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

August 2010

PETROL

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, Rok Vodnik, MSc, Member of the Management Board, and Bojan Herman, Worker Director, declare that to their best knowledge:

- the financial report of the Petrol Group and Petrol d.d., Ljubljana for the first six 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 six 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 that 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 six 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

Bojan Herman
Worker Director

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 six 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 six 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 six 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 six months of 2010 at its meeting held on 26 August 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)**
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
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
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.-VI.2010	I.-VI.2009	I.-VI. 2010		
Net sales revenues	EUR million	1,286.4	1,104.3	1,149.6	116	112
Gross profit or loss	EUR million	139.8	138.9	135.3	101	103
Operating profit or loss	EUR million	30.4	34.2	26.2	89	116
Net profit or loss	EUR million	22.4	8.7	18.6	257	120
EBITDA	EUR million	46.5	50.4	43.1	92	108
EBITDA / long term assets	%	7.9	8.3	7.3	95	108
ROIC	%	3.9	4.0	3.1	96	127
Share of operating costs in gross profit	%	82	82	81	100	101
Value added / employee	EUR thousands	24.9	25.8	23.7	96	105
Earnings per share	EUR	10.9	4.4	9.0	248	121

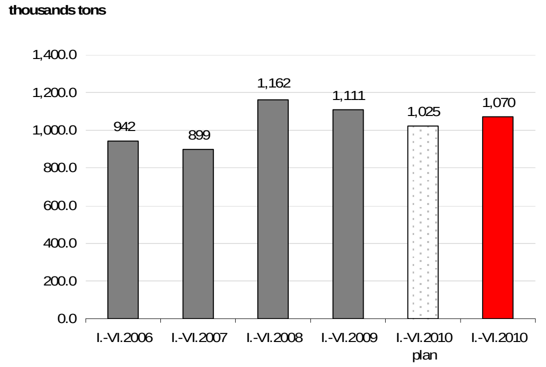
SKUPINA PETROL	UNIT	Results		Plan	Index 2010 / 2009	Index 2010 / plan 2010
		I.-VI.2010	I.-VI.2009	I.-VI.2010		
Volume of petroleum products sold	thousands t	1,069.7	1,110.6	1,024.7	96	104
Volume of liquefied petroleum gas sold	thousands t	22.3	22.5	23.2	99	96
Volume of natural gas sold	thousand m^3	59,346	56,968	55,332	104	107
Electricity sold	MWh	170,417	113,314	159,809	150	107
Heat sold	MWh	38,058	38,450	37,960	99	100
Revenue from the sale of merchandise	EUR million	204.9	184.8	193.3	111	106
Investments in fixed assets[1]	EUR million	21.4	22.4	48.8	96	44
Number of service stations on the last day of the period[2,3]		436	433	443	101	98
Number of gas concessions on the last day of the period[2,3]		28	28	28	100	100

[1]Yearly plan 2010

[2]Plan for 31.12.2010

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

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



Note: In 2008 the Group sold 83 thousand tons of petroleum products to the Agency for Commodity Reserves, thus significantly exceeding the previous years average.

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

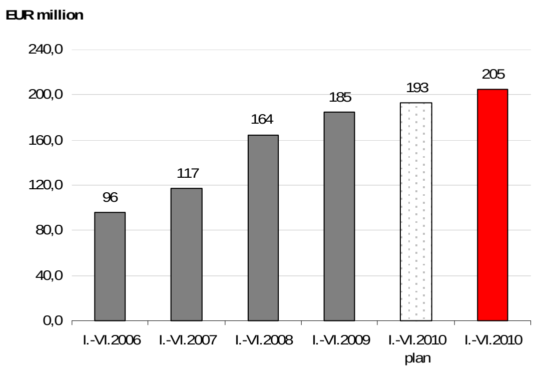


Figure 3: Increase in the number of service stations of the Petrol Group

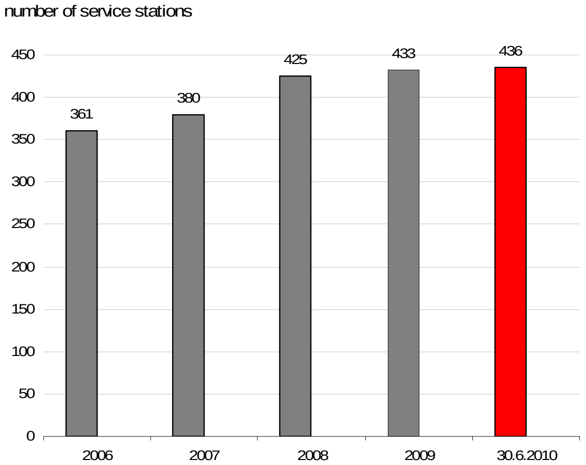


Figure 4: Net profit or loss of the Petrol group

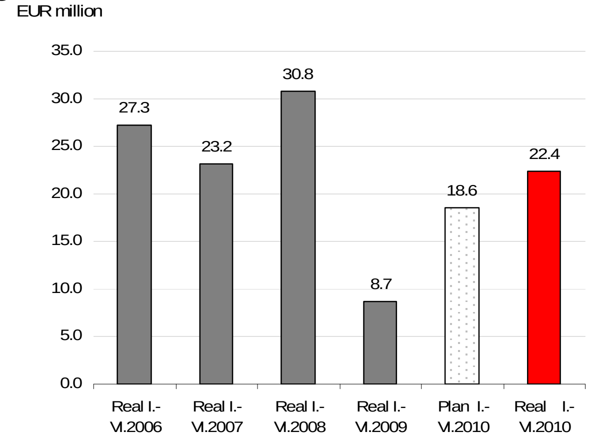


Figure 5: EBITDA of the Petrol Group

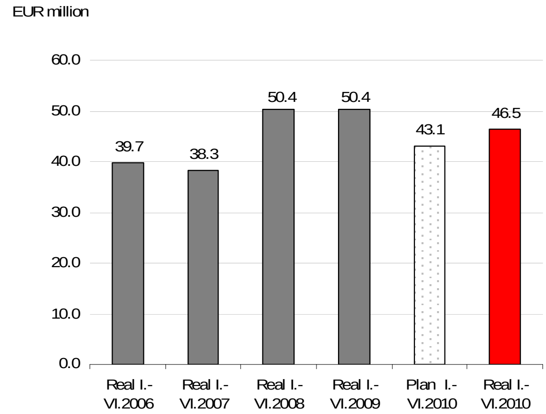
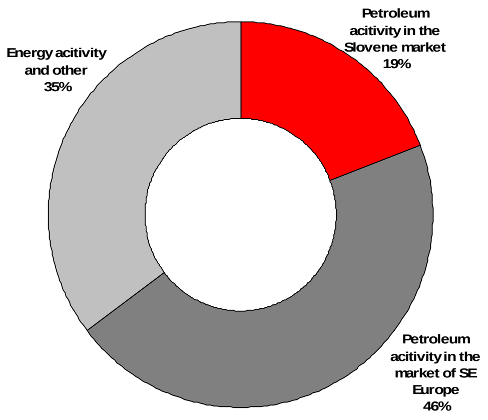


Figure 6: Breakdown of Petrol Group's investments in the first six months of 2010



BUSINESS REPORT

Operations of the Petrol Group

The operations of the Petrol Group were marked by a deteriorated economic situation also in the first six months of 2010. Although the economic recession is expected to gradually come to an end in 2010 and be accompanied by minimal economic growth, 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 harsh operating conditions, the Group generated good results from its ordinary operations compared with the plan.

Table 2: Petrol Group's financial performance indicators

EUR

The Petrol Group	Results I.-VI.2010	Results I.-VI.2009	2010/2009	Plan I.-VI. 2010	2010/P2010
Net sales revenues	1,286,420,617	1,104,299,637	116	1,149,635,943	112
EBITDA	46,473,947	50,417,294	92	43,060,554	108
Net profit	22,380,598	8,714,010	257	18,608,646	120
Non-current (long-term) assets* as per day	591,253,370	607,862,379	97	591,253,370	100
EBITDA / Non-current (long-term) assets (%)	7.9	8.3	95	7.3	108
Average number of employees	3,517	3,576	98	3,517	100
Value added / employee	24,874	25,783	96	23,730	105

* 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 30.06.2010 have bee takem into consideration.

In the first six months of 2010, the Petrol Group sold 1.1 million tons of petroleum products, which was 4 percent more than planned and 4 percent less than in the same period of 2009. In **Slovenia**, the Petrol Group sold 766.6 thousand tons of petroleum products in the first six months of 2010, which accounted for 72 percent of the Petrol Group's total sales. In the same period, the Group sold 258.2 thousand tons of petroleum products in **SEE** markets, representing 24 percent of the Petrol Group's total sales, and 45 thousand tons in **EU markets**, which represented 4 percent of the Group's total sales.

In the first six 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 June 2010, the Petrol Group's retail network consisted of 436 service stations, of which 312 in Slovenia, 75 in Croatia (of which 4 are held under a lease), 40 in Bosnia and Herzegovina, 3 in Serbia, 2 in Montenegro and 4 in Kosovo (of which 1 are held under a lease). In June 2010 the retail network was expanded by two additional service stations, i.e. in Croatia and Serbia.

In the first six months of 2010, the Petrol Group generated EUR 205 million in revenue from the sale of merchandise, 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 Petrol Group sold 22.3 thousand tons of liquefied petroleum gas, which was 4 percent less than planned and 1 percent less than in the previous year, and 41.6 thousand tons (59,346 thousand m^3) of natural gas or 7 percent more than planned and 4 percent more than in the previous year.

[1] Institute of Macroeconomic Analysis and Development (IMAD): Economic Mirror, March 2010

Additionally, the Group sold 170,417 MWh of electricity, which was 7 percent more than planned, and 38,058 MWh of heat, in line with the plan.

Below we give a detailed presentation of the Petrol Group's operations in the first six 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 six months of 2010:

- Petrol d.d., Ljubljana, and
- Petrol Plin d.o.o.[3]

In the first six 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 978.2 million, which accounted for 76 percent of the Petrol Group's total revenue. The latter was up 13 percent from the same period of 2009 and 9 percent more planned.

Petrol Group's sales of petroleum products in Slovenia

In the first six months of 2010, the Petrol Group sold 766.6 thousand tons of petroleum products in Slovenia, which was 2 percent more than planned and 7 percent less than in the same period of the previous year. Out of the above quantity, liquid fuels accounted for 728.8 thousand tons and other petroleum products for 37.8 thousand tons. The Group sold 14 percent more extra light heating oil and 1 percent less motor fuels (petrol and diesel fuel) than it had planned. The Group's sales of petroleum products in the EU market stood at 45 thousand tons, which was 166 percent higher than planned.

Good sales of extra light heating oil as compared to the plan are the result of relatively low winter temperatures. Nevertheless, the sales decreased year-on-year as the gas crisis boosted the sales of extra light heating oil in 2009. On the other hand, lower sales of motor fuels were largely the outcome of the economic downturn, which was reflected in decreased freight traffic and construction works, and uncompetitive prices resulting from higher excise duties. Lower bitumen sales, however, reflect low winter temperatures and a smaller scale of road construction works.

[2] The activities supporting oil and merchandise trading are performed by the companies Petrol Maloprodaja Slovenija d.o.o., Petrol Skladiščenje 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.

Key impacts on operations

Setting of fuel prices in Slovenia

In Slovenia, fuel prices are set in accordance with the Regulation on the Price Methodology for Petroleum Products, which entered into force on 9 October 2009 and shall remain in force for a period of 1 year. In the Regulation on the Price Methodology for Petroleum Products, the model-based margin for government-regulated petroleum products is set at a fixed amount (EUR 0.08199 for a litre of petrol, EUR 0.07687 for a litre diesel fuel and EUR 0.05063 for a litre of extra light heating oil). Gross margins will remain fixed for the duration of the Regulation.

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 75 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 56 percent.

