Report on the operations of the Petrol Group and the company Petrol d.d., Ljubljana in the first nine months of 2010

November 2010

CONTENTS

STATEMENT OF THE MANAGEMENT BOARD

Members of the Management Board of Petrol d.d., Ljubljana, which comprises Aleksander Svetelšek, President of the Management Board, Janez Živko, MBA, Member of the Management Board, Mariča Lah, MSc, Member of the Management Board, Roman Dobnikar, Member of the Management Board, and Rok Vodnik, MSc, Member of the Management Board, declare that to their best knowledge:

- the financial report of the Petrol Group and Petrol d.d., Ljubljana for the first nine months of 2010 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 first nine months of 2010 gives a fair view of the development and results of the company's operations and its financial position, including the description of essential risks the company Petrol d.d., Ljubljana and other companies included in the consolidation are exposed to as a whole;
- the report of the Petrol Group and the company Petrol d.d., Ljubljana for the first nine months of 2010 contains a fair presentation of significant transactions with related entities which has been prepared in accordance with International Financial Reporting Standards.

Aleksander Svetelšek
President of the Management Board

Janez Živko, MBA
Member of the Management Board

Mariča Lah, MSc
Member of the Management Board

Roman Dobnikar
Member of the Management Board

Rok Vodnik, MSc
Member of the Management Board

INTRODUCTORY NOTES

The publication of the report on the operations of the Petrol Group and the company Petrol, d.d., Ljubljana, Dunajska 50, in the first nine months of 2010 is in compliance with the Market in Financial Instruments Act, the Ljubljana Stock Exchange Rules, Guidelines on Disclosure for Listed Companies, and other relevant legislation.

The figures and explanations on the operations have been prepared on the basis of unaudited consolidated financial statements of the Petrol Group and unaudited financial statements of the company Petrol, d.d., Ljubljana for the first nine months of 2010 in compliance with the Companies Act and International Financial Reporting Standards (IFRS).

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

In the stand-alone financial statements prepared in accordance with IFRS, investments in subsidiaries have been carried at historical cost, while investments in jointly controlled entities and associates have been carried at fair value as available-for-sale assets.

The report on operations in the first nine months of 2010 has been published on the website of Petrol d.d., Ljubljana (http://www.petrol.si), and is available on demand at the registered office of Petrol d.d., Ljubljana, Dunajska cesta 50, 1527 Ljubljana, every working day between 8 am and 3 pm.

The company's Supervisory Board discussed the report on the company's operations in the first nine months of 2010 at its meeting held on 23 November 2010.

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

Company name	**Petrol, slovenska energetska družba, d.d., Ljubljana**
Abbreviated company name	**Petrol d.d., Ljubljana**
Registered office	**Dunajska cesta 50, 1527 Ljubljana**
Telephone	**(01) 47 14 234**
Telefax	**(01) 47 14 809**
Website	**http://www.petrol.si**
Activity code	**47,301**
Company registration number	**5025796000**
Tax number	**SI 80267432**
Share capital	**EUR million 52.24**
Number of shares	**2,086,301**
President of the Management board	**Aleksander Svetelšek**
Members of the Management board	**Mariča Lah, Janez Živko, Rok Vodnik, Roman Dobnikar, Bojan Herman (worker director until 20th September 2010)**
President of the Supervisory board	**Tomaž Kuntarič**

List of acronyms and explanation of financial ratio calculations

Ratio/acronym	Explanation
SEE	Southeastern Europe
Merchandise	Sale of automotive products, foodstuffs, accessories, tobacco and lottery products, coupons, cards and other merchandise
EEC	Efficient energy consumption
EBITDA	Operating profit or loss + regular depreciation and amortisation
EBITDA (adjusted)	It differs from the above calculation in that net income from forward transactions (swaps) is included in gross profit or loss (and, consequently, in operating profit or loss) – because, substantively, it needs to be monitored together with the fuel gross margin earned – while in the income statement it is recorded as finance income and expense
ROIC	Operating profit or loss less tax / (average assets – average current liabilities)
Added value	Operating profit or loss + labour costs and costs considered as labour costs in substance + regular depreciation and amortisation
Added value (adjusted)	It differs from the above calculation in that net income from forward transactions (swaps) is included in gross profit or loss (and, consequently, in operating profit or loss) – because, substantively, it needs to be monitored together with the fuel gross margin earned – while in the income statement it is recorded as finance income and expense
Earnings per share	Net profit or loss for the period / weighted average number of issued ordinary shares, excluding own shares
Book value of share	Equity as at period end / total number of shares

HIGHLIGHTS

Significant performance indicators for the Petrol Group

The Petrol Group	Unit	Results		Plan	Index 2010 / 2009	Index 2010 / plan 2010
		I.-IX.2010	I.-IX.2009	I.-IX. 2010		
Net sales revenues	EUR million	2,034.7	1,718.5	1,817.6	118	112
Gross profit or loss	EUR million	215.4	210.3	208.7	102	103
Operating profit or loss	EUR million	52.0	52.0	45.1	100	115
Net profit or loss	EUR million	34.7	19.1	32.1	182	108
EBITDA	EUR million	76.3	76.5	70.3	100	109
EBITDA (adjusted)	EUR million	74.9	66.4	70.3	113	106
EBITDA (adjusted)[1] / Non-current (long-term) assets	%	12.5	11.0	11.8	114	106
ROIC	%	6.9	6.3	5.6	109	124
Share of operating costs in gross profit	%	79	80	78	99	100
Value added / employee	EUT thousands	39.1	38.6	37.1	101	105
Value added (adjusted)[1] / employee	EUT thousands	38.7	35.8	37.1	108	104
Earnings per share	EUR	16.8	9.3	15.6	182	108

The Petrol Group	Unit	Results		Plan	Index 2010 / 2009	Index 2010 / plan 2010
		I.-IX.2010	I.-IX.2009	I.-IX.2010		
Volume of petroleum products sold	thousand tons	1,697.2	1,654.7	1,601.8	103	106
Volume of liquefied petroleum gas sold	thousand tons	34.2	33.6	35.7	102	96
Volume of natural gas sold	thousand m^3	68,121	64,698	65,260	105	104
Electricity sold	MWh	244,469	156,222	224,843	156	109
Heat sold	MWh	43,350	43,456	42,790	100	101
Revenue from the sale of merchandise	EUR million	313.1	284.6	300.1	110	104
Investments in fixed assets[2]	EUR million	35.7	33.8	48.8	106	73
Number of service stations on the last day of the period[3,4]		439	433	443	101	99
Number of gas concessions on the last day of the period[3,4]		28	28	28	100	100

[1] In the calculation of adjusted EBITDA and adjusted Value added net income from forward transactions (swaps) is included in gross profit or loss (and, consequently, in operating profit or loss) – because, substantively, it needs to be monitored together with the fuel gross margin earned – while in the income statement it is recorded as finance income and expense

[2]Yearly plan 2010

[3]Plan for 31.12.2010

[4]Number of service stations and gas concessions as at 31.12.2009.

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

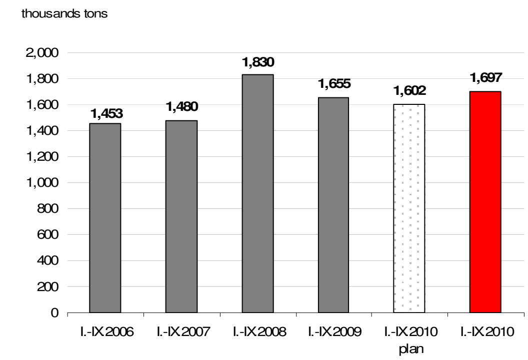


Figure 4: Net profit or loss of the Petrol group

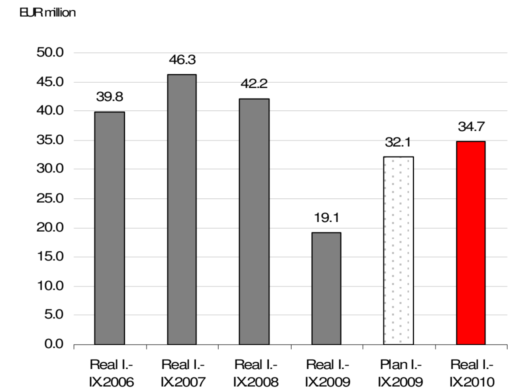


Figure 2: Petrol Group's revenue from the sale of merchandise

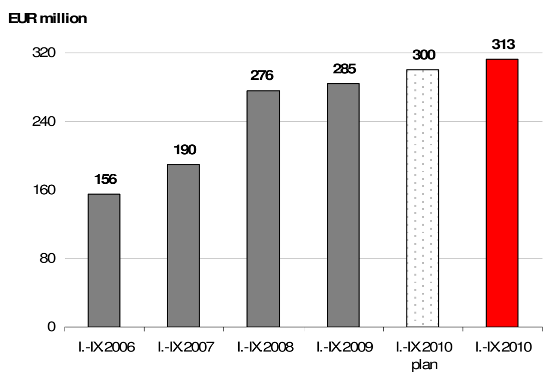


Figure 5: EBITDA of the Petrol Group

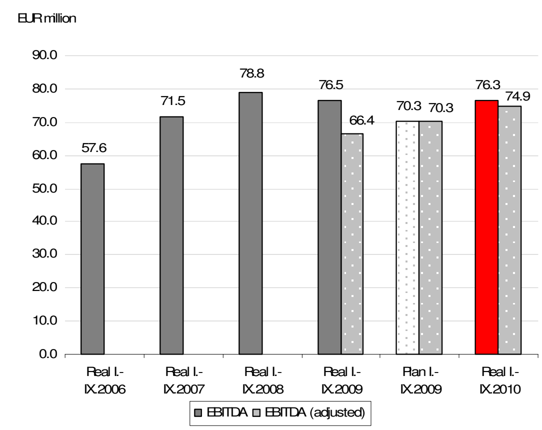


Figure 3: Increase in the number of service stations of the Petrol Group

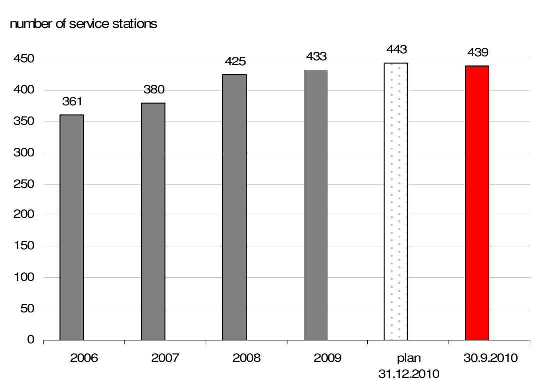
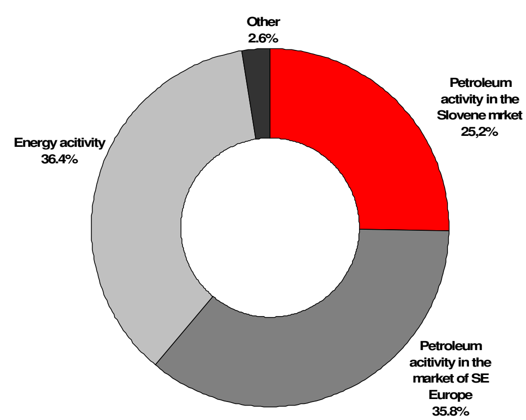


Figure 6: Breakdown of Petrol Group's investments in the first nine months of 2010



BUSINESS REPORT

Operations of the Petrol Group

The Petrol Group's operations in the first nine months of 2010 were affected by the still demanding economic situation. Although the economic recession is expected to gradually come to an end in 2010 and be accompanied by minimal economic growth, payment indiscipline is still present, the rates of unemployment and inflation will still be higher[1] than in 2009. Also adversely affecting the business operations of petroleum products retailers in Slovenia were high excise duties, which are higher than in most neighbouring countries and thus erode the competitiveness of Slovene retailers. Despite the demanding operating conditions, the Group generated good results.

Table 2: Petrol Group's financial performance indicators

EUR

The Petrol Group	Results I.-IX.2010	Results I.-IX.2009	2010/2009	Plan I.-IX. 2010	2010/P2010
Net sales revenues	2,034,701,332	1,718,467,914	118	1,817,647,068	112
EBITDA	76,340,695	76,450,715	100	70,347,540	109
EBITDA (adjusted**)	74,902,063	66,445,061	113	70,347,540	106
Net profit	34,736,186	19,087,575	182	32,073,580	108
Non-current (long-term) assets* as per day	596,978,063	602,715,656	99	596,978,063	100
EBITDA (adjusted**)/ Non-current (long-term) assets (%)	12.5	11.0	114	11.8	106
Average number of employees	3,530	3,586	98	3,530	100
Value added / employee	39,130	38,556	101	37,127	105
Value added (adjusted**) / employee	38,723	35,766	108	37,127	104

* The plan of non-current (long-term) assets has been prepared as of 31.12.2010. For the calculation of inter-annual indicators, the balalnce-sheet data as of 30.09.2010 have bee takem into consideration.

** In the calculation of adjusted EBITDA and adjusted Value added net income from forward transactions (swaps) is included in gross profit or loss (and, consequently, in operating profit or loss) – because, substantively, it needs to be monitored together with the fuel gross margin earned – while in the income statement it is recorded as finance income and expense

In the first nine months of 2010, the Petrol Group sold 1.7 million tons of petroleum products, which was 6 percent more than planned and 3 percent more than in the same period of 2009. In **Slovenia**, the Petrol Group sold 1.2 million tons of petroleum products in the first nine months of 2010, which accounted for 70.5 percent of the Petrol Group's total sales. In the same period, the Group sold 442.4 thousand tons of petroleum products in **SEE** markets, representing 26 percent of the Petrol Group's total sales, and 59 thousand tons in **EU markets**, which represents 3.5 percent of the Group's total sales.

In the first nine months of 2010, the Petrol Group generated 51 percent of oil and petroleum product sales in the retail market; the remaining 49 percent were generated in the wholesale market. At the end of September 2010, the Petrol Group's retail network consisted of 439 service stations, of which 313 in Slovenia, 78 in Croatia (of which 4 are held under a lease), 38 in Bosnia and Herzegovina, 4 in Serbia, 3 in Montenegro and 3 in Kosovo.

In the first nine months of 2010, the Petrol Group generated EUR 313.1 million in revenue from the sale of merchandise, an increase of 10 percent compared with the same period of the previous year and 4 percent more than planned.

In the same period, the Petrol Group sold 34.2 thousand tons of liquefied petroleum gas, which was 4 percent less than planned and 2 percent more than in the previous year, and 47.8 thousand tons (68,121 thousand m^3) of natural gas or 4 percent more than planned and 5 percent more than in the previous year.

1 Institute of Macroeconomic Analysis and Development (IMAD): Autumn forecast of economic trends, September 2010

In addition, the Petrol Group sold 244,469 MWh of electricity, which was 9 percent more than planned and 56 percent more than in the same period of the previous year, and 43,350 MWh of heat, up 1 percent compared with the plan and broadly in line with the previous year.

Below we give a detailed presentation of the Petrol Group's operations in the first nine months of 2010 broken down by type of activity:

A. Oil and merchandise trading in Slovenia
B. Oil and merchandise trading in SEE
C. Energy activities

A. Oil and merchandise trading in Slovenia

The following companies were engaged in oil and merchandise trading[2] in Slovenia and in the EU in the first nine months of 2010:
- Petrol d.d., Ljubljana, and
- Petrol Plin d.o.o.[3]

In the first nine months of 2010, the Petrol Group's **net sales revenue** generated from oil and merchandise trading in Slovenia and in the EU stood at EUR 1.543 billion, which accounted for 76 percent of the Petrol Group's total revenue. The revenue was 15 percent higher than in the same period of 2009 and 9 percent higher than planned, mainly thanks to higher oil prices.

Petrol Group's sales of petroleum products in Slovenia

In the first nine months of 2010, the Petrol Group sold 1.2 million tons of petroleum products in Slovenia, which was 2 percent more than planned and 2 percent less than in the same period of the previous year. Out of the above quantity, liquid fuels accounted for 1.1 million tons and other petroleum products for 67 thousand tons. The Group also sold 10 percent more extra light heating oil and 2 percent more motor fuels (petrol and diesel fuel) than it had planned. The Group’s sales of petroleum products in the EU market stood at 59 thousand tons, which was 168 percent higher than planned.

Good sales of extra light heating oil as compared to the plan are the result of relatively low winter temperatures at the beginning of the year. Nevertheless, the sales decreased year-on-year as the gas crisis boosted the sales of extra light heating oil in 2009.

Key impacts on operations

Setting of fuel prices in Slovenia

In Slovenia, fuel prices were set in accordance with the Regulation on the Price Methodology for Petroleum Products, which entered into force on 9 October 2009 and remained in force for a period of 1 year. In the Regulation on the Price Methodology for Petroleum Products,

2 The activities supporting oil and merchandise trading are performed by the companies Petrol Maloprodaja Slovenija d.o.o., Petrol Skladišèenje d.o.o. (at the end of January 2010, all its employees were transferred to Petrol d.d., Ljubljana), Petrol Tehnologija d.o.o., Petrol VNC d.o.o., Petrol-Trade Handelsges.m.b.H., Cypet-Trade Ltd and Cypet Oils Ltd.

3 The company is also engaged in the sale of liquefied petroleum gas which is presented and described in more detail as part of oil trading and gas activities.

the model-based margin for government-regulated petroleum products was set at a fixed amount (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 remained fixed for the duration of the Regulation.

