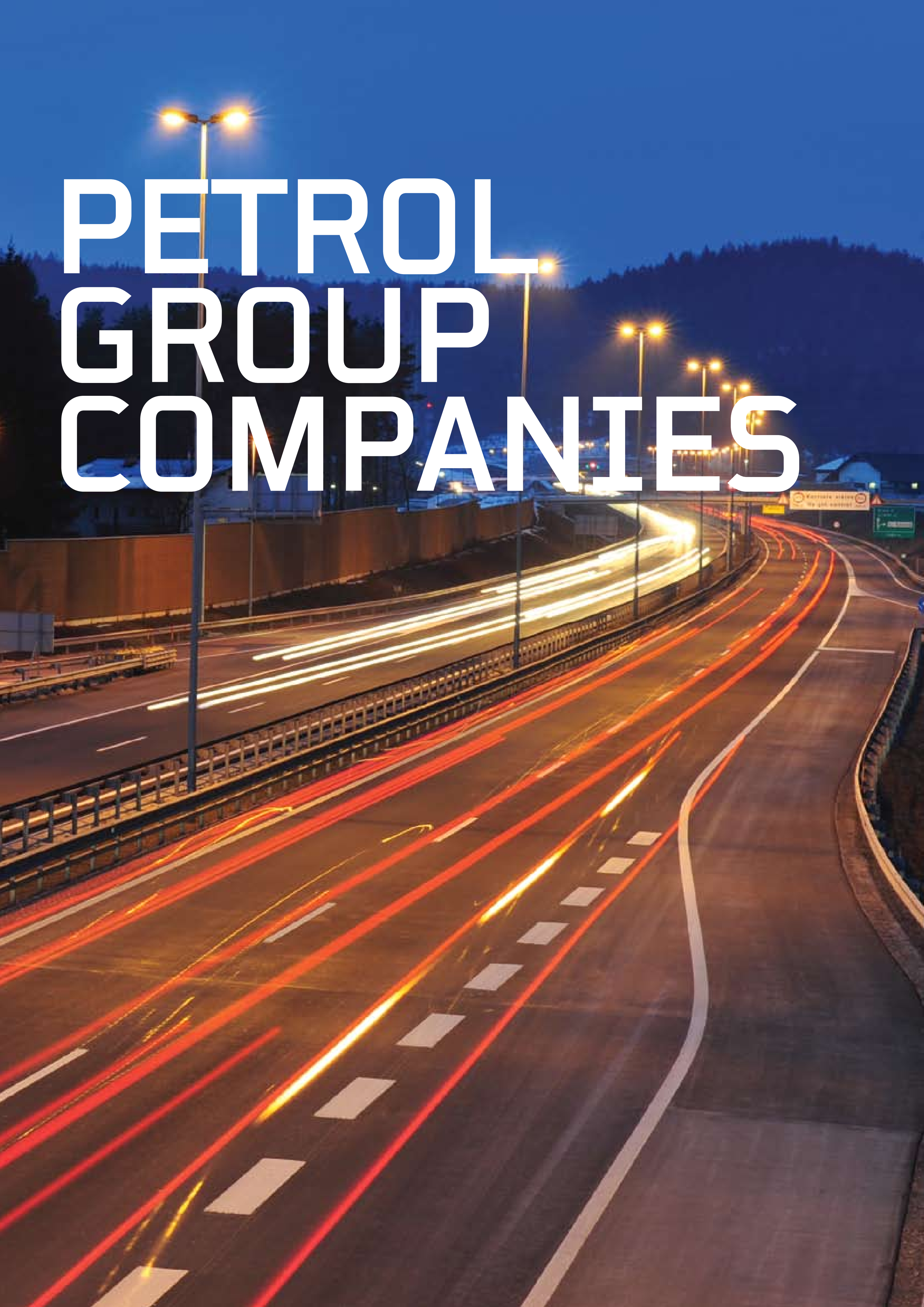


Butterfly, Alja Peterka (16 years)

Celje Football Club:

Its sponsorship makes Petrol an important partner in the successful functioning of the Celje Football Club, contributing to the maintenance and modernisation of infrastructure, the training of young football players and the advancement of professional athletes.

PETROL GROUP COMPANIES



THE PETROL GROUP as at 31 December 2009

- OIL TRADING AND SALE OF SUPPLEMENTARY MERCHANDISE IN SLOVENIA
- OIL TRADING AND SALE OF SUPPLEMENTARY MERCHANDISE IN SE EUROPE
- GAS, OTHER ENERGY AND ENVIRONMENTAL ACTIVITIES
  - GAS ACTIVITIES
  - OTHER ENERGY ACTIVITIES AND EFFICIENT ENERGY CONSUMPTION
  - ENVIRONMENTAL ACTIVITIES

PETROL d.d.

PETROL TEHNOLOGIJA d.o.o. (100%)

CYPET OILS Ltd. (100%)

PETROL ENERGETIKA d.o.o. (99.38%)

PETROL - TRADE H.m.b.H. (100%)

- **CYPET - TRADE Ltd.** (100%)

PETROL PLIN d.o.o. (100%)

AQUASYSTEMS d.o.o. (26.00%)

PETROL GAS GROUP d.o.o. (100%)

PETROL MALOPRODAJA SLOVENIJA, d.o.o. (100%)

PETROL BIH OIL COMPANY Sarajevo d.o.o. (100%)

RODGAS AD Bačka topola (84.22%)

PETROL SKLADIŠČENJE d.o.o. (100%)

PETROL TRGOVINA d.o.o., ZAGREB (100%)

PETROL VNC d.o.o. (100%)

PETROL d.o.o., BEOGRAD (100%)

GEOPLIN d.o.o. (31.98%)

ISTRABENZ d.d. (32.63%)

KARKASA d.o.o. (50%)

PETROL - INVEST d.o.o. (100%)

OGREVANJE PIRAN d.o.o. (40%)

INSTALACIJA d.o.o. KOPER (49%)

EURO - PETROL d.o.o. (51%)

GEOENERGO d.o.o. (50%)

MARCHÉ GOSTINSTVO d.o.o. (25%)

PETROL - BONUS d.o.o. (50%)

BIO GORIVA d.o.o. (25%)

PETROL - OTI - SLOVENIJA L.L.C. (51%)

PETROL SLOVENIA TIRANA WHOLESALE SH.A. (55%)

- **PETROL SLOVENIA TIRANA DISTRIBUTION SH.P.K.** (100%)

Key:

- The parent company
- Subsidiaries
- Jointly controlled entities
- Associates

THE PARENT COMPANY

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

Management Board: Aleksander Svetelšek, Mariča Lah, Janez Živko, Rok Vodnik, Roman Dobnikar, Bojan Herman
E-mail: info@petrol.si
Registration number: 5025796
Date of entry in the Companies Register: 30. 3. 1990
Tax number: 80267432

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.

The parent company's principal activity is trading in petroleum products, supplementary merchandise and services. With its 311 service stations, it has a 61-percent market share in the Slovene retail market in petroleum products. It generates the greater part of the Group's profits and revenue.

In 2009 Petrol d.d., Ljubljana sold 2.06 million tons of petroleum products, which is 5 percent less than planned and 16 percent less than in 2008. EUR 352.7 million was generated from the sale of supplementary and other merchandise, which is 7 percent less than planned and 1 percent less than in 2008.

With the sale of services amounting to EUR 34.1 million, the plan was exceeded by 7 percent and the 2008 sales by 2 percent.

The Company ended the year 2009 with net sales revenue of EUR 1.99 billion, pre-tax profit of EUR 12.3 million and net profit of EUR 10.7 million.

The Company’s equity totalled EUR 393.5 million as at 31 December 2009.

SUBSIDIARIES

Operating results of subsidiary companies are shown as presented in the consolidated financial statements.

PETROL-TRADE HANDELSGES.M.B.H.

General Manager: Marko Malgaj
E-mail: malgaj@petrol-trade.at

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.

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

In 2009 Petrol-Trade Handelsges.m.b.H. purchased and sold 592,340 tons of petroleum and chemical products, implementing 76 percent of the plan for 2009.

The company generated EUR 237.2 million in net sales revenue in 2009.

The 2009 net profit of Petrol-Trade Handelsges.m.b.H. totalled EUR 1.7 million, which is 149 percent more than planned. Better-than-expected performance was the result of the US dollar to the euro exchange rate, lower operating costs and lower-than-planned finance expenses.

The company's equity totalled EUR 3.4 million as at 31 December 2009.

CYPET-TRADE LTD.

General Manager: Marko Malgaj
E-mail: cypet@logos.cy.net

Cypet-Trade Ltd. is a subsidiary of the Vienna-based company Petrol-Trade Handelsges.m.b.H. and is fully owned by the said company. Since 1 January 2004, the company's principal activities have consisted of 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 2009 Cypet-Trade Ltd. sold 1,211,188 tons of petroleum products, implementing 95 percent of the plan. The company's net sales revenue for 2009 totalled EUR 474.6 million.

In 2009 the company generated EUR 4 million in net profit, exceeding the plan by 31 percent. Stronger-than-expected performance was the result of lower-than-planned finance expenses and unexpected finance income.

The company's equity totalled EUR 7.1 million as at 31 December 2009.

CYPET OILS LTD.

General Manager: Marko Malgaj
E-mail: cypet@logos.cy.net

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. In 2009 the company Cypet Oils Ltd. generated finance income only, its net profit for 2009 amounting to EUR 11 thousand. The company's equity totalled EUR 1.5 million as at 31 December 2009.

PETROL BH OIL COMPANY D.O.O. SARAJEVO

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

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

Through retail and wholesale activities, the company sold 120,596 tons of petroleum products in 2009, implementing 90 percent of the plan.

In the past year, the company generated EUR 92.4 million in revenue from the sale of oil and petroleum products, EUR 4.4 million in revenue from the sale of supplementary and other merchandise, and EUR 392 thousand in revenue from the sale of services. In total, the company generated EUR 97.2 million in net sales revenue.

In 2009 the company generated EUR 41 thousand in net profit, implementing 6 percent of the plan. The poor performance was the result of lower-than-expected sales brought about by the economic downturn, business collapses, especially in the haulage industry, salary decreases and the resulting drop in fuel consumption at service stations, and a higher rate of defaults.

Petrol BH Oil Company d.o.o. Sarajevo operated 40 service stations at the end of 2009.

The company's equity totalled EUR 40.9 million as at 31 December 2009.

PETROL TRGOVINA D.O.O., ZAGREB

General Manager: Ignac Rupar
E-mail: ignac.rupar@petrol.si

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 oil derivatives, petroleum products and other merchandise in Croatia.

In 2009 Petrol Trgovina d.o.o., Zagreb sold 119,746 tons of oil and petroleum products, which is 5 percent more than planned.

Revenue from the sale of oil and petroleum products totalled EUR 101.9 million, with revenue from the sale of supplementary and other merchandise amounting to EUR 10.5 million and revenue from the sale of services to EUR 815 thousand. In 2009 Petrol Trgovina, d.o.o., Zagreb generated EUR 113.2 million in net sales revenue.

In 2009 the company generated a net loss of EUR 5.7 million. The underperformance was mainly the result of lower-than-planned margins achieved, higher operating costs and write-downs in value.

Petrol Trgovina d.o.o., Zagreb operated 32 service stations in Croatia as at 31 December 2009.

The company's equity totalled EUR 46.4 million as at 31 December 2009.

EURO-PETROL D.O.O.

General Managers: Jozo Kalem, Gregor Lukman
E-mail: jozo-kalem@euro-petrol.htnet.hr; grega.lukman@petrol.si

In February 2008 the company Petrol d.d., Ljubljana acquired a 51-percent ownership interest in the company Euro - Petrol d.o.o., thus becoming the its majority owner. The company is engaged in the sale of oil derivatives, petroleum products and other merchandise in Croatia.

In 2009 Euro - Petrol d.o.o. sold 200,575 tons of petroleum products, implementing 79 percent of the plan.

Revenue from the sale of oil and petroleum products totalled EUR 174.6 million, with revenue from the sale of supplementary and other merchandise amounting to EUR 14.7 million and revenue from the sale of services to EUR 1.6 million. In 2009 the company Euro - Petrol d.o.o. generated EUR 190.9 million in net sales revenue.

In 2009 the company actively pursued receivables management and acquisition of customers, took part in public calls for tenders, and devoted significant attention to cost optimisation.

In 2009 the company generated a net loss of EUR 5.2 million. The net loss attributable to Petrol d.d., Ljubljana amounted to EUR 2.7 million.

The company Euro - Petrol d.o.o. operated 41 service stations as at 31 December 2009.

The company's equity totalled EUR 62.6 million as at 31 December 2009.

PETROL D.O.O. BEOGRAD

General Manager: Aljoša Višnar
E-mail: aljosa.visnar@petrol.si

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.

In 2009 the total quantity of oil and petroleum products sold totalled 8,469 tons, which amounts to 98 percent of the plan. Lower sales figures were the result of the economic and financial crisis that also reduced the purchasing power in the market.

Revenue from the sale of oil and petroleum products totalled EUR 7.6 million, with revenue from the sale of supplementary and other merchandise amounting to EUR 439 thousand and revenue from the sale of services to EUR 22 thousand. In 2009 the company Petrol d.o.o. Beograd generated EUR 8.1 million in net sales revenue.

In 2009 the company generated a loss of EUR 915.4 thousand, which was higher than planned. The underperformance was the result of foreign exchange differences.

Petrol d.o.o. Beograd operated three service stations at the end of 2009.

The company's equity totalled EUR 11 million as at 31 December 2009.

PETROL - INVEST D.O.O.

Executive director/company representative: Biljana Kovačević until 31 December 2009, Dean Krivec from 1 January 2010
E-mail: dean.krivec@petrol.si

At the beginning of 2008, Petrol d.d., Ljubljana established the company Petrol - Invest d.o.o., in which it has a 100-percent interest. The company's business activity consists of capital investments in the petroleum activity in Montenegro. The company manages and conducts all procedures relating to the purchase of land and construction of property. Once a capital investment is completed, the company transfers the property to management by Petrol-Bonus d.o.o. via a finance lease.

In 2009 the company acquired a service station in Cetinje and constructed another one in Podgorica. Based on finance lease agreements, both service stations were transferred to Petrol - Bonus d.o.o. for management, subject to a moratorium on lease payments. In 2009 Petrol - Invest d.o.o generated a net loss of EUR 53 thousand, which was worse than planned.

The company's equity totalled EUR 8.2 million as at 31 December 2009.

PETROL MALOPRODAJA SLOVENIJA, D.O.O.

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

In 1999 the controlling company Petrol d.d., Ljubljana acquired full ownership of the company Shell Slovenija d.o.o. Ljubljana, renaming it Destilat d.o.o. on its 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.

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

In 2009 the company Petrol Maloprodaja Slovenija, d.o.o. generated EUR 12.6 million in net sales revenue, implementing 96 percent of the plan.

Net sales revenue was generated through fees charged to Petrol d.d., Ljubljana in connection with sales activities performed at the service stations managed by Petrol Maloprodaja Slovenija d.o.o. In addition, the company Petrol Maloprodaja Slovenija, d.o.o. received EUR 152 thousand in interest income.

The company ended the year 2009 at break-even point.

The company's equity totalled EUR 12.7 million as at 31 December 2009.

PETROL SKLADIŠČENJE D.O.O.

General Manager: Rok Blenkuš
E-mail: rok.blenkus@petrol.si

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

The company also manages fuel storage facilities in Rače, Celje, Zalog and Ajdovščina as well as a storage and distribution centre for unit merchandise in Zalog. On behalf of Petrol d.d., Ljubljana, it also provides services for the Slovene Agency for Compulsory Oil Stocks and Slovene Agency for Commodity Reserves.

At the end of 2009, the Management Board of the parent company decided to streamline the business processes of the company Petrol Skladiščenje d.o.o. and transfer its employees to the parent company's logistics department.

In 2009 the company generated EUR 2.8 million in net sales revenue, thus fully implementing the plan.

The company ended the year 2009 with a net profit of EUR 1 thousand.

The company's equity totalled EUR 558 thousand as at 31 December 2009.

PETROL TEHNOLOGIJA, D.O.O.

General Manager: Miran Jug
E-mail: miran.jug@petrol.si

At the end of 2002, the controlling company Petrol d.d., Ljubljana merged the building and plant maintenance operations into the new company Petroservis d.o.o., which was fully owned by the controlling company. The company was renamed Petrol Tehnologija d.o.o. in 2004.

The company's activities comprise maintenance of property, technological equipment and reservoirs, maintenance and construction of technological installations, maintenance and testing of gas storage tank tightness, gauge control, and environment and equipment measurements. The company has its own agencies for the purchasing of spare parts, installations and equipment. Petrol Tehnologija d.o.o. provides its services to both the Petrol Group and external customers.

In 2009 the company generated EUR 5.5 million in net sales revenue, implementing 95 percent of the plan.

Its net profit totalled EUR 255 thousand, which was 70 percent more than planned.

The company's performance in 2009 was better than planned thanks to cost containment and higher volume of activities as regards measurements, environmental services and maintenance of technological equipment. The company thus managed to offset a drop in revenue from capital investment operations.

The company's equity totalled EUR 1.4 million as at 31 December 2009.

PETROL VNC D.O.O.

General Manager: Bojan Babič
E-mail: bojan.babic@petrol.si; vnc@petrol.si

The company Petrol VNC d.o.o. was established on 16 May 2006. It is fully owned by the company Petrol d.d., Ljubljana and provides investigation and security services.

In 2009 the company generated EUR 403 thousand in net sales revenue, exceeding the plan by 1 percent.

The company ended the year 2009 with a net profit of EUR 61 thousand, which was 152 percent more than planned. The successful performance was mainly the result of lower-than-planned operating costs.

The company's equity totalled EUR 193 thousand as at 31 December 2009.

PETROL PLIN, D.O.O.

General Manager: Franc Dover
E-mail: franc.dover@petrol.si

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

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

At the end of 2009, Petrol Plin, d.o.o. operated 21 gas concessions. Three concessions are owned by the parent company Petrol d.d., Ljubljana, while 18 are owned by Petrol Plin, d.o.o. The company sold liquefied petroleum gas also via 2,213 gas storage tanks.

In 2009 Petrol Plin, d.o.o. sold 21,652 tons of liquefied petroleum gas, implementing 91 percent of the plan. In addition, the company sold 12.4 million Sm^3 of natural gas through its own concessions, implementing 97 percent of the plan. Another 1.4 million Sm^3 of natural gas were distributed. Based on three concessions owned by the company Petrol d.d., Ljubljana and operated by Petrol Plin, d.o.o., the company sold 10.6 million Sm^3 of natural gas, implementing 92 percent of the plan. The underperformance in this area is the result of warm weather in November and December, discontinued exports of liquefied petroleum gas to Bosnia and Herzegovina, the fact that the biggest customer switched from liquefied petroleum gas to natural gas, and use of extra light heating oil as a substitute for natural gas when its prices are higher.

In 2009 the company generated EUR 26.1 million in net sales revenue, implementing 93 percent of the plan.

Net profit totalled EUR 1.1 million, which was better than planned. The main reasons for the successful performance are stronger gross profit and lower-than-planned finance expenses.

The company's equity totalled EUR 21 million as at 31 December 2009.

PETROL ENERGETIKA D.O.O.

General Manager: Mojca Kert-Kos
E-mail: mojca.kos@petrol.si

The company Petrol Energetika d.o.o. plays a prominent role in supplying energy to the Slovene steel industry, manufacturing industry and consumer goods industry in geographically integrated municipalities. The company implements and develops modern energy concepts of energy supply and provision of services, and is also Slovenia's leading provider of comprehensive energy and environmental solutions.

In mid-2002, the controlling company Petrol d.d., Ljubljana purchased from the company Slovenske železarne d.d. 80-percent interests in Energetika Ravne and Energetika Štore. Through a capital increase and acquisition of the company Petrol Toplarna Hrastnik d.o.o., the company Petrol d.d., Ljubljana increased its ownership interest to 99.38 percent by the end of 2009. The remaining 0.62 percent of the company is owned by the company Železar Štore d.p., delniška družba pooblaščenka, d.d.

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

In economically integrated areas of Ravne and Štore, the company ensures strategic energy and energy-product supply to former ironworks and the surrounding communities. In addition, it supplies energy to the municipalities of Ravne na Koroškem, Prevalje, Mežica, Dravograd and Hrastnik. In 2009 the company won a concession for natural gas supply to the Municipality of Muta.

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

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

Petrol Energetika d.o.o. developed and implemented a competitive multi-energy and utility operating model, which combines the provision of comprehensive energy services to industry and consumer business customers in a technological, economic and environmental sense.

The company is successfully developing into a leading regional coordinator and supplier of energy. Its key competitive advantages include ensuring lasting synergies between public and private investments (public-private partnership), especially in the field of municipal and energy infrastructure. The company stays ahead of the competition by ensuring efficient support to contract-based financing (third-party financing) and efficient demand-side energy consumption management (demand-side management).

In 2009 Petrol Energetika d.o.o. sold 236.8 million kWh of electricity, of which 39.1 million kWh were generated by the company itself, and distributed 204.2 million kWh of electricity. The company sold and distributed 90.2 million Sm^3 and 38 million Sm^3 of natural gas, respectively. As regards heat management, the company generated 66.5 thousand MWh of heat, selling and distributing 60.4 thousand MWh and 62.9 thousand MWh of heat, respectively. All of the above quantities were lower than planned due to reduced consumption by Štore Steel and customers from the economically integrated area of Ravne.

In 2009 the company generated EUR 62 million in net sales revenue, implementing 78 percent of the plan.

Its 2009 net profit stood at EUR 1.98 million. The company thus implemented 94 percent of the plan. The net profit attributable to the company Petrol d.d., Ljubljana totalled EUR 1.96 million.

The company's equity totalled EUR 20.2 million as at 31 December 2009.

PETROL GAS GROUP, D.O.O.

Board of directors: Matjaž Burger, Janez Grošelj, Štefan Mitja Lebar
E-mail: matjaz.burger@petrol.si; janez.groselj@petrol.si; stefan.lebar@petrol.si

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

Petrol Gas Group, d.o.o. manages the Pećinci concession which was obtained by Petrol d.d., Ljubljana via a public call for tenders and transferred to the newly established subsidiary Petrol Gas Group d.o.o. after it had been established. In 2008 the construction of a gas distribution network began in Pećinci and in the new Šimanovci business zone. In October 2009, an annex was added to the contract with Srbijagas which laid the ground for the construction of a connection to the main pipeline and completion of the distribution network. In 2010 the company plans to complete the construction of a distribution network in the Šimanovci business zone and connect the first customers to the pipeline in April.

The company did not operate actively in 2009 and has generated a net loss of EUR 136 thousand.

The company's equity totalled EUR 4.5 million as at 31 December 2009.

RODGAS AD BAČKA TOPOLA

Board of directors: Primož Kramer, Milan B. Dragosavac, Matjaž Burger
E-mail: primoz.kramer@petrol.si; milan.dragosavac@petrol.si; matjaz.burger@petrol.si

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

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

The company Rodgas AD Bačka Topola distributes natural gas via a gas network measuring 131.6 km. In 2009 the company sold 5.4 million Sm^3 of natural gas to household and industry customers, which was less than planned. The main reasons for this were higher prices of natural gas as compared with other energy products and the resulting smaller quantity sold. 1,276 households and 91 businesses are connected to the network.

In 2009 the company generated EUR 2.1 million in net sales revenue, implementing 66 percent of the plan.

The company generated a net loss of EUR 13 thousand in 2009, of which EUR 11 thousand is attributable to the company Petrol d.d., Ljubljana.

The company's equity totalled EUR 3.2 million as at 31 December 2009.

JOINTLY CONTROLLED ENTITIES

GEOENERGO D.O.O.

General Managers: Evgen Torhač, Andraž Lipolt
E-mail: evgen.torhac@nafta-geoterm.si; andraz.lipolt@petrol.si

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

The company holds concession rights for the extraction of mineral resources, crude oil, natural gas and gas condensate in the area of the Mura depression. Geoenergo d.o.o. and the company Nemocco Slovenija Corporation concluded a long-term contract on joint investments in carbohydrate extraction from oil and gas fields Dolina and Petišovci near Lendava.

At the end of 2008, the basic production of carbohydrates was transferred to the company Nafta-Geoterm d.o.o., which is why the company Geoenergo d.o.o. did not operate actively in 2009.

In 2009 the company generated a net loss of EUR 7 thousand, of which EUR 4 thousand is attributable to the company Petrol d.d., Ljubljana.

The company's equity totalled EUR 139 thousand as at 31 December 2009.

INSTALACIJA, D.O.O KOPER

General Manager: Rinaldo Glavina
E-mail: rinaldo.glavina@instalacija.si

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

Important events of 2009 included the construction of an additional pipeline for uncoloured heating oil, replacement of a filling arm at the tanker pier, upgrade of a system for introducing additives in motor fuel at the rail tanker and truck filling station, and construction of an access bridge at the tanker pier.

In 2009 the company handled 2.16 million tons of petroleum products, which is slightly more than planned. The company's net sales revenue totalled EUR 13.9 million, which is more than planned.

In 2009 the company generated a net profit of EUR 5.2 million, exceeding the plan by 26 percent. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 2.6 million. The company's net profit was higher than expected mostly due to a higher volume of goods handled, lower costs and lower-than-planned finance expenses.

The company's equity totalled EUR 22.2 million as at 31 December 2009.

KARKASA, D.O.O.

General Manager: Peter Globočnik
E-mail: peter_globocnik@goodyear.com

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.

The company, in which both founders hold a 50-percent interest, began operating in January 2005. In 2009 the company retreaded 5,298 tyres, thus implementing 62 percent of its plan, and sold 5,319 retreaded truck tyres, which represents 63 percent of its sales plan. The lower-than-planned production and sales figures are the result of the economic crisis in the past year.

Karkasa, d.o.o. generated EUR 839 thousand in net sales revenue in 2009, achieving 58 percent of the plan.

The company’s net profit for 2009 stood at EUR 79 thousand, representing 73 percent of the plan. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 40 thousand.

The company’s equity totalled EUR 564 thousand as at 31 December 2009.

PETROL - BONUS D.O.O.

General Manager: Miodrag Ivanović until 31 December 2009, Branko Kašćelan from 15 January 2010
Finance director: Dean Krivec
E-mail: dean.krivec@petrol.si

The companies Petrol d.d., Ljubljana and Montenegro Bonus - Cetinje established the company Petrol - Bonus d.o.o. by the signing of 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.

In 2009 the company Petrol - Bonus d.o.o. took over two service stations, the one in Cetinje in February and the one in Podgorica in October, from the company Petrol - Invest d.o.o. via a finance lease.

In 2009 the company sold 7,400 tons of oil and petroleum products. Its net sales revenue amounted to EUR 7 million.

In 2009 the company generated a net loss of EUR 232 thousand. The net loss attributable to Petrol d.d., Ljubljana amounted to EUR 115 thousand.

The company’s equity totalled EUR 757 thousand as at 31 December 2009.

PETROL - OTI - Slovenija L.L.C.

General Manager: Bojan Babič
E-mail: bojan.babic@petrol.si

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

The company was established to develop wholesale and retail trade in petroleum products and to build its own storage facilities. In 2009 it sold 6,984 tons of oil and petroleum products, generating EUR 5.6 million in net sales revenue.

The company generated a net loss of EUR 83 thousand in 2009, with the net loss attributable to Petrol d.d., Ljubljana amounting to EUR 42 thousand.

On 31 December 2009, the company operated via 4 service stations.

The company's equity totalled EUR 6.5 million as at 31 December 2009.

PETROL SLOVENIA TIRANA WHOLESALE SH.A.

General Manager: Roman Mazi
E-mail: roman.mazi@petrol.si

The company Petrol Slovenia Tirana Wholesale SH.A. was established in July 2007 and is 55-percent owned by Petrol d.d., Ljubljana. The company's activities consist of wholesale of liquid and gaseous fuel and similar products in the territory of Albania. The company did not operate actively in 2009.

The company's equity totalled EUR 2.1 million as at 31 December 2009.

PETROL SLOVENIA TIRANA DISTRIBUTION SH.P.K.

General Managers: Roman Mazi, Bojan Babič
E-mail: roman.mazi@petrol.si; bojan.babic@petrol.si

The company Petrol Slovenia Tirana Distribution SH.P.K. was established in July 2007 and is fully owned by Petrol Slovenia Tirana Wholesale SH.A. Its activities consist of retail sale of liquid and gaseous fuel in Albania. The company did not operate actively in 2009.

The company's equity totalled EUR -9 thousand as at 31 December 2009.

ASSOCIATES

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

Geoplin d.o.o. Ljubljana
Activities: Sale and transport of natural gas
Ownership interest of Petrol, d.d., Ljubljana: 31.9779%

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

Ogrevanje Piran d.o.o.
Activities: Gaseous fuel supply, generation and distribution of steam and heat
Ownership interest of Petrol, d.d., Ljubljana: 40%

Bio goriva d.o.o.
Activities: Biodiesel production
Ownership interest of Petrol, d.d., Ljubljana: 25%

Istrabenz d.d.
Activities: Management of Istrabenz Group investments and management of other investments
Ownership interest of Petrol, d.d., Ljubljana: 32.63%

At the end of 2009, the company Petrol d.d., Ljubljana owned 1,690,305 shares of the company Istrabenz, holdinška družba, d.d., which represents 32.63 percent. This share remained unchanged ever since the takeover bid published by Petrol on 10 October 2007 expired.

Because Petrol d.d., Ljubljana holds an important stake in Istrabenz d.d., the Management Board of Petrol d.d., Ljubljana was actively involved in 2009 in finding a solution for Istrabenz to maximise the value of the investment and the possibilities of consolidating the energy-related investments of both companies. Given its 32.63-percent interest, Petrol d.d., Ljubljana continues to maintain its strategic interest in Istrabenz, especially in its energy division.

According to an independent appraisal, the fair value of the investment in the company Istrabenz, holdinška družba, d.d. stood at EUR 21,973,965 or EUR 13.00 per share at the end of 2009. Considering that at the end of 2008 the fair value of this investment stood at EUR 43,947,930 or EUR 26.00 per share, the Company impaired the value of the investment by EUR 21,973,965 in 2009, which has significantly affected the Petrol Group's operating results for 2009.

Important events that occurred in the calendar year 2009 and in the period between the end of the financial year and the annual report date were as follows:

- At the 14th General Meeting of Istrabenz d.d. held on 4 March 2009, Alenka Vrhovnik Težak, a member of Petrol's Management Board, was elected as member of the Supervisory Board of Istrabenz d.d. for a period from 5 March 2009 to the end of the term of office of other Supervisory Board members. Petrol's representatives Alenka Vrhovnik Težak, Janez Grošelj and Tamara Jerman were elected as members of the Supervisory Board for a term of office from 30 May 2009 onwards.

- As a follow-up to its 23rd regular meeting, the Supervisory Board of Istrabenz d.d. appointed on Tuesday, 12 May 2009, a new president and two members of the Management Board of Istrabenz d.d. for a period of one year. The Management Board of Istrabenz then had three members. The Supervisory Board appointed Dr Bogdan Topič as new Management Board president, and Igor Bavčar and Rudi Grbec as Management Board members. The new Management Board began its term of office on 16 May 2009.

- On 9 July 2009, Istrabenz d.d. received a decision on the initiation of compulsory settlement proceedings from the District Court of Koper, in which the Court ordered that compulsory settlement proceedings be initiated against the debtor Istrabenz, holdinška družba, d.d., Koper. The Court appointed Boris Dolamič as administrator.

- On 4 September 2009, the Supervisory Board of Istrabenz d.d. terminated the appointment of Zoran Bošković as Supervisory Board president. Supervisory Board members then appointed Janez Grošelj as new president of the Supervisory Board. What is more, Tamara Jerman resigned as Supervisory Board deputy president. The Supervisory Board then elected Mirko Kaluža as new Supervisory Board deputy president.

- On 19 October 2009, the company's Management Board appointed Tomaž Berločnik as procurator of Istrabenz, holdinška družba, d.d., whose work will be focused on negotiations with creditor banks.

- On 17 December 2009, the deadline set by the District Court of Koper in connection with voting on Istrabenz compulsory settlement expired.

- On 14 January 2010, the Supervisory Board of Istrabenz d.d. discussed and accepted a final resignation of Management Board president Dr Bogdan Topič. The Supervisory Board appointed Tomaž Berločnik as new Management Board president and Rudi Grbec as new Management Board member, both for a full, six-year term of office.

- On 3 March 2010, a decision of the District Court of Koper of 12 February 2010 on the confirmation of compulsory settlement proceedings against the debtor Istrabenz, holdinška družba, d.d. became final.

2009

II. REPORT OF THE SUPERVISORY BOARD

STABLE OPERATIONS UNDER STRINGENT CONDITIONS

The year 2009 was characterised by more stringent conditions on the economic markets. In such circumstances, the supervision and simultaneous consulting function represent crucial assistance to the Management Board in ensuring stable operations and Group management.

Open dialogue between the Management Board and the Supervisory Board is a precondition for fruitful cooperation and encouraging results. And it was the assurance of this good basis that the Supervisory Board focused its efforts on.

Cooperation of the Management Board and the Supervisory Board

The relationship between the Management Board and the Supervisory Board was specific in 2009 owing to numerous replacements of both boards' members. However, it can be asserted that communication went both ways and that after the completion of membership changes in August and until the end of the business year both bodies laid sound foundations for further successful cooperation. The Management Board, in full composition, clarified the issues at the meetings of the Supervisory Board and presented its arguments. Coordinated action was aligned with the provisions of the Rules of Procedures of both the Management Board and the Supervisory Board.

In 2009 the Supervisory Board of Petrol d.d., Ljubljana held nineteen meetings. There were quite a few reasons for such frequent decision-making of the Supervisory Board, including the general economic and financial situation, the complete changeover of the composition of both the Supervisory Board and the Management Board, and the solving of problems arising from the potential compulsory composition – which was at the end of the year voted for – of Istrabenz d.d., in which Petrol d.d., Ljubljana holds an equity interest.

At the start of the business year, the Supervisory Board's composition was incomplete. There were only eight members, and in the first half of January another member resigned from the position of Supervisory Board member. In February, voting was held for new employee representatives on the Supervisory Board. Then, the Supervisory Board, at its 46th meeting held on 4 March, acknowledged the resignation handed in by its member Andrej Bratož, shareholder representative, in January, as well as the election of new employee representatives, i.e. Andrej Tomplak and Franc Premrn, and the re-election of Samo Gerdin.

After the appointment of new shareholder representatives at the 19th General Meeting of Shareholders held on 7 April 2009, the Supervisory Board was appointed in full composition. However, at the 1st meeting of the new Supervisory Board on 22 April 2009, the then President Viktor Baraga, whose term of office would have expired on 16 July 2009, resigned from his position as President of the Supervisory Board. Dari Južna was thus appointed to the Supervisory Board at the 19th General Meeting of Shareholders on 7 April 2009, with the term of office lasting until 16 July 2009. During the constitutive part of the 1st meeting of the Supervisory Board, the members, after the resignation of the President, unanimously elected from among themselves Tomaž Kuntarič president of the Supervisory Board and Bruno Korelič vice-president of the Supervisory Board. They also established two Supervisory Board committees, namely the Audit Committee and the Human Resources and Management Board Evaluation Committee, and appointed their members.

The Supervisory Board operated in accordance with its Rules of Procedure. The members of the Supervisory Board prepared themselves for the topics discussed, gave constructive proposals based on expert and comprehensive information obtained from the Management Board, and adopted decisions competently in line with the Rules of Procedure and legal powers. The Rules of Procedure of the Supervisory Board were aligned with the Corporate Governance Code for Joint Stock Companies applicable in 2009.

In addition to the relevant material, the Management Board also provided the Supervisory Board with all necessary additional explanations regarding specific topics directly at meetings. Therefore, the cooperation with the Management Board is assessed as professional.

The Supervisory Board informed the stakeholders in an appropriate manner. If events occurred that were relevant to investors, I, as the President of the Supervisory Board, issued public statements immediately after the meetings, always ready to provide additional information.

The most important topics discussed at the Supervisory Board meetings in 2009 were associated with the monitoring of the Company's operations, in light of the more stringent conditions of the financial markets, stock exchanges and in the economy. If the year 2008 can be referred to as characterised by the recession in the second half alone, the entire year 2009 can be referred to as characterised by economic slowdown and not at all promising projections for 2010. The Supervisory Board and the Management Board therefore focused their efforts on identifying modified objectives and measures to ensure sustainable development of the Company's operations and its strengthening.

