ANNUAL REPORT 2012

PETROL

Energy for life

Petrol, Slovenska energetska družba, d.d.
Dunajska c. 50, 1527 Ljubljana
Phone: +386 1 47 14 232
Fax: +386 1 47 14 660
www.petrol.si

Published by: Petrol d.d.
Content and graphic design: Studio Marketing JWT
Editing and production: Studio Marketing JWT
Photos: Primož Korošec, Petrol d.d. archive.

February 2013

ANNUAL REPORT OF THE PETROL GROUP AND PETROL D.D., LJUBLJANA 2012

[Statement of the Management]

Pursuant to Article 60a of the Companies Act, members of the Management Board and Supervisory Board of Petrol d.d., Ljubljana represent that the Annual Report of the Petrol Group and Petrol d.d., Ljubljana for the year 2012, including the corporate governance statement, has been prepared and published in accordance with the Companies Act, Financial Instruments Market Act and International Financial Reporting Standards.

As provided in Article 110 of the Financial Instruments Market Act, members of the Management Board of Petrol d.d., Ljubljana, which comprises Tomaž Berločnik, President of the Management Board, Rok Vodnik, Member of the Management Board, Janez Živko, Member of the Management Board, and Samo Gerdin, Member of the Management Board/Worker Director, declare that to the best of their knowledge and belief:

- the financial report of the Petrol Group and Petrol d.d., Ljubljana for the year 2012 has been drawn up in accordance with International Financial Reporting Standards and gives a true and fair view of the assets and liabilities, financial position, financial performance and comprehensive income of the company Petrol d.d., Ljubljana and other companies included in the consolidation as a whole;
- the business report of the Petrol Group and Petrol d.d., Ljubljana for the year 2012 gives a fair view of the development and results of the Company's operations and its financial position, including the description of material risks that the company Petrol d.d., Ljubljana and other companies included in the consolidation are exposed to as a whole.

Ljubljana, 18 February 2013

Rok Vodnik
Member of the
Management Board

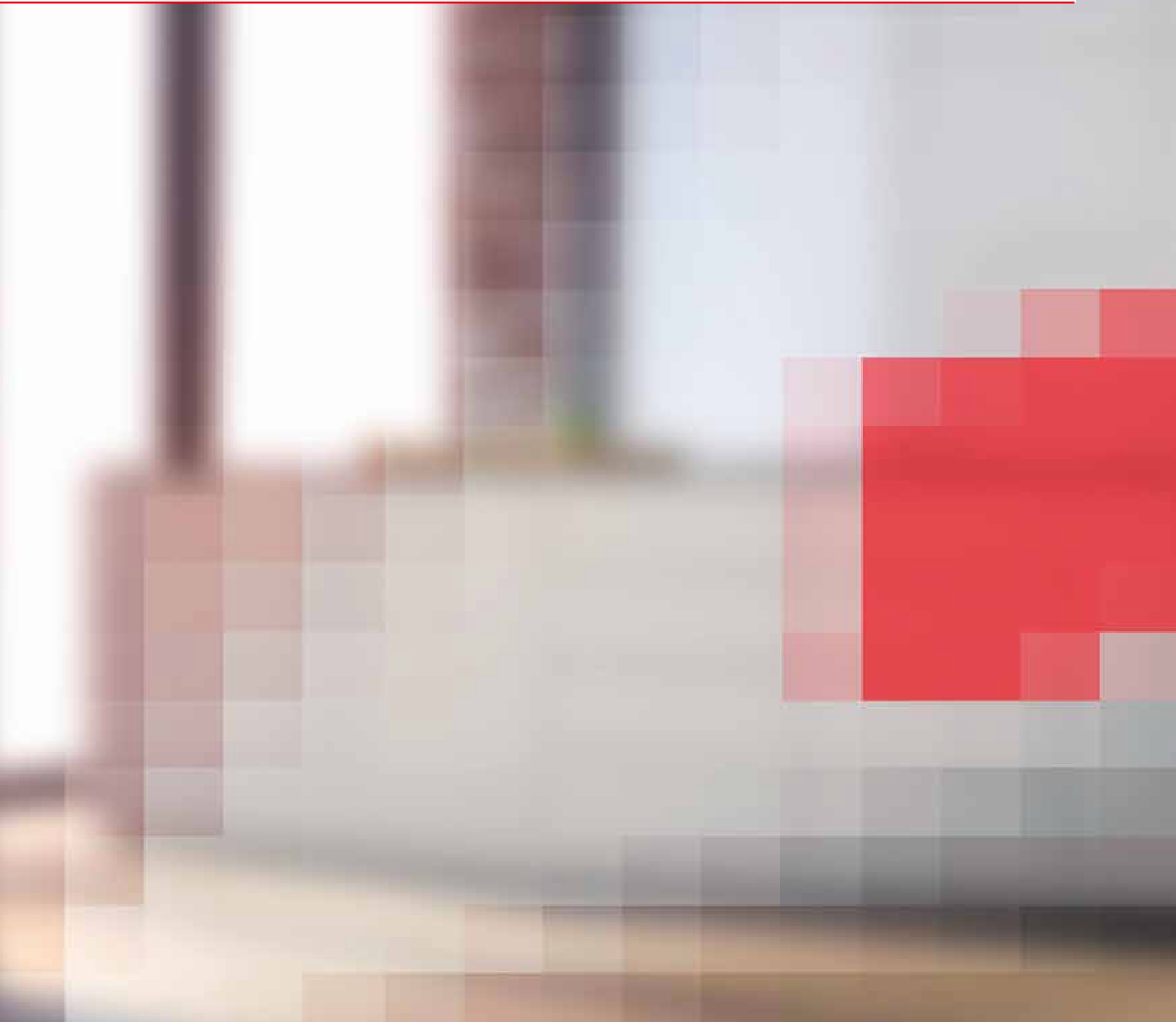
Tomaž Berločnik
President of the
Management Board

Janez Živko
Member of the
Management Board

Samo Gerdin
Member of the Management
Board/Worker Director

[Contens]

BUSINESS REPORT
2012



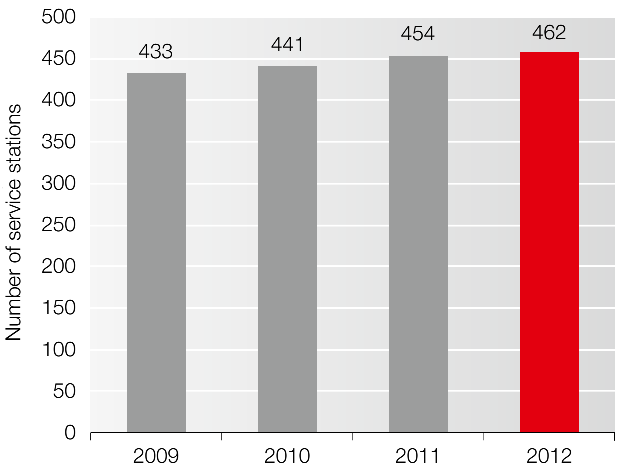

I went to
Petrol for
milk and
bread rolls ;)

[Business highlights of 2012]

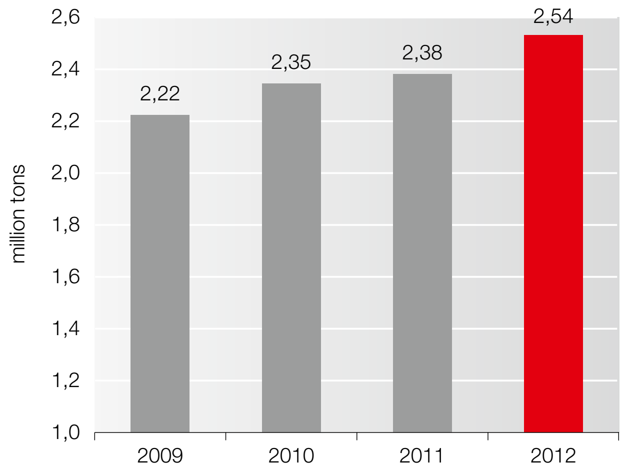
THE PETROL GROUP	UM	Results 2012	Results 2011	Index 2012 / 2011
Net sales	EUR million	3,754.0	3,270.4	115
Gross profit	EUR million	328.3	325.7	101
Operating profit	EUR million	84.9	81.0	105
Net profit	EUR million	53.9	52.3	103
Equity	EUR million	433.7	441.6	98
Total assets	EUR million	1,571.5	1,537.0	102
EBITDA[1]	EUR million	123.0	115.6	106
EBITDA / Average fixed assets	%	15.4	16.5	93
EBITDA / Gross profit	%	37.5	35.5	105
Operating costs / Gross profit	%	76.8	77.2	100
Net debt / Equity[2]		1.34	1.25	108
Earnings per share[3]	EUR	26.2	25.4	103
Share price as at period end		236.4	155.1	152
Volume of petroleum products sold	million tons	2.5	2.4	107
Volume of liquefied petroleum gas sold	thousand tons	63.5	56.4	113
Volume of natural gas sold	million m^3	128.8	114.1	113
Electricity sold	TWh	2.4	1.1	225
Revenue from the sale of merchandise	EUR million	472.2	441.7	107
Investments in fixed assets	EUR million	117.4	82.1	143
Number of service stations as at period end		462	454	102
Number of employees (including at third-party managed service stations) as at period end		3,818	3,897	98

[1] EBITDA = Operating profit + Depreciation and amortisation net of depreciation of environmental fixed assets
[2] Net debt / Equity = (Non-current and current financial liabilities – Cash and cash equivalents) / Equity
[3] Earnings per share = Net profit for the year attributable to owners of the controlling company / Weighted average number of ordinary shares issued. excluding own shares

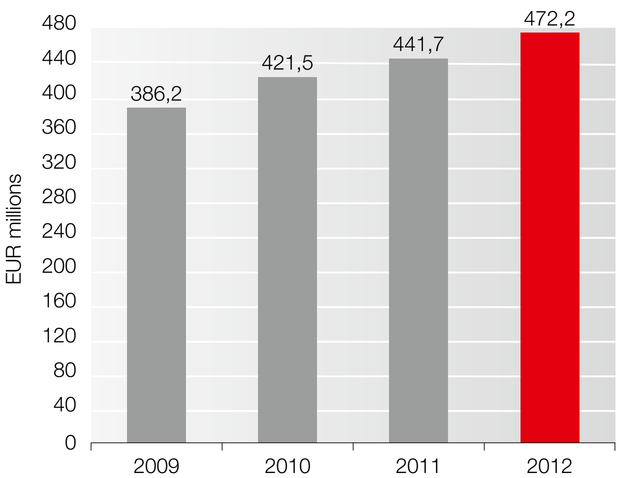
Number of service stations



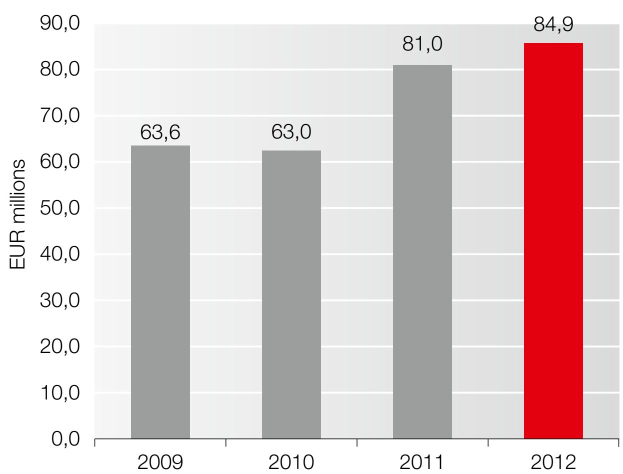
Volume of petroleum products sold



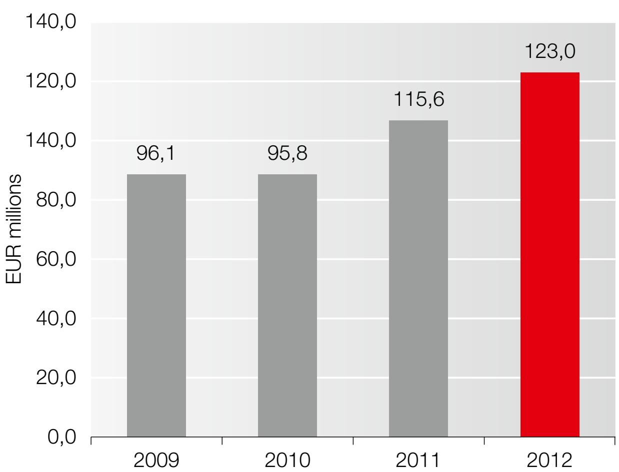
Revenue from the sale of merchandise



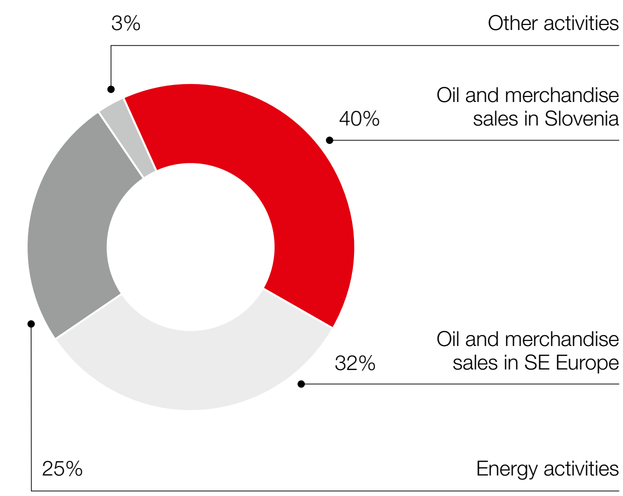
Operating profit



EBITDA



Structure of the Petrol Group's investments 2012



[Statement from the President of the Management Board]

Dear shareholders, business partners and co-workers!

We can proudly say that the Petrol Group operated successfully in 2012. The year 2012 was definitely a year of tests. Our decisions, actions and capacities were all put to the test. The global economy continued to face great challenges. As one of the most important industries, energy is decisively influenced by the political and economic situation. The markets in which the Petrol Group operates recorded a slowdown in economic activity and were faced with the resulting instability. In Slovenia and Croatia, Petrol's biggest sales markets, we witnessed a significant drop in economic activity, a decline in private consumption and a rise in unemployment, especially in the last quarter of 2012. In spite of the unfavourable macroeconomic situation the Petrol Group operated successfully in 2012. The tough operating conditions required us to respond daily to business challenges, which brought good results and financial stability.

In 2012 the sales revenue of the Petrol Group totalled EUR 3.8 billion or 15 percent more than in 2011, and its gross profit was EUR 328.3 million, up 1 percent over 2011. Operating profit stood at EUR 84.9 million, having grown by 5 percent from 2011. Pre-tax profit amounted to EUR 68.0 million or 24 percent more than in 2011, while net profit totalled EUR 53.9 million, up 3 percent from 2011.

A stable dividend policy supporting the long-term maximisation of shareholder returns is one of the main business commitments of the Petrol Group. In 2012 a dividend of EUR 8.25 per share was paid for the 2011 financial year.

The Petrol Group is the main supplier of petroleum products in Slovenia and its role in the comprehensive energy supply is growing. It also has an increasingly important role in energy supply in the markets of SE Europe. We are aware that the strained economic situation in the region requires us to expand operations to other markets. In 2012 no less than 14 percent of the total volume of sales of petroleum products was accounted for by EU member states.

In 2012 the volume of petroleum products sold by the Petrol Group totalled EUR 2.54 million tons, up 7 percent from 2011. In 2012 we launched a new fuel brand Q Max, which ranks among top quality fuels and has been developed in-house. The sale of merchandise generated EUR 472 million in revenue, considerably exceeding the 2011 figure. Petrol's retail network at the end of 2012 already included 462 service stations, which are more than just a service point for cars since customers with an ever faster pace of life may buy there other goods and services, from food to tickets to various events, as well as make payments via money-order forms. The well-established wholesale network greatly contributed to our sales results in these difficult economic conditions.

In 2012 special attention was paid to consolidating operations in the Croatian and Montenegrin markets. The operations of the companies Petrol Hrvatska d.o.o. and Euro – Petrol d.o.o. were merged into Petrol d.o.o., which thus became the second largest petroleum product trader in the Croatian market. The operations of the companies Petrol Jadranplin d.o.o. and Petrol-Butan d.o.o. were merged into Petrol Plin d.o.o., which has further consolidated its position as the second largest supplier of liquefied petroleum gas in Croatia. Since mid-2012, the Petrol Group has been operating in Montenegro independently via the company Petrol Crna gora MNE d.o.o. The mergers in these markets will enable us to improve the business results through economies of scale and improved cost-effectiveness.

Efficient procurement and logistics are important competitive advantages of Petrol and a guarantee of uninterrupted and timely supply. By acquiring the remaining interest in Instalacija d.o.o., which owns a petroleum products storage facility in Sermin, Petrol greatly increased the safety and reliability of its supply chain for fuel in Slovenia and the wider region, while at the same time enabling the development and boosting of trading activity in petroleum products in the neighbouring markets.

The Petrol Group is aware that comprehensive energy supply is one of the key factors of long-term growth. In 2012 the volume of natural gas sold by the Petrol Group totalled 128.8 million m^3, up 13 percent from 2011. By acquiring a majority interest in Beogas Invest d.o.o., the Petrol Group gained a company for natural gas distribution in three municipalities in Belgrade.

We were very successful in electricity sales, having exceeded the 2011 sales by more than 120 percent, as we sold 2.4 TWh of electricity. We continued the projects for the efficient energy consumption, district heating by means of wood biomass, efficient lighting, water supply systems and energy management in buildings.

The strategic business plan for 2012–2016 formulated in 2012 specifies the main guidelines of our activity that will enable us to achieve long-term growth and development. In spite of the still demanding and insecure economic situation we set ambitious goals for 2013. In order to achieve them, we paid special attention to the streamlining of our commercial and support business processes.

We are looking at the new business year with optimism. We are committed to it by our 4,000 or so employees who prove every day they are up to the challenges arising from our operations in demanding economic conditions. It is crucial for the company's success that its employees are devoted to work, but that is impossible without a creative working environment and good relations. The organisational climate measurement results, the best ever in 2012, prove that we are on the right track.

Being a socially responsible company, Petrol is aware that caring for the society and the environment is especially important in socially and economically turbulent times. It proves its social responsibility by supporting numerous sports, cultural, humanitarian and environmental protection projects. In 2012 we again supported the blood donation initiative and for the second year in a row organised the humanitarian campaign "Our Energy Connects", in the scope of which we allocated the funds earmarked for business presents to people in need of help all over Slovenia.

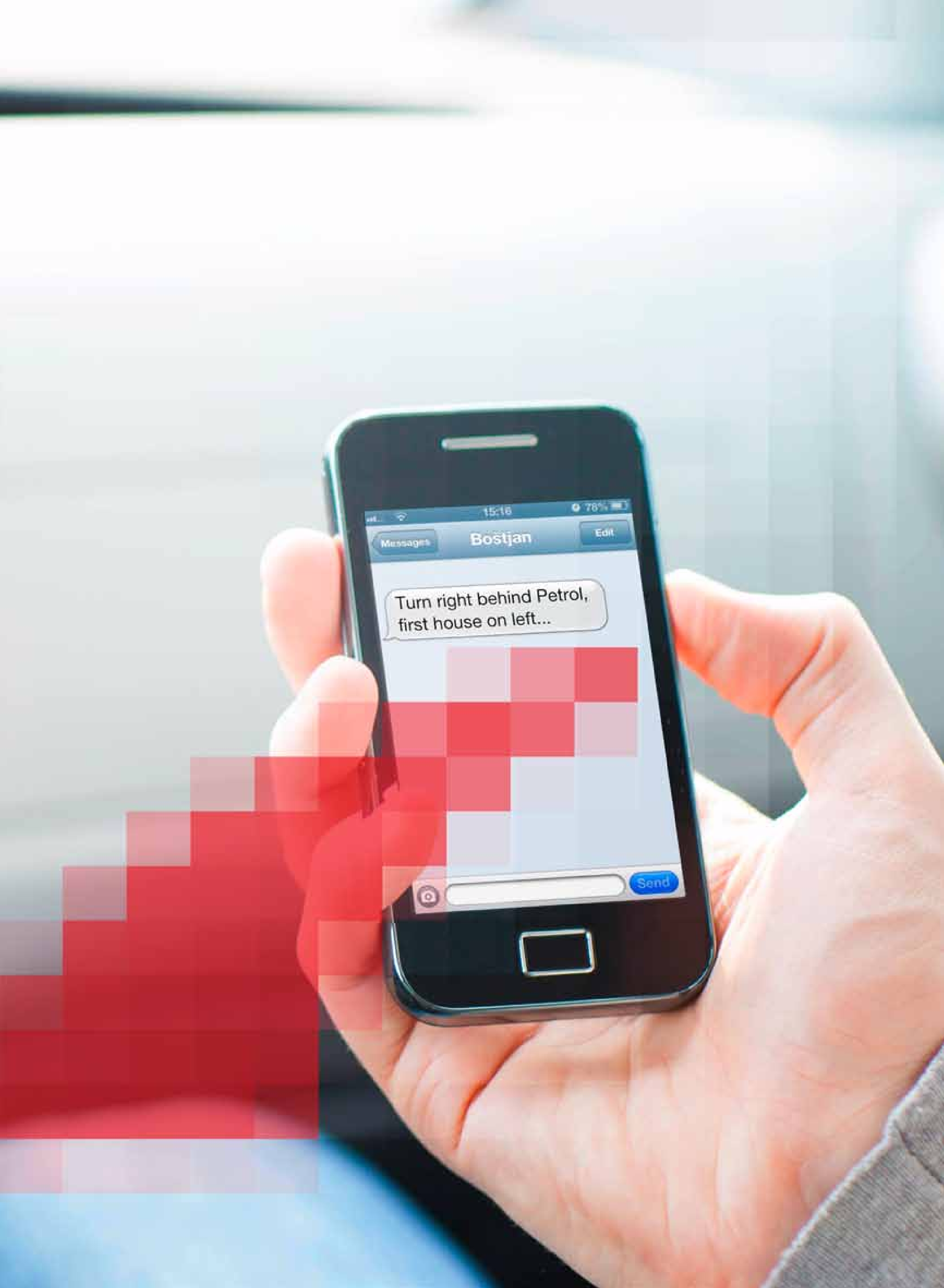
The good and open mutual relations that we build are the foundation of mutual respect of all partners. I believe that only partnership and trust allow us to realise our mission and at the same time achieve business excellence and success. The results and the progress accomplished in 2012 are the outcome of all of our team work and cooperation.

I would like to thank all Petrol staff for their assiduous and responsible achievement of the goals. And I thank the customers, shareholders and other stakeholders for their long-standing trust in Petrol. I am convinced that our innovativeness, high level of business adaptability and responsiveness, and the ability to make the right decisions, will provide the basis for the future successful growth of the Petrol Group.

Stay with us on this path.

Tomaž Berločnik, MSc
President of the Management Board

OPERATIONS IN 2012


15:16
78%
Messages
Boštjan
Edit
Turn right behind Petrol, first house on left...
Send

[Strategic business plan 2012–2016]

The strategic business plan is a fundamental corporate document defining the business future of the Petrol Group in the period 2012-2016 based on its mission, vision, values, goals and strategies.