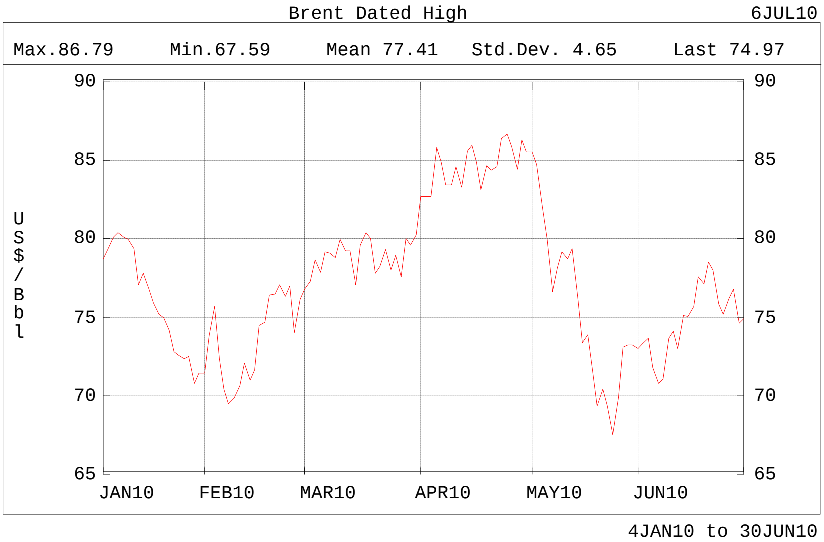
According to the study *Impact of Excise Duties on Sales at Service Stations in Slovenia* prepared for the Slovene National Petroleum Committee by the Economic Institute of the Faculty of Law in Ljubljana, the nominal petrol and diesel fuel margin has remained unchanged since November 2006, save for 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.

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

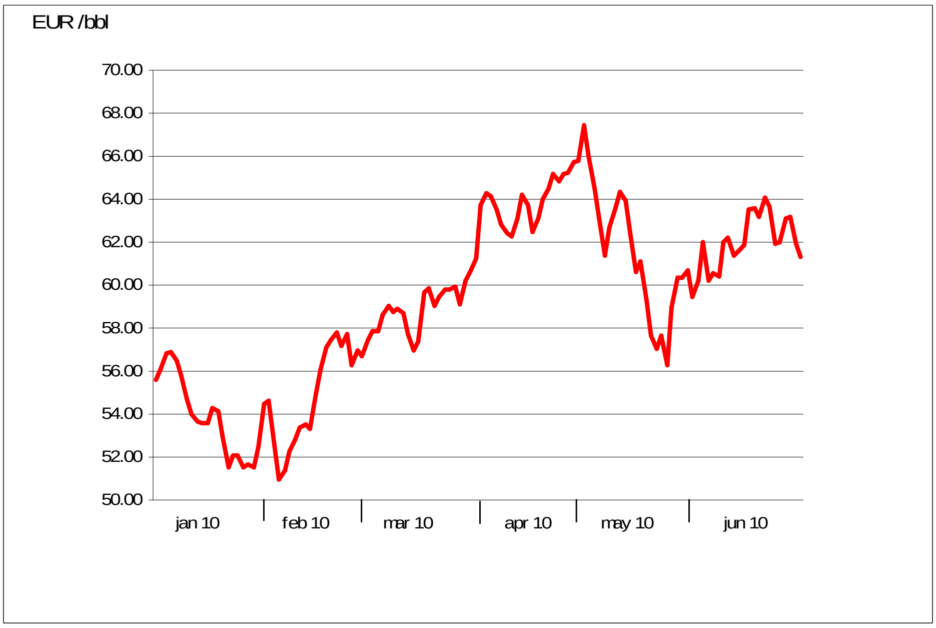
In the first six months of 2010, the average price of Brent Dated crude oil was USD 77.41 per barrel. In the period concerned, the price of Brent crude peaked on 26 April 2010, reaching USD 86.79 per barrel. Its lowest price was recorded on 25 May 2010 at USD 67.59 per barrel. In 2010 the average price of oil expressed in US dollars was 49.6 percent higher year-on-year, while the average price expressed in euros increased by 50.0 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 six months of 2010 in USD/barrel



SOURCE: Petrol, 2010

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



SOURCE: Petrol, 2010

In the first six 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.

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 the reinvigoration of economic activities, as well as by oil stocks and unemployment figures for the US and demand in China. During summer, price developments are additionally affected by hurricanes in the Gulf of Mexico.

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 EUR/USD in the first six months of 2010. The average exchange rate of the US dollar according to the exchange rate of the European Central Bank stood at 1.33 US dollars for 1 euro in the period concerned.

Petrol Group’s sales of merchandise in Slovenia

In the first six months of 2010, the Petrol Group generated EUR 191 million in revenue from the sale of merchandise in Slovenia, an increase of 8 percent compared with the same period of the previous year and 12 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 six months of 2010, the Petrol Group generated EUR 14.7 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 6 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 six 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 six months of 2010, the Petrol Group's **net sales revenue** from oil and merchandise trading in SEE stood at EUR 252.0 million, which accounted for 20 percent of the Petrol Group's total revenue. The revenue was 37 percent higher than in the same period of 2009 and 28 percent higher than planned, mainly on account of higher prices of petroleum products.

Petrol Group's sales of petroleum products in SEE

In the first six months of 2010, the Petrol Group sold 258.2 thousand tons of petroleum products in SEE, which was 1 percent more than planned and 13 percent more than in the same period of the previous year. The sales of extra light heating oil increased by 22 percent year-on-year and the sales of motor fuels by 11 percent. A comparison with the plan reveals that the sales of extra light heating oil were higher by 3 percent and the sales of motor fuels (petrol in diesel fuel) by 1 percent.

Moreover, the jointly controlled companies Petrol – Oti – Slovenija L.L.C. and Petrol Bonus d.o.o. sold 10.2 thousand tons of petroleum products, up 73 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 six months of 2010, the Petrol Group generated EUR 14 million in revenue from the sale of merchandise in SEE, a decrease of 4 percent compared with the same period of the previous year and 19 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 925,000 tons of liquid fuels – these arrived mostly by sea – and enjoyed more favourable procurement terms than in 2009. At the same time, the average monthly stocks of liquid fuels at storage facilities and service stations were reduced by 9.8 percent year-on-year in the period from January to June 2010. 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 11 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.

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 six months of 2010, the Petrol Group's **net sales revenue** from energy activities stood at EUR 56.2 million, which accounted for 4 percent of the Petrol Group's total revenue. The revenue was 5 percent higher than in the same period of 2009 and 9 percent higher than planned.

Gas and heat

The following companies were engaged in the sale of gas and heat in the first six 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, and
- Euro - Petrol, d.o.o., Rijeka.

In the first six 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 June 2010, liquefied petroleum gas was supplied to customers also from 2,161 gas storage tanks.

In the first six months of 2010, the Petrol Group sold 22.3 thousand tons of liquefied petroleum gas, which was 4 percent less than planned and 1 percent less than in the same period of the previous year. It also sold 41.6 thousand tons (59,346 thousand m^3) of natural gas, which was 7 percent more than planned and 4 percent more than in the same period of the previous year.

In the same period, the Petrol Group sold 38,058 MWh of heat, which was in line with the plan and 1 percent less than in the same period of 2009.

The Ribnica Municipality awarded the consortium consisting of Petrol d.d., Ljubljana, Petrol Energetika d.o.o., and the company Ekoen ena d.o.o. a concession for the local public utility service of heat energy supply, heat production 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.

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

In the municipality of Tržič, five municipal boiler plants will be refurbished and connected to a gas supply by the beginning of the 2010/2011 heating season.

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

Electricity

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

The Petrol Group sold 170,417 MWh of electricity in the first six months of 2010, which was 7 percent more than planned and 50 percent more than in the same period of the previous year. Out of the total quantity sold, 21,877 MWh were produced through co-generation and 142,865 MWh were distributed.

Environmental and energy solutions

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

During this period, 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 six 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 ensured.

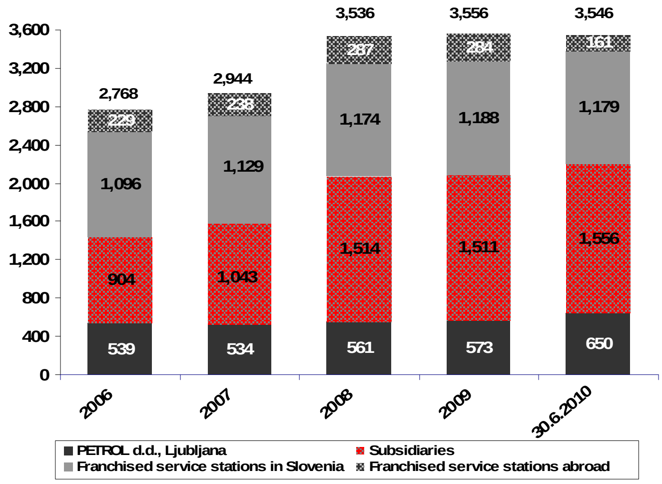
The Group is actively analysing a large number of projects with potential for implementation in the area of renewable energy sources (pellets, photovoltaics, wind power plants, etc.).

Sustainable development

Employees

At the end of June 2010, there were 3,546 people employed within the Petrol Group and at franchised services stations, of which 28 percent worked for subsidiary companies and at franchised service stations abroad. Compared with the end of 2009, the number of employees decreased by 10 or 0.3 percent.

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 six months of 2010

In the first six months of 2010, the Petrol Group employed 160 workers, the employment of 170 employees was terminated, while 254 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 six months of 2010

	Balance as at 30.6.2010	New employments/employment terminations in 2010 in the Copmpany		Internal transfer of employees in the petrol Group		Total number of people joined in 2010	Total number of people left in 2010	Balance as at 31.12.2009
		Joined	Left	Joined	Left			
Petrol d.d.	650	12	21	92	6	104	27	573
Subsidiaries	1,556	98	75	137	115	235	190	1,511
Franchised service stations in Slovenia	1,179	41	51	19	18	60	69	1,188
Franchised service stations abroad	161	9	23	6	115	15	138	284
The Petrol Group	**3,546**	**160**	**170**	**254**	**254**			**3,556**

Employee structure

At the end of June 2010, the average age of Petrol Group employees was 39.6 years. 71 percent of employees were male and 29 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. In this respect 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 30/06/2010, the average education level of Petrol Group employees, as measured on a scale of 1 to 8, stood at 4.7, meaning that on average employees have completed secondary school.

Training

In the first six months of 2010, 3,795 individuals took part in various forms of training. In all, the Petrol Group provided 31,138 teaching hours of training, which represents, on average, 9 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 614 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.

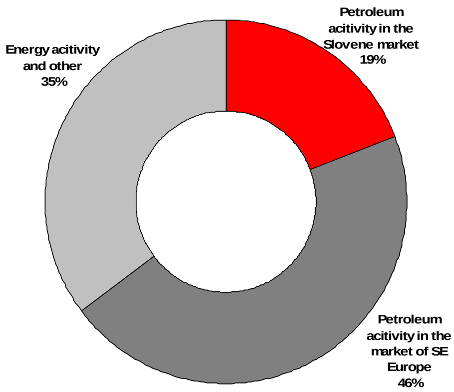
A family friendly enterprise

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.

Investments

In the first six months of 2010, EUR 21.4 million was allocated to investments in property, plant and equipment, intangible assets and long-term investments. Out of the above amount, 19 percent was allocated to oil trading in Slovenia, 46 percent to oil trading in SE Europe, and 35 percent to energy activities and the upgrading of information and other infrastructure.

Figure 10: Breakdown of Petrol Group's investments in the first six 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 pursue 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 as well as to the preparation of proposals for measurable indicators of balanced sustainable development that will be addressed as part of the autumn review of the quality management systems by the company's management.

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 an 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 six 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 six 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 six months of 2010, the operating performance of companies deteriorated, making banks more cautious in extending loans to companies and individuals. For this reason, the Petrol Group is exercising even greater caution in the management of financial risks. It also pays additional attention to the solvency of customers and, consequently, to 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 increased in the first six 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 the 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. In certain cases, it hedges against changes in petroleum product prices at the OTC market (direct transactions between two parties outside the stock exchange) using price and commodity swaps. These 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 six months of 2010, the Petrol Group paid for 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 EUR/USD 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.

Because there were no significant fluctuations in the HRK/EUR exchange rate in the first six months of 2010, no forward contracts to hedge the exchange rate risk were concluded. 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.

In Serbia, the Group was exposed to changes in the RSD/EUR exchange rate only because of a long-term EUR-denominated loan. Considering the Petrol Group's overall operations, this represents only a small portion, meaning the Group was not exposed to significant risks in this case.

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 controlling company offers deferred payments out of the need to provide its customers with at least some form of crediting and thereby increase its sales revenue. 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. Given our extensive wholesale network, we feel the consequences of the fact that due to insufficient credit from banks customers have turned to suppliers for financing.

In the area of receivables management, the Petrol Group has therefore stepped up the collection of receivables, consistently applies the rules of discontinuing sales 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.

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. To manage receivables, the Petrol Group uses numerous types of credit insurance (mortgages, pledges, bank guarantees, collaterals, promissory notes, bills of exchange etc.).