The most important topics discussed at the Supervisory Board meetings in 2009 were as follows

1. At its 45th meeting on 14 January 2009 the Supervisory Board among other things discussed the issues related to the equity interest in Istrabenz d.d., and agreed with the Management Board's proposal to continue the started legal procedures (appointment of extraordinary and special auditor, challenging action against the resolutions passed at the 12th General Meeting of Istrabenz d.d.), further negotiations for the integration of energy activities and withdrawal from Istrabenz d.d. In addition to the above, the Supervisory Board discussed the issues related to the report on investments and operations in SE Europe. Furthermore, the Supervisory Board rejected KAD's initiative to establish a nomination committee. It decided that according to the Companies Act (ZGD-1), the Corporate Governance Code for Joint Stock Companies, the Rules of Procedure of the Supervisory Board and the resolutions of the Supervisory Board, the list of nominees for the Supervisory Board members should be prepared by its Nomination and Remuneration Committee, composed of Aleš Marinček, Samo Gerdin and Viktor Baraga, set up based on the resolution of the Supervisory Board passed at the 39th meeting held on 28 May 2008.

2. The 46th meeting held on 4 March 2009 was dedicated to the convocation of the 18th General Meeting of Shareholders on 7 April 2009 and the drafting of election proposals for six members of the Supervisory Board – shareholder representatives.

3. The 47th meeting held on 24 March 2009 also focused on the convocation of the General Meeting of Shareholders, namely the 19th meeting convened on 5 May 2009 with standard agenda items. Prior to that, the Supervisory Board approved the Annual Report of the Petrol Group and Petrol d.d., Ljubljana for 2008 and agreed with the Management Board's proposal on the allocation of accumulated profit and the wording of the proposed resolution for the General Meeting of Shareholders regarding profit-sharing and granting of discharge from liability. It also acknowledged the Action Plan of the Audit Committee and discussed the issue of equity interest in Istrabenz d.d.

4. At its first meeting in new composition held on 22 April 2009, during the constitutive part the members of the Supervisory Board elected from among themselves Tomaž Kuntarič president of the Supervisory Board and Bruno Korelič vice-president of the Supervisory Board. Then the Supervisory Board established two committees: the Audit Committee, consisting of Urban Golob – Chairman, Žiga Debeljak – member, Franc Premrn – member, and Jože Kaligaro – external member; after the start of his term of office they were joined by Dari Južna – member; the Human Resources and Management Board Evaluation Committee, consisting of Bruno Korelič – Chairman, Tomaž Berločnik – member, Tomaž Kuntarič – member, and Andrej Tomplak – member.

5. At the 2nd meeting, which was held a day before the General Meeting of Shareholders convened on 5 May 2009, the Supervisory Board assessed that it would be reasonable to submit at the General Meeting of Shareholders a counter-proposal to the proposal for the appointment of auditors for auditing the 2009 Annual Report submitted by the Supervisory Board in its previous composition. On the basis of gathered offers and references the Supervisory Board concluded that the auditing company KPMG Slovenija, podjetje za revidiranje, d.o.o. would be suitable in terms of price and expertise. The Supervisory Board further agreed with the view of the Audit Committee, which approved the Management Board's decision to impair the investment in Istrabenz d.d. according to the price of its projected newly issued share, which was published in the convocation of the 15th General Meeting of Shareholders of Istrabenz d.d., which also included a proposal for an increase in share capital. The price of EUR 13.80 per share is the last known fair value of the share and is consistent with the appraisal made by P&S Svetovanje d.o.o. as at 31 March 2009. The Supervisory Board, which acknowledged the contents of the Management Board members' employment contracts, reduced the remuneration of the Management Board members on 4 May 2009 according to the provisions of Article 270 of the Companies Act, in view of the deteriorated financial position of Petrol d.d. presented in the 2008 Annual Report and the negative trends of current financial operations. It also acknowledged the activities aimed at gaining new long-term credit in line with the Business Policy of the Petrol Group for 2009, in the form that is optimal for Petrol d.d., Ljubljana and under the most favourable conditions available on the market, and assigned the Management Board to keep it informed about further steps.

6. At the 3rd meeting held on 18 May 2009 the Supervisory Board acknowledged the operations of the Petrol Group in the first quarter of 2009.

7. At the 4th meeting on 8 June 2009 the Supervisory Board accepted the irrevocable resignations of four Management Board members, namely Marko Kryžanowski and Igor Irgolič on the day of the meeting and Alenka Vrhovnik Težak and Boštjan Napast on 30 August 2009. For the period until the resignation date it appointed Alenka Vrhovnik Težak president of the Management Board. Given the above events, the Supervisory Board in line with the Articles of Association gave the Management Board ex-ante approval to grant power of attorney according to item 09.06 of the said Articles and started all procedures necessary for nominating candidates for the position of Management Board President of Petrol d.d., Ljubljana, who will be given the powers.

8. On 19 June 2009 the Supervisory Board at its 5th meeting restricted the powers of the Management Board and the procurator to current business only and stipulated that other transactions were subject to the approval of the Supervisory Board. In addition, it authorised Aleksander Svetelšek to compose the new Management Board. The topic of this meeting and many others was the investment in the shares of Istrabenz d.d. The Supervisory Board authorised its member Tomaž Berločnik to participate on behalf of Petrol d.d., Ljubljana, along with the Management Board, in negotiations with banks and in all other activities aimed at protecting the economic interests of Petrol d.d., Ljubljana.

9. At the 8th meeting held on 21 July 2009 the Supervisory Board appointed the Management Board of Petrol d.d., Ljubljana for a five-year term of office, which started on 30 August 2009. The Management Board's composition was Aleksander Svetelšek – President, Marija Lah – member, Janez Živko – member, Rok Vodnik – member, and Roman Dobnikar – member.

10. The Supervisory Board acknowledged the mid-year operating results of the Petrol Group and Petrol d.d., Ljubljana at its 9th meeting on 27 August 2009.

11. The 10th meeting held on 14 October 2009 was dedicated to the approval issued to the Management Board to conclude the agreement with Berli d.o.o. under the authorisation granted by the Supervisory Board to its member Tomaž Berločnik at the 5th meeting, and to the revocation of this authorisation, the acknowledgement of revocation of the power of attorney granted by the Management Board in June, and the revocation of the resolution whereby the Supervisory Board restricted the Management Board's powers to ordinary activities until the appointment of the Management Board in a new composition.

12. At the 11th meeting held on 9 November 2009, the 12th meeting held on 17 November 2009, the 13th meeting held on 7 December 2009, the 15th meeting held on 13 December 2009, and the 16th meeting held on 17 December 2009, the Supervisory Board discussed the management of the equity interest in Istrabenz d.d. At the 12th meeting it also acknowledged the Report on the Operations of the Petrol Group and Petrol d.d., Ljubljana in the first nine months of 2009. At the last meeting on 17 December 2009 the Supervisory Board approved the Business Policy of the Petrol Group for 2010.

Work of the Supervisory Board's committees

After the resignation of all current members of the Management Board, whose term of office expired on different dates (except for the Worker Director), the Supervisory Board at its 4th meeting on 8 June 2009 authorised its Human Resources and Management Board Evaluation Committee to immediately carry out all procedures necessary to nominate candidates for President of the Management Board of Petrol d.d., Ljubljana. After the Supervisory Board's granting of authorisation to Aleksander Svetelšek to compose the Management Board and after his proposal for Management Board members, the Committee successfully performed everything necessary related to the preparation of material and data needed for the appointment of new Management Board members. On the basis of the Committee's recommendation, the Supervisory Board at its 8th meeting made a competent decision on the appointment of the president and four members of the Management Board, whose five-year term of office started on 30 August 2009.

In 2009 the Audit Committee met eight times. At the first meeting, the Committee formulated its stance on the 2008 Annual Report of the Petrol Group and the Company, prepared its view on the proposal for the selection of the auditor for 2009, and approved its action plan for 2009. At the last meeting in December 2009, it acknowledged the preliminary audit for 2009 and approved the action plan of the internal audit for 2010. The topics of other meetings included the interim results of the Petrol Group and Petrol d.d., Ljubljana, the analysis of the stances of the Management Board and the auditors on discussed topics, the investment in Istrabenz d.d., a review of offers from auditing companies, and other issues within the competence of the Audit Committee.

Assessment of the Petrol Group's operations in 2009

The year 2009 was not a year of major strategic decisions for the Petrol Group, but rather a year dedicated to the stabilisation of conditions, both in business and at the level of corporate governance. The Supervisory Board was subject to active guidance and the initiator of a search for ambitious solutions.

The Petrol Group's economic position is still strong and Petrol ranks among the leading Slovene companies. Petrol's operations are focused on achieving long-term and stable growth in harmony with the environment, economy, local community and shareholders.

In 2009 the Petrol Group generated EUR 2.3 billion in net sales revenue, down 21 percent from 2008, both due to lower oil prices and reduced volume of sales. Its gross profit totalled EUR 280 million, which is 2 percent less than in the previous year. The Group's profit before tax amounted to EUR 14.4 million and net profit stood at EUR 10.4 million.

The volume of petroleum products sold by the Petrol Group totalled EUR 2.2 million tons, down 11 percent from 2008 as a result of the economic crisis. Revenue from the sale of supplementary and other merchandise equalled EUR 382 million, up 2 percent from 2008. The investments of the Petrol Group in 2009 amounted to EUR 44.5 million. At the end of 2009, the Group's network comprised 433 service stations.

In 2009 the Petrol Group sold 100 thousand m^3 of natural gas, a decrease of 2 percent from 2008. It also sold 228 thousand MWh of electricity and 60 thousand MWh of heat. At the end of 2009, the Petrol Group supplied liquefied petroleum gas to customers from 2,213 gas storage tanks and operated 28 gas supply concessions.

In 2009 the Group continued to implement its strategy of consolidating operations on the domestic market and expansion into the markets of SE Europe. Even though the prices of petrol and middle distillates are still regulated by the state in Slovenia and in most markets where the Petrol Group operates, well-thought-out business decisions and market-oriented actions enabled the Group to record a good result from ordinary activity at the end of the year 2009 given the general economic situation.

Approval of the 2009 Annual Report

At its 18th meeting held on 23 March 2010, the Supervisory Board discussed the Annual Report of the Petrol Group and Petrol d.d., Ljubljana for the year 2009 in the presence of a certified auditor. The results from ordinary activity were good, considering the general economic situation. Nevertheless, due to unfavourable trends on the stock markets and financial markets and the initiated compulsory composition of Istrabenz d.d., the value of Petrol's equity interest in Istrabenz d.d. decreased, as did the value of some of its other investments. All of the above was reflected in the business results of Petrol d.d., Ljubljana and the Petrol Group. On the basis of the review of the 2009 Annual Report of the Petrol Group and Petrol d.d., Ljubljana, the financial statements and the notes thereto, and the certified auditor's report, the Supervisory Board approved the audited Annual Report of the Petrol Group and Petrol d.d., Ljubljana for 2009.

In my opinion, the Supervisory Board acted responsibly and in a manner appropriate to the given situation. It laid sound foundations for successful cooperation with the Management Board and quality implementation of its function in the future.

Ljubljana, 23 March 2010

Tomaž Kuntarič
President of the Supervisory Board

2009

III. FINANCIAL REPORT 2009


1.154
1.172
1.085
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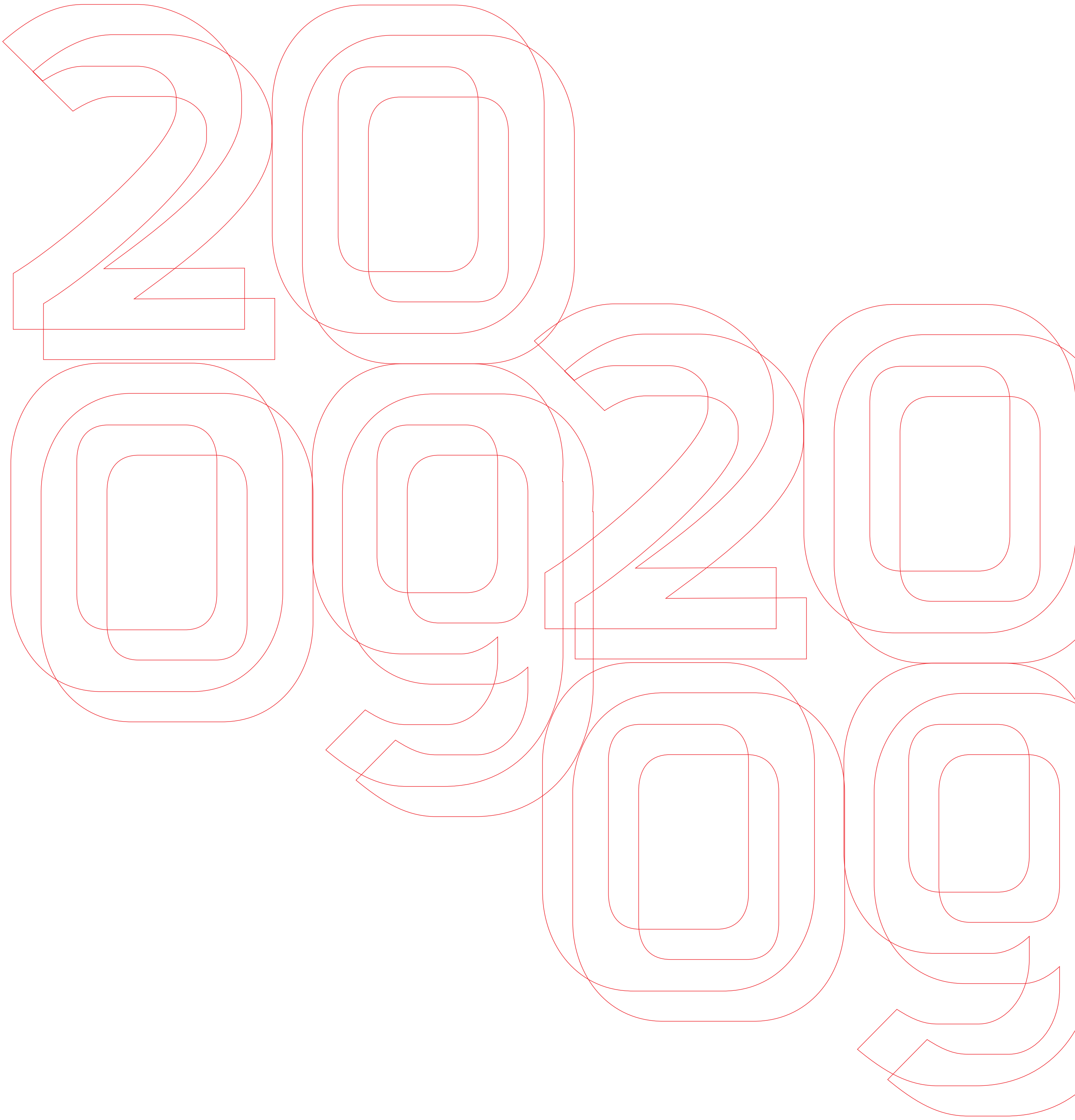
ENERGY IN NUMBERS

FINANCIAL REPORT 2009



REPORT OF THE MEMBER OF THE MANAGEMENT BOARD IN CHARGE OF FINANCE

The business environment in 2009 was marked by the financial crisis and the deepening economic downturn.

The Petrol Group considered the anticipated effect of the deteriorated economic conditions on its operations already when preparing the programme of operations for the year 2009. Further measures were taken which, in addition to an efficient risk management system, enable the Group to react quickly and efficiently to events in the business environment. In addition to deteriorated market conditions, the business operations of petroleum product retailers in Slovenia were adversely affected by high excise duties that are higher than in most neighbouring countries and thus further erode the competitiveness of Slovene retailers.

To mitigate the adverse effects of the financial crisis and economic downturn on the Petrol Group's operations, the following activities were undertaken in 2009:

- receivables and credit exposure to customers were subjected to tighter control,
- the amount of current operating assets was optimised, keeping the stocks of petroleum products at levels that were still sufficient for the performance of business activities,
- economic feasibility of all new capital investment decisions was re-examined,

- credit lines were maintained with a number of banks in Slovenia and abroad, which proved to be particularly useful in a time of financial crisis and enabled us to keep ensuring the liquidity of the Petrol Group without interruption.

In 2009 the Petrol Group generated EUR 2.3 billion in sales revenue, down 21 percent from 2008. Its operating profit totalled EUR 50.8 million, with net profit amounting to EUR 10.4 million.

The price of crude oil

The price of crude oil had a significant effect on operations of the Petrol Group in 2009. Its average purchase price on the world oil market stood at USD 61.70 per barrel in 2009, down 36.56 percent from 2008. The prices of petroleum products followed the same trend.

In addition to changes in the prices of petroleum products, the Petrol Group is exposed to the foreign exchange risk, considering that it purchases petroleum products on international markets under market conditions, makes payments in US dollars and receives payments in local currencies. In 2009 the average exchange rate of the US dollar stood at USD 1.39 to the euro, down from 1.47 in 2008. While the petroleum product pricing model passes the greater part of foreign exchange exposure, or changes in the US dollar to the euro exchange rate, on to the market, the remaining exposure is controlled on a regular basis and kept at bay by entering into derivative contracts.

Long-term bond issue

The limited supply of long-term bank loans as a result of the financial and economic crisis led the company Petrol d.d., Ljubljana to issue in June 2009 ordinary registered long-term bonds with maturity in 2014 and the total nominal value of EUR 50 million to finance capital investment activities and adjust the balance sheet structure of the Petrol Group. Thanks to the bond issue, the Company obtained a five-year financing source whose principal amount is repayable at the end of the term. The successful issue, whereby Petrol gained an additional investor base, proves that Petrol enjoys great trust in the business environment and that the financial position of the Petrol Group remains strong.

Management of current assets

In 2009 particular attention was devoted to the management of current assets, which account for 30 percent of the Petrol Group's total assets. Operating receivables and the value of inventories were lower as at the last day of 2009 compared to the end of 2008.

In the period under review, the Petrol Group's cash was tied up for an average period of 16 days, or a day more than in 2008. On the last day of the period, the Group's working capital[1] stood at EUR 109.6 million, which is EUR 31.2 million less than at the end of 2008. This contributed considerably to the decrease in the Petrol Group's debt in 2009.

All of the above factors affected the amount and size of cash flows. In 2009 net cash flows from operating activities totalled EUR 71.3 million, which was EUR 31.1 million more than in 2008. The Petrol Group allocated surplus net cash flows from operating activities, or its own funds, to investment activities, payment of dividends and repayment of loans. Other necessary funds were obtained from banks.

In spite of stringent economic conditions, the Petrol Group managed to improve its financial stability in 2009. The financial liabilities[2] to equity ratio (D/E ratio) was 1.31 as at the last day of 2009, whereas

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1 Working capital = operating receivables + inventories – short-term operating liabilities
2 Financial liabilities = short-term and long-term financial liabilities

at the end of 2008 it had stood at 1.37. The financial leverage[3] ratio stood at 56 percent at the end of 2009, down from 57 percent at the end of 2008.

In 2009 share prices and world and European stock market benchmarks reflecting share price movements improved in comparison with 2008. This was also the case with the share of Petrol. Between 1 January and 31 December 2009, Petrol's share price grew by 29.7 percent.

Stable dividend policy

A shareholder policy that is based on the long-term maximisation of returns for shareholders is still one of the cornerstones of Petrol's development strategy. Petrol's management advocates a stable long-term dividend payout as it also fits best the Company's development needs.

As a company listed on the prime market of the Ljubljana Stock Exchange, Petrol regularly and transparently informs its shareholders and other stakeholders about its operations. Interim results and any other price-sensitive information are available in Slovene and English on the Company's website and on the website of the Ljubljana Stock Exchange (SEOnet). Petrol also regularly attends investors' conferences in Slovenia and abroad.

The efficiency of the Petrol Group's financial function relies on a strong and professional team in the field of finance, accounting and controlling as well as on all other colleagues. We will continue to ensure liquidity, contain and control financial risks and prepare timely and accurate information for business decision-making purposes. Thus we will operate to the benefit of the Petrol Group, our customers, employees and other partners.

Janez Živko
Member of the Management Board in charge of finance

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

INTRODUCTION

The Management Board is responsible for the preparation of financial statements for each financial year which give a true and fair view of the operations of the Company Petrol d.d., Ljubljana and its subsidiaries within the Petrol Group, in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The Management Board reasonably expects that for the foreseeable future the Company and the Group will have sufficient resources to continue their operations and for this reason the financial statements have been prepared on the assumption that the Company and the Group will continue operating as a going concern.

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

- selection and consistent application of appropriate accounting policies,
- reasonable and prudent estimates and assessments,
- preparation of financial statements in accordance with IFRS as adopted by the EU; any significant deviations are disclosed and explained in the financial statements.

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

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

ALEKSANDER SVETELŠEK
President of the Management Board

MARIČA LAH
Member of the Management Board

JANEZ ŽIVKO
Member of the Management Board

ROMAN DOBNIKAR
Member of the Management Board

ROK VODNIK
Member of the Management Board

BOJAN HERMAN
Worker Director

Petrol d.d., Ljubljana, Dunajska c. 50 1527 Ljubljana, Slovenia, 8 March 2010

KPMG

Independent Auditor's Report

To the Shareholders of Petrol d.d., Ljubljana

We have audited the accompanying consolidated financial statements of the company Petrol d.d., Ljubljana and its subsidiaries (the Petrol Group) which comprise the consolidated statement of financial position as at 31 December 2009, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The audit of the consolidated financial statements for the previous period was conducted by another auditor and an unqualified opinion was issued on 11 March 2009.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by 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 misstatement, 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 consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Petrol Group as at 31 December 2009, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

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

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

Jason Stachurski, B.Sc.Ec.
Certified Auditor
Partner

Marjan Mahnič, B.Sc.Ec.
Certified Auditor
Partner

Ljubljana, 12 March 2010

KPMG Slovenija, d.o.o.

This auditor's report is a translation of the original auditor's report in Slovene, issued on the financial statements and the notes thereto in Slovene. This translation is provided for reference purposes only.

KPMG

Independent Auditor's Report

To the Shareholders of Petrol d.d., Ljubljana

We have audited the accompanying financial statements of the company Petrol d.d., Ljubljana, which comprise the statement of financial position as at 31 December 2009, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The audit of the financial statements for the previous period was conducted by another auditor and an unqualified opinion was issued on 11 March 2009.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements prepared in accordance with International Financial Reporting Standards, as adopted by 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 misstatement, 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 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 misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company Petrol d.d., Ljubljana as at 31 December 2009, its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

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

We confirm that the information provided within the chapter »Presentation of financial statements by activity pursuant to the Public Utilities Act and the Energy Act« as part of the notes to the financial statements are in compliance with the requirements of the Energy Act.

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

Jason Stachurski, B.Sc.Ec.
Certified Auditor
Partner

Marjan Mahnič, B.Sc.Ec.
Certified Auditor
Partner

Ljubljana, 12 March 2010

KPMG Slovenija, d.o.o.

This auditor's report is a translation of the original auditor's report in Slovene, issued on the financial statements and the notes thereto in Slovene. This translation is provided for reference purposes only.

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

Income statement of the Petrol Group and Petrol d.d., Ljubljana

		THE PETROL GROUP			PETROL D.D.		
(in EUR)	Notes	Year ended 31 December 2009	Year ended 31 December 2008 restated	Index 09/08	Year ended 31 December 2009	Year ended 31 December 2008 restated	Index 09/08
Sales		2,333,863,416	2,949,634,054	79	1,986,591,030	2,605,370,618	76
Cost of sales		(2,053,885,125)	(2,663,479,118)	77	(1,768,435,286)	(2,382,180,271)	74
Gross profit		**279,978,291**	**286,154,936**	**98**	**218,155,744**	**223,190,347**	**98**
Cost of materials	6.4	(23,317,384)	(23,923,859)	97	(9,447,442)	(9,451,829)	100
Cost of services	6.5	(112,595,081)	(112,765,957)	100	(113,876,963)	(114,751,744)	99
Labour costs	6.6	(52,529,125)	(49,915,235)	105	(23,001,529)	(22,766,106)	101
Depreciation and amortisation	6.7	(34,097,680)	(32,710,504)	104	(22,184,053)	(22,347,717)	99
Other costs	6.8	(18,375,150)	(5,501,953)	334	(5,863,007)	(3,313,359)	177
Costs		**(240,914,420)**	**(224,817,508)**	**107**	**(174,372,994)**	**(172,630,755)**	**101**
Other income	6.2	12,245,802	10,558,872	116	8,450,116	8,455,219	100
Other expenses	6.9	(463,266)	(1,037,565)	45	(49,630)	(742,798)	7
Operating profit or loss		**50,846,407**	**70,858,735**	**72**	**52,183,236**	**58,272,013**	**90**
Share of profit of equity accounted investees (net of income tax)	6.10	(3,683,516)	19,022,622	-	-	-	-
Financial revenue from dividends from subsidiaries, associates and jointly controlled entities	6.10	-	-	-	14,045,677	10,536,882	133
Other financial income	6.11	65,541,052	112,282,361	58	59,839,072	109,213,299	55
Other financial costs	6.11	(98,287,038)	(280,723,838)	35	(113,789,082)	(267,496,887)	43
Net finance costs		**(36,429,502)**	**(149,418,855)**	**24**	**(39,904,333)**	**(147,746,706)**	**27**
Profit or (loss) before tax		**14,416,905**	**(78,560,120)**	**-**	**12,278,903**	**(89,474,693)**	**-**
Tax expense	6.12	(8,442,839)	(12,376,783)	68	(6,404,988)	(10,586,588)	61
Deferred tax	6.12	1,916,426	29,275,027	7	4,787,887	28,915,695	17
Income tax expense		**(6,526,413)**	**16,898,244**	**-**	**(1,617,101)**	**18,329,107**	**-**
Net profit or (loss) for the period		**7,890,492**	**(61,661,876)**	**-**	**10,661,802**	**(71,145,586)**	**-**
Profit attributable to:							
Owners of the company		**10,425,564**	**(61,517,050)**	**-**	**10,661,802**	**(71,145,586)**	**-**
Non-controlling interest		(2,535,072)	(144,826)	-	-	-	-
Basic and diluted earnings per share	6.13	5.06	(29.84)	-	5.17	(34.51)	-

The Notes to the Financial Statements are an integral part of these financial statements and should be read in conjunction with them.

In 2009 the Group/Company corrected prior period errors as described in Disclosure 6.1. Correction of prior period errors.

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

	THE PETROL GROUP		PETROL D.D.	
(in EUR)	**Year ended 31 December 2009**	**Year ended 31 December 2008 restated**	**Year ended 31 December 2009**	**Year ended 31 December 2008 restated**
Net profit or (loss) for the period	**7,890,492**	**(61,661,876)**	**10,661,802**	**(71,145,586)**
Profit attributable to:				
Owners of the company	**10,425,564**	**(61,517,050)**	**10,661,802**	**(71,145,586)**
Non-controlling interest	(2,535,072)	(144,826)	-	-
Net profit / (loss) from valuation of available-for-sale financial statements	473,189	(3,600,951)	473,189	(3,600,951)
Net profit / (loss) of effective portion of changes in fair value of cash flow hedges	(2,378,830)	(5,211,970)	(2,378,830)	(5,211,970)
Attribution of changes in the equity of associates	105,952	476,815	-	-
Net change in valuation of investments in jointly controlled entities and associates	-	-	5,387,119	7,273,798
Exchange rate differences	(1,025,422)	(1,313,952)	-	-
Total comprehensive income	**5,065,381**	**(71,311,934)**	**14,143,280**	**(72,684,709)**
Total comprehensive income attributable to:				
Owners of the company	**7,516,003**	**(70,771,845)**	**14,143,280**	**(72,684,709)**
Non-controlling interest	(2,450,622)	(540,089)	-	-

The Notes to the Financial Statements are an integral part of these financial statements and should be read in conjunction with them.

In 2009 the Group/Company corrected prior period errors as described in Disclosure 6.1. Correction of prior period errors.

Statement of Financial Position of the Petrol Group and Petrol d.d., Ljubljana

(in EUR)	Notes	The Petrol Group 31 December 2009	The Petrol Group 31 December 2008 restated	The Petrol Group 1. januar 2008 restated	The Petrol Group Index 09/08	Petrol d.d. 31 December 2009	Petrol d.d. 31 December 2008 restated	Petrol d.d. 1 January 2008 restated	Petrol d.d. Index 09/08
ASSETS									
Non-current (long-term) assets									
Intangible assets	6.14	22,462,292	26,803,719	8,105,180	84	4,359,225	3,900,006	3,606,118	112
Property, plant and equipment	6.15	554,755,247	559,177,468	449,562,692	99	286,778,881	301,369,951	297,903,604	95
Investment property	6.16	15,739,627	15,513,826	15,681,677	101	15,761,198	16,003,040	16,315,863	98
Investments in subsidiaries	6.17	0	0	0	-	213,663,092	208,650,219	137,348,899	102
Investments in jointly controlled entities	6.18	15,318,725	16,587,067	14,637,908	92	61,137,000	56,098,000	49,775,420	109
Investments in associates	6.19	121,282,983	128,782,444	255,490,263	94	155,070,965	170,576,930	303,678,525	91
Available-for-sale financial assets	6.20	14,866,548	14,298,513	10,509,249	104	14,787,505	14,219,470	10,430,206	104
Financial receivables	6.21	9,798,440	2,534,518	3,187,257	387	14,322,182	8,917,435	12,106,775	161
Operating receivables	6.22	1,267,839	1,860,543	2,506,020	68	1,133,452	1,726,837	2,373,074	66
Deferred tax assets	6.12	34,911,346	32,535,192	1,913,652	107	36,787,324	31,523,026	1,172,338	117
		790,403,047	**798,093,290**	**761,593,898**	**99**	**803,800,824**	**812,984,914**	**834,710,822**	**99**
Current assets									
Inventories	6.23	82,003,555	88,360,567	84,873,820	93	66,763,697	72,750,024	74,064,112	92
Financial receivables	6.24	1,386,062	2,842,426	12,202,811	49	2,974,660	1,953,649	13,291,270	152
Operating receivables	6.25	244,138,201	289,015,230	239,207,602	84	226,430,647	260,146,777	231,068,890	87
Corporate income tax assets		3,118,595	483,184	300,547	-	2,858,276	0	0	-
Financial assets at fair value through profit or loss	6.26	3,121,398	2,455,034	2,184,036	127	3,130,062	2,455,034	1,896,526	127
Advances and other assets	6.27	3,565,327	7,066,375	10,170,684	50	1,281,285	3,054,467	2,373,560	42
Cash and cash equivalents	6.28	7,789,488	13,961,546	4,208,502	56	6,909,640	9,421,536	10,513,377	73
		345,122,626	**404,184,362**	**353,148,002**	**85**	**310,348,267**	**349,781,487**	**333,207,735**	**89**
Total assets		**1,135,525,673**	**1,202,277,652**	**1,114,741,900**	**94**	**1,114,149,091**	**1,162,766,401**	**1,167,918,557**	**96**
Equity and liabilities									
Equity attributable to owners of the Petrol Group									
Called-up capital		52,240,977	52,240,977	52,240,977	100	52,240,977	52,240,977	52,240,977	100
Capital surplus		80,991,385	80,991,385	80,778,118	100	80,991,385	80,991,385	80,778,118	100
Legal reserves		61,974,850	61,903,494	61,854,074	100	61,749,884	61,749,884	61,749,884	100
Reserves for own shares		2,604,670	2,604,670	2,638,832	100	2,604,670	2,604,670	2,638,832	100
Own shares		(2,604,670)	(2,604,670)	(2,638,832)	100	(2,604,670)	(2,604,670)	(2,638,832)	100
Other revenue reserves		110,420,597	122,584,025	156,732,104	90	100,845,326	113,008,754	156,732,105	89
Fair value reserves		473,190	476,813	3,072,944	99	103,084,537	97,224,229	93,551,382	106
Investment revaluation reserves		54,759	(528,005)	0	-	0	0	0	-
Hedging reserve		(7,590,801)	(5,211,970)	0	146	(7,590,801)	(5,211,970)	0	146
Translation differences		(1,495,562)	(385,690)	532,999	388	0	0	0	-
Retained earnings		53,160,388	42,806,180	82,353,841	124	2,137,232	(8,524,570)	31,026,931	-
		350,229,783	**354,877,209**	**437,565,057**	**99**	**393,458,540**	**391,478,689**	**476,079,397**	**101**
Non - controlling interest		**31,310,329**	**33,757,885**	**727,765**	**93**				
Total equity	**6.29**	**381,540,112**	**388,635,094**	**438,292,822**	**98**	**393,458,540**	**391,478,689**	**476,079,397**	**101**
Non-current liabilities									
Provisions for employee benefits	6.30	3,933,933	3,491,975	4,025,556	113	1,736,575	1,493,574	1,823,708	116
Other provisions	6.31	2,603,590	2,372,136	2,478,912	110	2,449,171	2,015,024	2,015,676	122
Long-term deferred revenue	6.32	15,563,796	16,750,393	18,004,080	93	13,279,849	14,928,181	16,632,007	89
Financial liabilities	6.33	236,618,681	306,723,368	260,788,526	77	213,914,167	275,766,939	259,789,252	78
Operating liabilities	6.34	1,472,582	1,487,982	1,553,382	99	1,149,934	1,202,196	1,254,458	96
Deferred tax liabilities	6.12	6,729,641	6,716,210	1,699,869	100	25,784,839	24,438,059	23,486,339	106
		266,922,223	**337,542,064**	**288,550,325**	**79**	**258,314,535**	**319,843,973**	**305,001,440**	**81**
Short-term liabilities									
Financial liabilities	6.33	262,099,337	227,487,188	157,945,309	115	222,056,826	132,818,573	94,083,284	167
Operating liabilities	6.35	216,589,443	236,601,092	217,302,738	92	234,410,590	309,227,463	282,626,479	76
Corporate income tax liabilities		495,438	435,510	2,529,444	114	0	113,008	1,960,921	-
Other liabilities	6.36	7,879,120	11,576,704	10,121,262	68	5,908,600	9,284,695	8,167,036	64
		487,063,338	**476,100,494**	**387,898,753**	**102**	**462,376,016**	**451,443,739**	**386,837,720**	**102**
Total liabilities		**753,985,561**	**813,642,558**	**676,449,078**	**93**	**720,690,551**	**771,287,712**	**691,839,160**	**93**
Total equity and liabilities		**1,135,525,673**	**1,202,277,652**	**1,114,741,900**	**94**	**1,114,149,091**	**1,162,766,401**	**1,167,918,557**	**96**

The Notes to the Financial Statements are an integral part of these financial statements and should be read in conjunction with them. In 2009 the Group/Company corrected prior period errors as described in Disclosure 6.1. Correction of prior period errors.