Mission

At Petrol we ensure a reliable, economical and environmentally friendly supply to our customers in Slovenia and Southeast Europe, providing them with a comprehensive range of energy and environmental products and services. Thanks to our broad network of service stations, drivers are offered everything they need for a safe and comfortable journey. We make sure that businesses and local communities have a full range of energy supply at their disposal, and provide households with all the energy they need for their home – at their home.

Vision

To become a leader in quality and development of comprehensive energy supply and the convenience model for service stations in Southeast Europe with an above-average customer-satisfaction rate.

Values

- **Respect:** Respecting fellow human beings and the environment.
- **Trust:** Building partnerships through fairness.
- **Excellence:** Aiming to be the best at what we do.
- **Creativity:** Making progress through own ideas.
- **Courage:** Working with enthusiasm and heart.

At Petrol we feel a strong sense of responsibility towards our employees, customers, suppliers, business partners, shareholders and the society as a whole. We meet their expectations with the help of motivated and business-oriented employees, we adhere to the fundamental legal and moral standards of the Slovene society and the more general European standards, and we protect the environment.

The Petrol Group will pursue its mission in its core areas of business:

1. Oil and merchandise sales in Slovenia
2. Oil and merchandise sales in Southeast Europe
3. Energy activities, comprising the sale and distribution of natural and liquefied petroleum gas, heat, electricity and energy and environmental solutions

Petrol will do business in Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro and Kosovo, and in EU member states (Austria, Italy, Hungary, etc.).

Main strategic orientations for the Petrol Group's development:

1. Ensuring growth
2. Increasing operating profitability and boosting added value per employee

Through a well considered investment policy we will secure a greater return on assets and focus on ensuring the Group's financial stability. Our operations are geared at quality and business excellence.

The strategic goals of the Petrol Group for the period up to 2016 are as follows:

- Net sales revenue of EUR 4.6 billion
- EBITDA of EUR 177 million
- Net profit of EUR 91 million
- Total investments in fixed assets in the period 2012–2016 of EUR 405 million
- 2.8 million tons of petroleum products sold
- Natural gas sales of 152 million m^3
- Electricity sales of 5.0 TWh
- Revenue from the sale of merchandise of EUR 508 million and
- 527 service stations as at period end

By achieving the goals set we will strengthen the long-term financial stability of the Petrol Group. A shareholder policy that is based on a long-term maximisation of returns for shareholders is one of the cornerstones of Petrol's development strategy. With a stable dividend policy we will ensure a balanced dividend

yield for shareholders and the use of free cash flows to finance the Group's investment plans. This will allow for the long-term growth and development of the Petrol Group, maximising its value for the owners.

Plan for 2013

The Petrol Group operates in both international and domestic competitive business environment, its business being subject to a number of factors such as, most importantly, changes in oil market prices, changes in the US dollar exchange rate and overall global economic conditions. Business conditions in the countries where Petrol operates are further influenced by measures taken by governments to regulate prices and the energy market as well as by the overall economic situation (economic growth, price growth rates, increase in consumption and production).

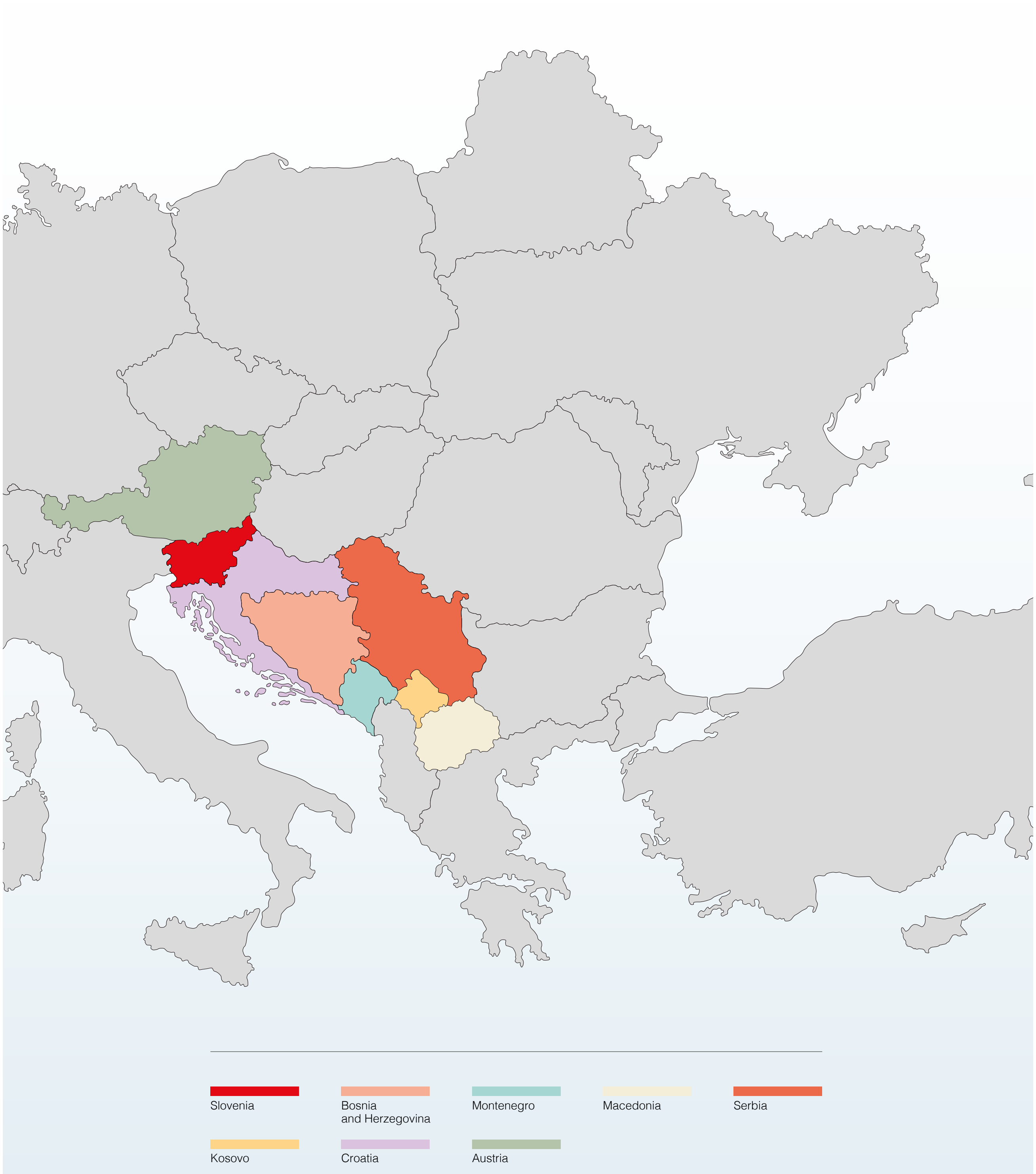
In 2012 global economic developments were still marked by the economic and financial crisis, which began at the end of 2008. Euro area countries are beset by serious debt problems of some member states, which adversely affects the euro area as a whole. In Slovenia and Croatia, Petrol's biggest sales markets, the economic situation is projected to further deteriorate in 2013.

Despite the persistence of the difficult and uncertain economic situation, the Petrol Group has set itself ambitious goals for 2013. In order to achieve them, the Group will pay particular attention to the streamlining of operational and supporting business processes in 2013.

Main business goals of the Petrol Group in 2013:

- Net sales revenue of EUR 4.04 billion;
- Net profit of EUR 58.2 million;
- 2.58 million tons of petroleum products sold;
- Revenue from the sale of merchandise of EUR 500.4 million;
- Electricity sales of 2.82 TWh;
- Retail network comprised of 477 service stations.

[Petrol Group in the Region]



[The management and governance system]

Corporate governance of Petrol d.d., Ljubljana – legal compliance and the corporate governance system

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

1. Reference to the applicable Corporate Governance Code

In the period 1 January 2012 to 31 December 2012, the Company was subject to the Corporate Governance Code as jointly drawn up and adopted by the Ljubljana Stock Exchange, the Slovene Directors' Association and the Managers' Association of Slovenia. The Code in its revised wording was adopted on 8 December 2009 and entered into force on 1 January 2010. It is available both in Slovene and English from the website of the Ljubljana Stock exchange http://www.ljse.si/.

The Company has not adopted a corporate governance code of its own. It is managed in accordance with the Companies Act and within the framework of the above Code. In compliance with the Code's recommendations, the Supervisory Board and the Management Board jointly drew up and, at the Supervisory Board meeting of 23 November 2010, adopted the Corporate Governance Policy of Petrol d.d., Ljubljana, which was published via the Ljubljana Stock Exchange information system – SEOnet (http://seonet.ljse.si/default_en.aspx?doc=PUBLIC_ANNOUNCEMENTS_BY_PRIME_MARKET_ISSUERS&doc_id=43359) on 28 December 2010 and can also be downloaded in Slovene and in English from the Company's website www.petrol.si. At the Supervisory Board meeting of 13 December 2012, the Management Board and the Supervisory Board reexamined the policy's contents and established it is still in line with current corporate governance guidelines and does not need to be updated.

Declaration of compliance with the Code

The Company respects the Code, both its guiding principles and specific recommendations, when conducting its operations. Significant deviations from the Code are listed and explained as follows:

- The Articles of Association do not mention objectives other than maximising shareholder value, but such objectives may be specified as part of changes, if any, to the Company's fundamental legal act.
- Independence statements of Supervisory Board members shall not be published on the Company's website, in accordance with a Supervisory Board decision.
- Due to a high degree of data confidentiality, the use of information technology to convene meetings and distribute Supervisory Board documents is not yet possible, but it will be introduced as soon as all members of the Supervisory Board and its committees are equipped with sufficiently secure connections and protocols to prevent unauthorised access to documents.
- The Supervisory Board did not specify the term of the committees (they are composed of Supervisory Board members, except for an external member of the audit committee). The terms of office of committee members who are also Supervisory Board members end when their post of Supervisory Board member expires or when they are relieved of their duties.
- As of 1 January 2012, and as laid down in their employment contracts, legal representatives of the Company are entitled to severance payments that may exceed the fixed portion of their annual remuneration when relieved of their duties on business grounds (no-fault dismissal).
- The Company does not disclose in its annual report the positions held by Management Board members and Supervisory Board members in the management and supervisory bodies of unrelated companies since the members concerned notify the Supervisory Board of any potential breaches of competition prohibition or instances of dependence.
- The Company has not drawn up an internal act or rules that would lay down additional rules on trading limitations in addition to legal provisions and regulations. Nevertheless, any person having access to internal information signs a special statement to keep internal information confidential. In accordance with the requirements of the Securities Market Agency, the Company keeps a list of persons with access to internal information.
- The Company discloses only gross remuneration of individual Management Board and Supervisory Board members, as

required by law, but not their net remunerations.
- The duties of the nomination committee are performed by a permanent Supervisory Board committee called The Human Resources and Management Board Evaluation Committee. Although lacking a company law expert, the Committee is assisted in this area by the secretary of the Supervisory Board who has appropriate expertise and also coordinates its work.

The Company will continue to comply with the recommendations of the Corporate Governance Code. Should it become evident that the Company is not able to observe a recommendation laid down in the Code, the Management Board and the Supervisory Board will prepare a justified explanation. It should be emphasised in particular that since the end of the accounting period and until the publication of this statement, no changes or deviations occurred other than those mentioned above. This announcement is permanently posted on the Company's website: www.petrol.si.

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

In connection with financial reporting, the company Petrol d.d., Ljubljana uses, as appropriate, the COSO model[1] of risk management and an internal control system. Establishment of the internal control system has the following three objectives:
- accuracy and reliability of financial reporting,
- compliance with applicable laws and regulations, and
- effectiveness and efficiency of operations.

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

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

We believe that in 2012 the existing internal control system of the company Petrol d.d., Ljubljana and the Petrol Group provided for efficient and successful achievement of business objectives, operation in compliance with the law, and fair and transparent reporting in all material respects.

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

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

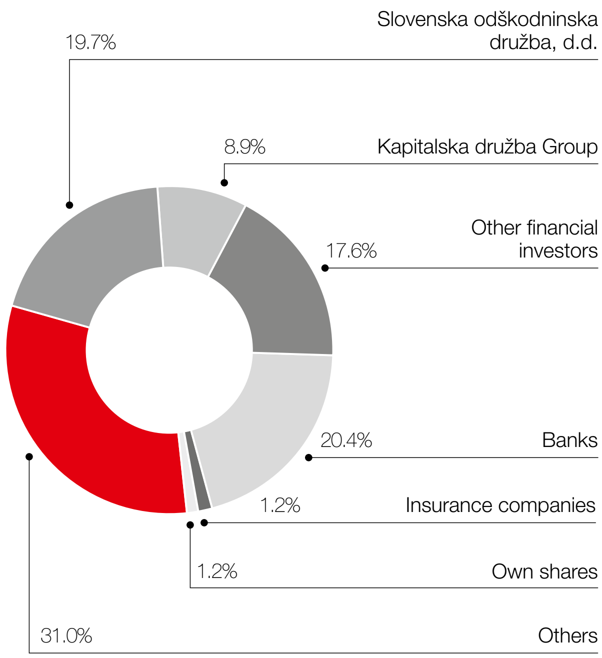
3.1. Structure of the Company's share capital

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

---

1 The risk management model for companies, known as the COSO model, was designed by the Committee of Sponsoring Organizations of the Treadway Commission. Its application is recommended by all relevant international institutions and standards. Risk management and the control system are set up to measure risks by considering individual activities and regional organisation of a company in conjunction with its objectives and strategy. The risk management system consists of eight continuously repeating procedures: internal environment, setting of objectives, event (risk) identification, risk assessment, risk response, control activities (establishment of a control system), information and communication to encourage employees to assume their responsibilities, system monitoring and implementation of improvements.

Share capital structure of Petrol d.d., Ljubljana as at 31 December 2012



3.2. Restrictions on the transfer of shares

All shares are fully transferable.

3.3. Qualifying holdings under the Takeovers Act

Pursuant to Article 77(1) of the Takeovers Act (acquiring a qualifying holding), we provide the following information as at 31 December 2012:

- Slovenska odškodninska družba, d.d., held 412,009 shares of Petrol d.d., Ljubljana, representing 19.75 percent of the issuer's share capital,
- Kapitalska družba, d.d., held 172,639 shares of Petrol d.d., Ljubljana, representing 8.27 percent of the issuer's share capital, and
- Nova Ljubljanska banka d.d., held 126,365 shares of Petrol d.d., Ljubljana, representing 6.06 percent of the issuer's share capital.

3.4. Holders of securities carrying special control rights

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

3.5. Employee share scheme

The Company has no employee share schemes.

3.6. Restrictions on voting rights

There are no restrictions on voting rights.

3.7. Shareholder agreements potentially resulting in restrictions on the transfer of shares or voting rights

The Company is not aware of such agreements.

3.8. The Company's rules regarding:

- **Appointment and replacement of members of management or supervisory bodies:**
  The president and other members of the Management Board are appointed and discharged by the Supervisory Board. Apart from the worker director, the Supervisory Board appoints other Management Board members on the proposal of the president of the Management Board. Management Board members are appointed for a five-year term of office and may be re-appointed. On the proposal of the Human Resources and Management Board Evaluation Committee, according to its Rules of Procedure the Supervisory Board determines the general and special criteria for selecting candidates for the president and members of the Management

The largest shareholders of Petrol d.d., Ljubljana as at 31 December 2012

	Shareholder	Address	Shares owned	Holding in %
1	Slovenska odškodninska družba, d.d.	Mala ulica 5, 1000 Ljubljana	412,009	19.75%
2	Kapitalska družba, d.d.	Dunajska cesta 119, 1000 Ljubljana	172,639	8.27%
3	NLB d.d.	Trg republike 2, 1000 Ljubljana	126,365	6.06%
4	Istrabenz d.d.	Cesta Zore Perello-Godina 2, 6000 Koper	84,490	4.05%
5	GB d.d., Kranj	Bleiweisova cesta 1, 4000 Kranj	84,299	4.04%
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	Hypo Bank d.d.	Dunajska cesta 117, 1000 Ljubljana	43,500	2.09%
9	Nova KBM d.d.	Ulica Vita Kraigherja 4, 2000 Maribor	42,985	2.06%
10	Češkoslovenska Obchodni BANK, A.S. - FID	Radlicka 333/150, 150 57 Praga 5	42,598	2.04%

Board. The Supervisory Board also determines the weight of individual criteria that comprise the competence model of the president and members of the Management Board. The Human Resources and Management Board Evaluation Committee proposes to the Supervisory Board which method to apply to find candidates for the president of the Management Board (personal invitations, job vacancy postings) or a combination of methods and determines whether it is necessary to cooperate with an external headhunting expert. The Human Resources and Management Board Evaluation Committee specifically verifies the fulfilment of conditions and the references stated in candidates' CVs. It then forms a selection of candidates for the president of the Management Board, conducts selection interviews and ranks them. The short-listed candidates for the president of the Management Board present the vision of the Company's development at the Supervisory Board meeting. Before the president of the Management Board is appointed, the Supervisory Board negotiates with the candidates on basic elements of the agreement and then selects and appoints the president of the Management Board. The Supervisory Board appoints other Management Board members on the proposal of the president of the Management Board. The Supervisory Board assesses the composition of the entire Management Board in cooperation with the Committee. If the Supervisory Board determines that the proposed candidates are inadequate, the procedure is repeated. The Supervisory Board reappoints the Management Board within one year before the expiry of its term, but it usually does so three months before the expiry. If the Company's General Meeting passes a vote of no confidence in the Management Board, the Supervisory Board, convening immediately after the General Meeting, forms an opinion concerning a recall of a Management Board member. Without prejudice to the above, the Supervisory Board may recall the Management Board for reasons stipulated by law on its own discretion. The Supervisory Board may appoint its members as temporary Management Board members to replace the missing or absent members of the Management Board for a period of not more than a year. Reappointment or extension of the term of office is permitted if the entire term of office is not longer than one year. The Supervisory Board is required to immediately notify the Management Board that does not fully fulfil the tasks falling under its mandate of its findings and opinions and to set the shortest deadline possible to eliminate the shortcomings determined. If the Management Board fails to achieve the expected results by the set deadline, the Supervisory Board decides whether to recall individual members of the Management Board. The Supervisory Board of the Company comprises nine members, of which six are elected by the Company's General Meeting with a majority vote of shareholders present and three by the Company Workers' Council. They are elected for a term of four years and may be re-elected when their term of office expires. A resolution on an early recall of the Supervisory Board members representing shareholders is adopted with a three-quarters majority of votes present at the General Meeting, while the conditions for the recall of the Supervisory Board members representing employees shall be determined by the Workers' Council in a general act.

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

3.9. The powers of Management Board members, particularly in connection with own shares

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

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

The Company is not aware of such agreements.

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

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

4. Information on the workings of the General Meeting

In accordance with applicable legislation, specifically the Companies Act, the General Meeting is a body through which the shareholders exercise their rights in respect of matters concerning the Company. The convening of General Meetings is governed by the Articles of Association in conformity with applicable legislation. The General Meeting is convened at the request of the Management Board, at the request of the Supervisory Board, or at the request of the Company's shareholders who collectively represent at least five percent of the Company's share capital. The party requesting the convening of a General Meeting must submit to the Management Board an agenda for the General Meeting together with an explanation and justification of the purpose and reasons for convening the General Meeting. The Management Board calls the General Meeting one month before the meeting takes place by announcing the call in the Official Gazette of the Republic of Slovenia and via the Ljubljana Stock Exchange information system, SEOnet. In the announcement regarding the convening of the General Meeting, the Management Board specifies the time and place of the meeting, the bodies conducting the meeting, the agenda and proposed resolutions. At the General Meeting of 24 May 2012, the Company's shareholders were presented with the annual report and the Supervisory Board's report on the verification of the annual report for the financial year 2011. They deliberated and adopted a resolution regarding the distribution of accumulated profit and the granting of the discharge from liability to the Management Board and Supervisory Board for the year 2011, a resolution regarding the appointment of an auditor to audit the Company's financial report and review its business report for the year 2012, as well as a resolution on the appointment of a replacement member and the early termination of the appointment of an existing member.

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

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

Workings of the Management Board

The Management Board of Petrol d.d., Ljubljana manages the Company independently and on its own responsibility, and represents and acts on behalf of the Company. According to the Articles of Association, the Management Board is comprised of its president and other members and shall not have less than three and more than six members. The exact number of Management Board members, their sphere of duties and their powers is determined by a resolution adopted by the Supervisory Board at the proposal of the Management Board president. One of Management Board members is always a worker director, who only participates in decisions relating to human resources and social policy issues and does not have the power to represent the Company. In 2012 the Management Board was composed of four members. In the period concerned, the Management Board discussed issues falling within its competence at 74 meetings. All decisions were adopted unanimously. In addition to holding formal meetings, the Management Board exercised the powers and responsibilities pertaining to its daily activities and to the General Meeting, as stipulated by the Companies Act. Activities concerning the Supervisory Board were carried out in accordance with chapter 4 of the Supervisory Board rules of procedure. The Management Board regularly reported to the Supervisory Board on the Company's operations and consulted it in connection with the Company's strategy, business development and risk management. Some of the Management Board's activities were also focused on collaboration with the Workers' Council and the Petrol Group's representative trade unions.

Management Board members are appointed for a five-year term of office and may be re-appointed. Except for the worker director, who does not have the power to represent the Company, Management Board president and other members represent the Company in an independent and individual capacity.

Legal representatives need an approval of the Supervisory Board to acquire or dispose of their own shares, or acquire, establish or dissolve companies and business units. Approval is also required for raising or granting loans that individually exceed five percent of the Company's total capital or for other individual capital investments exceeding five percent of total capital. They also need approval to grant a power of attorney and mortgages.

Members of the Management Board of Petrol d.d., Ljubljana in 2012

Tomaž Berločnik, President of the Management Board
Appointed for a five-year term of office beginning on 1 February 2011. Born in 1968, he holds a bachelor degree in engineering and a master's degree in business administration. Fields of responsibility:

- retail sales of petroleum products
- procurement of petroleum products
- logistics
- human resources
- capital investments and maintenance
- general administration and legal affairs.

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

- energy
- wholesale of petroleum products
- procurement and sale of merchandise

- marketing
- technical development, quality and safety.

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

- finance
- accounting
- controlling
- IT.

Samo Gerdin, Member of the Management Board/Worker Director (participates in decisions relating to human resources and social policy issues).
On 24 November 2010, he was appointed by the Supervisory Board as a worker director for a five-year term of office. Born in 1969, he has a bachelor's degree in chemical technology.

Responsibilities and composition of the Supervisory Board

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

In 2012 the Company's General Meeting held on 24 May 2012 appointed Mateja Božič as a replacement Supervisory Board member for the remaining term of office of Žiga Debeljak (24 May 2012 to 7 April 2013), who resigned as a Supervisory Board member in 2011, and terminated early the appointment of Urban Golob as a Supervisory Board member on 31 May 2012. In the financial year 2012, the Supervisory Board operated with eight members, except for the period from 24 May 2012 to 31 May 2012 when its membership was complete.