According to the study *Impact of Excise Duties on Sales at Service Stations in Slovenia* prepared for the Slovene National Petroleum Committee by the Economic Institute of the Faculty of Law in Ljubljana, the nominal petrol and diesel fuel margin has remained unchanged since November 2006, save for a slight correction in October 2009. This policy meant that in real terms the current nominal margin is on a par with the 2005 margin. We should also highlight the fact that since 2005 certain costs that are beyond the company's control have been rising more quickly than inflation, which stood at 15.4 percent in the period concerned. These costs include basic salaries, which are revised in line with each increase in basic salaries under the Trade Industry Collective Agreement, energy costs, etc. In addition, operating conditions have deteriorated significantly since 2005 due to additional costs resulting from the mandatory compliance with EU law in the field of physical and chemical properties of fuel, introduction of biofuels to motor fuel, REACH legislation, etc. The company's management has informed the competent ministry of all relevant arguments and prepared a margin revision proposal.

The Government of the Republic of Slovenia adopted a new Regulation on the Price Methodology for Petroleum Products, which entered into force on 9 October 2010 and shall remain in force for a period of 1 year, but the method of calculating retail prices remained unchanged. In the Regulation on the Price Methodology for Petroleum Products, the model-based margin continues to be set at a fixed amount, but has been slightly adjusted compared with the previous Regulation (EUR 0.08363 for a litre of petrol, EUR 0.07841 for a litre of diesel fuel and EUR 0.05162 for a litre of extra light heating oil). Gross margins will remain fixed for the duration of the Regulation.

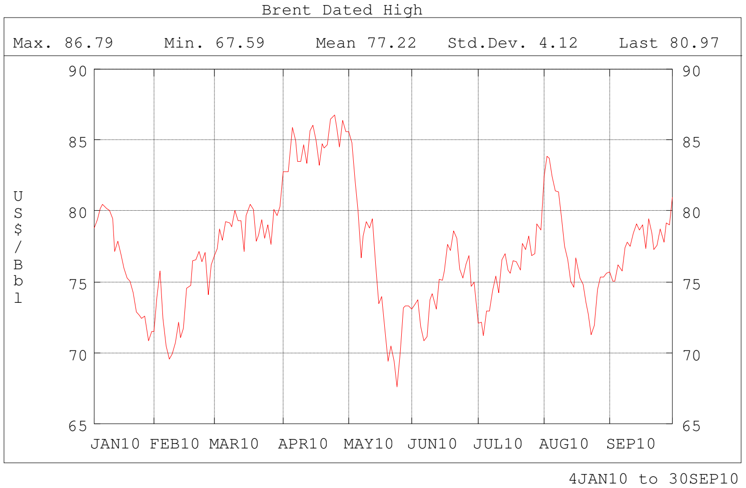
In Slovenia, gross margins for petroleum products, which are, under the model, set at a fixed amount and do not reflect changes in retail prices, are still below European average. In the case of petrol, they amount to 73 percent of the average gross margin in EU countries, in the case of diesel fuel to 68 percent, and in the case of extra light heating oil to not more than 55 percent.

Also adversely affecting the business operations of petroleum products retailers in Slovenia are high excise duties, which are higher than in most neighbouring countries and thus further erode the competitiveness of Slovene retailers.

Changes in oil and petroleum product prices in the world market

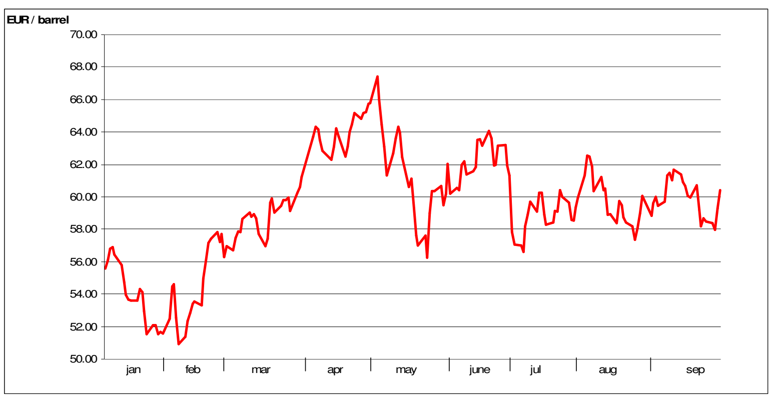
In the first nine months of 2010, the average price of Brent Dated crude oil was USD 77.22 per barrel. In the period concerned, the price of Brent crude peaked on 26 April 2010, reaching USD 86.79 per barrel. Its lowest price was recorded on 25 May 2010 at USD 67.59 per barrel. In 2010 the average price of oil expressed in US dollars was 34.7 percent higher year-on-year, while the average price expressed in euros increased by 40.0 percent. The prices of petrol and middle distillates followed the same trends as crude oil prices.

Figure 7: Changes in Brent Dated High oil price in the first nine months of 2010 in USD/barrel



SOURCE: Petrol, 2010

Figure 8: Changes in Brent Dated High oil price in the first nine months of 2010 in EUR/barrel



SOURCE: Petrol, 2010

In the first three months of 2010, oil prices were affected mainly by expected recovery from the economic downturn and low winter temperatures in Europe and the United States. At the beginning of the second quarter, the increase in prices was predominantly the result of favourable conditions on capital markets and of a series of positive signs in the economy indicating that the American economy has rebounded. Despite the above, the worsening of the financial and debt crisis in euro area countries, in Greece in particular, and a further depreciation of the euro reversed the trend of rising oil prices. In the third quarter, however, the prices again increased slightly, but generally remained below 80 USD per barrel.

According to the International Energy Agency, a 1.8-percent increase in the demand for oil is projected in 2010 which will be fuelled mainly by emerging markets. Although the global economy is expected to grow, unchecked increases in oil prices are not expected at the moment because due to the crisis that still grips most of the countries significant increases in economic activity are not likely and petroleum producing countries (OPEC in particular) have so far not limited the extraction of oil, seeing that current price developments are favourable to them.

Oil price movements will continue to be most affected by expectations regarding the recovery from recession and reinvigoration of economic activities, US oil stocks and unemployment figures, and demand in China and India.

Changes in the US dollar to the euro exchange rate

The US dollar to the euro exchange rate ranged between 1.19 and 1.46 USD/EUR in the first nine months of 2010. The average exchange rate of the US dollar according to the exchange rate of the European Central Bank stood at 1.32 US dollars for 1 euro in the period concerned.

Petrol Group's sales of merchandise in Slovenia

In the first nine months of 2010, the Petrol Group generated EUR 289.9 million in revenue from the sale of merchandise in Slovenia, an increase of 11 percent compared with the same period of the previous year and 6 percent more than planned. In the same period, the sales within the tobacco segment and motorway vignette sales increased the most compared with the previous year.

Petrol Group's sales of services in Slovenia

Services include renting of business premises and hospitality facilities, transport, carwash services, Magna services, management of storage facilities of ZORD and ZRSBR, coffee to go, sales promotions and other services. In the first nine months of 2010, the Petrol Group generated EUR 21.9 million in revenue from services related to oil and merchandise trading in Slovenia, which was 2 percent more than in the same period of 2009 and 2 percent more than planned.

B. Oil and merchandise trading in SEE

The following companies were engaged in oil and merchandise trading in SEE in the first nine months of 2010:

- Petrol d.d., Ljubljana,
- Petrol BH Oil Company d.o.o., Sarajevo,
- Petrol Hrvatska d.o.o.,
- Petrol d.o.o. Beograd,
- Euro - Petrol, d.o.o., Rijeka, and
- Petrol-Invest d.o.o.

In the first nine months of 2010, the Petrol Group's **net sales revenue** from oil and merchandise trading in SEE stood at EUR 416.2 million, which accounted for 20 percent of the Petrol Group's total revenue. The revenue was 32 percent higher than in the same period of 2009 and 25 percent higher than planned.

Petrol Group's sales of petroleum products in SEE

In the first nine months of 2010, the Petrol Group sold 442.4 thousand tons of petroleum products in SEE, which was 7 percent more than planned and 18 percent more than in the same period of the previous year. The sales of extra light heating oil increased by 40 percent year-on-year and the sales of motor fuels by 15 percent. A comparison with the plan reveals that the sales of extra light heating oil were higher by 15 percent and the sales of motor fuels (petrol in diesel fuel) by 6 percent.

Moreover, the jointly controlled companies Petrol – Oti – Slovenija L.L.C. and Petrol Bonus d.o.o. sold 17.7 thousand tons of petroleum products, up 75 percent from the same period of the previous year.

Key impacts on operations

Setting of fuel prices in Croatia

Similar to Slovenia, the prices of petroleum products, i.e. petrol, diesel fuel and extra light heating oil, are government-regulated also in Croatia. Between 3 September 2009 and 16 April 2010, they were set in accordance with the Petroleum Product Pricing Rules ("Pravilnik o utvrđivanju cijena naftnih derivata"). Retail prices of petroleum products changed every seven days according to the prescribed methodology, provided that pre-duty prices increased or decreased by more than 2 percent, but the change in the existing retail price could not exceed 3.5 percent.

Since 16 April 2010, the prices have been set in accordance with the new Petroleum Product Pricing Rules ("Pravilnik o utvrđivanju cijena naftnih derivata"). Retail prices of petroleum products now change fortnightly according to the prescribed methodology, provided that pre-duty prices increase or decrease by more than 2 percent, but the change in the existing 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 harmonisation 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.

Setting of fuel prices in 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, which enjoys lower purchase prices thanks to its supply sources.

Setting of fuel prices in 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 the maximum retail price requirement and the 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.

Setting of fuel prices in Montenegro

In Montenegro, the prices of petroleum products are set in accordance with the Regulation on the Method of Setting Maximum Retail Prices ("Uredba o načinu obrazovanja maksimalnih maloprodajnih cijena"), which has been in force since 1 January 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 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.

Setting of fuel prices in Kosovo

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

Petrol Group's sales of merchandise in SEE

In the first nine months of 2010, the Petrol Group generated EUR 23.1 million in revenue from the sale of merchandise in SEE, a decrease of 1 percent compared with the same period of the previous year and 16 percent less than planned. The economic crisis, which affected the purchasing power of the general population, has also had an adverse impact on purchases at service stations, where the sales plan was exceeded only in the case of automotive products. Further depressing the sales relative to 2009 in Croatia was the reopening of shops on Sundays, considering that those were mostly closed on Sundays in 2009.

Procurement and logistics of petroleum products and merchandise

Efficient procurement and logistics of petroleum products and merchandise are the key factors of the Petrol Group's successful operating performance. In 2010 the main goals in this area include improved procurement terms and lower costs of logistics.

The Group purchased 1,450 thousand tons of liquid fuels – these arrived mostly by sea – and enjoyed more favourable procurement terms than in 2009. It carried out an evaluation of merchandise suppliers for 2010, while in September it began drafting a petroleum product procurement strategy for the year 2011, according to which supplies will be mostly delivered by sea. The Group analysed the costs associated with tanker demurrage and drew up proposals to improve the process of receiving goods at Zadar and Ploče storage facilities. In addition, the average monthly stocks of liquid fuels at storage facilities and service stations were reduced by 10 percent year-on-year; ensuring optimum fuel stocks at service stations will also lead to lower financing costs. Road transport rates pertaining to liquid fuel transport were decreased by 4.5 percent, while the total costs of transport (by road and railway) decreased by good 4 percent per litre. The introduction of an optimal fuel procurement and logistics model in Croatia and Bosnia and Herzegovina will result in considerable reductions in supply costs in these markets.

As far as the procurement of merchandise is concerned, procurement terms were improved and procurement agreements with suppliers updated. The number of suppliers was cut by a quarter and document management streamlined. A single procurement concept was introduced for all markets, paying particular attention to joint procurement for both companies operating in Croatia. A new long-term cooperation agreement was concluded with the Chevron Group in the area of own-brand motor oil, which entails cooperation with a high-quality brand Texaco. Moreover, a general distribution contract for Valvoline motor oils was acquired.

The Group developed and carried out an optimum stocks programme for unit merchandise in storage facilities and rid the sales range of unmarketable inventories also at service stations. Compared with the same period of the previous year, the stocks of unit merchandise at SDC Zalog decreased by 9 percent and the turnover of stocks containing non-food products improved by 15 percent. In addition, a programme to optimise and streamline the operation of the SDC Zalog unit merchandise storage is underway. Rates for the transport of unit merchandise were reduced by 13 percent compared with the year 2009. Currently, a draft 2011 procurement contract and the basis for negotiations with merchandise suppliers for the next year are being prepared.

The construction of a petroleum-product and LPG storage facility in Kosovo is being carried out as planned, and a long-term lease agreement for a 30,000 m^3 storage space in the new liquid fuel terminal, which is part of the Port of Ploče and is scheduled to be completed in June 2012, was signed with the company Luka Ploče Trgovina d.o.o. in July 2010 to find a long-term solution as regards the supply to the Bosnian, Montenegrin and, in part, the Serbian market.

C. Energy activities

In the first nine months of 2010, the Petrol Group's **net sales revenue** from energy activities stood at EUR 75.8 million, which accounted for 4 percent of the Petrol Group's total revenue. The revenue was 11 percent higher than in the same period of 2009 and 12 percent higher than planned.

Gas and heat

The following companies were engaged in the sale of gas and heat in the first nine months of 2010:

- Petrol d.d., Ljubljana,
- Petrol Energetika d.o.o.,
- Petrol Plin, d.o.o.,
- Petrol Gas Group d.o.o.,
- Rodgas a.d.,

- Petrol-Trade Handelsges.m.b.H.,
- Petrol BH Oil Company d.o.o., Sarajevo,
- Petrol Hrvatska d.o.o.,
- Petrol d.o.o. Beograd,
- Euro - Petrol, d.o.o., Rijeka,
- Petrol – Jadranplin d.o.o.,
- Ogrevanje Piran d.o.o., and
- Petrol – Butan d.o.o.

In the first nine months of 2010, the Petrol Group operated 28 gas supply concessions (23 for the supply of natural gas and five for the supply of liquefied petroleum gas). Twenty-one concessions are operated by Petrol Plin d.o.o. (three of which are owned by Petrol d.d., Ljubljana), five by Petrol Energetika d.o.o., one by Rodgas AD in Bačka Topola, and one by Petrol Gas Group d.o.o. in the Municipality of Pećinci. The company Petrol Gas Group d.o.o. will begin to generate revenue from the supply of natural gas later this year because its distribution network is currently still under construction.

At the end of September 2010, liquefied petroleum gas was supplied to customers also from 2,185 gas storage tanks.

In the first nine months of 2010, the Petrol Group sold 34.2 thousand tons of liquefied petroleum gas, which was 4 percent less than planned and 2 percent more than in the same period of the previous year. The Group also sold 47.8 thousand tons (68,121 thousand m^3) of natural gas, which was 4 percent more than planned and 5 percent more than in the same period of the previous year.

In the first nine months of 2010, the Petrol Group operated 4 district heating concessions. During this period, it sold 43,350 MWh of heat, which was 1 percent more than planned and broadly in line with the previous year.

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 supply, heat production from 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 operate the concession for 25 years. A wood biomass district heating system is currently being completed in Ribnica.

Petrol d.d., Ljubljana, in conjunction with the companies Domplan, HSE and Elektro Gorenjska, established the company Soenergetika d.o.o. which is engaged in the cogeneration of heat and electricity in the boiler plant at Planina, Kranj.

In June 2010, the Group acquired a 51-percent interest in the company Petrol Jadranplin d.o.o. and became the sole owner of the company Ogrevanje Piran d.o.o. after acquiring a 60-percent interest in the company.

In August 2010, the company Petrol d.d., Ljubljana acquired the company Butan, d.o.o. from Osijek, Croatia, which is involved in the distribution of liquefied petroleum gas.

Electricity

In the first nine months of 2010, electricity was produced, sold and distributed by Petrol Energetika d.o.o. and Petrol d.d., Ljubljana.

During this period, the Petrol Group sold 244,469 MWh of electricity, which was 9 percent more than planned and 56 percent more than in the same period of the previous year. Out of the total quantity sold, 23,174 MWh were produced through cogeneration and 207,585 MWh were distributed.

With the liberalisation of Slovenia's electricity market, Petrol d.d., Ljubljana began selling electricity to households and small business customers.

Environmental and energy solutions

In the first nine months of 2010, the companies engaged in environmental and energy solutions were Petrol d.d., Ljubljana and Petrol Energetika d.o.o.

In the period concerned, the Petrol Group held three concessions for the operation of municipal wastewater treatment plants and the performance of public economic service of municipal wastewater treatment: in the Municipality of Murska Sobota (capacity of 42,000 population equivalents), the Municipality of Mežica (capacity of 4,000 population equivalents) and the Municipality of Sežana (capacity of 6,000 population equivalents).

At the waste treatment plants in Murska Sobota, Mežica and Sežana, the treatment process and financial performance were in line with the plan in the first nine months of 2010.

As an important member of Aquasystems d.o.o., Petrol d.d., Ljubljana is involved in the treatment of municipal wastewaters in the Municipality of Maribor (capacity of 190,000 population equivalents).

As for energy solutions (EEC projects and use of renewable energy sources), a comprehensive supply of energy, energy services and advisory services is provided.

During the period concerned, the Group began marketing Petrol's energy packages providing lower prices of electricity and simplified payment.