Statement of changes in equity of the Petrol Group

(in EUR)	Called-up capital	Capital surplus	Profit reserves: Legal reserves	Profit reserves: Reserves for own shares	Profit reserves: Own shares	Profit reserves: Other revenue reserves	Investment revaluation reserves	Hedging reserve	Translation differences	Retained earnings	Equity attributable to owners of the Petrol Group	Non - controlling interest	Total equity
Balance as at 1 January 2008	52,240,977	80,778,118	61,854,074	2,638,832	(2,638,832)	156,732,105	3,072,944	0	532,999	84,278,943	439,490,160	727,765	440,217,925
Correction of prior period errors (disclosure 5.1)										(1,925,103)	(1,925,103)		(1,925,103)
Balance as at 1 January 2008 restated	52,240,977	80,778,118	61,854,074	2,638,832	(2,638,832)	156,732,105	3,072,944	0	532,999	82,353,840	437,565,057	727,765	438,292,822
Own shares sold		213,267		(34,162)	34,162	34,162					247,429		247,429
Transfer to other reserves in accordance with a General Meeting resolution						20,616,208				(20,616,208)	0		0
Loss offset against retained earnings and other revenue reserves						(42,635,022)				42,635,018	0		0
Settlement of retained loss			(2,719)							2,719	0		0
Dividend payments for 2007						(12,163,428)					(12,163,428)		(12,163,428)
Transactions with owners	0	213,267	(2,719)	(34,162)	34,162	(34,148,080)	0	0	0	22,021,529	(11,915,999)	0	(11,915,999)
Current year profit or loss										(61,517,050)	(61,517,050)	(144,826)	(61,661,876)
Translation differences									(918,689)		(918,689)	(395,263)	1,313,952
Net profit / (loss) from valuation of available-for-sale financial statements							(4,599,680)				(4,599,680)		(4,599,680)
Deferred tax receivables							998,730				998,730		998,730
Net profit / (loss) of effective portion of changes in fair value of cash flow hedges								(6,514,963)			(6,514,963)		(6,514,963)
Deferred tax receivables								1,302,993			1,302,993		1,302,993
Attribution of changes in the equity of associates							596,017				596,017		596,017
Deferred tax receivables							(119,203)				(119,203)		(119,203)
Total changes in comprehensive income	0	0	0	0	0	0	(3,124,136)	(5,211,970)	(918,689)	(61,517,050)	(70,771,845)	(540,089)	(71,311,934)
Creation of legal reserves			52,139							(52,139)	0		0
Increase in non - controlling interest											0	33,570,209	33,570,209
Changes in equity	0	0	52,139	0	0	0	0	0	0	(52,139	0	33,570,209	33,570,209
Balance as at 31 December 2008	52,240,977	80,991,385	61,903,494	2,604,670	(2,604,670)	122,584,025	(51,192)	(5,211,970)	(385,690)	42,806,180	354,877,209	33,757,885	388,635,094
Balance as at 1 January 2009	52,240,977	80,991,385	61,903,494	2,604,670	(2,604,670)	122,584,025	(51,192)	(5,211,970)	(385,690)	42,806,180	354,877,209	33,757,885	388,635,094
Dividend payments for 2008						(12,163,428)					(12,163,428)		(12,163,428)
Transactions with owners	0	0	0	0	0	(12,163,428)	0	0	0	0	(12,163,428)	0	(12,163,428)
Current year profit or loss										10,425,564	10,425,564	(2,535,072)	7,890,492
Translation differences									(1,109,872)		(1,109,872)	84,450	(1,025,422)
Net profit / (loss) from valuation of available-for-sale financial statements							591,486				591,486		591,486
Deferred tax receivables							(118,297)				(118,297)		(118,297)
Net profit / (loss) of effective portion of changes in fair value of cash flow hedges								(2,973,538)			(2,973,538)		(2,973,538)
Deferred tax receivables								594,708			594,708		594,708
Attribution of changes in the equity of associates							132,440				132,440		132,440
Deferred tax liabilities							(26,488)				(26,488)		(26,488)
Total changes in comprehensive income	0	0	0	0	0	0	579,141	(2,378,830)	(1,109,872)	10,425,564	7,516,003	(2,450,622)	5,065,381
Creation of legal reserves			71,356							(71,356)	0		0
Increase in non - controlling interest											0	3,066	3,066
Changes in equity	0	0	71,356	0	0	0	0	0	0	(71,356)	0	3,066	3,066
Balance as at 31 December 2009	52,240,977	80,991,385	61,974,850	2,604,670	(2,604,670)	110,420,597	527,949	(7,590,801)	(1,495,562)	53,160,388	350,229,783	31,310,329	381,540,112

The Notes to the Financial Statements are an integral part of these financial statements and should be read in conjunction with them.

In 2009 the Group/Company corrected prior period errors as described in Disclosure 6.1. Correction of prior period errors.

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

(in EUR)	Called-up capital	Capital surplus	Profit reserves				Investment revaluation reserves	Hedging reserve	Retained earnings	Total equity Total
			Legal reserves	Reserves for own shares	Own shares	Other revenue reserves				
Balance as at 1 January 2008	52,240,977	80,778,118	61,749,884	2,638,832	(2,638,832)	156,732,105	3,072,944	0	32,835,981	387,410,009
Adjustments due to change of accounting policy							90,478,438			90,478,438
Correction of prior period errors (disclosure 6,1)									(1,809,050)	(1,809,050)
Balance as at 1 January 2008 restated	52,240,977	80,778,118	61,749,884	2,638,832	(2,638,832)	156,732,105	93,551,382	0	31,026,931	476,079,397
Own shares sold		213,267		(34,162)	34,162	34,162				247,429
Transfer to other reserves in accordance with a General Meeting resolution						20,616,208			(20,616,208)	0
Loss offset against retained earnings and other revenue reserves						(52,210,293)			52,210,293	0
Dividend payments for 2007						(12,163,428)				(12,163,428)
Transactions with owners	0	213,267	0	(34,162)	34,162	(43,723,351)	0	0	31,594,085	(11,915,999)
Current year profit or loss									(71,145,586)	(71,145,586)
Net profit / (loss) from valuation of available-for-sale financial statements							(4,599,681)			(4,599,681)
Deferred tax receivables							998,730			998,730
Net profit / (loss) of effective portion of changes in fair value of cash flow hedges								(6,514,963)		(6,514,963)
Deferred tax receivables								1,302,993		1,302,993
Valuation of investments in jointly controlled entities and associates							9,092,248			9,092,248
Deferred tax liabilities							(1,818,450)			(1,818,450)
Total changes in comprehensive income	0	0	0	0	0	0	3,672,847	(5,211,970)	(71,145,586)	(72,684,709)
Balance as at 31 December 2008	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	113,008,754	97,224,229	(5,211,970)	(8,524,570)	391,478,688
Balance as at 1 January 2009	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	113,008,754	97,224,229	(5,211,970)	(8,524,570)	391,478,688
Dividend payments for 2008						(12,163,428)				(12,163,428)
Transactions with owners	0	0	0	0	0	(12,163,428)	0	0	0	(12,163,428)
Current year profit or loss									10,661,802	10,661,802
Net profit / (loss) of effective portion of changes in fair value of cash flow hedges								(2,973,538)		(2,973,538)
Deferred tax receivables								594,708		594,708
Valuation of investments in jointly controlled entities and associates							6,733,899			6,733,899
Deferred tax liabilities							(1,346,780)			(1,346,780)
Net profit / (loss) from valuation of available-for-sale financial statements							591,486			591,486
Deferred tax receivables							(118,297)			(118,297)
Total changes in comprehensive income	0	0	0	0	0	0	5,860,308	(2,378,830)	10,661,802	14,143,280
Balance as at 31 December 2009	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	100,845,326	103,084,537	(7,590,801)	2,137,232	393,458,540
Distributable profit for 2009						12,466,875			2,137,232	14,604,107

The Notes to the Financial Statements are an integral part of these financial statements and should be read in conjunction with them.

In 2009 the Group/Company corrected prior period errors as described in Disclosure 6.1. Correction of prior period errors.

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

(in EUR)	Notes	The Petrol Group 31 December 2009	The Petrol Group 31 December 2008 restated	Petrol d.d. 31 December 2009	Petrol d.d. 31 December 2008 restated
Cash flows from operating activities					
Net profit or (loss) for the period		**7,890,492**	**(61,661,876)**	**10,661,802**	**(71,145,586)**
Adjustments for:					
Taxes paid	6.12	6,526,413	(16,898,244)	1,617,101	(18,329,107)
Depreciation of property, plant and equipment	6.8	33,226,504	31,951,075	21,561,143	21,822,247
Amortisation of intangible assets	6.8	871,176	759,429	622,910	525,470
(Gain) / loss on disposal of property, plant and equipment	6.8	(1,234,110)	(1,879,716)	(975,153)	(1,995,683)
Other (revenue) / expenses arising from property, plant and equipment	6.8	539,633	3,432	539,633	2,017
Net (decrease in)/expenses creation of allowance for operating receivables	6.8	13,753,875	(1,907,132)	2,995,940	(2,475,848)
Net write-down of operating receivables	6.8	(668,196)	409,485	(735,531)	300,171
Impairment / (reversal of impairment) of inventory value		1,044	100,031	1,044	72,737
Revenues from assets under management		(65,400)	(65,400)	(52,262)	(52,262)
Net increase / (decrease) of provisions for employee benefits	6.30	441,958	(567,956)	243,001	(330,134)
Net increase / (decrease) of other provisions	6.31	(955,144)	(1,275,299)	(1,214,185)	(1,486,721)
Net increase / (decrease) of other liabilities	6.36	(3,697,584)	1,174,585	(3,376,096)	899,902
Net increase / (decrease) of other assets	6.27	1,995,523	(272,716)	1,989,688	(2,848,205)
Net merchandise shortages	6.23	3,391,862	3,896,591	2,511,570	3,452,432
Net financial (revenues)/expenses	6.11	15,290,783	24,379,951	14,358,803	19,030,027
Impairment of investments	6.11	2,265,288	142,561,607	27,877,594	139,969,926
Impairment of goodwill	6.14	4,724,483	0	0	0
Share of profit of jointly controlled entities	6.10	(2,481,255)	(2,335,430)	0	0
Share of profit of associates	6.10	6,164,772	(16,687,192)	0	0
Financial revenues from dividends received from subsidiaries	6.10	0	0	(5,587,468)	(4,622,529)
Financial revenues from dividends received from jointly controlled entities	6.10	0	0	(3,070,822)	(2,728,360)
Financial revenues from dividends received from associates	6.10	0	0	(5,387,387)	(3,185,993)
Change in inventories	6.23	2,964,105	(3,913,838)	3,473,713	(1,637,579)
Change in operating and other receivables	6.25	41,323,971	(4,658,670)	33,957,339	(19,832,605)
Change in financial assets at fair value through profit or loss	6.26	(700,472)	(1,188,581)	(709,136)	(1,476,089)
Change in operating and other liabilities	6.35	(16,824,489)	(20,658,161)	(72,710,540)	28,385,421
Change in liabilities for forward transactions	6.33	(7,525,045)	6,779,301	(7,525,045)	6,779,301
Change in liabilities arising from commodity swaps	6.33	(748,874)	461,364	(1,236,240)	775,817
Cash generated from operations		**106,471,313**	**78,506,640**	**19,831,417**	**89,868,765**
Interest paid	6.11	(24,027,925)	(23,918,615)	(21,675,851)	(18,597,894)
Taxes paid	6.11	(11,159,797)	(14,633,196)	(9,376,272)	(12,524,123)
Net cash flows from operating activities		**71,283,591**	**39,954,829**	**(11,220,706)**	**58,746,749**

(in EUR)	Notes	The Petrol Group 31 December 2009	The Petrol Group 31 December 2008	Petrol d.d. 31 December 2009	Petrol d.d. 31 December 2008
Cash flows from investing activities					
Payments for investments in subsidiaries	6.17	0	(33,398,105)	(9,930,000)	(64,587,338)
Payments for investments in jointly controlled entities		0	(2,342,245)	0	(2,342,245)
Payments for investments in associates	6.19	(5,506,766)	(569,588)	(5,506,766)	(569,588)
Receipts from intangible assets		48,129	287,458	0	0
Payments for intangible assets	6.14	(1,299,474)	(1,060,573)	(1,082,128)	(819,359)
Receipts from property, plant and equipment	6.15	6,827,446	4,688,284	5,166,975	3,651,752
Payments for property, plant and equipment	6.15	(47,444,719)	(87,336,652)	(16,172,504)	(33,325,990)
Payments for investment property		0	(97,787)	0	0
Receipts from financial assets available for sale		0	4,142,771	0	4,142,771
Payments for financial assets available for sale		(197,177)	(19,127,320)	(197,177)	(19,127,320)
Receipts from loans granted	6,21	56,421,664	89,387,540	14,402,815	22,380,146
Payments for loans granted	6.21	(62,533,994)	(84,872,366)	(21,088,625)	(21,396,852)
Interest received	6.11	7,848,728	7,503,977	6,054,064	7,934,226
Dividends received from subsidiaries		0	0	5,587,468	4,622,529
Dividends received from jointly controlled entities	6.10	3,070,822	2,728,360	3,070,822	2,728,360
Dividends received from associates	6.10	5,387,387	9,592,249	5,387,387	9,592,249
Dividends received from others	6.10	183,252	664,058	183,252	664,058
Net cash flows from investing activities		**(37,194,702)**	**(109,809,939)**	**(14,124,417)**	**(86,452,601)**
Cash flows from financing activities					
Receipts from bonds issued	6.33	50,092,122	0	50,092,122	0
Disposal of own shares		0	247,429	0	247,429
Receipts from loans received	6.33	1,896,788,001	2,574,817,193	553,323,655	638,468,072
Paid-in capital		0	20,000,000	0	0
Payments for loans received	6.33	(1,974,967,399)	(2,509,213,810)	(568,410,667)	(599,913,835)
Dividends paid to shareholders	6.30	(12,171,882)	(12,187,655)	(12,171,882)	(12,187,655)
Net cash flows from financing activities		**(40,259,158)**	**74,663,157**	**22,833,228**	**26,614,011**
Increase / (decrease) in cash and cash equivalents		**(6,170,269)**	**3,808,047**	**(2,511,895)**	**(1,091,841)**

Changes in cash and cash equivalents

(in EUR)	Notes	The Petrol Group 31 December 2009	The Petrol Group 31 December 2008 restated	Petrol d.d. 31 December 2009	Petrol d.d. 31 December 2008 restated
Balance at the beginning of the year		13,961,546	10,170,684	9,421,536	10,513,377
Exchange rate fluctuation		(1,789)	(17,185)	0	0
Increase / (decrease)		(6,170,269)	3,808,047	(2,511,896)	(1,091,841)
Balance at the end of the period		**7,789,488**	**13,961,546**	**6,909,641**	**9,421,536**

The Notes to the Financial Statements are an integral part of these financial statements and should be read in conjunction with them.

In 2009 the Group/Company corrected prior period errors as described in Disclosure 6.1. Correction of prior period errors.

NOTES TO THE FINANCIAL STATEMENTS OF THE PETROL GROUP AND PETROL D.D., LJUBLJANA

1. Reporting entity

Petrol d.d., Ljubljana (hereinafter the "Company") is a company domiciled in Slovenia. The address of the Company's registered office is Dunajska cesta 50, 1527 Ljubljana. In these financial statements we present separate financial statements of the Company Petrol d.d., Ljubljana for the year ended 31 December 2009 and consolidated financial statements of the Group for the year ended 31 December 2009. The consolidated financial statements comprise the Company and its subsidiaries and the Group's interest in associates and jointly controlled entities (together referred to as the "Group").

2. Basis of preparation

a.) Statement of compliance

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

The Management Board of the Company approved the financial statements of the Company and the consolidated financial statements of the Group on 8 March 2010.

The following new standards and interpretations adopted by the EU but not in force on 31 December 2009 have not been applied in the preparation of the financial statements:

- Revised IFRS 3 Business Combinations (effective for annual periods beginning on 1 July 2009 or later)

The scope of the standard changed and the definition of a business was expanded. The revised standard includes also many other significant changes, namely: All items of consideration transferred by the acquirer have to be carried and measured at fair value at acquisition date, including the amount of the payment dependent on future events (conditional portion of consideration). Any subsequent change to the conditional portion of consideration is taken to profit or loss. Transaction costs, other than the costs of share and debt issue, are treated as an expense as incurred.

The revised standard should not be applied to business combinations before the day of its entry into force, as it is not relevant to financial statements and disclosed business combinations made before the entry into force of the revised standard.

- Amended IAS 27 Consolidated and Separate Financial Statements (effective for annual periods beginning on 1 July 2009 or later)
The amended standard discusses the term 'minority interest', which is replaced by the term 'non-controlling interest' and is defined as the "the equity in a subsidiary not attributable, directly or indirectly, to a parent". In addition, the amended standard introduces changes in accounting for non-controlling interest, loss of control of subsidiaries, and allocation of profit or loss and other comprehensive income between controlling and non-controlling interests.

The Group has not yet completed analysing the effect of this amendment.

- Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues (effective for annual periods beginning on 1 February 2010 or later)
According to the amendment, the rights, options or purchase warrants to acquire a fixed number of an entity's own equity instruments for a fixed price stated in any currency are equity instruments, provided the entity offers the rights, options or purchase warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments.

Amendment to IAS 32 is not relevant to the Group/Company, since in the past the Group/Company issued no such instruments.

- Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items (effective for annual periods beginning on 1 July 2010 or later)
The amended standard more specifically defines the application of existing principles determining whether special forms of cash flow risks or portion thereof reflect the hedging relationship. In order to reflect the hedging relationship, the risk or portions thereof have to be recognised and measured separately.

The Group/Company has not yet completed analysing the effect of this amendment.

- IFRIC 12 Service Concession Arrangements (effective for annual periods beginning on or after 1 April 2009)
The interpretation refers to private companies in relation to recognition and measurement of items involved in accounting treatment of service concession agreements in the public-private sector.

The Group/Company has not yet completed analysing the effect of this interpretation.

- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective for annual periods beginning on or after 1 July 2009)
The interpretation more specifically defines the type of risk for which hedging is required, where in the Group can the hedging instrument be held, it explains whether the method of consolidation affects the hedge effectiveness as well as the form of the hedging instrument and the amounts which should be reclassified from equity to profit or loss as reclassification adjustments on disposal of the foreign operation.

The Group has not yet completed analysing the effect of this amendment.

- IFRIC 18 Transfers of Assets from Customers (presumably effective for annual periods beginning on or after 1 November 2009)
According to the interpretation, an entity has to recognise a transferred asset at its fair value if such asset has the characteristics of an item of property, plant and equipment according to IAS 16 Property, Plant and Equipment. An entity must also recognise the amount of transfer as income. The timeframe for income recognition will be dependent on specific facts and circumstances.

The Group/Company has not yet completed analysing the effect of this amendment.

b.) Basis of measurement

The consolidated and separate financial statements have been prepared on an historical cost basis except for the following assets and liabilities that are carried at fair value:

- derivative financial instruments,
- financial assets at fair value through profit or loss,
- available-for-sale financial assets,
- investments in associates and jointly controlled entities (applicable only to the Company).

c.) Functional and presentation currency

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

d.) Use of estimates and judgements

The preparation of the financial statements requires management to make estimates, judgements and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of financial statements, and the reported amounts of revenue and expenses in the reporting period.

Estimates and assumptions are used in the following judgements:

- estimating useful lives of depreciable assets,
- testing assets for impairment,
- estimating the fair value of investments in associates and jointly controlled entities (valid for Company only),
- estimating the fair value of available-for-sale financial assets,
- estimating the fair value of financial assets at fair value through profit or loss,
- estimating the fair value of derivative financial instruments,
- estimating the net realisable value of inventories,
- estimating the collectible amount of receivables,
- estimating the necessary amount of provisions, etc.

Because estimates are subject to subjective judgement and a certain degree of uncertainty, actual results might differ from the estimates.

Estimates are reviewed regularly. Changes in accounting estimates are recognised in the period in which the estimates are changed if a change affects that period only. If a change affects future periods, they are recognised in the period of the change and in any future periods.

e.) Changes in accounting policies

Starting as of 1 January 2009, the Group has changed its accounting policies mainly due to change of relevant accounting standards in the following areas:

- accounting for business combinations,
- accounting for acquisitions of non-controlling interests,
- accounting for borrowing costs,
- determination and presentation of operating segments,
- presentation of financial statements.

Starting as of 1 January 2009, the Company has changed its accounting policies mainly due to change of relevant accounting standards in the following areas:

- accounting for borrowing costs,
- determination and presentation of operating segments,
- presentation of financial statements .

Accounting for business combinations

The Group has adopted IFRS 3 Business Combinations (2008) and IAS 27 Consolidated and Separate Financial Statements (2008) for all business combinations occurring on or after 1 January 2009. All business combinations occurring on or after 1 January 2009 are accounted for by applying the acquisition method. The change in accounting policy is applied prospectively from the date of transition and has no material impact on earnings per share.

Control is the power to govern the financial and operating policies of an entity or a company so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Group measures goodwill at the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the assets acquired and liabilities assumed, all measured as at the acquisition date. The consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the termination amount (as contained in the agreement) and the value of the off-market element is deducted from the consideration and recognised in other expenses.

When share-based payment awards exchanged (replacement awards) for awards held by the acquiree's employees (acquiree's awards) relate to past services, then a part of the market-based measure of the awards replaced is included in the consideration transferred. If they require future services, then the difference between the amount included in the consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably. The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree. Transaction costs incurred in connection with a business combination (finder's fees, legal fees, due diligence fees, other professional and consulting fees) are expensed as incurred.

No business combinations took place in 2009.

Accounting for acquisitions of non-controlling interests

The Group has adopted IFRS 3 Business Combinations (2008) and IAS 27 Consolidated and Separate Financial Statements (2008) for acquisitions of non-controlling interests occurring after 1 January 2009. Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised. Previously, goodwill was recognised arising on the acquisition of a non-controlling interest in a related company; and that represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of exchange. The change in accounting policy is applied prospectively from the date of transition and has no material impact net profit or loss.

No acquisitions under IFRS 3 took place in 2009.

Accounting for borrowing costs

In respect of qualifying assets for which the commencement date for capitalisation is on or after 1 January 2009, the Group/Company capitalises material borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Previously, the Group/Company immediately recognised all borrowing costs as an expense. This change in accounting policy was due to the adoption of IAS 23 Borrowing Costs (2007) in accordance with the transitional provisions of this standard; comparative figures have not been restated. The change in accounting policy had no material impact on earnings per share.

In year 2009 the Group/Company did not have investments that would require capitalization of borrowing costs.

Determination and presentation of operating segments

On 1 January 2009, the Group determines and presents operating segments based on the information that is provided to the Group's chief operating decision maker. This change in accounting policy is due to the adoption of IFRS 8 Operating Segments. Previously, operating segments were determined and presented in accordance with IAS 14 Segment Reporting. Comparative segment information is adjusted in conformity with the transitional requirements of this standard. The change in accounting policy only impacts presentation aspects. Consequently, there is no impact on net profit or loss.
An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the executive officers who make decisions about resources to be allocated to the segment and assess its performance; an operating segment is also a component of an entity for which relevant discrete financial information is available.

Presentation of financial statements

The Group/Company applies revised IAS 1 Presentation of Financial Statements (2007), which became effective on 1 January 2009. In line with requirements of IAS 1, the Group/Company changed the name of the balance sheet into the statement of financial position. In accordance with guidance in IAS 1, the Group/Company presents both an income statement as well as a statement of comprehensive income.

To ensure more appropriate presentation, the Group/Company transferred expenses associated with the impairment of financial assets to finance expenses. Previously, these were recorded as write-downs in value and included in operating expenses. Revenues and expenses derived from commodity swaps were also transferred to finance income and expenses, again to ensure their more appropriate presentation. Previously, the effects of commodity swaps were included in gross profit or loss.

These changes only impact presentation aspects. Consequently, there is no impact on net profit or loss of the Group/Company. Comparative information has been appropriately reclassified so that it corresponds to the current year.

f.) Prior period errors

The Group/Company corrects prior period errors retrospectively in the first financial statements authorised for issue after their discovery. The Group/Company corrects errors:

- by restating the comparative amounts for the prior period(s) presented in which the error occurred;
- if the error occurred before the earliest prior period presented, by restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

In 2009 the Group corrected following prior period errors:

- it recognised provisions for employee benefits in relation to franchised service stations;
- it corrected an error resulting from the non-detection of indicators of impairment of the investment in NLB d.d. in 2008;
- It corrected an error in the recognition in investments in progress.

In 2009 the Company corrected the following prior period errors:

- it recognised provisions for employee benefits in relation to franchised service stations;
- it corrected an error resulting from the non-detection of indicators of impairment of the investment in NLB d.d. in 2008.

The correction of stated errors is disclosed in Disclosure 6.1. Correction of prior period errors.

3. Significant accounting policies of the Group

Group companies have applied consistently the accounting policies set out below to all periods presented in these financial statements (except as explained in Note 2.e Changes in accounting policies).

a.) Basis of consolidation

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

Business combinations

In compliance with the revised IFRS 3, the Group has changed its accounting policy with respect to accounting for business combinations. See note 2e for further details.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration the existence and effect of potential voting rights that are currently exercisable or convertible. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognised as part of share premium. Any cash paid for the acquisition is recognised directly in equity.

Investments in associates and jointly controlled entities

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for using the equity method. The consolidated financial statements include the Group's share of the profit and loss of equity accounted jointly controlled entities, after adjustments to align the accounting policies, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in a jointly controlled entity, the carrying amount of that interest (including any long-term investments) is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the jointly controlled entity.

Transactions eliminated on consolidation
Intra-group balances and any unrealised profits and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised profits/losses arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the associate or jointly controlled entity.

b.) Foreign currency translation

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

Translation of Group companies' financial statements from the functional to the reporting currency
The consolidated financial statements are presented in euro, which is the controlling company's local and reporting currency. Line items of each Group company that are included in the financial statements are measured in the currency of the primary economic environment in which the Company operates (the " functional currency").
The profit or loss and the financial position of Group companies (none of which has the currency of a hyperinflationary economy) having a functional currency that is different from the reporting currency are translated to the reporting currency as follows:

- assets and liabilities from each statement of financial position presented are translated at the middle exchange rate of the ECB on the reporting date,
- revenue and expenses of foreign operations are converted to euro at exchange rates on the conversion date,
- all resulting foreign exchange differences are recognised as a separate component of other comprehensive income (foreign exchange differences).

Foreign exchange differences arising on the translation of net investments in foreign operations, liabilities and other currency instruments designated as hedges of such investments are reported as translation differences in other comprehensive income. When a foreign operation is disposed of, these foreign exchange differences are recognised in the income statement as part of gains or losses on the disposal.

c.) Financial instruments

Financial instruments consist of the following items:

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

c1.) Non-derivative financial assets

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

The Group initially recognises bonds and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date or the date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

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

Impairment of assets is detailed in note j2.

Available-for-sale financial assets

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

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

If their fair value cannot be measured reliably because the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, the Company measures the financial asset at cost. If a financial asset is carried at cost, this is mentioned in disclosures relating to the asset.

Financial assets at fair value through profit or loss

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are part of current assets, except when their maturity is greater than 12 months from the date of the statement of financial position, in which case they are classified as long-term assets. In the balance sheet, loans and receivables are carried as operating and other receivables and measured at amortised cost using the effective interest rate method.

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

c2.) Non-derivative financial liabilities
The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group has the following non-derivative financial liabilities: loans, bonds issued and trade payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Financial liabilities are classified as long-term liabilities except for the liabilities or portions of liabilities with maturities of less than 12 months from the date of the statement of financial position, which are classified as current liabilities.

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

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

The Group has the following derivative financial instruments:

Forward contracts
The 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 that are hedged against using forward contracts.

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

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

The fair value of commodity swaps on the balance sheet date is determined using a table of publicly available information about the value of commodity swaps as at the balance sheet date, issued by relevant institutions. Gains and losses are recognised in profit or loss.

Interest rate swaps and collars
Interest rates on loans received are exposed to a risk of interest rate fluctuations which is hedged against using interest rate swaps and collars.

The fair value of interest rate swaps and collars on the balance sheet date is determined by discounting future cash flows arising as a result of a variable interest rate (interest proceeds from a swap) and a fixed interest rate (payment of interest on a swap).

When an interest rate swap is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a recognised asset or liability or a forecast transaction, the effective portion of the gain or loss on the instrument is recognised in comprehensive income for the period and presented in the hedging reserve. The ineffective portion of the gain or loss on the instrument is recognised in profit or loss. Recognition of hedging instruments is described in more detail at the beginning of this note.

d.) Equity

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

Capital surplus
General equity revaluation adjustments as at 31 December 2003 comprised the revaluation of share capital made before the year 2002, in accordance with the then applicable Slovene Accounting Standards. Because of the transition to International Financial Reporting Standards, the revaluation adjustment was transferred to capital surplus. It can only be used to increase share capital.

Legal and other reserves
Legal and other reserves comprise shares of profit from previous years that have been retained for a dedicated purpose, mainly for offsetting eventual future losses. When created, they are recognised by the body responsible for the preparation of the annual report or by a resolution of this body.

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

e.) Intangible assets

Goodwill

The Group's goodwill is the result of business combinations. For measurement of goodwill at initial recognition, see note 3a.

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

Concessions for the construction of gas network and distribution of natural gas

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

Other intangible assets

Other intangible assets that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. The Group does not have intangible assets with unidentifiable useful lives.

Other intangible assets of the Group mainly consist of software.

Subsequent expenditure

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other costs are recognised as an expense in profit or loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset. Amortisation is recognised in profit or loss on a straight-line basis over the useful lives of intangible assets, other than goodwill, from the date that they are available for use. This method most closely reflects the expected pattern of consumption of future economic benefits.

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

(in %)	2009	2008
Concessions	3.45 - 20.00 %	3.45 - 20.00 %
Computer software	20.00 - 25.00 %	20.00 - 25.00 %

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge for the use of the infrastructure to the end of the concession period.

Impairment of assets is explained in more detailed in note j2.

f.) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, with the exception of land, which is measured at cost less any impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. Parts of an item of property, plant and equipment having different useful lives are accounted for as separate items of property, plant and equipment. Borrowing costs directly attributable to the acquisition, construction or production of an asset form the cost of asset. For subsequent measurement the cost model is applied.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. All other costs (e.g. the costs of day-to-day servicing) are recognised as expenses in profit or loss as incurred.

Depreciation

Depreciation is accounted for on a straight-line basis, taking into account the useful lives of each (part of an) item of property, plant and equipment. This method most closely reflects the expected pattern of consumption of the asset. Leased assets are depreciated by taking into account the lease term and their useful lives. Land is not depreciated. Depreciation begins when an asset is available for use. Construction work in progress is not depreciated.

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

(in %)	2009	2008
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 paths on service stations	5.00 - 14.30 %	5.00 - 14.30 %
Other buildings	1.43 - 50.00 %	1.43 - 50.00 %
Equipment:		
Equipment - machinery and electronics for maintenance of other equipment	10.00 - 25.00 %	10.00 - 25.00 %
Gas station equipment	3.33 - 20.00 %	3.33 - 20.00 %
Pumping equipment at service stations	5.00 - 25.00 %	5.00 - 25.00 %
Motor vehicles	10.00 - 25.00 %	10.00 - 25.00 %
Cargo vehicles - tank wagons	25.00 %	25.00 %
Computer hardware	15.00 - 25.00 %	15.00 - 25.00 %
Office equipment - furniture	6.7 - 12.50 %	6.7 - 12.50 %
Small tools:	33.33 %	33.33 %
Environmental fixed assets:	5.00 - 25.00 %	5.00 - 25.00 %

Residual values and useful lives of an asset are reviewed annually and adjusted if appropriate. If the carrying amount of an asset is greater than its estimated recoverable amount, the asset's carrying amount is immediately written down to its recoverable amount and recognised in profit or loss. Impairment of assets is explained in more detailed in note j.

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

Environmental fixed assets
Environmental fixed assets acquired under a scheme for the generation and use of revenue deferred for the purpose of environmental rehabilitation (this is explained in more detail in note l) are carried and presented separately. Environmental fixed assets have been approved for the purpose of the environmental rehabilitation of service stations, road tankers and storage facilities, as well as for the cleanup of the bitumen dump at Pesniški dvor. They were approved by means of a decision of the Ministry of the Environment and Spatial Planning as part of the ownership transformation of the Company Petrol d.d., Ljubljana and were recognised as such in the opening financial statements of Petrol d.d., Ljubljana as at 1 January 1993 that were prepared in accordance with the regulations governing the ownership transformation of companies.

g.) Investment property
Investment property is property held by the Group either to earn rental income or for capital appreciation or for both.

Investment property is measured using the cost model. Subsequent to its recognition, the asset is recognised at cost less accumulated depreciation and accumulated impairment losses. Depreciation rates are the same as for other tangible assets. Impairment of assets is explained in more detailed in point j.

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

Finance lease
- The Group as a lessor

Amounts due from lessees in a finance lease are treated as receivables and amount to the value of the investment leased out. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the leased out net investment that has not yet been realised.
- The Group as a lessee

Assets acquired under a finance lease are carried at the lower of fair value or minimum payments to the end of the lease less accumulated depreciation and impairment losses. Finance lease expenses are recognised using the effective interest rate method.

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

i.) Inventories

Inventories of merchandise and materials are measured at the lower of historical cost and net realisable value. The historical cost of inventories comprises the cost, which is made up of the purchase price, import duties and direct costs of purchase. Any discounts are subtracted from the purchase price. Direct costs of purchase include transportation costs, costs of loading, transhipment and unloading, transport insurance costs, goods tracking costs, costs of agency arrangements and other similar costs incurred before initial storage and borne by the purchaser, and non-refundable duties. Discounts on purchase prices include discounts indicated on invoices and subsequently obtained discounts relating to a specific purchase.

The cost formula is based on the first-in first-out principle (FIFO). The FIFO assumes that the items of inventories that are purchased or produced first are also the first to be sold. Accordingly, the items remaining in the inventory at the end of the period are the ones that were bought most recently.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Damaged, expired and unusable inventories are written off regularly during the year on an item by item basis. The realisable value of inventories is assessed at least once a year based on their balances as at the date of the annual financial statements of the Group. The inventories that have not changed for more than a year are written off.

j.) Impairment

j1.) Financial assets (including receivables)

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

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group for which the Group granted its approval, indications that a debtor will enter bankruptcy, and the disappearance of an active market for a security.

In addition, for an investment in an equity security, a significant (more than 20%) or prolonged (longer than 9 months) decline in its fair value below its cost is objective evidence of impairment.

Impairment of receivables and loans given

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

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

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

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

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

j2.) Non-financial assets
The Group reviews at each reporting date the carrying amounts of significant non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, impairment loss is estimated at each reporting date.

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

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

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

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

k.) Provisions

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

The most significant provisions include:

Provisions for employee benefits

Pursuant to the law, the collective agreement and the internal rules, the Group is obligated to pay its employees jubilee benefits and termination benefits upon retirement, for which it has established long-term provisions. There are no other pension liabilities.
Provisions are determined by discounting, at the end of reporting period, the estimated future benefits in respect of termination and jubilee benefits. The obligation is calculated separately for each employee by estimating the costs of termination benefits upon retirement and the costs of all expected jubilee benefits until retirement. The calculation based on projected unit has been prepared by an actuary. Termination benefits upon retirement and jubilee benefits are charged against formed provisions.

Provisions for employee benefits in relation to franchised service stations

The business cooperation contracts concluded by the Company with the franchised service stations stipulate that the rights of employees of the franchised service stations to jubilee benefits and termination benefits upon retirement are equal as the rights of employees of the Company. The contractual obligation of the Company to reimburse the costs arising from such rights to franchised service stations represents the basis for recognition of long-term provisions. Provisions are determined by discounting, at the end of reporting period, the estimated future benefits in respect of termination and jubilee benefits. The obligation is calculated separately for each employee of the franchised service stations by estimating the costs of termination benefits upon retirement and the costs of all expected jubilee benefits until retirement. The calculation based on projected unit has been prepared by a certified actuary. Reimbursed costs arising from termination benefits upon retirement and jubilee benefits are charged against formed provisions.

l.) Long-term deferred revenue

Long-term deferred revenue from gas network connection fee

When connected to the gas network, the users pay a fixed fee, entitling them to be connected to the established network. Since the benefits from the service rendered are expected throughout the period of gas supply to the user, the revenue from the connection fee is deferred in proportion to the estimated period during which the benefits will flow to Petrol. The Group estimates that the period during which the benefits will flow to it equals the term of concession for the gas network. This term ranges between 20 and 35 years, depending on specific concession agreement.
A portion of deferred revenue payable in the period under 12 months is restated under short-term deferred revenue.

Long-term deferred revenue from environmental fixed assets

Long-term deferred revenue from environmental fixed assets comprises deferred revenue from funds granted for the environmental rehabilitation of service stations, road tankers, storage facilities and the clean-up of the bitumen dump at Pesniški dvor. These so-called environmental fixed assets presented under property, plant and equipment of the Group were approved by a decision of the Ministry of the

Environment and Spatial Planning as part of the ownership transformation of Petrol d.d., Ljubljana and recognised in its opening financial statements as at 1 January 1993 prepared in accordance with the regulations governing the ownership transformation of companies. Deferred revenue is restated under revenue in proportion to the depreciation of environmental fixed assets and the funds used for the clean-up of dumps.

m.) Recognition of revenue

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

Revenue is recognised as follows:

Sale of goods
A sale of goods is recognised when the Group delivers products to a customer, the customer accepts the products, and the collectability of the related receivables is reasonably assured.

Sale of services
A sale of services is recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the transaction assessed on the basis of the actual service provided as a proportion of total services to be provided.

n.) Finance income and expenses

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

Finance expenses comprise interest expense on borrowings costs (except the capitalized borrowing as described in note f), foreign exchange losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in the income statement. Borrowing costs are recognised in the income statement using the effective interest method.

o.)Taxes

Taxes comprise current tax and deferred tax liabilities. Income tax is recognised in the income statement except to the extent that it relates to business combinations or items recognised directly in in other comprehensive income.