In the first six months, more attention was thus 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 diversified 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, Petrol d.d. 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. In addition, exposure to a segment of our customers was further hedged against by taking out insurance with SID-Prva kreditna zavarovalnica d.d. Ljubljana. For the purpose of assessing credit ratings of customers from SEE markets, the information offered by the company Dun & Bradstreet in connection with the financial strength, payment score, rating and credit recommendation for individual customers was incorporated into our system.

Successful management of receivables is reflected in the fact that the Petrol Group's days sales outstanding were reduced by three days as at 30 June 2010 compared with the end of 2009. The share of overdue receivables in outstanding receivables also decreased.

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 companies' operations. It can be said, however, that the Petrol Group has a very good selection of short-term funding at its disposal, which provides it with more affordable short-term financing.

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.

Short-term solvency is achieved through central management and careful planning and coordination of cash flows within the Group. The controlling company and its subsidiaries use dedicated IT equipment 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. For tax and economic reasons (costs of payment transactions, foreign exchange differences), subsidiaries in SEE markets are not yet able to use the system. That is why we are currently in the process of introducing a virtual pooling system (marginal pooling) for these companies to optimise interest rates. For the companies concerned, 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 six 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.

The Petrol Group ensures its long-term solvency through successful operations, thus increasing the amount of equity. This year it 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 first half of the year, but has begun to increase slowly at the end of June. In the first six months, the overall average interest rate for the Petrol Group remained the same as in the first quarter. 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 slightly more time will be needed to see the margins and fees decrease again.

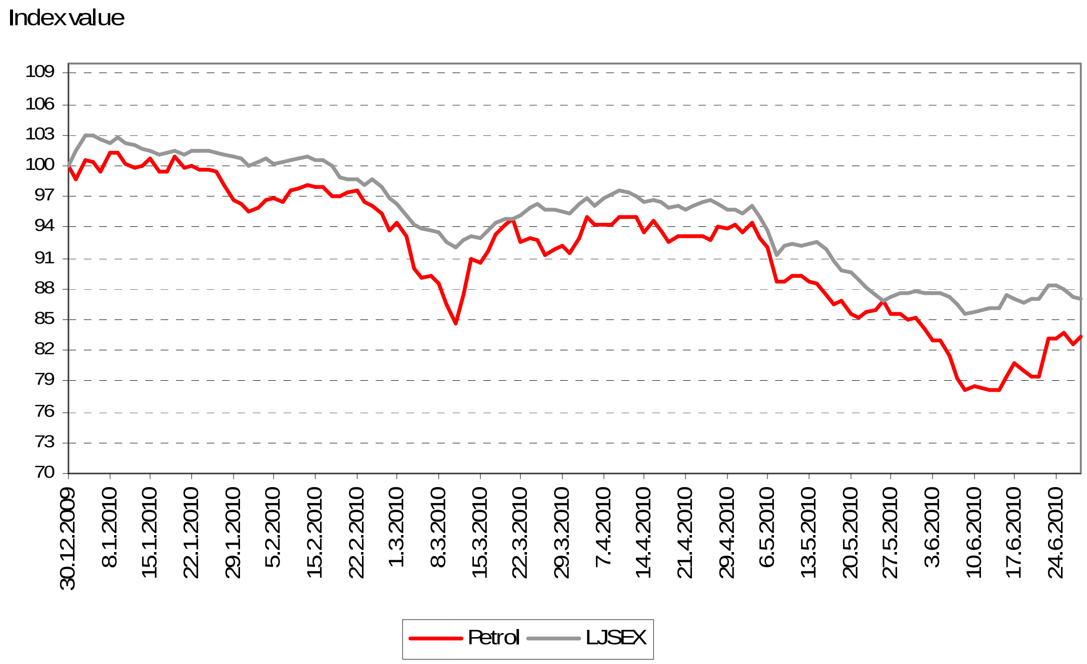
To hedge against the exposure to the interest rate risk, a portion of variable interest rates is transformed into a fixed interest rate using derivative financial instruments. The exposure to the interest rate risk is hedged up to the amount of half of the Petrol Group's net interest position. When deciding 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 determined at the end of June that the value of EURIBOR is not expected to decrease any further this year. It has then decided that additional hedging was required and has therefore entered into a EUR 10 million interest rate swap.

The share

In the first six months of 2010, share prices at the Ljubljana Stock Exchange were on average slightly lower than at the end of 2009. This was reflected in both indices – the 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 from January to the end of June, the SBITOP dropped by 10.5 percent compared with its value at the end of 2009, with the LJSEX declining by 12.9 percent over the same period. During this period, the price of Petrol's share decreased by

16.8 percent. By trading volume, which amounted to EUR 9.8 million in the first six months, Petrol's share was ranked third on the stock market, but reaching fourth place by market capitalisation, which stood at EUR 558.7 million as at 30/06/2010. This also 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 six months of 2010 compared with the end of 2009



In the first six months of 2010, the price of Petrol's share ranged between EUR 251.18 and EUR 325.98 per share, while its average price in the period stood at EUR 294.73. Earnings per share stood at EUR 10.85, with the share's book value amounting to EUR 193. Petrol d.d., Ljubljana had 39,345 shareholders as at 30 June 2010. Over the past months, an increase in the number of foreign shareholders has been observed. At the end of June 2010, 44,537 shares or 2.13 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 0.6 percentage points.

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

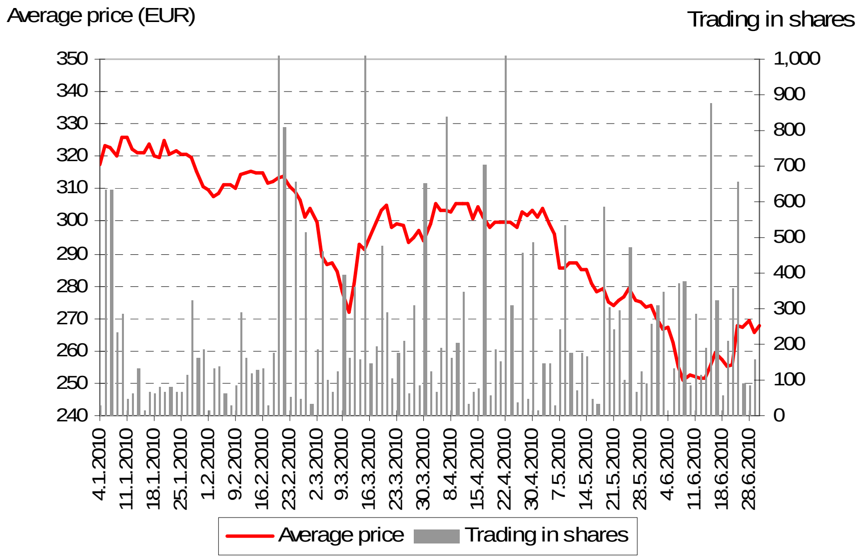


Figure 13: Ownership structure of Petrol d.d., Ljubljana as at 30/06/2010

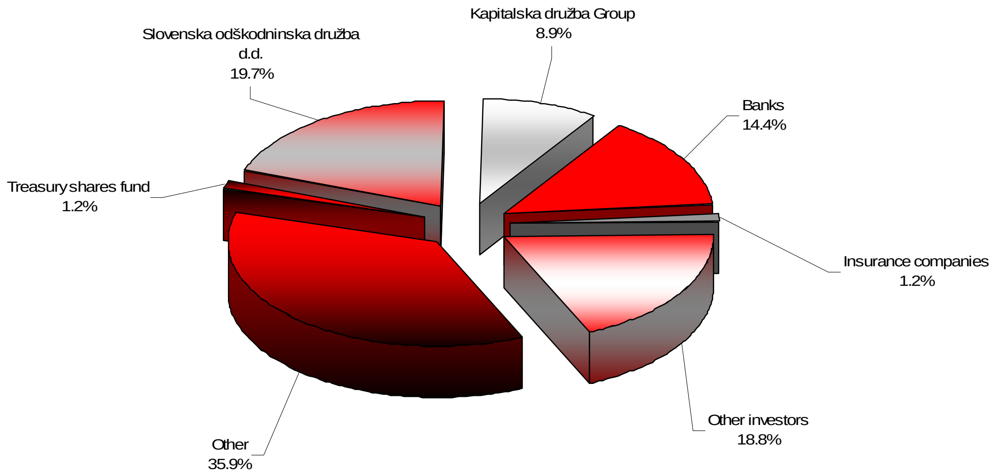


Table 5: Changes in the ownership structure of Petrol d.d., Ljubljana

	30.6.2010		31.12.2009	
	Number of shares	v %	Number of shares	v %
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	299,702	14.4%	290,054	13.9%
Insurance companies	24,762	1.2%	24,762	1.2%
Other investors	391,225	18.8%	389,846	18.7%
Other	749,048	35.9%	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 30/06/2010

	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 30/06/2010

		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%
Management board		**840**	**0.04%**
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	85	0.0041%
Bojan Herman	Member of the Management board - Worker director	417	0.0200%

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 June 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 for 2009 shall be EUR 5.90 per share and payable within 90 days of the General Meeting resolution. The gross dividend per share for 2008 also stood at EUR 5.90 (payable in August 2009).

Own shares

Petrol d.d., Ljubljana did not repurchase its own shares in the first six months 2010. As at 30 June 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 June 2010 and was EUR 4.0 million lower than their market value on the said date.

Own shares were purchased between 1997 and 1999 under the first indent (10,371 own shares) and second indent (22,830 own shares) of Article 240 of the Companies Act. 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 and various banks. In the first six months of 2010, the company participated at two important international 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. In addition to the above, individual meetings were organised for domestic and foreign investors.

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, which 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

Petrol and the Croatian company Luka Ploče Trgovina d.o.o. entered into a long-term lease agreement for the newly constructed petroleum product storage facilities in the Port of Ploče. The construction of the facilities is scheduled to be completed in two years. Thanks to the enlarged storage capacity, the long-term security of Petrol's supply of petroleum products to SE Europe markets will improve dramatically.

Petrol has received the Trusted Brand excellence award, which is awarded by Reader's Digest international magazine in co-operation with the Mediana Institute for Market and Media Research, for the fourth consecutive year.

In August 2010, Petrol d.d., Ljubljana took over Butan d.o.o., a Croatian company based in Osijek and engaged in the sale and distribution of liquefied petroleum gas.

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	1-6 2010	1-6 2009	Index 10/09	1-6 2010	1-6 2009	Index 10/09
Sales revenue	1	1,286,420,617	1,104,299,637	116	1,102,874,163	929,331,123	119
Cost of merchandise sold		(1,146,590,763)	(965,433,157)	119	(997,802,178)	(821,417,427)	121
Gross profit or loss from sales		**139,829,854**	**138,866,480**	**101**	**105,071,985**	**107,913,696**	**97**
Cost of materials	4	(12,653,583)	(11,819,827)	107	(4,776,746)	(4,639,342)	103
Cost of services	5	(54,368,342)	(54,683,872)	99	(54,464,424)	(55,315,594)	98
Labour costs	6	(26,221,966)	(26,301,146)	100	(12,412,218)	(11,556,965)	107
Depreciation or amortisation	7	(16,919,341)	(17,069,046)	99	(10,792,900)	(11,153,652)	97
Other costs	8	(4,693,970)	(4,168,301)	113	(2,644,107)	(3,157,433)	84
Costs		**(114,857,202)**	**(114,042,192)**	**101**	**(85,090,395)**	**(85,822,985)**	**99**
Other revenue	2	6,084,263	9,507,466	64	4,748,554	8,105,164	59
Other expenses		(691,604)	(166,087)	416	(57,424)	(8,789)	-
Operating profit or loss		**30,365,311**	**34,165,667**	**89**	**24,672,720**	**30,187,087**	**82**
Net financial revenue from interests due to valuation according to the equity method		5,853,521	10,009,905	58	-	-	-
Financial revenue from dividends from subsidiaries, associates and jointly controlled entities ventures		-	-	-	10,053,790	5,665,005	177
Other financial revenue	9	34,975,930	44,724,421	78	32,478,494	40,623,535	80
Other financial costs	9	(44,375,911)	(78,942,460)	56	(41,843,027)	(76,218,651)	55
Net finance costs		**(3,546,460)**	**(24,208,134)**	**15**	**689,257**	**(29,930,111)**	**-**
Profit or loss before tax		**26,818,851**	**9,957,533**	**269**	**25,361,977**	**256,976**	**-**
Tax expense		(4,598,245)	(5,584,981)	82	(3,349,567)	(4,384,526)	76
Deferred tax		202,411	4,614,072	4	347,186	4,561,481	8
Tax on profit		**(4,395,834)**	**(970,909)**	**453**	**(3,002,381)**	**176,954**	**-**
Net profit or loss for the period		**22,423,017**	**8,986,624**	**250**	**22,359,596**	**433,930**	**-**
Net profit attributable to:							
Owners of the company		**22,380,598**	**8,714,010**	**257**	**22,359,596**	**433,930**	**-**
Non-controlling interest		42,419	272,614	16	-	-	-
Basic and diluted earnings per share	10	11	4	249	11	0	