The Supervisory Board had the following committees in 2012:

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

Members of the Supervisory Board of Petrol d.d., Ljubljana in 2012

Tomaž Kuntarič,
President of the Supervisory Board, shareholder representative

President of the Management Board of Slovenska odškodninska družba, d.d.

Appointed for a four-year term of office at the 18th General Meeting held on 7 April 2009.

Bruno Korelič,
Deputy President of the Supervisory Board, shareholder representative

Appointed for a four-year term of office at the 18th General Meeting held on 7 April 2009.

Dari Južna,
Member of the Supervisory Board, shareholder representative

Chairman of the Board of the brokerage company Perspektiva d.d., director of Vizija holding, k.d.d., Vizija holding Ena, k.d.d. and Perspektiva FT, d.o.o.

Appointed for a four-year term of office at the 18th General Meeting held on 7 April 2009. His term of office began on 16 July 2009.

Urban Golob,
Member of the Supervisory Board, shareholder representative

Deputy Chairman of the Management Board of Kremen d.d.

Appointed for a four-year term of office at the 18th General Meeting held on 7 April 2009 and removed at the 22nd General Meeting of 24 May 2012, the decision becoming effective on 31 May 2012.

Irena Prijović,
Member of the Supervisory Board, shareholder representative

Secretary General of the Slovene Directors' Association.

Appointed as a replacement member at the 20th General Meeting held on 6 May 2010 for the remaining term of office of Tomaž Berločnik.

Mateja Božič
Member of the Supervisory Board, shareholder representative

Financial and legal affairs and controlling adviser at Zavarovalnica Triglav, d.d.

Appointed at the 22nd General Meeting held on 24 May 2012 as a replacement member for the remaining term of office of Žiga Debeljak (24 May 2012 to 7 April 2013) and resigned as a Supervisory Board member effective 1 January 2013.

Boštjan Trstenjak,
Member of the Supervisory Board, employee representative

Petrol d.d., Ljubljana, Retail Department. Appointed at the 25th Workers' Council meeting of 6 December 2010 to replace Samo Gerdin for the term of office ending on 22 February 2013.

Franc Premrn,
Member of the Supervisory Board, employee representative

Petrol d.d., Ljubljana, Wholesale Department. Appointed for a four-year term of office at the 4th Workers' Council meeting of 16 February 2009. His term of office began on 22 February 2009.

Andrej Tomplak,
Member of the Supervisory Board, employee representative

Petrol Maloprodaja Slovenija d.o.o. Appointed for a four-year term of office at the 4th Workers' Council meeting of 16 February 2009. His term of office began on 22 February 2009.

[Analysis of business performance in 2012]

In 2012 the business environment was still marked by the financial crisis and the economic downturn. Particularly affected were the economic developments in construction, trade and transport, all of which are sectors where major buyers of petroleum products and other energy products are located. Illiquidity and financial indiscipline progressively deteriorated. The Petrol Group, however, took the expected effect of the deteriorated economic conditions into account already when drafting the 2012 operating plan. Moreover, its risk management system enables it to react quickly to events in the business environment.

To mitigate the adverse effects of the financial crisis and the economic downturn, the following activities were undertaken in 2012:

- receivables and credit exposure to customers were subjected to tighter control;
- the amount of current operating assets was optimised, while the stocks of petroleum products were kept at levels that were still sufficient for the performance of business activities and;
- credit lines were maintained with a number of banks in Slovenia and abroad, enabling Petrol to keep ensuring uninterrupted liquidity to the Petrol Group.

The price of crude oil and exposure to foreign exchange risks have a significant impact on the operations of the Petrol Group. Nevertheless, the petroleum product pricing model passes the greater part of the price and foreign exchange exposure – or changes in the US dollar to the euro exchange rate – on to the market, while the remaining exposure is regularly controlled and kept at bay through derivative contracts.

In 2012 the Petrol Group generated EUR 3,754.0 million in net sales revenue, up 15 percent from 2011 thanks to higher sales and higher prices of oil products.

Gross profit from sales stood at EUR 328.3 million, a year-on-year increase of 1 percent. Compared with the year 2011, the following influenced the amount of gross profit in 2012:

- an increase of 10 percent in the volume of motor fuels sold (petrol and diesel fuel);
- an increase of 7 percent in revenue from the sale of merchandise;
- an increase of 13 percent in the volume of liquefied petroleum gas sold;
- an increase of 13 percent in the volume of natural gas sold;
- a decrease of 11 percent in the volume of heat sold;
- a decrease of 7 percent in the volume of extra light heating oil sold.

In addition, in 2012, the Petrol Group's finance items included a net gain on commodity swaps and foreign exchange differences, which was essentially linked to gross profit or loss generated from petroleum products. In 2011, however, the net effect of commodity swaps and foreign exchange differences was negative. Gross profit adjusted for the net effect of commodity swaps and foreign exchange differences was 5 percent higher than in 2011.

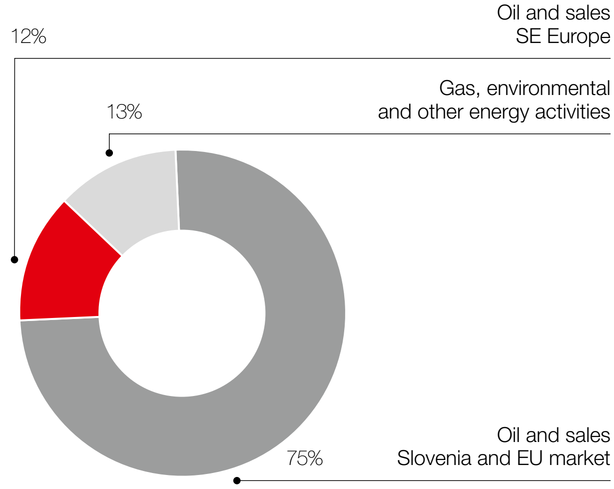
The Petrol Group's operating costs stood at EUR 252.2 million in 2012. Despite the expansion of the Petrol Group's business, the costs remained on a par with the 2011 figure, an indication of successful business performance.

The costs of materials fell 12 percent relative to 2011, owing to in particular to lower energy costs resulting from the outsourcing of transport activities of Petrol d.o.o. The costs of services stood at EUR 116.3 million, having decreased by 1 percent over 2011. The most significant item among the costs of services was the fees charged by service station managers, which equalled EUR 30.2 million and were 3 percent lower compared to the year before, predominantly on account of the management of service stations in Croatia being transferred to the subsidiary Petrol d.o.o. in the last quarter of 2012. The second most significant item among the costs of services was transport costs, which amounted to EUR 26.4 million and were 8 percent lower than in the previous year. This was partly the result of optimised transport of bulk goods and other merchandise as well as changes to procurement terms, which now include transport costs already in the purchase price. The costs of fixed-asset maintenance services stood at EUR 10.4 million, an increase over the previous year. The costs of payment transactions and bank services were higher due to new loans and bank guarantees that were taken out. The costs of consultancy services rose chiefly as a result of integrating new companies into the Group and an increase in student work costs. The contributions for operations at motorway service areas grew as a result of setting up a new service station and adjusting the contributions for increases in consumer prices. The integration of new companies into the Petrol Group gave rise to an increase in outsourcing costs. The costs of fairs, advertising and entertainment were lower because of streamlining, with the lease payments dropping as a result of the integration of Instalacija d.o.o. into the Petrol Group, which in turn gave rise to increases in other cost categories (depreciation and amortisation, labour costs). An increase was registered in insurance costs, mainly due to credit insurance. Compared to 2011, the fees for the building site use and the costs of environmental protection services increased as well. The depreciation and amortisation charge grew 9 percent relative to 2011, mainly due to the setting up of new service stations and expansion of business at the end of 2011. Labour costs were 8 percent higher than the year before, for the most part because of the expansion of business, pay rises stipulated by law and the transfer of service station management to the company Petrol d.o.o. in Croatia. Other costs were lower year-on-year, chiefly due to lower write-downs of fixed assets.

Other operating revenue rose 30 percent year-on-year, owing to in particular to the outsourcing of transport activities of Petrol d.o.o.

Operating profit totalled EUR 84.9 million in 2012, which was 5 percent more than in 2011, with EBITDA[2] amounting to EUR 123.0 million or 6 percent more than in 2011.

EBITDA of the Petrol Group broken down by business activity



The share of profit from equity accounted investees decreased relative to the previous year, mainly due to lower attributable profit from the company Geoplin, but also due to the company Instalacija d.o.o. becoming a subsidiary in the Petrol Group as controlling influence was gained over it at the end of the previous year.

2 EBITDA = Operating profit + Depreciation and amortisation net of depreciation of environmental fixed assets

In 2012 the Petrol Group's net finance expense totalled EUR 25.9 million, a decrease of 30 percent over 2011, specifically in net expense arising from commodity swaps and foreign exchange differences. At the end of 2012, investments were subjected to reassessment and based thereon impaired by a total of EUR 1.3 million. This was considerably less than in 2011, when the impairment of the investment in Istrabenz d.d. had taken place. As a precautionary measure, the Petrol Group again made allowances for receivables in 2012, which were, however, much lower than the year before. At the same time, revenue increased year-on-year as some allowances were eliminated and receivables collected. Due to obligations arising from acquisitions of new companies and a higher debt ratio, net interest expense increased relative to the previous year.

Pre-tax profit stood at EUR 68.0 million, up 24 percent on 2011, with net profit for the year totalling EUR 53.9 million or 3 percent more than in 2011.

Total assets of the Petrol Group as at the last day of 2012 equalled EUR 1,571.5 million, which was 2 percent more than at the end of 2011.

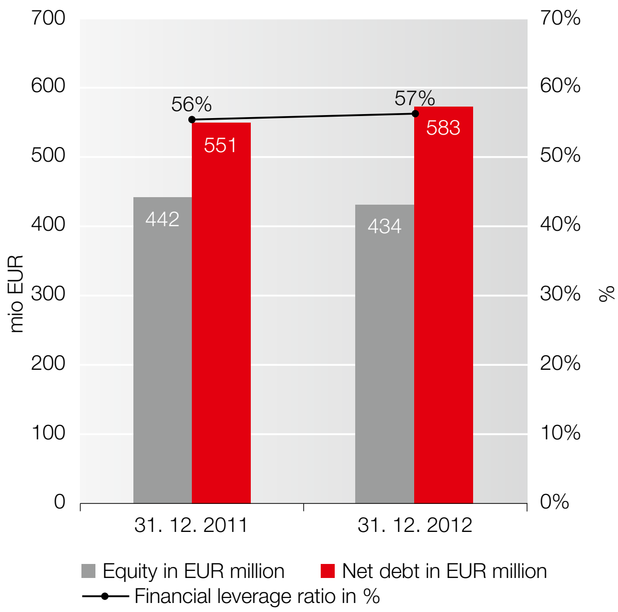
The most important items among non-current assets are property, plant and equipment and intangible assets, totalling EUR 794.5 million, and non-current investments in jointly controlled entities and associates, which amount to EUR 140.7 million.

The management of current assets, which account for 37 percent of the Petrol Group's total assets, is given particular attention. The amount of current assets affects the amount of borrowing from suppliers and banking institutions. With short-term crediting ensured both at home and abroad, we are, however, able to quickly respond to changes in current assets. Compared to the end of 2011, the amount of operating receivables as at the last day of 2012 remained at the same level in nominal terms, with the value of inventories increasing year-on-year, mainly due to their higher quantity.

The increase in inventories also resulted in the prolongation of the cash tie-up period compared to 2011. As at the last day of the period concerned, the Petrol Group had EUR 92.8 million in working capital[3] or EUR 11.9 million more than at the end of 2011.

All of the above affected the amount and volume of cash flows. In 2012 cash from operating activities totalled EUR 102.2 million or EUR 11.6 million more than in 2011. Own funds generated by the Petrol Group were used for investment activities, payment of dividends and repayment of loans. Other necessary funds were obtained from banks.

Equity, net debt and financial leverage ratio



The net financial liabilities[4] to equity ratio (D/E ratio) was 1.34 as at the last day of 2012, while at the end of 2011 it had stood at 1.25. The decline in the ratio was chiefly the result of investment activities in 2011 reflected in major acquisitions. The financial leverage ratio[5] stood at 57 percent at the end of 2012, up from 56 percent at the end of 2011.

The financial position of the Petrol Group remains strong despite the considerably deteriorated operating conditions reflected in rising illiquidity and over-indebtedness of companies in Slovenia and abroad as well as in the resulting weaker position of Petrol's customers. Through active daily cash flow planning and monitoring of customers' operations, Petrol remains highly liquid and meets the criteria of the financial profession regarding short- and long-term solvency.

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

3 Working capital = Operating receivables + Inventories – Current operating liabilities net of liabilities arising from the acquisition of Instalacija d.o.o. and Petrol d.o.o.
4 Net financial liabilities = Current and non-current financial liabilities less cash and cash equivalents.
5 Financial leverage = Net debt / (Equity + Net debt).


95
100
DIESEL
HIP

[Events after the end of the accounting period]

Effective 1 January 2013, Mateja Božič resigned as a member of the Supervisory Board of Petrol d.d., Ljubljana.

At the 3rd meeting of Petrol d.d., Ljubljana Workers' Council held on 4 February 2013, Andrej Tomplak, Ika Krevzel Panić and Zoran Gračner were elected to the Supervisory Board as employee representatives with a four-year term of office beginning on 22 February 2013.

[Petrol's shares]

For investors at the Ljubljana Stock Exchange the year 2012 was the first since the beginning of the economic crisis to show some signs of improvement. At the end of 2012, share prices were on average higher than at the end of 2011, and this was also reflected in the SBI TOP index, which gained 7.8 percent relative to the end of 2011.

Petrol's shares are traded on the prime market of the Ljubljana Stock Exchange (LJSE), and have been listed since 5 May 1997. In 2012 the volume of trading in Petrol's shares at the stock exchange amounted to EUR 25.5 million, down 6.5 percent from 2011. In the previous year, the shares were again one of the most traded among those listed on the Ljubljana Stock Exchange.

Petrol's shares followed the same trend as the SBI TOP index in 2012, but they overperformed the index significantly.

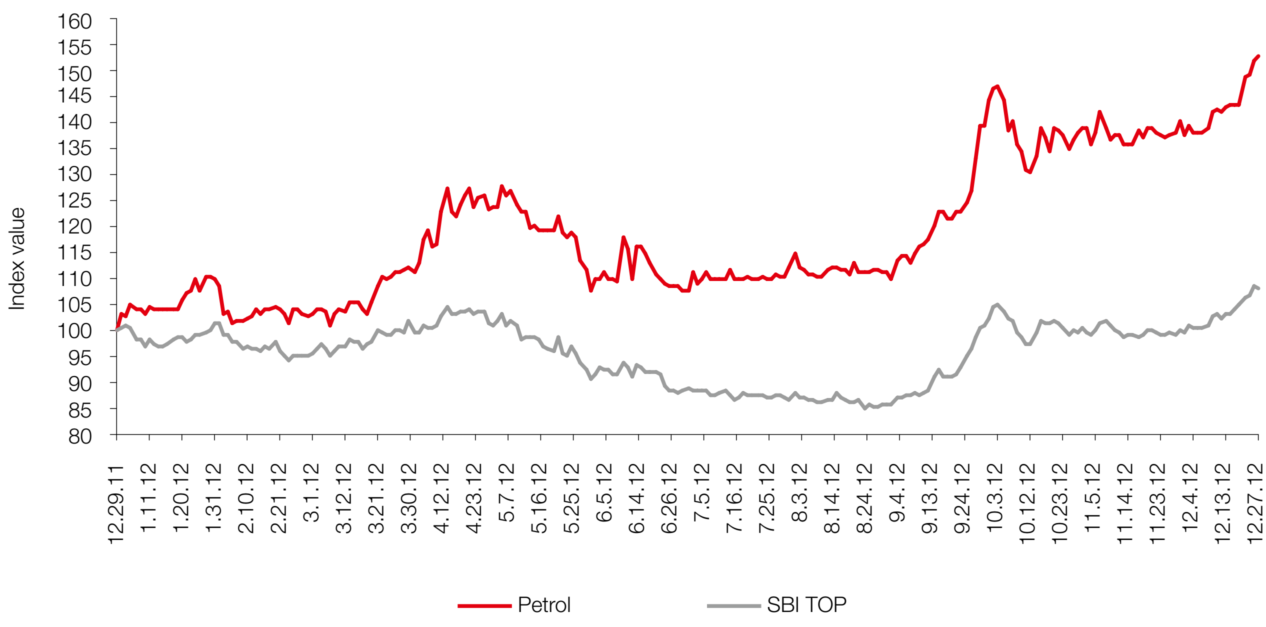
Between 1 January and 31 December 2012, the share price grew by 47.7 percent, and it more than doubled since the listing. The average price of Petrol's shares, which stood at EUR 183.91 in 2012, decreased by 11.2 percent year-on-year. The share price ranged between EUR 156.20 and EUR 236.40 during this period.

Trading volume and market capitalisation

The volume of trading in Petrol's shares on the Ljubljana Stock Exchange, which totalled EUR 25.5 million in 2012, decreased compared to the previous year. Although the average price of Petrol's shares in 2012 was some 11 percent lower year-on-year, their trading volume decreased by 6.5 percent only. The trading in Petrol's shares accounted for 7.1 percent of the LJSE total trading volume and 8.4 percent of the share trading volume, exceeding the previous year's figures in both cases.

The shares of Petrol d.d., Ljubljana were ranked third on the Ljubljana Stock Exchange by trading volume. On average, the monthly volume of transactions involving Petrol's shares totalled EUR 2.1 million. The number of shares traded in 2012 was higher than in 2011, although fewer transactions took place.

Changes in Petrol's closing share price base index against the SBI TOP index in 2012 compared to the end of 2011



Petrol's share prices 2011–2012 in EUR

	2012	2011
Shares outstanding	2,086,301	2,086,301
High	236.40	274.00
Low	156.20	155.10
Average price for the current year	183.91	207.13
Price as at last trading day of the current year	236.40	155.10
Price increase/decrease in the period 01/01–12/31/2012	47.66%	-43.39%

The market capitalisation of Petrol d.d., Ljubljana as at the last trading day of 2012 totalled EUR 493.2 million, which accounted for 10.1 percent of the stock market's total capitalisation. Petrol d.d., Ljubljana was ranked third in terms of market capitalisation as at the last day of 2012, with its shares accounting for 23 percent of the SBI TOP index.

Key financial indicators for Petrol's shares

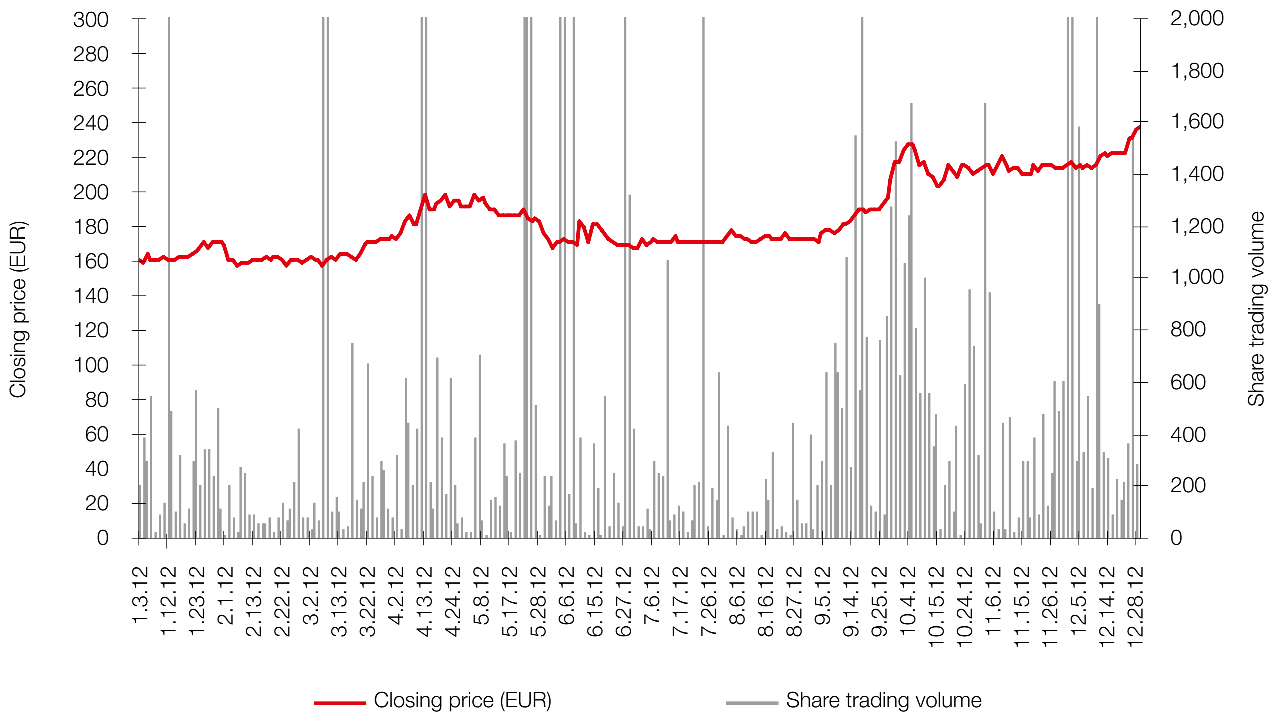
Earnings per share (EPS) for the year stood at EUR 16.73 and cash earnings per share (CEPS) at EUR 27.48. The return per share calculated using the share price as at the end of 2012 and the share price as at the end of 2011 stood at 52.4 percent. Combined with the dividend yield of 5.3 percent, the total return per share stood at 57.7 percent in 2012.

The ratio between the shares' market price and book value as at the end of 2012 – the latter amounting to EUR 195 – was 1.2 (P/BV), which was higher than at the end of 2011. The ratio between the shares' market price as at the end of 2012 and earnings per share stood at 14.1 (P/E).

Share capital structure

The share capital structure of Petrol d.d., Ljubljana did not change significantly in 2012 compared to the end of the previous year. With 412,009 shares, Slovenska odškodninska družba, d.d. is still the largest single shareholder, followed by Kapitalska družba d.d. with 172,639 shares and NLB d.d. with 126,365

Closing price and the volume of trading in Petrol's shares in 2012



shares. Other large single shareholders include Istrabenz d.d., GB d.d., Kranj, Vizija Holding, k.d.d., Vizija Holding Ena, k.d.d., Hypo bank d.d., Nova KBM d.d. and Československa obchodni banka, a.s. - Fid.

The chart presenting the share capital structure is shown in the chapter on the corporate governance of Petrol d.d., Ljubljana.

At year-end, 132,257 shares or 6.34 percent of all shares were held by foreign legal or natural persons. The number of foreign shareholders increased by 3.3 percentage points in 2012, while the total number of shareholders decreased from 37,253 as at the end of 2011 to 36,148.

Other explanations by Petrol d.d., Ljubljana

The prospectus of the company Petrol d.d., Ljubljana prepared for the listing of its shares on the stock exchange is published on the Company's website. All changes to the prospectus are published in the Company's strategy document, Annual report of Petrol d.d., Ljubljana and in its public announcements available from the Company's website, www.petrol.si, and from the website of the Ljubljana Stock Exchange, d.d., seonet.ljse.si.