Current tax liabilities are based on the taxable profit for the year. Taxable profit differs from the net profit reported in the income statement as it excludes revenue and expense items taxable or deductible in other years and other items that are never subject to taxation or deduction. The Group's current tax liabilities are calculated using the tax rates effective on the balance sheet date.

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

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

p.) Determination of fair value

A number of the Group's accounting policies require the determination of fair value, for both financial and non-financial assets and liabilities.

Fair value is the amount for which an asset could be sold or a liability exchanged between knowledgeable, willing parties in an arm's length transaction.

The Group determines the fair value of financial instruments by taking into account the following fair value hierarchy:

- Level 1 comprises quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 includes inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 consists of inputs for assets or liabilities that are not based on observable market data.

The Group uses quoted prices as the basis for the fair value of financial instruments. If a financial instrument is not quoted on a regulated market and the market is considered as inactive, the Company uses inputs of Levels 2 and 3 for determining the fair value of a financial instrument.

Where applicable, further information about the assumptions made when determining fair values is disclosed in the notes specific to that asset or liability of the Group.

Fair values of individual groups of assets have been determined for measurement and/or reporting purposes based on the methods described below.

Intangible assets

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

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of business combinations is the same as their market value. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation and after proper marketing between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably, rationally, willingly and independently. The market value of items of plant, equipment, fixtures and fittings is based on the approach using quoted market prices for similar items.

Investment property

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

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

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

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

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

Derivative financial instruments

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

q.) Earnings per share

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

r.) Operating segments

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

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

- oil trading
- gas
- environmental and other energy activities

s.) Cash flow statement

The section of the cash flow statement referring to operating activities has been prepared using the indirect method based on data derived from the statement of financial position as at 31 Decemeber 2008 and 31 December 2009 and data derived from the income statement for 2009. The section referring to investing and financing activities has been prepared using the direct method. Default interest paid and received in respect of operating receivables is allocated to cash flows from operating activities. Interest on loans, and dividends paid and received are allocated to cash flows from financing activities.

4. Significant accounting policies of the Company

a.) Foreign currency translation

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

b.) Investments in subsidiaries

In the financial statements of the Company, investments in subsidiaries have been accounted for at cost. The Company recognises income from an investment only to the extent that they originate from a distribution of accumulated profits of the investee arising after the date of acquisition.

c.) Investments in associates and jointly controlled entities

The Company accounts for investments in associates and jointly controlled entities in accordance with IAS 39, as available-for-sale financial assets. They are carried at fair value, whereas the profits or losses are recognised directly in other comprehensive income, except for impairment losses, until the financial asset is derecognised. When an investment is derecognised, the cumulative gain or loss in other comprehensive income for the period is transferred to profit or loss.

d.) Financial instruments

Financial instruments consist of the following items:

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

d1.) Non-derivative financial assets

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

The Company initially recognises bonds and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date or the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Upon initial recognition, non-derivative financial instruments of the Company are classified into one the following groups: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables, and available-for sale financial assets. Their classification depends on the purpose for which an instrument was acquired.
Impairment of assets is detailed in note k2.

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

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

If their fair value cannot be measured reliably because the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, the Company measures the financial asset at cost. If a financial asset is carried at cost, this is mentioned in disclosures relating to the asset.

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

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

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are part of current assets, except when their maturity is greater than 12 months from the date of the statement of financial position, in which case they are classified as long-term assets. In the balance sheet, loans and receivables are carried as operating and other receivables and measured at amortised cost using the effective interest rate method.

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

d2.) Non-derivative financial liabilities
The Company initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Company has the following non-derivative financial liabilities: loans, bonds issued and trade payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Financial liabilities are classified as long-term liabilities except for the liabilities or portions of liabilities with maturities of less than 12 months from the date of the statement of financial position, which are classified as current liabilities.

d3.) Derivative financial instruments

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

- When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in comprehensive income for the period and presented in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised directly in profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting or the hedging instrument is sold, terminated or exercised, then the Company is to discontinue hedge accounting. The cumulative gain or loss recognised in other comprehensive income remains presented in the hedging reserve until the forecast transaction affects profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases, the amount recognised in other comprehensive income is transferred to profit or loss for the same period in which the hedged item affects profit or loss.

- The effects of other derivatives not designated as the hedging instrument in a hedge of the variability in cash flows or not attributable to a particular risk associated with a recognised asset or liability are recognised in profit or loss.

The Company has the following derivative financial instruments:

Forward contracts

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

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

Commodity swaps

When petroleum products are purchased or sold, mismatches occur between purchase and selling prices that are hedged against using commodity swaps.
The fair value of commodity swaps on the balance sheet date is determined using a table of publicly available information about the value of commodity swaps as at the balance sheet date, issued by relevant institutions. Gains and losses are recognised in profit or loss.

Interest rate swaps and collars
Interest rates on loans received are exposed to a risk of interest rate fluctuations which is hedged against using interest rate swaps and collars.

The fair value of interest rate swaps and collars on the balance sheet date is determined by discounting future cash flows arising as a result of a variable interest rate (interest proceeds from a swap) and a fixed interest rate (payment of interest on a swap).

When an interest rate swap is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a recognised asset or liability or a forecast transaction, the effective portion of the gain or loss on the instrument is recognised in comprehensive income for the period and presented in the hedging reserve. The ineffective portion of the gain or loss on the instrument is recognised in profit or loss. Recognition of hedging instruments is described in more detail at the beginning of this note.

e.) Equity

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

Capital surplus
General equity revaluation adjustments as at 31 December 2003 which, in accordance with Slovene Accounting Standards valid at that date, comprised the revaluation of share capital made before the year 2002. Because of the transition to International Financial Reporting Standards, the revaluation adjustment was transferred to capital surplus. It can only be used to increase share capital.

Legal and other reserves
Legal and other reserves comprise shares of profit from previous years that have been retained for a dedicated purpose, mainly for offsetting eventual future losses. When created, they are recognised by the body responsible for the preparation of the annual report or by a resolution of this body.

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

f.) Intangible assets

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

Other intangible assets

Other intangible assets that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. The Company does not have intangible assets with unidentifiable useful lives.
Other intangible assets of the Company mainly consist of software.

Subsequent expenditure

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other costs are recognised as an expense in profit or loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset. Amortisation is recognised in profit or loss on a straight-line basis over the useful lives of intangible assets, other than goodwill, from the date that they are available for use. This method most closely reflects the expected pattern of consumption of future economic benefits.

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

(in %)	2009	2008
Concessions	3.45 - 20.00 %	3.45 - 20.00 %
Computer software	20.00 - 25.00 %	20.00 - 25.00 %

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Company is able to charge for the use of the infrastructure to the end of the concession period.

Impairment of assets is explained in more detailed in note k.

g.) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, with the exception of land, which is measured at cost less any impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. Parts of an item of property, plant and equipment having different useful lives are accounted for as separate items of property, plant and equipment. Borrowing costs directly attributable to the acquisition, construction or production of an asset form the cost of asset. For subsequent measurement the cost model is applied.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. All other costs (e.g. the costs of day-to-day servicing) are recognised as expenses in profit or loss as incurred.

Depreciation

Depreciation is accounted for on a straight-line basis, taking into account the useful lives of each (part of an) item of property, plant and equipment. This method most closely reflects the expected pattern of consumption of the asset. Leased assets are depreciated by taking into account the lease term and their useful lives. Land is not depreciated. Depreciation begins when an asset is available for use. Construction work in progress is not depreciated.

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

(in %)	2009	2008
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 paths on service stations	5.00 - 14.30 %	5.00 - 14.30 %
Other buildings	1.43 - 50.00 %	1.43 - 50.00 %
Equipment:		
Equipment - machinery and electronics for maintenance of other equipment	10.00 - 25.00 %	10.00 - 25.00 %
Gas station equipment	3.33 - 20.00 %	3.33 - 20.00 %
Pumping equipment at service stations	5.00 - 25.00 %	5.00 - 25.00 %
Motor vehicles	10.00 - 25.00 %	10.00 - 25.00 %
Cargo vehicles - tank wagons	25.00 %	25.00 %
Computer hardware	15.00 - 25.00 %	15.00 - 25.00 %
Office equipment - furniture	6.7 - 12.50 %	6.7 - 12.50 %
Small tools:	33.33 %	33.33 %
Environmental fixed assets:	5.00 - 25.00 %	5.00 - 25.00 %

Residual values and useful lives of an asset are reviewed annually and adjusted if appropriate. If the carrying amount of an asset is greater than its estimated recoverable amount, the asset's carrying amount is immediately written down to its recoverable amount and recognised in profit or loss. Impairment of assets is explained in more detailed in note j2.

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

Environmental fixed assets
Environmental fixed assets acquired under a scheme for the generation and use of revenue deferred for the purpose of environmental rehabilitation (this is explained in more detail in point l) are carried and presented separately. Environmental fixed assets have been approved for the purpose of the environmental rehabilitation of service stations, road tankers and storage facilities, as well as for the cleanup of the bitumen dump at Pesniški dvor. They were approved by means of a decision of the Ministry of the Environment and Spatial Planning as part of the ownership transformation of the Company Petrol d.d., Ljubljana and were recognised as such in the opening financial statements of Petrol d.d., Ljubljana as at 1 January 1993 that were prepared in accordance with the regulations governing the ownership transformation of companies.

h.) Investment property

Investment property is property held by the Company either to earn rental income or for capital appreciation or for both.

Investment property is measured using the cost model. Subsequent to its recognition, the asset is recognised at cost less accumulated depreciation and accumulated impairment losses. Depreciation rates are the same as for other tangible assets. Impairment of assets is explained in more detailed in point k.

i.) Leased assets

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

Finance lease

The Company acts as a lessor only. Amounts due from lessees in a finance lease are treated as receivables and amount to the value of the investment leased out. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the leased out net investment that has not yet been realised.

Operating lease

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

j.) Inventories

Inventories of merchandise and materials are measured at the lower of historical cost and net realisable value. The historical cost of inventories comprises the cost, which is made up of the purchase price, import duties and direct costs of purchase. Any discounts are subtracted from the purchase price. Direct costs of purchase include transportation costs, costs of loading, transhipment and unloading, transport insurance costs, goods tracking costs, costs of agency arrangements and other similar costs incurred before initial storage and borne by the purchaser, and non-refundable duties. Discounts on purchase prices include discounts indicated on invoices and subsequently obtained discounts relating to a specific purchase.

The cost formula is based on the first-in first-out principle (FIFO). The FIFO assumes that the items of inventories that are purchased or produced first are also the first to be sold. Accordingly, the items remaining in the inventory at the end of the period are the ones that were bought most recently.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Damaged, expired and unusable inventories are written off regularly during the year on an item by item basis. The realisable value of inventories is assessed at least once a year based on their balances as at the date of the annual financial statements of the Company. The inventories that have not changed for more than a year are written off.

k.) Impairment

k1.) Financial assets (including receivables)

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

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company for which the Company granted its approval, indications that a debtor will enter bankruptcy, and the disappearance of an active market for a security.

In addition, for an investment in an equity security, a significant (more than 20%) or prolonged (longer than 9 months) decline in its fair value below its cost is objective evidence of impairment.

Impairment of receivables and loans given

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

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

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

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

Impairment of available-for-sale financial assets

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

k2.) Non-financial assets

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

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

The impairment of an asset or a cash generating unit is recognised if its carrying amount exceeds its recoverable amount. Impairment is recognised in the income statement.

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

I.) Provisions

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

The most significant provisions include:

Provisions for employee benefits

Pursuant to the law, the collective agreement and the internal rules, the Company is obligated to pay its employees jubilee benefits and termination benefits upon retirement, for which it has established long-term provisions. There are no other pension liabilities.
Provisions are determined by discounting, at the end of reporting period, the estimated future benefits in respect of termination and jubilee benefits. The obligation is calculated separately for each employee by estimating the costs of termination benefits upon retirement and the costs of all expected jubilee benefits until retirement. The calculation based on projected unit has been prepared by an actuary. Termination benefits upon retirement and jubilee benefits are charged against formed provisions.

Provisions for employee benefits in relation to franchised service stations

The business cooperation contracts concluded by the Company with the franchised service stations stipulate that the rights of employees of the franchised service stations to jubilee benefits and termination benefits upon retirement are equal as the rights of employees of the Company. The contractual obligation of the Company to reimburse the costs arising from such rights to franchised service stations represents the basis for recognition of long-term provisions. Provisions are determined by discounting, at the end of reporting period, the estimated future benefits in respect of termination and jubilee benefits. The obligation is calculated separately for each employee of the franchised service stations by estimating the costs of termination benefits upon retirement and the costs of all expected jubilee benefits until retirement. The calculation based on projected unit has been prepared by a certified actuary. Reimbursed costs arising from termination benefits upon retirement and jubilee benefits are charged against formed provisions.

m.) Long-term deferred revenue

Long-term deferred revenue from gas network connection fee

When connected to the gas network, the users pay a fixed fee, entitling them to be connected to the established network. Since the benefits from the service rendered are expected throughout the period of gas supply to the user, the revenue from the connection fee is deferred in proportion to the estimated period during which the benefits will flow to Petrol. The Company estimates that the period during which the benefits will flow to it equals the term of concession for the gas network. This term ranges between 20 and 35 years, depending on specific concession agreement.
A portion of deferred revenue payable in the period under 12 months is restated under short-term deferred revenue.

Long-term deferred revenue from environmental fixed assets

Long-term deferred revenue from environmental fixed assets comprises deferred revenue from funds granted for the environmental rehabilitation of service stations, road tankers, storage facilities and the clean-up of the bitumen dump at Pesniški dvor. These so-called environmental fixed assets presented under property, plant and equipment of the Company were approved by a decision of the Ministry of the Environment and Spatial Planning as part of the ownership transformation of Petrol d.d., Ljubljana and recognised in its opening financial statements as at 1 January 1993 prepared in accordance with the regulations governing the ownership transformation of companies. Deferred revenue is restated under revenue in proportion to the depreciation of environmental fixed assets and the funds used for the clean-up of dumps.

n.) Recognition of revenue

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

Revenue is recognised as follows:

Sale of goods

A sale of goods is recognised when the Company delivers products to a customer, the customer accepts the products, and the collectability of the related receivables is reasonably assured.

Sale of services

A sale of services is recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the transaction assessed on the basis of the actual service provided as a proportion of total services to be provided.

o.) Finance income and expenses

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, foreign exchange gains and gains on hedging instruments that are recognised in the income statement. Interest income is recognised as it accrues using the effective interest method. Dividend income is recognised in the Company's income statement on the date that the shareholder's right to receive payment is established.

Finance expenses comprise interest expense on borrowings costs (except the capitalized borrowing as described in note g), foreign exchange losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in the income statement. Borrowing costs are recognised in the income statement using the effective interest method.

p.) Taxes

Taxes comprise current tax and deferred tax liabilities. Income tax is recognised in the income statement except to the extent that it relates to business combinations or items recognised directly in in other comprehensive income.

Current tax liabilities are based on the taxable profit for the year. Taxable profit differs from the net profit reported in the income statement as it excludes revenue and expense items taxable or deductible in other years and other items that are never subject to taxation or deduction. The Company's current tax liabilities are calculated using the tax rates effective on the balance sheet date.

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

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

q.) Determination of fair value

A number of the Company's accounting policies require the determination of fair value, for both financial and non-financial assets and liabilities.

Fair value is the amount for which an asset could be sold or a liability exchanged between knowledgeable, willing parties in an arm's length transaction.

The Company determines the fair value of financial instruments by taking into account the following fair value hierarchy:

- Level 1 comprises quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 includes inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 consists of inputs for assets or liabilities that are not based on observable market data.

The Company uses quoted prices as the basis for the fair value of financial instruments. If a financial instrument is not quoted on a regulated market and the market is considered as inactive, the Company uses inputs of Levels 2 and 3 for determining the fair value of a financial instrument.

Where applicable, further information about the assumptions made when determining fair values is disclosed in the notes specific to that asset or liability of the Company.

Fair values of individual groups of assets have been determined for measurement and/or reporting purposes based on the methods described below.

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

Property, plant and equipment
The fair value of property, plant and equipment recognised as a result of business combinations is the same as their market value. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation and after proper marketing between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably, rationally, willingly and independently. The market value of items of plant, equipment, fixtures and fittings is based on the approach using quoted market prices for similar items.

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

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

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

Investments in associates and jointly controlled entities
The fair value of investments in associates and jointly controlled entities is determined in accordance with the previously described fair value hierarchy for fair value determination.
Further information about the methods used and assumptions made when determining fair values for each investment is disclosed in the relevant disclosures.

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

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

Derivative financial instruments

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

r.) Earnings per share

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

s.) Cash flow statement

The section of the cash flow statement referring to operating activities has been prepared using the indirect method based on data derived from the statement of financial position as at 31 December 2008 and 31 December 2009 and data derived from the income statement for 2009. The section referring to investing and financing activities has been prepared using the direct method. Default interest paid and received in respect of operating receivables is allocated to cash flows from operating activities. Interest on loans, and dividends paid and received are allocated to cash flows from financing activities.

5. Segment reporting

Because the financial report consists of the financial statements and the accompanying notes of the Group as well as of the Company, only the Group's operating segments have been disclosed.

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

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

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

- oil trading
- gas, environmental and other energy activities

Oil trading consists of:

- sale of oil and petroleum products
- sale of supplementary merchandise

Supplementary merchandise comprises automotive products, foodstuffs, accessories, tobacco and lottery products, coupons and cards.

Gas, environmental and other energy activities consist of:
• sale and distribution of gas
• generation, sale and distribution of electricity and heat
• efficient energy consumption projects and comprehensive energy supply projects
• environment activities

The Group's operating segments in 2008:

(in EUR)	Oil trading	Gas, environmental and other energy activities	Total	Income statement/ statement of financial position
Sales revenue	4,411,002,062	143,414,465	4,554,416,527	-
Revenue from subsidiaries	(1,573,260,552)	(31,521,922)	(1,604,782,474)	-
Sales revenue	2,837,741,510	111,892,543	2,949,634,054	2,949,634,054
Net profit or loss for the year **	(75,008,147)	13,346,271	(61,661,876)	(61,661,876)
Interest income*	5,265,979	1,531,703	6,797,682	6,797,682
Interest expense *	(21,069,725)	(6,128,500)	(27,198,225)	(27,198,225)
Depreciation of property, plant and equipment, investment property, and amortisation of intangible assets	27,928,311	4,782,193	32,710,504	32,710,504
Revenue from equity accounted investees	5,148,490	13,874,132	19,022,622	19,022,622
Total assets	1,020,899,427	181,378,225	1,202,277,652	1,202,277,652
Equity accounted investees	*61,221,627*	*84,147,884*	*145,369,511*	*145,369,511*
Property, plant and equipment, intangible assets and investment property	*517,354,010*	*84,141,003*	*601,495,013*	*601,495,013*
Other assets	*442,323,790*	*13,089,338*	*455,413,128*	*455,413,128*

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

** Net profit or loss for the year generated from oil trading includes the effect of the investment in Istrabenz d.d. in its entirety.

The Group's operating segments in 2009:

(in EUR)	Oil trading	Gas, environmental and other energy activities	Total	Income statement/ statement of financial position
Sales revenue	3,098,156,655	120,149,825	3,218,306,480	-
Revenue from subsidiaries	(860,030,882)	(24,412,182)	(884,443,064)	-
Sales revenue	2,238,125,772	95,737,643	2,333,863,416	2,333,863,416
Net profit or loss for the year **	(7,202,540)	15,093,032	7,890,492	7,890,492
Interest income*	5,626,611	1,965,226	7,591,837	7,591,837
Interest expense *	(13,918,715)	(4,861,439)	(18,780,154)	(18,780,154)
Depreciation of property, plant and equipment, investment property, and amortisation of intangible assets	29,095,574	5,002,106	34,097,680	34,097,680
Revenue from equity accounted investees	(17,905,879)	14,222,363	(3,683,516)	(3,683,516)
Total assets	932,333,122	203,192,551	1,135,525,673	1,135,525,673
Equity accounted investees	*37,969,720*	*98,631,988*	*136,601,708*	*136,601,708*
Property, plant and equipment, intangible assets and investment property	*502,735,216*	*90,221,950*	*592,957,166*	*592,957,166*
Other assets	*391,628,186*	*14,338,613*	*405,966,799*	*405,966,799*

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

** Net profit or loss for the year generated from oil trading includes the effect of the investment in Istrabenz d.d. in its entirety.

Additional information pertaining to the geographic areas in which the Group operates:

	Sales		Total assets		Capital expenditure	
(in EUR)	2009	2008	2009	2008	2009	2008
Slovenia	1,906,604,937	2,355,504,401	597,737,558	672,558,961	24,010,352	37,638,404
Croatia	292,642,941	341,503,865	194,931,235	209,222,808	11,066,397	20,869,213
Bosnia and Herzegovina	119,356,149	202,705,049	63,703,722	81,806,468	476,922	8,200,860
Austria	8,671,606	3,599,598	2,314,541	7,242,685	62,787	18,483
Other countries	6,587,785	46,321,141	93,687,893	52,484,227	1,150,719	11,879,523
	2,333,863,418	**2,949,634,054**	**952,374,949**	**1,023,315,149**	**36,767,177**	**78,606,483**
Jointly controlled entities			24,788,513	16,804,768		
Associates			123,450,865	129,622,543		
Unallocated assets			34,911,347	32,535,192		
Total assets			**1,135,525,674**	**1,202,277,652**		

In the presentation of the geographic areas, revenue generated in a particular area is determined based on the geographic location of customers, whereas the assets are determined based on the geographic location of assets.
The receivable from the Group's largest individual customer stood at EUR 10,743,113 as at 31 December 2009, accounting for 4.7% of trade receivables.

6. Notes to individual items in the financial statements

6.1 Correction of prior period errors

In 2009 the Group corrected the following prior period errors:

- it recognised provisions for employee benefits in relation to franchised service stations;
- it corrected an error resulting from the non-detection of indicators of impairment of the investment in NLB d.d. in 2008;
- It corrected an error in the recognition in investments in progress.

In 2009 the Company corrected the following prior period errors:

- it recognised provisions for employee benefits in relation to franchised service stations;
- it corrected an error resulting from the non-detection of indicators of impairment of the investment in NLB d.d. in 2008.

Provisions for employee benefits in relation to franchised service stations

The business cooperation contracts concluded by the Company with the franchised service stations stipulate that the rights of employees of the franchised service stations to jubilee benefits and termination benefits upon retirement are equal to the rights of employees of Petrol d.d., Ljubljana. The contractual obligation of the Company to reimburse the costs arising from such rights to franchised service stations represents the basis for recognition of long-term provisions. In the past, the Group/Company did not recognise this liability.

The error dates back to a period before the earliest comparative period presented and therefore the Group/Company eliminated the error by restating the opening balances as at 1 January 2008. The basis for determining said opening balances is the actuarial calculation of provisions for jubilee benefitsand termination benefits upon retirement of employees of the franchised service stations as at 1 January 2008.

The effect of the correction of this error is presented in the table at the end of this footnote.

Correction of error resulting from the non-detection of indicators of impairment of the investment in NLB d.d. in 2008

On 31 December 2008, the Company detected no indicators of impairment of the investment in NLB d.d. shares, and therefore did not impair the investment in 2008.

The error arose in the comparative period, so the Group/Company corrected it by restating comparative amounts for the prior period. The basis for correcting the error is evaluation of the investment in NLB d.d. shares based on the data available in the period before the adoption of the 2008 Annual Report.

The effect of corrections is presented below.

Error in the recognition of investments in progress

In 2009 the Group has corrected a prior year recognition error, as a result of which the Group has decreased the value of fixed assets in amount of EUR 116.052 as at 1 January 2008.

Effect of corrections of prior year errors for the Group:

	Petrol Group					
(in EUR)	31 December 2008 restated	31 December 2008	Total difference	Difference due to correction of other provisions as at 1 January 2008	Difference due to correction of available for sale financial instruments as at 31 December 2008	Difference due to correction of investment in progress
Property, plant and equipment	559,177,468	559,293,520	(116,052)	0	0	(116,052)
Available for sale financial instruments	14,298,513	22,692,913	(8,394,400)	0	(8,394,400)	0
Deferred tax receivables	32,535,193	30,655,307	1,879,886	201,006	1,678,880	0
Retained earnings	42,806,180	51,446,802	(8,640,622)	(1,809,050)	(6,715,520)	(116,052)
Other provisions	19,122,529	17,112,473	2,010,056	2,010,056	0	0

Effect of corrections of prior year errors for the Company:

	Petrol d.d.				
(in EUR)	31 December 2008 restated	31 December 2008	Total difference	Difference due to correction of other provisions as at 1 January 2008	Difference due to correction of available for sale financial instruments as at 31 December 2008
Available for sale financial instruments	14,219,470	22,613,870	(8,394,400)	0	(8,394,400)
Deferred tax assets	31,523,027	29,643,141	1,879,886	201,006	1,678,880
Retained earnings	(8,524,570)	0	(8,524,570)	(1,809,050)	(6,715,520)
Other provisions	16,943,204	14,933,149	2,010,056	2,010,056	0

6.2 Other revenue

	The Petrol Group		Petrol d.d.	
(in EUR)	**2009**	**2008**	**2009**	**2008**
Revenue from reversal of accrued litigation costs	3,891,522	113,634	3,371,388	110,617
Utilisation of environmental provisions	1,631,587	1,684,406	1,631,587	1,684,406
Gain on disposal of fixed assets	1,525,546	2,471,395	1,196,093	2,343,214
Written-off receivables collected	1,251,080	11,561	987,082	11,428
Cash discounts/rebates received	1,098,642	387,439	123,581	238,151
Reversal of accrued costs, expenses	465,132	385,091	449,697	310,763
Reversal of inventory shortages accrued	442,174	543,165	0	543,165
Reversal of allowances for receivables	367,941	2,865,260	36,999	2,475,848
Compensation from insurance companies	287,199	390,058	95,345	52,365
Penalties received	209,482	206,384	209,482	18,500
Payment of court fees	128,418	133,608	97,936	111,141
Depreciation and amortisation of assets under management	65,400	65,400	52,262	52,262
Refund of fee for the building site use	59,580	82,873	59,580	82,873
Reversal of provisions for termination and jubilee benefits	24,000	392,588	0	265,615
Compensation from the state	40,925	55,338	40,925	49,043
Other revenue	757,174	770,672	98,159	105,828
Total other revenue	**12,245,802**	**10,558,872**	**8,450,116**	**8,455,219**

6.3 Cost of sales and general and administrative costs

	The Petrol Group			Petrol d.d.		
(in EUR)	**Cost of sales**	**General and administrative costs**	**Total**	**Cost of sales**	**General and administrative costs**	**Total**
2008 restated						
Costs of materials	22,084,106	1,839,753	23,923,859	8,788,134	663,694	9,451,829
Costs of services	96,802,494	15,963,463	112,765,957	102,544,709	12,207,036	114,751,744
Labour costs	33,304,896	16,610,339	49,915,235	12,400,418	10,365,688	22,766,106
Depreciation	29,705,400	3,005,104	32,710,504	20,519,561	1,828,156	22,347,717
Other costs	1,249,384	4,252,569	5,501,953	780,191	2,533,168	3,313,359
Other operating expenses	857,827	179,738	1,037,565	734,937	7,861	742,798
Total	**184,004,107**	**41,850,966**	**225,855,073**	**145,767,951**	**27,605,603**	**173,373,553**

	The Petrol Group			Petrol d.d.		
(v EUR)	**Cost of sales**	**General and administrative costs**	**Total**	**Cost of sales**	**General and administrative costs**	**Total**
2009						
Costs of materials	21,661,258	1,656,126	23,317,384	8,825,065	622,377	9,447,442
Costs of services	97,275,567	15,319,514	112,595,081	102,123,055	11,753,908	113,876,963
Labour costs	35,292,096	17,237,029	52,529,125	12,223,322	10,778,207	23,001,529
Depreciation	30,861,763	3,235,917	34,097,680	20,344,999	1,839,054	22,184,053
Other costs	863,940	17,511,210	18,375,150	313,360	5,549,648	5,863,007
Other operating expenses	285,626	177,640	463,266	49,310	320	49,630
Total	**186,240,250**	**55,137,436**	**241,377,686**	**143,879,111**	**30,543,514**	**174,422,624**

6.4 Costs of materials

	The Petrol Group		Petrol d.d.	
(in EUR)	**2009**	**2008**	**2009**	**2008**
Costs of energy	16,805,840	17,724,183	4,699,743	4,709,196
Costs of consumables	5,308,509	4,849,803	3,943,733	3,823,960
Write-off of small tools	157,586	249,122	59,986	120,018
Other costs of materials	1,045,449	1,100,751	743,980	798,655
Total costs of materials	**23,317,384**	**23,923,859**	**9,447,442**	**9,451,829**

6.5 Costs of services

	The Petrol Group		Petrol d.d.	
(in EUR)	**2009**	**2008**	**2009**	**2008**
Costs of transportation services	29,144,783	30,774,138	27,728,158	29,144,579
Lease payments	9,568,081	9,348,624	8,114,574	8,134,480
Costs of fixed asset maintenance services	9,485,830	8,563,168	9,534,873	8,249,818
Costs of professional services	5,981,955	5,681,274	3,810,351	3,890,638
Costs of payment transactions and bank services	5,685,456	5,865,321	4,647,990	4,890,841
Costs of fairs, advertising and entertainment	3,332,884	3,904,001	2,895,436	3,321,332
Costs of insurance premia	2,671,588	2,421,968	1,827,497	1,768,027
Reimbursement of work-related costs to employees	900,438	989,357	395,980	500,780
Costs of other services	45,824,066	45,218,106	54,922,103	54,851,250
Total costs of services	**112,595,081**	**112,765,957**	**113,876,963**	**114,751,744**

The Petrol Group

The costs of other services comprise for the most part the costs of service station leases of EUR 32,120,824 (2008: EUR 31,803,724) and the costs of contributions associated with operations along motorways totalling EUR 4,237,830 (2008: EUR 3,040,696).

The costs of professional services include auditing services in the amount of EUR 252,056 (2008: EUR 277,561). Auditing services comprise the fee for the auditing of the annual report totalling EUR 174,919 (2008: EUR 187,801), tax consulting services in the amount of EUR 9,200 (2008: EUR 28,559) and other non-auditing services equalling EUR 67,937 (2008: EUR 9,814). In 2008 auditing services also included other auditing services totalling EUR 51,387.

Petrol d.d., Ljubljana

The costs of other services comprise for the most part the costs of service station leases of EUR 29,831,898 (2008: EUR 29,404,774) and the costs of contributions associated with operations along motorways totalling EUR 3,274,214 (2008: EUR 2,973,850).

The costs of intellectual services include auditing services in the amount of EUR 64,804 (2008: EUR 70,979). Auditing services comprise the fee for the auditing of the annual report totalling EUR 54,556 (2008: EUR 67,190) and other non-auditing services equalling EUR 10,248 (2008: EUR 400). In 2008 auditing services also included other auditing services totalling EUR 3,389.

6.6 Labour costs

	The Petrol Group		Petrol d.d.	
(in EUR)	**2009**	**2008**	**2009**	**2008**
Salaries	38,641,512	37,457,518	17,171,810	17,241,518
Costs of pension insurance	2,994,983	2,793,913	1,633,754	1,490,542
Costs of other insurance	3,464,231	3,153,771	1,333,491	1,236,729
Payroll tax	0	690,284	0	445,534
Transport allowance	1,586,532	1,579,533	492,300	461,054
Meal allowance	1,659,780	1,513,926	646,888	593,629
Annual leave allowance	1,345,719	1,156,188	513,000	480,812
Supplementary pension insurance	830,560	789,985	462,007	436,849
Other allowances and reimbursements	2,005,808	780,117	748,279	379,439
Total labour costs	**52,529,125**	**49,915,235**	**23,001,529**	**22,766,106**

Number of employees by formal education level as at 31 December 2009:

	The Petrol Group			Petrol d.d.		
	Group employees	**Franchised service station employees**	**Total**	**Group employees**	**Franchised service station employees**	**Total**
Level I	21	21	42	1	21	22
Level II	73	67	140	15	63	78
Level III	46	68	114	1	15	16
Level IV	587	634	1.221	39	504	543
Level V	820	640	1.460	200	545	745
Level VI	129	28	157	62	27	89
Level VII	407	14	421	254	13	267
Level VIII	1	0	1	1	0	1
Total	**2,084**	**1,472**	**3,556**	**573**	**1,188**	**1,761**

6.7 Depreciation and amortisation

	The Petrol Group		Petrol d.d.	
(in EUR)	**2009**	**2008**	**2009**	**2008**
Amortisation of intangible assets	871,176	759,429	622,910	525,470
Depreciation of property, plant and equipment	32,367,526	31,105,375	20,669,872	20,929,364
Depreciation of investment property	858,978	845,700	891,271	892,883
Total depreciation and amortisation	**34,097,680**	**32,710,504**	**22,184,053**	**22,347,717**

6.8 Other costs

	The Petrol Group		Petrol d.d.	
(in EUR)	2009	2008 restated	2009	2008 restated
Allowance for operating receivables	13,782,102	958,126	3,032,939	0
Sponsorships and donations	1,349,182	1,618,885	1,222,475	1,531,810
Write-downs	605,808	521,077	252,595	384,336
Environment protection charges and charges unrelated to operation	594,888	731,339	204,940	146,134
Loss on sale/elimination of property, plant and equipment	831,068	595,111	760,572	349,548
Other costs	1,212,102	1,077,415	389,486	901,531
Total other costs	**18,375,150**	**5,501,953**	**5,863,007**	**3,313,359**

The Petrol Group

For clearer presentation, the Group reclassified the expenses arising from the impairment of financial assets to finance expenses. In the past periods, they were carried as write-downs. To ensure consistency with the current year, the Group reclassified in the comparative year 2008 the impairments of EUR 142,561,607 to finance expenses.

Petrol d.d., Ljubljana

For clearer presentation, the Company reclassified the expenses arising from the impairment of financial assets to finance expenses. In the past periods, they were carried as write-downs. To ensure consistency with the current year, the Company reclassified in the comparative year 2008 the impairments of EUR 139,969,927 to finance expenses.

6.9 Other expenses

	Skupina Petrol		Petrol d.d.	
(in EUR)	2009	2008	2009	2008
Payment of tanker demurrage	0	615,517	0	615,517
Other expenses (complaints, charges…)	463,266	422,048	49,630	127,281
Total other expenses	**463,266**	**1,037,565**	**49,630**	**742,798**

6.10 Equity accounted income and dividends

The Petrol Group's shares of profit from equity accounted investees

	The Petrol Group	
(in EUR)	**2009**	**2008**
Geoplin d.o.o. Ljubljana	13,719,120	13,467,306
Aquasystems d.o.o.	520,628	397,437
Ogrevanje Piran d.o.o.	(17,385)	9,389
Istrabenz d.d.	(20,455,069)	2,848,103
Bio goriva d.o.o.	0	(128,513)
Marche Gostinstvo d.o.o.	67,935	93,470
Total associates	**(6,164,771)**	**16,687,192**
Instalacija d.o.o. Koper	2,566,699	2,268,010
Geoenergo d.o.o.	(3,818)	6,317
Karkasa, d.o.o.	45,143	80,403
Petrol - Bonus d.o.o.	(115,801)	(78,845)
Petrol - Oti - Slovenija L.L.C.	(19,684)	39,854
Petrol Slovenia Tirana Wholesale Sh.A.	8,716	19,691
Total jointly controlled entities	**2,481,255**	**2,335,430**
Total equiety accounted income	**(3,683,516)**	**19,022,622**

Finance income from dividends received from subsidiaries, associates and jointly controlled entities of Petrol d.d., Ljubljana

	Petrol d.d.	
(in EUR)	**2009**	**2008**
Petrol-Trade H.m.b.H.	5,587,468	4,622,529
Total subsidiaries	**5,587,468**	**4,622,529**
Geoplin d.o.o. Ljubljana	4,789,871	2,926,003
Aquasystems d.o.o.	519,980	259,990
Marche Gostinstvo d.o.o.	77,536	0
Total associates	**5,387,387**	**3,185,993**
Instalacija d.o.o. Koper	3,070,822	2,728,360
Total jointly controlled entities	**3,070,822**	**2,728,360**
Total dividend income	**14,045,677**	**10,536,882**

6.11 Other finance income and expenses

	The Petrol Group		Petrol d.d.	
(in EUR)	**2009**	**2008 restated**	**2009**	**2008 restated**
Foreign exchange differences	32,099,108	45,071,330	28,187,812	41,834,014
Gain on derivatives	25,613,327	57,047,370	25,613,279	57,047,370
Interest income	7,591,837	6,797,682	5,801,327	7,069,903
Other finance income	236,780	3,365,979	236,654	3,262,011
Total other finance income	**65,541,052**	**112,282,361**	**59,839,072**	**109,213,299**
Loss on derivatives	(38,225,713)	(38,975,094)	(38,225,703)	(38,975,094)
Foreign exchange differences	(33,317,384)	(62,973,766)	(30,680,801)	(57,520,059)
Interest expense	(18,780,154)	(27,198,225)	(16,322,229)	(22,076,287)
Impairment of investments	(2,485,916)	(151,107,273)	(27,845,384)	(148,515,591)
Impairment of goodwill	(4,724,483)	0	0	0
Other finance expenses	(753,388)	(469,480)	(714,955)	(409,856)
Total other finance expenses	**(98,287,038)**	**(280,723,838)**	**(113,789,072)**	**(267,496,887)**
Net total	**(32,745,986)**	**(168,441,477)**	**(53,950,000)**	**(158,283,588)**

The Petrol Group

For clearer presentation, the Group reclassified the expenses arising from the impairment of financial assets to finance expenses. In the past periods, they were carried as write-downs. To ensure consistency with the current year, the Group reclassified in the comparative year 2008 the impairments of EUR 142,561,607 to finance expenses. For the same purpose – clearer presentation – the Group reclassified the effects of commodity swaps to finance income and expenses, as they were part of gross profit or loss. As a result, the Group's finance income rose by EUR 10,999,856 and finance expenses by EUR 12,176,852. Without taking into account the effects of forward contracts, the Group incurred foreign exchange losses of EUR 6,126,605 in 2009, whereas in 2008 it recorded foreign exchange gains of EUR 6,096,236. Due to error correction (Note 6.1), the Group made an additional impairment in 2008 of the investment in NLB d.d. totalling EUR 8,394,400.