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 1-6 2010	 1-6 2009	Petrol d.d. 1-6 2010	 1-6 2009
Net profit or loss for the period	**22,380,598**	**8,714,010**	**22,359,596**	**433,930**
Net profit or loss attributable to:				
Owners of the company	**22,423,017**	**8,986,624**	**22,359,596**	**433,930**
Non-controlling interest	42,419	272,614	-	-
Net profit / (loss) from valuation of available-for-sale financial statements	54,818	216,995	54,818	216,995
Net profit / (loss) of effective portion of changes in fair value of cash flow hedges	(476,782)	(2,919,045)	(476,782)	(2,919,045)
	(178,566)	(279,120)	-	-
Net change in valuation of investments in joint ventures and associates		-		
Exchange rate differences	1,052,702	(598,578)	-	-
Total comprehensive income	**22,832,770**	**5,134,262**	**21,937,632**	**(2,268,120)**
Total comprehensive income attributable to:				
Owners of the company	**22,360,906**	**4,640,294**	**21,937,632**	**(2,268,120)**
Non-controlling interest	471,864	493,968	-	-

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

		Petrol Group			Petrol d.d.		
		30 June	31 December	Index	30 June	31 December	Index
(in EUR)	Notes	2010	2009	10/09	2010	2009	10/09
ASSETS							
Non-current (long-term) assets							
Intangible assets	11	22,314,370	22,462,292	99	4,261,089	4,359,225	98
Property, plant and equipment	12	553,779,439	554,755,247	100	281,357,119	286,778,881	98
Investment property		15,159,561	15,739,627	96	15,165,597	15,761,198	96
Investments in subsidiaries	13	1,671,000	0	-	215,334,092	213,663,092	101
Investments in jointly controlled entities	14	16,277,159	15,318,725	106	64,740,776	61,137,000	106
Investments in associates	15	125,121,914	121,282,983	103	155,070,965	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	12,570,843	9,798,440	128	20,263,096	14,322,182	141
Operating receivables	18	1,142,984	1,267,839	90	1,009,153	1,133,452	89
Deferred tax assets		35,264,434	34,911,346	101	37,240,001	36,787,324	101
		796,686,619	**790,403,047**	**101**	**807,747,761**	**803,800,824**	**100**
Current assets							
Inventories	19	116,931,325	82,003,555	143	100,995,434	66,763,697	151
Financial receivables	20	9,462,453	1,386,062	683	12,127,224	2,974,660	408
Operating receivables	21	282,232,041	244,138,201	116	267,876,697	226,430,647	118
Corporate income tax receivables		379,978	3,118,595	12	0	2,858,276	-
Financial assets at fair value through profit or loss	22	4,891,331	3,121,398	157	5,025,066	3,130,062	161
Advances and other assets	23	4,511,958	3,565,327	127	3,761,152	1,281,285	294
Cash and cash equivalents		12,355,120	7,789,488	159	5,856,216	6,909,640	85
		430,764,206	**345,122,626**	**125**	**395,641,789**	**310,348,267**	**127**
Total assets		***1,227,450,825***	***1,135,525,673***	***108***	***1,203,389,550***	***1,114,149,091***	***108***
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		(8,067,583)	(7,590,801)	106	(8,067,583)	(7,590,801)	106
Translation reserves		(442,860)	(1,495,562)	30	0	0	-
Retained earning		75,540,986	53,160,388	142	24,496,827	2,137,232	-
		360,899,125	**350,229,783**	**103**	**403,232,743**	**393,458,540**	**102**
Capital of minority shareholders		**31,782,193**	**31,310,329**	**102**	**-**	**-**	**-**
Total equity		**392,681,318**	**381,540,112**	**103**	**403,232,743**	**393,458,540**	**102**
Non-current liabilities							
Provisions for employee benefits		3,890,119	3,933,933	99	1,736,575	1,736,575	100
Other provisions		2,578,505	2,603,590	99	2,449,171	2,449,171	100
Long-term deferred revenue		14,773,518	15,563,796	95	12,448,912	13,279,849	94
Financial liabilities	24	262,376,862	236,618,681	111	239,628,713	213,914,167	112
Operating liabilities		1,472,582	1,472,582	100	1,149,934	1,149,934	100
Deferred tax liabilities		6,788,901	6,729,641	101	25,784,839	25,784,839	100
		291,880,487	**266,922,223**	**109**	**283,198,144**	**258,314,535**	**110**
Current liabilities							
Financial liabilities	24	222,300,597	262,099,337	85	186,100,103	222,056,826	84
Operating and other liabilities	25	306,292,232	216,589,443	141	318,765,338	234,410,590	136
Corporate income tax liabilities		1,477,448	495,438	298	807,905	0	-
Other liabilities	26	12,818,743	7,879,120	163	11,285,317	5,908,600	191
		542,889,020	**487,063,338**	**111**	**516,958,663**	**462,376,016**	**112**
Total liabilities		**834,769,507**	**753,985,561**	**111**	**800,156,807**	**720,690,551**	**111**
Total equity and liabilities		***1,227,450,825***	***1,135,525,673***	***108***	***1,203,389,550***	***1,114,149,091***	***108***

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: Legal reserves	Profit reserves: Reserves for own shares	Profit reserves: Own shares	Profit reserves: Other revenue reserves	Investment revaluation reserves	Hedging reserve	Translation differences	Retained earnings	Equity attributable to owners of the Petrol Group	Non-controlling interest	Total equity
Balance as at 1 January 2009	**52,240,977**	**80,991,385**	**61,903,494**	**2,604,670**	**(2,604,670)**	**122,584,025**	**(51,192)**	**(5,211,970)**	**(385,690)**	**42,806,180**	**354,877,209**	**33,757,885**	**388,635,094**
Dividend payments for 2008						(12,163,428)					**(12,163,428)**		**(12,163,428)**
Transaction 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										8,714,010	**8,714,010**	272,614	**8,986,624**
Increase of non-controlling interest											**0**	3,066	**3,066**
Translation differences									(598,578)		**(598,578)**	221,354	**(377,224)**
Net profit / (loss) from valuation of available-for-sale financial statements							271,244				**271,244**		**271,244**
Deferred tax receivables							(54,249)				**(54,249)**		**(54,249)**
Net profit / (loss) of effective portion of changes in fair value of cash flow hedges								(3,648,806)			**(3,648,806)**		**(3,648,806)**
Deferred tax receivables								729,761			**729,761**		**729,761**
Attribution of changes in the equity of associates							(348,900)				**(348,900)**		**(348,900)**
Deferred tax liabilities							69,780				**69,780**		**69,780**
Total changes in comprehensive income	**0**	**0**	**0**	**0**	**0**	**(12,163,428)**	**(62,125)**	**(2,919,045)**	**(598,578)**	**8,714,010**	**(7,029,166)**	**497,034**	**(6,532,132)**
Balance as at 30 June 2009	**52,240,977**	**80,991,385**	**61,903,494**	**2,604,670**	**(2,604,670)**	**110,420,597**	**(113,317)**	**(8,131,015)**	**(984,268)**	**51,520,190**	**347,848,043**	**34,254,919**	**382,102,961**
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)**
Transaction 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										22,380,598	**22,380,598**	42,419	**22,423,017**
Translation differences									1,052,702		**1,052,702**	429,445	**1,482,147**
Net profit / (loss) from valuation of available-for-sale financial statements							68,522				**68,522**		**68,522**
Deferred tax receivables							(13,704)				**(13,704)**		**(13,704)**
Net profit / (loss) of effective portion of changes in fair value of cash flow hedges								(595,977)			**(595,977)**		**(595,977)**
Deferred tax receivables								119,195			**119,195**		**119,195**
Attribution of changes in the equity of associates							(223,207)				**(223,207)**		**(223,207)**
Deferred tax liabilities							44,641				**44,641**		**44,641**
Total changes in comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**	**(123,748)**	**(476,782)**	**1,052,702**	**22,380,598**	**22,832,770**	**471,864**	**23,304,634**
Balance as at 30 June 2010	**52,240,977**	**80,991,385**	**61,974,850**	**2,604,670**	**(2,604,670)**	**98,257,169**	**404,201**	**(8,067,583)**	**(442,860)**	**75,540,986**	**360,899,125**	**31,782,193**	**392,681,318**

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

(in EUR)	Called-up capital	Capital surplus	Profit reserves: Legal reserves	Profit reserves: Reserves for own shares	Profit reserves: Own shares	Profit reserves: Other revenue reserves	Investment revaluation reserves	Hedging reserve	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									433,930	**433,930**
Net profit / (loss) of effective portion of changes in fair value of cash flow hedges								(3,648,806)		**(3,648,806)**
Deferred tax receivables								729,762		**729,762**
Net profit / (loss) from valuation of available-for-sale financial statements							271,244			**271,244**
Deferred tax receivables							(54,249)			**(54,249)**
Total changes in comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(2,919,044)**	**433,930**	**(2,268,119)**
Balance as at 30 June 2009	**52,240,977**	**80,991,385**	**61,749,884**	**2,604,670**	**(2,604,670)**	**100,845,326**	**97,441,224**	**(8,131,015)**	**(8,090,640)**	**377,047,142**
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									22,359,596	**22,359,596**
Net profit / (loss) of effective portion of changes in fair value of cash flow hedges								(595,977)		**(595,977)**
Deferred tax receivables								119,195		**119,195**
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**	**(476,782)**	**22,359,596**	**21,937,632**
Balance as at 30 June 2010	**52,240,977**	**80,991,385**	**61,749,884**	**2,604,670**	**(2,604,670)**	**88,681,898**	**103,139,355**	**(8,067,583)**	**24,496,827**	**403,232,743**

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

	Petrol Group		Petrol d.d.	
(in EUR)	30 June 2010	30 June 2009	30 June 2010	30 June 2009
Cash flows from operating activities				
Net profit or (loss) for the period	**22,380,598**	**8,714,010**	**22,359,596**	**433,930**
Adjustments for:				
Non-controled interest	42,419	272,614	0	0
Taxes paid	4,395,834	970,909	3,002,381	(176,954)
Depreciation of property, plant and equipment	16,480,123	16,635,115	10,477,259	10,845,187
Amortisation of intangible assets	439,218	433,931	315,642	308,464
(Gain) / loss on disposal of property, plant and equipment	(477,624)	(1,132,857)	(145,036)	(991,844)
Net (decrease in)/creation of allowance for receivables	2,772,454	2,495,070	1,677,532	2,155,365
Net write-down of operating receivables	163,975	(1,193,836)	12,150	(970,384)
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	(32,700)	(32,700)	(26,131)	(26,131)
Net (decrease)/formation of provisions fro employee benefits	(43,814)	0	0	0
Net (decrease)/formation of other provisions	(815,273)	(684,410)	(830,937)	(877,971)
Net increase / (decrease) of other liabilities	4,939,623	(2,193,137)	5,376,718	2,100,712
Net increase / (decrease) of other assets	(1,358,881)	3,611,365	(1,888,940)	(1,164,263)
Net merchandise shortages	959,339	911,534	102,361	591,723
Net financial (revenues)/expenses	7,731,388	6,809,585	7,066,954	6,587,676
Impairment of investments	0	20,621,721	0	20,621,721
Share of profit of jointly controlled entities	(1,204,367)	(1,345,638)	0	0
Share of profit of associates	(4,649,154)	(8,664,267)	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	(587,016)	(77,536)
Change in inventories	(35,887,109)	(2,091,334)	(34,334,099)	(4,202,914)
Change in operating and other receivables	(38,822,938)	67,469,792	(42,896,049)	63,412,326
Change in operating and other liabilities	76,773,435	(9,482,013)	76,969,920	(86,182,064)
Cash generated from operations	**53,786,546**	**102,064,354**	**37,185,531**	**6,799,576**
Interest paid	(11,195,366)	(12,751,101)	(9,609,015)	(11,216,534)
Taxes paid	(704,990)	(5,198,021)	316,614	(4,323,583)
Net cash flows from operating activities	**41,886,190**	**84,115,232**	**27,893,130**	**(8,740,541)**
Cash flows from investing activities				
Payments for investments in subsidiaries	(1,671,000)	0	(1,671,000)	(4,690,000)
Payments for investments in associates	0	(941,038)	0	(941,038)
Payments for investments in jointly controlled entities	(3,603,776)	0	(3,603,776)	0
Receipts from intangible assets	7,196	31,447	0	0
Payments for intangible assets	(274,213)	(908,234)	(217,507)	(672,187)
Receipts from property, plant and equipment	3,167,379	6,537,969	793,818	5,041,521
Payments for property, plant and equipment	(16,053,214)	(42,366,906)	(9,356,979)	(10,357,911)
Receipts from loans granted	2,284,277	8,517,440	4,417,872	7,698,345
Payments for loans granted	(13,096,679)	(9,650,949)	(19,470,089)	(17,910,240)
Interest received	3,207,336	4,676,259	2,374,550	3,711,454
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	587,016	77,536	587,016	77,536
Dividends received from others	157,994	155,810	157,994	155,810
Net cash flows from investing activities	**(21,437,975)**	**(33,870,666)**	**(16,521,327)**	**(12,299,243)**
Cash flows from financing activities				
	0	50,365,230	0	50,365,230
Payments for bonds issued	(10,236)	0	(10,236)	0
Receipts from loans received	883,083,398	1,005,236,441	516,423,764	230,182,743
Payments for loans received	(898,936,329)	(1,109,984,219)	(528,808,451)	(263,567,860)
Dividends paid to shareholders	(30,305)	(397,299)	(30,305)	(397,299)
Net cash flows from financing activities	**(15,893,472)**	**(54,779,847)**	**(12,425,228)**	**16,582,815**
Increase / (decrease) in cash and cash equivalents	**4,554,743**	**(4,535,281)**	**(1,053,425)**	**(4,456,969)**