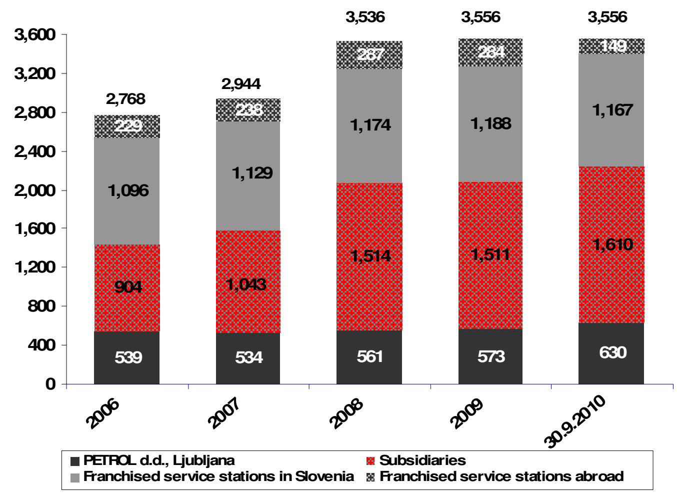
The Group has thoroughly analysed a large number of projects with potential for implementation in the area of renewable energy sources (pellets, photovoltaics, wind power plants, etc.) and begun installing photovoltaic power plants at 13 service stations.

Sustainable development

Employees

On 30 September 2010, the Petrol Group had 3,556 employees, of which 29 percent worked for subsidiary companies and at franchised service stations abroad. Compared with the end of 2009, the number of employees remained unchanged.

Figure 9: Changes in the number of employees of the Petrol Group and at franchised service stations in the period 2006–2010



Changes in the number of employees in the first nine months of 2010

In the first nine months of 2010, the Petrol Group employed 277 workers, the employment of 277 workers was terminated, while 288 employees were transferred to new posts within the Group. This figure comprises all 90 employees of the subsidiary Petrol Skladiščenje d.o.o., who were transferred to the company Petrol d.d., Ljubljana.

Table 3: Changes in the number of employees of the Petrol Group and at franchised service stations in the first nine months of 2010

	Balance as at 30.9.2010	New employments/employment terminations in 2010		Internal transfer of employees		**Total number of people joined in 2010**	**Total number of people left in 2010**	**Balance as at 31.12.2009**
		in the Copmpany		in the petrol Group				
		Joined	Left	Joined	Left			
Petrol d.d.	630	13	43	93	6	106	49	573
Subsidiaries	1,610	194	123	157	129	351	252	1,511
Franchised service stations in Slovenia	1,167	58	82	31	28	89	110	1,188
Franchised service stations abroad	149	12	29	7	125	19	154	284
The Petrol Group	**3,556**	**277**	**277**	**288**	**288**			**3,556**

Employee structure

At the end of September 2010, the average age of Petrol Group employees was 39.5 years. 70 percent of employees were male and 30 percent were female.

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

As at 30 September 2010, the average education level of Petrol Group employees, as measured on a scale of 1 to 8, stood at 4.8, meaning that on average employees have completed secondary school.

Training

In the first nine months of 2010, 5,077 individuals took part in various forms of training. In all, the Petrol Group provided 39,771 teaching hours of training, which represents, on average, 11 teaching hours of training per employee in the period concerned.

In the same period, the Group continued to carry out management and sales programmes at service stations and provided technical and legally required training, while safe driving courses were organised for employees who spend a lot of their time travelling on business.

At the Petrol Group, particular attention is given to the training of outworkers (hauliers and students) and customers. In the period concerned, several seminars were organised in this field which were attended by 1,262 participants.

Motivation of employees

Performance acknowledgement

Performance orientation is the 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, the performance is calculated on a monthly basis, for corporate functions it is calculated semi-annually. Individual performance is acknowledged through bonuses awarded for extraordinary achievements and through promotion.

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 Slovenian companies based on various criteria.

A family friendly enterprise

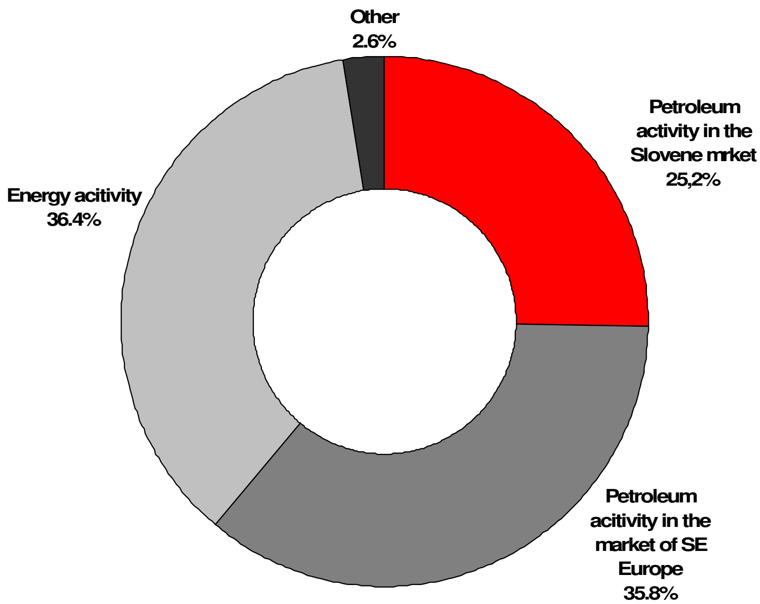
Petrol received a basic Family Friendly Enterprise certificate, thus joining the ranks of companies committed to enabling better work and family life balance and to even greater social responsibility. As part of the certification, Petrol adopted as much as 19 measures to be implemented in the course of the next three years and which are expected to further contribute to the satisfaction of employees and their performance.

In connection with the Family Friendly Enterprise project, employees were given a day of extra leave to accompany their first graders to their first day of school.

Investments

In the first nine months of 2010, EUR 35.7 million was allocated to investments in property, plant and equipment, intangible assets and long-term investments. Out of the above amount, 25.2 percent was allocated to oil trading in Slovenia, 35.8 percent to oil trading in SE Europe, and 36.4 percent to energy activities and 2.6 to the upgrading of information and other infrastructure.

Figure 10: Breakdown of Petrol Group's investments in the first nine months of 2010



The quality system

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

The Petrol Group's operations are based on the implementation of strict quality standards. 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 table), the integrated quality system incorporates the requirements of the HACCP food safety management system, the requirements of the OHSAS occupational health and safety system, and the requirements of the BS 7799-2 information security system.

In 2010 the Petrol Group continues to implement the strategy for the development of the quality management system. In the first quarter of 2010, Petrol d.d., Ljubljana carried out activities in connection with a recertification audit of quality management systems under ISO 9001:2000 and of the environment management system under ISO 14001:2004. These activities were related to the redefinition of processes within corporate functions and their interconnection. In the second quarter, external auditors carried out a recertification audit of processes used at service stations in Slovenia, determining no nonconformities as far as quality management (ISO 9001) and environment management (ISO 14001) are concerned. In September, the company's management carried out a management review of quality management systems. As a result, 15 conclusions were adopted to improve the functioning of quality management systems and processes. In October, external auditors carried out a recertification audit of main and supporting processes in Petrol Group companies. Although no nonconformities were determined, the auditors did put forward a few observations that will serve as a basis for concrete improvement proposals that will be submitted to the company's management in November.

At Petrol Laboratory, which has in place a quality management system certified to the SIST EN ISO/IEC 17025:2005 standard (General requirements for the competence of testing and calibration laboratories), a monitoring visit was conducted by the accreditation body, but no nonconformities were identified. Petrol Laboratory has 76 accredited methods altogether.

At Petrol Tehnologija d.o.o., activities were underway to make necessary adjustments to the document management system, while in May a monitoring visit by the accreditation body took place. The review was performed according to the SIST EN 17020:2004 standard, meaning that Petrol Tehnologija d.o.o. may perform services both for its own use and for external clients.

The periodic (15-month) reassessment was carried out with the purpose of reassessing the 13 methods that have already been accredited (the first accreditation was received in 2004), while the aim of the expansion assessment which was conducted in respect of 4 new methods and 1 already accredited but enhanced method was to expand activities to additional types of specimens.

Table 4: 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 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	/	/

Social responsibility

Caring for social and environmental issues has been part of the Petrol’s operations for a number of years. Demands and challenges are addressed based on a long-term strategy of growth and a firm awareness that supporting the environment in which we operate significantly affects our operation and development. For many years we have been helping wider social and local communities achieve a dynamic lifestyle and higher quality of life. We demonstrate our responsible social attitude by supporting numerous sports, arts, humanitarian and environment projects. The Petrol Group perceives social responsibility as a lasting commitment to cooperate with the environment in which it operates.

In the first nine months of 2010, one of the major events was the 20th edition of the Children to Adults fine arts competition. Taking part in this year's competition were also the children of Petrol's employees.

Business risks

Risk management

In accordance with Article 30 of the Financial Operations, Insolvency Proceedings and Compulsory Dissolution Act, the Petrol Group regularly implements measures aimed at managing business risk to which it is exposed in undertaking its business activities.

In the first nine months of 2010, the economic downturn and financial crisis still had a strong influence on company operations and the management of business risks in the Petrol Group.

Although the liquidity of banks did improve in the first nine months of 2010, the operating performance of companies deteriorated, making banks more cautious in extending loans to companies and individuals. The Petrol Group therefore devotes even more attention to the management of financial risks and the containment of credit, liquidity and interest rate risks. Moreover, it closely monitors the solvency of customers and, consequently, the balance of operating receivables. The liquidity or short-term solvency of Petrol Group companies is ensured through central management and reconciliation of current cash flows and by entering into agreements with banks to increase credit lines.

Compared with the previous year, the supply of long-term financial sources slightly increased in the first nine months of 2010, which is why the financial position of the Petrol Group remains stable.

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

Petrol's business risk model comprises 20 business risk categories that are divided into two major groups:
- environment risks and
- operating risks.

The most relevant and probable business risks include all financial risks: price risks, foreign exchange risks, credit risks, liquidity risks, interest rate risks and financial instruments 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.

Individual financial risks to which the Petrol Group is exposed and the procedures put in place to hedge against them are specified below.

Price and currency risk

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

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

The Petrol Group hedges against price risks by harmonising the procurement and sales price formulas of petroleum products, but also by using appropriate financial instruments. Where there are discrepancies between selling and procurement quantities, petroleum product prices are hedged using price and commodity swaps (swap transactions) at the OTC market (direct transactions between two parties outside the stock exchange).These precautions are mainly aimed at matching the prices recognised by the petroleum product-pricing model. Our business partners in this area are international financial organisations, banks and major oil corporations, which supply petroleum products to the Petrol Group.

In the first nine months of 2010, the Petrol Group paid for the purchases of petroleum products within deadlines standard for the oil business (30 days after B/L), thus exposing its business to currency 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 USD/EUR entered into with Slovene banks. The required extent of hedging in USD is determined by the sales department based on the planned sales quantities and is adjusted weekly to reflect current prices of petroleum products and sales dynamics. The forecasting of sales quantities and their value is the key for effective price and currency hedging.

In addition to the above, the controlling company supervises and offers advice on hedging against currency risks at the level of 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.

Apart from the normal seasonal fluctuation during the summer, when the HRK usually appreciates, there were no significant fluctuations in the HRK/EUR exchange rate in the first nine months of 2010. As a result, the Group did not enter into forward transactions to hedge against the exchange rate risk. At the end of September, the HRK fell back to around 7.25 HRK/EUR. Based on the information received from financial and economic circles in Croatia, the Group estimates that predictions of a possible devaluation of HRK are not probable and therefore do not require additional measures.

The Group is exposed to changes in the RSD/EUR exchange rate because of a long-term EUR-denominated loan taken out by a Serbian subsidiary. Considering the Petrol Group's overall operations, this represents only a small portion, meaning the Group is not exposed to significant risks in this case.

In accordance with the adopted risk management policy, transactions with derivatives are entered into only to hedge against price and foreign exchange risks and not for reasons of speculative nature.

Credit risk

The Petrol Group offers deferred payments to provide its customers with at least some form of crediting and thereby increase its sales revenue. As a result, the sales department is in constant conflict between the tendency to increase sales and, given the increased number of defaults, the tendency to keep the balance of receivables at manageable levels. In the time of the economic downturn, we estimate that the management of the credit risk or the counterparty risk is the most demanding of all. Throughout Petrol's extensive wholesale network it can be observed that due to insufficient credit from banks customers have turned to suppliers for financing.

In the area of receivables management, the Petrol Group has stepped up the collection of receivables, it is quicker to discontinue sales on open account to defaulting customers, it has accelerated the use of legal remedies to collect receivables, and makes considerable efforts to increase the number of secured receivables. Particular attention is given to individual treatment of major customers. To manage receivables, the Petrol Group uses numerous types of credit insurance (mortgages, pledges, bank guarantees, collaterals, promissory notes, bills of exchange etc.). Following the amendments to the Execution of Judgments in Civil Matters and Insurance of Claims Act of 7 July 2010, the bill of exchange gained in importance and is once again an important collateral instrument.

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.

In the first nine months, more attention was devoted to the collection of receivables in SEE markets, where the solvency of the business sector is even worse than in Slovenia. Receivables are systematically monitored by age, region and organisational unit as well as by quality and individual customer. To monitor receivables, we use a shared computer-based receivables management application which provides us with automated control over the exposure to individual customers and the possibility to respond immediately. The process of managing counterparty risks includes active involvement of numerous functions, which meet regularly 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 pose a significant single risk. Our estimate is based on the nature of our products, our market share and a large customer base.

Through information support and exchange of information between all company employees, we actively monitor credit ratings of our customers and suppliers. This year, the controlling company added Credit Check, a new risk management tool developed by the company Bisnode, to its system to assess the credit rating of individual customers. Credit Check predicts the probability of a customer becoming insolvent over the next 12-month period. Exposure to a segment of our customers was further hedged against by taking out insurance with SID-Prva kreditna zavarovalnica d.d. Ljubljana. The extent of credit insurance through SID is being further increased as this enables us to extend sales to new customers and to distressed existing customers. Our credit rating assessment of customers from SEE markets also includes information offered by the company Dun & Bradstreet in connection with the financial strength, payment score, rating and credit recommendation for individual customers.

Successful management of receivables is reflected in the fact that the Petrol Group's days sales outstanding were reduced by four days as at 30 September 2010 compared with the end of 2009. The share of overdue receivables in outstanding receivables decreased from 42 to 31 percent.

Liquidity risk

The financial crisis in the Slovene and global financial market resulted in a substantially increased vigilance of the banking sector when it comes to financing individuals and companies. Nevertheless, the Petrol Group has a very good selection of short-term funding at its disposal, which provides it with more affordable short-term financing compared with the previous year.

Despite the above, considerable prudence is required in cash flow management, especially as regards the planning of cash inflows from lay away sales, 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.

The Petrol Group's short-term solvency is achieved 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. Furthermore, a cash pooling system was introduced for all Slovene subsidiaries already in 2006. Due to tax and economic reasons (costs of payment transactions, foreign exchange differences), subsidiaries in SE Europe markets are not yet able to use the system. For the companies concerned, a virtual pooling system (marginal pooling) has been introduced to optimise interest rates, while cash pooling is effectively 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 the first nine months of 2010, petroleum product prices were on average considerably higher than in the same period of 2009. That is why the Petrol Group needed slightly more working capital in the period concerned and, consequently, higher credit lines. For the moment, the prices of petroleum products remain at levels that do not require higher credit lines with banks. In view of the forecast increases in oil prices in the coming period and the resulting increase in the Group’s needs for short-term financing, we are constantly actively working with banks to increase our credit lines.

Successful operations of the Petrol Group are a guarantee for the Group's long-term solvency and thereby affect the accumulation of equity. This year the Group also received favourable long-term financing offers both in terms of amount and interest rate margin, providing it with confidence that its operations will remain liquid over the long term.

Interest rate risk

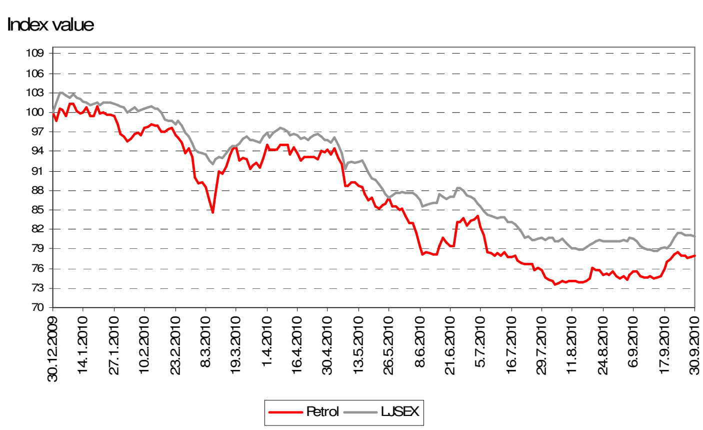
The Petrol Group regularly monitors its exposure to the interest rate risk. The controlling company's long-term loans contain a variable interest rate linked to EURIBOR, which was at a record low throughout the year. This means that the overall average interest rate for the Petrol Group remained unchanged in the first nine months. Although banks are progressively cutting their interest rate margins and fees, these are still high as compared to the period preceding the financial crisis. Therefore, more time will be needed to see the margins and fees decrease again.

To hedge against the 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 the light of the above EURIBOR movements, the Group entered into additional hedging transactions (interest rate swaps) amounting to EUR 30 million.