Petrol d.d., Ljubljana

For clearer presentation, the Company reclassified the expenses arising from the impairment of financial assets to finance expenses. In the past periods, they were carried as write-downs. To ensure consistency with the current year, the Company reclassified in the comparative year 2008 the impairments of EUR 139,969,927 to finance expenses. For the same purpose – clearer presentation – the Company reclassified the effects of commodity swaps to finance income and expenses, as they were part of gross profit or loss. As a result, the Company's finance income rose by EUR 10,999,856 and finance expenses by EUR 12,176,852. Without taking into account the effects of forward contracts, the Company incurred foreign exchange losses of EUR 10,037,891 in 2009, whereas in 2008 it recorded foreign exchange gains of EUR 2,858,920. Due to error correction (Note 6.1), the Company made an additional impairment in 2008 of the investment in NLB d.d. totalling EUR 8,394,400.

6.12 Taxes

	The Petrol Group		Petrol d.d.	
(in EUR)	**2009**	**2008 restated**	**2009**	**2008 restated**
Tax expense	(8,442,839)	(12,376,783)	(6,404,988)	(10,586,588)
Deferred taxes	1,916,426	29,275,027	4,787,887	28,915,695
Income tax expense	**(6,526,413)**	**16,898,244**	**(1,617,101)**	**18,329,107**

	The Petrol Group		Petrol d.d.	
(in EUR)	**2009**	**2008 restated**	**2009**	**2008 restated**
Profit or loss before tax	14,416,905	(78,560,120)	12,278,903	(89,474,693)
Tax calculated at effective tax rate	3,027,550	(17,283,226)	2,578,570	(19,684,432)
Tax effect of untaxed revenue	(4,045,076)	(3,393,674)	(2,984,624)	(3,187,309)
Tax effect of expenses not deducted on tax assessment	7,756,002	4,446,039	2,023,156	4,542,633
Effect of foreign tax rates	(212,063)	(667,383)	0	0
Income tax expense	**6,526,413**	**(16,898,244)**	**1,617,101**	**(18,329,107)**
Effective tax rate	45.27%	-	13.17%	-

Changes in deferred taxes of the Petrol Group

Deferred tax assets

(in EUR)	Investments	Provisions	Allowance for receivables	Inventories	Other	Total
As at 1 January 2008	0	(1,074,130)	(499,433)	(131,389)	(7,694)	(1,712,648)
Correction of prior period error (Note 6.1)	0	(201,006)	0	0	0	(201,006)
As at 1 January restated	**0**	**(1,275,136)**	**(499,433)**	**(131,389)**	**(7,694)**	**(1,913,652)**
To debit/(credit) of the income statement	(30,262,457)	715,259	330,163	36,204	(5,966)	(29,186,797)
To debit/(credit) of equity	(1,434,995)	0	0	0	0	(1,434,995)
Foreign exchange differences	0	(15)	266	0	0	251
As at 31 December 2008	**(31,697,452)**	**(559,892)**	**(169,004)**	**(95,185)**	**(13,660)**	**(32,535,192)**
To debit/(credit) of the income statement	(23,002)	(57,357)	(1,794,404)	10,803	(30,751)	(1,894,711)
To debit/(credit) of equity	(476,411)	0	0	0	0	(476,411)
Foreign exchange differences	0	0	(5,441)	0	409	(5,032)
As at 31 December 2009	**(32,196,865)**	**(617,249)**	**(1,968,849)**	**(84,382)**	**(44,002)**	**(34,911,346)**

Deferred tax liabilities

(in EUR)	Investments	Fixed assets	Other	Total
As at 1 January 2008	866,728	814,046	19,094	1,699,869
Business combinations	0	5,918,480	0	5,918,481
To debit/(credit) of the income statement	0	(74,531)	(13,699)	(88,230)
To debit/(credit) of equity	(747,525)	0	0	(747,525)
Foreign exchange differences	0	(66,384)	0	(66,384)
As at 31 December 2008	**119,203**	**6,591,611**	**5,395**	**6,716,210**
To debit/(credit) of the income statement	0	(76,537)	54,822	(21,715)
To debit/(credit) of equity	26,488	0	0	26,488
Translation differences	0	8,657	0	8,657
As at 31 December 2009	**145,691**	**6,523,731**	**60,217**	**6,729,641**

Changes in deferred taxes of Petrol d.d., Ljubljana

Deferred tax assets

(in EUR)	Investments	Provisions	Allowance for receivables	Total
As at 1 January 2008	0	(538,325)	(433,006)	(971,331)
Correction of prior period error (Note 6.1)	0	(201,007)	0	(201,007)
As at 1 January restated	**0**	**(739,332)**	**(433,006)**	**(1,172,338)**
To debit/(credit) of the income statement	(29,744,121)	395,420	433,006	(28,915,695)
To debit of equity	(1,434,993)	0	0	(1,434,993)
As at 31 December 2008	**(31,179,114)**	**(343,912)**	**0**	**(31,523,026)**
To debit/(credit) of the income statement	(4,113,570)	(67,729)	(606,588)	(4,787,887)
To debit of equity	(594,708)	0	0	(594,708)
To credit of equity	118,297	0	0	118,297
As at 31 December 2009	**(35,769,095)**	**(411,641)**	**(606,588)**	**(36,787,324)**

Deferred tax liabilities

(in EUR)	Investments	Total
As at 1 January 2008	866,728	866,728
Adjustment to the credit of equity due to a changed accounting policy	22,619,611	22,619,611
As at 1 January restated	**23,486,339**	**23,486,339**
To debit of equity	(901,530)	(901,530)
To credit of equity	1,853,250	1,853,250
As at 31 December 2008	**24,438,059**	**24,438,059**
As at 1 January 2009	24,438,059	24,438,059
To debit of equity	(94,667)	(94,667)
To credit of equity	1,441,447	1,441,447
As at 31 December 2009	**25,784,839**	**25,784,839**

6.13 Earnings per share

	The Petrol Group		Petrol d.d.	
	31 December 2009	31 December 2008 restated	31 December 2009	31 December 2008 restated
Net profit or loss (in EUR)	10,425,564	(61,517,050)	10,661,802	(71,145,586)
Number of shares issued	2,086,301	2,086,301	2,086,301	2,086,301
Number of own shares at beginning of period	24,703	25,027	24,703	25,027
Number of own shares at end of period	24,703	24,703	24,703	24,703
Weighted average number of ordinary shares issued	2,061,598	2,061,509	2,061,598	2,061,509
Weighted average number of ordinary shares	2,061,598	2,061,509	2,061,598	2,061,509
Basic and diluted earnings per share (in EUR/share)	5.06	(29.84)	5.17	(34.51)

Basic earnings per share are calculated by dividing the owners' net profit by the weighted average number of ordinary shares, excluding ordinary shares owned by the Company. The Group and the Company have no potential dilutive ordinary shares, so the basic and diluted earnings per share are identical.

6.14 Intangible assets

Intangible assets of the Petrol Group

(in EUR)	Software	Concessions	Goodwill	Ongoing investments	Total
Cost					
As at 1 January 2008	**3,613,860**	**8,113,610**	**255,816**	**292,050**	**12,275,336**
New acquisitions resulting from business combinations	29,738	69,247	18,579,973	5,622	18,684,580
New acquisitions	0	0	0	1,060,573	1,060,573
Disposals	(58,397)	(1,460)	0	(284,568)	(344,425)
Transfer from ongoing investments	647,332	195,925	0	(843,257)	0
Translation differences	(327)	(1,289)	0	240	(1,376)
As at 31 December 2008	**4,232,206**	**8,376,033**	**18,835,789**	**230,660**	**31,674,688**
Accumulated amortisation					
As at 1 January 2008	**(2,658,781)**	**(1,511,376)**	**0**	**0**	**(4,170,157)**
Amortisation	(442,948)	(316,665)	0	0	(759,613)
Disposals	55,699	1,269	0	0	56,968
Translation differences	358	1,475	0	0	1,833
As at 31 December 2008	**(3,045,672)**	**(1,825,297)**	**0**	**0**	**(4,870,969)**
Net carrying amount as at 1 January 2008	**955,079**	**6,602,234**	**255,816**	**292,050**	**8,105,179**
Net carrying amount as at 31 December 2008	**1,186,534**	**6,550,736**	**18,835,789**	**230,660**	**26,803,719**

(in EUR)	Software	Concessions	Goodwill	Ongoing investments	Total
Cost					
As at 1 January 2009	**4,232,206**	**8,376,033**	**18,835,789**	**230,660**	**31,674,688**
New acquisitions	0	0	0	1,279,162	1,279,162
Disposals	(34,925)	(40,236)	0	0	(75,161)
Impairments	0	0	(4,724,483)	0	(4,724,483)
Transfer from ongoing investments	681,369	741,547	0	(1,422,916)	0
Translation differences	713	7,750	0	269	8,732
As at 31 December 2009	**4,879,363**	**9,085,094**	**14,111,306**	**87,175**	**28,162,938**
Accumulated amortisation					
As at 1 January 2009	**(3,045,672)**	**(1,825,297)**	**0**	**0**	**(4,870,969)**
Amortisation	(532,257)	(339,189)	0	0	(871,446)
Disposals	34,925	9,353	0	0	44,278
Translation differences	(316)	(2,193)	0	0	(2,509)
As at 31 December 2009	**(3,543,320)**	**(2,157,326)**	**0**	**0**	**(5,700,646)**
Net carrying amount as at 1 January 2009	**1,186,534**	**6,550,736**	**18,835,789**	**230,660**	**26,803,719**
Net carrying amount as at 31 December 2009	**1,336,043**	**6,927,768**	**14,111,306**	**87,175**	**22,462,292**

All disclosed intangible assets are owned by the Group and are unencumbered.

Goodwill

Intangible assets of the Group include goodwill arising from the following business combinations:

- with Euro - Petrol d.o.o. in the amount of EUR 13,151,422
- with Petrol Toplarna Hrastnik d.o.o. in the amount of EUR 704,068
- with Rodgas AD in the amount of EUR 255,816

On 31 December 2009, goodwill was tested for impairment.

The Group did not identify any indications of impairment of goodwill arising from the business combinations with Petrol Toplarna Hrastnik d.o.o. and Rodgas AD. Based on the testing performed, the management estimates that the recoverable amount of investments in the interests of the above companies was higher as at 31 December 2009 than their cost upon business combination, which means that goodwill arising from business combinations with the said companies need not be impaired.

The recoverable amount of the investment corresponding to the value in use was estimated using the method of the present value of expected free cash flows less debt arising from the interest in the said companies. Since Petrol Toplarna Hrastnik d.o.o. was acquired on 01 January 2009 by Petrol Energetika d.o.o., the goodwill was tested at the level of the cash-generating unit within Petrol Energetika d.o.o. which is directly connected with the acquisition of Petrol Toplarna Hrastnik d.o.o. All assumptions used in the calculation of net cash flows are based on experience with the companies' previous operations and reasonably expected operations in the future.

When goodwill arising from the business combination with Euro - Petrol d.o.o. was tested for potential impairment, the Group established that the recoverable amount estimated as the value in use was lower than the carrying amount of the investment in Euro - Petrol d.o.o. as at 31 December 2009. The estimated value in use was EUR 47,899,200 as at the said date. The estimated value represents the arithmetic mean of the estimated investment value under the optimistic (EUR 56,150,000) and pessimistic (EUR 39,650,000) scenario.

If the impaired investment is compared with the equity interest in Euro - Petrol d.o.o., surplus goodwill can be identified, as a result of which the Group impaired the goodwill by EUR 4,724,483.

The recoverable amount of the interest in Euro - Petrol d.o.o. was assessed using the method of the present value of expected free cash flows less debt. The assumptions of the valuation model are the following:

- the 2010 business plan and the development potential of the company are used as the basis
- the required ROE is 10.5% in 2010, 10.3% in 2011, 10% in 2012 and 9.7% after 2012
- residual growth is estimated at 2.5% (3% under the optimistic scenario and 2% under the pessimistic scenario);
- a 10% discount for the lack of liquidity is applied.

Other intangible assets of the Group

In 2009 the concession for water treatment in Sežana amounting to EUR 701,263, which was obtained by Petrol d.d., Ljubljana, represented a significant investment in an intangible asset.

Overview of other intangible assets exceeding 5% of the net carrying amount as at 31 December 2009 (in EUR):

	The Petrol Group	
	31 December 2009	31 December 2008
Right to use the land along the Desinec motorway - Croatia	1,391,268	1,385,929
Right to use the gas network in the Municipality of Domžale	1,380,654	1,458,438
Right to use the gas network in the Municipality of Mežica	1,150,685	916,462
Right to use property owned by the Municipality of Murska Sobota	1,109,788	1,172,359
Right to use the gas network in the Municipality of Prevalje	966,201	1,008,204

Intangible assets of Petrol d.d., Ljubljana

(in EUR)	Software	Concessions	Ongoing investments	Total
Cost				
As at 1 January 2008	3,259,061	3,508,883	7,652	6,775,596
New acquisitions	0	0	819,359	819,359
Disposals	(1,895)	0	0	(1,895)
Transfer from ongoing investments	624,353	0	(624,353)	0
As at 31 December 2008	3,881,519	3,508,883	202,658	7,593,060
Accumulated amortisation				
As at 1 January 2008	(2,431,747)	(737,731)	0	(3,169,478)
Amortisation	(385,115)	(140,355)	0	(525,470)
Disposals	1,894	0	0	1,894
As at 31 December 2008	(2,814,968)	(878,086)	0	(3,693,054)
Net carrying amount as at 1 January 2008	827,314	2,771,154	7,652	3,606,119
Net carrying amount as at 31 December 2008	1,066,551	2,630,797	202,658	3,900,006

(in EUR)	Software	Concessions	Ongoing investments	Total
Cost				
As at 1 January 2009	3,881,519	3,508,883	202,658	7,593,060
New acquisitions	0	0	1,082,128	1,082,128
Transfer from ongoing investments	563,038	701,263	(1,264,301)	0
As at 31 December 2009	4,444,557	4,210,146	20,485	8,675,188
Accumulated amortisation				
As at 1 January 2009	(2,814,968)	(878,086)	0	(3,693,054)
Amortisation	(459,927)	(162,982)	0	(622,909)
Disposals	0	0	0	0
As at 31 December 2009	(3,274,895)	(1,041,068)	0	(4,315,963)
Net carrying amount as at 1 January 2009	1,066,551	2,630,797	202,658	3,900,006
Net carrying amount as at 31 December 2009	1,169,662	3,169,078	20,485	4,359,225

All disclosed intangible assets are owned by group companies and are unencumbered.

In 2009 the concession for water treatment in Sežana amounting to EUR 701,263, which was obtained by Petrol d.d., Ljubljana, represented a significant investment in an intangible asset.

Overview of items exceeding 5% of the net carrying amount as at 31 December 2009 (in EUR):

	Petrol d.d.	
	31 December 2009	**31 December 2008**
Right to use the gas network in the Municipality of Domžale	1,380,654	1,458,438
Right to use property owned by the Municipality of Murska Sobota	1,109,788	1,172,359
Right to use the gas network in the Municipality of Mežica	383,921	0

The remaining useful life of the above assets is 17 years.

6.15 Property, plant and equipment of the Petrol Group

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2008	121,900,587	441,515,933	17,534,359	130,600,989	38,853,569	750,405,437
Correction of prior period errors	0	0	0	0	(116,052)	(116,052)
As at 1 January 2008 restated	**121,900,587**	**441,515,933**	**17,534,359**	**130,600,989**	**38,737,517**	**750,289,385**
New acquisitions resulting from business combinations	37,700,241	19,920,980	747,785	3,929,812	7,157,304	69,456,122
New acquisitions	0	0	294	2,806	77,445,024	77,448,124
Disposals	(984,603)	(2,254,518)	(1,522,743)	(8,104,598)	(150,225)	(13,016,687)
Transfer from ongoing investments	13,019,843	45,776,477	1,077,838	20,645,584	(80,519,742)	0
Transfer to investment property	0	(1,055,832)	0	0	0	(1,055,832)
Transfer from investment property	5,557	132,461	0	0	0	138,018
Foreign exchange differences	(562,115)	(1,369,322)	0	(250,804)	(899,149)	(3,081,390)
As at 31 December 2008	**171,079,510**	**502,666,179**	**17,837,533**	**146,823,789**	**41,770,729**	**880,177,740**
Accumulated depreciation						
As at 1 January 2008	**0**	**(188,576,558)**	**(11,921,568)**	**(100,228,565)**	**0**	**(300,726,691)**
Depreciation	0	(19,947,585)	(799,192)	(10,549,122)	0	(31,295,899)
Disposals	0	1,572,454	1,211,768	7,420,465	0	10,204,687
Transfer to investment property	0	390,650	0	0	0	390,650
Transfer from investment property	0	(52,897)	0	0	0	(52,897)
Foreign exchange differences	0	390,395	0	89,483	0	479,878
As at 31 December 2008	**0**	**(206,223,541)**	**(11,508,992)**	**(103,267,739)**	**0**	**(321,000,272)**
Net carrying amount as at 1 January 2008	**121,900,587**	**252,939,375**	**5,612,791**	**30,372,424**	**38,737,517**	**449,562,692**
Net carrying amount as at 31 December 2008	**171,079,510**	**296,442,638**	**6,328,541**	**43,556,050**	**41,770,729**	**559,177,468**

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2009	**171,079,510**	**502,666,179**	**17,837,533**	**146,823,789**	**41,770,729**	**880,177,740**
New acquisitions	0	0	0	4,753	35,582,068	35,586,821
Disposals	(125,376)	(1,900,559)	(948,331)	(9,425,631)	(992,047)	(13,391,944)
Transfer from ongoing investments	3,205,516	30,453,778	5,065,058	9,264,164	(47,988,516)	0
Transfer to investment property	(329,196)	(1,652,842)	0	0	0	(1,982,038)
Transfer from investment property	0	271,671	0	0	0	271,671
Foreign exchange differences	113,766	(373,078)	0	44,574	(607,833)	(822,571)
As at 31 December 2008	**173,944,220**	**529,465,149**	**21,954,260**	**146,711,649**	**27,764,401**	**899,839,679**
Accumulated depreciation						
As at 1 January 2009	**0**	**(206,223,541)**	**(11,508,992)**	**(103,267,739)**	**0**	**(321,000,272)**
Depreciation	0	(20,544,942)	(1,176,460)	(10,850,969)	0	(32,572,371)
Disposals	0	802,241	947,798	5,932,517	0	7,682,556
Transfer to investment property	0	805,389	0	0	0	805,389
Transfer from investment property	0	(179,803)	0	0	0	(179,803)
Foreign exchange differences	0	202,324	(2)	(22,253)	0	180,069
As at 31 December 2009	**0**	**(225,138,332)**	**(11,737,656)**	**(108,208,444)**	**0**	**(345,084,432)**
Net carrying amount as at 1 January 2009	**171,079,510**	**296,442,638**	**6,328,541**	**43,556,050**	**41,770,729**	**559,177,468**
Net carrying amount as at 31 December 2009	**173,944,220**	**304,326,817**	**10,216,604**	**38,503,205**	**27,764,401**	**554,755,247**

In 2009 the Group corrected a prior period error, reducing the amount of property, plant and equipment by EUR 116,052 in the first possible period as at 1 January 2008. The correction of the error is explained in more detail in Note 6.1 Correction of prior period errors.

The Group's items of property, plant and equipment are unencumbered, except for the assets obtained in the acquisition of Euro - Petrol d.o.o. On 31 December 2009, the cost of Euro - Petrol d.o.o.'s assets pledged as security stood at EUR 21,102,101, with their net carrying amount totalling EUR 16,398,827. These assets are either pledged against mortgage or held under finance lease.

When the Group acquired Euro - Petrol d.o.o., it obtained property, plant and equipment held under finance lease. On 31 December 2009, the cost of equipment held under finance lease stood at EUR 4,173,607, with its net carrying amount totalling EUR 2,624,490. The cost of property held under finance lease stood at EUR 9,219,020 as at 31 December 2009, with its net carrying amount totalling EUR 8,035,806.

Overview of significant investments in property, plant and equipment exceeding EUR 1,250,000 in 2009:

(in EUR)	2009
Service stations	8,515,807
Investments in fixed assets (concessions)	6,222,922
Efficient energy consumption projects	2,932,280

Overview of items exceeding 5% of the net carrying amount as at 31 December 2009 (in EUR):

	The Petrol Group	
	31 December 2009	31 December 2008
Office building, Dunajska 50	9,425,024	9,801,590

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

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
Cost					
As at 1 January 2008	89,799,353	337,972,426	112,968,573	15,582,915	556,323,267
New acquisitions	0	0	0	26,633,861	26,633,861
Disposals	(780,545)	(1,054,082)	(6,011,857)	(67,293)	(7,913,777)
Transfer from ongoing investments	1,375,994	13,765,050	8,975,685	(24,116,729)	0
Transfer to investment property	0	(1,055,832)	0	0	(1,055,832)
Transfer from investment property	5,557	132,461	0	0	138,018
As at 31 December 2008	90,400,359	349,760,023	115,932,401	18,032,754	574,125,537
Accumulated depreciation					
As at 1 January 2008	0	(167,054,767)	(91,364,895)	0	(258,419,662)
Depreciation	0	(14,442,470)	(6,486,894)	0	(20,929,364)
Disposals	0	802,433	5,453,255	0	6,255,688
Transfer to investment property	0	390,649	0	0	390,649
Transfer from investment property	0	(52,897)	0	0	(52,897)
As at 31 December 2008	0	(180,357,052)	(92,398,534)	0	(272,755,586)
Net carrying amount as at 1 January 2008	89,799,353	170,917,659	21,603,678	15,582,915	297,903,605
Net carrying amount as at 31 December 2008	90,400,359	169,402,971	23,533,867	18,032,754	301,369,951

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
Cost					
As at 1 January 2009	90,400,359	349,760,023	115,932,401	18,032,754	574,125,537
New acquisitions	0	0	0	11,737,088	11,737,088
Disposals	(62,346)	(1,595,473)	(7,602,517)	(990,076)	(10,250,412)
Transfer from ongoing investments	401,960	12,758,148	6,263,963	(19,424,071)	0
Transfer to investment property	(236,141)	(1,274,507)	0	0	(1,510,648)
Transfer from investment property	0	271,671	0	0	271,671
As at 31 December 2009	90,503,832	359,919,862	114,593,847	9,355,695	574,373,236
Accumulated depreciation					
As at 1 January 2009	0	(180,357,052)	(92,398,534)	0	(272,755,586)
Depreciation	0	(14,416,868)	(6,253,004)	0	(20,669,872)
Disposals	0	673,910	4,567,645	0	5,241,555
Transfer to investment property	0	769,351	0	0	769,351
Transfer from investment property	0	(179,803)	0	0	(179,803)
As at 31 December 2009	0	(193,510,462)	(94,083,893)	0	(287,594,355)
Net carrying amount as at 1 January 2009	90,400,359	169,402,971	23,533,867	18,032,754	301,369,951
Net carrying amount as at 31 December 2009	90,503,832	166,409,400	20,509,954	9,355,695	286,778,881

The Company's items of property, plant and equipment are not encumbered nor are they held under finance lease.

The overview of significant investments in property, plant and equipment exceeding EUR 1,250,000 in 2009 is presented below:

(in EUR)	2009
Service stations	2,984,051
Investments in fixed assets (concessions)	4,517,281

Two of the most important disposals in 2009 include the disposal of an energy plant in Ljubljana, whose cost amounted to EUR 1,686,522 and the net carrying amount to EUR 1,477,760, and the disposal of two boiler plants with a total cost of EUR 788,247 and a total net carrying amount of EUR 656,002.

Overview of items exceeding 5% of the net carrying amount as at 31 December 2009 (in EUR):

	Petrol d.d.	
	31 December 2009	31 December 2008
Office building, Dunajska 50	9,425,024	9,801,590

Significant capital investments in progress as at 31 December 2009 include the storage facility expansion project in Lendava. The value of the uncompleted investment amounts to EUR 1,299,166.

- Environmental fixed assets of Petrol d.d., Ljubljana

The Company's property, plant and equipment items include environmental fixed assets that have been acquired under a scheme for the creation and use of long-term provisions established for the purpose of environmental rehabilitation. Environmental fixed assets were approved for the purpose of the environmental rehabilitation of service stations, road tankers and storage facilities, as well as for the cleanup of the bitumen dump at Pesniški Dvor. The note relating to environmental fixed assets should be read in conjunction with deferred revenue from environmental assets presented in Note 6.32 Long-term deferred revenue.

Changes in the Company's environmental fixed assets:

(in EUR)	Buildings	Equipment	Investment property	Total
Cost				
As at 1 January 2008	**32,961,676**	**13,025,925**	**83,805**	**46,071,406**
Disposals	(11,986)	(78,260)	0	(90,246)
As at 31 December 2008	**32,949,690**	**12,947,665**	**83,805**	**45,981,160**
Accumulated depreciation				
As at 1 January 2008	**(16,793,513)**	**(13,025,925)**	**(55,849)**	**(29,875,287)**
Depreciation	(1,631,706)	0	(3,632)	(1,635,338)
Disposals	8,590	78,260	0	86,850
As at 31 December 2008	**(18,416,629)**	**(12,947,665)**	**(59,481)**	**(31,423,775)**
Net carrying amount as at 1 January 2008	**16,168,163**	**0**	**27,956**	**16,196,119**
Net carrying amount as at 31 December 2008	**14,533,061**	**0**	**24,324**	**14,557,385**

(in EUR)	Buildings	Equipment	Investment property	Total
Cost				
As at 1 January 2009	**32,949,690**	**12,947,664**	**83,805**	**45,981,159**
Disposals	(248,990)	(184,148)	0	(433,138)
As at 31 December 2009	**32,700,700**	**12,763,516**	**83,805**	**45,548,021**
Accumulated depreciation				
As at 1 January 2009	**(18,416,629)**	**(12,947,664)**	**(59,481)**	**(31,423,774)**
Depreciation	(1,625,409)	0	(3,632)	(1,629,041)
Disposals	147,089	184,148	0	331,237
As at 31 December 2009	**(19,894,949)**	**(12,763,516)**	**(63,113)**	**(32,721,578)**
Net carrying amount as at 1 January 2009	**14,533,061**	**0**	**24,324**	**14,557,385**
Net carrying amount as at 31 December 2009	**12,805,751**	**0**	**20,692**	**12,826,443**

6.16 Investment property

Investment property comprises buildings (storage facilities, carwashes, bars) being leased out by Petrol d.d., Ljubljana and the Petrol Group.

	The Petrol Group	Petrol d.d.
	Investment property	Investment property
Cost		
As at 1 January 2008	**24,875,663**	**25,953,846**
New acquisitions	97,787	0
Transfer to property, plant and equipment	(138,018)	(138,018)
Transfer from property, plant and equipment	1,055,832	1,055,832
As at 31 December 2008	**25,891,264**	**26,871,660**
Accumulated depreciation		
As at 1 January 2008	**(9,193,987)**	**(9,637,983)**
Depreciation	(845,699)	(892,883)
Transfer to property, plant and equipment	52,897	52,897
Transfer from property, plant and equipment	(390,649)	(390,649)
As at 31 December 2008	**(10,377,438)**	**(10,868,618)**
Net carrying amount as at 1 January 2008	**15,681,677**	**16,315,863**
Net carrying amount as at 31 December 2008	**15,513,826**	**16,003,040**

	Investment property	Investment property
Cost		
As at 1 January 2009	**25,891,264**	**26,871,661**
Transfer to property, plant and equipment	(271,671)	1,510,648
Transfer from property, plant and equipment	1,982,038	(271,671)
As at 31 December 2009	**27,601,631**	**28,110,638**
Accumulated depreciation		
As at 1 January 2009	**(10,377,438)**	**(10,868,621)**
Depreciation	(858,980)	(891,271)
Transfer to property, plant and equipment	179,803	(769,351)
Transfer from property, plant and equipment	(805,389)	179,803
As at 31 December 2009	**(11,862,004)**	**(12,349,440)**
Net carrying amount as at 1 January 2009	**15,513,826**	**16,003,040**
Net carrying amount as at 31 December 2009	**15,739,627**	**15,761,198**

The Petrol Group

In 2009 revenue generated by the Group from investment property totalled EUR 2,423,892 (in 2008: EUR 2,316,974). The Group estimates that the fair value of investment property as at 31 December 2009 was EUR 29,250,000. The fair value is estimated based on the method of capitalising normalised cash flows, with cash flows chiefly comprising lease payments for leased investment property. Projected growth and discount rates equal 0.05% and 9.35%, respectively.

Petrol d.d., Ljubljana

In 2009 revenue generated by the Company from investment property totalled EUR 2,304,126 (in 2008: EUR 2,151,123). The Company estimates that the fair value of investment property as at 31 December 2009 was EUR 28,956,000. The fair value is estimated based on the method of capitalising normalised cash flows, with cash flows chiefly comprising lease payments for leased investment property. Projected growth and discount rates equal 0.05% and 9.18%, respectively.

6.17 Investments in subsidiaries

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

Changes in investments in subsidiaries

	Petrol d.d.	
(in EUR)	**31 December 2009**	**31 December 2008**
As at 1 January	208,650,219	137,348,899
New acquisitions	9,930,000	71,301,320
Impairments	(4,917,127)	0
As at 31 December	**213,663,092**	**208,650,219**

Balance of investments in subsidiaries

	Petrol d.d.	
(in EUR)	**31 December 2009**	**31 December 2008**
Euro - Petrol d.o.o.	47,899,200	52,816,327
Petrol Trgovina, d.o.o., Zagreb	51,021,249	51,021,249
Petrol BH Oil Company, d.o.o.	34,537,990	34,537,990
Petrol Plin, d.o.o.	18,174,723	18,174,723
Petrol d.o.o., Beograd	16,591,792	16,141,792
Petrol Energetika, d.o.o.	13,538,900	11,367,889
Petrol Maloprodaja Slovenija, d.o.o.	11,344,738	11,344,738
Petrol - Invest d.o.o.	8,230,000	2,400,000
Petrol Gas Group d.o.o.	4,850,000	1,200,000
Rodgas AD	3,510,400	3,510,400
Cypet Oils Ltd.	2,150,906	2,150,906
Petrol Skladiščenje, d.o.o.	794,951	794,951
Petrol Tehnologija, d.o.o.	755,579	755,579
Petrol-Trade, H.m.b.H.	147,830	147,830
Petrol VNC, d.o.o.	114,834	114,834
Petrol Toplarna Hrastnik d.o.o.	0	2,171,011
Total investments in subsidiaries	**213,663,092**	**208,650,219**

In 2009 investments in subsidiaries rose as a result of increases in the capital of subsidiaries Petrol - Invest d.o.o. by EUR 5,830,000, Petrol Gas Group d.o.o. by EUR 3,650,000 and Petrol d.o.o., Belgrade by EUR 450,000.

On 01 January 2009, Petrol Energetika d.o.o. acquired the company Petrol Toplarna Hrastnik d.o.o. As a result, the investment of Petrol d.d., Ljubljana in Petrol Energetika d.o.o. increased by the value of the investment in Petrol Toplarna Hrastnik d.o.o., i.e. EUR 2,171,011.

On the basis of the estimated recoverable amount of the investment in Euro - Petrol d.o.o. determined for the purpose of testing for potential impairment of goodwill in the Group, the Company established that such amount exceeds the carrying amount as at 31 December 2009. Therefore, the Company impaired the investment to an estimated recoverable amount of EUR 47,899,200 and recorded finance expenses of EUR 4,917,127.

The method used for estimating the recoverable amount of the investment is described in more detail in Note 6.14 Intangible assets.

Information about subsidiaries as at 31 December 2009:

Subsidiary	Address	Activity	Ownership and voting rights	
			2009	2008
Petrol Maloprodaja Slovenija, d.o.o.	Dunajska c. 50, Ljubljana, Slovenia	Retail sale of motor fuel	100%	100%
Petrol Plin, d.o.o.	Dunajska c. 50, Ljubljana, Slovenia	Trading in gaseous fuel via a gas network	100%	100%
Petrol Skladiščenje, d.o.o.	Zaloška 259, Ljubljana Polje, Slovenia	Storage services	100%	100%
Petrol Tehnologija, d.o.o.	Zaloška 259, Ljubljana Polje, Slovenia	Maintenance services	100%	100%
Petrol Energetika, d.o.o.	Koroška c. 14, Ravne na Koroškem, Slovenia	Gas and electricity distribution	99.38%	99.33%
Petrol VNC d.o.o.	Dunajska c. 50, Ljubljana, Slovenia	Investigation activities and security	100%	100%
Petrol Trgovina, d.o.o. Zagreb	Oreškovićeva 3D, Otok, 10010 Zagreb, Croatia	Sale and marketing of petroleum products	100%	100%
Petrol BH Oil Company, d.o.o.	Grbavička 4/4, 71000 Sarajevo, Bosnia & Herzegovina	Sale and marketing of petroleum products	100%	100%
Petrol d.o.o. Beograd	Ulica Španskih boraca br. 24v, 11077 Novi Beograd, Serbia	Sale 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.	Ticanova 31, 21000 Novi Sad, Serbia	Gas distribution	100%	100%
Rodgas AD	Maršala Tita 61, Bačka Topola, Serbia	Gas distribution	84.22%	84.22%
Petrol - Invest d.o.o.	Donje polje b.b., 81250 Cetinje, Montenegro	Invest. in petroleum activities	100%	100%
Euro - Petrol d.o.o.	Martinkovac 143b, 51000 Rijeka, Croatia	Trading in and transport of oil and petroleum products	51%	51%

*Cypet-Trade is fully owned by Petrol-Trade H.m.b.H.

6.18 Investments in jointly controlled entities

The Group measures investments in jointly controlled entities using the equity method. The Company, however, accounts for investments in jointly controlled entities as available-for-sale financial assets as set out in IAS 39, meaning they are measured at fair value. More information about the accounting treatment of investments in jointly controlled entities is given in Note 3a (the Group) and Note 4c (the Company).