Changes in cash and cash equivalents	Petrol Group		Petrol d.d.	
(in EUR)	30 June 2010	30 June 2009	30 June 2010	30 June 2009
Balance at the beginning of the year	**7,789,488**	**13,961,546**	**6,909,640**	**9,421,536**
Translation differences	10,889	11,685	0	0
Increase / (decrease)	4,554,743	(4,535,281)	(1,053,425)	(4,456,969)
Balance at the end of the period	**12,355,120**	**9,437,950**	**5,856,216**	**4,964,567**

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 June 2010 and consolidated financial statements of the Group for the period ended 30 June 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 Enclosure 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 managament Board of the Company approved the financial statements of the Company and the consolidated financial statements of the Group on 16 Avgust 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 I.) 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 termi- nation benefits upon retirement are equal as the rights of employees of the Company. The contractual obligation of the Company to reimburse the costs arising from such rights to franchised service stations represents the basis for recognition of long-term provisions. Provisions are determined by discounting, at the end of reporting period, the estimated future benefits in respect of termination and jubilee benefits. The obligation is calculated separately for each employee of the franchised service stations by estimating the costs of termination benefits upon retirement and the costs of all expected jubilee benefits until retirement. The calculation based on projected unit has been prepared by a certified actuary. Reimbursed costs arising from termination benefits upon retirement and jubilee benefits are charged against formed provisions.

l. Long-term deferred revenue

Long-term deferred revenue from gas network connection fee
When connected to the gas network, the users pay a fixed fee, entitling them to be connected to the established network. Since the benefits from the service rendered are expected throughout the period of gas supply to the user, the revenue from the connection fee is deferred in proportion to the estimated period during which the benefits will flow to Petrol. The Group estimates that the period during which the benefits will flow to it equals the term of concession for the gas network. This term ranges between 20 and 35 years, depending on specific concession agreement.
A portion of deferred revenue payable in the period under 12 months is restated under short-term deferred revenue.

Long-term deferred revenue from environmental fixed assets
Long-term deferred revenue from environmental fixed assets comprises deferred revenue from funds granted for the environmental rehabilitation of service stations, road tankers, storage facilities and the clean-up of the bitumen dump at Pesniški dvor. These so-called environmental fixed assets presented under property, plant and equipment of the Group were approved by a decision of the Ministry of the Environment and Spatial Planning as part of the ownership transformation of Petrol d.d., Ljubljana and recognised in its opening financial statements as at 1 January 1993 prepared in accordance with the regulations governing the ownership transformation of companies. Deferred revenue is restated under revenue in proportion to the depreciation of environmental fixed assets and the funds used for the clean-up of dumps.

m. Recognition of revenue

Sales revenue is recognised at the fair value of the consideration received or receivable, net of returns and discounts, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, there is certainty about the recovery of the consideration, the associated costs and possible return of goods, and there is no continuing involvement by the Group with the goods.

Revenue is recognised as follows:

Sale of goods
A sale of goods is recognised when the Group delivers products to a customer, the customer accepts the products, and the collectability of the related receivables is reasonably assured.

Sale of services
A sale of services is recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the transaction assessed on the basis of the actual service provided as a proportion of total services to be provided.

n. Finance income and expenses

Finance income comprises interest income on funds invested, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, foreign exchange gains and gains on hedging instruments that are recognised in the income statement. Interest income is recognised as it accrues using the effective interest method.

Finance expenses comprise interest expense on borrowings costs (except the capitalized borrowing as described in note f), foreign exchange losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in the income statement. Borrowing costs are recognised in the income statement using the effective interest method.

o. Taxes

Taxes comprise current tax and deferred tax liabilities. Income tax is recognised in the income statement except to the extent that it relates to business combinations or items recognised directly in 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 June 2010 and data derived from the income statement for 1-6 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 therein are recognised in profit or loss.

The financial assets of the Company measured at fair value through profit or loss mainly consist of derivative financial instruments outstanding and assessed on the reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are part of current assets, except when their maturity is 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 transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Financial liabilities are classified as long-term liabilities except for the liabilities or portions of liabilities with maturities of less than 12 months from the date of the statement of financial position, which are classified as current liabilities.

d3. Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. Attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

- When a derivative is designated as the hedging instrument in a hedge of the variability in cashflows attributable to a particular risk associated with a recognised asset or liability or a highly prob- able 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 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 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 I) 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.

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 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 deduc- tible 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 finan- cial 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 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.

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 June 2010 and data derived from the income statement for 1-6 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 1-6 2009:

(in EUR)	Oil trading	Energy activities	Total	Income statement/ Statement of financial position
Sales revenue	1,441,461,962	65,051,766	1,506,513,728	
Revenue from subsidiaries	(389,541,631)	(12,672,461)	(402,214,092)	
Sales revenue	1,051,920,331	52,379,305	1,104,299,637	1,104,299,637
Net profit or loss for the year *	(657,416)	9,371,426	8,714,010	8,714,010
Interest income **	3,352,675	1,076,169	4,428,844	4,428,844
Interest expense **	(7,603,388)	(2,440,597)	(10,043,985)	(10,043,985)
Depreciation of property, plant and equipment, investment property and amortisation of intangible assets	14,547,424	2,521,622	17,069,046	17,069,046
Revenue from equity accounted investees	1,307,358	8,702,547	10,009,905	10,009,905
Total assets	*945,303,012*	*199,633,257*	*1,144,936,269*	*1,144,936,269*
Equity accounted investments	41,829,729	93,442,569	135,272,298	135,272,298
Property, plant an equipment, intangible assets and investment property	520,730,004	87,132,375	607,862,379	607,862,379
Other assets	382,743,279	19,058,313	401,801,592	401,801,592

* 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 1-6 2010:

(in EUR)	Oil trading	Energy activities	Total	Income statement/ Statement of financial position
Sales revenue	1,738,580,924	70,708,467	1,809,289,391	
Revenue from subsidiaries	(508,427,846)	(14,440,927)	(522,868,773)	
Sales revenue	1,230,153,078	56,267,540	1,286,420,617	1,286,420,617
Net profit or loss for the year	16,057,502	6,323,096	22,380,598	22,380,598
Interest income *	2,482,678	899,664	3,382,342	3,382,342
Interest expense *	(6,161,720)	(2,232,862)	(8,394,582)	(8,394,582)
Depreciation of property, plant and equipment, investment property and amortisation of intangible assets	14,284,537	2,634,804	16,919,341	16,919,341
Revenue from equity accounted investees	1,275,630	4,577,891	5,853,521	5,853,521
Total assets	*1,010,931,411*	*216,519,414*	*1,227,450,825*	*1,227,450,825*
Equity accounted investments	38,867,381	102,531,692	141,399,073	141,399,073
Property, plant an equipment, intangible assets and investment property	498,907,938	92,345,432	591,253,370	591,253,370
Other assets	473,156,092	21,642,290	494,798,382	494,798,382

* 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)	1-6 2010	1-6 2009	1-6 2010	1-6 2009
Revenue from reversal of accrued litigation costs	2,700,000	0	2,700,000	0
Elimination of accrued costs and expenses	862,934	4,863,911	758,989	4,575,295
Utilisation of environmental provisions	810,764	817,676	810,764	817,676
Gain on disposal of fixed assets	649,413	1,303,829	244,140	1,122,474
Reversal of allowances for receivables	230,426	207,862	58,397	31,707
Cash discounts/rebates received	206,558	263,662	46,264	67,751
Compensation from insurance companies	117,146	89,283	11,441	64,297
Payment of court fees	46,921	75,019	35,679	60,063
Contractual penalties received	46,264	207,682	0	207,682
Written-off receivables collected	5,099	1,220,998	5,099	976,326
Other revenue	408,738	457,544	77,781	181,893
Total other revenue	**6,084,263**	**9,507,466**	**4,748,554**	**8,105,164**

3. Cost of sales and general and administrative costs

(In EUR)	Petrol Group Selling costs	Petrol Group General adiministrative costs	Petrol Group Total	Petrol d.d. Selling costs	Petrol d.d. General adiministrative costs	Petrol d.d. Total
1-6 2009						
Costs of material	11,259,532	560,295	11,819,827	4,329,784	309,558	4,639,342
Costs of services	47,171,719	7,512,153	54,683,872	49,602,880	5,712,714	55,315,594
Labour costs	17,533,386	8,767,760	26,301,146	6,103,697	5,453,268	11,556,965
Depreciation	15,477,321	1,591,725	17,069,046	10,223,355	930,297	11,153,652
Other costs	322,154	3,846,147	4,168,301	113,781	3,043,652	3,157,433
Other operating expenses	68,783	97,304	166,087	8,501	288	8,789
Total	**91,832,895**	**22,375,384**	**114,208,279**	**70,381,998**	**15,449,777**	**85,831,774**

(In EUR)	Petrol Group Selling costs	Petrol Group General adiministrative costs	Petrol Group Total	Petrol d.d. Selling costs	Petrol d.d. General adiministrative costs	Petrol d.d. Total
1-6 2010						
Costs of material	12,027,356	626,227	12,653,583	4,489,208	287,538	4,776,746
Costs of services	46,580,556	7,787,786	54,368,342	48,543,936	5,920,488	54,464,424
Labour costs	17,603,791	8,618,175	26,221,966	6,637,222	5,774,996	12,412,218
Depreciation	15,234,243	1,685,098	16,919,341	9,888,783	904,117	10,792,900
Other costs	340,321	4,353,649	4,693,970	114,976	2,529,131	2,644,107
Other operating expenses	451,957	239,647	691,604	57,385	40	57,425
Total	**92,238,224**	**23,310,582**	**115,548,806**	**69,731,509**	**15,416,310**	**85,147,819**

4. Costs of materials

(in EUR)	Petrol Group 1-6 2010	Petrol Group 1-6 2009	Petrol d.d. 1-6 2010	Petrol d.d. 1-6 2009
Costs of energy	9,732,816	8,988,343	2,469,985	2,411,366
Costs of consumables	2,362,791	2,272,958	1,912,782	1,831,970
Write-off of small tools	81,936	61,683	32,853	26,130
Other costs of materials	476,040	496,843	361,125	369,876
Total costs of materials	**12,653,583**	**11,819,827**	**4,776,746**	**4,639,342**

5. Cost of services

(in EUR)	Petrol Group 1-6 2010	Petrol Group 1-6 2009	Petrol d.d. 1-6 2010	Petrol d.d. 1-6 2009
Costs of transportation services	13,888,653	14,311,824	12,870,643	13,690,186
Rents	5,009,317	4,993,190	4,517,070	4,099,699
Costs of fixed asset maintenance services	4,681,762	4,417,351	4,780,166	4,381,350
Costs of professional services	2,325,276	2,893,182	1,523,051	2,015,413
Costs of payment transactions and bank services	2,922,801	2,755,664	2,416,940	2,311,475
Costs of fairs, advertising and entertainment	2,089,848	1,063,021	1,725,540	788,059
Costs of insurance premia	1,317,081	1,433,952	934,780	957,947
Reimbursement of work-related costs to employees	419,794	474,633	141,196	223,539
Costs of other services	21,713,810	22,341,055	25,555,037	26,847,926
Total costs of services	**54,368,342**	**54,683,872**	**54,464,424**	**55,315,594**