The share

In the first nine months of 2010, the prices of shares listed on the Ljubljana Stock Exchange were, on average, lower than at the end of 2009. This was also reflected in both indices – SBITOP and LJSEX. The SBITOP is the Slovene blue-chip index, while the LJSEX (LJSE Composite) covers the entire LJSE stock market. The LJSEX index replaced the SBI20 index on 23 March 2010. In the period concerned, the SBITOP dropped by 15.4 percent compared with its value at the end of 2009, with the LJSEX declining by 19.1 percent over the same period. During this period, the price of Petrol's share decreased by 22 percent. In terms of trading volume, which amounted to EUR 13.7 million in the first nine months, Petrol's share was ranked fourth on the stock market. This was also its ranking in terms market capitalisation, which stood at EUR 523.4 million as at 30 September 2010 and accounted for 7.4 percent of the total Slovene stock market capitalisation.

Figure 11: Changes in Petrol d.d., Ljubljana's average price base index and changes in the LJSEX index in the first nine months of 2010 compared with the end of 2009



In the first nine months of 2010, the price of Petrol's share ranged between EUR 236.74 and EUR 325.98 per share, while its average price in the period stood at EUR 277.50. Earnings per share stood at EUR 15.99, with the share's book value amounting to EUR 199. Petrol d.d., Ljubljana had 39,064 shareholders as at 30 September 2010. In 2010 an increase in the number of foreign shareholders has been observed. At the end of September 2010, 48,444 shares or 2.32 percent of all shares were held by foreign legal or natural persons. Compared with the end of 2009, the number of foreign shareholders increased by 0.8 percentage points.

Figure 12: Average price and the volume of trading in Petrol's share in the first nine months of 2010

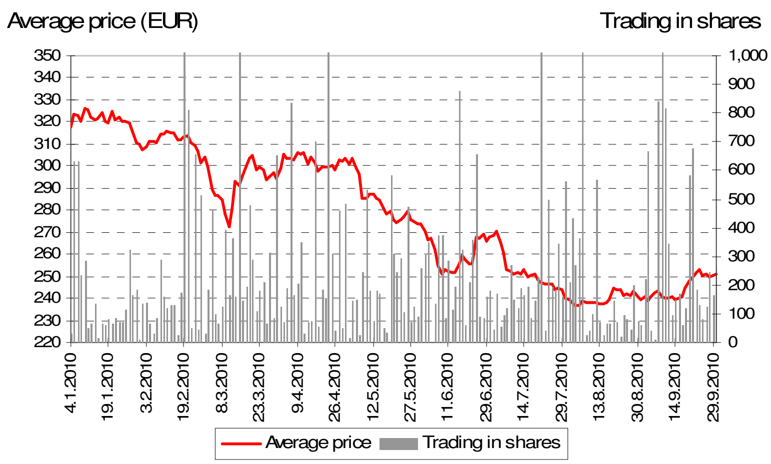


Figure 13: Ownership structure of Petrol d.d., Ljubljana as at 30 September 2010

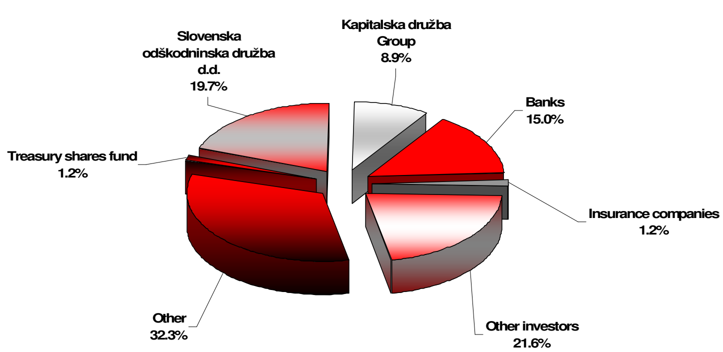


Table 5: Changes in the ownership structure of Petrol d.d., Ljubljana

	30.9.2010		31.12.2009	
	Number of shares	%	Number of shares	%
Slovenska odškodninska družba d.d.	412,009	19.7%	412,009	19.7%
Kapitalska družba Group	184,852	8.9%	184,852	8.9%
Banks	313,952	15.0%	290,054	13.9%
Insurance companies	25,344	1.2%	24,762	1.2%
Other investors	451,123	21.6%	389,846	18.7%
Other	674,318	32.3%	760,075	36.4%
Treasury shares fund	24,703	1.2%	24,703	1.2%
Total	2,086,301	100.0%	2,086,301	100.0%

Table 6: 10 largest shareholders of Petrol d.d., Ljubljana as at 30 September 2010

	Sharholder	Adress	No. Of shares	Participation 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	84,490	4.05%
5	ZVON ENA HOLDING, D.D.	SLOVENSKA ULICA 17, 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	61,957	2.97%
9	HYPO BANK D.D.	DUNAJSKA CESTA 117, 1000 LJUBLJANA	43,500	2.09%
10	TRIGLAV VZAJEMNI SKLADI - DELNIŠKI TRIGLAV	SLOVENSKA CESTA 54, 1000 LJUBLJANA	27,056	1.30%

Table 7: Shares owned by members of the Supervisory and Management Board as at 30 September 2010

		Number of shares	Participation in %
Supervisory board		**135**	**0.01%**
Internal members		**135**	**0.01%**
Samo Gerdin	Member of the Supervisory board	-	0.0000%
Franc Premrn	Member of the Supervisory board	135	0.0065%
Andrej Tomplak	Member of the Supervisory board	-	0.0000%
External members		**-**	**0.00%**
Tomaž Kuntarič	President of the Supervisory board	-	0.0000%
Bruno Korelič	Vice - president of the Supervisory board	-	0.0000%
Urban Golob	Member of the Supervisory board	-	0.0000%
Žiga Debeljak	Member of the Supervisory board	-	0.0000%
Dari Južna	Member of the Supervisory board	-	0.0000%
Irena Prijović	Member of the Supervisory board	-	0.0000%
Uprava		**508**	**0.02%**
Aleksander Svetelšek	President of the Management board	105	0.0050%
Janez Živko	Member of the Management board	40	0.0019%
Mariča Lah	Member of the Management board	40	0.0019%
Roman Dobnikar	Member of the Management board	153	0.0073%
Rok Vodnik	Member of the Management board	170	0.0081%

Authorised capital

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

Contingent increase in called-up capital

In the period up to 30 September 2010, the General Meeting of Petrol d.d., Ljubljana did not adopt any resolutions regarding the contingent increase in called-up capital.

Dividends

In accordance with the resolution of the 20th General Meeting of 6 May 2010, Petrol d.d., Ljubljana's gross dividend payable in 2010 amounted to EUR 5.90 per share

Own shares

Petrol d.d., Ljubljana did not repurchase its own shares in the first nine months 2010. As at 30 September 2010, the company held 24,703 own shares, representing 1.2 percent of its registered share capital. The total cost of own shares equalled EUR 2.6 million as at 30 September 2010 and was EUR 3.6 million lower than their market value on the said date.

Own shares were purchased between 1997 and 1999. Initially, 10,371 own shares were acquired, and then another 22,830 own shares were purchased. The company may acquire own shares only for the purposes laid down in Article 247 of the Companies Act (ZGD-1) and for remuneration to the Management Board and the Supervisory Board. Own shares are used in accordance with the company's Articles of Association.

Regular participation at investors' conferences and external communication

Petrol d.d., Ljubljana has set up a programme of regular cooperation with domestic and foreign investors, which consists of public announcements, individual meetings and presentations, and public presentations. The company regularly attends investors' conferences that are organised each year by the Ljubljana Stock Exchange, Vienna Stock Exchange and various banks. In the first nine months of 2010, the company attended three important investors' conferences. In April, it attended the investors' conference in Zuers, Austria, an event organised by Raiffeisen Centrobank. In May, it attended the Slovene Capital Market Day event in Ljubljana that was organised by the Ljubljana Stock Exchange and its partners. At the end of September, it took part in the first online roadshow of Slovene prime market companies, which was organised by the Ljubljana Stock Exchange and technically supported by Thomson Reuters. The recording of the roadshow presentation is available on our website and on the website of the Ljubljana Stock Exchange, and can be viewed during the course of the next six months (http://www.petrol.si/petrol-se-je-predstavil-na-prvi-spletni-konferenci-ljubljanske-borze).
In addition to the above, several individual meetings were held with domestic and foreign investors during the year.

Management Board

On 20 September 2010, Bojan Herman resigned as worker director – Management Board member of Petrol d.d., Ljubljana. The procedure to elect a new worker director – Management Board member – is currently underway.

Supervisory Board

On 11 March 2010, Tomaž Berločnik resigned as member of the Supervisory Board of Petrol d.d., Ljubljana. At the 20th General Meeting, Irena Prijović, MSc, was appointed as member of the Supervisory Board for a term of office beginning on 6 May 2010 and ending on 7 April 2013.

General Meeting

At the 20th General Meeting of Petrol d.d., Ljubljana held on 6 May 2010, the following resolutions were adopted:
- distribution of accumulated profit of EUR 12,309,175.90 as dividends payable to shareholders, which represents a gross amount of EUR 5.90 per share, and transfer of accumulated profit of EUR 2,294,931.10 to other revenue reserves. The dividends are to be paid from other revenue reserves set aside in 2004 and 2005;
- granting of a discharge from liability to the Management Board and the Supervisory Board for the year 2009;
- appointment of the company KPMG Slovenija, podjetje za revidiranje, d.o.o., Ljubljana, as auditor of the financial report and reviewer of the business report for the year 2010;
- amendment to the Articles of Association of Petrol d.d., Ljubljana in order to grant the power to the Management Board to increase the company's share capital by a nominal amount of EUR 26,120,488.52 by issuing new shares;
- amendment to the Articles of Association of Petrol d.d., Ljubljana in order to align their provisions with the provisions of the revised Companies Act (ZGD-1C) relating to the remuneration of Supervisory Board members, convocation of general meetings, communication with shareholders, and General Meeting registration and participation rules;
- appointment of Irena Prijović, MSc, as member of the Supervisory Board for a term of office beginning on 6 May 2010 and ending on 7 April 2013.

Strategic Business Plan 2010-2014

At its meeting of 20 May 2010, the Supervisory Board approved the Strategic Business Plan of the Petrol Group for the period 2010–2014, which is a fundamental corporate document defining the business prospects of the Petrol Group in the period 2010–2014 through its mission, vision, values, goals and strategy.

In the above period, the Petrol Group will pursue its vision to become a leader in the field of quality and development of a comprehensive supply of energy and the "convenience" model of service stations in SE Europe, ensuring above-average satisfaction of its customers.

The Petrol Group will pursue its mission within its key business areas: oil and merchandise trading in Slovenia, oil and merchandise trading in SE Europe, and energy activity, which comprises the sale and distribution of natural gas and liquefied petroleum gas, heat, electricity, and energy and environmental solutions. The Group will operate in the markets of Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro and Kosovo.

The main strategic orientations for the Petrol Group's development are as follows: ensuring growth, increasing profitability of operations and increasing added value per employee. Through a prudent investment policy, the Group will aim to maximise the return on assets and maintain the financial stability of the Group, with quality and business excellence being the guiding principles of its operations.

The Petrol Group has set the following strategic goals for the period until 2014:

- net sales revenue of EUR 3.5 billion (+37% relative to the 2010 plan, with an average annual growth rate of 8%);
- EBITDA of EUR 167 million (+73% relative to the 2010 plan, with an average annual growth rate of 15%);
- net profit of EUR 73.1 million (with an average annual growth rate of 14%);
- added value per employee of EUR 57 thousand (+16% relative to the 2010 plan, with an average annual growth rate of 4%);
- increase in the return on equity to 13%;
- increase in the return on invested capital to 10%;
- decrease in the debt to equity ratio to 0.8;
- decrease in the net debt to EBITDA ratio to 3;
- investments in fixed assets of EUR 428 million in the period 2010–2014;
- total quantity of petroleum products sold of 2.8 million tons (+25% relative to the 2010 plan, with an average annual growth rate of 6%);
- natural gas sales of 148 million m^3 (+45 % relative to the 2010 plan, with an average annual growth rate of 10%);
- electricity sales of 2,150 million kWh;
- revenue from the sale of merchandise of EUR 503 million (+26% relative to the 2010 plan, with an average annual growth rate of 6%);
- 570 service stations at period-end (+29 % relative to the 2010 plan, with an average annual growth rate of 7%);

The successful achievement of the above goals will result in the strengthening of the Petrol Group's long-term financial stability. 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. Through a stable dividend policy, the Group will ensure balanced dividend yields and free cash flow to finance its investment plans. This will result in the long-term growth and development of the Petrol Group and, consequently, in the maximisation of shareholder value.

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 at the company's website and at the website of the Ljubljana Stock Exchange, d.d. (SEOnet). In September 2009, a prospectus of Petrol d.d., Ljubljana for admission of bonds to trading on a regulated market was prepared.

Events after the end of the period

October 2010

Petrol Energetika d.o.o. launched a new heat and electricity cogeneration plant (CHP) in Hrastnik.

Petrol d.d., Ljubljana supported the campaign organised by the Safe Journey Institute to reduce the number of road accidents in Slovenia. Between 11 and 15 October 2010, this prevention campaign also took place at seven most visited Petrol's service stations in Slovenia.

Petrol d.d., Ljubljana and its business partners made it possible to carry out the Childhood Stories project to combat domestic violence against children and adolescents, which was organised by the Women's Advice Centre.

On 14 October 2010, the Management Board of Petrol d.d., Ljubljana and the management of Petrol Plin, d.o.o., submitted to the registry authority an agreement to merge the company Petrol Plin, d.o.o., Dunajska cesta 50, Ljubljana into the company Petrol, Slovenska energetska družba, d.d., Ljubljana, Dunajska cesta 50, Ljubljana.

Petrol Energetika d.o.o. won the Customer-Friendly Energy Supplier 2010 competition in the Natural Gas category. The awards were presented at the 2nd strategic meeting of energy market participants in Brdo pri Kranju.

November 2010

Nevenka Šubelj, head of the finance department, received a prestigious award Top Financial Officer of a Major Company in the Top Financial Officer competition organised by Finance, a business daily.

Petrol d.d., Ljubljana acquired a 100-percent interest in the Ihan-based biogas plant, thus becoming its sole owner. The plant is engaged in the treatment of liquid manure and biological waste as well as in the production of electricity.

At the company members' meeting, the companies Sava Tires d.o.o. and Petrol d.d., Ljubljana, company members of Karkasa, d.o.o., unanimously decided to wind up the company by means of the summary procedure without liquidation in December 2010.

FINANCIAL REPORT

Overview of the financial performance of the Petrol Group and the company Petrol d.d., Ljubljana

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

		Petrol Group			Petrol d.d.		
(in EUR)	Notes	1-9 2010	1-9 2009	Index 10/09	1-9 2010	1-9 2009	Index 10/09
Sales revenue	1	2,034,701,332	1,718,467,914	118	1,738,786,846	1,455,937,730	119
Cost of merchandise sold		(1,819,330,285)	(1,508,140,241)	121	(1,575,676,745)	(1,290,918,152)	122
Gross profit or loss from sales		**215,371,047**	**210,327,673**	**102**	**163,110,101**	**165,019,578**	**99**
Cost of materials	4	(18,530,435)	(16,691,150)	111	(7,137,027)	(6,976,795)	102
Cost of services	5	(82,013,033)	(81,681,559)	100	(81,910,024)	(82,391,081)	99
Labour costs	6	(39,039,766)	(38,976,921)	100	(18,748,970)	(17,402,372)	108
Depreciation or amortisation	7	(25,523,868)	(25,647,855)	100	(16,164,981)	(16,696,802)	97
Other costs	8	(5,604,582)	(6,053,592)	93	(2,691,931)	(4,860,157)	55
Costs		**(170,711,684)**	**(169,051,077)**	**101**	**(126,652,934)**	**(128,327,207)**	**99**
Other revenue	2	8,025,935	11,066,380	73	5,369,943	8,572,940	63
Other expenses		(652,903)	(316,780)	206	(56,162)	(16,615)	338
Operating profit or loss		**52,032,395**	**52,026,196**	**100**	**41,770,948**	**45,248,697**	**92**
Net financial revenue from interests due to valuation according to the equity method		9,427,120	12,922,035	73	-	-	-
Financial revenue from dividends from subsidiaries, associates and jointly controlled		-	-	-	13,386,274	10,636,869	126
Other financial revenue	9	52,062,921	53,048,945	98	50,432,052	48,263,734	104
Other financial costs	9	(69,704,134)	(94,107,026)	74	(64,926,563)	(90,334,951)	72
Net finance costs		**(8,214,093)**	**(28,136,046)**	**29**	**(1,108,237)**	**(31,434,348)**	**4**
Profit or loss before tax		**43,818,302**	**23,890,150**	**183**	**40,662,712**	**13,814,348**	**294**
Tax expense		(8,532,804)	(8,614,711)	99	(7,977,262)	(7,231,575)	110
Deferred tax		177,739	4,821,806	4	277,146	4,794,076	6
Tax on profit		**(8,355,065)**	**(3,792,905)**	**220**	**(7,700,116)**	**(2,437,499)**	**316**
Net profit or loss for the period		**35,463,237**	**20,097,245**	**176**	**32,962,596**	**11,376,850**	**290**
Net profit attributable to:							
Owners of the company		**34,736,186**	**19,087,575**	**182**	**32,962,596**	**11,376,850**	**290**
Non-controlling interest		727,051	1,009,670	72	**-**	**-**	**-**
Basic and diluted earnings per share	10	16.85	9.26	182	15.99	5.52	290