Authorised capital

At the 20th General Meeting of Petrol d.d., Ljubljana of 6 May 2010 a resolution on the proposed amendment to the Articles of Association was adopted which authorises 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 of 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).

Contingent increase in called-up capital

The General Meeting of Petrol d.d., Ljubljana did not adopt any resolutions in 2012 regarding the contingent increase in called-up capital.

Reserves for own shares

Petrol d.d., Ljubljana did not repurchase its own shares in 2012. At year-end, the Company held 24,703 own shares, representing 1.2 percent of its registered share capital. Their total book value equalled EUR 2.6 million as at 31 December 2012 and was EUR

Shares owned by Supervisory Board and Management Board members as at 31 December 2012

Name and Surname	Position	Shares owned	Equity share
Supervisory Board		179	0.01%
Internal members		135	0.01%
1. Boštjan Trstenjak	Supervisory Board member	0	0.0000%
2. Franc Premrn	Supervisory Board member	135	0.0065%
3. Andrej Tomplak	Supervisory Board member	0	0.0000%
External members		44	0.00%
1. Tomaž Kuntarič	Supervisory Board president	0	0.0000%
2. Bruno Korelič	Supervisory Board deputy president	0	0.0000%
3. Irena Prijović	Supervisory Board member	0	0.0000%
4. Mateja Božič	Supervisory Board member	44	0.0021%
5. Dari Južna *	Supervisory Board member	0	0.0000%
Management Board		260	0.01%
1. Tomaž Berločnik	Management Board president	0	0.0000%
2. Janez Živko	Management Board member	40	0.0019%
3. Rok Vodnik	Management Board member	220	0.0105%
4. Samo Gerdin	Management Board member/Worker director	0	0.0000%

* The number of shares owned together with related entities as at 31 December 2012 totals 194,299, accounting for 9.31 percent of equity.

Overview of dividend payments 2007 – 2011

Period	Total dividends in accordance with General Meeting resolution	Gross dividend per share
2007	EUR 12,309,175.90	EUR 5.90
2008	EUR 12,309,175.90	EUR 5.90
2009	EUR 12,309,175.90	EUR 5.90
2010	EUR 15,647,257.50	EUR 7.50
2011	EUR 17,211,983.25	EUR 8.25

3.2 million lower than their market value on that date.

Own shares, in total 36,142, were purchased between 1997 and 1999. The Company may acquire own shares only for the purposes laid down in Article 247 of the Companies Act (ZGD-1) and as remuneration to the Management Board and the Supervisory Board. Own shares are used in accordance with the Company's Articles of Association.

A dividend policy maximising long-term returns

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

In accordance with a resolution of the 22nd General Meeting of 24 May 2012, Petrol paid out in 2012 a gross dividend for 2011 of EUR 8.25 per share.

Accumulated profit

The accumulated profit of Petrol d.d., Ljubljana, as determined in accordance with the Companies Act (ZGD-1), stood at EUR 20.62 million in 2012.

Regular participation in investors' conferences and access to information

In 2012 we continued the programme of regular cooperation with domestic and foreign investors. This includes public announcements, individual meetings and presentations, and public presentations.

We regularly attend investors' conferences organised each year by the Ljubljana Stock Exchange, Vienna Stock Exchange and various banks. In 2012 we took part in six important investors' conferences. In the first half of April 2012, we attended an investors' conference in Zürs, Austria, organised by Raiffeisen Centrobank. In the second half of April, we took part in the Slovene Capital Market Day in Ljubljana, an event organised by the Ljubljana Stock Exchange and its partners. In June 2012, we participated for the first time in a conference in Prague, which was organised by Wood&Company, an investment firm. In June and September 2012, we took part in two online roadshows of Slovene companies organised by the Ljubljana Stock Exchange and technically supported by Thomson Reuters. In December 2012, we attended another conference organised by the Ljubljana Stock Exchange. In addition to the above, several individual meetings were held with domestic and foreign investors throughout 2012.

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

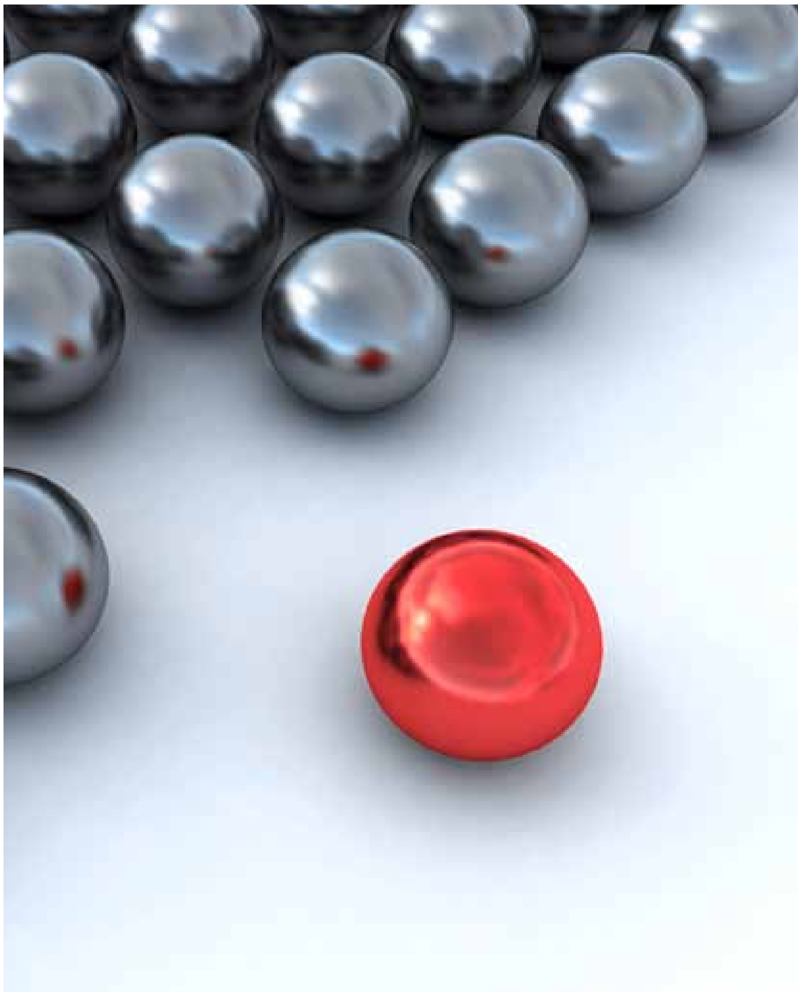
[Business risks]

Business risk management

All companies deal with business uncertainty, which is even more acute in the time of economic crisis. At the Petrol Group we realise this, which is why we have integrated our business risk management policy into the process of strategic business planning and making individual operational decisions.

The Petrol Group uses a comprehensive business risk management system to continuously monitor the risks in its business environment, making sure that the Company's key risks are identified, assessed and controlled in due time. Business risk management is integrated into the entire organisational structure and all levels of the business process.

In 2012 the Petrol Group regularly monitored exposure to various types of risk and carried out activities to contain them. Through efficient responses we were able to successfully manage, reduce or even avoid individual business risks.



Events in 2012 reflected in business risks and business risk management

The continuation of the economic downturn and financial crisis had a profound effect on businesses and the management of business risks within the Petrol Group in 2012. As a result we focused even more on the management of financial risks, but most of all on the containment of credit and liquidity risks. Our customers' solvency and, by extension, the balance of operating receivables were given the most attention. Liquidity and short-term solvency of Petrol Group companies was ensured through the central management and reconciliation of current cash flows and by entering into agreements with banks to increase credit lines.

The availability of long-term funding in Slovenia and on foreign financial markets decreased significantly in 2012 and its price shot up. We were nevertheless extremely successful in obtaining long-term funding during this time. We obtained more than EUR 170 million in long-term loans and successfully sold a new issue of bonds worth EUR 30.16 million. As we secured more long-term loans than had to be repaid in 2012, we were able to replace a portion of short-term funding with the long-term one. The financial position of the Petrol Group thus remains stable despite difficult conditions.

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

The Petrol Group is gaining an increasingly prominent role in electricity production, sale, distribution and trading, and will in the future devote even more attention to risks in this area. We estimate that considering the scale of this business, electricity-related risks were appropriately hedged in 2012.

With the adoption of the Framework Management Policy of the Petrol Group at the end of 2012, a basis for functional responsibility of the parent company's departments in subsidiaries was established, which will further contribute towards unified risk management within the Petrol Group.

Petrol's business risk model with most relevant and probable risks

Petrol's business risk model consists, as far as its content is concerned, of a set of 20 business risk categories divided into two major groups: environment risks and performance risks.

The Business Risk Management Committee held four meetings in 2012. It discussed the preparation of the Annual Business Risk Report of the Petrol Group for 2011 and carried out a self-assessment of the effectiveness of internal control, internal audit and the risk management system in accordance with the guidelines of the EU 8th Company Law Directive. In 2012 the Committee was enlarged by an additional member responsible for electricity. It also determined that the reassessment of business risks within the Petrol Group was not needed in 2012, considering that this was a year of optimising and consolidating newly acquired companies and activities within the Petrol Group.

The last business risk assessment within the Petrol Group took place in 2011. It was performed the same way as in 2008, using the already existing assessment methodology, and also according to individual markets in which the Petrol Group operates. Business risks were assessed according to two criteria: probability (frequency of a risk) and relevance (potential damage to operations), and based on a 5-level scale of relevance and probability.

According to the results of the 2011 business risk assessment, the most relevant and probable business risks comprise the following financial risks: price, credit, foreign exchange, liquidity and interest rate risks. To control and manage those risks, the most rigorous control system possible is required. The Company uses such a system, which is described in more detail in sections dealing with individual financial risks. In addition to financial risks, the most relevant and probable risks include commercial risks, financial environment risks, business and financial decision-making risks, economic environment risks, strategic decision-making risks, and legislation and regulation risks. In comparison with the 2008 assessment, practically all risks were on average assessed as lower in 2011 in terms of probability and relevance, meaning that assessors deemed on average that the probability and relevance of individual business risks were lower in 2011 than in 2008.

The end result of the 2011 business risk assessment was an inventory of risks, i.e. a risk category catalogue showing the most relevant and probable risks. The existing insurance system, specifically the transfer of certain business risks onto an insurance company, was also analysed. Further, activities and recommendations for systematic risk management and control were defined.

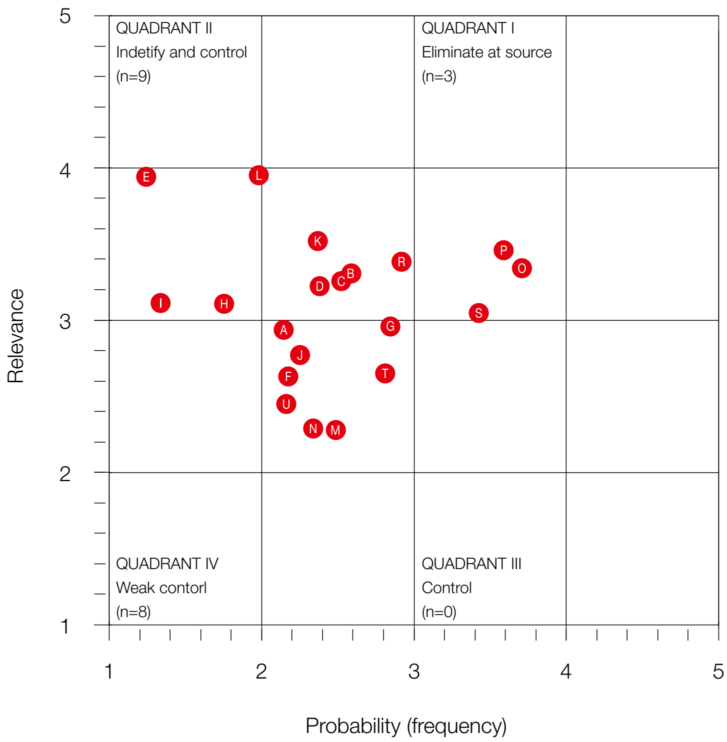
The chart on the following page shows the distribution of individual business risks according to the latest assessment.

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

Business risk categories within the Petrol Group

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

Distribution of the Petrol Group's business risks according to the latest assessment



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

Probability (frequency) levels:

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

Relevance levels:

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

In 2012 individual risk categories were managed as follows:

I. Environment risks

The Petrol Group hedges against external environment risks by systematically monitoring developments in the business environment and responding to them in a timely manner. The most relevant and probable business risks included in the group of external environment risks comprise financial and economic environment risks, and legislation and regulation risks. Although relevant, disaster risks, which also belong to this group, have a lower probability (frequency). Political risks were assessed as relatively low-relevance and low-probability risks and as such classified into the bottom quadrant.

We try to identify the financial environment risks also through financial planning and simulations as well as through cooperation with the financial environment (banks, financial institutions, investors). What is more, these risks are taken into account when preparing the strategic business plan.

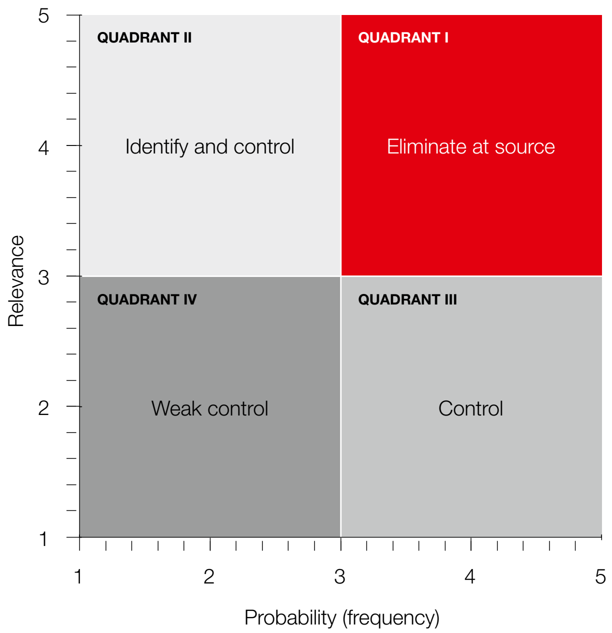
The economic environment risks are managed by constantly monitoring competitors and analysing operations of electricity, oil and gas companies, as well as by means of market surveys, benchmark analyses, customer satisfaction measurement, etc.

The legislation and regulation risks are managed by proactively engaging with institutions that are able to amend relevant laws and by analysing the impact of relevant legislative proposals and changes on the Petrol Group's operations.

II. Performance risks

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

Schematic diagram of business risk management within the Petrol Group and control methods



II.1. Operating risks

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

The safety and protection risks comprise the fire risk, the environmental pollution risk, the occupational safety risk and the property protection risk. The Petrol Group protects itself against these types of business risks by proactively monitoring applicable legislation and cooperating with various institutions. It has also prepared risks assessments, proposals for action, instructions for dealing with various situations and employee training, and selected high-quality and proven providers of security services. Liability insurance (for environmental disasters, employer's liability) as well as insurance against fire and other risks have also been concluded.

II.2. Management and decision-making risks

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

The business and financial decision-making risks are managed by implementing various organisational rules and by regularly monitoring operations and reporting to various stakeholders. The management risks, on the other hand, are controlled through a regular measurement of the organisational climate in the entire Petrol Group and the annual interview system. The strategic decision-making risks are reduced by means of a clear strategy and control over its implementation, as well as by organising annual conferences.

II.3. Information risks

According to the latest assessment, information risks are one of the least probable (frequent) and least relevant risks, but are by no means negligible. The management of risks related to ICT adequacy and security therefore represents a vital and ongoing activity in this field. Timely and complete provision of information about new business processes, products and services to all departments concerned is also important.

II.4. Risks of fraud and other illegal activities

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

II.5. Financial risks

Financial risks feature most prominently among the business risks. The most relevant and probable financial risks include price risks, credit risks, foreign exchange risks, liquidity risks and interest rate risks, with financial instruments risks having a less prominent profile. Detailed information about exposure to individual types of financial risk and disclosures about financial instruments and risks are provided in notes to the financial statements, specifically in the financial instruments and risks chapter.

Price and foreign exchange risks

The Petrol Group purchases petroleum products under international market conditions, pays for them mostly in US dollars and sells them in local currencies. Because the global oil market and the US dollar market constitute two of the most volatile global markets, the Petrol Group is exposed to both the price risk (changes in the prices of petroleum products) and the foreign exchange risk (changes in the EUR/USD exchange rate) while pursuing its core line of business. The petroleum product pricing model allows for changes in global petroleum product prices and exchange rates to be passed on to domestic selling prices. The exposure of the Petrol Group to price and foreign exchange risks is thus considerably reduced.

As regards supplying electricity to end customers, the controlling company managed price and quantity risks in an appropriate manner by matching the terms of sale applying to customers with suppliers' terms of procurement.

The controlling company supervises and offers advice on hedging against foreign exchange risks also at the level of subsidiaries. This mainly concerns risks arising from changes in the EUR/

Key foreign exchange rates in 2012 and 2011

Per 1 euro	As at 31/12/2011	As at 31/12/2012	Change in % (2012/2011)	Low in 2012	High in 2012	Average for 2012
USD	1.2939	1.3183	2%	1.2089	1.3443	1.2848
HRK	7.537	7.55	0%	7.3747	7.5947	7.5217
RSD	103.63	113.39	9%	103.72	119.3	113

HRK exchange rate in Croatia. For this very purpose, the impact of changes in the EUR/HRK exchange rate on operations of Croatian-based companies was analysed, with the analysis being later updated on a regular basis, and suggestions for foreign exchange risk hedging prepared. As there were no significant fluctuations in the EUR/HRK exchange rate in 2012, no forward contracts were concluded to hedge the foreign exchange rate risk.

In Serbia, Petrol is exposed to the risk of changes in the EUR/RSD exchange rate. To eliminate this risk, it has converted a long-term loan granted by the parent company to the subsidiary company Beogas Invest d.o.o. into the company's equity.

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

Credit risks

The operating receivables management system overhauled in 2011 provides for an even more efficient management of credit risks. We have updated the instructions on the management of receivables from legal entities, we stepped up the collection of receivables, we are quicker to discontinue sales on open account to defaulting customers and we accelerated the use of legal remedies to collect receivables. Particular attention is given to an individual treatment of major customers. In 2012 we continued to attach stricter conditions to approving the amount of exposure (limits) to individual buyers and expanded the range of first-class credit insurance instruments as a requirement to approve sales (mortgages, pledges, bank guarantees, insurance with SID - Prva kreditna zavarovalnica d.d. Ljubljana and other insurance companies, collaterals, corporate guarantees, securities, promissory notes, bills of exchange). In the last quarter of 2012, we also began to introduce a new credit insurance and payment instrument – the enforcement draft. In addition, a contract was concluded with HKO d.d., Zagreb to cover credit risk to which our companies in Croatia are exposed.

In 2012 significant attention was still devoted to the collection of receivables from construction companies in Slovenia and the collection of receivables in the SE European 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 joint computer-based receivables management application, which provides us with automated control over the exposure to individual customers and the possibility to respond immediately. In addition to the above, control over credit insurance instruments received in connection with trade receivables is now organisationally centralised and done using a single computer system.

The credit risk was also the most significant risk to which the Petrol Group was exposed in connection with the sale of goods and services to natural and legal entities in 2012, but was successfully managed using the above measures.

Despite the general weakening of the financial strength of our customers due to liquidity problems, decreased production and a drop in exports, we estimate that credit risks are adequately managed within the Petrol Group. Our estimate is based on the nature of our products, our market share, our large customer base and the vast range of credit insurance instruments. In 2012, however, the Petrol Group too was unable to completely avoid the consequences of a large number of bankruptcies, compulsory composition proceedings and personal bankruptcies, with forecasts for the coming months not being any more optimistic.

Liquidity risks

The financial crisis in the Slovene and global financial market resulted in a substantially increased vigilance of the banking sector when it comes to financing individuals and companies. What is more, in recent months, country risk assessment has become an increasingly important factor of financing, meaning that as a result of Slovenia's lower ratings foreign banks limit the utilisation of Petrol's credit lines when financing its operations.

Despite the above, we managed to secure for the Petrol Group sufficient short-term funds in 2012, which provided us with good-quality short-term financing. In 2012 the levels of petroleum product prices still required a high amount of short-term financing, which is being successfully ensured for the time being. Also, according to petroleum product price forecasts for the coming months, the prices should remain on a par with the current prices, as they are not expected to rise given the drop in demand in the EU. Despite the current price forecasts, we are constantly actively working with banks to increase our existing credit lines as well as looking for credit lines with new banks.

Cash flow management requires considerable attention and prudence especially as regards the planning of cash inflows from lay away sales, seeing that a large number of our customers have problems financing their operations due to a general increase in the number of defaults and weaker sales.

The Petrol Group is capable of meeting all of its outstanding liabilities at any given moment. The Group's successful operations are a guarantee for its long-term solvency and increase its equity capital.

In 2012 we were able to obtain more than EUR 200 million in long-term funding. For example, at the beginning of June 2012, Petrol entered into two contracts for so-called Schuldscheindarlehen loans (loans against borrower's note) amounting to EUR 30 million. At the end of June 2012, a long-term loan was taken out for a subsidiary in Croatia for the amount of EUR 50 million and with the repayment period of 10 years, the basis for which was insurance underwritten by SID Bank d.d. In December 2012, Petrol carried out a third successful sale of PET3 bonds worth EUR 30.16 million.

As regards short-term funding, Petrol successfully carried out a first issue of its commercial papers worth EUR 50 million at the end of March 2012, followed by a second issue of EUR 45.8 million at the end of September. Both the first and the second in a series of consecutive commercial paper issues received a warm welcome from investors, despite the fact that the interest rate offered in the second issue was decreased from 4.1 to 3.8 percent.

The raising of the loans and successful issues of bonds and commercial papers show the tremendous trust and respect enjoyed by Petrol in the international and domestic financial markets.

Interest rate risks

The Petrol Group regularly monitors its exposure to the interest rate risk. The controlling company's long-term loans contain a variable interest rate which is linked to EURIBOR. The average EURIBOR rate was significantly lower in 2012 than at the end of 2011, and still remains very low. This means that the Petrol Group's overall borrowing interest rate was lower in 2012 than at the end of 2011. This is chiefly the result of low EURIBOR rates and Petrol's very competitive short-term borrowing interest rates.

To hedge against exposure to the interest rate risk, a portion of variable interest rates is transformed into a fixed interest rate using derivative financial instruments. The exposure to the interest rate risk can be hedged up to 75 percent 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 2012 interest rate hedging contracts were entered into in connection with raising new long-term loans, in which case the variable interest rate portion of the loans was converted to a fixed rate. In addition, fixed-rate commercial papers were issued and one of the two Schuldscheindarlehen loans was raised at a fixed interest rate. The total amount of interest-rate hedging stood at EUR 132 million in 2012.