Changes in investments in jointly controlled entities

	The Petrol Group		Petrol d.d.	
(in EUR)	**31 December 2009**	**31 December 2008**	**31 December 2009**	**31 December 2008**
As at 1 January	16,587,067	14,637,908	56,098,000	9,792,885
Adjustment due to a change in accounting policy	0	0	0	39,982,535
As at 1 January after adjustment	**16,587,067**	**14,637,908**	**56,098,000**	**49,775,420**
Attributed profit	2,481,256	2,335,430	0	0
Dividends received	(3,070,822)	(2,728,360)	0	0
New invest.	0	2,342,245	0	2,342,245
Enhancement (creation of fair value reserves)	0	0	5,846,000	4,059,335
Impairment (reversal of fair value reserves)	0	0	(158,335)	0
Impairment (effect on the income st.)	(678,776)	(156)	(648,665)	(79,000)
As at 31 December	**15,318,725**	**16,587,067**	**61,137,000**	**56,098,000**

Balance of investments in jointly controlled entities

	The Petrol Group		Petrol d.d.	
(in EUR)	**31 December 2009**	**31 December 2008**	**31 December 2009**	**31 December 2008**
Instalacija, d.o.o., Koper	10,891,119	11,395,242	56,486,000	50,640,000
Karkasa, d.o.o.	287,407	242,264	410,000	416,000
Geoenergo, d.o.o.	21,000	43,627	21,000	30,000
Petrol - Bonus d.o.o.	310,199	426,000	411,000	426,000
Petrol - Oti - Slovenija L.L.C.	2,823,000	3,360,987	2,823,000	3,475,000
Petrol Slovenia Tirana Wholesale Sh.A.	986,000	1,118,947	986,000	1,111,000
Total investments in jointly controlled entities	**15,318,725**	**16,587,067**	**61,137,000**	**56,098,000**

Information about jointly controlled entities as at 31 December 2009:

			Ownership and voting rights	
Jointly controlled entity	**Address**	**Activity**	**2009**	**2008**
Geoenergo, d.o.o.	Mlinska ulica 5, 9220 Lendava, Slovenia	Extraction of natural gas, oil and gas condensate	50%	50%
Karkasa, d.o.o.	Škofjeloška cesta 6, 4000 Kranj, Slovenia	Truck tyre retreading	50%	50%
Instalacija, d.o.o. Koper*	Sermin 10/a, 6000 Koper, Slovenia	Storage and handling of petroleum products	49%	49%
Petrol - Bonus d.o.o.	Ulica Donje polje bb, Cetinje, Montenegro	Wholesale and retail sale of fuel	50%	50%
Petrol - OTI - Slovenija L.L.C.	Prishtina Magijstralija, Prishtina, Kosovo	Retail sale and wholesale of liquid and gaseous fuel and similar products	51%	51%
Petrol Slovenia Tirana Wholesale Sh.A.*	Deshmoret e 4 Shkurtit Pll.26, Tirana, Albania	Whosale of liquid, gaseous and similar fuels	55%	55%
Petrol Slovenia Tirana Distribution Sh.p.k. **	Deshmoret e 4 Shkurtit Pll.26, Tirana, Albania	Retail sale of liquid and gaseous fuel	100%	100%

* The contract of members stipulates joint management.

** Petrol Slovenia Tirana Distribution Sh.p.k. is fully owned by Petrol Slovenia Tirana Wholesale Sh.A.

The Petrol Group

In conformity with the equity method, the Group recognised attributable profit of EUR 2,481,256 in 2009. This amount is net of dividends on retained earnings, which stood at EUR 3,070,822. These items are explained in more detail in Note 6.10 Interests and dividends.

Based on the estimated fair values of jointly controlled entities determined for the purpose of measuring the value of the Company's investments (the valuation techniques and procedures are described below in the note pertaining to the Company), the Group determined that the carrying amount of certain investments measured using the equity method was higher than their estimated fair value, which is why the Group impaired the value of the investments to their fair value. The Group's profit decreased by EUR 678,776 as a result.

The Group uses the most recent financial statements of jointly controlled entities to prepare the consolidated financial statements. But due to a rapid winding up of the reporting process within the Group, it may happen that the financial statements taken into account are not prepared for the period ending 31 December 2009. If this is the case, the Group checks whether significant discrepancies could arise between these financial statements and the financial statements as at 31 December 2009. If major changes are expected, the effect of those changes is included as an estimate in the financial statements of a jointly controlled entity.

Significant amounts from the financial statements of jointly controlled entities:

Year 2009

(in EUR)	Assets	Liabilities	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
Geoenergo, d.o.o.	196,784	57,741	37,723	(7,376)	(3,688)
Karkasa, d.o.o.	696,935	133,045	838,815	79,360	39,680
Instalacija, d.o.o. Koper	41,564,140	19,337,363	14,065,488	5,238,162	2,566,699
Petrol - Bonus d.o.o.	14,394,046	13,637,528	6,957,202	(231,602)	(115,801)
Petrol Slovenia Tirana Wholesale Sh.A.	2,094,834	51,445	52,932	30,309	16,670
Petrol - OTI - Slovenija L.L.C.	8,973,328	2,423,714	5,587,570	(82,562)	(42,107)

Year 2008

(in EUR)	Assets	Liabilities	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
Geoenergo, d.o.o.	216,129	69,451	544,351	12,634	6,317
Karkasa, d.o.o.	684,075	199,545	1,053,878	160,805	80,403
Instalacija, d.o.o., Koper	42,706,218	19,450,619	14,093,407	4,628,592	2,268,010
Petrol - Bonus d.o.o.	1,116,478	264,168	397,879	(157,690)	(78,845)
Petrol Slovenia Tirana Wholesale Sh.A.	2,094,834	46,469	87,215	54,580	30,019
Petrol - OTI - Slovenija L.L.C.	6,724,868	136,661	9,321,915	78,146	39,854

Petrol d.d., Ljubljana

New investments

The Company did not increase its share in the existing investments or make new investments in jointly controlled entities in 2009.

Fair value measurement effect

The Company assessed the fair value of investments in jointly controlled entities as at 31 December 2009. Based on the valuation, the Company determined that the fair value of investments in the companies Karkasa d.o.o., Geoenergo d.o.o., Petrol - Bonus d.o.o., Petrol - Oti - Slovenija L.L.C. and Petrol Slovenia Tirana Wholesale Sh.A. was lower than their carrying amount, which is why it impaired the value of these investments to their fair value. The valuation also revealed that the fair value of the investment in the company Instalacija d.o.o., Koper was higher than its carrying amount, which led to an enhancement of the investment's value and a corresponding increase in fair value reserves.

The techniques selected to assess the fair value, and the fair value assessment effects as at 31 December 2009 are shown in the table below:

(in EUR)	Valuation technique	Carrying amount as at 31 December 2009	Fair value as at 31 December 2009	Difference	Valuation effect	
					Fair value reserve	Profit or loss for the period
Instalacija, d.o.o., Koper	Present value of expected free cash flows less debt	50,640,000	56,486,000	5,846,000	5,846,000	0
Karkasa, d.o.o.	Capitalisation of standardised cash flows	416,000	410,000	(6,000)	(6,000)	0
Geoenergo, d.o.o.	Capitalisation of standardised cash flows	30,000	21,000	(9,000)	(9,000)	0
Petrol-Bonus d.o.o.	Present value of expected free cash flows less debt	426,000	411,000	(15,000)	0	(15,000)
Petrol - Oti - Slovenija L.L.C.	Present value of expected free cash flows less debt	3,475,000	2,823,000	(652,000)	(132,335)	(519,665)
Petrol Slovenia Tirana Wholesale Sh.A.	The company's book value equals its estimated fair value	1,111,000	986,000	(125,000)	(11,000)	(114,000)
Total		**56,098,000**	**61,137,000**	**5,039,000**	**5,687,665**	**(648,665)**

Description of assumptions and techniques used in the valuation of investments

Independent assessment of the fair value of investments in jointly controlled entities was prepared on the going concern assumption, taking into account all information about the operation of the companies available at the time of the valuation. Due to the nature of the companies' business, no observable market data exists. The valuation thus mainly relies on information about the companies' previous operations and assumptions regarding their future operations. The valuation takes into account the perspective of market participants. Valuation techniques were tailored to the nature of the companies' business and available data. The following valuation techniques were used:

- Capitalisation of normalised free cash flows, which is a shortened variant of the method of calculating the present value of expected returns and uses a single return forecast and an expected future growth rate of such a return instead of a longer time series of forecasts of the rate of return to owners. The technique was selected due to relatively stable previous operations of the companies and relatively stable operating forecasts.

• Present value of expected free cash flows less debt, which assumes that a company will continue to operate over a comparatively long period of time. Cash returns to owners and creditors are estimated based on an analysis of previous operations and estimated future business opportunities. The returns are discounted using an appropriate arithmetic mean of the required rates of return on debt capital and equity capital.

The required rate of return was adjusted to specific circumstances of individual companies, the interest in which was subject to valuation, and their business environment. The required rates of return for the companies ranged from 8.6% to 16.6%. In the valuation of the investments, discounts reflecting the lack of liquidity and ranging from 5% to 30% were taken into account and adjusted to the nature of the companies' business. In the case of the techniques used, the annual growth rates for free cash flows in the residual value (g) ranged from 1% to 3%.

As part of the valuation, both optimistic and pessimistic scenarios were prepared. The fair value equals the arithmetic mean of the estimated value of investments under both scenarios.

6.19 Investments in associates

The Group measures investments in associates using the equity method. The Company, however, accounts for investments in associates as available-for-sale assets as set out in IAS 39, meaning they are measured at fair value. More information about the accounting treatment of investments in associates is given in Note 3a (the Group) and Note 4c (the Company).

Changes in investments in associates

	The Petrol Group		Petrol d.d.	
(in EUR)	**31 December 2009**	**31 December 2008**	**31 December 2009**	**31 December 2008**
As at 1 January	128,782,444	255,490,263	170,576,931	230,563,013
Adjustment due to a change in accounting policy	0	0	0	73,115,512
As at 1 January after adjustment	**128,782,444**	**255,490,263**	**170,576,931**	**303,678,525**
Attributed profit/losses	(6,164,770)	16,687,192	0	0
Dividends received	(5,387,386)	(9,592,249)	0	(6,406,256)
New investments	5,506,766	8,162,675	5,506,766	8,162,675
Attribution of changes in equity of associates	132,440	596,017	0	0
Enhancement (creation of fair value reserves)	0	0	1,361,234	5,032,913
Impairment (reversal of fair value reserves)	0	0	(315,001)	0
Impairment (effect on the income statement)	(1,586,510)	(142,561,454)	(22,058,965)	(139,890,927)
As at 31 December	**121,282,983**	**128,782,444**	**155,070,965**	**170,576,930**

Balance of investments in associates

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Istrabenz d.d.	21,973,965	43,947,930	21,973,965	43,947,930
Geoplin, d.o.o., Ljubljana	96,197,956	81,629,500	129,317,000	122,449,000
Aquasystems, d.o.o.	1,988,032	1,987,384	2,436,000	2,542,000
Ogrevanje Piran, d.o.o.	446,000	531,000	446,000	531,000
Marche Gostinstvo, d.o.o.	677,030	686,630	898,000	1,107,000
Bio Goriva d.o.o.	0	0	0	0
Total investments in associates	**121,282,983**	**128,782,444**	**155,070,965**	**170,576,930**

Information about the associates as at 31 December 2009 that are not listed on a regulated market

			Ownership and voting rights	
Associate	Address	Activity	2009	2008
Ogrevanje Piran d.o.o.	Liminjanska cesta 117, 6320 Portorož, Slovenia	Gaseous fuel supply, generation and distribution of steam and heat	40%	40%
Geoplin, d.o.o.	Cesta Ljubljanske brigade 11, 1000 Ljubljana, Slovenia	Sale and transport of natural gas	31.98%	30.02%
Aquasystems, d.o.o.	Dupleška 330, 2000 Maribor, Slovenia	Construction and operation of industrial and municipal water treatments plants	26%	26%
Marche Gostinstvo, d.o.o.	Notranjska c. 71, 1370 Logatec, Slovenia	Preparation of food and beverages, sale of merchandise and other services	25%	25%
Bio goriva d.o.o	Grajski trg 21, 2327 Rače, Slovenia	Manufacturing, trading and services	25%	25%

Information about the associates as at 31 December 2009 that are listed on a regulated market

			Ownership and voting rights	
Associate	Address	Activity	2009	2008
Istrabenz d.d.	Cesta Zore Perello - Godina 2, 6000 Koper	Management of Istrabenz Group investments and other investments	32.63%	32.63%

The Petrol Group

The acquisition of a 1.96% interest in the company Geoplin, d.o.o. by Petrol d.d., Ljubljana, as a result of which the value of the investment in the company increased to EUR 5,506,766, constituted a new investment within the Group in 2009.

In conformity with the equity method, the Petrol Group attributed a total loss of EUR 6,164,770 to investments in associates in 2009. This amount is net of dividends, in the amount of EUR 5,387,387. These items are explained in more detail in Note 6.10 Interests and dividends.

Based on the estimated fair values of associates determined for the purpose of measuring the value of Petrol d.d., Ljubljana's investments (the valuation techniques and procedures are described below in the note pertaining to the Company), the Group determined that the carrying amount of investments in the companies Istrabenz d.d. and Ogrevanje Piran d.o.o. measured using the equity method was higher than their estimated fair value, which is why the Group impaired the value of the investments to their fair value. The Group's profit decreased by EUR 1,586,510 as a result.

The Petrol Group uses the most recent financial statements of associates to prepare the consolidated financial statements. As a result of the quick reporting timetable within the Group, however, it may happen that the financial statements taken into account are not prepared for the period ending 31 December 2009. If this is the case, the Group checks whether significant discrepancies could arise between these financial statements and the financial statements as at 31 December 2009. If major changes are expected, the effect of those changes is included as an estimate in the financial statements of an associate.

Significant amounts from the financial statements of associates:

Significant amounts from the financial statements of the associates listed on a stock market:

Year 2009

(in EUR)	Assets	Liabilities	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
Istrabenz Group*	938,490,518	912,970,941	461,360,649	(68,492,498)	(22,349,102)

*Most recent financial statements that were publicly available before the publication of this report are the consolidated financial statements of the Istrabenz Group as at 30 September 2009.

Year 2008

(in EUR)	Assets	Liabilities	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
Istrabenz Group*	1,323,592,902	1,076,704,514	504,327,586	8,728,480	2,848,103

*Most recent financial statements that were publicly available before the publication of the Annual Report of the Petrol Group and Petrol d.d., Ljubljana for the year 2008 were the consolidated financial statements of the Istrabenz Group as at 30 September 2009.

Significant amounts from the financial statements of the associates not listed on a stock market:

Year 2009

(in EUR)	Assets	Liabilities	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
Geoplin Group	321,460,000	52,825,000	330,585,000	28,200,000	9,017,768
Aquasystems, d.o.o.	35,407,084	28,402,411	8,032,335	1,739,181	452,187
Marche Gostinstvo, d.o.o.	4,049,457	1,341,341	12,653,658	268,145	67,036
Ogrevanje Piran, d.o.o.	-	-	-	(40,000)	(16,000)
Bio goriva d.o.o.	26,412,897	23,818,023	6,845,238	(225,451)	(56,363)

Year 2008

(in EUR)	Assets	Liabilities	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
Geoplin Group	317,739,800	68,884,400	368,210,800	34,153,600	10,252,911
Aquasystems, d.o.o.	-	-	7,223,990	(1,392,984)	(362,176)
Marche Gostinstvo, d.o.o.	4,493,036	1,746,517	12,199,757	373,879	93,470
Ogrevanje Piran, d.o.o.	2,916,919	708,962	1,323,262	(15,883)	(6,353)
Bio goriva d.o.o.	13,360,909	10,544,070	8,472,350	(592,332)	(128,513)

Petrol d.d., Ljubljana

New investments

The acquisition of a 1.96% interest in the company Geoplin, d.o.o., as a result of which the value of the investment in the company increased to EUR 5,506,766, constituted a new investment in 2009.

Fair value measurement effect

The Company assessed the fair value of investments in associates as at 31 December 2009. Based on the valuation, the Company determined that the fair value of investments in the companies Aquasystems, d.o.o., Ogrevanje Piran d.o.o., Istrabenz d.d. and Marche Gostinstvo d.o.o. was lower than their carrying amount, which is why the Company impaired the value of the investments to their estimated fair value. The valuation also revealed that the fair value of the investment in the company Geoplin d.o.o. was higher than its carrying amount, which led to an enhancement of the investment's value and a corresponding increase in fair value reserves.

The techniques selected to assess the fair value, and the fair value assessment effects as at 31 December 2009 are shown in the table below:

							Valuation effect	
(in EUR)	Valuation technique	Carrying amount as at 31 December 2008	Changes in 2009*	Carrying amount as at 31 December 2009	Fair value as at 31 December 2009	Difference	Fair value reserve	Profit or loss for the period
Istrabenz d.d.	Net assets	43,947,930	(20,621,721)	23,326,209	21,973,965	(1,352,244)	0	(21,973,965)
Geoplin, d.o.o., Ljubljana	Present value of expected free cash flows less debt, the publicly traded company method and the transaction method	122,449,000	5,506,766	127,955,766	129,317,000	1,361,234	1,361,234	0
Aquasystems, d.o.o.	Present value of expected free cash flows less debt	2,542,000	0	2,542,000	2,436,000	(106,000)	(106,000)	0
Ogrevanje Piran d.o.o.	Capitalisation of standardised cash flows	531,000	0	531,000	446,000	(85,000)	0	(85,000)
Marche Gostinstvo, d.o.o.	Capitalisation of standardised cash flows	1,107,000	0	1,107,000	898,000	(209,000)	(209,000)	0
Bio goriva d.o.o.	Present value of expected free cash flows less debt	0	0	0	0	0	0	0
Total		**170,576,930**	**(15,114,955)**	**155,461,975**	**155,070,965**	**(391,010)**	**1,046,234**	**(22,058,965)**

* Changes include the enhancement of the investment in Geoplin d.o.o. and the impairment of the investment in Istrabenz d.d. on 31 March 2009.

Description of assumptions and techniques used in the valuation of investments

- **Valuation of the investment in Istrabenz d.d.**

Independent assessment of the value of the investment in Istrabenz d.d. as at 31 December 2009 was prepared on the basis of publicly available information about the operations of the Istrabenz Group. The valuation is based on the assumption that the market in the shares of Istrabenz d.d. was inactive in 2009.

The value was assessed using the net asset method. This method was selected because the parent company of the Istrabenz Group is essentially a holding company. Its assets thus mainly consist of investments, and its liabilities of financial liabilities which need to be assessed separately based on the required rate of return. To assess the final value in accordance with the selected net asset method, the market value of all assets is assessed first and the market value of individual liability items is then subtracted from it.

The value of the company's assets broken down into investments and business activities was assessed using the method of the present value of expected free cash flows less debt, the method of the present value of normalised free cash flows less debt, the comparable company analysis as a control method, and the shortened method. Valuation techniques were tailored to the nature of the investments and available data.

A 5% minority interest discount and a 15% lack of marketability discount were also applied.

According to the valuation, the fair value of the investment in Istrabenz d.d. totalled EUR 21,973,965 as at 31 December 2009. The estimated value is the arithmetic mean of the value estimated under the optimistic (EUR 43,947,930) and pessimistic scenario (EUR 0).

On 3 March 2010, the Court confirmed the compulsory settlement proceedings which envisage, based on the financial reorganisation plan, that all company assets will be sold within five years. Given its 32.63% interest, Petrol d.d., Ljubljana continues to maintain its strategic interest in Istrabenz, especially in its energy division.

- **Valuation of other investments**

Independent assessment of the fair value of investments in associates was prepared on the going concern assumption, taking into account all information about the operation of the companies that was available at the time of the valuation. The valuation takes into account the perspective of market participants. Due to the nature of the companies' business, no observable market data exists. The valuation thus mainly relies on information about the companies' previous operations and assumptions regarding their future operations. Valuation techniques were tailored to the nature of the companies' business and available data. The following valuation techniques were used:

- Capitalisation of normalised free cash flows, which is a shortened variant of the method of calculating the present value of expected returns and uses a single return forecast and an expected future growth rate of such a return instead of a longer time series of forecasts of the rate of return to owners. The technique was selected due to relatively stable previous operations of both companies and relatively stable operating forecasts.

- Present value of expected free cash flows less debt, which assumes that a company will continue to operate over a comparatively long period of time. Cash returns to owners and creditors are estimated based on an analysis of previous operations and estimated future business opportunities. The returns are discounted using an appropriate arithmetic mean of the required rates of return on debt capital and equity capital.

- Valuation methods that are based on the analysis of comparable companies listed on a stock exchange (the publicly traded company method) or companies that were (recently) sold or merged with other companies (the transaction method).

The required rate of return was adjusted to specific circumstances of individual companies, the interest in which was subject to valuation, and their business environment. The required rates of return for the companies ranged from 9.1% to 13.6%. In the valuation of the investments, a 10% minority interest discount and discounts for the lack of liquidity ranging from 10% to 20% were taken into account and adjusted to the nature of the companies' business.

In the case of the techniques used, the annual growth rates for free cash flows in the residual value (g) ranged from 2% to 3%. As part of the valuation, both optimistic and pessimistic scenarios were prepared. The fair value equals the arithmetic mean of the estimated value of investments under both scenarios.

6.20 Available-for-sale financial assets

Available-for-sale financial assets relate to investments in the shares and interests of companies and banks as well as to investments in mutual funds and bonds. Since the majority of the available-for-sale financial assets are the assets of Petrol d.d., Ljubljana, a joint disclosure for the Group and the Company is presented.

Changes in available-for-sale financial assets

	The Petrol Group		Petrol d.d.	
(in EUR)	**31 December 2009**	**31 December 2008**	**31 December 2009**	**31 December 2008**
As at 1 January	**14,298,513**	**10,509,249**	**14,219,470**	**10,430,206**
New acquisitions	197,176	17,646,030	197,176	17,646,030
Enhancement (creation of fair value reserves)	591,486	0	591,486	0
Impairment (reversal of fair value reserves)	0	(4,374,317)	0	(4,374,317)
Impairment (effect on the income statement)	(220,627)	(151,264)	(220,627)	(151,264)
Reversal of fair value reserves due to disposal of investments	0	(38,459)	0	(38,459)
Disposal of investments	0	(898,326)	0	(898,326)
As at 31 December	**14,866,548**	**22,692,913**	**14,787,505**	**22,613,870**
Impairment (correction of prior period errors)	0	(8,394,400)	0	(8,394,400)
As at 31 December restated	**14,866,548**	**14,298,513**	**14,787,505**	**14,219,470**

Balance of available-for-sale financial assets

	The Petrol Group		Petrol d.d.	
(in EUR)	**31 December 2009**	**31 December 2008**	**31 December 2009**	**31 December 2008**
Shares of companies	5,313,269	4,669,463	5,234,226	4,669,463
Shares of banks	9,364,751	9,443,794	9,364,751	9,364,751
Interests in companies	187,790	184,518	187,790	184,518
Other investments in bonds	738	738	738	738
Total available-for-sale financial assets	**14,866,548**	**14,298,513**	**14,787,505**	**14,219,470**

The Petrol Group and Petrol d.d., Ljubljana

In 2009 the Group and the Company corrected an error from previous years which arose due to non-recognition of the indications of impairment of the investment in NLB shares as at 31 December 2008. The error arises from the comparative period, so the Group/Company corrected it by restating comparative amounts for the prior period. The basis for correcting the error is a valuation of the investment in NLB d.d. shares based on the data available in the period before the adoption of the 2008

Annual Report. The effect of the error correction is presented in more detail in Note 6.1 Correction of prior period errors.

The enhancement of EUR 591,486 in 2009 is due in its entirety to the investment in the shares of Zavarovalnica Triglav d.d. It is the result of the excess of the fair value over the carrying amount as at 31 December 2009. The fair value of the investment in the shares of Zavarovalnica Triglav d.d. is set based on the share market price as at 31 December 2009.

Available-for-sale financial assets of the Group/Company measured at fair value totalled EUR 10,610,543 as at 31 December 2009. The remaining available-for-sale financial assets of the Group/Company are carried at cost since their fair values cannot be reliably measured due to significant variability in the range of reasonable fair value estimates.

6.21 Non-current financial receivables

Changes in non-current financial receivables

	The Petrol Group		Petrol d.d.	
(in EUR)	**31 December 2009**	**31 December 2008**	**31 December 2009**	**31 December 2008**
Receivables as at 1 January	**2,534,519**	**3,244,543**	**8,917,435**	**12,164,061**
Allowance for receivables as at 1 January	**0**	**(57,286)**	**0**	**(57,286)**
New loans	8,649,981	268,000	8,087,923	268,000
New acquisitions resulting from business combinations	0	1,059,877	0	0
Loans repaid	(192,210)	(1,699,795)	(184,900)	(7,573,636)
Reversal of allowances for receivables	0	57,286	0	57,286
Transfer from short-term financial receivables	0	0	0	5,220,000
Transfer to short-term financial receivables	(1,195,021)	(329,233)	(2,498,276)	(1,160,990)
Foreign exchange differences	1,171	(8,874)	0	0
Receivables as at 31 December	**9,798,440**	**2,534,518**	**14,322,182**	**8,917,435**

Balance of non-current financial receivables

	The Petrol Group		Petrol d.d.	
(in EUR)	**31 December 2009**	**31 December 2008**	**31 December 2009**	**31 December 2008**
Financial receivables from group companies	670,526	1,414,993	13,614,502	7,846,234
Financial receivables from others	707,680	1,071,201	707,680	1,071,201
Finance lease receivables	8,420,234	48,324	0	0
Total non-current financial receivables	**9,798,440**	**2,534,518**	**14,322,182**	**8,917,435**

The Petrol Group

Non-current financial receivables arose as a consequence of the finance lease of Petrol - Invest d.o.o. which covers two service stations that are legally owned by Petrol - Invest d.o.o. and then leased to Petrol - Bonus d.o.o. under finance lease. During the term of the finance lease, the Group's interest income from finance lease will amount to EUR 4,057,727. Minimum lease payments total EUR 12,634,475 and the net present value of lease payments as at 31 December 2009 was EUR 8,576,747.

Changes in non-current finance lease receivables:

	The Petrol Group	
(in EUR)	31 December 2009	31 December 2008
Finance lease receivables as at 1 January	**48,327**	**126,812**
Allowance as at 1 January	**0**	**(57,286)**
New loans	8,576,747	0
Loans repaid	0	(58,181)
Transfer to short-term financial receivables	(204,840)	(20,307)
Reversal of allowance for finance lease receivables	0	57,286
Finance lease receivables as at 31 December	**8,420,234**	**48,324**

Of the total amount of finance lease receivables totalling EUR 8,625,074, the amount of EUR 204,840 will fall due in 1 year, EUR 2,191,505 in 1 to 5 years and EUR 6,228,729 after 5 years.

Non-current financial receivables of the Group decreased chiefly due to the repayment of loans by the associate Aquasystems d.o.o. in the amount of EUR 122,195. The transfer to short-term financial receivables resulted in a reduction in the receivables by EUR 1,195,021.

Petrol d.d., Ljubljana

Non-current financial receivables of Petrol d.d., Ljubljana from companies totalling EUR 13,614,502 mostly comprise loans to the subsidiary Petrol Energetika d.o.o. equalling EUR 6,926,459, to the subsidiary Petrol Plin d.o.o. totalling EUR 6,446,250 and to the associate Aquasystems d.o.o. totalling EUR 241,793.

Non-current financial receivables due from others, equalling EUR 707,680, represent loans to road hauliers for the purchase of vehicles and loans for the payment of goods delivered in the amount of EUR 337,905 as well as loans to Company employees of EUR 369,775.

Non-current financial receivables of the Company grew chiefly as a result of newly approved loans to the subsidiary Petrol Energetika d.o.o. totalling EUR 2,687,923 and to the subsidiary Petrol Plin d.o.o. in the amount of EUR 5,400,000.

More information about financial instrument risks is available in Chapter 7 Financial instruments and risks.

6.22 Non-current operating receivables

Since the majority of non-current operating receivables are the receivables due to Petrol d.d., Ljubljana, a joint disclosure for the Group and the Company is presented.

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Receivables from companies	1,426,404	1,426,404	1,427,751	1,430,874
Allowance for receivables from companies	(1,426,404)	(1,426,404)	(1,426,404)	(1,426,404)
Receivables from municipalities	1,193,272	1,781,077	1,057,538	1,642,901
Other receivables	74,567	79,466	74,567	79,466
Total non-current operating receivables	**1,267,839**	**1,860,543**	**1,133,452**	**1,726,837**

The Petrol Group and Petrol d.d., Ljubljana

Non-current operating receivables from group companies mainly consist of receivables from the jointly controlled entity Geoenergo d.o.o. amounting to EUR 1,426,404. The receivables arose from long-term assets allocated to the restructuring of the company Nafta Lendava d.o.o. that the company Petrol d.d., Ljubljana was obliged to provide under an agreement concluded with the Government of the Republic of Slovenia. Because the repayment of the long-term operating receivable is contingent on the generation and distribution of profit of the company Geoenergo d.o.o., an allowance was made for the entire receivable.

Receivables from municipalities mainly relate to receivables from the Municipality of Mengeš amounting to EUR 421,553 and from the Municipality of Šempeter-Vrtojba amounting to EUR 630,785 both arising from the refund of overcharged fees for the building site use. The receivables are accounted for based on the agreed-upon plan for the refund of overpaid fees.

More information about financial instrument risks is available in Chapter 7 Financial instruments and risks.

6.23 Inventories

	The Petrol Group		Petrol d.d.	
(in EUR)	**31 December 2009**	**31 December 2008**	**31 December 2009**	**31 December 2008**
Inventory of spare parts and materials	1,137,526	970,673	0	0
Merchandise:	80,508,063	87,011,965	66,497,535	72,463,273
- fuel	56,913,764	61,614,559	46,523,064	50,587,418
- other petroleum products	4,777,625	5,548,907	3,994,504	4,781,597
- other merchandise	18,816,674	19,848,499	15,979,967	17,094,258
Inventory of virtual cards	357,966	377,929	266,162	286,751
Total inventory	**82,003,555**	**88,360,567**	**66,763,697**	**72,750,024**

The Petrol Group

The Group has no inventories that are pledged as security for liabilities. After checking the value of merchandise inventories as at 31 December 2009, the Group determined that the net realisable value of inventories was higher than the cost of merchandise, which is why it did not make additional impairments of inventories in 2009. The Group determined an inventory shortage of EUR 3,391,862 in 2009.

Petrol d.d., Ljubljana

The Company has no inventories that are pledged as security for liabilities. After checking the value of merchandise inventories as at 31 December 2009, the Company determined that the net realisable value of Petrol d.d., Ljubljana's inventories was higher than the cost of merchandise, which is why it did not make additional impairments of inventories in 2009. The Company determined an inventory shortage of EUR 2,511,570 in 2009.

6.24 Short-term financial receivables

(in EUR)	The Petrol Group 31 December 2009	The Petrol Group 31 December 2008	Petrol d.d. 31 December 2009	Petrol d.d. 31 December 2008
Loans given	1,324,086	1,569,991	3,445,408	2,286,483
Adjustments to loans given	(643,594)	(786,925)	(643,594)	(786,925)
Time deposits with banks (3 months to 1 year)	480,467	1,693,156	0	0
Interest receivables	28,678	1,056,978	175,865	1,159,796
Allowance for interest receivables	(8,415)	(711,081)	(3,019)	(705,705)
Finance lease receivables	204,840	20,307	0	0
Total short-term financial receivables	**1,386,062**	**2,842,426**	**2,974,660**	**1,953,649**

The Petrol Group

Of the total amount of loans granted by the Group and totalling EUR 1,324,086, the amount of EUR 1,247,647 relates to the loans granted by Petrol d.d., Ljubljana which are presented below.
Finance lease receivables of EUR 204,840 comprise the short-term portion of receivables from the finance lease of Petrol - Invest d.o.o. The finance lease is detailed in Note 6.21 Non-current financial receivables.

Petrol d.d., Ljubljana

Short-term loans to companies of EUR 3,445,408 include the short-term portion of long-term loans to subsidiaries totalling EUR 2,197,461 and short-term loans to others equalling EUR 1,247,947.

The short-term portion of long-term loans to subsidiaries comprises loans to Petrol Plin d.o.o. in the amount of EUR 1,080,000 Petrol Energetika d.o.o. in the amount of EUR 1,081,644 and Petrol Tehnologija d.o.o. in the amount of EUR 35,817. Short-term loans to others consist of a loan of EUR 421,946 to road hauliers for the purchase of vehicles, EUR 204,299 to companies for the payment of goods delivered and loans to others in the amount of EUR 621,702. Value adjustments to short-term loans equalled EUR 643,594.

More information about financial instrument risks is available in Chapter 7 Financial instruments and risks.

6.25 Kratkoročne poslovne terjatve

(in EUR)	The Petrol Group 31 December 2009	The Petrol Group 31 December 2008	Petrol d.d. 31 December 2009	Petrol d.d. 31 December 2008
Trade receivables	257,049,528	289,751,988	228,276,515	261,559,232
Allowance for trade receivables	(28,656,743)	(16,848,945)	(13,363,315)	(11,065,706)
Operating receivables from state and other institutions	9,030,843	13,851,427	5,647,672	8,147,216
Allowance for receivables from state and other institutions	(125,133)	(125,133)	0	0
Operating receivables from interest	2,954,804	2,676,629	2,258,336	2,094,368
Allowance for interest receivables	(1,070,332)	(911,164)	(964,099)	(877,841)
Receivables from insurance companies (loss events)	857,511	263,175	823,151	244,893
Other operating receivables	5,014,948	433,272	3,752,387	44,615
Allowance for other receivables	(917,225)	(76,019)	0	0
Total short-term operating receivables	**244,138,201**	**289,015,230**	**226,430,647**	**260,146,777**

More information about financial instrument risks is available in Chapter 7 Financial instruments and risks.

6.26 Financial assets at fair value through profit or loss

Since the majority of financial assets at fair value through profit or loss belong to Petrol d.d., Ljubljana, a joint disclosure for the Group and the Company is presented.

	The Petrol Group		Petrol d.d.	
(in EUR)	**31 December 2009**	**31 December 2008**	**31 December 2009**	**31 December 2008**
Assets arising from forward contracts	2,767,076	1,435,280	2,767,076	1,435,280
Assets arising from commodity swaps	354,322	985,646	362,987	985,646
Assets arising from interest rate swaps	0	34,108	0	34,108
Total financial assets at fair value through profit or loss	**3,121,398**	**2,455,034**	**3,130,062**	**2,455,034**

The Petrol Group and Petrol d.d., Ljubljana

Assets from forward contracts for the purchase of US dollars in the amount of EUR 2,767,076 comprise the fair values of outstanding forward contracts as at 31 December 2009.

Receivables arising from commodity swaps and totalling EUR 354,322 represent the fair values of outstanding commodity swap contracts as at 31 December 2009.

More information about financial instrument risks is available in Chapter 7 Financial instruments and risks.

6.27 Advances and other assets

	The Petrol Group		Petrol d.d.	
(in EUR)	**31 December 2009**	**31 December 2008**	**31 December 2009**	**31 December 2008**
Advances	1,770,650	3,276,175	253,839	190,341
Prepaid insurance premiums	570,913	694,586	403,863	516,935
Uninvoiced services and goods	430,133	1,005,170	242,172	1,004,972
Prepaid subscriptions, specialised literature, etc.	311,067	286,401	308,844	283,055
Uninvoiced natural gas and LPG	273,361	552,796	32,753	97,186
Deferred expenses associated with the cost of natural gas	107,309	144,393	0	0
Other short-term deferred costs and expenses	101,894	1,106,854	39,814	961,978
Total advances and other assets	**3,565,327**	**7,066,375**	**1,281,285**	**3,054,467**

6.28 Cash and cash equivalents

	The Petrol Group		Petrol d.d.	
(in EUR)	**31 December 2009**	**31 December 2008**	**31 December 2009**	**31 December 2008**
Cash	198,115	99,292	0	5,930
Cash in banks	7,192,206	8,930,680	3,897,658	4,389,553
Short-term deposits (up to 3 months)	399,167	4,931,574	3,011,982	5,026,052
Total cash and cash equivalents	**7,789,488**	**13,961,546**	**6,909,640**	**9,421,536**

More information about financial instrument risks is available in Chapter 7 Financial instruments and risks.

6.29 Equity

Called-up capital

The Company's share capital totals EUR 52,240,977 and is divided into 2,086,301 ordinary shares with a nominal value of EUR 25.04. All shares have been paid up in full.

All 2,086,301 ordinary shares, which bear the share code PETG, are traded on the Ljubljana Stock Exchange. The quoted share price as at 31 December 2009 was EUR 321.69. The book value of the share as at 31 December 2009 was EUR 188.59.