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 1-6 2010	Petrol Group 1-6 2009	Petrol d.d. 1-6 2010	Petrol d.d. 1-6 2009
Salaries	19,374,649	19,330,627	9,224,483	8,599,690
Costs of pension insurance	1,552,535	1,573,896	881,154	817,953
Costs of other insurance	1,737,696	1,738,166	756,168	712,440
Transport allowance	916,446	893,097	290,811	246,550
Meal allowance	658,793	572,332	244,943	211,376
Annual leave allowance	679,730	1,249,639	296,588	496,275
Supplementary pension insurance	412,719	412,028	243,778	226,592
Other allowances and reimbursements	889,398	531,360	474,293	246,088
Total labour costs	**26,221,966**	**26,301,146**	**12,412,218**	**11,556,965**

7. Deprecation and amortisation

(in EUR)	Petrol Group 1-6 2010	Petrol Group 1-6 2009	Petrol d.d. 1-6 2010	Petrol d.d. 1-6 2009
Amortisation of intangible assets	439,220	433,931	315,642	308,464
Depreciation of property, plant and equipment	16,061,642	16,214,581	10,043,245	10,408,568
Depreciation of investment propert	418,479	420,534	434,013	436,620
Total depreciation and amortisation	**16,919,341**	**17,069,046**	**10,792,900**	**11,153,652**

8. Other costs

(in EUR)	Petrol Group 1-6 2010	Petrol Group 1-6 2009	Petrol d.d. 1-6 2010	Petrol d.d. 1-6 2009
Allowance for operating receivables	3,171,954	2,702,932	1,753,178	2,187,073
Sponsorships and donations	724,125	760,512	642,152	709,524
Env. protection charges and charges unrelated to operation	284,238	150,787	100,907	97,925
Loss on sale/elimination of property, plant and equipment	171,789	170,972	99,104	130,629
Other costs	341,864	383,098	48,767	32,282
Total other costs	**4,693,970**	**4,168,301**	**2,644,107**	**3,157,433**

9. Other finance income and expenses

(in EUR)	Petrol Group 1-6 2010	Petrol Group 1-6 2009	Petrol d.d. 1-6 2010	Petrol d.d. 1-6 2009
Foreign exchange differences	6,229,588	21,086,707	4,460,512	18,056,541
Gain on derivatives	25,112,736	19,052,619	25,112,736	19,052,617
Interest income	3,382,342	4,428,844	2,654,034	3,358,185
Other finance income	251,264	156,251	251,212	156,193
Total other finance income	**34,975,930**	**44,724,421**	**32,478,494**	**40,623,535**
Foreign exchange differences	(23,939,687)	(24,441,196)	(22,799,597)	(23,010,026)
Loss on derivatives	(11,332,309)	(23,303,166)	(11,332,308)	(23,213,420)
Interest expenses	(8,394,582)	(10,043,985)	(7,037,072)	(8,859,997)
Impairment of investments and goodwill	0	(20,621,721)	0	(20,621,721)
Other finance expenses	(709,333)	(532,392)	(674,049)	(513,487)
Total other finance expenses	**(44,375,911)**	**(78,942,460)**	**(41,843,027)**	**(76,218,651)**
Net total	(9,399,981)	(34,218,039)	(9,364,533)	(35,595,115)

10. Earnings per share

	The Petrol Group		Petrol d.d.	
	30 June 2010	30 June 2009	30 June 2010	30 June 2009
Net profit or loss (in EUR)	22,380,598	8,714,010	22,359,596	433,930
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
Diluted 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)	**11**	**4**	**11**	**0**

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	248	0	3,066	904,920	908,234
Disposals	(8,059)	(40,801)	(3,066)	0	(51,926)
Transfer from ongoing investments	280,169	708,897	0	(989,065)	0
Translation differences	2,103	14,839	0	1,179	18,121
As at 30 June 2009	**4,599,496**	**9,072,452**	**18,835,789**	**147,694**	**32,655,430**
Accumulated amortisation					
As at 1 January 2009	**(3,138,501)**	**(1,838,781)**	**0**	**0**	**(4,977,282)**
Amortisation	(270,810)	(163,231)	0	0	(434,041)
Disposals	8,059	9,354	0	0	17,413
Translation differences	(711)	(4,135)	0	0	(4,846)
As at 30 June 2009	**(3,401,963)**	**(1,996,793)**	**0**	**0**	**(5,398,755)**
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 June 2009	**1,197,533**	**7,075,659**	**18,835,789**	**147,694**	**27,256,673**

(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**
New acquisitions	0	0	0	274,213	274,213
Disposals	0	(7,195)	0	0	(7,195)
Transfer from ongoing investments	206,990	36,728	0	(243,718)	0
Translation differences	2,795	30,855	0	1,077	34,727
As at 30 June 2010	5,089,148	9,145,482	14,111,306	118,747	28,464,683
Accumulated amortisation					
As at 1 January 2010	**(3,543,320)**	**(2,157,326)**	**0**	**0**	**(5,700,646)**
Amortisation	(259,325)	(179,994)	0	0	(439,319)
Translation differences	(1,479)	(8,868)	0	0	(10,347)
As at 30 June 2010	(3,804,124)	(2,346,188)	0	0	(6,150,312)
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 June 2010	**1,285,025**	**6,799,294**	**14,111,306**	**118,747**	**22,314,370**

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**
	0	0	672,187	672,187
Transfer from ongoing investments	173,582	701,263	(874,845)	0
As at 30 June 2009	4,055,101	4,210,146	0	8,265,247
Accumulated amortisation				
As at 1 January 2009	**(2,814,968)**	**(878,086)**	**0**	**(3,693,054)**
Amortisation	(232,630)	(75,835)	0	(308,465)
As at 30 June 2009	(3,047,598)	(953,921)	0	(4,001,518)
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 June 2009	**1,007,504**	**3,256,226**	**0**	**4,263,729**

(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	217,507	217,507
Transfer from ongoing investments	0	204,180	(204,180)	0
As at 30 June 2010	4,444,557	4,414,326	33,812	8,892,695
Accumulated amortisation				
As at 1 January 2010	**(3,274,895)**	**(1,041,068)**	**0**	**(4,315,963)**
Amortisation	(228,494)	(87,148)	0	(315,642)
As at 30 June 2010	(3,503,389)	(1,128,216)	0	(4,631,605)
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 June 2010	**941,168**	**3,286,110**	**33,812**	**4,261,089**

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 Janury 2009	**171,079,510**	**502,666,179**	**17,837,533**	**146,823,789**	**41,770,729**	**880,177,740**
New acquisitions	2,272,151	0	0	0	25,702,338	27,974,489
Disposals	(95,557)	(1,469,267)	(655,587)	(5,984,295)	(444,043)	(8,648,749)
Transfer from ongoing investments	3,013,137	13,771,844	3,933,993	4,185,329	(24,904,303)	0
Transfer to investment property	(93,055)	(390,185)	0	0	0	(483,240)
Translation differences	345,371	(72,911)	0	139,400	(525,289)	(113,429)
As at 30 June 2009	176,521,560	514,505,660	21,115,939	145,164,223	41,599,432	898,906,814
Accumulated allowance						
As at 1 Janury 2009	**0**	**(206,223,541)**	**(11,508,992)**	**(103,267,739)**	**0**	**(321,000,272)**
Depreciation and amortisation	0	(10,286,920)	(547,639)	(5,519,019)	0	(16,353,578)
Depreciation - impairment	0	37,543	0	1,169	0	38,712
Disposals	0	430,571	1,847	2,811,219	0	3,243,637
Transfer to investment property	0	36,038	0	0	0	36,038
Translation differences	0	151,066	0	(73,258)	0	77,808
As at 30 June 2009	0	(215,855,243)	(12,054,784)	(106,047,628)	0	(333,957,655)
Net carrying amount as at 1 January 2009	**171,079,510**	**296,442,638**	**6,328,541**	**43,556,050**	**41,770,729**	**559,177,468**
Net carrying amount as at 30 June 2009	**176,521,560**	**298,650,417**	**9,061,155**	**39,116,595**	**41,599,432**	**564,949,158**

(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**
Additions	0	0	0	446	16,052,758	16,053,204
Disposals	(1,298,208)	(944,083)	(62,388)	(3,059,483)	(1,105)	(5,365,267)
Transfer from on-going investments	2,795,297	5,496,230	35,915	2,749,338	(11,076,780)	0
Transfer to investment property	0	(3,178)	0	0	0	(3,178)
Transfer from investment property	418	226,906	0	0	0	227,324
Translation differences	762,320	512,364	0	334,386	(794,161)	814,909
As at 30 June 2010	176,204,047	534,753,388	21,927,787	146,736,336	31,945,113	911,566,671
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	(10,315,130)	(659,775)	(5,024,949)	0	(15,999,854)
Depreciation - impairment	0	(69,681)	0	(7,436)	0	(77,117)
Disposals	0	557,388	62,388	2,898,165	0	3,517,941
Transfer to investment property	0	369	0	0	0	369
Transfer from investment property	0	(62,922)	0	0	0	(62,922)
Translation differences	0	91,336	0	(172,552)	0	(81,216)
As at 30 June 2010	0	(234,936,972)	(12,335,043)	(110,515,216)	0	(357,787,231)
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 June 2010	**176,204,047**	**299,816,416**	**9,592,744**	**36,221,118**	**31,945,114**	**553,779,439**

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	4,080,660	4,080,660
Disposals	(60,103)	(1,147,191)	(5,489,720)	(444,047)	(7,141,061)
Transfer from ongoing investments	401,960	7,338,091	3,135,092	(10,875,143)	0
Transfer to investment property	0	(11,850)	0	0	(11,850)
As at 30 June 2009	90,742,215	355,939,073	113,577,773	10,794,225	571,053,286
Accumulated depreciation					
As at 1 January 2009	**0**	**(180,357,052)**	**(92,398,534)**	**0**	**(272,755,586)**
Depreciation and amortisation	0	(7,231,455)	(3,177,112)	0	(10,408,567)
Disposals	0	622,776	2,468,607	0	3,091,383
New acquisitions	0	(269,956)	0	0	(269,956)
As at 30 June 2009	0	(187,235,687)	(93,107,039)	0	(280,342,726)
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 June 2009	**90,742,215**	**168,703,386**	**20,470,734**	**10,794,225**	**290,710,560**

(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	5,108,672	5,108,672
Disposals	(203,972)	(874,292)	(2,796,629)	(62)	(3,874,955)
Transfer from ongoing investments	732,813	3,316,563	2,047,580	(6,096,956)	0
Transfer to investment property	0	(3,178)	0	0	(3,178)
Transfer form investment property	418	226,906	0	0	227,324
As at 30 June 2010	91,033,092	362,585,861	113,844,798	8,367,349	575,831,100
Accumulated depreciation					
As at 1 January 2010	**0**	**(193,510,462)**	**(94,083,893)**	**0**	**(287,594,355)**
Depreciation and amortisation	0	(7,162,641)	(2,880,604)	0	(10,043,245)
Disposals	0	523,231	2,702,940	0	3,226,171
Transfer to investment property	0	369	0	0	369
Transfer from investment property	0	(62,922)	0	0	(62,922)
As at 30 June 2010	0	(200,212,425)	(94,261,557)	0	(294,473,982)
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 June 2010	**91,033,092**	**162,373,436**	**19,583,241**	**8,367,349**	**281,357,119**

13. Investments in subsidiaries

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

	Petrol d.d.	
(In EUR)	**30 June 2010**	**30 June 2009**
Balance at 1 January	213,663,092	208,650,219
New acquisitions	1,671,000	4,690,000
Balance as at 30 June	**215,334,092**	**213,340,219**

14. Investments in jointly controlled entities

	Petrol Group		Petrol d.d.	
(In EUR)	30 June 2010	30 June 2009	30 June 2010	30 June 2009
As at 1 January	15,318,725	16,587,067	61,137,000	56,098,000
Attributed profit	1,204,367	1,345,638	0	0
Dividends received	(3,849,709)	0	0	0
Additions	3,603,776	0	3,603,776	0
As at 30 June	**16,277,159**	**17,932,705**	**64,740,776**	**56,098,000**