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

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

(in EUR)	Petrol Group 1-9 2010	Petrol Group 1-9 2009	Petrol d.d. 1-9 2010	Petrol d.d. 1-9 2009
Net profit or loss for the period	**35,463,237**	**20,097,245**	**32,962,596**	**11,376,850**
Net profit or loss attributable to:				
Owners of the company	**34,736,186**	**19,087,575**	**32,962,596**	**11,376,850**
Non-controlling interest	727,051	1,009,670	-	-
Net profit / (loss) from valuation of available-for-sale financial statements	54,818	540,854	54,818	540,854
Net profit / (loss) of effective portion of changes in fair value of cash flow hedges	62,210	(3,560,619)	62,209	(3,560,619)
Attribution of changes in the equity of associates	(178,566)	(268,574)	-	-
Increase of Non -controlling interest	771,717	3,066		
Exchange rate differences	(1,337,150)	(138,255)	-	-
Total comprehensive income	**34,836,266**	**16,673,717**	**33,079,623**	**8,357,085**
Total comprehensive income attributable to:				
Owners of the company	**33,348,430**	**15,378,128**	**33,079,623**	**8,357,085**
Non-controlling interest	1,487,836	1,295,589	-	-

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

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

(in EUR)	Notes	Petrol Group 31 September 2010	Petrol Group 31 December 2009	Petrol Group Index 10/09	Petrol d.d. 31 September 2010	Petrol d.d. 31 December 2009	Petrol d.d. Index 10/09
ASSETS							
Non-current (long-term) assets							
Intangible assets	11	22,757,086	22,462,292	101	4,229,296	4,359,225	97
Property, plant and equipment	12	559,587,312	554,755,247	101	282,798,094	286,778,881	99
Investment property		14,633,665	15,739,627	93	14,631,684	15,761,198	93
Investments in subsidiaries	13	884,049	0	-	218,047,552	213,663,092	102
Investments in jointly controlled entities	14	17,123,394	15,318,725	112	64,810,776	61,137,000	106
Investments in associates	15	124,140,794	121,282,983	102	154,624,965	155,070,965	100
Available for sale financial assets	16	13,384,915	14,866,548	90	13,305,872	14,787,505	90
Financial receivables	17	12,113,603	9,798,440	124	19,645,467	14,322,182	137
Operating receivables	18	1,134,207	1,267,839	89	1,001,621	1,133,452	88
Deferred tax assets		34,976,760	34,911,346	100	37,035,213	36,787,324	101
		800,735,785	**790,403,047**	**101**	**810,130,540**	**803,800,824**	**101**
Current assets							
Inventories	19	90,192,187	82,003,555	110	73,180,869	66,763,697	110
Financial receivables	20	9,243,743	1,386,062	-	10,204,442	2,974,660	343
Operating receivables	21	299,741,885	244,138,201	123	269,064,955	226,430,647	119
Corporate income tax receivables		717,252	3,118,595	23	0	2,858,276	-
Financial assets at fair value through profit or loss	22	1,619,490	3,121,398	52	1,619,490	3,130,062	52
Advances and other assets	23	4,656,746	3,565,327	131	4,288,854	1,281,285	335
Cash and cash equivalents		15,632,887	7,789,488	201	10,502,208	6,909,640	152
		421,804,190	**345,122,626**	**122**	**368,860,819**	**310,348,267**	**119**
Total assets		***1,222,539,975***	***1,135,525,673***	***108***	***1,178,991,359***	***1,114,149,091***	***106***
EQUITY AND LIABILITIES							
Equity attributable to owners of the Petrol Group							
Called-up capital		52,240,977	52,240,977	100	52,240,977	52,240,977	100
Capital surplus		80,991,385	80,991,385	100	80,991,385	80,991,385	100
Legal reserves		61,974,850	61,974,850	100	61,749,884	61,749,884	100
Reserves for own shares		2,604,670	2,604,670	100	2,604,670	2,604,670	100
Own shares		(2,604,670)	(2,604,670)	100	(2,604,670)	(2,604,670)	100
Other revenue reserves		98,257,169	110,420,597	89	88,681,898	100,845,326	88
Fair value reserves		404,201	473,190	85	103,139,355	103,084,537	100
Investment revaluation reserves		0	54,759	-	0	0	-
Hedging reserves		(7,528,591)	(7,590,801)	99	(7,528,591)	(7,590,801)	99
Translation reserves		(2,821,780)	(1,495,562)	189	0	0	-
Retained earning		87,896,574	53,160,388	165	35,099,827	2,137,232	-
		371,414,785	**350,229,783**	**106**	**414,374,735**	**393,458,540**	**105**
Capital of minority shareholders		**32,798,165**	**31,310,329**	**105**	**-**	**-**	**-**
Total equity		**404,212,950**	**381,540,112**	**106**	**414,374,735**	**393,458,540**	**105**
Non-current liabilities							
Provisions for employee benefits		3,887,966	3,933,933	99	1,736,575	1,736,575	100
Other provisions		2,586,850	2,603,590	99	2,449,171	2,449,171	100
Long-term deferred revenue		14,442,148	15,563,796	93	12,051,330	13,279,849	91
Financial liabilities	24	294,808,484	236,618,681	125	256,453,021	213,914,167	120
Operating liabilities		1,472,582	1,472,582	100	1,149,934	1,149,934	100
Deferred tax liabilities		6,592,113	6,729,641	98	25,784,839	25,784,839	100
		323,790,143	**266,922,223**	**121**	**299,624,869**	**258,314,535**	**116**
Current liabilities							
Financial liabilities	24	178,062,707	262,099,337	68	163,439,202	222,056,826	74
Operating and other liabilities	25	304,207,014	216,589,443	140	290,027,354	234,410,590	124
Corporate income tax liabilities		3,589,281	495,438	-	3,910,603	0	-
Other liabilities	26	8,677,880	7,879,120	110	7,614,596	5,908,600	129
		494,536,882	**487,063,338**	**102**	**464,991,755**	**462,376,016**	**101**
Total liabilities		**818,327,025**	**753,985,561**	**109**	**764,616,624**	**720,690,551**	**106**
Total equity and liabilities		***1,222,539,975***	***1,135,525,673***	***108***	***1,178,991,359***	***1,114,149,091***	***106***

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

Statement of changes in equity of the Petrol Group

(in EUR)	Called-up capital	Capital surplus	Profit reserves				Investment revaluation reserves	Hedging reserve	Translation differences	Retained earnings	Equity attributable to owners of the Petrol Group	Non-controlling interest	Total equity
			Legal reserves	Reserves for own shares	Own shares	Other revenue reserves							
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**	**388,635,095**
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										19,087,575	**19,087,575**	1,009,670	**20,097,245**
Increase of non-controlling interest											**0**	3,066	**3,066**
Translation differences									(421,108)		**(421,108)**	282,853	**(138,255)**
Net profit / (loss) from valuation of available-for-sale financial statements							676,068				**676,068**		**676,068**
Deferred tax liabilities							(135,214)				**(135,214)**		**(135,214)**
Net profit / (loss) of effective portion of changes in fair value of cash flow hedges								(4,450,774)			**(4,450,774)**		**(4,450,774)**
Deferred tax receivables								890,155			**890,155**		**890,155**
Attribution of changes in the equity of associates							(335,717)				**(335,717)**		**(335,717)**
Deferred tax receivables							67,143				**67,143**		**67,143**
Total changes in comprehensive income	**0**	**0**	**0**	**0**	**0**	**(12,163,428)**	**272,280**	**(3,560,619)**	**(421,108)**	**19,087,575**	**15,378,128**	**1,295,589**	**16,673,717**
Balance as at 30 September 2009	**52,240,977**	**80,991,385**	**61,903,494**	**2,604,670**	**(2,604,670)**	**110,420,597**	**221,088**	**(8,772,589)**	**(806,798)**	**61,893,755**	**358,091,909**	**35,053,474**	**393,145,381**
Balance as at 1 January 2010	**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**
Dividend payments for 2009						(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										34,736,186	**34,736,186**	727,051	**35,463,237**
Increase of non-controlling interest											**0**	771,717	**771,717**
Translation differences									(1,326,218)		**(1,326,218)**	(10,932)	**(1,337,150)**
Net profit / (loss) from valuation of available-for-sale financial statements							68,522				**68,522**		**68,522**
Deferred tax liabilities							(13,704)				**(13,704)**		**(13,704)**
Net profit / (loss) of effective portion of changes in fair value of cash flow hedges								77,762			**77,762**		**77,762**
Deferred tax liabilities								(15,552)			**(15,552)**		**(15,552)**
Attribution of changes in the equity of associates							(223,206)				**(223,206)**		**(223,206)**
Deferred tax receivables							44,640				**44,640**		**44,640**
Total changes in comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**	**(123,748)**	**62,210**	**(1,326,218)**	**34,736,186**	**33,348,430**	**1,487,836**	**34,836,266**
Balance as at 30 September 2010	**52,240,977**	**80,991,385**	**61,974,850**	**2,604,670**	**(2,604,670)**	**98,257,169**	**404,201**	**(7,528,591)**	**(2,821,780)**	**87,896,574**	**371,414,785**	**32,798,165**	**404,212,950**

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

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

			Profit reserves							
(in EUR)	Called-up capital	Capital surplus	Legal reserves	Reserves for own shares	Own shares	Other revenue reserves	Investment revaluation reserves	Hedging reserve	Retained earnings	Total equity
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)	391,478,689
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									11,376,850	**11,376,850**
Net profit / (loss) of effective portion of changes in fair value of cash flow hedges								(3,648,806)		**(3,648,806)**
Deferred tax receivables								88,187		**88,187**
Net profit / (loss) from valuation of available-for-sale financial statements							676,068			**676,068**
Deferred tax receivables							(135,214)			**(135,214)**
Total changes in comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(3,560,619)**	**11,376,850**	**8,357,085**
Balance as at 30 September 2009	**52,240,977**	**80,991,385**	**61,749,884**	**2,604,670**	**(2,604,670)**	**100,845,326**	**97,765,083**	**(8,772,590)**	**2,852,280**	**387,672,346**
Balance as at 1 January 2010	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
Dividend payments for 2009						(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									32,962,596	**32,962,596**
Net profit / (loss) of effective portion of changes in fair value of cash flow hedges								77,762		**77,762**
Deferred tax receivables								(15,552)		**(15,552)**
Net profit / (loss) from valuation of available-for-sale financial statements							68,522			**68,522**
Deferred tax receivables							(13,704)			**(13,704)**
Total changes in comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**	**54,818**	**62,210**	**32,962,596**	**33,079,623**
Balance as at 30 September 2010	**52,240,977**	**80,991,385**	**61,749,884**	**2,604,670**	**(2,604,670)**	**88,681,898**	**103,139,355**	**(7,528,591)**	**35,099,827**	**414,374,735**

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

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

(in EUR)	Petrol Group 30 September 2010	Petrol Group 30 September 2009	Petrol d.d. 30 September 2010	Petrol d.d. 30 September 2009
Cash flows from operating activities				
Net profit or (loss) for the period	**34,736,186**	**19,087,575**	**32,962,596**	**11,376,850**
Adjustments for:				
Non-controlling interest	727,051	1,009,670	0	0
Taxes paid	9,055,065	3,792,905	7,700,116	2,437,499
Depreciation of property, plant and equipment	24,855,383	24,995,881	15,685,339	16,232,018
Amortisation of intangible assets	668,485	651,974	479,642	464,784
(Gain) / loss on disposal of property, plant and equipment	(584,787)	(1,161,836)	(211,938)	(968,602)
Net (decrease in)/creation of allowance for receivables	2,767,243	3,585,407	1,324,928	3,313,127
Net write-down of operating receivables	225,003	(1,119,073)	43,267	(927,413)
Impairment / (reversal of impairment) of inventory value	0	(64,166)	0	0
Elimination of negative goodwill	0	3,066	0	0
Revenues from assets under management	(49,634)	(49,050)	(39,196)	(39,196)
Net (decrease)/formation of provisions fro employee benefits	(43,534)	0	0	0
Net (decrease)/formation of other provisions	(1,138,386)	(1,080,276)	(1,228,519)	(1,378,594)
Net increase / (decrease) of other liabilities	794,254	4,708,926	1,705,996	4,730,255
Net increase / (decrease) of other assets	(1,986,939)	739,812	(3,036,955)	1,659,850
Net merchandise shortages	2,311,028	2,985,419	1,861,735	2,226,036
Net financial (revenues)/expenses	12,536,749	10,939,014	10,919,055	10,383,064
Impairment of investments	0	20,621,721	0	20,621,721
Share of profit of jointly controlled entities	(1,980,602)	(2,034,745)	0	0
Share of profit of associates	(7,446,518)	(10,887,290)	0	0
Financial revenues from dividends received from subsidiaries	0	0	(5,617,065)	(5,587,468)
Financial revenues from dividends received from joint ventures	0	0	(3,849,709)	0
Financial revenues from dividends received from associates	0	0	(3,919,500)	(5,049,400)
Change in inventories	(10,261,713)	(26,268,369)	(8,278,907)	(26,853,783)
Change in operating and other receivables	(51,303,115)	51,013,940	(39,270,384)	47,619,811
Change in operating and other liabilities	93,941,826	3,948,777	63,837,487	(71,409,786)
Cash generated from operations	**107,823,045**	**105,419,282**	**71,067,987**	**8,850,773**
Interest paid	(15,547,650)	(17,944,317)	(14,190,963)	(15,730,062)
Taxes paid	(2,727,554)	(8,463,873)	(1,208,383)	(6,849,927)
Net cash flows from operating activities	**89,547,841**	**79,011,092**	**55,668,641**	**(13,729,215)**
Cash flows from investing activities				
Payments for investments in subsidiaries	(3,745,124)	0	(3,938,460)	(7,090,000)
Payments for investments in associates	0	(5,506,766)	0	(5,506,766)
Payments for investments in jointly controlled entities	(3,673,776)	0	(3,673,776)	0
Receipts from intangible assets	7,195	34,258	0	0
Payments for intangible assets	(465,046)	(1,187,691)	(349,714)	(929,476)
Receipts from property, plant and equipment	2,986,804	6,825,555	1,230,310	5,010,031
Payments for property, plant and equipment	(32,562,504)	(47,816,922)	(14,446,316)	(12,842,915)
Receipts from loans granted	5,949,455	12,531,593	9,127,384	10,986,182
Payments for loans granted	(15,977,176)	(10,607,522)	(21,619,845)	(18,461,619)
Interest received	5,075,295	5,905,601	3,668,515	5,059,477
Dividends received from subsidiaries	0	0	5,617,065	5,587,468
Dividends received from joint ventures	3,849,709	0	3,849,709	0
Dividends received from associates	3,919,500	5,049,400	3,919,500	5,049,400
Dividends received from others	160,499	183,252	160,499	183,252
Net cash flows from investing activities	**(34,475,169)**	**(34,589,242)**	**(16,455,128)**	**(12,954,966)**
Cash flows from financing activities				
	0	50,114,520	0	50,114,520
Payments for bonds issued	(15,354)	0	(15,354)	0
Receipts from loans received	1,244,833,603	1,430,870,263	724,525,176	325,575,046
Payments for loans received	(1,279,857,893)	(1,511,797,962)	(747,972,815)	(336,049,525)
Dividends paid to shareholders	(12,157,951)	(10,517,864)	(12,157,951)	(10,517,864)
Net cash flows from financing activities	**(47,197,595)**	**(41,331,043)**	**(35,620,944)**	**29,122,176**
Increase / (decrease) in cash and cash equivalents	**7,875,077**	**3,090,807**	**3,592,569**	**2,437,995**

Changes in cash and cash equivalents	Petrol Group		Petrol d.d.	
(in EUR)	30 September 2010	30 September 2009	30 September 2010	30 September 2009
Balance at the beginning of the year	**7,789,488**	**13,961,546**	**6,909,640**	**9,421,536**
Translation differences	(31,679)	17,410	0	0
Increase / (decrease)	7,875,077	3,090,807	3,592,569	2,437,995
Balance at the end of the period	**15,632,887**	**17,069,764**	**10,502,208**	**11,859,531**

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

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 period ended 30 September 2010 and consolidated financial statements of the Group for the period ended 30 September 2010. 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"). A detailed overview of Group is presented in the chapter Organisational structure of the Petrol Group in Appendix 1 of this report.

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 15 November 2010.

These financial statements are prepared based on the same accounting policies used for the preparation of financial statements for the year ended 31 December 2009.

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.

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.

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.

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.

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 j.

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 cashflows 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. 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 costs
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 %)	2010	2009
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 j.

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 im- pairment. 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 costmodel 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 %)	2010	2009
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:		
Mechanical and electronic equipment for maintenance of other equipment	10.00-25.00 %	10.00-25.00 %
Gas station equipment	3.33-20.00 %	3.33-20.00 %
Pumping equipment at service stations	5.00-25.00 %	5.00-25.00 %
Motor vehicles	10.00-25.00 %	10.00-25.00 %
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 Com- pany 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 of assets

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 state- ment 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 cashflows 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,
- 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 December 2009 and 31 September 2010 and data derived from the income statement for 1-9 2010. 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 k.