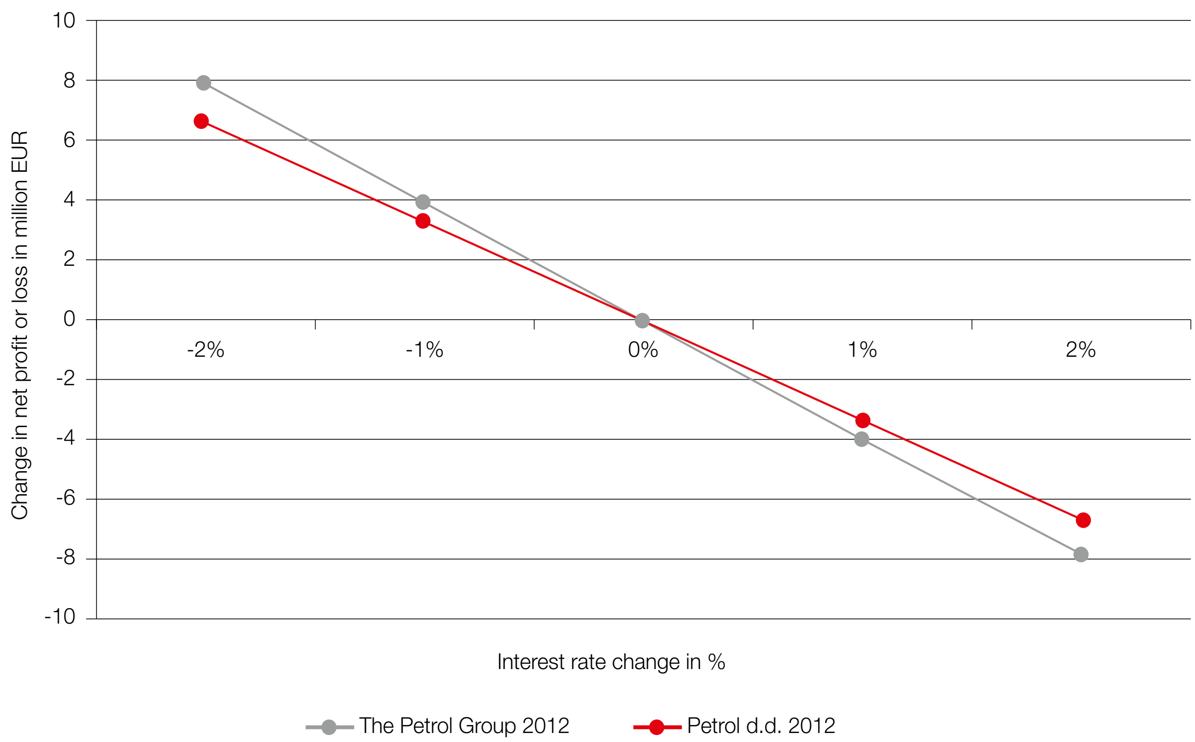
Internal audit

Organisationally, Internal Audit has operated within the controlling company as an independent and autonomous support function since 2002. It is responsible directly to the President of the Management Board and operates across the Petrol Group. The purpose of Internal Audit is to give objective assurance and advice to the Management Board and to management at all levels as regards property protection, improvement of quality and efficiency of the Petrol Group's operations, thus helping the Company achieve its strategic and business goals based on best practices. Internal Audit operates in accordance with the Charter and Rules Governing the Work of Internal Audit and the principles of independence, professional competence, objectivity and ethical principles as the fundamental principles of the auditing profession.

Key foreign exchange rates in 2012 and 2011

	As at 31/12/2011	As at 31/12/2012	Change in % (2012/2011)	Low in 2012	High in 2012	Average for 2012
6-month EURIBOR	1.617%	0.320%	-80%	0.316%	1.606%	0.828%
3-month EURIBOR	1.356%	0.187%	-86%	0.183%	1.343%	0.574%
1-month EURIBOR	1.02%	0.11%	-89%	0.107%	1.005%	0.326%

The effect of changing interest rates on net profit or loss



Internal Audit's annual work programmes are approved by the Management Board and the Supervisory Board's Audit Committee. Internal Audit provides regular reports on its work to the Management Board and at least quarterly reports to the Supervisory Board's Audit Committee. In 2012 the Audit Committee received internal audit reports on all audits, findings and recommendations for improving supervisory controls and risk management within the Petrol Group, and quarterly reports on the work of Internal Audit and implementation of recommendations.

In 2012 Internal Audit continued to carry out certain procedures to improve the quality of work:

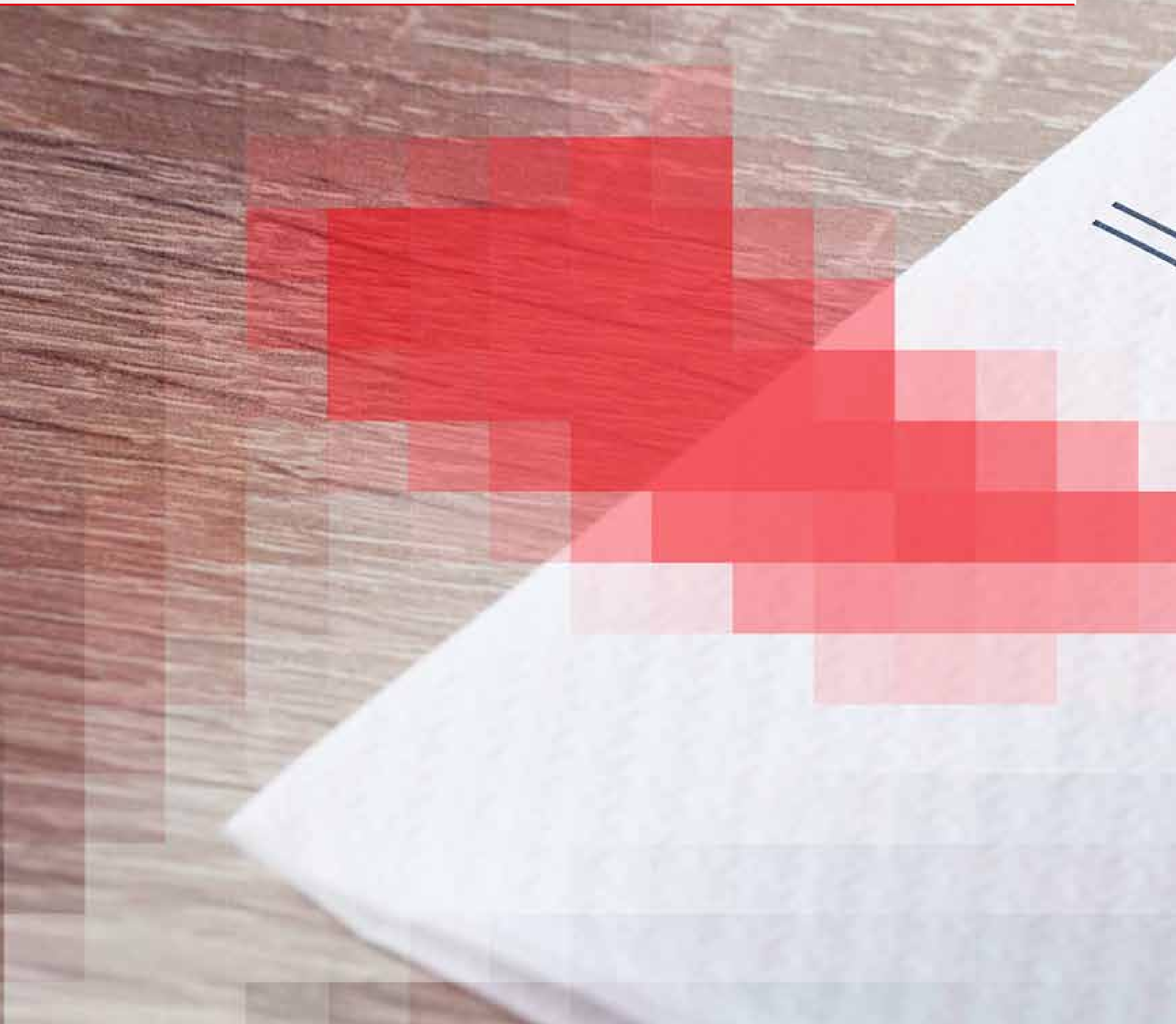
- due to changes in the Petrol Group's operations it updated the set of departments/processes within the Petrol Group (the audit universe);
- based on the COSO methodology, it reassessed risks according to processes and organisational units of the Petrol Group, taking into account the significance of the processes and the date of the previous internal audit;
- based on the new risk assessment, Internal Audit's work programme for 2013 was approved in November 2012;
- it carried out procedures to measure the efficiency of internal audits.

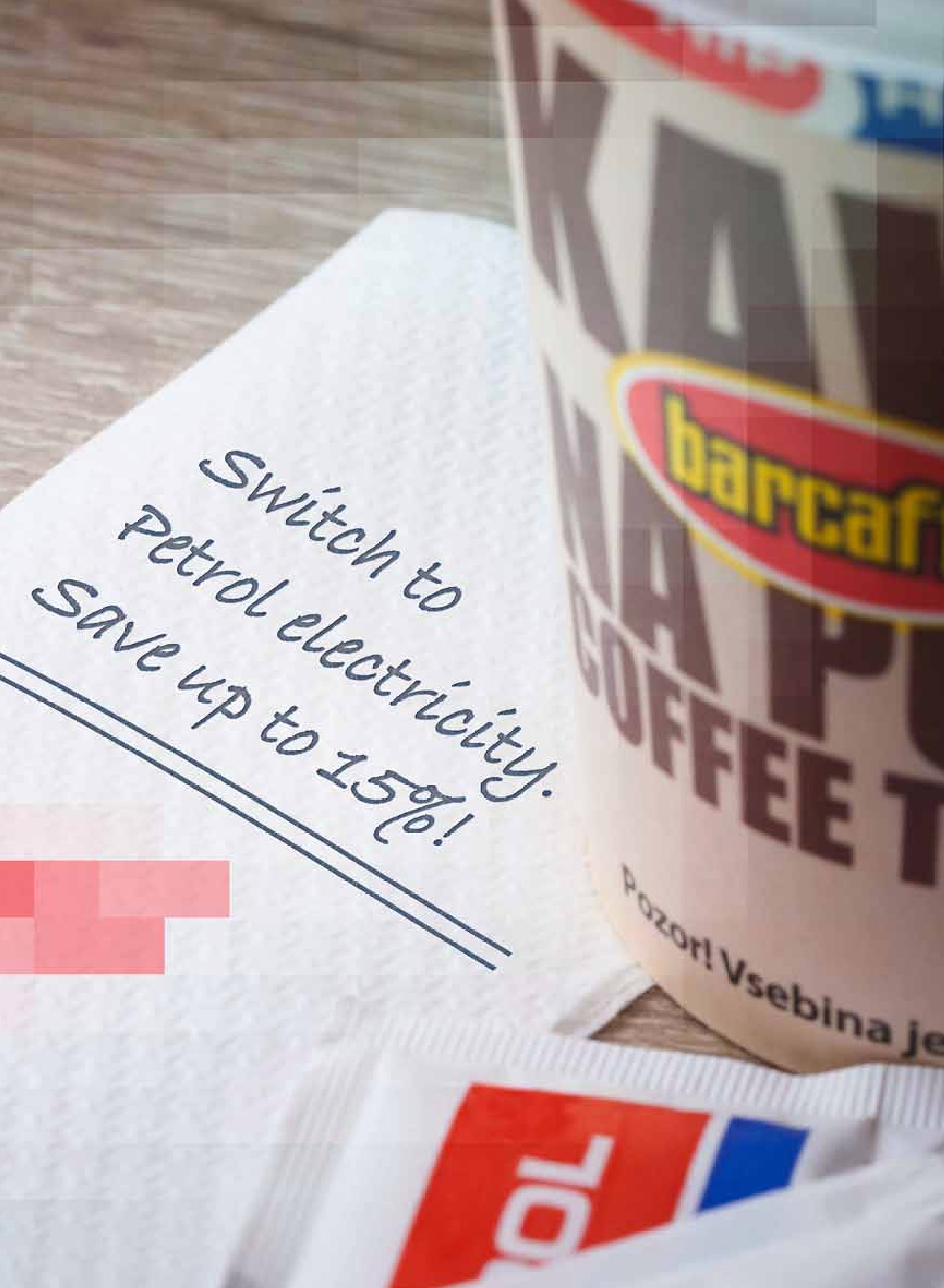
The verification of the functioning of internal controls in the Petrol Group's retail network was carried out by a dedicated team of qualified experts who mainly control the monitoring of goods and finance aspects of service stations and storage facility operations.

Internal Audit performed 14 audits in 2012, of which three were extraordinary audits. All audits were carried out using the "System Based Auditing" approach to verify the integrity of financial reporting, compliance with legislation and internal rules, implementation of the Petrol Group's strategy and process effectiveness. In terms of their content, the audits were focused mainly on verifying the efficiency of financial risk management and on operations of subsidiary companies in SE Europe. In 2012 an external audit of the functioning of IT processes within the company Petrol d.d. was also performed.

In addition to regular and extraordinary audits, Internal Audit regularly monitored the implementation of recommendations from the previous and current years in 2012 and, on the instructions of the Management Board, took part in three Company projects relating to the Petrol Group's risk management system.

ENERGY OPERATIONS




Switch to
Petrol electricity.
Save up to 15%!
Pozor! Vsebina je

[Oil and merchandise sales]

Main business impacts

The pricing of petroleum products is mainly subject to national pricing regulations, changes in petroleum prices on the global market and changes in the US dollar exchange rate.

Pricing of petroleum products

Slovenia

In Slovenia, fuel prices were set in accordance with the Regulation on the Price Methodology for Oil Derivates ("Uredba o oblikovanju cen naftnih derivatov") in force from 9 October 2011 to 9 October 2012. In the regulation, the model-based margin for government-regulated petroleum products was set at a fixed amount (EUR 0.08530 for a litre of petrol, EUR 0.07998 for a litre of diesel fuel and EUR 0.05265 for a litre of extra light heating oil).

In Slovenia, gross margins for petroleum products are still below European average. In the case of petrol, they amounted to 81 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 no more than 53 percent.

In October 2012, the Government of the Republic of Slovenia adopted a new petroleum product pricing regulation, which will remain in force until 9 October 2013. The pricing mechanism and the model-based gross margin are the same as before.

Croatia

Similar to Slovenia, the prices of petroleum products, i.e. petrol, diesel fuel and extra light heating oil, are government-regulated in Croatia.

From 31 March 2011 to 31 December 2012, the prices were set in accordance with new Rules for Determining Maximum Retail Prices of Petroleum Products ("Pravilnik o utvrđivanju najviših maloprodajnih cijena naftnih derivata"). Retail prices of petroleum products changed fortnightly according to the prescribed methodology, but the change in the retail price relative to the previous period could not exceed 3 percent.

The gross margin was fixed at HRK 0.76 (EUR 0.101) for a litre of diesel or petrol and HRK 0.58 (EUR 0.077) for a litre of extra light heating oil. The prescribed methodology for setting maximum permitted retail fuel prices was similar to the methodology in place in Slovenia. Also, the adjustment of prices was subject to changes in prices in the oil market and changes in the exchange rate of the US dollar against the national currency. The retail price included a premium of HRK 0.05 (EUR 0.006) per litre of fuel, which is aimed at encouraging biofuel production. Retail prices could also be lower than the maximum price permitted. At motorway service areas and at certain service stations on the coast (marine fuelling stations), however, they could exceed the model-based prices.

Since 1 January 2013, the prices have been set in accordance with new Rules for Determining Maximum Retail Prices of Petroleum Products ("Pravilnik o utvrđivanju najviših maloprodajnih cijena naftnih derivata"). Retail prices of petroleum products change fortnightly according to the prescribed methodology, but the retail price can now decrease by no more than six percent relative to the previous period and increase by a maximum of three percent.

The gross margin is fixed at HRK 0.76 (EUR 0.101) for a litre of diesel or petrol and HRK 0.58 (EUR 0.077) for a litre of extra light heating oil. The prescribed methodology for setting maximum permitted retail prices of fuel is similar to the methodology in place in Slovenia. Also, the adjustment of prices is subject to changes in prices in the oil market and changes in the exchange rate of the US dollar against the national currency. The retail price no longer includes the mandatory stocks duty and the premium for encouraging biofuel production. In accordance with EU law, the Government of the Republic of Croatia has instead introduced new excise duties amounting to HRK 3.15 (EUR 0.419) for a litre of petrol, HRK 2.354 (EUR 0.313) for a litre of diesel and HRK 0.343 (EUR 0.046 EUR) for a litre of extra light heating oil.

Retail prices may also still be lower than the maximum price permitted. At motorway service areas and at certain service stations on the coast (marine fuelling stations), however, they may exceed the model-based prices.

Bosnia and Herzegovina

In Bosnia and Herzegovina, the 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, although they are lower in the Republic of Srpska where lower procurement prices can be achieved thanks to its supply sources. There is increasingly more unfair competition which, as a result of dumping and poor quality of fuel, has an appreciably detrimental impact on Petrol's market position.

Serbia

Since the new legislation liberalising Serbia's oil market (unregulated imports of oil and petroleum products) entered into force on 1 January 2011, the prices of petroleum products have no longer been government-regulated and are set freely in accordance with market conditions.

Montenegro

In Montenegro, the prices of petroleum products are set in accordance with the Regulation on the Method of Setting Maximum Retail Prices ("Uredba o načinu obrazovanja maksimalnih maloprodajnih cijena"), which has been in force since 1 January 2011. The prices change fortnightly, provided that prices on the oil market (Platt's European Marketscan) and the exchange rates of the euro and the US dollar change by more than five percent. In addition to market oil prices and changes in the exchange rates of the euro and the US dollar, the price calculation methodology includes all taxes and duties as well as an oil companies' margin. The gross margin was fixed at EUR 0.063 for a litre of petrol, EUR 0.064 for a litre of eurodiesel and EUR 0,076 for a litre of extra light heating oil. In addition, retailers are allowed by the model to include the costs of transhipment, handling, bank charges, storage, transport, distribution, retail operations and internationally recognised maximum loss of 0.5 percent into the margin.

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 average monthly 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 retail prices, which change two to three times a month.

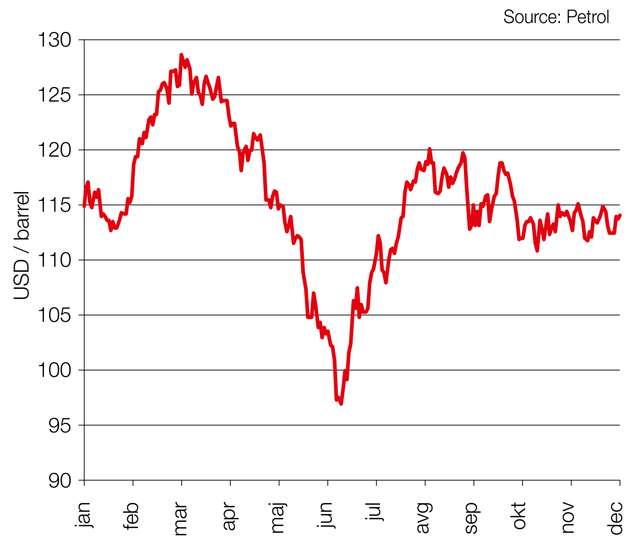
Changes in oil prices in 2012

Oil prices per barrel ranged from USD 88.6 to USD 128.2 in the period concerned. The average price of crude oil per barrel stood at USD 111.7 in 2012, up 0.4 percent from 2011, with the average price in euros increasing by 9 percent. The prices of petrol and middle distillates followed the same trend as crude oil prices.

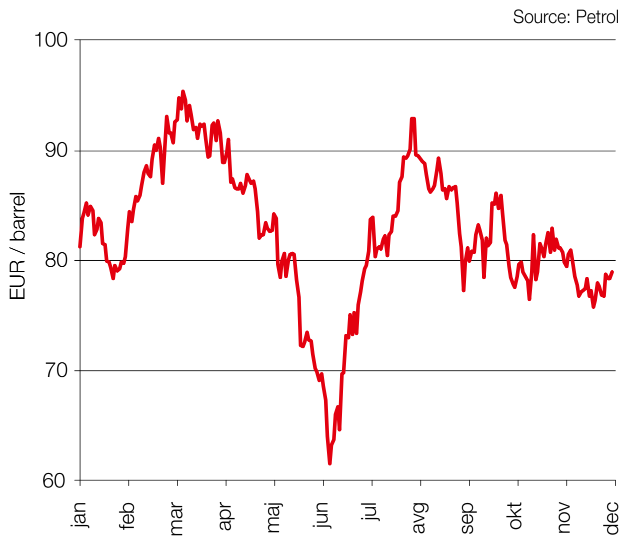
US dollar exchange rate

The average exchange rate of the US dollar according to the reference exchange rate of the European Central Bank stood at 1.28 US dollars for 1 euro in 2012.

Changes in crude oil prices in 2012 in USD/barrel



Changes in crude oil prices in 2012 in EUR/barrel



Sales performance

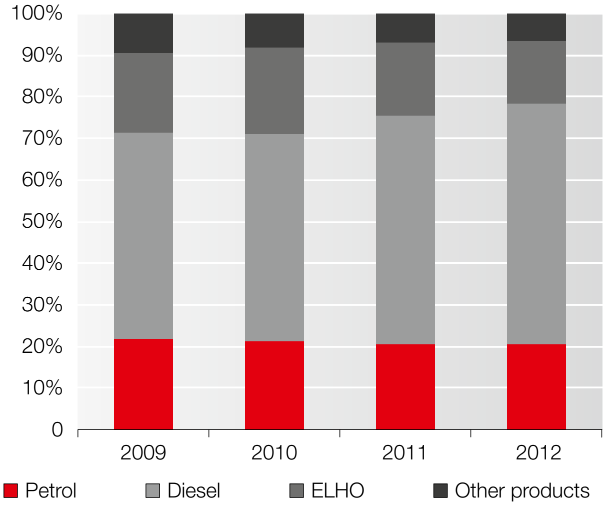
The sales of petroleum products and of other goods and services were affected by the deepening of the economic crisis in 2012. Our response to the difficult business environment was to bring novelties into our operations and expand the network of our service stations, thus achieving satisfactory sales performance. In 2012 we started selling fuel under the new Q Max brand. These fuels are considered to be of the highest quality.

Sales of petroleum products

In 2012 we sold 2.5 million tons of petroleum products, an increase of 7 percent over 2011 and 4 percent more than planned. Sixty-two percent of our sales were generated in Slovenia, 14 percent in the EU markets, and the remaining 24 percent in the markets of SE Europe. 51 percent of the sales were generated in retail and 49 percent in wholesale operations. The sales in Slovenia rose 1 percent relative to 2011, with the sales in the EU markets increasing by 151 percent year-on-year. The sales in the SE European markets, on the other hand, fell by 9 percent from 2011. The economic crisis, which has had a significant impact on the already weak purchasing power of the general population and caused a drop in economic activity in the SE European markets, has also adversely affected the Petrol Group's sales performance.

As far as individual categories of petroleum products are concerned, the Petrol Group's sales of motor fuels rose by 10 percent compared to 2011, with the sales of extra light heating oil decreasing by 7 percent. Retail sales of motor fuels produced good results, thanks also to the fuel prices that were lower in comparison with the neighbouring countries in the first half of 2012. As regards wholesale diesel fuel results, the impact of the economic crisis was appreciable in 2012 which saw construction companies filing for bankruptcy and freight transport declining. Finally, the sales of extra light heating oil were lower due to switching over to other, more affordable heating sources.