15. Investments in associates

	Petrol Group		Petrol d.d.	
(in EUR)	30 June 2010	30 June 2009	30 June 2010	30 June 2009
As at 1 January	121,282,983	128,782,444	155,070,965	170,576,931
Attributed profit/loss	4,649,153	8,664,267	0	0
Dividends received	(587,016)	(77,536)	0	0
New investments	0	941,038	0	941,038
Impairment (effect on the income statement)	0	(20,621,721)	0	(20,621,721)
Net decrease through equity	(223,206)	(348,899)	0	0
As at 30 June	**125,121,914**	**117,339,593**	**155,070,965**	**150,896,248**

16. Available-for-sale financial assets

	Petrol Group		Petrol d.d.	
(in EUR)	30 June 2010	30 June 2009	30 June 2010	30 June 2009
As at 1 January	14,866,548	14,298,513	14,787,505	14,219,470
Enhancement (creation of fair value reserves)	0	271,244	0	271,244
Disposal of investments	(1,481,633)	0	(1,481,633)	0
As at 30 June	**13,384,915**	**14,569,757**	**13,305,872**	**14,490,714**

17. Non-current financial receivables

	Petrol Group		Petrol d.d.	
(in EUR)	30 June 2010	31 Desember 2009	30 June 2010	31 Desember 2009
Financial receivables from companies	3,920,272	670,526	16,776,180	13,614,502
Financial receivables from others	243,612	707,680	3,486,916	707,680
Finance lease receivables	8,406,959	8,420,234	0	0
Total non-current financial receivables	**12,570,843**	**9,798,440**	**20,263,096**	**14,322,182**

18. Non-current operating receivables

	Petrol Group		Petrol d.d.	
(in EUR)	30 June 2010	31 Desember 2009	30 June 2010	31 Desember 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	1,062,078	1,193,272	926,899	1,057,538
Other receivables	80,906	74,567	80,906	74,567
Total non-current operating receivables	**1,142,984**	**1,267,839**	**1,009,153**	**1,133,452**

19. Inventories

(in EUR)	Petrol Group 30 June 2010	 31 December 2009	Petrol d.d. 30 June 2010	 31 December 2009
Inventory of spare parts and raw materials	1,258,412	1,137,526	0	0
Merchandise:	115,672,913	80,866,029	100,995,434	66,763,697
- fuel	*90,494,866*	*56,913,764*	*79,468,895*	*46,523,064*
- other petroleum products	*4,908,230*	*4,777,625*	*4,197,368*	*3,994,504*
- other mercandise	*20,269,817*	*19,174,640*	*17,329,171*	*16,246,129*
			0	
Total inventory	**116,931,325**	**82,003,555**	**100,995,434**	**66,763,697**

20. Short-term financial receivables

(in EUR)	Petrol Group 30 June 2010	 31 December 2010	Petrol d.d. 30 June 2010	 31 December 2010
Loans given	9,499,974	1,324,086	12,560,577	3,445,408
Allowance to loans given	(641,628)	(643,594)	(641,628)	(643,594)
Time deposits with banks (3 months to 1 year)	538,821	480,467	0	0
Interest receivables	61,285	28,678	215,202	175,865
Allowance for interest receivables	(6,927)	(8,415)	(6,927)	(3,019)
Other receivables	10,928	204,840	0	0
Total short-term financial receivables	**9,462,453**	**1,386,062**	**12,127,224**	**2,974,660**

21. Short-term operating receivables

(in EUR)	Petrol Group 30 June 2010	 31 December 2009	Petrol d.d. 30 June 2010	 31 December 2009
Trade receivables	302,329,663	257,049,528	278,524,037	228,276,515
Allowance of trade receivables	(29,810,582)	(28,656,743)	(14,384,554)	(13,363,315)
Operating receivables from state and other institutions	5,586,873	9,030,843	1,848,699	5,647,672
Allowance for receivables from state and other institutions	0	(125,133)	0	0
Operating receivables from interest	2,849,362	2,954,804	2,204,635	2,258,336
Allowance for interest receivables	(1,153,240)	(1,070,332)	(1,056,966)	(964,099)
Receivables from insurance companies	769,383	857,511	712,842	823,151
Other operating receivables	1,660,582	5,014,948	618,524	3,752,387
Allowance for other receivables	0	(917,225)	(590,520)	0
Short-term operating receivables	**282,232,041**	**244,138,201**	**267,876,697**	**226,430,647**

22. Financial assets at fair value through profit or loss

	Skupina Petrol 30. junij 2010	 31. december 2009	Petrol d.d. 30. junij 2010	 31. december 2009
Assets arising from forward contracts	2,219,165	2,767,076	2,219,165	2,767,076
Assets arising from commodity swaps	1,337,035	354,322	1,470,770	362,987
Assets arising from interest rate swaps	95,929	0	95,929	0
Other financial assets	1,239,202	0	1,239,202	0
Total financial assets at fair value through profit or loss	**4,891,331**	**3,121,398**	**5,025,066**	**3,130,062**

23. Advances and other assets

(in EUR)	Petrol Group 30 June 2010	Petrol Group 31 December 2009	Petrol d.d. 30 June 2010	Petrol d.d. 31 December 2009
Advances	2,178,003	1,770,650	845,131	253,839
Deferred expenses of annual leave and other allowance	800,536	0	752,888	0
Prepaid insurance premiums	289,003	570,913	140,687	403,863
Prepaid subscriptions, specialised literature, etc.	243,438	311,067	237,579	308,844
Uninvoiced services and goods	105,869	430,133	105,869	242,172
Other deferred expenses	734,998	482,564	220,109	72,567
Accrued uninvoiced income	160,111	0	1,458,890	0
Total advances and other assets	**4,511,958**	**3,565,327**	**3,761,152**	**1,281,285**

24. Financial liabilities

(in EUR)	Petrol Group 30 June 2010	Petrol Group 31 December 2009	Petrol d.d. 30 June 2010	Petrol d.d. 31 December 2009
Current				
Bank loans	209,082,123	249,178,004	162,652,157	201,387,468
Liabilities to banks arising from interest rate swaps	1,396,776	8,638,201	1,396,776	8,638,201
Liabilities to banks arising from forward transactions	9,445,560	0	9,445,560	0
Finance lease liabilities	763,203	1,707,997	0	0
Other loans and financial liabilities	1,612,935	2,575,135	12,605,610	12,031,157
	222,300,597	**262,099,337**	**186,100,103**	**222,056,826**
Non-current				
Bank loans	205,967,506	180,163,708	189,546,827	163,822,045
Bonds issued	50,081,886	50,092,122	50,081,886	50,092,122
Finance lease liabilities	6,327,470	6,362,851	0	0
	262,376,862	**236,618,681**	**239,628,713**	**213,914,167**
Total financial liabilities	**484,677,459**	**498,718,018**	**425,728,816**	**435,970,993**

25. Short-term operating liabilities

(In EUR)	Petrol Group 30 June 2010	Petrol Group 31 December 2009	Petrol d.d. 30 June 2010	Petrol d.d. 31 December 2009
Trade liabilities	195,179,321	127,903,537	221,417,564	155,300,301
Excise duty liabilities	58,732,522	49,462,741	53,467,715	46,648,569
Value added tax liabilities	15,883,446	17,632,664	13,834,214	16,392,094
Environment pollution charge liabilities	1,815,353	1,469,527	1,756,454	1,416,982
Import duty liabilities	11,087,796	5,784,272	6,741,995	2,392,174
Social security contribution liabilities	518,110	557,147	249,943	245,893
Other liabilities to the state and other state institutions	1,734,549	1,280,530	734,549	1,193,551
Liabilities to employees	4,663,817	5,984,058	2,388,208	3,330,180
Liabilities relating to distribution of profit	11,894,473	398,043	11,894,473	398,043
Liabilities arising from advances and collaterals	555,508	575,364	493,374	457,175
Other liabilities	4,227,337	5,541,560	5,786,849	6,635,628
Total short-term operating and other liabilities	**306,292,232**	**216,589,443**	**318,765,338**	**234,410,590**

26. Other liabilities

	Petrol Group		Petrol d.d.	
(in EUR)	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Accrued costs on sales - Magna Card	2,468,819	0	2,481,690	0
Accrued merchandise deficits	1,729,533	543,165	1,629,495	543,165
Accrued costs of holidays	1,478,806	1,261,434	901,810	657,631
Accrued environment protection costs	1,244,018	1,244,018	1,244,018	1,244,018
Accrued interest for legal action	724,951	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	165,348	131,944	165,348	131,944
Accrued uninvoiced goods expenses	160,699	489,176	160,699	489,176
Accrued costs for concession fee	124,211	114,777	39,662	59,121
Other accrued expenses	2,477,619	994,527	1,833,049	352,183
Deferred default interest income	435,085	416,568	416,568	416,568
Deferred revenues from heating	255,446	276,479	255,446	0
Deferred Magna prepayment card revenue	243,495	392,296	240,267	392,296
Deferred revenue from gas connections	242,556	331,670	197,368	240,910
Deferred revenue from assigned contributions	185,357	164,508	71,919	65,450
Other deferred revenues	532,539	341,180	712,615	239,186
Total other liabilities	**12,818,743**	**7,879,120**	**11,285,317**	**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 and internal controls.

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 June 2010:

	Petrol Group		Petrol d.d.	
(in EUR)	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Available-for-sale financial assets	13,384,915	14,866,548	13,305,872	14,787,505
Non-current financial receivables	12,570,843	9,798,440	20,263,096	14,322,182
Non-current operating receivable	1,142,984	1,267,839	1,009,153	1,133,452
Current financial receivables	9,462,453	1,386,062	12,127,224	2,974,660
Current operating receivable	282,232,041	244,138,201	267,876,697	226,430,647
Cash and cash equivalents	12,355,120	7,789,488	5,856,216	6,909,640
Financial assets at fair value through profit or los	4,891,331	3,121,398	5,025,066	3,130,062
Total assets	**336,039,687**	**282,367,976**	**325,463,324**	**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)	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)	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	224,858,893	30,000,618	9,961,940	3,711,604	33,796,607	**302,329,663**
- allowances for trade receivables	(8,220,107)	(2,603)	0	(1,779,244)	(19,808,628)	**(29,810,582)**
Operating receivables from state and other institution	5,297,889	288,984	0	0	0	**5,586,873**
- allowances for interest receivables	604,352	248,092	128,865	316,170	1,551,883	**2,849,362**
Other receivables	0	0	0	(97,522)	(1,055,718)	**(1,153,240)**
- adjustment to value	2,079,919	268,626	42	0	81,378	**2,429,965**
Balance as at 30 June 2010	224,620,946	30,803,717	10,090,847	2,151,008	14,565,522	**282,232,041**

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

(in EUR)	not yet due	up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	more than 90 days overdue	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)	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	199,164,450	30,836,621	13,488,062	3,362,936	31,671,969	**278,524,038**
- allowances for trade receivables	0	0	0	(1,584,129)	(13,390,945)	**(14,975,074)**
Interest receivables	255,356	126,788	160,329	91,073	1,571,088	**2,204,634**
- allowances for interest receivables	0	0	0	(91,073)	(965,893)	**(1,056,966)**
Other receivables	3,180,065	0	0	0	0	**3,180,065**
Balance as at 30 June 2010	202,599,871	30,963,409	13,648,391	1,778,807	18,886,219	**267,876,697**

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	(23,463)	258	**(23,205)**
As at 31 December 2009	**(29,699,103)**	**(1,070,330)**	**(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)**
Changes in allowances affecting profit or loss	(2,747,342)	(25,114)	**(2,772,456)**
Changes in allowances not affecting profit or loss	0	(3,230)	**(3,230)**
Write-downs of receivables subject to allowances	2,805,246	(56,096)	**2,749,150**
Foreign exchange differences	(169,383)	1,529	**(167,854)**
As at 30 June 2010	**(29,810,582)**	**(1,153,240)**	**(30,963,822)**

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)	Current operating receivables	Current interest receivables	Total
As at 1 January 2010	(13,363,315)	(964,099)	**(14,327,414)**
Changes in allowances affecting profit or loss	(1,642,029)	(92,867)	**(1,734,896)**
Write-downs of receivables subject to allowances	30,270	0	**30,270**
As at 30 June 2010	**(14,975,074)**	**(1,056,966)**	**(16,032,040)**

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

	Petrol Group		Petrol d.d.	
In days	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Days sales outstanding				
Contract day	40	38	42	40
Overdue receivables in days	21	24	18	21
Total receivables	61	61	60	60

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 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	262,376,862	0	0	254,568,127	7,808,735
Non-current operating liabilities	1,472,582	0	0	50,000	1,422,582
Current financial liabilities	222,300,597	165,407,603	56,892,994	0	0
Current operating and other liabilities	306,292,232	299,740,207	6,552,025	0	0
Total	**792,442,273**	**465,147,810**	**63,445,019**	**254,618,127**	**9,231,317**

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	239,628,713	0	0	236,722,710	2,906,003
Non-current operating liabilities	1,149,934	0	0	0	1,149,934
Current financial liabilities	186,100,103	129,772,467	56,327,636	0	0
Current operating and other liabilities	318,765,338	316,985,136	1,780,202	0	0
Total	**745,644,088**	**446,757,603**	**58,107,838**	**236,722,710**	**4,055,937**

The Group/Company transferred EUR 61,985,794 in loans received from long-term liabilities to short-term liabilities because of non-fulfillment of financial obligations as at 31 December 2009. The Group/Company estimates that thanks to its still strong financial position and liquid operations banks will not take advantage of the contractual clause and call in the loans. The expectations proved to be realistic, which enabled the Group/Company to reclassify as at 30 June 2010 EUR 32,370,410 from short term, back to long-term financial debt. At the moment the Group /Company is renegotiating the remaining EUR 29,615,384.