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 thereinare 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 grea- ter 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 transac- tion 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 state- ment 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 cashflows 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 cost
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 %)	2010	2009
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 %)	2010	2009
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:		
Mechanical and electronic equipment for maintenance of other equipment	10.00-25.00 %	10.00-25.00 %
Gas station equipment	3.33-20.00 %	3.33-20.00 %
Pumping equipment at service stations	5.00-25.00 %	5.00-25.00 %
Motor vehicles	10.00-25.00 %	10.00-25.00 %
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 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 of assets

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.

l. 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 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 2009 and 30 September 2010 and data derived from the income statement for 1-9 2010. 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.

Notes to individual items in the financial statements

1. 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,
- 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.

Energy activities consist of:
- sale and distribution of gas,
- generation, sale and distribution of electricity and heat,
- environment activities and efficient energy consumption projects.

The Group's operating segments in the period 1-9 2009:

(in EUR)	Oil trading	Energy activities	Total	Income statement/ Statement of financial position
Sales revenue	2,311,031,200	85,078,078	2,396,109,278	
Revenue from subsidiaries	(660,895,871)	(16,745,494)	(677,641,365)	
Sales revenue	1,650,135,329	68,332,584	1,718,467,914	1,718,467,914
Net profit or loss for the year *	7,935,227	11,152,348	19,087,575	19,087,575
Interest income **	3,328,254	1,100,590	4,428,844	4,428,844
Interest expense **	(7,548,004)	(2,495,981)	(10,043,985)	(10,043,985)
Depreciation of property, plant and equipment, investment property and amortisation of intangible assets	21,928,662	3,719,193	25,647,855	25,647,855
Revenue from equity accounted investees	2,092,635	10,829,401	12,922,036	12,922,036
Total assets	*982,994,620*	*201,681,578*	*1,184,676,199*	*1,184,676,199*
Equity accounted investments	42,615,005	95,176,471	137,791,476	137,791,476
Property, plant an equipment, intangible assets and investment property	513,872,339	88,843,317	602,715,656	602,715,656
Other assets	426,507,276	17,661,790	444,169,067	444,169,067

* Net profit or loss for the year form generated from oil trading includes the effect of the investment in Istrabenz d.d. in its entirety.
** Interest income and expense are estimated based on a segment's share of investments and assets in total investments and assets..

The Group's operating segments in the period 1-9 2010:

(in EUR)	Oil trading	Energy activities	Total	Income statement/ Statement of financial position
Sales revenue	2,735,995,279	96,025,064	2,832,020,343	
Revenue from subsidiaries	(777,121,093)	(20,197,918)	(797,319,010)	
Sales revenue	1,958,874,187	75,827,146	2,034,701,332	2,034,701,332
Net profit or loss for the year	25,836,603	8,899,583	34,736,186	34,736,186
Interest income *	2,462,879	919,463	3,382,342	3,382,342
Interest expense *	(6,112,582)	(2,282,000)	(8,394,582)	(8,394,582)
Depreciation of property, plant and equipment, investment property and amortisation of intangible assets	21,406,972	4,116,896	25,523,868	25,523,868
Revenue from equity accounted investees	2,269,191	7,157,929	9,427,120	9,427,120
Total assets	*1,003,806,399*	*218,733,576*	*1,222,539,975*	*1,222,539,975*
Equity accounted investments	39,860,940	101,403,248	141,264,188	141,264,188
Property, plant an equipment, intangible assets and investment property	497,696,042	99,282,021	596,978,063	596,978,063
Other assets	466,249,417	18,048,307	484,297,724	484,297,724

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

2. Other revenue

	Petrol Group		Petrol d.d.	
(In EUR)	1-9 2010	1-9 2009	1-9 2010	1-9 2009
Revenue from reversal of accrued litigation costs	2,731,229	3,363,374	2,700,000	3,363,338
Elimination of accrued costs and expenses	1,039,780	1,569,211	787,014	1,180,841
Utilisation of environmental provisions	1,215,648	1,225,959	1,215,648	1,225,959
Gain on disposal of property, plant and equipment	778,220	1,442,737	331,854	1,128,664
Reversal of allowances for receivables	570,517	346,075	60,803	36,923
Cash discounts/rebates received	448,980	502,773	75,028	96,050
Compensation from insurance companies	148,716	192,388	38,830	85,846
Payment of court fees	73,533	101,217	55,566	78,547
Written-off receivables collected	6,461	1,233,530	6,194	980,077
Other revenue	1,012,851	1,089,116	99,006	396,695
Total other revenue	**8,025,935**	**11,066,380**	**5,369,943**	**8,572,940**

3. Cost of sales and general and administrative costs

(In EUR)	Petrol Group Selling costs	Petrol Group General administrative costs	Petrol Group Total	Petrol d.d. Selling costs	Petrol d.d. General administrative costs	Petrol d.d. Total
1-9 2009						
Costs of material	15,793,347	897,803	16,691,150	6,548,494	428,301	6,976,795
Costs of services	71,059,680	10,621,879	81,681,559	74,431,398	7,959,683	82,391,081
Labour costs	26,450,365	12,526,556	38,976,921	9,422,005	7,980,367	17,402,372
Depreciation	23,240,741	2,407,114	25,647,855	15,313,936	1,382,866	16,696,802
Other costs	386,065	5,667,527	6,053,592	212,546	4,647,611	4,860,157
Other operating expenses	175,115	141,665	316,780	16,321	294	16,615
Total	**137,105,313**	**32,262,544**	**169,367,857**	**105,944,700**	**22,399,122**	**128,343,822**

(In EUR)	Petrol Group Selling costs	Petrol Group General administrative costs	Petrol Group Total	Petrol d.d. Selling costs	Petrol d.d. General administrative costs	Petrol d.d. Total
1-9 2010						
Costs of material	17,382,780	1,147,655	18,530,435	6,566,727	570,301	7,137,027
Costs of services	68,970,333	13,042,700	82,013,033	72,008,446	9,901,578	81,910,024
Labour costs	26,531,195	12,508,571	39,039,766	10,456,063	8,292,907	18,748,970
Depreciation	22,979,424	2,544,444	25,523,868	14,818,692	1,346,289	16,164,981
Other costs	527,631	5,076,951	5,604,582	214,647	2,477,284	2,691,931
Other operating expenses	408,324	244,579	652,903	56,113	49	56,162
Total	**136,799,687**	**34,564,900**	**171,364,587**	**104,120,688**	**22,588,408**	**126,709,096**

4. Costs of materials

(in EUR)	Petrol Group 1-9 2010	Petrol Group 1-9 2009	Petrol d.d. 1-9 2010	Petrol d.d. 1-9 2009
Costs of energy	13,804,219	11,947,949	3,495,626	3,347,493
Costs of consumables	3,811,281	3,783,506	3,064,646	3,013,348
Write-off of small tools	147,313	142,910	44,813	45,181
Other costs of materials	767,622	816,784	531,943	570,772
Total costs of materials	**18,530,435**	**16,691,150**	**7,137,027**	**6,976,795**

5. Cost of services

(in EUR)	Petrol Group 1-9 2010	Petrol Group 1-9 2009	Petrol d.d. 1-9 2010	Petrol d.d. 1-9 2009
Costs of transportation services	19,625,904	21,249,037	18,618,962	20,237,943
Rents	7,280,723	7,326,007	6,693,504	6,203,809
Costs of fixed asset maintenance services	7,115,343	6,646,501	7,048,106	6,734,570
Costs of payment transactions and bank services	4,559,713	4,301,486	3,726,501	3,273,769
Costs of professional services	3,588,590	4,111,003	2,327,679	2,838,258
Costs of fairs, advertising and entertainment	3,556,417	1,922,664	2,877,972	1,583,041
Costs of insurance premia	2,251,024	1,833,886	1,540,810	1,453,980
Reimbursement of work-related costs to employees	630,808	638,850	227,085	279,983
Costs of other services	33,404,511	33,652,124	38,849,405	39,785,729
Total costs of services	**82,013,033**	**81,681,559**	**81,910,024**	**82,391,081**

The costs of other services comprise for the most part the costs of service station leases and the costs of contributions associated with operations along motorways.

6. Labour costs

(in EUR)	Petrol Group 1-9 2010	Petrol Group 1-9 2009	Petrol d.d. 1-9 2010	Petrol d.d. 1-9 2009
Salaries	28,749,893	29,175,047	13,862,776	13,183,812
Costs of pension insurance	2,580,219	2,339,448	1,301,158	1,210,339
Costs of other insurance	2,194,765	2,597,578	1,040,356	1,086,394
Transport allowance	1,365,233	1,317,203	429,195	362,629
Annual leave allowance	952,581	1,275,999	444,994	503,475
Meal allowance	916,126	853,262	361,822	314,858
Supplementary pension insurance	616,311	614,541	363,559	340,441
Other allowances and reimbursements	1,664,638	803,843	945,109	400,423
Total labour costs	**39,039,766**	**38,976,921**	**18,748,970**	**17,402,372**

7. Deprecation and amortisation

(in EUR)	Petrol Group 1-9 2010	Petrol Group 1-9 2009	Petrol d.d. 1-9 2010	Petrol d.d. 1-9 2009
Amortisation of intangible assets	668,485	651,974	479,642	464,784
Depreciation of property, plant and equipment	24,229,250	24,378,325	15,035,654	15,590,256
Depreciation of investment propert	626,133	617,555	649,685	641,762
Total depreciation and amortisation	**25,523,868**	**25,647,855**	**16,164,981**	**16,696,802**

8. Other costs

(in EUR)	Petrol Group 1-9 2010	Petrol Group 1-9 2009	Petrol d.d. 1-9 2010	Petrol d.d. 1-9 2009
Allowance for operating receivables	3,337,760	3,931,482	1,385,731	3,350,050
Sponsorships and donations	998,504	1,077,670	904,070	1,005,947
Env. protection charges and charges unrelated to operation	375,281	244,083	163,570	237,335
Write offs of receivables	231,464	114,457	49,461	52,664
Loss on sale/elimination of property, plant and equipment	193,433	258,005	119,916	160,063
Other costs	468,140	427,895	69,183	54,098
Total other costs	**5,604,582**	**6,053,592**	**2,691,931**	**4,860,157**

9. Other finance income and expenses

(in EUR)	Petrol Group 1-9 2010	Petrol Group 1-9 2009	Petrol d.d. 1-9 2010	Petrol d.d. 1-9 2009
Foreign exchange differences	23,348,763	26,914,814	22,144,448	23,602,086
Gain on derivatives	23,618,341	20,100,167	23,618,341	20,100,167
Interest income	4,830,209	5,797,222	4,403,729	4,324,828
Other finance income	265,608	236,742	265,534	236,654
Total other finance income	**52,062,921**	**53,048,945**	**50,432,052**	**48,263,734**
Foreign exchange differences	(30,690,556)	(26,435,154)	(27,962,834)	(24,691,510)
Loss on derivatives	(24,805,936)	(31,933,448)	(24,805,936)	(31,933,448)
Interest expenses	(13,522,906)	(14,505,662)	(11,514,476)	(12,506,761)
Impairment of investments and goodwill	(415,783)	(20,621,721)	(415,783)	(20,621,721)
Other finance expenses	(268,953)	(611,041)	(227,534)	(581,511)
Total other finance expenses	**(69,704,134)**	**(94,107,026)**	**(64,926,563)**	**(90,334,951)**
Net total	(17,641,213)	(41,058,081)	(14,494,511)	(42,071,217)

10. Earnings per share

	The Petrol Group		Petrol d.d.	
	30 September 2010	30 September 2009	30 September 2010	30 September 2009
Net profit or loss (in EUR)	34,736,186	19,087,575	32,962,596	11,376,850
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	24,703	24,703	24,703
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	2,061,598	2,061,598	2,061,598
Dilutted average number of ordinary shares	2,061,598	2,061,598	2,061,598	2,061,598
Basic and diluted earnings per share (in EUR/share)	**16.85**	**9.26**	**15.99**	**5.52**

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.

11. Intangible assets

Intangible assets of the Petrol Group

(in EUR)	Software	Concessions	Goodwill	Ongoing investments	Total
Cost					
As at 1 January 2009	**4,325,035**	**8,389,517**	**18,835,789**	**230,660**	**31,781,002**
New acquisitions	254	0	3,066	1,181,309	1,184,629
Disposals	(8,092)	(40,550)	(3,066)	0	(51,708)
Transfer from ongoing investments	548,144	738,260	0	(1,286,404)	0
Translation differences	2,153	17,724	0	736	20,613
As at 30 September 2009	**4,867,493**	**9,104,952**	**18,835,789**	**126,301**	**32,934,536**
Accumulated amortisation					
As at 1 January 2009	**(3,138,501)**	**(1,838,781)**	**0**	**0**	**(4,977,281)**
Amortisation	(401,125)	(251,010)	0	0	(652,135)
Disposals	8,092	9,354	0	0	17,446
Translation differences	(913)	(4,913)	0	0	(5,825)
As at 30 September 2009	**(3,532,447)**	**(2,085,350)**	**0**	**0**	**(5,617,796)**
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 30 September 2009	**1,335,046**	**7,019,601**	**18,835,789**	**126,301**	**27,316,738**

(in EUR)	Software	Concessions	Goodwill	Ongoing investments	Total
Cost					
As at 1 January 2010	**4,879,363**	**9,085,094**	**14,111,306**	**87,175**	**28,162,938**
Additions	0	6,048	0	0	6,048
New acquisitions	0	0	496,890	469,035	965,925
Disposals	0	(7,195)	0	0	(7,195)
Transfer from ongoing investments	338,178	109,787	0	(447,965)	0
Translation differences	147	2,778	0	83	3,008
As at 30 September 2010	5,217,688	9,196,512	14,608,196	108,328	29,130,724
Accumulated amortisation					
As at 1 January 2010	**(3,543,320)**	**(2,157,326)**	**0**	**0**	**(5,700,646)**
Amortisation	(394,517)	(273,968)	0	0	(668,485)
Disposals	0	(4,186)	0	0	(4,186)
Translation differences	85	(406)	0	0	(321)
As at 30 September 2010	(3,937,752)	(2,435,886)	0	0	(6,373,638)
Net carrying amount as at 1 January 2010	**1,336,043**	**6,927,768**	**14,111,306**	**87,175**	**22,462,292**
Net carrying amount as at 30 September 2010	**1,279,937**	**6,760,626**	**14,608,196**	**108,328**	**22,757,086**

Intangible assets of Petrol d.d., Ljubljana

(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	929,476	929,476
Transfer from ongoing investments	430,872	701,263	(1,132,135)	0
As at 30 September 2009	4,312,391	4,210,146	0	8,522,536
Accumulated amortisation				
As at 1 January 2009	**(2,814,968)**	**(878,086)**	**0**	**(3,693,054)**
Amortisation	(345,375)	(119,409)	0	(464,784)
As at 30 September 2009	(3,160,343)	(997,495)	0	(4,157,838)
Net carrying amount as at 1 January 2009	**1,066,551**	**2,630,797**	**202,658**	**3,900,006**
Net carrying amount as at 30 September 2009	**1,152,048**	**3,212,651**	**0**	**4,364,699**

(in EUR)	Software	Concessions	Ongoing investments	Total
Cost				
As at 1 January 2010	**4,444,557**	**4,210,146**	**20,485**	**8,675,188**
New acquisitions	0	0	349,714	349,714
Transfer from ongoing investments	328,583	0	(328,583)	0
As at 30 September 2010	4,773,140	4,210,146	41,616	9,024,902
Accumulated amortisation				
As at 1 January 2010	**(3,274,895)**	**(1,041,068)**	**0**	**(4,315,963)**
Amortisation	(348,920)	(130,722)	0	(479,642)
As at 30 September 2010	(3,623,815)	(1,171,790)	0	(4,795,605)
Net carrying amount as at 1 January 2010	**1,169,662**	**3,169,078**	**20,485**	**4,359,225**
Net carrying amount as at 30 September 2010	**1,149,325**	**3,038,356**	**41,616**	**4,229,296**

12. Property, plant and equipment

Property, plant and equipment of the Petrol Group

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2009	**171,079,510**	**510,097,883**	**19,038,901**	**152,730,815**	**41,886,781**	**894,833,889**
New acquisitions	2,281,049	205,711	3,948,971	1,587	24,719,789	31,157,107
Disposals	(102,869)	(1,650,746)	(655,587)	(6,724,772)	(565,057)	(9,699,031)
Transfer from ongoing investments	3,121,453	21,636,533	0	6,913,208	(31,671,194)	0
Transfer to investment property	(93,055)	(392,913)	0	0	0	(485,968)
Transfer from investment property	0	274,425	0	0	0	274,425
Translation differences	447,226	256,904	0	190,770	(364,552)	530,348
As at 30 September 2009	176,733,313	530,427,797	22,332,285	153,111,609	34,005,766	916,610,770
Accumulated allowance						
As at 1 January 2009	**0**	**(213,655,245)**	**(12,710,360)**	**(109,290,818)**	**0**	**(335,656,422)**
Depreciation and amortisation	0	(15,473,215)	(862,848)	(8,210,584)	0	(24,546,647)
Depreciation - impairment	0	56,316	0	1,750	0	58,066
Disposals	0	650,330	1,847	3,491,739	0	4,143,916
New acquisitions	0	(269,956)	0	(7,446)	0	(277,402)
Transfer to investment property	0	37,836	0	0	0	37,836
Transfer from investment property	0	(179,803)	0	0	0	(179,803)
Translation differences	0	55,665	0	(96,843)	0	(41,178)
As at 30 September 2009	0	(228,778,072)	(13,571,361)	(114,112,202)	0	(356,461,634)
Net carrying amount as at 1 January 2009	**171,079,510**	**296,442,638**	**6,328,541**	**43,439,997**	**41,886,781**	**559,177,467**
Net carrying amount as at 30 September 2009	**176,733,313**	**301,649,725**	**8,760,924**	**38,999,408**	**34,005,766**	**560,149,137**