Breakdown of the Petrol Group's sales of petroleum products 2009–2012



Changes in the fuel sales structure have considerable influence on Petrol's business results. The share of diesel in the fuel sales structure continues to increase, which is typical of recent years. This is chiefly still the result of changes in the composition of our customers' vehicle fleets and the rather high share of lorry transit through Slovenia in the overall transport. What is more, the Regulation on the Price Methodology for Oil Derivatives in place in Slovenia stipulates a lower gross margin for diesel fuel than petrol.

Merchandise

In 2012 the Petrol Group generated EUR 472.2 million in revenue from merchandise sales, an increase of 7 percent on 2011 and 1 percent less than planned. Out of this amount, EUR 460.4 million was associated with oil and merchandise sales and EUR 11.8 million with energy operations (sale of wood biomass and heat pumps).

Compared to 2011, sales increased in the lottery, coupon and card (games of chance), tobacco and hot beverage segments. The sale of catalogue items through the Petrol Club catalogue and loyalty programmes was continued and further developed.

Slightly poorer sales were recorded in connection with food products compared to the previous year, a reflection in particular of changes in economic and social conditions, which are in turn translated into significant changes in customers' shopping habits. The Petrol Group still generates the bulk of its revenue from the sale of merchandise in Slovenia, but has been intensively working on bettering the sales performance also in the markets of SE Europe.

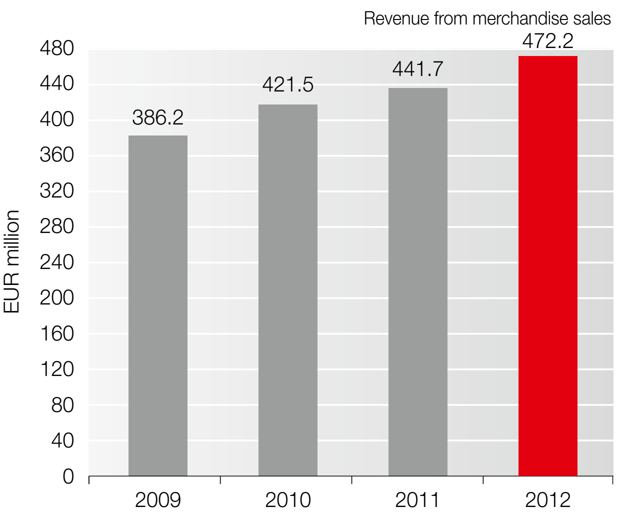
Sale of services

In the Petrol Group, most of the revenue from services is generated by the parent company and the company Instalacija d.o.o. Major revenue streams of the Petrol Group coming from services which are associated with oil and merchandise sales include revenue from transport services, carwashes, leasing of restaurant facilities and the Petrol Club card, as well as revenue generated from storing and handling petroleum products.

Supplementary range

In the light of the changed market conditions it is necessary for the range of products and services available at Petrol's points of sale to be changed and complemented accordingly. Our activities are focused on adapting the range as quickly as possible to the needs of various profiles of customers visiting our service

Increase in the Petrol Group’s merchandise sales



stations and on introducing products and services that open up new sales opportunities (Wi-Fi, OCR readers for payment order processing, Urbanomats, office-on-the-go (faxing, photocopying)). Customers now demand more sales promotions and immediate reaction to new trends in products and services while becoming much more price sensitive. Customers who are more sensitive to prices can choose from items available at promotional prices, which are clearly marked. In the previous year, Petrol introduced new items in the health food segment, new hot beverages and new services, and added gift vouchers to its range. As for the standard range, sales were generated using a larger number of promotions and discounts for loyal Petrol customers. The bigger range is also reflected in the layout of shops at service stations. In 2012 we renovated the shops at several service stations, bringing them even closer to the needs of our customers.

Coffee corners, which are already accompanied by betting and lottery corners, were expanded to include mini bakeries. In addition, service station opening hours were adjusted to reflect seasonal traffic flows and customer needs.

Retail network of the Petrol Group

By the end of 2012, the Petrol Group's retail network grew to 462 service stations: 315 in Slovenia, 92 in Croatia, 37 in Bosnia and Herzegovina, 8 in Serbia, 5 in Kosovo and 5 in Montenegro. Complementing the services provided at service stations are 113 car-washes, 148 bars and 34 TIP STOP quick-service facilities. The latter are dedicated to the maintenance of freight and passenger vehicles.

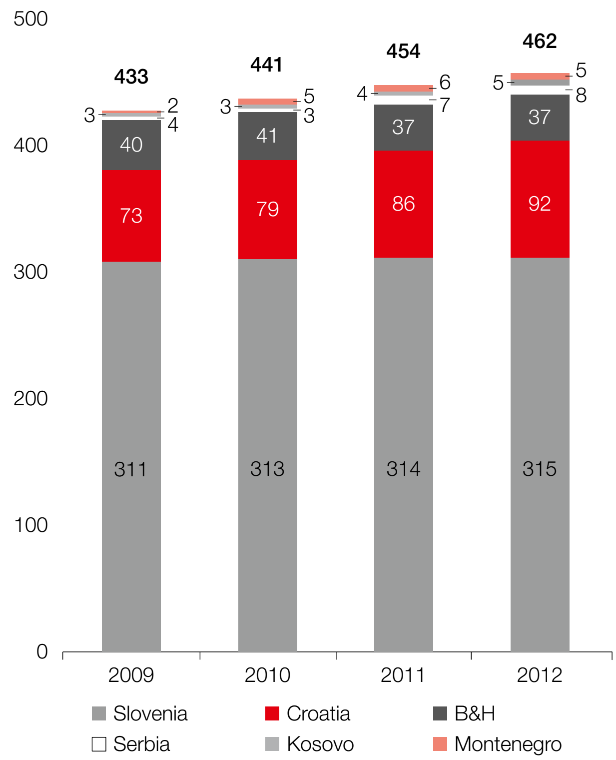
There are 28 motor fuel retailers in Slovenia. With its 315 service stations, Petrol d.d., Ljubljana has a 58-percent market share in terms of the number of service stations. Its competitive advantage consists of having a leading position as regards transit routes, with particular emphasis on motorway locations and key urban and border locations. Petrol's main competitor is the company OMV, which has a 20-percent share of the market (by the number of service stations). Thanks to the strategic expansion of its retail network, the Petrol Group is also becoming an increasingly important energy supplier in the markets of SE Europe. In Croatia, the Petrol Group holds an 11-percent market share in terms of the number of service stations. Its major retail competitors in this market are INA, OMV, Tifon and Lukoil Croatia. The companies Nestro Petrol, Energopetrol and INA are Petrol's major competitors in Bosnia and Herzegovina, whereas in Serbia the companies with the largest retail network include NIS, Lukoil, OMV, EKO and Mol.

Sales were boosted by the setting up of new points of sale for the AdBlue additive, which contributes to cleaner freight-vehicle exhausts, and the introduction of high-volume diesel dispensers for transport vehicles. In 2012 the autogas network grew by 13 additional service stations and was thus available at 58 service stations in Slovenia, 54 in Croatia, 8 in Bosnia and Herzegovina, 8 in Serbia, 5 in Kosovo and 5 in Montenegro, a total of 138 service stations, at the end of 2012.

Wholesale network of the Petrol Group

The Petrol Group sells nearly half of its petroleum products on the wholesale market. Its market position enables it to provide an uninterrupted supply of motor fuels and other petroleum products, making it the leading supplier to companies in the markets in which it operates. Its broad network of sales representatives, local presence through wholesale outlets, appropriate technical and advisory support and efficient logistics are the key elements to secure a high level of sales services and competitive advantages. Despite the demanding economic situation we maintain close links with our business partners and remain an important supplier of energy products and raw materials to the industrial sector. Ongoing contacts with our business partners and open dialogue are a guarantee for a high level of customer satisfaction. We are well aware of the fact that we are deeply embedded in the industrial sector, which is why all of our business decisions are taken with great care. The year 2012 was marked by intense competition, and the trend of falling domestic demand continued, particularly in construction. Although we were able to justify trust and either maintain or strengthen cooperation with our major customers through flexibility and reliability, we were still affected by the decline in production and the volume of work, which was reflected, among other things, in payment discipline. This led us to take the necessary precautions to hedge our exposure to customers.

Expansion of Petrol's service station network 2009–2012



Petrol Club

Ever since the Petrol Club loyalty programme was established in autumn 2010 we have been rewarding our customers' loyalty by offering them favourable products and services of renowned trademarks. The offer is presented four times a year in Petrol Club catalogues and Petrol Club members can opt for additional special offers that are available every month at our service stations, and take part in prize draws. At the end of the year, Petrol had more than 500,000 loyal members, holders of the Petrol Club loyalty card and charge card. The loyalty programme is the

foundation of the CRM strategy for Petrol. We wish to create value for customers and understand them better than anyone so that we gain their loyalty. The extensive base of Petrol Club card holders provides us with an excellent insight into their purchasing habits and a solid basis for establishing the CRM system (Customer Relationship Management) at Petrol. This insight enables us to improve our services for customers, increase the efficiency of support, boost sales and marketing processes, improve customer profiling and target advertising, reduce costs and increase the share of customers and overall profitability. The establishment of the CRM system at the Company level is complex as it requires strong support from the management, a customer-oriented vision, possibly a very demanding process redesign, a change in the culture and organisation of the Company, the introduction of new technologies, system integration and data management.

Procurement and logistics

Efficient procurement and logistics of petroleum products and merchandise are key factors of the Petrol Group's successful operating performance. In 2012 the main goals in this area consisted of the Petrol Group improving the procurement terms achieved in 2011 and, as far as subsidiaries are concerned, continuing the optimisation of logistics processes. By acquiring the remaining interest in the company Instalacija d.o.o., which owns the petroleum product storage facility in Sermin, Petrol considerably improved the security and reliability of its fuel supply chain in Slovenia and in the wider region. This will also enable Petrol to develop and expand its petroleum product sales in the neighbouring markets.

Procurement of petroleum products

The procurement strategy for motor fuels and middle distillates focuses on supply by sea, although inland refineries located in SE Europe, which complement the procurement network and increase the reliability of supply, mainly of derivatives for which there is local demand, are also important. Other petroleum products, such as fuel oil, bitumen and gas, are delivered only by land.

Petrol buys most of its petroleum products from the largest multinational oil companies and some from major global oil and petroleum products traders. Many years of continuous cooperation with reliable and competitive suppliers give Petrol the status of a partner. As in the previous year, the purchased petroleum products were mostly delivered by sea. The demand for motor fuels at our subsidiaries in Croatia and Bosnia and Herzegovina was partly met from local refineries: in Croatia from refineries in Rijeka and Sisak, in Bosnia and Herzegovina from a refinery in Bosanski

Brod. In the last quarter of 2012, Petrol entered into intense negotiations with local producers to secure for Petrol's subsidiaries a price of petroleum products that was as competitive as possible and optimal logistics for supplying service stations and wholesale customers.

In line with Petrol's long-term financial goals, environmental orientation and key policies, the selection of suppliers is subject to the following factors:

- strict compliance of all products procured with applicable European standards and regulations;
- purchase price and other terms of procurement allow for the lowest procurement and logistics costs;
- reliability of supply which allows for lower operational stocks and thus reduced costs of stock financing.

Procurement of merchandise

In the procurement of merchandise, the main goal and task is to ensure availability of goods for sale, while providing for adequate provision of services at service stations in Slovenia and SE Europe. All this is accompanied by efforts to achieve optimal terms of procurement. On the operational level, merchandise is procured directly from manufacturers, official distributors and strategic business partners. When putting together our range of merchandise, we take into account the sales performance of our points of sale, market shares for specific goods, as well as prices and product quality.

In merchandise procurement, improving the terms of procurement to achieve higher rebates and extending the payment deadlines is an ongoing task. In addition to prices and payment and delivery terms, coordination with marketing activities is also important. We focus on seeking out new offers for products that address new customer needs and their price sensitivity. In the second half of 2012, the market underwent radical changes. An important share of procurement activities thus revolved around agreements aimed at introducing new items to our range of products and services, especially in connection with promotions. In 2012 we looked for new items from merchandise categories that are linked to the loyalty programmes for customers who are members of the Petrol Club. In this particular case, we go the extra mile to ensure the most affordable price for end customers, to which they become entitled by redeeming golden loyalty points.

In procurement, a well-organised document flow is important. In this respect, we aim to streamline our operations through electronically supported transactions with suppliers and distributors.

Delivery of goods to the points of sale is done either directly by suppliers (newspapers, ice cream, sandwiches), via storage facilities or, in the case of virtual goods, through IT applications. Regular activities in the merchandise procurement process include stock optimisation at service stations and storage facilities and the optimisation of other logistics costs.

Petroleum product and merchandise logistics

In 2012 the petroleum product logistic activities focused on further streamlining and optimisation of the supply chain and thus an additional reduction of costs and increase in efficiency. Owing to the changes in the structure and volume of sales of individual types of petroleum products, we downsized the fleet for transporting extra-light heating oil and changed the purpose of individual fuel tanks at storage facilities according to the strategy on inland fuel tanks. Moreover, we redesigned business processes at the Rače storage facility and thus greatly increased its productivity.

In the middle of the year, we outsourced transport activity for our company in Croatia and transferred the entire transport fleet to the outsourced provider. With the aim of reducing fixed costs, we also changed the procurement flows for fuel in Croatia and cancelled the warehousing agreement in Zadar.

By acquiring a majority interest in Instalacija d.o.o. through the purchase of an interest from Istrabenz d.d. in 2011, we intensively optimised business processes in the said company and significantly improved its business results compared to the plan and 2011. Moreover, the investment in an additional 50,000 m^3 of storage premises and tanks was completed in 2012 and these facilities were included in a long-term lease to the Agency of the Republic of Slovenia for Commodity Reserves.

Worth mentioning in the area of logistics is the rise in the volume of sales of delegated stocks to customers outside Slovenia and to the Agency of the Republic of Slovenia for Commodity Reserves.

In the area of bulk goods logistics we succeeded in keeping transport rates at the 2010 level and further reduced costs by optimising transport. We established a new supply chain for biomass and at the end of the year successfully implemented winter tyre logistics.

[Gas and heat]

Natural gas and liquefied petroleum gas are considered top quality and clean fossil fuels, offering vast possibilities for use – from heating to electricity production and engine fuel. Both energy products are characterised by efficient use, low costs and mitigation of negative environmental impacts. The sale and distribution of gas have been gaining importance within the Petrol Group. Business activities involving liquefied petroleum gas are divided into several segments, i.e. gas sales through concessions and gas storage tanks, autogas sales and bottled gas sales. Through district heating and cogeneration systems we are also expanding the production and sale of heat.

Sale and distribution of gas

The Petrol Group is engaged in the supply of natural and liquefied petroleum gas as well as in the construction and management of gas distribution networks. The selling prices of liquefied petroleum gas in Slovenia are determined freely. Also freely determined are the selling prices of natural gas as an energy source (supply), whereas the distribution prices (network fees) are approved by the Energy Agency of the Republic of Slovenia. In Croatia, the selling prices of liquefied petroleum gas are determined using a formula based on LPG prices on the Mediterranean exchange.

In Serbia, on the other hand, the selling prices of natural gas are determined by the Serbian Energy Agency.

In 2012 the Petrol Group operated 28 gas supply concessions in Slovenia (22 for the supply of natural gas and six for the supply of liquefied petroleum gas) and, in Serbia, supplied natural gas to the municipalities of Bačka Topola and Pećinci as well as three Belgrade municipalities, which was made possible by acquiring the company Beogas Invest d.o.o. In addition, the company Petrol Plin d.o.o. has gas supply contracts in the towns of Šibenik and Rijeka. Liquefied petroleum gas is supplied to customers through LPG storage tanks, service stations (autogas) and gas bottles.

In 2012 Petrol acquired an majority interest in the company Beogas Invest d.o.o. (which sells and distributes natural gas in Belgrade). It also acquired the remaining 49-percent interest in the company Petrol-Jadranplin d.o.o. and then merged the companies Petrol-Jadranplin d.o.o. and Petrol-Butan d.o.o. into the company Petrol Plin d.o.o., thus becoming the second largest LPG distributor in Croatia.

The volume of natural gas sold by the Petrol Group in 2012 amounted to 128.8 million Sm^3, an increase of 13 percent from 2011 and 12 percent more than planned. The sales of liquefied petroleum gas totalled 63.5 thousand tons, which was 13 percent more than in 2011 and 5 percent higher than planned. Sold at 138 service stations, autogas accounted for 23.5 thousand tons, up 19 percent from 2011. Petrol also sold 3.3 thousand tons of industrial gases or 6 percent less than in 2011.

Production, sale and distribution of heat

Supplying heat for heating purposes through district heating systems is turning into an important segment of Petrol's comprehensive energy product supply.

In 2012 Petrol expanded the wood biomass district heating system in Ribnica and Metlika, and acquired a new concession to set up a district heating system in Ivančna Gorica. District heating is ensured by Petrol also in the municipalities of Piran, Ravne na Koroškem and Hrastnik. In 2012 the worn-out sections of the district heating system in Hrastnik and Ravne were repaired. At the end of 2012, the Petrol Group managed six district heating concessions.

Heat and electricity are also produced in cogeneration plants, in a process of simultaneous generation of electricity and useful heat from primary fuel energy. All cogeneration plants use natural gas as their primary fuel. By enabling substantial natural gas savings, cogeneration is one of the most important ways of reducing greenhouse gas emissions.

The year 2012 saw the launch of several micro-cogeneration units installed as part of boiler-room refurbishment projects in schools and other public buildings. Petrol completed the reconstruction of the boiler room in Planina, Kranj, and successfully put into service both 5 MW cogeneration units. The investment was carried out through the company Soenergetika d.o.o., which is 25-percent owned by Petrol.

In 2012 the Petrol Group sold 63.7 thousand MWh of heat or 11 percent less than in 2011 and 16 percent less than planned. This was due to the fact that in 2012 all households installed heat cost allocators as required by law, customers implemented energy efficiency and saving measures, and the temperature in the last months of 2012 was above-average.

[Electricity]

Offering electricity to businesses and households consolidated Petrol's position as a major supplier of the full range of energy products across Slovenia.

The deregulation and liberalisation of the energy market made electricity more interesting for the Petrol Group as it plays an important role in all segments of the economy and as well as for households. Besides its primary function of lighting, it is increasingly being used for heating and cooling buildings. In the future it will play a particularly significant role as a new and environmentally acceptable motor fuel for various means of transport.

In 2012 Petrol sold 2.4 TWh of electricity, an increase of 125 percent relative to 2011 and 67 percent more than planned.

The production, sale and distribution of electricity are performed by Petrol Energetika d.o.o. and, since 2010, also the parent company Petrol d.d., Ljubljana. Petrol Energetika d.o.o.'s market role is that of producer, trader, agent and energy marketing broker, but has also been assuming the role of distribution system operator.

In 2012 Petrol d.d., Ljubljana became actively involved in the international electricity market. After having successfully set up its trading infrastructure, it started trading on the German power exchange, but was also active in the Austrian, Italian and Croatian market. Petrol's partners are the most renowned energy companies in Europe and around the globe. The aim of electricity trading in international markets is to buy the most affordable electricity for Petrol's customers.

In electricity supply to end customers, Petrol won 10,000 new household customers, recording growth of 67 percent over the year before. The Petrol Group is thus servicing 27,000 household customers. A sales increase was also seen in the segment of business customers.

A considerable amount of development work was carried out in 2012 as the electricity market is constantly changing and the key to success is rapid adjustment to new conditions. In 2012 we therefore established a system of electricity sales to small business customers via wholesale representatives. In this way, Petrol made use of its main advantage over competitors since the broad distribution network is a very powerful tool for establishing contacts with end customers all over Slovenia. In order to provide faster and higher quality servicing of electricity customers, we produced detailed lists of processes for the back office and laid the foundations of the analysis department. Algorithms were set up for use by the analysis department for the daily calculation of PFC (Price Forward Curve) and P&L (Profit and Loss) for the end customer portfolio. This facilitated the treatment of customers according to the model of automatic appraisal of a customer profile and a more detailed generation of final offers for business customers.

In 2012 the electricity department was strongly focused also on the possibility of expanding operations and sales of electricity to end customers in neighbouring countries. Licences were obtained for the supply of electricity to end customers in Croatia.

[Environmental and energy solutions]

Environmental solutions

In 2012 the Petrol Group operated three concessions for the public utility service of municipal wastewater treatment. The capacity of the treatment plant in Murska Sobota is 42,000 population equivalents (PE) and in Sežana and Mežica 6,000 and 4,000 PE, respectively. Petrol also managed the industrial waste treatment plant at Vevče Paper Mill. All waste treatment plants operated well in 2012, but thanks to the management of the Vevče Paper Mill plant, Petrol gained knowledge and experience of industrial wastewater treatment which became a significant reference for the Company. As an important member of the company Aquasystems d.o.o., Petrol d.d., Ljubljana is also involved in the treatment of municipal wastewater in the Municipality of Maribor, the capacity of which is 190,000 PE.

In November 2012, Petrol d.d., Ljubljana won a concession for the public utility service in the Municipality of Ig, which will start in 2013. It took over the management of the existing treatment plants (Ig and Matena), it will set up the Matena–Ig pressure line and start constructing a new treatment plant at Ig. Trial operation of the new treatment plant at Ig is expected in 2014.

At the end of 2010, Petrol became involved in energy production from waste by acquiring the Ihan Biogas Plant. In the second year of operating the plant, Petrol optimised its processes and stabilised its supply sources in terms of organic waste delivery.

Energy solutions

Becoming more energy-efficient with the help of Petrol

As a strategic partner, the Petrol Group invests and offers a hand to its customers to help them improve their energy efficiency and use of alternative resources. Every day more than 100 engineers and other energy experts from the Petrol Group help create success stories in Slovenia and abroad concerning the reconstruction of boiler rooms, electricity and heat cogeneration, improved functioning of district energy systems and water supply systems, efficient lighting, efficient energy management in facilities and the construction of solar power plants.

Contract-based energy supply and guaranteed savings

The most common model of executing projects for efficient energy consumption without the client having to make a start-up investment, in the public and commercial sectors and industry, is a long-term energy supply and guaranteed energy savings contract. A significant advantage offered by such a model to customers is that Petrol assumes all technical and economic risks of project implementation, provides all funds required for carrying out measures and supplies the client with all the necessary energy of suitable quality, also guaranteeing savings from the use of energy products compared to the existing situation.

Projects in 2012:

- several solar power plants constructed;
- concession agreements signed, guaranteed energy savings and supply contracts implemented:
  - refurbishment of numerous boiler rooms,
  - expansion of the project involving the management of energy facilities owned by the Municipality of Kranj,
  - implementation of new efficient energy consumption measures as part of the project of the University of Maribor,
  - contract signed on the implementation of new efficient energy consumption measures and the energy management of buildings owned by the Municipality of Koper,
  - contracts signed on heat supply with the Hit Alpinea and Bernardin hotels;
- water supply systems optimised, the first successfully completed project in this field in the Municipality of Kranj, a contract entered into and project implemented in Velenje;
- several district heating systems in Slovenia and abroad optimised;
- first concessions won for implementing measures for efficient energy consumption and managing public lighting in four municipalities;
- and energy audits of several commercial and industry facilities.