Allocation of accumulated profit from 2008

At the 19th General Meeting of the joint-stock company Petrol d.d., Ljubljana held on 5 May 2009, the shareholders adopted the following resolution on the allocation of accumulated profit:

As proposed by the Management Board and the Supervisory Board, the accumulated profit for the financial year 2008 of EUR 14,604,107 is to be allocated in accordance with the provisions of Articles 230, 282 and 293 of the Companies Act (ZGD-1) as follows:

- payment of dividends to shareholders in the gross amount of EUR 5.90 per share or in the total amount of EUR 12,309,175.90
- transfer to other revenue reserves in the amount of EUR 2,294,931.10

The payment under point 1 is to be made from other revenue reserves set aside in 2004.

Because the 2008 accumulated profit consisted of other revenue reserves, the accumulated profit after the payment of dividends remained part of other revenue reserves.

The Company does not pay dividends on own shares. Consequently, the Company's dividend payment obligation in respect of 2,061,598 shares stood at EUR 12,163,428. The amount of dividends paid in 2009 totalled EUR 12,171,882.

Reserves

Capital surplus

Capital surplus may be used under conditions and for the purposes stipulated by law. General equity revaluation adjustments as at 31 December 2003 comprised the revaluation of share capital made before the year 2002, in accordance with the then applicable Slovene Accounting Standards. Because of the transition to International Financial Reporting Standards, the revaluation adjustment was transferred to capital surplus. It can only be used to increase share capital. In 2009 there were no changes in capital surplus.

Revenue reserves

- **Legal reserves and other revenue reserves**

Legal and other revenue reserves comprise shares of profit from previous years that have been retained for a dedicated purpose, mainly for offsetting eventual future losses. In 2009 other reserves decreased as a result of the payment of dividends to shareholders in the amount of EUR 12,163,428.

In addition, the Group's legal reserves increased by EUR 71,356 due to a transfer of a 5% share of profit for the current year to the legal reserves of the subsidiaries Petrol Plin d.o.o., Petrol Tehnologija d.o.o. and Petrol VNC d.o.o.

Own shares and reserves for own shares

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

Purchases and disposals of own shares

	No. of shares	Cost (in EUR)*
Total purchased in 1997-1999	**36,142**	**3,640,782**
Disposal by year		
Payment of bonuses in 1997	(1,144)	(104,848)
Payment of bonuses in 1998	(1,092)	(98,136)
Payment of bonuses in 1999	(715)	(62,189)
Payment of bonuses in 2000	(1,287)	(119,609)
Payment of bonuses in 2001	(1,122)	(95,252)
Payment of bonuses in 2002	(1,830)	(158,256)
Payment of bonuses in 2003	(1,603)	(138,625)
Payment of bonuses in 2004	(1,044)	(90,284)
Payment of bonuses in 2005	(144)	(15,183)
Payment of bonuses in 2006	(403)	(42,492)
Payment of bonuses in 2007	(731)	(77,077)
Payment of bonuses in 2008	(324)	(34,162)
Total disposals in 1997-2009	**(11,439)**	**(1,036,113)**
Own shares as at 31 December 2009	**24,703**	**2,604,670**

* Amounts converted from SIT into EUR at the parity exchange rate of 239.64.

In 2009 Management Board members received no payments in the form of shares.

The Company held 24,703 own shares as at 31 December 2009. The market value of repurchased own shares totalled EUR 7,964,708 on the above date.

Revaluation reserves (the Group)

Revaluation reserves are included in the Group's financial statements and represent attributed changes in the equity of associates and jointly controlled entities accounted for using the equity method. In 2009 the Group's attributed interest in the equity of Geoplin d.o.o. amounted to EUR 132,440 from which deferred tax liabilities of EUR 26,488 were subtracted.

Fair value reserve

Fair value reserve comprises the effects of valuing available-for-sale financial assets at fair value. The Company also discloses the effects of valuing investments in jointly controlled entities and associates that are measured as available-for-sale financial assets in accordance with the accounting policy.

The Company's fair value reserve increased by EUR 6,733,899 as a result of the valuation of associates and jointly controlled entities and decreased by the amount of the Company's share of deferred tax liabilities, which stood at EUR 1,346,780.

The Company's/Group's fair value reserve increased by EUR 591,486 as a result of the valuation of available-for-sale financial assets and decreased by the amount of the Company's/Group's share of deferred tax liabilities, which stood at EUR 118,297.

Hedging reserve

Hedging reserve comprises the effect of changes in the fair value of derivative financial instruments designated as effective in hedging against the variability in cash flows. In 2009 hedging reserve increased by EUR 2,973,538 and decreased by the amount of attributed deferred tax assets, which stood at EUR 594,708.

Correction of prior period errors

In 2009 the Group corrected the following prior period errors:

- it recognised provisions for employee benefits in relation to franchised service stations
- it corrected an error resulting from non-detected indications of impairment of the investment in NLB d.d. in 2008
- it corrected an error in recognising ongoing investments.

In 2009 the Company corrected the following prior period errors:

- it recognised provisions for employee benefits in relation to franchised service stations
- it corrected an error resulting from non-detected indications of impairment of the investment in NLB d.d. in 2008.

The Group/Company recognised provisions for employee benefits in relation to franchised service stations by restating the opening balances as at 01 January 2008. Retained earnings as at 01 January 2008 decreased by EUR 1,809,050 as a result.

On 01 January 2008, the Group corrected an error in recognising ongoing investments, resulting in a decrease in retained earnings as at 01 January 2008 by EUR 116,052.

The error resulting from non-detected indications of impairment of the investment in NLB d.d. arises from the comparative period, so the Group/Company corrected it by restating comparative amounts for the prior period. The 2008 retained earnings decreased by EUR 6,715,520 as a result.

A description of the errors and the entire effect of the corrections are presented in more detail in Note 6.1 Correction of prior period errors.

Accumulated profit for 2009

	Petrol d.d.	
(in EUR)	31 December 2009	31 December 2008
Compulsory allocation of net profit		
Net profit or loss	10,661,802	(64,430,066)
Net loss for the year offset against retained earnings	0	12,219,773
Net loss for the year offset against other revenue reserves	0	52,210,293
Net loss for the year offset against net profit or loss	(8,524,570)	0
Net profit after compulsory allocation	**2,137,232**	**0**
Determination of accumulation profit		
Net profit	2,137,232	0
Other revenue reserves	12,466,875	14,604,107
Accumulated profit	**14,604,107**	**14,604,107**

Accumulated profit consists of net profit and other revenue reserves amounting to EUR 14,604,107. Final dividends for the year ended 31 December 2009 have not yet been proposed and confirmed by owners at a General Meeting, which is why they have not been recorded as liabilities in these financial statements.

6.30 Provisions for employee benefits

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Termination benefits on retirement	2,092,853	2,192,372	959,955	916,484
Jubilee benefits	1,841,080	1,299,603	776,620	577,090
Total provisions	**3,933,933**	**3,491,975**	**1,736,575**	**1,493,574**

Provisions for employee benefits comprise provisions for termination benefits on retirement and jubilee benefits. Provisions amount to estimated future payments for termination benefits on retirement and jubilee benefits discounted to the end of the reporting period. The calculation is made separately for each employee by taking into account the costs of termination benefits on retirement and the costs of all expected jubilee benefits until retirement.

Changes in provisions for employee benefits

(in EUR)	The Petrol Group Termination benefits	The Petrol Group Jubilee benefits	The Petrol Group Total	Petrol d.d. Termination benefits	Petrol d.d. Jubilee benefits	Petrol d.d. Total
As at 1 January 2008	**2,517,809**	**1,507,747**	**4,025,556**	**1,137,045**	**686,663**	**1,823,708**
Additional provisions	34,402	20,136	54,538	0	0	0
Business combinations	20,810	13,565	34,375	0	0	0
Utilised	(96,106)	(140,161)	(236,267)	(18,208)	(46,312)	(64,519)
Reversed	(283,152)	(101,062)	(384,214)	(202,353)	(63,261)	(265,615)
Foreign exchange differences	(1,391)	(622)	(2,013)	0	0	0
As at 31 December 2008	**2,192,372**	**1,299,603**	**3,491,975**	**916,484**	**577,090**	**1,493,574**
Additional provisions	164,702	708,337	873,039	67,879	269,963	337,842
Utilised	(242,760)	(163,365)	(406,125)	(24,408)	(70,433)	(94,841)
Reversed	(20,678)	(3,322)	(24,000)	0	0	0
Foreign exchange differences	(783)	(173)	(956)	0	0	0
As at 31 December 2009	**2,092,853**	**1,841,080**	**3,933,933**	**959,955**	**776,620**	**1,736,575**

The Petrol Group

The number of employees of the Petrol Group included in the calculation of provisions for employee benefits was 2,597 as at 31 December 2009 (1,970 in Slovenia, 572 in Croatia and 55 in Serbia). The calculation of provisions in Slovenia was made according to the yield curve determined based on the yield on corporate bonds in the euro area and matched against the yield curve of government bonds with AAA rating for the euro area countries. The provisions for employee benefits for Croatian and Serbian companies were calculated based on a 6% and 10.63% yield, respectively. The model for provisions of the companies in Slovenia envisages a salary increase of 1.5% in 2010, 2.5% in 2011 and 3% from 2011 onwards. The model for Croatian companies envisages a 4.5% growth and the one for Serbian companies a 9.20% growth in 2010 and 8.20% from 2010 onwards.

Petrol d.d., Ljubljana

The number of employees of the Company included in the calculation of provisions for employee benefits was 573. The yield curve used was set based on the yield on corporate bonds in the euro area and matched against the yield curve of government bonds with AAA rating for the euro area countries. The model envisages a salary increase of 1.5% in 2010, 2.5% in 2011 and 3% from 2011 onwards.

6.31 Other provisions

Other provisions of the Petrol Group

(in EUR)	Provisions for franchised service station employee benefits	Provisions for legal procedures	Other provisions	Total
As at 1 January 2008	0	433,043	35,813	468,856
Correction of error	2,010,056	0	0	2,010,056
As at 1 January 2008 restated	**2,010,056**	**433,043**	**35,813**	**2,478,912**
Increase in provisions	186,446	0	162,360	348,806
Decrease in provisions	(186,446)	(411,035)	(70,373)	(667,854)
Foreign exchange differences	0	0	212,272	212,272
As at 31 December 2008	**2,010,056**	**22,008**	**340,072**	**2,372,136**
Increase in provisions	620,129	0	32,447	652,576
Decrease in provisions	(185,837)	(10,096)	(225,189)	(421,122)
As at 31 December 2009	**2,444,348**	**11,912**	**147,330**	**2,603,590**

In 2009 the Group corrected a prior period error in connection with the recognition of provisions for employee benefits for employees at franchised service stations. The contractual obligation of Petrol d.d., Ljubljana to reimburse the costs incurred in relation to jubilee benefits and termination benefits on retirement to franchised service station lessees represents the basis for the recognition of the provisions.

The error dates back to the periods preceding the earliest prior period presented, which is why the Group eliminated the error by restating the opening balances as at 01 January 2008. The basis for recording the opening balances is the actuarial calculation of provisions for jubilee benefits and termination benefits on retirement for employees at franchised service stations as at 01 January 2008.

The number of employees of the Company included in the calculation of provisions for employee benefits as at 01 January 2008 was 1,181. The calculation was made based on the then applicable yield of 7.65%. The model envisages a salary increase of 3.5%. The number of employees of the Company included in the calculation of provisions for employee benefits as at 31 December 2009 was 1,216. The yield curve used was set based on the yield on corporate bonds in the euro area and matched against the yield curve of government bonds with AAA rating for the euro area countries. The model envisages a salary increase of 1.5% in 2010, 2.5% in 2011 and 3% from 2011 onwards.

A description of the errors and the entire effect of the corrections are presented in more detail in Note 6.1 Correction of prior period errors.

Other provisions of Petrol d.d., Ljubljana

(in EUR)	Provisions for franchised service station employee benefits	Other provisions	Total
As at 1 January 2008	0	5,620	5,620
Correction of error	2,010,056	0	2,010,056
As at 1 January 2008 restated	**2,010,056**	**5,620**	**2,015,676**
Increase in provisions	186,446	0	186,446
Decrease in provisions	(186,446)	(652)	(187,098)
As at 31 December 2008	**2,010,056**	**4,968**	**2,015,024**
Increase in provisions	620,129	0	620,129
Decrease in provisions	(185,837)	(145)	(185,982)
As at 31 December 2009	**2,444,348**	**4,823**	**2,449,171**

Provisions for franchised service station employee benefits are described in more detail in the note pertaining to the Group.

6.32 Long-term deferred revenue

Long-term deferred revenue of the Petrol Group

(in EUR)	Long-term deferred revenue from environmental assets	Long-term deferred revenue from gas connections	Long-term deferred revenue from grants	Other long-term deferred revenue	Total
As at 1 January 2008	**16,229,180**	**1,576,364**	**78,054**	**120,482**	**18,004,080**
Increase in deferred revenue	0	781,924	0	0	781,924
Decrease in deferred revenue	(1,662,717)	(309,232)	(13,274)	(50,388)	(2,035,611)
As at 31 December 2008	**14,566,463**	**2,049,056**	**64,780**	**70,094**	**16,750,393**
Increase in deferred revenue	0	642,054	181,856	18,089	841,999
Decrease in deferred revenue	(1,733,489)	(181,418)	(39,787)	(73,902)	(2,028,596)
As at 31 December 2009	**12,832,974**	**2,509,692**	**206,849**	**14,281**	**15,563,796**

Long-term deferred revenue from environmental assets

Long-term deferred revenue from environmental assets comprises deferred revenue of Petrol d.d., Ljubljana from funds granted for the environmental rehabilitation of service stations, road tankers, storage facilities and the clean-up of the bitumen dump at Pesniški Dvor. Environmental assets were approved by means of a decision of the Ministry of the Environment and Spatial Planning as part of the ownership transformation of the company Petrol d.d., Ljubljana and were recognised as such in the opening financial statements of Petrol d.d., Ljubljana as at 01 January 1993 that were prepared in accordance with the regulations governing the ownership transformation of companies.

The decrease in environmental provisions by EUR 1,733,489 in 2009 relates mainly to the accounted for depreciation of environmental fixed assets amounting to EUR 1,629,040 and the disposal of environmental assets, whose net carrying amount totalled EUR 101,901.

Long-term deferred revenue from gas network connection fees

Long-term deferred revenue from gas connections or gas network connection fees consists of revenue deferred by the Company and the Group over a concession period. The increase in deferred revenue in 2009 relates to new connections, while the decrease relates to the transfer of the portion falling due in the current year to revenue.

Long-term deferred revenue of Petrol d.d., Ljubljana

(in EUR)	Long-term deferred revenue from environmental assets	Long-term deferred revenue from gas connections	Long-term deferred revenue from grants	Other long-term deferred revenue	Total
As at 1 January 2008	**16,229,180**	**205,786**	**76,559**	**120,482**	**16,632,007**
Increase in deferred revenue	0	240,308	0	0	240,308
Decrease in deferred revenue	(1,662,716)	(218,529)	(12,501)	(50,388)	(1,944,134)
As at 31 December 2008	**14,566,464**	**227,565**	**64,058**	**70,094**	**14,928,181**
Increase in deferred revenue		54,280	181,856	0	236,136
Decrease in deferred revenue	(1,733,490)	(41,556)	(39,329)	(70,094)	(1,884,469)
As at 31 December 2009	**12,832,974**	**240,289**	**206,586**	**0**	**13,279,849**

Long-term deferred revenue from environmental assets is explained in more detail in the note pertaining to the Group.

6.33 Financial liabilities

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Short-term financial liabilities				
Bank loans	249,178,004	209,434,363	201,387,468	107,868,236
Liabilities to banks arising from interest rate swaps	8,638,201	5,160,936	8,638,201	5,160,936
Liabilities to banks arising from forward contracts	0	7,525,045	0	7,525,045
Liabilities arising from commodity swaps	0	748,874	0	1,236,240
Finance lease liabilities	1,707,997	1,680,668	0	0
Other loans and financial liabilities	2,575,135	2,937,302	12,031,157	11,028,116
	262,099,337	**227,487,188**	**222,056,826**	**132,818,573**
Non-current financial liabilities				
Bank loans	180,163,708	298,733,884	163,822,045	275,766,939
Bonds issued	50,092,122	0	50,092,122	0
Finance lease liabilities	6,362,851	7,989,484	0	0
	236,618,681	**306,723,368**	**213,914,167**	**275,766,939**
Total financial liabilities	**498,718,018**	**534,210,556**	**435,970,993**	**408,585,512**

The Petrol Group

Financial liabilities are not covered by securities in rem, except in the case of liabilities assumed in the acquisition of Euro - Petrol d.o.o. The carrying amount of loans obtained by the company Euro - Petrol d.o.o. and secured by mortgages or assets held under finance lease totalled EUR 9,453,467 as at 31 December 2009.

Bank loans are subject to a variable and EURIBOR-linked interest rate.

Liabilities to banks arising from interest rate swaps and amounting to EUR 8,638,201 relate to estimated fair values of outstanding interest rate risk hedging contracts as at 31 December 2009.

In 2009 Petrol d.d., Ljubljana issued bonds with a total nominal value of EUR 50,000,000. The bonds are explained in more detail in the note pertaining to the Company below.

Liabilities arising from finance lease relate to liabilities arising from the finance lease of Euro - Petrol d.o.o. which acquired a vehicle fleet for the transport of petroleum products and certain service stations under finance lease. Over the next eleven years, the Group's interest expenses arising from finance lease will amount to EUR 1,606,871. Finance lease liabilities will fall due as follows: EUR 1,707,997 in 1 year, EUR 3,559,151 in 1 to 5 years, and the remaining EUR 2,803,670 in more than five years. Minimum lease payments total EUR 9,666,736 and the net present value of lease payments as at 31 December 2009 was EUR 8,060,369.

Petrol d.d., Ljubljana

The financial liabilities of the Company are not covered by securities in rem. Bank loans are subject to a variable and EURIBOR-linked interest rate.

Liabilities to banks arising from interest rate swaps and amounting to EUR 8,638,201 relate to estimated fair values of outstanding interest rate risk hedging contracts as at 31 December 2009.

Other loans obtained by the Company relate to loans from group companies amounting to EUR 11,873,240. Loans from subsidiaries comprise loans from Petrol Maloprodaja Slovenija d.o.o. in the amount of EUR 7,759,485 Petrol Tehnologija d.o.o. in the amount of EUR 619,149 Petrol Skladiščenje d.o.o. totalling EUR 111,223 Petrol VNC d.o.o. totalling EUR 164,545 and Petrol Energetika d.o.o. in the amount of EUR 800,930. The loan received from the jointly controlled entity Karkasa d.o.o. totalled EUR 323,909, and the loan from the jointly controlled entity Petrol Slovenia Tirana Wholesale Sh.A. amounted to EUR 1,123,876. The loan obtained from the associate Marche Gostinstvo, d.o.o. equalled EUR 970,123.

In 2009 the Company issued ordinary registered bonds in book-entry form and denominated in EUR. The total nominal value of the bond issue was EUR 50,000,000. Bonds were issued with the nominal value of EUR 1,000 each. The entire bond issue contains 50,000 denominations of EUR 1,000. The bond maturity date is 29/06/2014. The interest rate on the bonds is fixed, i.e. 7.57% p.a. Interest is accrued semi-annually in arrears. The nominal value of the principal falls due in full in a one-off amount upon the maturity of the bond on 29/06/2014. The bonds are traded on the Ljubljana Stock Exchange and bear the code PET1. The fair value of the bonds as at 31 December 2009 was EUR 54,230,000.

More information about financial instrument risks is available in Chapter 7 Financial instruments and risks.

6.34 Non-current operating liabilities

Changes in non-current operating liabilities relating to assets received for administration

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2009	31 December 2008	31 December 2009	31 December 2008
As at 1 January	1,487,982	1,553,382	1,202,196	1,254,458
Increase	50,000	0	0	0
Decrease	(65,400)	(65,400)	(52,262)	(52,262)
As at 31 December	**1,472,582**	**1,487,982**	**1,149,934**	**1,202,196**

The Petrol Group and Petrol d.d., Ljubljana

Non-current operating liabilities of the Group amounting to EUR 1,472,582 and of the Company amounting to EUR 1,149,934 relate to property, plant and equipment received for administration from municipalities in accordance with concession contracts. Liabilities are decreased by the amount of accrued depreciation of assets received for administration.

More information about financial instrument risks is available in Chapter 7 Financial instruments and risks.

6.35 Short-term operating liabilities

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Trade liabilities	127,903,537	157,645,835	155,300,301	229,681,601
Excise duty liabilities	49,462,741	42,875,470	46,648,569	40,045,431
Value added tax liabilities	17,632,664	13,820,063	16,392,094	12,292,491
Environment pollution charge liabilities	1,469,527	1,948,025	1,416,982	1,895,429
Import duty liabilities	5,784,272	6,015,036	2,392,174	3,894,108
Social security contribution liabilities	557,147	562,209	245,893	239,352
Other liabilities to the state and other state institutions	1,280,530	2,411,947	1,193,551	1,933,168
Liabilities to employees	5,984,058	7,108,333	3,330,180	4,322,586
Liabilities associated with the distribution of profit or loss	398,043	405,100	398,043	405,100
Liabilities arising from advances and collaterals	575,364	623,504	457,175	12,462,334
Other liabilities	5,541,560	3,185,570	6,635,628	2,055,862
Total short-term operating and other liabilities	**216,589,443**	**236,601,092**	**234,410,590**	**309,227,463**

More information about financial instrument risks is available in Chapter 7 Financial instruments and risks.

6.36 Other liabilities

(in EUR)	The Petrol Group 31 December 2009	The Petrol Group 31 December 2008	Petrol d.d. 31 December 2009	Petrol d.d. 31 December 2008
Accrued environmental expenses	1,244,018	1,222,433	1,244,018	1,222,433
Accrued leave expenses	1,261,434	1,051,490	657,631	633,163
Accrued litigation expenses	827,117	4,797,180	726,691	4,160,699
Accrued merchandise shortages	543,165	609,543	543,165	609,543
Accrued expenses for tanker demurrage	350,261	849,707	350,261	849,707
Accrued uninvoiced goods expenses	489,176	136,920	489,176	136,920
Accrued concession fee expenses	114,777	180,793	59,121	102,857
Accrued motorway site lease payments	131,944	147,974	131,944	147,974
Other accrued costs	994,527	605,104	352,183	113,790
Deferred default interest income	416,568	530,747	416,568	530,747
Deferred Magna prepayment card revenue	392,296	83,540	392,296	83,540
Deferred revenue from gas connections	331,670	289,090	240,910	209,411
Deferred revenue from heating	276,479	315,147	0	0
Deferred revenue from assigned contributions	164,508	107,020	65,450	47,205
Other deferred revenue	341,180	650,016	239,186	436,706
Total other liabilities	**7,879,120**	**11,576,704**	**5,908,600**	**9,284,695**

7. Financial instruments and risks

This chapter presents disclosures about financial instruments and risks, whereas risk management is explained in the business report in chapter Risk management and internal controls.

7.1 Credit risk

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

In 2008 and 2009, the Group/Company was faced with the financial crisis whose main negative effects on the operations will be visible also in 2010. The management therefore regularly takes additional measures which relate mainly to the collection of operating receivables.

The maximum exposure to credit risk is represented by the carrying amount of financial assets which was the following as at 31 December 2009:

	The Petrol Group		Petrol d.d.	
(in EUR)	**2009**	**2008 restated**	**2009**	**2008 restated**
Available-for-sale financial assets	14,866,548	14,298,513	14,787,505	14,219,470
Non-current financial receivables	9,798,440	2,534,518	14,322,182	8,917,435
Non-current operating receivables	1,267,839	1,860,543	1,133,452	1,726,837
Short-term financial receivables	1,386,062	2,842,426	2,974,660	1,953,649
Short-term operating receivables	244,138,201	289,015,230	226,430,647	260,146,777
Cash and cash equivalents	7,789,488	13,961,546	6,909,640	9,421,536
Financial assets at fair value through profit or loss	3,121,398	2,455,034	3,130,062	2,455,034
Total assets	**282,367,976**	**326,967,810**	**269,688,148**	**298,840,739**

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

Financial assets at fair value through profit or loss consist entirely of derivative financial instruments.

The Group's short-term operating receivables 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**	**90 or more days overdue**	**Total**
Trade receivables	186,886,933	48,387,083	22,231,974	6,394,312	25,851,686	**289,751,988**
- allowances for trade receivables	0	0	(78,442)	(440,986)	(16,329,517)	**(16,848,945)**
Operating receivables from state and other institutions	13,605,534	99,493	5,684	0	140,716	**13,851,427**
- allowances for receivables from state and other institutions	0	0	0	0	(125,133)	**(125,133)**
Interest receivables	163,352	556,577	288,204	100,455	1,037,294	**2,145,882**
- allowances for interest receivables	0	0	0	(71,061)	(840,103)	**(911,164)**
Other receivables	1,058,352	0	91,024	0	77,818	**1,227,194**
- allowances for other receivables	0	0	0	0	(76,019)	**(76,019)**
As at 31 December 2008	201,714,171	49,043,153	22,538,444	5,982,720	9,736,742	**289,015,230**

(in EUR)	Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	90 or more days overdue	Total
Trade receivables	167,374,419	34,002,033	11,448,633	6,999,586	37,224,857	**257,049,528**
- allowances for trade receivables	(371)	(469)	(2,621)	(4,484,554)	(24,983,463)	**(29,471,478)**
Operating receivables from state and other institutions	8,876,546	26,769	2,395	0	125,133	**9,030,843**
- allowances for receivables from state and other institutions	0	0	0	0	(125,133)	**(125,133)**
Interest receivables	243,184	159,651	118,534	269,323	1,747,544	**2,538,236**
- allowances for interest receivables	0	0	0	(64,240)	(1,006,092)	**(1,070,332)**
Other receivables	6,184,448	0	0	0	104,582	**6,289,030**
- allowances for other receivables	0	0	0	0	(102,490)	**(102,490)**
As at 31 December 2009	182,678,226	34,187,984	11,566,941	2,720,115	12,984,938	**244,138,201**

The Company's short-term operating receivables 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	90 or more days overdue	Total
Trade receivables	174,797,704	47,065,101	18,887,904	3,478,153	17,330,371	**261,559,232**
- allowances for trade receivables	0	0	0	0	(11,065,706)	**(11,065,706)**
Interest receivables	212,189	143,044	109,794	67,133	1,031,461	**1,563,621**
- allowances for interest receivables	0	0	0	(67,133)	(810,708)	**(877,841)**
Other receivables	8,967,471	0	0	0	0	**8,967,471**
As at 31 December 2008	183,977,364	47,208,145	18,997,698	3,478,153	6,485,418	**260,146,777**

(in EUR)	Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	90 or more days overdue	Total
Trade receivables	154,870,143	29,226,259	12,133,445	8,558,559	23,488,108	**228,276,514**
- allowances for trade receivables	0	0	0	(4,445,880)	(8,917,435)	**(13,363,315)**
Interest receivables	84,284	140,720	105,076	184,500	1,327,189	**1,841,769**
- allowances for interest receivables	0	0	0	(57,707)	(906,392)	**(964,099)**
Other receivables	10,639,778	0	0	0	0	**10,639,778**
As at 31 December 2009	165,594,205	29,366,979	12,238,521	4,239,472	14,991,470	**226,430,647**

Changes in allowances for operating receivables of the Group:

(in EUR)	Short-term operating receivables	Short-term interest receivables	Total
As at 1 January 2008	(19,123,712)	(894,128)	**(20,017,838)**
Changes in allowances affecting profit or loss	1,957,847	(108,001)	**1,849,846**
Changes in allowances not affecting profit or loss	0	97,483	**97,483**
Write-downs of receivables subject to allowances	106,933	(6,674)	**100,259**
Foreign exchange differences	8,833	156	**8,989**
As at 31 December 2008	**(17,050,099)**	**(911,164)**	**(17,961,261)**

(in EUR)	Short-term operating receivables	Short-term interest receivables	Total
As at 1 January 2009	(17,050,099)	(911,164)	**(17,961,263)**
Changes in allowances affecting profit or loss	(13,647,431)	(134,671)	**(13,782,102)**
Changes in allowances not affecting profit or loss	(26,472)	0	**(26,472)**
Write-downs of receivables subject to allowances	1,048,362	(24,753)	**1,023,609**
Foreign exchange differences	(23,463)	258	**(23,205)**
As at 31 December 2009	**(29,699,103)**	**(1,070,330)**	**(30,769,433)**

Changes in allowances for operating receivables of the Company:

(in EUR)	Short-term operating receivables	Short-term interest receivables	Total
As at 1 January 2008	(14,298,997)	(881,928)	**(15,180,925)**
Changes in allowances affecting profit or loss	2,491,033	(97,987)	**2,393,046**
Changes in allowances not affecting profit or loss	0	100,684	**100,684**
Write-downs of receivables subject to allowances	742,258	1,390	**743,648**
As at 31 December 2008	**(11,065,706)**	**(877,841)**	**(11,943,547)**

(v EUR)	Short-term operating receivables	Short-term interest receivables	Total
As at 1 January 2009	(11,065,706)	(877,841)	**(11,943,547)**
Changes in allowances affecting profit or loss	(2,938,880)	(94,058)	**(3,032,938)**
Changes in allowances not affecting profit or loss	0	3,056	**3,056**
Write-downs of receivables subject to allowances	641,271	4,744	**646,015**
As at 31 December 2009	**(13,363,315)**	**(964,099)**	**(14,327,414)**

Secured receivables

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Short-term operating trade receivables (outstanding)	257,049,528	289,751,988	228,276,515	261,559,232
Allowance	(29,471,478)	(16,848,945)	(13,363,315)	(11,065,706)
Short-term operating trade receivables with allowance	227,578,050	272,903,043	214,913,200	250,493,526
Short-term operating trade receivables (overdue)	**89,675,109**	**102,865,055**	**73,406,371**	**86,761,529**
Overdue amount secured	**88,145,322**	**81,444,311**	**52,635,726**	**39,552,066**

The receivable from the Group's largest individual customer stood at EUR 10,743,113 as at 31 December 2009, accounting for 4.7% of trade receivables. The receivable from the Company's largest individual customer stood at EUR 17,986,249 as at 31 December 2009 and accounted for 8.4% of trade receivables.

These receivables mainly relate to receivables from domestic and foreign customers arising from the wholesale of goods and services and the sale of goods to the holders (natural persons) of the Magna card. The structure of wholesale and retail customers (natural persons) is diversified, meaning there is no significant exposure to a single customer. The Company had 24,177 customers as at 31 December 2009. The Group/Company has in place a computerised system of grades, ratings and blocks, enabling it to constantly monitor its customers.

The Group/Company improves the system for the monitoring of credit risks on a yearly basis. Due to expected increase in the number of defaulting customers, the Group tightened its credit standards in 2009, requiring from customers a wider range of security types (bank guarantees, mortgages, pledges).

The Group/Company measures the degree of receivables management using days sales outstanding.

	The Petrol Group		Petrol d.d.	
In days	**2009**	**2008**	**2009**	**2008**
Days sales outstanding				
Contract days	37	38	40	39
Overdue receivables in days	23	15	21	14
Total receivables	60	53	60	53

7.2 Liquidity risk

The Group/Company manages liquidity risks through:

- standardised and centralised treasury management at Group level
- uniform approach to banks in Slovenia and abroad
- computer-assisted system for the management of cash flows of the parent company and all its subsidiaries
- centralised collection of available cash through cash pooling

Half of the Group's/Company's total revenue is generated through its retail network in which cash and payment cards are used as the means of payment. This ensures regular daily inflows and mitigates liquidity risks.

In addition, the Group/Company has credit lines at its disposal both in Slovenia and abroad, the size of which enables the Group to meet all its due liabilities at any given moment. Due to the financial crisis, the Group/Company now devotes even more attention to the planning of cash flows, which enables it to anticipate any liquidity surpluses or shortages in time and manage them optimally.

The majority of financial liabilities arising from long-term and short-term loans are those of the parent company, which also generates the majority of revenue.

The Group's liabilities as at 31 December 2009 by maturity

(in EUR)	Liability	1 to 6 months	6 to 12 months	1 to 5 years	Over 5 years
Non-current financial liabilities	236,618,681	0	0	227,330,270	9,288,411
Non-current operating liabilities	1,472,582	0	0	311,600	1,160,982
Short-term financial liabilities	262,099,337	216,354,287	45,745,050	0	0
Short-term operating and other liabilities	216,589,443	215,972,771	616,672	0	0
Total	**716,780,043**	**432,327,058**	**46,361,722**	**227,641,870**	**10,449,393**

Short-term financial liabilities consist of derivative financial instruments amounting to EUR 8,638,201.

The Group's liabilities as at 31 December 2009 by maturity

(in EUR)	Liability	1 to 6 months	6 to 12 months	1 to 5 years	Over 5 years
Non-current financial liabilities	213,914,167	0	0	206,913,645	7,000,522
Non-current operating liabilities	1,149,934	0	0	209,048	940,886
Short-term financial liabilities	222,056,826	180,409,303	41,647,523	0	0
Short-term operating and other liabilities	234,410,590	234,024,469	386,121	0	0
Total	**671,531,517**	**414,433,772**	**42,033,644**	**207,122,693**	**7,941,408**

Short-term financial liabilities consist of derivative financial instruments amounting to EUR 8,638,201.

The Group/Company transferred EUR 61,985,794 in loans received from long-term liabilities to short-term liabilities because of non-fulfilment of financial obligations as at 31 December 2009. The Group/Company estimates that thanks to its still strong financial position and liquid operations banks will not take advantage of the contractual clause and call in the loans. The Group/Company estimates that the liability of EUR 61,985,794 will fall due in a period of 1 to 5 years.

7.3 Foreign exchange risk

	The Petrol Group							Petrol d.d.		
	31 December 2009							31 December 2009		
(in EUR)	EUR	USD	HRK	BAM	RSD	CHF	Total	EUR	USD	Total
Short-term operating receivables	198,727,794	511,502	32,030,418	11,824,273	1,044,215	0	244,138,201	222,380,224	4,050,423	226,430,647
Non-current operating receivables	1,267,839	0	0	0	0	0	1,267,839	1,133,452	0	1,133,452
Short-term financial receivables	1,105,935	205,218	74,909	0	0	0	1,386,062	2,974,660	0	2,974,660
Non-current financial receivables	9,369,706	0	426,873	0	1,861	0	9,798,440	14,322,182	0	14,322,182
Non-current operating liabilities	(1,472,582)	0	0	0	0	0	(1,472,582)	(1,149,934)	0	(1,149,934)
Short-term operating liabilities	(163,741,315)	(29,412,470)	(19,546,126)	(2,716,283)	(1,173,248)	0	(216,589,443)	(137,164,710)	(97,245,880)	(234,410,590)
Non-current financial liabilities	(233,957,552)	0	(684,026)	0	0	(1,977,104)	(236,618,681)	(213,914,167)	0	(213,914,167)
Short-term financial liabilities	(226,612,967)	(34,124,653)	(295,424)	0	0	(1,066,293)	(262,099,337)	(222,056,826)	0	(222,056,826)
Balance sheet exposure	**(415,313,142)**	**(62,820,403)**	**12,006,624**	**9,107,990**	**(127,173)**	**(3,043,397)**	**(460,189,501)**	**(333,475,119)**	**(93,195,457)**	**(426,670,576)**

Because the Group/Company purchases petroleum products in US dollars, while sales in the domestic and foreign markets are made in local currencies, it is exposed to the risk of changes in the EUR/USD exchange rate.

The following exchange rates prevailed in 2009:

1 euro	31 December 2009	31 December 2008
USD	1.4338	1.4098
HRK	7.3066	7.3348
BAM	1.9558	1.9558
RSD	95.0250	89.3718

Hedging is performed in accordance with the Group's rules for the management of price and foreign exchange risks prepared on the basis of the Regulation on the Price Methodology for Petroleum Products. The exposure to changes in the EUR/USD exchange rate is hedged against using foreign exchange hedging, thus fixing the EUR/USD exchange rate as recognised under the Regulation on the Price Methodology for Petroleum Products and maintaining the margin. The hedging instruments used are forward contracts entered into with banks.

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Effect of forward contracts				
Unrealised loss	0	(7,198,338)	0	(7,198,338)
Unrealised gain	2,767,076	975,073	2,767,076	975,073
Realised loss	(18,144,593)	(17,525,560)	(18,144,593)	(17,525,560)
Realised gain	17,168,291	41,328,347	17,168,242	41,328,347
Total effect of forward contracts	**1,790,774**	**17,579,522**	**1,790,725**	**17,579,522**

The effects of forward contracts need to be considered together with foreign exchange differences arising on the purchasing of oil and petroleum products. The total effect of forward contracts and foreign exchange differences was revenue of EUR 2,273,454 for the Group and expenses of EUR 293,831 for the Company.