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2010	**173,944,220**	**529,465,149**	**21,954,260**	**146,711,649**	**27,764,401**	**899,839,679**
New additions from acquisition	1,227,234	1,359,243	0	688,503	1,435,083	4,710,063
Additions	0	0	0	435	27,889,661	27,890,096
Disposals	(1,669,626)	(935,522)	(75,853)	(4,464,552)	38,460	(7,107,093)
Transfer from on-going investments	3,070,916	9,073,310	741,808	5,386,370	(18,272,404)	0
Transfer to investment property	0	(18,898)	0	0	0	(18,898)
Transfer from investment property	334,379	226,906	0	0	0	561,285
Translation differences	(94,018)	(880,877)	0	(39,467)	(1,004,126)	(2,018,488)
As at 30 September 2010	176,813,105	538,289,311	22,620,215	148,282,938	37,851,075	923,856,644
Accumulated allowance						
As at 1 January 2010	**0**	**(225,138,332)**	**(11,737,656)**	**(108,208,444)**	**0**	**(345,084,432)**
Depreciation and amortisation	0	(15,706,567)	(996,723)	(7,613,683)	0	(24,316,973)
Depreciation - impairment	0	56,316	0	1,754	0	58,070
Disposals	0	569,101	75,853	4,060,122	0	4,705,076
Transfer to investment property	0	369	0	0	0	369
Transfer from investment property	0	(62,925)	0	0	0	(62,925)
Translation differences	0	393,394	0	38,089	0	431,483
As at 30 September 2010	0	(239,888,644)	(12,658,526)	(111,722,162)	0	(364,269,332)
Net carrying amount as at 1 January 2010	**173,944,220**	**304,326,817**	**10,216,604**	**38,503,205**	**27,764,401**	**554,755,247**
Net carrying amount as at 30 September 2010	**176,813,105**	**298,400,667**	**9,961,689**	**36,560,774**	**37,851,076**	**559,587,312**

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

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
Cost					
As at 1 January 2009	**90,400,358**	**349,760,023**	**115,932,401**	**18,032,754**	**574,125,536**
New acquisitions	0	0	0	5,890,707	5,890,707
Disposals	(60,212)	(1,380,460)	(6,150,020)	(447,032)	(8,037,724)
Transfer from ongoing investments	401,960	11,385,515	4,689,450	(16,476,925)	0
Transfer to investment property	0	(14,578)	0	0	(14,578)
Transfer from on-going investments	0	274,425	0	0	274,425
As at 30 September 2009	90,742,106	360,024,925	114,471,831	6,999,504	572,238,367
Accumulated depreciation					
As at 1 January 2009	**0**	**(180,357,052)**	**(92,398,534)**	**0**	**(272,755,586)**
Depreciation and amortisation	0	(10,875,092)	(4,715,165)	0	(15,590,257)
Disposals	0	916,294	3,079,999	0	3,996,293
Transfer to investment property	0	1,798	0	0	1,798
Transfer from investment property	0	(179,803)	0	0	(179,803)
New acquisitions	0	(269,956)	(7,446)	0	(277,402)
As at 30 September 2009	0	(190,763,811)	(94,041,146)	0	(284,804,957)
Net carrying amount as at 1 January 2009	**90,400,358**	**169,402,971**	**23,533,867**	**18,032,754**	**301,369,951**
Net carrying amount as at 30 September 2009	**90,742,106**	**169,261,114**	**20,430,685**	**6,999,504**	**287,433,410**

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
Cost					
As at 1 January 2010	**90,503,833**	**359,919,862**	**114,593,847**	**9,355,695**	**574,373,237**
New acquisitions	0	0	0	11,593,409	11,593,409
Disposals	(538,800)	(867,407)	(4,090,522)	(52)	(5,496,781)
Transfer from ongoing investments	732,906	3,501,835	3,486,596	(7,721,337)	0
Transfer to investment property	0	(18,898)	0	0	(18,898)
Transfer form investment property	334,379	226,906	0	0	561,285
As at 30 September 2010	91,032,318	362,762,298	113,989,921	13,227,715	581,012,252
Accumulated depreciation					
As at 1 January 2010	**0**	**(193,510,462)**	**(94,083,893)**	**0**	**(287,594,355)**
Depreciation and amortisation	0	(10,724,200)	(4,311,454)	0	(15,035,654)
Disposals	0	534,622	3,943,786	0	4,478,407
Transfer to investment property	0	369	0	0	369
Transfer from investment property	0	(62,925)	0	0	(62,925)
As at 30 September 2010	0	(203,762,596)	(94,451,562)	0	(298,214,158)
Net carrying amount as at 1 January 2010	**90,503,833**	**166,409,400**	**20,509,954**	**9,355,695**	**286,778,881**
Net carrying amount as at 30 September 2010	**91,032,318**	**158,999,702**	**19,538,359**	**13,227,715**	**282,798,094**

13. Investments in subsidiaries

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

	Petrol d.d.	
(In EUR)	**30 September 2010**	**0 September 2009**
Balance at 1 January	213,663,092	208,650,219
New acquisitions	4,384,460	7,090,000
Balance as at 30 September	**218,047,552**	**215,740,219**

14. Investments in jointly controlled entities

(In EUR)	Petrol Group 30 September 2010	Petrol Group 30 September 2009	Petrol d.d. 30 September 2010	Petrol d.d. 30 September 2009
As at 1 January	15,318,725	16,587,067	61,137,000	56,098,000
Attributed profit	1,980,602	2,034,745	0	0
Dividends received	(3,849,709)	0	0	0
Additions	3,673,776	0	3,673,776	0
As at 30 September	**17,123,394**	**18,621,812**	**64,810,776**	**56,098,000**

15. Investments in associates

(in EUR)	Petrol Group 30 September 2010	Petrol Group 30 September 2009	Petrol d.d. 30 September 2010	Petrol d.d. 30 September 2009
As at 1 January	121,282,983	128,782,444	155,070,965	170,576,931
Attributed profit/loss	7,446,517	10,887,290	0	0
Dividends received	(3,919,500)	(5,049,400)	0	0
Transfer to subsidiaries	(446,000)	0	(446,000)	0
Net decrease through equity	(223,206)	(335,717)	0	0
Impairment (effect on the income statement)	0	(20,621,721)	0	(20,621,721)
New investments	0	5,506,768	0	5,506,767
As at 30 September	**124,140,794**	**119,169,664**	**154,624,965**	**155,461,975**

16. Available-for-sale financial assets

(in EUR)	Petrol Group 30 September 2010	Petrol Group 30 September 2009	Petrol d.d. 30 September 2010	Petrol d.d. 30 September 2009
As at 1 January	14,866,548	14,298,513	14,787,505	14,219,470
New acquisitions	0	0	0	0
Decrease of investment revaluation surplus due to disposal	68,522	0	68,522	0
Disposal of investments	(1,550,155)	0	(1,550,155)	0
As at 30 September	**13,384,915**	**14,974,581**	**13,305,872**	**14,895,538**

17. Non-current financial receivables

(in EUR)	Petrol Group 30 September 2010	Petrol Group 31 December 2009	Petrol d.d. 30 September 2010	Petrol d.d. 31 December 2009
Finance lease receivables	8,406,961	8,420,234	0	0
Financial receivables from companies	3,706,642	670,526	19,645,467	13,614,502
Total non-current financial receivables	**12,113,603**	**9,798,440**	**19,645,467**	**14,322,182**

18. Non-current operating receivables

(in EUR)	Petrol Group 30 September 2010	Petrol Group 31 December 2009	Petrol d.d. 30 September 2010	Petrol d.d. 31 December 2009
Receivables from companies	1,426,404	1,426,404	1,427,752	1,427,751
Allowance for receivables from companies	(1,426,404)	(1,426,404)	(1,426,404)	(1,426,404)
Receivables from municipality	1,048,176	1,193,272	914,242	1,057,538
Other receivables	86,031	74,567	86,031	74,567
Total non-current operating receivables	**1,134,207**	**1,267,839**	**1,001,621**	**1,133,452**

19. Inventories

(in EUR)	Petrol Group 30 September 2010	Petrol Group 31 December 2009	Petrol d.d. 30 September 2010	Petrol d.d. 31 December 2009
Inventory of spare parts and raw materials	1,509,713	1,137,526	0	0
Merchandise:	88,682,474	80,866,029	73,180,869	66,763,697
- fuel	*61,031,180*	*56,913,764*	*49,751,020*	*46,523,064*
- other petroleum products	*5,419,665*	*4,777,625*	*4,676,716*	*3,994,504*
- other mercandise	*22,231,629*	*19,174,640*	*18,753,133*	*16,246,129*
Total inventory	**90,192,187**	**82,003,555**	**73,180,869**	**66,763,697**

20. Short-term financial receivables

(in EUR)	Petrol Group 30 September 2010	Petrol Group 31 December 2009	Petrol d.d. 30 September 2010	Petrol d.d. 31 December 2009
Loans given	9,251,050	1,324,086	10,626,400	3,445,408
Allowance to loans given	(681,969)	(643,594)	(640,853)	(643,594)
Time deposits with banks (3 months to 1 year)	582,477	480,467	0	0
Interest receivables	93,608	28,678	225,780	175,865
Allowance for interest receivables	(6,927)	(8,415)	(6,885)	(3,019)
Finance lease receivables	5,504	204,840	0	0
Total current financial receivables	**9,243,743**	**1,386,062**	**10,204,442**	**2,974,660**

21. Short-term operating receivables

(in EUR)	Petrol Group 30 September 2010	Petrol Group 31 December 2009	Petrol d.d. 30 September 2010	Petrol d.d. 31 December 2009
Trade receivables	318,318,208	257,049,528	278,201,640	228,276,515
Allowance of trade receivables	(29,604,578)	(28,656,743)	(14,607,921)	(13,363,315)
Operating receivables from state and other institutions	7,236,470	9,030,843	2,534,849	5,647,672
Allowance for receivables from state and other institutions	0	(125,133)	0	0
Operating receivables from interest	2,307,843	2,954,804	2,980,627	2,258,336
Allowance for interest receivables	(1,048,830)	(1,070,332)	(952,506)	(964,099)
Receivables from insurance companies	1,626,736	857,511	690,180	823,151
Other operating receivables	906,036	5,014,948	218,086	3,752,387
Allowance for other receivables	0	(917,225)	0	0
Current operating receivables	**299,741,885**	**244,138,201**	**269,064,955**	**226,430,647**

22. Financial assets at fair value through profit or loss

(in EUR)	The Petrol Group 30 September 2010	The Petrol Group 31 December 2009	Petrol d.d. 30 September 2010	Petrol d.d. 31 December 2009
Other financial assets	1,224,848	0	1,224,848	0
Assets arising from forward contracts	251,937	2,767,076	251,937	2,767,076
Assets arising from interest rate swaps	81,178	0	81,178	0
Assets arising from commodity swaps	61,527	354,322	61,527	362,987
Total financial assets at fair value through profit or loss	**1,619,490**	**3,121,398**	**1,619,490**	**3,130,062**

23. Advances and other assets

(in EUR)	Petrol Group 30 September 2010	Petrol Group 31 December 2009	Petrol d.d. 30 September 2010	Petrol d.d. 31 December 2009
Advances	1,963,471	1,770,650	224,818	253,839
Prepaid insurance premiums	1,207,151	570,913	824,362	403,863
Deferred expenses of annual leave and other allowance	506,815	0	376,444	0
Prepaid subscriptions, specialised literature, etc.	490,065	311,067	478,805	308,844
Uninvoiced services and goods	258,865	430,133	415,264	242,172
Other deferred expenses	209,360	482,564	52,848	39,814
Accrued uninvoiced income	21,019	0	1,916,313	32,753
Total advances and other assets	**4,656,746**	**3,565,327**	**4,288,854**	**1,281,285**

24. Financial liabilities

(in EUR)	Petrol Group 30 September 2010	Petrol Group 31 December 2009	Petrol d.d. 30 September 2010	Petrol d.d. 31 December 2009
Current				
Bank loans	157,726,738	249,178,004	135,627,719	201,387,468
Liabilities to banks arising from interest rate swaps	8,843,971	8,638,201	8,843,971	8,638,201
Liabilities to banks arising from forward transactions	6,277,134	0	6,277,138	0
Interest from bonds	948,843	20,740	948,842	20,740
Finance lease liabilities	839,444	1,707,997	0	0
Liabilities to banks arising from commodity swaps	304,540	0	304,540	0
Other loans and financial liabilities	3,122,037	2,554,395	11,436,992	12,010,417
	178,062,707	**262,099,337**	**163,439,202**	**222,056,826**
Non-current				
Bank loans	238,360,660	180,163,708	206,376,253	163,822,045
Bonds issued	50,076,768	50,092,122	50,076,768	50,092,122
Finance lease liabilities	6,371,056	6,362,851	0	0
	294,808,484	**236,618,681**	**256,453,021**	**213,914,167**
Total financial liabilities	**472,871,191**	**498,718,018**	**419,892,223**	**435,970,993**

25. Short-term operating liabilities

(In EUR)	Petrol Group 30 September 2010	Petrol Group 31 December 2009	Petrol d.d. 30 September 2010	Petrol d.d. 31 December 2009
Trade liabilities	195,343,885	127,903,537	197,413,028	155,300,301
Excise duty liabilities	62,344,867	49,462,741	58,213,215	46,648,569
Value added tax liabilities	22,997,988	17,632,664	20,083,009	16,392,094
Import duty liabilities	8,791,356	5,784,272	3,378,465	2,392,174
Liabilities to employees	5,614,772	5,984,058	3,204,592	3,330,180
Other liabilities to the state and other state institutions	3,074,537	1,280,530	1,587,510	1,193,551
Environment pollution charge liabilities	2,784,061	1,469,527	2,737,610	1,416,982
Liabilities arising from advances and collaterals	545,787	575,364	500,592	457,175
Social security contribution liabilities	540,587	557,147	263,765	245,893
Liabilities relating to distribution of profit	402,512	398,043	402,499	398,043
Other liabilities	1,766,662	5,541,560	2,243,069	6,635,628
Total current operating and other liabilities	**304,207,014**	**216,589,443**	**290,027,354**	**234,410,590**

26. Other liabilities

(in EUR)	Petrol Group 30 September 2010	Petrol Group 31 December 2009	Petrol d.d. 30 September 2010	Petrol d.d. 31 December 2009
Accrued environment protection costs	1,244,018	1,244,018	1,244,018	1,244,018
Accrued costs of holidays	973,558	1,261,434	473,105	657,631
Accrued interest for legal action	724,903	827,117	585,102	726,691
Accrued expenses for tanker demurrage	350,261	350,261	350,261	350,261
Accrued costs for highways location to DARS	173,593	131,944	173,593	131,944
Accrued costs on sales - Magna Card	168,174	0	137,610	0
Accrued merchandise deficits	148,016	543,165	0	543,165
Accrued costs for concession fee	109,046	114,777	273,289	59,121
Accrued uninvoiced goods expenses	18,376	489,176	18,376	489,176
Other accrued expenses	3,061,510	994,527	2,783,489	352,183
Deferred default interest income	416,568	416,568	416,568	416,568
Deferred Magna prepayment card revenue	238,483	392,296	238,483	392,296
Deferred revenue from gas connections	217,405	331,670	194,715	240,910
Deferred revenue from assigned contributions	189,783	164,508	111,800	65,450
Other deferred revenues	644,186	617,659	614,187	239,186
Total other liabilities	**8,677,880**	**7,879,120**	**7,614,596**	**5,908,600**

27. Financial instruments and risks

This chapter presents disclosures about financial instruments and risks, whereas risk management is explained in chapter Risk management.

27.1 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.