Guaranteed energy savings programme for end customers

With the aim of implementing its long-term business strategy and fulfilling the requirements of the Energy Act, in 2012 Petrol prepared the Guaranteed Energy Savings programme for end customers, as part of which it awarded EUR 8.2 million in grants. Through this programme we are helping a number of companies, public institutions and industry reduce the costs of energy supply and boost their cost competitiveness.

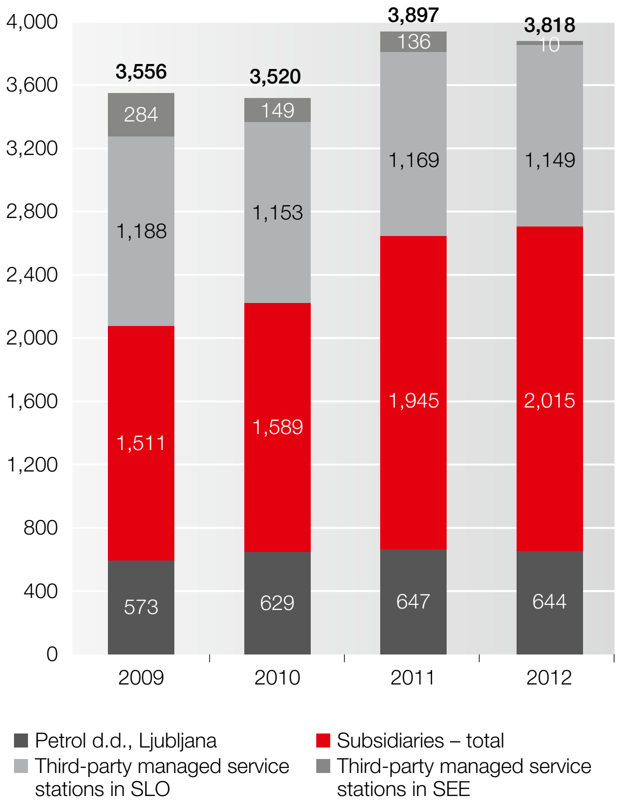
SUSTAINABLE DEVELOPMENT


Messages
08:53
Gorazd
96 %
Edit
Meet us at Voklo for Petrol coffee ;)

[Employees]

In the Petrol Group, human resources management consists of a well thought-out recruitment policy, an effective remuneration and promotion system, care for the training and development of staff, and the monitoring of their satisfaction.

Changes in the number of employees of the Petrol Group and at third-party managed service stations 2009–2012



Staff numbers

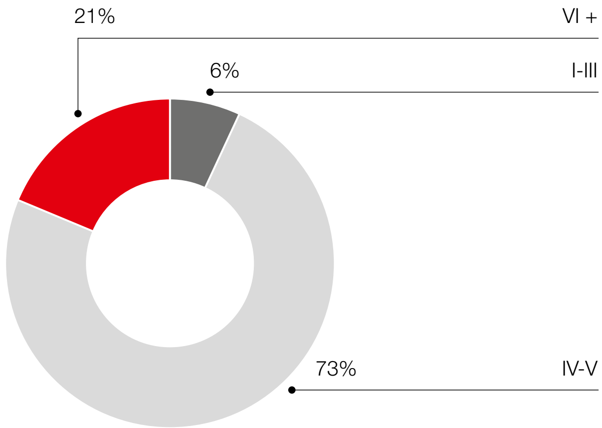
At the end of 2012, there were 3,818 people employed within the Petrol Group and at third-party managed service stations, of which 31 percent worked for subsidiary companies and at third-party managed service stations abroad. The number of employees decreased by 79, or 2 percent, relative to the end of 2011. This was the result of the outsourcing of transport activities of Petrol d.o.o. in Croatia and the reduction of staff numbers within the IGES Group and at service stations in Slovenia.

At the end of 2012, the average age of employees was 39 years. 68 percent of the employees were male and 32 percent were female.

The right experts at the right place

Recruiting the right experts to the right posts is the key for achieving our business goals. During the selection and recruitment process, all candidates are given equal treatment irrespective of sex or other personal circumstances.

The Petrol Group's education structure as at 31 December 2012



In 2012 the Petrol Group recruited 437 workers, the employment contracts of 516 employees were terminated and 277 people were transferred to new positions within the Group. The Group's staff turnover rate stood at 13 percent.

Efficiency and factors determining success in business go hand in hand with staff efficiency during working hours. Due to an increased number of holidays in 2012, Petrol's working time efficiency rate stood at 79.2 percent in 2012, down by 1 percentage points from 2011.

Education and training

In 2012 the number of employees taking part in various forms of education and training stood at 11,675, of which 35 were engaged in the formal education process. 80,357 teaching hours of training were carried out, which on average amounted to more than 21 teaching hours of training per employee.

Organised as part of the Petrol Group is Petrol Academy, which provides systematic and comprehensive training to employees. Petrol organises numerous internal training programmes tailored to the work process and seeks to include each employee in at least one training a year. As part of Petrol's Business Academy and in cooperation with the Ljubljana Faculty of Economics we drew up a training and education programme for young staff with strong potential.

In 2012 there was particular focus on the training of our colleagues at service stations abroad. By engaging internal lecturers, we transfer good practices and standards in sales to other markets, improve skills and develop communication with employees in foreign markets.

We have developed several training modules dedicated to sales, in which all employees at service stations are included, and carried out training in occupational health and safety and food safety.

In 2012 we launched a distance learning programme, offering service station employees an English course adapted to the needs of working at a service station.

Particular attention was devoted to the training of outworkers, including truck drivers and students. A number of various technical seminars were organised for them in 2012, which were attended by 2,244 active participants.

Occupational safety

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

As in previous years, the Group followed a programme of preventive medical checkups in 2012. Continued monitoring of medical condition remains one of the most effective methods for a timely prevention of chronic diseases and for obtaining feedback on the suitability of working conditions. In 2012 particular attention was again devoted to workers with a reduced working capacity.

Remuneration

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

For several years, the Petrol Group has had in place a system of annual interviews with key personnel. They concern all members of top, middle and junior management, and employees at highly technical positions.

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

Organisational climate

Petrol has been measuring organisational climate and employee satisfaction on a regular basis since 2001 and has participated in the SiOK project – Slovene Organisational Climate Survey – since its very inception.

At Petrol, the survey has the usual high response rate, with 73 percent of employees taking part in it in 2012. The average organisational climate indicator improved from the 2011 figure of 3.70 to 3.74, and the average satisfaction indicator climbed from 3.71 to 3.73. Both indicators as well the response rate improved from 2011 and were the highest in the 12 years of conducting the survey.

Employee and family friendly enterprise

Petrol received the basic "Family Friendly Enterprise" certificate already in 2010, and has adopted a series of measures that help employees reconcile their professional and family lives. In 2012 we continued implementing the previously established measures (a free day for parents of first-time school goers, gift packages upon the birth of a child, congratulations from the Management Board on personal anniversaries). For our employees' primary school children we have prepared an active holiday programme that we carried out in the last week of the summer holidays. In addition, in exceptional situations parents can bring their children to work if that is allowed by the work process.

Petrol enables its employees to spend their free time in a quality manner. To this end, it owns a number of holiday homes in Slovenia and Croatia where its employees and their families can go and spend their holidays. Each year, the Company organises the Petrol trip which is always attended by a number of employees. Ahead of the New Year, we get together at the New Year's party, and "Petrol's toddlers" are visited by Santa Claus. For more than 30 years, Petrol has been promoting sports, recreation and socialising at events for employees, which are organised several times a year. In 2012 Petrol Winter Games took place in Kranjska Gora and Summer Games in Mengeš. These were also open to the children of Petrol's employees. All Company events are

increasingly popular with employees from Petrol's companies abroad. Socialising in an informal setting also helps to affirm the values and build company loyalty among the entire staff.

[Customer satisfaction measurement]

Petrol realises the importance of customer satisfaction and therefore has a system for monitoring this parameter. Most surveys and research are conducted in retail, where the majority of customers are. The quality of services performed is measured in various ways, including virtual shopping, online customer surveys, internal controls, analysis of complaint numbers by segment etc.

The goals of research results are:

- to identify the biggest problems and the possibilities for improving the product and service range at individual service stations of Petrol; and
- to measure and monitor loyalty at Petrol's individual service stations.

Only a satisfied customer will return, so the results obtained are used to continuously train sales staff with an emphasis on friendliness, eagerness to help and professionalism in both Slovenia and the markets of SE Europe. Customer satisfaction surveys prove that we are on the right track. In 2012 for the first time we measured customer satisfaction with virtual shopping also in the SE European markets, namely in Croatia, Serbia, Bosnia and Herzegovina and Montenegro.

Much like in the case of customer satisfaction with sales at service stations, the satisfaction of business partners is a key element of successful wholesale since a long-term sales relationship is based solely on the mutual trust and satisfaction of both parties. Petrol's broad network of sales representatives, local presence through wholesale outlets, appropriate product, technical and advisory support, and efficient logistics are the key elements to secure a high level of sales services and competitive advantages. In 2012 we conducted the first extensive wholesale customer satisfaction survey in Slovenia to assess various dimensions – product, service range, sales staff, individual outlets, ordering, delivery, loyalty, satisfaction and customer complaints. The survey results are good, with individual findings providing extra motivation for the otherwise highly educated and motivated staff whose extensive knowledge and rich experience ensure a high level of services in the sales market.

Regarding other research the results of which help us determine the areas of activity, the following should be mentioned: Customer Satisfaction with Petrol's Service Stations Compared to the Competition and the Strength of the Petrol Brand. Here the results again proved that we are on the right track as the Petrol Club loyalty system has been very well received and gives Petrol a competitive edge. We have upgraded and will continue upgrading the loyalty system using modern information tools (CRM).

Claims and complaints handling

Expectations being closely related to the quality of products and services, they are an important factor in customer satisfaction. High-quality products and services are one of our principal business commitments, and we therefore handle each case of customer dissatisfaction with great care. We are aware that an efficient claims and complaints handling system is an important factor that has a positive long-term impact on the satisfaction and loyalty of our customers and, consequently, on the Company's image and reputation.

With this in mind, we began overhauling the claims handling system in 2012, as part of which both the IT and the documentary support were redesigned. The single claims recording and handling system comprises all communication channels so that claims are handled in one place and in a faster, more efficient and customer-friendly manner. In the Petrol Group, claims and complaints are a valuable source of information about customer satisfaction, and their efficient resolution is part of a comprehensive service that does not end with the purchase of a product or service. The system is now being rolled out to all Petrol Group companies.

[Quality system]

Although quality management systems used to focus mainly on improving efficiency and excellence, they now progressively 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 people's environment but also of the people themselves.

Continued development of the quality management system

The Petrol Group's operations are based on the implementation of strict quality standards. Since 1997, we have been constantly upgrading and expanding the Group's quality management system, which is certified to the ISO 9001 standard. In addition to the certified quality and environment management systems, the comprehensive quality management system incorporates the requirements of the HACCP food safety management system, the requirements of the OHSAS occupational health and safety system, and the ISO 27001 information security system.

Overview of certificates and laboratory accreditations

Company	Quality management system	Environmental management system	Laboratory accreditations
Petrol d.d., Ljubljana	ISO 9001: 2008	ISO 14001: 2004	SIST EN ISO/IEC 17025:2005
Petrol Tehnologija, d.o.o.	ISO 9001: 2008	ISO 14001: 2004	SIST EN ISO/IEC 17020:2004
Petrol Energetika d.o.o.	ISO 9001: 2008	ISO 14001: 2004	/
Petrol d.o.o.	ISO 9001: 2008	ISO 14001: 2004	/
Beogas d.o.o.	ISO 9001: 2008	/	/
Eltec Petrol d.o.o.	ISO 9001: 2008	ISO 14001: 2004	/
Instalacija d.o.o.	ISO 9001: 2008	ISO 14001: 2004	/

Quality of services at service stations

The system of internal evaluation and assessment of service stations' operating quality is being continuously upgraded because we realise that sales are subject to numerous factors that need to be considered in the assessment of operating quality. The quality of services at Petrol's retail points of sale is monitored by means of internal control and the "random shopping" method. Survey results confirm a high level of service quality at our service stations, which has now become our competitive advantage. In 2012 the survey was also conducted in the SE European markets.

Petrol's accredited inspection bodies

Operating within the Petrol Group are Slovenia's leading oil laboratory, which conducts tests and analyses of fuel, lubricants and chemical products, and the inspection body for the control of liquid flow gauges, tyre-pressure gauges and pressurised equipment. The latter operates as part of Petrol Tehnologija, d.o.o.

Petrol Laboratory is accredited to and has in place a quality management system that is certified to the SIST EN ISO/IEC 17025 standard (General requirements for the competence of testing and calibration laboratories). Although it is part of the parent company, Petrol Laboratory operates as an independent and neutral institution, also providing services to external clients. In May 2012, a third accreditation body surveillance audit was carried out. Petrol Laboratory has 58 accredited test methods altogether (in 2012 equivalent ISO/ASTM/IP methods were listed under a single serial number whereas previously they had been recorded separately).

The company Petrol Tehnologija d.o.o. has in place a quality management system that is certified to the SIST EN ISO/IEC 17020 standard "General criteria for the operation of various types of bodies performing inspection". The company has 9 accredited test methods relating to the inspection of flow measuring devices, pressure equipment, tightness, wall thickness and dielectric strength of fixed reservoir insulation.

Petrol as a driver of fuel development in Slovenia

At Petrol, we are aware that long-term progress is only possible if fresh solutions are developed and new development paths are sought. Today's development is inevitably connected with solutions involving a high degree of environmental responsibility. As the leading provider of fuel, Petrol not only ensures an uninterrupted market supply, but also offers its customers high-quality fuel.

Q Max

In 2012 Petrol successfully introduced a new fuel brand called Q Max. This project involved the preparation and design of solutions for additional additives to liquid fuels (petrol and diesel fuel). Petrol thereby consolidated its position among the leading providers of top-quality fuel in Slovenia and in the foreign markets where its range of products and services is available. Fuels with additives have been considered an above-standard offer for several years and a privilege of some of the most renowned global fuel providers. Petrol has been providing fuels with additives for several years. It actively contributes to a cleaner environment by using state-of-the-art and technologically advanced additives in its Q Max fuels, in cooperation with one of the most well-known manufacturers (Afton Chemical). Q Max fuels decrease consumption and significantly reduce harmful engine emissions.

As Petrol's activities are closely linked to the environment, it is increasingly taking part in the search for new, environmentally more acceptable energy solutions. In line with its commitment to sustainable development, Petrol is today assuming an ever more active role in establishing new modes of mobility powered by the cleanest energy.

Development projects in 2012:

- **Introduction of biofuels** – For several years all fuel distributors in the EU market have been obliged to introduce biofuels to the market according to the requirements of EU directives. The main regulations in this field are the Fuel Quality Directive and the Biofuels Directive, which are now replaced by the new Renewable Energy Directive (RED). In 2012 Petrol intensively engaged its experts in the provision of adequate biofuel quality and the search for potential new suppliers to comply with these regulations. The experience gained by Petrol in biofuels over all the years since they were first included in its product range today represents an extremely important source of knowledge that Petrol employs in its domestic and demanding foreign markets. Such knowledge and experience is crucial for selecting and evaluating the adequacy of such products available in the wider European market. In line with the obligation to reduce greenhouse gas emissions in transport, in 2012 Petrol started verifying compliance with the sustainability criteria for biofuels and the issue of accompanying certificates. We established a system for managing the biofuel mass balance with various sustainability criteria and introduced a methodology for calculating the amount of greenhouse gas emission savings in the biofuel lifecycle.
- **E-mobility and systems for efficient energy use** – As part of the CC SURE project (Competence Centre – Advanced Systems for Efficient Use of Electrical Energy), which comprises 16 partners from Slovenia – from the corporate sector and development and educational institutions – we established a 'micro' network of the first five electric battery charging stations for electric vehicles and various means of transport (electric bikes, electric scooters, etc.). It will be used as a facility for testing final e-mobility solutions and supervision systems included in smart grids. As part of the CC SURE project, Petrol is also preparing a testing ground for new electricity solutions in the framework of integrated economic zones. As a coordinator of the working group, Petrol is co-shaping new technology-based concepts of active electricity networks (Smart Grids), which will be tested on the Slovene electricity distribution network. As part of this project, Petrol and other partners are participating in various international associations engaged in e-mobility and smart grid solutions.
- **Hydrogen technologies** – As a consortium partner of the Centre of Excellence for Low-Carbon Technologies (CoE LCT), Petrol is taking part in the introduction of hydrogen as an alternative transport fuel (set-up of the first two filling stations). The filling stations are still in a trial start-up phase at a temporary location. At least one of them will be set up at a Petrol service station. This pilot demonstration is a project primarily aimed at the promotion and expansion of hydrogen as an energy product for the supply and propulsion of hydrogen-powered devices that do not create carbon-compound emissions and are pure, carbon-free technologies.
- **Obtaining the status of an authorised economic operator** – In June 2012, Petrol d.d., Ljubljana was awarded a Customs Simplifications/Security and Safety AEO certificate (AEOF), enabling it to enjoy the advantages of less strict customs checks relating to security and safety and/or simplifications under the Customs Code. As an AEOF certificate holder, Petrol will have a considerable role in upholding the principles of safety and security in the petroleum product distribution chain. The AEO certificate was awarded to Petrol thanks to an efficient security system in place in its storage facilities and the respect of customs regulations and standards. Customs authorities are thus provided with the possibility of exercising appropriate control over its day-to-day operations, owing to its high-quality information infrastructure used for the management of business and transportation records. The AEO certificate provides Petrol with the status of a safe and reliable business partner in international trade and means a lower degree of risk in risk assessments, fewer physical inspections and inspections of documents, faster procedures at border crossings with third countries and a better position when using simplified customs procedures.
- **The "Great Idea" project** – General global trends coupled with the need for sustainable development lead us to support successful organic growth through dynamic and creative operations. We constantly contemplate concepts for improved operations and approach them in a systematic manner. Innovative operations in particular represent enormous strategic potential that we methodically nurture and put into practice using the "Great Idea" system, which was launched in 2009 – the European Year of Innovation. All employees have the possibility and opportunity to contribute their ideas and solutions to help the Company overcome its challenges. Over the period of four years, 1,756 suggestions for improvement were collected, of which 123 were given the title of "Great Idea".

Measuring the quality of internal services as a key contribution to business excellence

The quality of internal services is extremely important for the Petrol Group as it affects the satisfaction and loyalty of employees as well as of customers and therefore the success of the entire Company. Thus, improving our internal service quality is of the utmost importance. Petrol has been measuring the quality of its internal services since 2005.

The purpose of the survey is to obtain information about how the internal service market functions and how this is reflected in employee and customer satisfaction, and the Company's success. After revising the approach in 2011, we combined the knowledge of quality and market researchers and laid the foundations for also transferring the Company's marketing orientation to the 'internal market'. The assessment is based on the SERVQUAL model and enables employees to anonymously express in an online questionnaire their general satisfaction with the quality of services provided by individual supporting processes.

The survey results have shown that the employees are generally most satisfied with their colleagues' friendliness and politeness, that satisfaction with an individual organisational unit is mainly influenced by reliability and that there are differences among the assessed organisational units. All such organisational units took measures based on the survey findings. Particular attention was paid to those with below-average scores in all assessed categories. The results of this year's measurement revealed positive effects as the average index of service quality grew by two points.

[Investments]

In keeping with its strategic orientations, the Petrol Group focused its investments in 2012 on the expansion of its oil and merchandise sales operations in SE European markets, expansion of other energy-related operations both in Slovenia and SE Europe (gas, electricity, efficient energy consumption, environmental projects) and consolidation of its position as regards oil and merchandise sales in Slovenia.

The Petrol Group invested EUR 117 million in fixed assets in 2012.

Oil and merchandise sales in Slovenia

In Slovenia, Petrol built a motorway service station in Vipava and acquired two plots of land to be used for the construction of service stations. The process of preparing documentation and obtaining building permits for construction work scheduled to begin in 2013 was also underway. At nine service stations, liquefied petroleum gas for vehicle propulsion was introduced, and one carwash was built. At service stations and storage facilities, investments were made to carry out renovation, ensure fire safety, protection of the environment and security of buildings, and to refurbish carwash facilities. A large portion of the 2012 investment budget was used to acquire the remaining interest in the company Instalacija d.o.o.

Oil and merchandise sales in SE Europe

In SE Europe, Petrol invested in the development of its retail network. Service stations were thus reconstructed, renovated and made more secure, and their software was updated. In 2012 a portion of the investment budget was used to purchase an interest in the company Euro – Petrol d.o.o. (now Petrol d.o.o.).

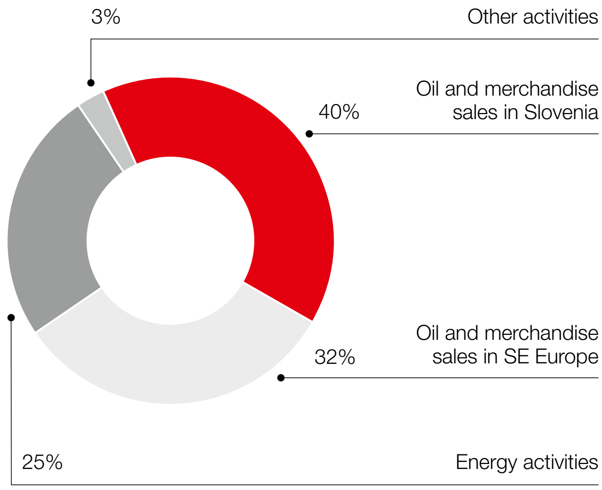
Energy operations

Petrol invested in the construction of a gas network in Slovenia and Serbia and in the purchase of gas storage tanks. Solar power plants were installed on several buildings. Investments were made in efficient energy consumption projects, cogeneration of heat and electricity and in setting up a wood biomass district heating system in Metlika. Investments were also made to modernise the heat generation process at the Hrastnik thermal power plant and to expand electricity production in the integrated economic zones of Ravne and Štore. In 2012 a portion of the investment budget was used to acquire the company Beogas Invest d.o.o. and the remaining interest in the company Petrol-Jadranplin d.o.o. (now Petrol Plin d.o.o.).

Information and other infrastructure

In 2012 Petrol's information and communication infrastructure was upgraded. In addition, digital advertising was introduced at over 20 service stations and lighting was modernised at 34 of them.

Breakdown of the Petrol Group's investments in 2012



[Information technology]

Integration of the IT function into all parts of the business process is a prerequisite for effective use of the opportunities offered by modern information technology to improve business efficiency. In 2012 we continued introducing new high-capacity IT system components to reduce costs and improve control of operations and, consequently, their safety. All of this gives us a greater competitive advantage.

Projects in 2012:

- **Retail** – In the markets of SE Europe, we started introducing outside payments for fuel primarily in connection with the introduction of new truck cards. We launched a new version of the system for selling Eventim tickets with greater capacity. In Croatia, we supported the issuing of receipts in accordance with the new legislation.
- **Supply chain** – In the companies in Serbia and Montenegro, we introduced a comprehensive information system to supervise and manage the fuel supply chain. Petrol's information

system was connected with the Excise Movement and Control System (EMCS).