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 June 2010**	**31 December 2009**	**30 June 2010**	**31 December 2009**
Non-current financial liabilities	*262,376,862*	*236,618,681*	*239,628,713*	*213,914,167*
Short-term financial liabilities	*222,300,597*	*262,099,337*	*186,100,103*	*222,056,826*
Total financial liabilities	484,677,459	498,718,018	425,728,815	435,970,993
Total equity	392,681,318	381,540,112	403,232,743	393,458,540
Debt/equity	1.23	1.31	1.06	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 June 2010		31 December 2009		30 June 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								
Financial receivables	22,033,296	22,033,296	11,184,502	11,184,502	32,390,321	32,390,321	17,296,842	17,296,842
Operating receivables	283,375,025	283,375,025	245,406,040	245,406,040	268,885,850	267,876,697	227,564,099	227,564,099
Cash	12,355,120	12,355,120	7,789,488	7,789,488	5,856,216	5,856,216	6,909,640	6,909,640
Total non-derivative financial	**331,148,356**	**331,148,356**	**279,246,578**	**279,246,578**	**320,438,259**	**319,429,106**	**266,558,086**	**266,558,086**
Total non-derivative financial liabilities at amortised cost								
Bank loans and other financial	(473,835,123)	(477,585,123)	(490,079,817)	(494,196,582)	(414,886,480)	(418,636,480)	(427,332,792)	(431,449,657)
Operating liabilities	(307,764,814)	(307,764,814)	(218,062,025)	(218,062,025)	(319,915,272)	(319,915,272)	(235,560,524)	(235,560,524)
Total non-derivative financial liabilities	**(781,599,937)**	**(785,349,937)**	**(708,141,842)**	**(712,258,607)**	**(734,801,752)**	**(738,551,752)**	**(662,893,316)**	**(667,010,181)**
Derivative financial at fair value								
Derivative financial instruments (assets)	3,652,129	3,652,129	3,121,398	3,121,398	3,652,129	3,652,129	3,130,062	3,130,062
Derivative financial instruments (liabilities)	(10,842,336)	(10,842,336)	(8,638,201)	(8,638,201)	(10,842,336)	(10,842,336)	(8,638,201)	(8,638,201)
Total derivative financial instruments	**(7,190,207)**	**(7,190,207)**	**(5,516,803)**	**(5,516,803)**	**(7,190,207)**	**(7,190,207)**	**(5,508,139)**	**(5,508,139)**

27.8 Related party transactions

	The Petrol Group		Petrol d.d.	
(in EUR)	1-6 2010	1-6 2009	1-6 2010	1-6 2009
Sales revenues:				
Subsidiaries	0	0	91,169,724	52,551,509
Jointly controlled entities	2,794,358	908,392	2,746,242	894,347
Associates	4,648,366	1,402,877	4,575,031	1,283,236
Cost of merchandise sold:				
Subsidiaries	0	0	407,640,349	330,232,499
Jointly controlled entities	144,069	207,830	144,069	207,830
Associates	27,410,041	25,017,000	9,159,943	3,408,991
Selling costs:				
Subsidiaries	0	0	9,936,449	11,132,203
Jointly controlled entities	3,584,754	3,579,573	3,584,754	3,579,573
Associates	40,150	96,403	38,015	56,908
General and administrative costs:				
Subsidiaries	0	0	17,371	12,394
Jointly controlled entities	1,350	600	0	0
Associates	3,063	3,725	2,575	3,107
Financial revenues arising from interests in group companies:				
Subsidiaries	0	0	5,617,065	5,587,468
Jointly controlled entities	1,539,689	1,373,883	3,849,709	0
Associates	4,672,457	8,705,003	587,016	77,536
Financialexpenses arising from interests in group companies:				
Subsidiaries	0	0	0	0
Jointly controlled entities	335,322	28,245	0	0
Associates	23,303	40,736	0	0
Financial revenues s from interests:				
Subsidiaries	0	0	712,494	485,809
Jointly controlled entities	59,708	0	0	0
Associates	7,499	14,254	7,499	14,254
Financial expenses for interest				
Subsidiaries	0	0	293,375	919,445
Jointly controlled entities	28,671	28,633	28,671	28,633
Associates	1,279	19,203	1,279	19,203

(in EUR)	The Petrol Group 30 June 2010	The Petrol Group 31 December 2009	Petrol d.d. 30 June 2010	Petrol d.d. 31 December 2009
Investments:				
Subsidiaries	0	0	215,334,092	213,340,219
Jointly controlled entities	16,277,159	17,932,705	64,740,776	56,097,999
Associates	125,121,914	117,339,593	155,070,965	150,896,247
Non-current financial receivables:				
Subsidiaries	0	0	16,534,387	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	0	0	1,347	1,347
Current operating receivables:				
Subsidiaries	0	0	66,134,654	29,363,290
Jointly controlled entities	1,434,501	734,603	1,393,196	733,183
Associates	3,432,329	332,598	3,431,468	321,910
Current financial receivables:				
Subsidiaries	0	0	3,724,299	960,371
Jointly controlled entities	147,467	183,298	0	0
Associates	3,758	6,555	3,758	6,555
Short-term deposits (up to 3 months)				
Subsidiaries	0	0	0	0
Current financial liabilities:				
Subsidiaries	0	0	10,992,670	12,500,481
Jointly controlled entities	1,480,713	1,297,876	1,480,713	1,297,876
Associates	0	934,597	0	934,597
Current operating liabilities:				
Subsidiaries	0	0	135,295,537	84,941,408
Jointly controlled entities	778,085	710,713	776,262	710,713
Associates	3,403,826	2,509,132	1,917,621	1,212,567

28. Contingent liabilities

Contingent liabilities for guarantees issued

Maximum contingent liabilities for guarantees issued stood at EUR 419,741,104 as at 30 June 2010 and were as follows:

(in EUR)	Petrol d.d. 30 June 2010	Petrol d.d. 31 December 2009	Petrol d.d. 30 June 2010	Petrol d.d. 31 December 2009
Guarantee issued to:	**Value of guarantee issued**		**Guarantee amount used**	
Cypet-Trade Ltd	169,024,594	164,069,047	97,827,450	58,931,897
Petrol - Bonus d.o.o.	154,500,000	154,500,000	0	0
Petrol-Trade G.m.b.H.	22,599,033	51,987,237	4,194,760	1,847,606
Euro - Petrol d.o.o.	25,941,196	27,599,279	19,061,108	13,436,360
Petrol Hrvatska d.o.o.	22,131,967	15,748,228	11,549,402	7,110,514
Bio goriva d.o.o.	5,406,000	5,406,000	636,000	636,000
Petrol Energetika d.o.o.	4,960,000	2,160,006	0	0
Petrol BH Oil Company d.o.o.	8,800,000	1,800,000	6,135,693	1,410,870
Aquasystems d.o.o.	911,309	911,309	911,309	911,309
Rodgas AD	300,000	300,000	150,000	200,000
Petrol Tehnologija d.o.o.	50,000	50,000	24,238	0
Petrol d.o.o., Beograd	5,117,004	0	3,333,333	0
Total	**419,741,104**	**424,531,106**	**143,823,293**	**84,484,556**
Other guarantees	5,117,868	4,250,427	5,117,868	4,250,427
Bills of exchange issued as security	20,694,502	17,294,206	20,694,502	17,294,206
Total contingent liabilities for guarantees issued	**445,553,474**	**446,075,739**	**169,635,662**	**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 half of 2010.

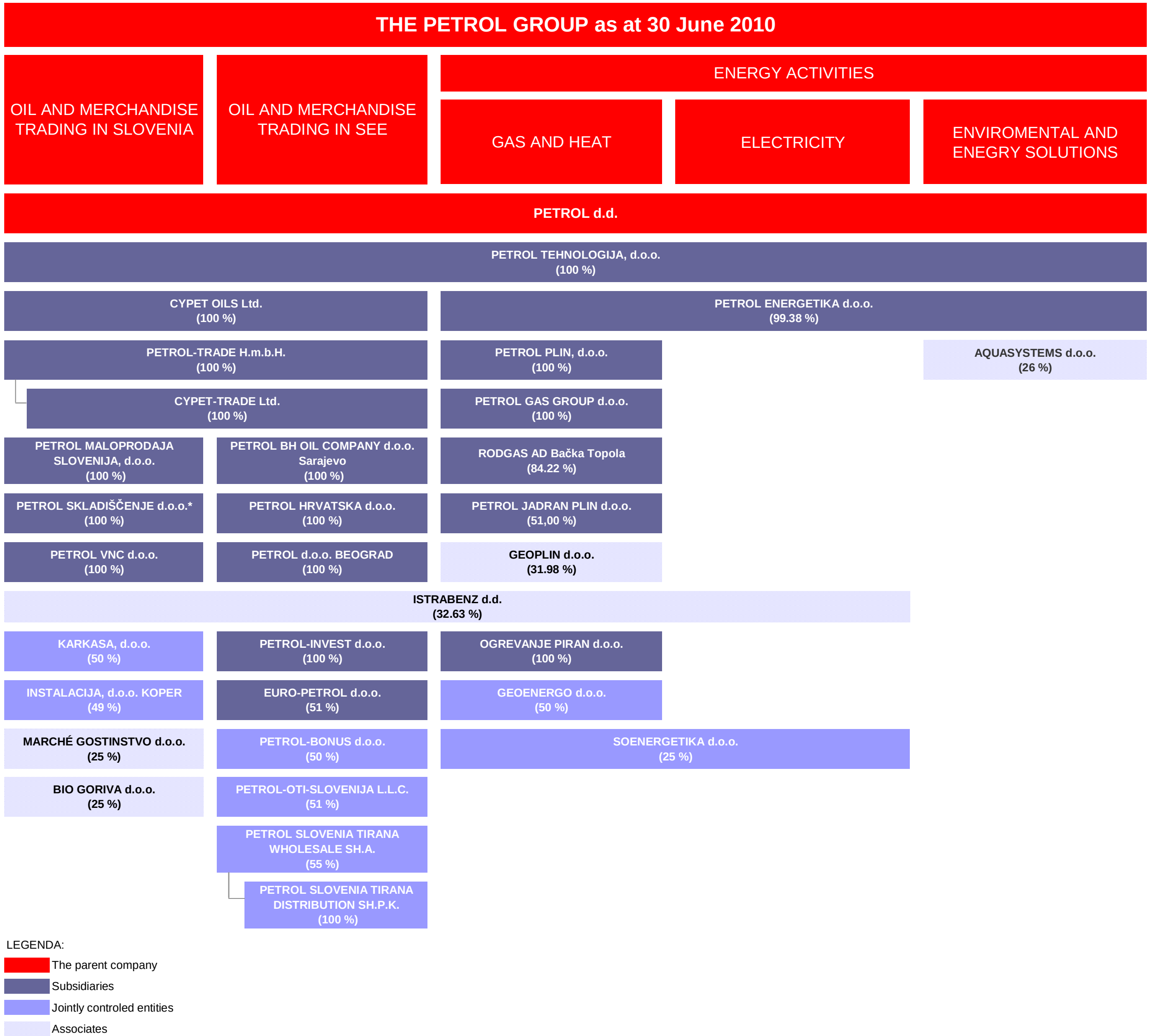
Off-balance-sheet assets and liabilities to D.S.U. d.o.o.

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.

29. Subsequent events

There were no events after the reporting date that would significantly affect the financial statements for the first half 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.