The maximum exposure to credit risk is represented by the carrying amount of financial assets which was the following as at 30 September 2010:

	Petrol Group 30 September 2010	Petrol Group 31 December 2009	Petrol d.d. 30 September 2010	Petrol d.d. 31 December 2009
Available-for-sale financial assets	13,384,915	14,866,548	13,305,872	14,787,505
Non-current financial receivables	12,113,603	9,798,440	19,645,467	14,322,182
Non-current operating receivable	1,134,207	1,267,839	1,001,621	1,133,452
Current financial receivables	9,243,743	1,386,062	10,204,442	2,974,660
Current operating receivable	299,741,885	244,138,201	269,064,955	226,430,647
Cash and cash equivalents	15,632,887	7,789,488	10,502,208	6,909,640
Financial assets at fair value through profit or los	1,619,490	3,121,398	1,619,490	3,130,062
Total assets	**352,870,730**	**282,367,976**	**325,344,056**	**269,688,148**

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:

(in EUR)	Breakdown by maturity: not yet due	up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	more than 90 days overdue	Total
Trade receivables	164,590,837	34,002,033	11,448,633	6,999,586	40,008,439	**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 institution	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**
- adjustment to value	0	0	0	0	(102,490)	**(102,490)**
Balance as at 31 December 2009	179,894,644	34,187,984	11,566,941	2,720,115	15,768,520	**244,138,201**

(in EUR)	Breakdown by maturity: not yet due	up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	more than 90 days overdue	Total
Trade receivables	228,467,386	30,196,678	13,010,612	3,800,084	42,843,446	**318,318,206**
- allowances for trade receivables	0	(2,585)	0	(1,873,578)	(27,728,415)	**(29,604,578)**
Operating receivables from state and other institution	6,972,670	263,801	0	0	0	**7,236,471**
Interest receivables	111,225	190,246	194,601	112,059	1,699,713	**2,307,844**
- allowances for interest receivables	0	0	0	(41,119)	(1,007,711)	**(1,048,830)**
Insurance receivables	1,626,736	0	0	0	0	**1,626,736**
Other receivables	869,273	0	0	0	36,763	**906,036**
Balance as at 30 September 2010	238,047,290	30,648,140	13,205,213	1,997,446	15,843,796	**299,741,885**

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

(in EUR)	Breakdown by maturity: not yet due	up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	more than 90 days overdue	Total
Trade receivables	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**
Balance as at 31 December 2009	165,594,205	29,366,979	12,238,521	4,239,472	14,991,470	**226,430,647**

(in EUR)	Breakdown by maturity: not yet due	up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	more than 90 days overdue	Total
Trade receivables	213,510,563	30,260,447	10,430,829	2,471,525	21,528,276	**278,201,640**
- allowances for trade receivables	0	0	0	(1,842,864)	(12,865,057)	**(14,607,921)**
Interest receivables	8,747	716,757	55,075	32,707	1,750,773	**2,564,059**
- allowances for interest receivables	0	0	0	(32,707)	(919,799)	**(952,506)**
Other receivables	3,859,683	0	0	0	0	**3,859,683**
Balance as at 30 September 2010	217,378,993	30,977,204	10,485,904	628,661	9,494,193	**269,064,955**

Changes in allowances for operating receivables of the Group:

(in EUR)	Current operating receivables	Current 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	(23,461)	256	**(23,205)**
As at 31 December 2009	**(29,699,101)**	**(1,070,332)**	**(30,769,433)**

(in EUR)	Current operating receivables	Current interest receivables	Total
As at 1 January 2010	(29,699,103)	(1,070,330)	**(30,769,433)**
Allowances gains from acquisition	(120,960)	0	**(120,960)**
Changes in allowances affecting profit or loss	(2,748,024)	(19,219)	**(2,767,243)**
Changes in allowances not affecting profit or loss	(42,195)	(5,637)	**(47,832)**
Write-downs of receivables subject to allowances	3,017,540	44,059	**3,061,599**
Foreign exchange differences	(11,836)	2,296	**(9,540)**
As at 30 September 2010	**(29,604,578)**	**(1,048,830)**	**(30,653,408)**

Changes in allowances for operating receivables of the Company:

(in EUR)	Current operating receivables	Current 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)**

(in EUR)	Kratkoročne poslovne terjatve	Kratkoročne terjatve za obresti	Skupaj
As at 1 January 2010	(13,363,315)	(964,099)	**(14,327,414)**
Changes in allowances affecting profit or loss	(1,350,039)	11,593	**(1,338,446)**
Write-downs of receivables subject to allowances	105,432	0	**105,432**
As at 30 September 2010	**(14,607,921)**	**(952,506)**	**(15,560,428)**

The Group/Company measures the degree of receivables management using days sales outstanding:

	Petrol Group		Petrol d.d.	
In days	30 September 2010	31 December 2009	30 September 2010	31 December 2009
Days sales outstanding				
Contract day	43	35	46	37
Overdue receivables in days	17	21	15	19
Total receivables	59	57	61	55

27.2 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 itssubsidiaries,
- 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
Current financial liabilities	262,099,337	216,354,287	45,745,050	0	0
Current 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**

The Group's liabilities as at 30 September 2010 by maturity:

(in EUR)	Liability	1 to 6 months	6 to 12 months	1 to 5 years	Over 5 years
Non-current financial liabilities	294,808,484	0	0	290,858,028	3,950,456
Non-current operating liabilities	1,472,582	0	0	50,000	1,422,582
Current financial liabilities	178,062,707	141,483,176	36,579,531	0	0
Current operating and other liabilities	304,207,014	303,348,403	858,611	0	0
Total	**778,550,787**	**444,831,579**	**37,438,142**	**290,908,028**	**5,373,038**

The Company'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
Current financial liabilities	222,056,826	180,409,303	41,647,523	0	0
Current 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**

The Company's liabilities as at 30 June 2010 by maturity:

(in EUR)	Liability	1 to 6 months	6 to 12 months	1 to 5 years	Over 5 years
Non-current financial liabilities	256,453,021	0	0	254,793,353	1,659,668
Non-current operating liabilities	1,149,934	0	0	0	1,149,934
Current financial liabilities	163,439,202	126,859,670	36,579,532	0	0
Current operating and other liabilities	290,027,354	288,022,765	2,004,589	0	0
Total	**711,069,511**	**414,882,435**	**38,584,121**	**254,793,353**	**2,809,602**

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. Up to 30 September 2010 Group gained appendixes to loan contracts which granted oversee term for non-fulfilment financial obligations, thus relevant liabilities are transferred back to long-term liabilities.

27.3 Foreign exchange risk

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.

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.

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 RSD/EUR 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.

27.4 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.

27.5 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.

27.6 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:

	Petrol Group		**Petrol d.d.**	
(in EUR)	**30 September 2010**	**31 December 2009**	**30 September 2010**	**31 December 2009**
Non-current financial liabilities	*294,808,484*	*236,618,681*	*256,453,021*	*213,914,167*
Short-term financial liabilities	*178,062,707*	*262,099,337*	*163,439,202*	*222,056,826*
Total financial liabilities	472,871,191	498,718,018	419,892,223	435,970,993
Total equity	404,212,950	381,540,112	414,374,735	393,458,540
Debt/equity	1.17	1.31	1.01	1.11

Despite the financial crisis which has had an influence on the Group/Company's operation, the ratio has decreased, which shows the improvement and strengthening of Group/Company's financial position.

27.7 Carrying amount and fair value of financial instruments

	Petrol Group				Petrol d.d.			
	30 September 2010		31 December 2009		30 September 2010		31 December 2009	
(in EUR)	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	13,384,915	13,384,915	14,866,548	14,866,548	13,305,872	13,305,872	14,787,505	14,787,505
Non-derivative financial assets at amortised cost					0	0		
Financial receivables	21,357,346	21,357,346	11,184,502	11,184,502	29,849,909	29,849,909	17,296,842	17,296,842
Operating receivables	300,876,092	300,876,092	245,406,040	245,406,040	270,066,576	270,066,576	227,564,099	227,564,099
Cash	15,632,887	15,632,887	7,789,488	7,789,488	10,502,208	10,502,208	6,909,640	6,909,640
Total non-derivative financial	**351,251,240**	**351,251,240**	**279,246,578**	**279,246,578**	**323,724,565**	**323,724,565**	**266,558,086**	**266,558,086**
Total non-derivative financial liabilities at amortised cost								
Bank loans and other financial	(472,871,191)	(477,871,191)	(490,079,817)	(494,196,582)	(403,466,574)	(408,466,574)	(427,332,792)	(431,449,657)
Operating liabilities	(305,679,596)	(305,679,596)	(218,062,025)	(218,062,025)	(291,177,288)	(291,177,288)	(235,560,524)	(235,560,524)
Total non-derivative financial liabilities	**(778,550,787)**	**(783,550,787)**	**(708,141,842)**	**(712,258,607)**	**(694,643,862)**	**(699,643,862)**	**(662,893,316)**	**(667,010,181)**
Derivative financial at fair value								
Derivative financial instruments (assets)	1,619,490	1,619,490	3,121,398	3,121,398	1,619,490	1,619,490	3,130,062	3,130,062
Derivative financial instruments (liabilities)	15,289,979	15,289,979	(8,638,201)	(8,638,201)	15,425,649	15,425,649	(8,638,201)	(8,638,201)
Total derivative financial instruments	**16,909,469**	**16,909,469**	**(5,516,803)**	**(5,516,803)**	**17,045,139**	**17,045,139**	**(5,508,139)**	**(5,508,139)**

28. Related party transactions

	The Petrol Group		Petrol d.d.	
(in EUR)	1-9 2010	1-9 2009	1-3 2010	1-3 2009
Sales revenues:				
Subsidiaries	-	-	153,430,484	94,283,571
Jointly controlled entities	5,126,028	1,638,094	5,063,331	1,515,813
Associates	5,529,005	2,010,871	5,049,960	1,865,560
Cost of merchandise sold:				
Subsidiaries	-	-	601,419,987	552,130,457
Jointly controlled entities	288,433	362,583	288,433	362,563
Associates	38,329,585	30,596,478	16,111,194	6,295,878
Selling costs:				
Subsidiaries	-	-	14,421,315	16,035,733
Jointly controlled entities	5,418,020	5,309,993	5,418,020	5,309,993
Associates	54,050	114,290	51,407	74,133
General and administrative costs:				
Subsidiaries	-	-	0	1,638
Jointly controlled entities	2,400	900	0	0
Associates	4,151	5,880	3,536	5,096
Financial revenues arising from interests in group companies:				
Subsidiaries	-	-	5,617,065	5,587,468
Jointly controlled entities	2,312,869	2,120,627	3,849,709	0
Associates	7,463,723	10,938,691	3,919,500	5,049,400
Financialexpenses arising from interests in group companies:				
Subsidiaries	-	-	0	0
Jointly controlled entities	332,267	85,882	0	0
Associates	17,205	51,401	0	0
Financial revenues s from interests:				
Subsidiaries	-	-	1,543,238	1,017,573
Jointly controlled entities	118,469	20,346	0	20,346
Associates	12,322	14,254	11,406	14,254
Financial expenses for interest				
Subsidiaries	-	-	322,216	1,087,587
Jointly controlled entities	43,632	44,124	43,632	44,124
Associates	1,279	29,750	1,279	29,750

(in EUR)	The Petrol Group 30 September 2010	The Petrol Group 31 December 2009	Petrol d.d. 30 September 2010	Petrol d.d. 31 December 2009
Investments:				
Subsidiaries	-	-	218,047,552	213,663,093
Jointly controlled entities	17,123,394	15,318,725	64,810,776	61,137,000
Associates	124,140,794	121,282,983	154,624,965	155,070,965
Non-current financial receivables:				
Subsidiaries	-	-	16,328,593	13,372,709
Jointly controlled entities	8,380,176	8,393,449	0	0
Associates	241,794	241,794	241,794	241,794
Non-current operating receivables:				
Subsidiaries	-	-	1,347	1,347
Current operating receivables:				
Subsidiaries	-	-	53,409,117	40,536,900
Jointly controlled entities	2,063,895	893,041	20,481,177	882,376
Associates	3,367,686	569,481	3,364,759	551,110
Current financial receivables:				
Subsidiaries	-	-	3,352,989	2,357,037
Jointly controlled entities	66,082	183,298	0	0
Associates	3,908	4,363	3,908	4,363
Short-term deposits (up to 3 months)				
Subsidiaries	-	-	1,313,303	2,915,432
Current financial liabilities:				
Subsidiaries	-	-	8,772,509	9,456,022
Jointly controlled entities	1,532,256	1,449,003	1,532,256	1,449,003
Associates	0	970,749	0	970,749
Current operating liabilities:				
Subsidiaries	-	-	93,327,005	83,508,163
Jointly controlled entities	832,513	740,696	2,533,501	737,185
Associates	4,381,397	4,824,621	829,777	272,334

29. Contingent liabilities

Contingent liabilities for guarantees issued

Maximum contingent liabilities for guarantees issued stood at EUR 427,649,744 as at 30 September 2010 and were as follows:

(in EUR)	Petrol d.d. 30 September 2010	Petrol d.d. 31 December 2009	Petrol d.d. 30 September 2010	Petrol d.d. 31 December 2009
Guarantee issued to:	**Value of guarantee issued**		**Guarantee amount used**	
Cypet-Trade Ltd	153,585,747	164,069,047	89,942,978	58,931,897
Petrol - Bonus d.o.o.	154,500,000	154,500,000	0	0
Petrol-Trade G.m.b.H.	22,173,500	51,987,237	1,627,782	1,847,606
Euro - Petrol d.o.o.	32,759,137	27,599,279	25,700,613	13,436,360
Petrol Hrvatska d.o.o.	31,769,298	15,748,228	21,875,774	7,110,514
Bio goriva d.o.o.	5,406,000	5,406,000	436,000	636,000
Petrol Energetika d.o.o.	4,960,006	2,160,006	592,779	0
Petrol BH Oil Company d.o.o.	1,800,000	1,800,000	313,115	1,410,870
Aquasystems d.o.o.	911,309	911,309	911,309	911,309
Rodgas AD	300,000	300,000	100,000	200,000
Petrol Tehnologija d.o.o.	50,000	50,000	0	0
Cypet Oils	91	0	91	0
Petrol d.o.o., Beograd	0	0	0	0
Total	**408,215,088**	**424,531,106**	**141,500,441**	**84,484,556**
Other guarantees	4,184,543	4,250,427	4,184,543	4,250,427
Bills of exchange issued as securities	15,250,113	17,294,206	15,250,113	17,294,206
Total contingent liabilities for guarantees issued	**427,649,744**	**446,075,739**	**160,935,097**	**106,029,189**

Contingent liabilities for lawsuits

In the period between 31 December 2009 and till the day of these financial statements, there were no new lawsuits filled against The Group or Company that would materially affect the financial statements in the first nine months of 2010.

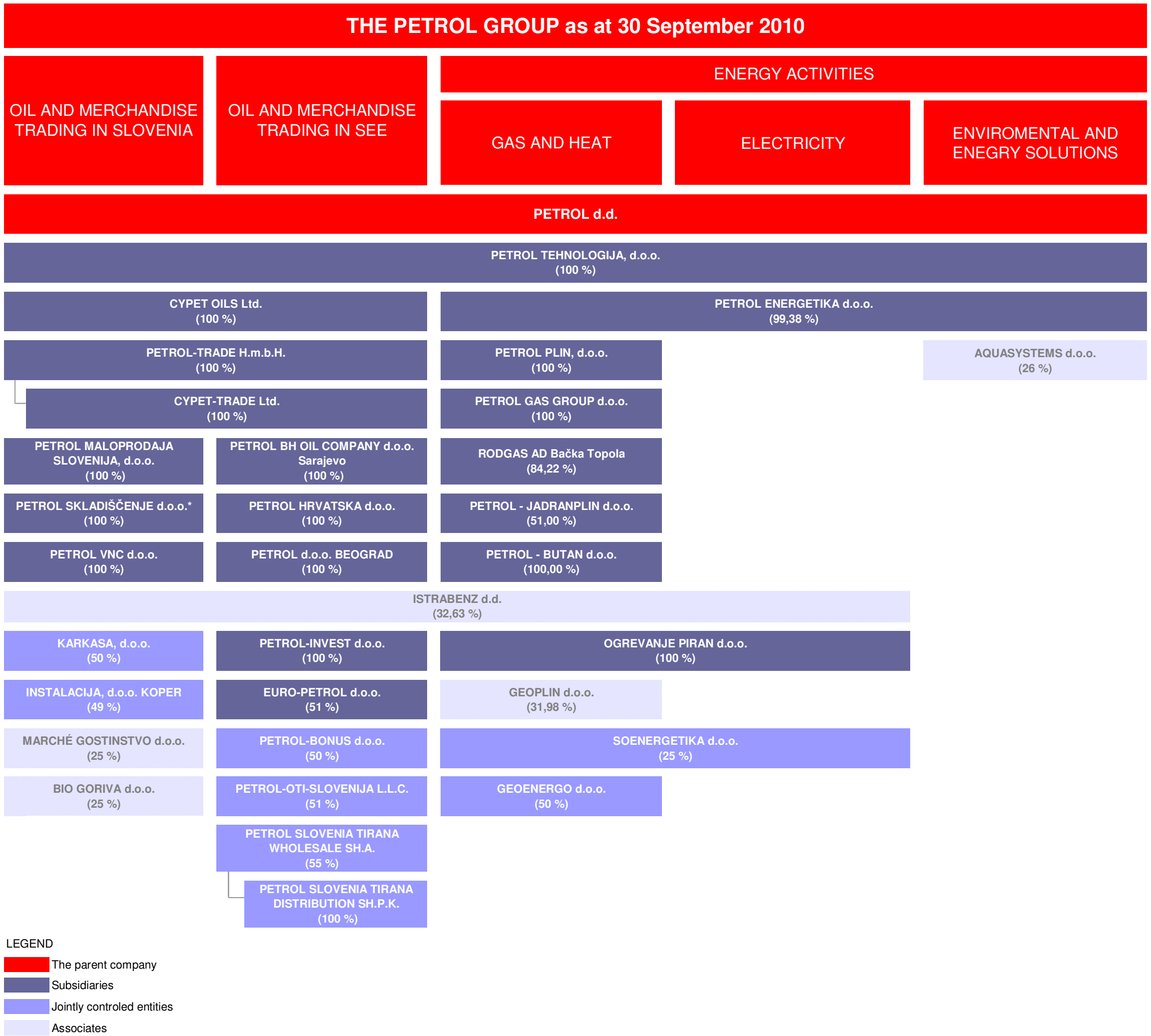
Off-balance-sheet assets and liabilities to D.S.U. d.o.o.

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 30 June 2010.

30. Subsequent events

There were no events after the reporting date that would significantly affect the financial statements for the first nine months of year 2010.

Enclosure 1: Organisational structure of the Petrol Group



* At the end of january 2010, all employees of Petrol Skladiščenje d.o.o. were tranfered to Petrol d.d.