Considering that forward contracts for hedging against foreign exchange risks are entered into with first-class Slovene banks, the Group/Company estimates that the counterparty default risk is nil.

The Group is exposed to foreign exchange risks also in dealing with subsidiaries in SE Europe. The risk incurred is a risk of changes in the HRK/EUR exchange rate because the sales of goods in Croatia are made in EUR, and a risk of changes in the RSD/EUR exchange rate because a bank loan of a Serbian subsidiary is denominated in EUR. Considering that due to an illiquid market the cost of hedging against changes in the above exchange rates would be excessive and that the above items represent only a small part of the Group's operations, the Group is not exposed to significant risks in this area.

The Group/Company does not prepare a sensitivity analysis for the EUR/USD exchange rate given that the Regulation on the Price Methodology is in force in its major markets (Slovenia and Croatia) which allows for exchange rate changes to be passed on to retail prices. Retail prices change every 7 or 14 days, and the Group/Company hedges against exchange rate changes that are included in price changes using forward contracts.

Sensitivity analysis

			The Petrol Group	
Currency	**Exchange rate + 10%**	**Exchange rate - 10%**	**Revenue**	**Expense**
HRK	8.037	6.576	1,334,069	1,091,511
RSD	104.528	85.523	11,561	14,130
CHF	1.637	1.339	276.672	338.155
Total			**1.622.303**	**1.443.797**

7.4 Price risk

The Group/Company hedges petroleum product prices primarily by using commodity swaps (variable to fixed price swap). Partners in this area include global financial institutions and banks or suppliers of goods, which is why the Group/Company believes that the counterparty default risk is nil.

	The Petrol Group		Petrol d.d.	
(in EUR)	**31 December 2009**	**31 December 2008**	**31 December 2009**	**31 December 2008**
Effect of commodity swaps				
Unrealised loss	(787,942)	(748,874)	(787,942)	(748,874)
Unrealised gain	950,810	985,646	950,810	985,646
Realised loss	(15,700,860)	(11,427,978)	(15,700,860)	(11,427,978)
Realised gain	4,526,641	10,014,210	4,526,641	10,014,210
Total effect of commodity swaps	**(11,011,351)**	**(1,176,996)**	**(11,011,351)**	**(1,176,996)**

Because commodity swaps are not designated as an hedging instrument in a hedge of the variability in cash flows attributable to a recognised asset or liability, gains and losses are recognised directly in other finance income and expenses. Taking into account the higher margin achieved thanks to commodity swaps, the Company generated a net gain on commodity swaps of EUR 448,789 in 2009.

The Group does not prepare a sensitivity analysis for changes in the prices of petroleum products given that the Regulation on the Price Methodology is in force in its major markets (Slovenia and Croatia) which allows for changes in the prices of petroleum products to be passed on to retail prices, which change fortnightly.

7.5 Interest rate risk

In the financing of capital investments and current operations, interest rate risks are incurred as the Group/Company enters into long-term and short-term loan agreements that are based on Euribor, which changes on a daily basis. Interest rate hedging is conducted in accordance with the Group's policy for hedging against business risks as laid down in the rules on business risk management and instructions for hedging against interest rate risks.

Cash flow hedging is performed as follows:

- partly through current operations (the Group's/Company's interest rate on operating receivables being Euribor-based)
- partly through financial markets (the interest rate on bank deposits being Euribor-based)
- partly through forward markets by entering into interest rate swaps

Hedging through the use of derivatives is aimed at achieving a fixed interest rate and, consequently, constant cash flows (cash flow hedging) amounting to the fixed interest rate plus an interest margin. The Group/Company therefore recognises the instrument designated as effective directly in equity.

To hedge against interest rate risks, the Group/Company uses multiple financial instruments, of which most frequently the interest rate swap. It also uses several derivative instruments that are based on interest rate swaps (collars, interest rate swaps with triggers, interest rate swaps with a cancellation option).

Because partners in this area include first-class Slovene banks, the Group/Company estimates that the counterparty default risk is nil.

Interest rate swaps by maturity

	The Petrol Group		Petrol d.d.	
(in EUR)	**31 December 2009**	**31 December 2008**	**31 December 2009**	**31 December 2008**
6 months or less	10,000,000	2,000,000	10,000,000	2,000,000
6 to 12 months	10,000,000	15,230,769	10,000,000	15,230,769
1 to 5 years	126,000,000	141,000,000	126,000,000	141,000,000
Total interest rate swaps	**146,000,000**	**158,230,769**	**146,000,000**	**158,230,769**

Effect of interest rate swaps

	The Petrol Group		Petrol d.d.	
(in EUR)	**31 December 2009**	**31 December 2008**	**31 December 2009**	**31 December 2008**
Effect of interest rate swap				
Unrealised loss on effective transactions	(9,023,961)	(6,514,963)	(9,023,961)	(6,514,963)
Unrealised loss on ineffective transactions	(574,960)	(2,025,138)	(574,960)	(2,025,138)
Unrealised gain on ineffective transactions	37,126	2,546,274	37,126	2,546,274
Realised loss	(3,481,897)	(49,207)	(3,481,897)	(49,207)
Realised gain	163,383	1,197,820	163,383	1,197,820
Total effect of interest rate swaps	**(12,880,309)**	**(4,845,214)**	**(12,880,309)**	**(4,845,214)**

Exposure

The Group's/Company's exposure to the risk of changing interest rates was as follows:

	The Petrol Group		Petrol d.d.	
(in EUR)	**2009**	**2008**	**2009**	**2008**
Fixed interest rate				
Total interest rate swaps	146,000,000	158,230,769	146,000,000	158,230,769
Net receivables/(liabilities) at fixed interest rate	146,000,000	158,230,769	146,000,000	158,230,769
Variable interest rate				
Financial receivables	11,184,502	5,376,944	17,296,842	10,871,084
Financial liabilities	(498,718,018)	(534,210,556)	(435,970,993)	(408,585,512)
Net receivables/(liabilities) at variable interest rate	(487,533,516)	(528,833,612)	(418,674,151)	(397,714,428)

Sensitivity analysis of cash flows for instruments with a variable interest rate.

A change in the interest rate by 100 or 200 basis points on the reporting date would have increased (decreased) net profit or loss by amounts indicated below. The analysis assumes that all variables, in particular foreign exchange rates, remain unchanged. In performing the calculation, receivables/(liabilities) with variable interest rates are further decreased by the total amount of interest rate swaps. The analysis was prepared in the same manner for both years.

Change in net profit or loss in the case of an increase by 100 or 200 bp

	The Petrol Group		Petrol d.d.	
(in EUR)	2009	2008	2009	2008
Cash flow variability (net) - 100 bp	(3,415,335)	(3,706,028)	(2,726,742)	(2,394,837)
Cash flow variability (net) - 200 bp	(6,830,670)	(7,412,057)	(5,453,483)	(4,789,673)

Change in net profit or loss in the case of a decrease by 100 or 200 bp

	The Petrol Group		Petrol d.d.	
(in EUR)	2009	2008	2009	2008
Cash flow variability (net) - 100 bp	3,415,335	3,706,028	2,726,742	2,394,837
Cash flow variability (net) - 200 bp	6,830,670	7,412,057	5,453,483	4,789,673

7.6 Capital management

The main purpose of capital management is to ensure capital adequacy, the best possible financial stability, and long-term solvency for the purpose of financing operations and achieving maximum shareholder value. The Group/Company achieves this also through a policy of stable dividend payout to the Company's owners.

To this end, the Company and the Group regularly monitor the debt-to-equity ratio:

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Non-current financial liabilities	236,618,681	306,723,368	213,914,167	275,766,939
Short-term financial liabilities	262,099,337	227,487,188	222,056,826	132,818,573
Total financial liabilities	498,718,018	534,210,556	435,970,993	408,585,512
Total equity	381,540,112	388,635,094	393,458,540	391,478,689
Debt/equity	1.31	1.37	1.11	1.04

Despite the financial and economic crisis that also affected the Group's/Company's operations, the ratio decreased, which is a sign of a positive trend of continued improvement and strengthening of the Group's/Company's financial position.

7.7 Carrying amount and fair value of financial instruments

(in EUR)	The Petrol Group				Petrol d.d.			
	31 December 2009		31 December 2008		31 December 2009		31 December 2008	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Non-derivative financial assets at fair value								
Available-for-sale financial assets	14,866,548	14,866,548	14,298,513	14,298,513	14,787,505	14,787,505	14,219,470	14,219,470
Non-derivative financial assets at amortised cost								
Financial receivables	11,184,502	11,184,502	5,376,944	5,376,944	17,296,842	17,296,842	10,871,084	10,871,084
Operating receivables	244,138,201	244,138,201	289,015,230	289,015,230	226,430,647	226,430,647	260,146,777	260,146,777
Cash	7,789,488	7,789,488	13,961,546	13,961,546	6,909,640	6,909,640	9,421,536	9,421,536
Total non-derivative financial assets	**277,978,739**	**277,978,739**	**322,652,233**	**322,652,233**	**265,424,634**	**265,424,634**	**294,658,867**	**294,658,867**
Non-derivative financial liabilities at amortised cost								
Bank loans and other financial liabilities	(490,079,817)	(494,196,582)	(520,775,701)	(520,775,701)	(427,332,792)	(431,449,657)	(394,663,291)	(394,663,291)
Operating liabilities	(218,062,025)	(218,062,025)	(238,089,074)	(238,089,074)	(235,560,524)	(235,560,524)	(310,429,659)	(310,429,659)
Total non-derivative financial liabilities	**(708,141,842)**	**(712,258,607)**	**(758,864,775)**	**(758,864,775)**	**(662,893,316)**	**(667,010,181)**	**(705,092,950)**	**(705,092,950)**
Derivative financial instruments at fair value								
Derivative financial instruments (assets)	3,121,398	3,121,398	2,455,034	2,455,034	3,130,062	3,130,062	2,455,034	2,455,034
Derivative financial instruments (liabilities)	(8,638,201)	(8,638,201)	(13,434,855)	(13,434,855)	(8,638,201)	(8,638,201)	(13,922,221)	(14,291,117)
Total derivative financial instruments	**(5,516,803)**	**(5,516,803)**	**(10,979,821)**	**(10,979,821)**	**(5,508,139)**	**(5,508,139)**	**(11,467,187)**	**(11,836,083)**

Presentation of financial assets valued at fair value according to the fair value hierarchy

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Level 1 financial assets at fair value	4,603,031	3,345,180	4,611,695	3,345,180
Level 2 financial assets at fair value	9,128,910	9,128,910	9,128,910	9,128,910
Level 3 financial assets at fair value	4,256,005	4,279,457	4,176,962	4,202,406
Total financial assets at fair value	**17,987,946**	**16,753,547**	**17,917,567**	**16,676,496**

8. Related party transactions

All related party transactions of the Group and the Company were based on conditions no more favourable than those available on similar transactions to non related entities

	The Petrol Group		Petrol d.d.	
(in EUR)	**Year ended 31 December 2009**	**Year ended 31 December 2008**	**Year ended 31 December 2009**	**Year ended 31 December 2008**
Sales revenues:				
Subsidiaries	-	-	132,832,235	233,324,034
Jointly controlled entities	2,565,192	228,627	2,436,321	227,437
Associates	2,862,043	2,543,034	2,676,698	2,426,001
Cost of merchandise sold:				
Subsidiaries	-	-	708,854,018	1,329,814,057
Jointly controlled entities	537,563	556,621	537,563	556,621
Associates	41,675,618	47,766,106	8,505,406	9,840,016
Selling costs:				
Subsidiaries	-	-	22,437,430	22,403,463
Jointly controlled entities	7,144,327	7,302,440	7,144,327	7,302,440
Associates	148,139	112,471	107,165	109,540
General and administrative costs:				
Subsidiaries	-	-	2,213	1,636
Jointly controlled entities	1,200	900	0	0
Associates	7,251	5,937	6,306	5,204
Financial revenues arising from interests in group companies:				
Subsidiaries	-	-	5,587,468	4,622,529
Jointly controlled entities	2,650,935	2,424,603	3,070,822	2,728,360
Associates	16,201,717	16,822,058	5,387,387	3,185,993
Financial expenses arising from interests in group companies:				
Subsidiaries	-	-	-	-
Jointly controlled entities	169,679	89,173	-	-
Associates	22,366,487	134,866	-	-
Financial revenues s from interests:				
Subsidiaries	-	-	1,448,572	1,565,531
Financial revenues from interest - jointly controlled entities	450,151	0	0	0
Associates	24,709	168,985	24,709	168,985
Financial expenses for interest				
Subsidiaries	-	-	1,116,971	1,730,997
Jointly controlled entities	58,342	30,016	58,342	30,016
Associates	31,884	55,601	31,884	55,601

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Investments:				
Subsidiaries	-	-	213,663,093	208,650,219
Jointly controlled entities	15,318,725	16,587,067	61,137,000	56,098,000
Associates	121,282,983	128,782,444	155,070,965	170,576,930
Non-current financial receivables:				
Subsidiaries		-	13,372,709	7,482,246
Jointly controlled entities	8,393,449	0	0	0
Associates	241,794	363,989	241,794	363,989
Non-current operating receivables:				
Subsidiaries	-	-	1,347	4,467
Current operating receivables:				
Subsidiaries	-	-	40,536,900	48,517,840
Jointly controlled entities	893,041	217,701	882,376	217,701
Associates	569,481	456,403	551,110	436,232
Current financial receivables:				
Subsidiaries	-	-	2,357,037	958,246
Jointly controlled entities	183,298	0	0	0
Associates	4,363	19,707	4,363	19,707
Short-term deposits (up to 3 months)				
Subsidiaries	-	-	2,915,432	5,024,627
Current financial liabilities:				
Current financial liabilities to subsidiaries	-	-	9,456,022	8,578,178
Current financial liabilities to jointly controlled entities	1,449,003	1,320,773	1,449,003	1,320,773
Current financial liabilities to associates	970,749	1,510,070	970,749	1,510,070
Current operating liabilities:				
Current operating liabilities to subsidiaries	-	-	83,508,163	156,225,583
Current operating liabilities to jointly controlled entities	740,696	768,338	737,185	768,338
Current operating liabilities to associates	4,824,621	8,481,704	272,334	388,465

Petrol d.d., Ljubljana is a joint-stock company listed on the Ljubljana Stock Exchange. Ownership structure as at 31 December 2009 is presented in chapter Management of Petrol d.d., Ljubljana of the business report.

All transactions with parties related to the Group/Company are carried out based on market conditions applicable to related-party transactions.

9. Remuneration of Supervisory Board and Management Board members and employees with individual contracts

Remuneration of Supervisory Board members of Petrol d.d., Ljubljana

(in EUR)	Meeting fees
Viktor Baraga, President (until 22/04/2009)	2,681
Andrej Bratož, Member (until 14/01/2009)	825
Milan Podpečan, Member (until 06/04/2009)	3,795
Aleš Marinček, Member (until 06/04/2009)	3,795
Bojan Šrot, Member (until 06/04/2009)	3,795
Samo Gerdin, Member	10,230
Cvetka Žigart, Member (until 15/02/2009)	825
Ciril Pirš, Member (until 15/02/2009)	825
Andrej Tomplak, Member (since 16/02/2009)	10,642
Tomaž Kuntarič, Member (since 07/04/2009)	9,603
Žiga Debeljak, Member (since 07/04/2009)	6,848
Tomaž Berločnik, Member (since 07/04/2009)	7,672
Bruno Korelič, President (since 07/04/2009)	8,602
Urban Golob, Member (since 07/04/2009)	6,765
Dari Južna, Member (since 16/07/2009)	3,630
Franc Premrn, Member (since 16/02/2009)	10,148
Total	**90,681**

Remuneration of Management Board members of Petrol d.d., Ljubljana

(in EUR)	Fixed portion	Costs reimbursed	Benefits – insurance premiums	Other receipts and benefits	Total
Aleksander Svetelšek, President of the Management Board (since 30/08/2009)	48,577	348	121	5,425	54,471
Janez Živko, Member of the Management Board (since 30/08/2009)	44,525	360	122	5,514	50,522
Mariča Lah, Member of the Management Board (since 30/08/2009)	44,525	352	121	2,111	47,109
Roman Dobnikar, Member of the Management Board (since 30/08/2009)	44,525	699	121	2,492	47,836
Rok Vodnik, Member of the Management Board (since 30/08/2009)	44,525	326	114	3,008	47,973
Marko Kryžanowski, President of the Management Board (until 08/06/2009)	81,451	347	18,899	26,206	126,903
Igor Irgolič, Vice-president of the Management Board (until 08/06/2009)	62,055	291	20,899	29,742	112,987
Alenka Vrhovnik Težak, Member of the Management Board (until 08/06/2009)	62,575	325	20,901	28,301	112,102
Alenka Vrhovnik Težak, President of the Management Board (from 09/06 to 30/08/2009)	32,162	106	8,080	12,933	53,281
Boštjan Napast, Member of the Management Board (until 30/08/2009)	89,646	539	28,979	41,244	160,408
Bojan Herman, Worker Director	68,679	1,692	0	1,132	71,504
Total	**623,248**	**5,384**	**98,356**	**158,109**	**885,097**

Other receipts and benefits relate to annual leave allowances, use of company vehicles and other benefits.

Total remuneration paid in 2009 by the Company and the Group to employees with individual contracts who are not subject to the tariff part of the collective labour agreement (excluding Management Board members) stood at EUR 5,850,486 and EUR 7,106,398, respectively.

Total remuneration paid in 2009 by the Company and the Group to the members of the Workers' Council stood at EUR 6,333 and EUR 12,188, respectively.

Total remuneration of other Supervisory Board members (excluding members of the Company's Supervisory Board) stood at EUR 66,132.

The Company and the Group had no receivables from or liabilities to Supervisory Board members as at 31 December 2009.

The Company and the Group had no receivables from or liabilities to Management Board members as at 31 December 2009, except for liabilities arising from December salaries payable in January 2010.

10. Contingent liabilities

Contingent liabilities for guarantees issued

Maximum contingent liabilities for guarantees issued stood at EUR 446,075,739 as at 31 December 2009 and were as follows:

	Petrol d.d.		Petrol d.d.	
(in EUR)	**2009**	**2008**	**2009**	**2008**
Guarantee issued to:	Value of guarantee issued		Guarantee amount used	
Cypet-Trade Ltd	164,069,047	194,876,720	58,931,897	134,602,931
Petrol - Bonus d.o.o.	154,500,000	154,500,000	0	0
Petrol-Trade G.m.b.H.	51,987,237	25,523,692	1,847,606	3,221,021
Euro - Petrol d.o.o.	27,599,279	24,085,545	13,436,360	24,085,545
Petrol Trgovina d.o.o.	15,748,228	27,034,614	7,110,514	17,853,068
Bio goriva d.o.o.	5,406,000	5,406,000	636,000	927,818
Petrol Energetika d.o.o.	2,160,006	705,006	0	172,199
Petrol BH Oil Company d.o.o.	1,800,000	766,938	1,410,870	51,129
Aquasystems d.o.o.	911,309	3,803	911,309	3,803
Rodgas AD	300,000	300,000	200,000	300,000
Petrol Tehnologija d.o.o.	50,000	50,000	0	17,752
Petrol d.o.o., Beograd	0	5,000,000	0	5,000,000
Total	**424,531,106**	**438,252,318**	**84,484,556**	**186,235,266**
Other guarantees	4,250,427	4,679,762	4,250,427	4,679,762
Bills of exchange issued as security	17,294,206	14,429,672	17,294,206	14,429,672
Total contingent liabilities for guarantees issued	**446,075,739**	**457,361,752**	**106,029,189**	**205,344,700**

Other guarantees issued by the Group amounted to EUR 2,319,210.

Contingent liabilities for lawsuits

The total value of lawsuits against the Company as defendant and debtor totals EUR 2,170,359. Interest on overdue amounts arising from claims stood at EUR 1,226,903 as at 31 December 2009. The Company's management estimates that there is high probability that some of these lawsuits will be lost. As a result, the Company set aside short-term provisions, which stood at EUR 498,443 as at 31 December 2009 compared to EUR 1,496,927 as at 31 December 2008. In addition, the Company created short-term provisions for interest on overdue amounts arising from claims, which totalled EUR 228,247 as at 31 December 2009 compared to EUR 2,663,772 as at 31 December 2008.

The total value of lawsuits against the Group as defendant and debtor totals EUR 2,394,448. Interest on overdue amounts arising from claims stood at EUR 1,245,152 as at 31 December 2009. The Group's management estimates that there is high probability that some of these lawsuits will be lost. As a result, the Group set aside short-term provisions, which stood at EUR 580,621 as at 31 December 2009 compared to EUR 2,099,593 as at 31 December 2008. In addition, the Group created short-term provisions for interest on overdue amounts arising from claims, which totalled EUR 246,496 as at 31 December 2009 compared to EUR 2,697,587 as at 31 December 2008.

Option contracts

Upon the establishment of the jointly controlled entity Petrol Slovenia Tirana Wholesale Sh.A. in 2007, the Company entered into an option contract based on which it is entitled to purchase the cofounder's share after five years of the establishment of the jointly controlled entity at market value as assessed on that date. Considering the nature of the option contract, its fair value as at 31 December 2009 is estimated to be nil.

Upon the acquisition of the subsidiary Euro - Petrol d.o.o. in 2008, the Company entered into an option contract based on which it is entitled to purchase the counterparty's share after five years of the establishment of the subsidiary at market value as assessed on that date. Considering the nature of the option contract, its fair value as at 31 December 2009 is estimated to be nil.

Off-balance-sheet assets and liabilities to D.S.U. d.o.o.

In accordance with provisions of Article 57 of the Regulation on the Methodology for Preparing Opening Balance Sheets and a contract for the establishment of off-balance-sheet records of assets and contingent liabilities entered into with the Development Fund of the Republic of Slovenia (whose legal successor is the company D.S.U. d.o.o.), the Company reduced its assets on account of their elimination from the balance sheet and establishment of off-balance-sheet records of investments and receivables for goods due from Energoinvest, Bosanski Brod, in the republics of former Yugoslavia. The value of the contingent liability arising from investments is estimated at SIT 0, whereas the estimated value of the receivables for goods totals SIT 184,000,000. The Company's off-balance-sheet assets and liabilities arising from the above items stood at EUR 767,818 as at 31 December 2009.

Stock goods owned by other entities

The Group's and Company's stocks as at 31 December 2009 included commodity reserve stocks of the Republic of Slovenia totalling EUR 89,550,919. The Company's and Group's stocks as at 31 December 2009 also included goods delivered on consignment totalling EUR 58,642,765 and EUR 60,275,941, respectively. The goods delivered on consignment are carried at cost, while the commodity reserve stocks are carried at calculated prices.

11. Subsequent events

There were no events after the reporting date that would significantly affect the disclosed financial statements for 2009.

APPENDIX TO THE ANNUAL REPORT OF THE PETROL GROUP AND PETROL D.D., LJUBLJANA FOR THE YEAR 2009

Presentation of financial statements by activity pursuant to the Public Utilities Act and the Energy Act

Notes to the financial statements itemised by activity

As part of the preparation of its financial statements and annual report, the Company is obliged to comply with Public Utilities Act provisions stipulating that a company holding a concession for a public utility activity shall keep separate accounts as laid down in the Companies Act.

The Company conducts its public utility activities in two sectors: energy and water management.

In the area of energy, the Company's activities consist of the distribution and supply of natural gas and the management of distribution networks, for which it obtained a licence and concluded three concession contracts with the municipalities of Trzin, Mengeš and Domžale. Under provisions of the Energy Act, the above constitutes an energy activity in the area of natural gas supply, for which the Company needs to prepare separate financial statements, have them audited, and then publish the audited financial statements.

The Company's water management activities comprise the treatment of urban and drainage wastewaters, for which it concluded three concession contracts with the municipalities of Murska Sobota, Mežica and Sežana.

The Company's statement of financial position as at 31 December 2009 and the income statement for 2009 were prepared separately for natural gas distribution and supply, water treatment and other activities, as required by law.

Basic rules and criteria for allocating assets, liabilities, revenue and expenses to individual activities

Cost centres are defined based on individual concessions or contracts for undertaking the pursuit of business activities. All assets, liabilities, revenue and expenses directly connected with a particular cost centre of a concession are recognised directly under that cost centre.

The Company did not receive any government grants. All intangible assets and items of property, plant and equipment were financed using its own resources.

All transactions with related companies are presented in the notes to the complete set of the Company's financial statements.

Statement of financial position as at 31 December 2009

(in EUR)	Supply of natural gas	Activity of operating natural gas distribution system	Activity of municipal and drainage wastewater treatment	Market activities	Total
Assets					
Non-current (long-term) assets					
Intangible assets	0	1,380,654	1,789,186	1,189,385	4,359,225
Property, plant and equipment	0	15,876,196	6,226,016	264,676,669	286,778,881
Land	0	2,879	0	90,500,953	90,503,832
Buildings	0	15,765,857	3,326,159	147,317,384	166,409,400
Other equipment	0	51,547	2,846,770	17,611,637	20,509,954
Property, plant and equipment under construction	0	55,913	53,087	9,246,695	9,355,695
Investment property	0	0	0	15,761,198	15,761,198
Investments in subsidiaries	0	0	0	213,663,092	213,663,092
Investments in jointly controlled entities	0	0	0	61,137,000	61,137,000
Investments in associates	0	0	0	155,070,965	155,070,965
Available-for-sale financial assets	0	0	0	14,787,505	14,787,505
Financial receivables	0	0	0	14,322,182	14,322,182
Operating receivables	0	421,553	0	711,899	1,133,452
Deferred tax assets	6,376	3,187	3,911	36,773,850	36,787,324
	6,376	**17,681,590**	**8,019,113**	**778,093,745**	**803,800,824**
Current assets					
Inventories	65,860	0	0	66,697,837	66,763,697
Financial receivables	0	0	0	2,974,660	2,974,660
Operating receivables	736,419	365,613	656,372	224,672,243	226,430,647
from customers	691,506	345,703	621,725	214,548,503	216,207,437
from state	35,790	17,893	0	5,593,989	5,647,672
from others	9,123	2,017	34,647	4,529,751	4,575,538
Corporate income tax assets	0	0	18,579	2,839,697	2,858,276
Financial assets at fair value through profit or loss	0	0	0	3,130,062	3,130,062
Other assets	0	32,753	0	1,248,532	1,281,285
Cash and cash equivalents	12,788	6,392	6,910	6,883,550	6,909,640
	815,067	**404,758**	**681,861**	**308,446,581**	**310,348,267**
Total assets	**821,443**	**18,086,348**	**8,700,974**	**1,086,540,326**	**1,114,149,091**

(in EUR)	Supply of natural gas	Activity of operating natural gas distribution system	Activity of municipal and drainage wastewater treatment	Market activities	TOTAL
EQUITY AND LIABILITIES					
Equity					
Called-up capital	(169,236)	6,927,071	1,842,386	43,640,756	52,240,977
Capital surplus	(262,374)	10,739,330	2,856,328	67,658,101	80,991,385
Legal reserves	0	0	0	61,749,884	61,749,884
Reserves for own shares	0	0	0	2,604,670	2,604,670
Own shares	0	0	0	(2,604,670)	(2,604,670)
Other revenue reserves	127,598	0	0	100,717,728	100,845,326
Hedging reserve	0	0	0	(7,590,801)	(7,590,801)
Fair value reserve	0	0	0	103,084,537	103,084,537
Retained earnings	588,092	(1,775,902)	47,540	3,277,502	2,137,232
	284,080	**15,890,499**	**4,746,254**	**372,537,707**	**393,458,540**
Non-current liabilities					
Provisions for employee benefits	0	0	39,719	1,696,856	1,736,575
Other provisions	0	0	0	2,449,171	2,449,171
Long-term deferred revenue	0	240,289	0	13,039,560	13,279,849
Financial liabilities	0	239,484	3,793,572	209,881,111	213,914,167
Operating liabilities	0	1,149,934	0	0	1,149,934
Deferred tax liabilities	0	0	0	25,784,839	25,784,839
	0	**1,629,707**	**3,833,291**	**252,851,537**	**258,314,535**
Short-term liabilities					
Financial liabilities				222,056,826	222,056,826
Operating and other liabilities	537,363	325,232	115,182	233,432,813	234,410,590
to group companies	507,027	124,849	13,481	(645,357)	0
to suppliers	0	132,955	53,558	155,113,788	155,300,301
to employees	30,336	15,165	31,637	3,253,042	3,330,180
to the state	0	52,263	16,392	68,220,608	68,289,263
other	0	0	114	7,490,732	7,490,846
Corporate income tax liabilities	0	0	0	0	0
Other liabilities	0	240,910	6,247	5,661,443	5,908,600
	537,363	**566,142**	**121,429**	**461,151,082**	**462,376,016**
Total liabilities	**537,363**	**2,195,849**	**3,954,720**	**714,002,619**	**720,690,551**
Total equity and liabilities	**821,443**	**18,086,348**	**8,700,974**	**1,086,540,326**	**1,114,149,091**

The Company's statement of financial position as at 31 December 2009 was broken down as follows:

- intangible assets and items of property, plant and equipment were recorded as actually posted to cost centres;
- long-term operating receivables were recorded as actually posted to cost centres;
- deferred tax assets were recorded according to Key 4, except for deferred receivables from allowances for trade receivables relating to water treatment activities, in which case they were recorded in the amount of actual trade receivables, and activities concerning the supply and distribution of natural gas, in which case they were recorded in proportion to allowances for receivables;
- inventories were recorded as actually posted to cost centres;
- short-term operating receivables relating to trade receivables were recorded by profit centre, depending on which profit centre customers belong to; based on the selling price calculation, receivables from the buyers of natural gas were divided into natural gas supply and the activity of operating the natural gas distribution system; short-term operating receivables from the state arising from VAT were recorded according to Key 1;
- cash and cash equivalents were recorded according to Key 2;
- accrued revenue and deferred costs and other assets were recorded as actually posted to cost centres;
- depending on differences between assets and liabilities, called-up capital and capital surplus were broken down by the amount of shortage or surplus until the assets and liabilities have been balanced on individual profit centres;
- retained earnings were transferred based on stand-alone financial statements for previous years;
- net profit or loss for the year was calculated as shown in the income statement for the current year;
- provisions for employees benefits were recorded according to Key 4;
- long-term deferred revenue was recorded directly by cost centre;
- long-term financial liabilities were recognised as arising from long-term loans and were recorded by activity according to Key 3;
- long-term operating liabilities were posted directly to individual activities;
- short-term operating liabilities relating to trade payables were recorded as actually posted to cost centres; short-term operating liabilities to the state for VAT, taxes and excise duties were recorded according to Key 2; short-term operating liabilities to employees were recorded according to Key 4;
- short-term accrued costs and deferred revenue were recorded as actually posted to cost centres.

Keys:

Key 1 is calculated on the basis of operating costs for the current year
Key 2 is calculated on the basis of net sales revenue for the current year
Key 3 is calculated on the basis of actual investment value on 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 2009

(in EUR)	Supply of natural gas	Activity of operating natural gas distribution system	Activity of municipal and drainage wastewater treatment	Market activities	Total
Sales revenue	3,946,615	1,567,865	1,913,368	1,979,163,183	1,986,591,030
Cost of merchandise sold	(3,786,054)	0	0	(1,764,649,232)	(1,768,435,286)
Gross profit or loss from sales	**160,561**	**1,567,865**	**1,913,368**	**214,513,951**	**218,155,744**
Costs of materials	0	(535,110)	(269,751)	(8,642,581)	(9,447,442)
Costs of services	0	(758,024)	(214,867)	(112,904,072)	(113,876,963)
Labour costs	0	0	(218,985)	(22,782,544)	(23,001,529)
Depreciation	0	(759,428)	(615,896)	(20,808,729)	(22,184,053)
Other costs	(32,397)	(16,250)	(671)	(5,813,689)	(5,863,007)
Operating costs	**(32,397)**	**(2,068,812)**	**(1,320,170)**	**(170,951,616)**	**(174,372,994)**
Other operating revenue	0	55,939	0	8,394,177	8,450,116
Other finance expenses	0	0	(302)	(49,328)	(49,630)
Operating profit or loss	**128,164**	**(445,008)**	**592,897**	**51,907,183**	**52,183,235**
Finance income from dividends from subsidiaries, associates and jointly controlled entities	0	0	0	14,045,677	14,045,677
Other finance income	0	0	0	59,839,072	59,839,072
Other finance expenses	0	(9,583)	(335,350)	(113,444,149)	(113,789,082)
Profit or loss before tax	**128,164**	**(454,591)**	**257,546**	**12,347,784**	**12,278,903**
Tax expense	(20,442)	(4,520)	(41,632)	(6,338,393)	(6,404,988)
Deferred taxes	6,376	3,187	(100,539)	4,878,863	4,787,887
Net profit or loss for the period	**114,098**	**(455,924)**	**115,375**	**10,888,252**	**10,661,802**

The Company's income statement for the year 2009 was broken down as follows:

- net sales revenue was recorded as actually posted to cost centres;
- the cost of goods sold was recorded as actually posted to cost centres;
- the costs of materials and services were recorded as actually posted to cost centres;
- labour costs were recorded according to Key 4; the key is calculated on the basis of a ratio between waste treatment plant population units;
- depreciation and amortisation charge was recorded as posted to cost centres;
- allowances for trade receivables related to municipal cleansing services were recorded as posted to cost centres; in the case of activities concerning the supply and distribution of natural gas, they were recorded in proportion to outstanding receivables as at 31 December 2009;
- other costs, other operating expenses and other operating revenue were recorded as actually posted to cost centres;
- financial expenses were recorded according to Key 3; the key is calculated on the basis of actual investment value for the current year on individual profit centres;
- corporate income tax was recorded in proportion to net profit or loss before tax;
- deferred taxes were recorded as actually posted to cost centres and according to Key 4, except for deferred taxes arising from allowances for trade receivables associated with the activities of water treatment, in which case they were recorded according to the actual amount of trade receivables, and the activities concerning the supply and distribution of natural gas, in which case they were recorded in proportion to allowances for receivables.

Concessions operated by the Petrol Group

Construction of a central waste treatment plant and cleaning of sewerage system wastewaters

The Group has concluded concession contracts with the municipalities of Murska Sobota, Mežica and Sežana. The duration of the contracts is between 15 and 25 years. Upon their expiry, all the rights, liabilities, responsibilities and powers of the concessionaire are transferred to the grantor. Concession contracts expire when the concession period elapses. The net carrying amount of environmental fixed assets stood at EUR 6,226,016 as at 31 December 2009.

Construction, management and supply of natural gas from the network

The Group has concluded concession contracts with the municipalities of Trzin, Mengeš, Domžale, Slovenska Bistrica, Slovenske Konjice, Gornja Radgona, Cerklje, Komenda, Vodice, Beltinci, Rogatec, Tržič, Turnišče, Odranci, Radovljica, Sežana, Ravne na Koroškem, Prevalje, Mežica, Dravograd and Bačka Topola. The duration of the contracts is between 25 and 30 years. Upon their expiry, the network is transferred to the grantor free of charge, except for the Bačka Topola concession, which has been acquired for an indefinite period. The net carrying amount of environmental fixed assets stood at EUR 44,333,895 as at 31 December 2009.

Network construction and management, and distribution of liquefied petroleum gas for the purpose of mass consumption and to industry and other users

The Group has concluded concession contracts with the municipalities of Idrija, Semič, Ilirska Bistrica, Postojna and Divača. The duration of the contracts is between 20 and 30 years. Upon their expiry, the network is transferred to the grantor free of charge. The net carrying amount of environmental fixed assets stood at EUR 3,450,565 as at 31 December 2009.

Concessions operated by Petrol d.d., Ljubljana

Construction of a central waste treatment plant and cleaning of sewerage system wastewaters

The Company has concluded concession contracts with the municipalities of Murska Sobota, Mežica and Sežana. The duration of the contracts is between 15 and 25 years. Upon their expiry, all the rights, liabilities, responsibilities and powers of the concessionaire are transferred to the grantor. Concession contracts expire when the concession period elapses. The net carrying amount of environmental fixed assets stood at EUR 6,226,016 as at 31 December 2009.

Construction, management and supply of natural gas from the network

The Company has concluded concession contracts with the municipalities of Trzin, Mengeš and Domžale. The duration of the contracts is 30 years. Upon their expiry, the network is transferred to the grantor free of charge. The net carrying amount of environmental fixed assets stood at EUR 15,876,196 as at 31 December 2009.