- **Energy operations** – We continued the intensive development of information support for energy operations, especially the support for the electricity business.
- **CRM – business with customers** – A uniform customer overview allows us to offer consumers the full spectrum of energy services. Petrol's loyalty system was upgraded in several areas (Golden coupon, integration with the Moneta system, integration with Eventim's ticket selling system). Major upgrades were made to the Customer Application (access to all data about a customer) and the "My Petrol" Portal (Moj Petrol). The latter has been becoming an increasingly important communication channel with customers. Customers may now access e-invoices via e-bank or e-mail. We also supported the SEPA direct debit. In 2012 we introduced a high-capacity system for sales campaign management. Advertising campaigns are also prepared by means of forecasting analytics that enable customer segmentation.
- **Integration of new Group companies, consolidation of operations** – The information function supports the business strategy of expansion and consolidation of operations. Two new Group companies were included in Petrol's information system: Beogas d.o.o. and Instalacija d.o.o. We provided information support to assist with the merger of both oil companies in Croatia (Petrol d.o.o.) and both gas companies in Croatia (Petrol Plin d.o.o.).
- **Business analytics** – The introduction of modern business analytics systems will enable us to efficiently use our data sources. In the field of data warehouses, we introduced the latest technological solution that enables very fast data analyses in the data warehouse. We introduced a very high-capacity tool for forecasting analytics that in the future will allow us to efficiently use the information captured in Petrol's data warehouses. In several business areas we continued developing the business information systems. In 2012 we upgraded the planning and forecasting system.
- **Electronic document systems – e-archive** – The gradual cancellation of paper operations and the electronic document flow enable a higher rate of automation and optimisation of business processes. In 2012 we started intensive work to migrate the paper archive into electronic form, primarily in real estate, investments and gas operations. We have been introducing a new platform for electronic document systems, enabling the efficient storage and processing of non-structured data.

[Protection of the environment]

Petrol being a socially responsible company, concern for the environment is integrated into all aspects of its business. When developing business processes and new products and services we always comply with all environmental regulations, introduce environmentally friendly products and services and pay attention to efficient energy consumption. For Petrol, adhering to stringent environmental standards is a demanding task as it requires active and professional oversight as well as substantial financial investments. In all markets where the Petrol Group operates we introduce the best environmental protection practices while respecting applicable environmental legislation of those countries.

In 2012 Petrol continued to implement the requirements of the EU Regulation on registration, evaluation, authorisation and restriction of chemicals (REACH) and the Regulation on classification, labelling and packaging of substances and mixtures (CLP). It also signed up to a commitment which enables global chemical industry to make a considerable contribution towards making sustainable development a reality. As part of the Responsible Care Initiative, Petrol broadens its dialogue with stakeholders, thereby realising new opportunities presented by sustainable development. The Petrol Group is successful in providing conditions for a healthy and safe working environment, protection of the natural environment and safety of people and property.

Keeping the air clean

In the Petrol Group, striving for air quality is mostly associated with efforts to cut emissions of volatile carbohydrates. Petrol d.d., Ljubljana has installed systems for the closed loading of underground tanks at all service stations and at Zalog and Rače fuel storage facilities, thus preventing harmful substances from escaping into the environment. In 2012 several emissions monitoring exercises were carried out at service stations, confirming that the emissions were within required limits. The emissions are also reduced through the introduction of high-quality fuels that are friendlier on the environment.

Wastewater

As in previous years, continued systematic and methodical installation of suitable state-of-the-art waste treatment plants and oil and water separators contributed the most to a successful improvement of wastewaters in 2012.

Waste management

In the area of waste management, Petrol provides for organised collection, separation, temporary storage or permanent disposal of waste according to regulations and its own environmental protection standards. A special focus is on waste that might pose a significant threat to the environment. During the systematic collection and separation, temporary storage and disposal of waste, all most recent legal requirements and recommendations are fully complied with. In 2012 the separate collection of waste was introduced in Petrol's business premises across Slovenia.

Prevention of accidents at higher-risk facilities

In the area of accident prevention and mitigation of their consequences within the scope of the safety management system, in 2012 we continued activities to implement prescribed systemic and regular operational measures at higher-risk facilities (the Rače, Lendava, Celje fuel storage facilities and the Štore LPG storage) and at minor-risk facilities (the Zalog fuel storage facility and the Sežana LPG storage) as part of the tasks specified in safety reports, accident prevention schemes, and protection and rescue plans.

Fire safety is a very important aspect of safety at Petrol. It is provided through legally prescribed measures and preventive safety measures to ensure business continuity and the safety of persons and property. In 2012 we carried out fire drills and employee evacuations from Company premises at all fuel storage facilities.

Environmental protection training

To be able to carry out environmental protection tasks in an efficient manner, a high level of staff competency and awareness is of vital importance. That is why Petrol's employees are systematically kept up-to-date with novelties in this area every year.

Petrol's business partners and outworkers are actively involved in its environmental management system. Contractual relations with petroleum product hauliers, capital investment contractors, suppliers of potentially hazardous goods, and waste collection and disposal contractors are arranged so that they include requirements for consistent application of environmental legislation and Petrol's environmental protection standards. In 2012 all necessary regular and one-off trainings in the area of environmental protection and chemicals handling were carried out for employees working in these areas.

Protecting and safeguarding people and property

Although the working environment is changing owing to the development and introduction of new technologies and procedures, Petrol successfully keeps up with the changes. It constantly strives to reduce the risk level arising from working processes and looks for more health-friendly solutions that are safer for employees.

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

Considerable attention was paid also to the theoretical and practical training of employees in occupational safety and health, workplace ergonomics, fire safety, environmental protection, safe handling of chemicals and first aid.

The setting up of the occupational health and safety system – OHSAS 18001 – allowed the occupational safety and health to become part of the Group's quality management system in 2003.

[Social responsibility]

Caring for social and environmental issues and helping to solve social problems has been part of the Petrol Group's operations and its wider social activities for a number of years. We demonstrate our social accountability by supporting numerous sports, cultural, humanitarian and environmental projects. We have thus been helping wider social and local communities achieve a dynamic and healthier lifestyle and, consequently, better quality of life. The Petrol Group perceives social responsibility as a lasting commitment to cooperate with the environment in which it operates. The demands and challenges of our time are addressed based on a long-term growth strategy and strong awareness that supporting and helping the environment in which we operate is an important factor in the success of our operations and development.

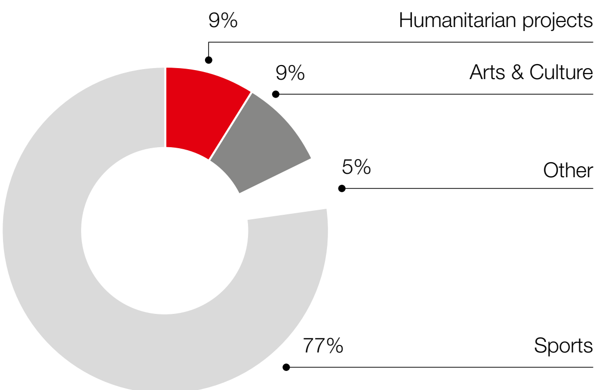
Sponsorship

Petrol cooperates with Slovene athletes from various collective and individual sports disciplines. We sponsor clubs, associations and events all over Slovenia and by tradition Petrol is among the major sponsors of certain events and sports disciplines. By supporting sports events that attract wide public attention we boost our visibility and strengthen the trademark.

Petrol has traditionally had a strong presence in winter sports. It is the golden sponsor of the Ski Association of Slovenia, providing support to the Alpine Skiing National Team for a number of years and, since 2012, also the biathlon team. By tradition we have been present in both World Cup Alpine skiing competitions (Golden Fox and Vitranc Cup) and we sponsor snowboarding. In 2012 Petrol was the main sponsor of the boxing match of Dejan Zavec, the high-profile around the world flight by Matevž Lenarčič and the winter sports event Luža 007 at Krvavec. We are also a traditional sponsor of hockey clubs and some major hockey events.

In ball games, Petrol is most visible in handball. It is the platinum sponsor of the Handball Association of Slovenia and one of the main sponsors of all more successful clubs in Slovenia.

Breakdown of sponsorship funding in 2012



Particular attention is given to automotive sport, through which we approach professionals, and we also participate in car racing events. In 2012 an even greater emphasis was given to this area of sponsorship as we sponsored the rally driver Aleks Humar and thus informed the public about our new fuel brand Q Max.

In 2012 we joined the sponsors of the Olympic Committee of Slovenia and became a major sponsor of Team Slovenia. This was upgraded by sponsorship in various areas, also by pooling fans' energy and selling fan merchandise. The activities related to this sponsorship did not go unnoticed since the Marketing Society of Slovenia awarded us SPORTO – the award for best sport sponsorship in 2012. By selling fan merchandise we raised funds that were donated to young athletes after the London Olympics.

In addition, we signed a contract on the sponsorship of Paralympic athletes.

In the area of culture, we have been cooperating for years – chiefly in summer – with the Ljubljana Festival and Lent Festival. During the year we also support other cultural events.

Sponsorship funding is also used to support technical projects (conferences, symposia, events) organised by institutions from various fields related to Petrol' areas of work.

Humanitarian projects

The Children to Adults fine arts competition, in which we work together with nursery and elementary schools from across Slovenia and Slovene communities abroad to encourage artistic creativity in children, was organised for the 22nd consecutive year.

In cooperation with the Red Cross and the Blood Transfusion Centre we carried out another humanitarian campaign Donate Energy for Life, which was launched in 2011. In 2012 it was renamed Pass Energy for Life to reflect the importance of blood donation and active involvement of athletes. The campaign was used to encourage existing blood donors and to contribute to winning new blood donors as well as to raise the awareness of Slovenes of the importance of blood donation.

Humanitarian projects operated by non-profit organisations were supported through donations. At the end of the year, we again organised the Our Energy Connects campaign as part of which the funds earmarked for business gifts were given to charity instead. The staff of all service stations across Slovenia were asked to find and propose a humanitarian project in their vicinity, for each of which EUR 200 was allocated (EUR 60,000 altogether). In addition to service stations, donations were also raised by staff working in office buildings.

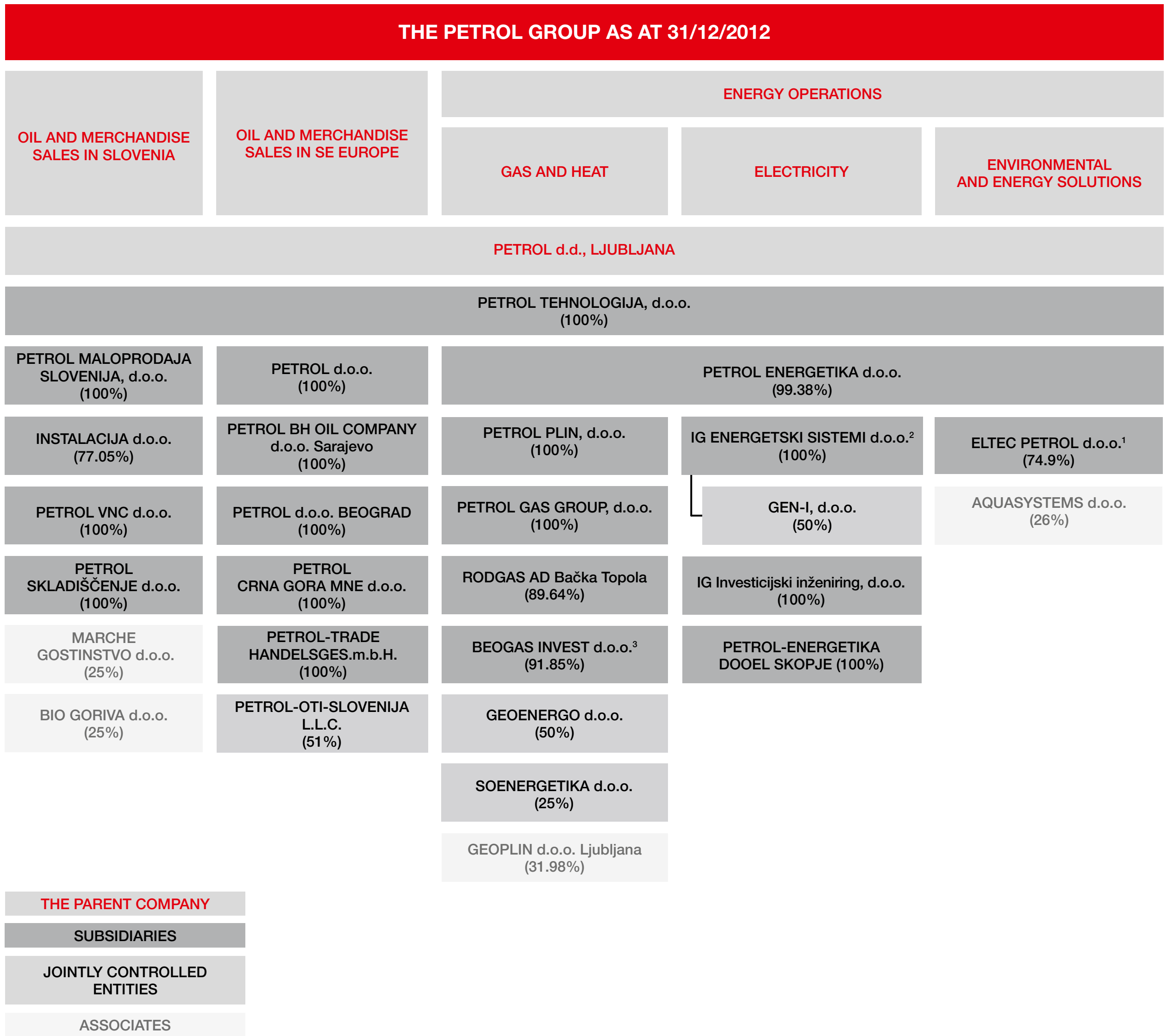
Petrol received the national professional award Prizma 2012 for communicating the 2011 campaign within the organisation. The award is presented by the Public Relations Society of Slovenia for excellence in implemented communication campaigns.


95
100
DIESEL

ENERGY OF THE PETROL GROUP


Inbox (1 message)
From
Simona Novak
To
Miha Novak
Subject
Tonight...
Date Received
Today
4:25 PM
Size
966 bytes
Simona Novak
Darling,
don't forget to get a gas cylinder at Petrol ;)
See you tonight <3

[Group companies]



[1] ELTEC PETROL d.o.o. has two subsidiaries: ENERGOGLOBAL d.o.o. (renamed Eltec Petrol Hrvatska d.o.o. in January 2013) and El-Tec Mulej, d.o.o., Niš (has a subsidiary called Sagax d.o.o., Beograd)

[2] IG ENERGETSKI SISTEMI d.o.o. has, in addition to GEN-I, d.o.o., the following two subsidiaries: IG AP d.o.o. and Vitales energie biomasse Italia s.r.l.

[3] Beogas Invest d.o.o. has two subsidiaries: Beogas d.o.o. and Domingas d.o.o.

Cypet Oils Ltd. is in the process of liquidation.

[The parent company]

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

Management Board: Tomaž Berločnik – president, Rok Vodnik – member, Janez Živko – member, Samo Gerdin – member/worker director
E-mail: petrol.pr@petrol.si

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

The parent company's principal activity is trading in petroleum products and selling other merchandise and services. With its 315 service stations, it has a 58-percent share of the Slovene retail market in petroleum products. It generates the greater part of the Group's profits and revenue.

In 2012 Petrol d.d., Ljubljana sold 2.4 million tons of petroleum products, which was 7 percent more than in 2011. The Company also generated EUR 425 million in revenue from merchandise sales, up 5 percent from 2011.

The Company ended the year 2012 with net sales revenue of EUR 3.2 billion, operating profit of EUR 67.2 million and net profit of EUR 34.5 million.

The company's equity totalled EUR 406.3 million as at 31 December 2012.

[Subsidiaries]

PETROL-TRADE HANDELSGES.M.B.H.

General Manager: Marko Malgaj
E-mail: malgaj@petrol-trade.at
Ownership interest of Petrol d.d., Ljubljana: 100%

The company Petrol-Trade Handelsges.m.b.H. sells petroleum products in Austria and in the neighbouring countries.

In 2012 Petrol-Trade Handelsges.m.b.H. purchased and sold 90 thousand tons of petroleum and chemical products, generating EUR 84.4 million in net sales revenue.

The 2012 net profit of Petrol-Trade Handelsges.m.b.H. totalled EUR 262 thousand.

The company's equity totalled EUR 1.8 million as at 31 December 2012.

CYPET OILS LTD.

General Manager: Marko Malgaj
E-mail: malgaj@petrol-trade.at
Ownership interest of Petrol d.d., Ljubljana: 100%

The company is in the process of liquidation.

PETROL BH OIL COMPANY D.O.O. SARAJEVO

General Manager: Aleksander Malahovsky
E-mail: aleksander.malahovsky@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The company's principal activities comprise wholesale and retail trade in liquid and gaseous fuels and similar products.

In 2012 it sold 162.3 thousand tons of petroleum products, down 3 percent on 2011.

In the past year, it generated EUR 183 million in revenue from the sale of oil and petroleum products, EUR 4.7 million in revenue from the sale of merchandise, and EUR 0.7 million in revenue from the sale of services. In total, the company generated EUR 188.4 million in net sales revenue.

In 2012 the company recorded an operating profit of EUR 1.1 million and a net loss of EUR 1.5 million.

Petrol BH Oil Company d.o.o. Sarajevo operated 37 service stations at the end of 2012.

Its equity totalled EUR 40.5 million as at 31 December 2012.

PETROL D.O.O.

General Managers: Janez Živko, Jozo Kalem and David Korošec (since 1 October 2012), Jozo Kalem and David Korošec (until 30 September 2012)
E-mail: janez.zivko@petrol.si, jozo.kalem@petrol.si; david.korosec@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The company is engaged in the sale of oil derivatives, petroleum products and other merchandise in Croatia. In May 2012, Petrol d.d., Ljubljana became the sole owner of the company Euro - Petrol d.o.o. after the fulfilment of all suspensive conditions. In August 2012, Euro - Petrol d.o.o. was renamed Petrol d.o.o. and it absorbed the company Petrol Hrvatska d.o.o. effective 1 October 2012.

In 2012 Petrol d.o.o. sold 264.3 thousand tons of oil derivatives.

Revenue from the sale of oil and petroleum products totalled EUR 321.7 million, with revenue from the sale of merchandise and other non-oil energy products amounting to EUR 19.2 million and revenue from the sale of services to EUR 2.1 million. In 2012 Petrol d.o.o. generated a total of EUR 343.1 million in net sales revenue.

In the period concerned, the company recorded an operating profit of EUR 2.1 million and a net profit of EUR 773 thousand.

Petrol d.o.o. operated 92 service stations at the end of 2012.

Its equity totalled EUR 80.9 million as at 31 December 2012.

PETROL D.O.O. BEOGRAD

General Manager: Aljoša Višnar
E-mail: aljosa.visnar@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The company's principal activity is the sale of petroleum products and other merchandise in Serbia.

The volume of petroleum products sold in 2012 totalled 13.7 thousand tons, an increase of 24 percent on the previous year.

Revenue from the sale of oil and petroleum products totalled EUR 17.1 million, with revenue from the sale of merchandise amounting to EUR 0.9 million, revenue from the sale of services to EUR 55 thousand and revenue from the sale of electricity to EUR 564 thousand. In 2012 Petrol d.o.o. Beograd generated a total of EUR 18.7 million in net sales revenue.

The company generated a loss of EUR 542 thousand in the period concerned.

Petrol d.o.o. Beograd operated 8 service stations at the end of 2012.

Its equity totalled EUR 18.3 million as at 31 December 2012.

PETROL CRNA GORA MNE D.O.O.

Executive Director: Dean Krivec
E-mail: dean.krivec@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

In August 2007, the companies Petrol d.d., Ljubljana and Montenegro Bonus – Cetinje signed a contract to establish the company Petrol - Bonus d.o.o. Both companies had a 50-percent interest in the new company. On 8 August 2011, Petrol d.d., Ljubljana signed a contract to acquire the remaining 50-percent interest in the company Petrol - Bonus d.o.o., becoming its sole owner on 20 September 2011. The company's principal activity is the sale of gas and petroleum products in the territory of Montenegro.

In July 2012, the company Petrol Crna gora d.o.o. Cetinje was legally and formally merged into the company Petrol - Bonus d.o.o. On 17 July 2012, the joint undertaking was renamed Petrol Crna Gora MNE d.o.o.

In 2012 the company sold 19 thousand tons of oil and petroleum products. In total, it generated EUR 26.7 million in net sales revenue, up 8 percent on the previous year.

In 2012 the company recorded a net profit of EUR 351 thousand, an increase from the year before.

Petrol Crna Gora MNE d.o.o. operated 5 service stations at the end of 2012.

Its equity totalled EUR 16.7 million as at 31 December 2012.

PETROL MALOPRODAJA SLOVENIJA, D.O.O.

General Manager: Roman Dobnikar
E-mail: roman.dobnikar@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

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

In 2012 the company generated EUR 14 million in net sales revenue. Its net sales revenue consists of fees charged to Petrol d.d., Ljubljana in connection with sales performed at the service stations managed by Petrol Maloprodaja Slovenija, d.o.o.

The company ended the year 2012 with a net profit of EUR 33.

Its equity totalled EUR 12.8 million as at 31 December 2012.

INSTALACIJA D.O.O.

General Manager: Rok Blenkuš (since 22 December 2012), Mariča Lah (until 21 December 2012)
E-mail: rok.blenkus@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 77.05%

The company's core activities are the storage and transhipment of petroleum products. In 2011 Petrol d.d., Ljubljana entered into a sale and purchase agreement to acquire a 51-percent interest in Instalacija d.o.o., in which it had previously held a 49-percent interest. The suspensive conditions stipulated in the agreement were fulfilled at the end of 2011. Under the agreement, ownership interests are to be transferred progressively over the course of the next two years as the scheduled payments for the interests are made. At the beginning of 2012, Petrol d.d., Ljubljana became a 77.05-percent owner of Instalacija d.o.o.

Important events in 2012 included the completion of three new tanks with the total capacity of 50,000 m^3 and their long-term leasing out to the Agency of the Republic of Slovenia for Commodity Reserves, the optimisation of fuel operations and the start of the introduction of Petrol's business standards, all of which resulted in increased revenue and lower costs compared to the target.

In 2012 the company handled 2.4 million tons of petroleum products, an increase on the year 2011. Its net sales revenue amounted to EUR 15.6 million, which was 10 percent more than in the previous year.

In the period concerned, the company's net profit stood at EUR 7.4 million, up 32 percent on 2011.

The company's equity totalled EUR 33 million as at 31 December 2012.

PETROL SKLADIŠČENJE D.O.O.

General Manager: Anja Kocjančič (since 3 February 2012), Rok Blenkuš (until 2 February 2012)
E-mail: anja.kocjancic@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

On 1 February 2010, operations of the company Petrol Skladiščenje d.o.o. were transferred to the parent company's logistics department.

The company ended the year 2012 with a net profit of EUR 1,197.

Its equity totalled EUR 815 thousand as at 31 December 2012.

PETROL TEHNOLOGIJA, D.O.O.

General Manager: Miran Jug
E-mail: miran.jug@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

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

In 2012 the company generated EUR 5.8 million in net sales revenue, down 3 percent on the previous year.

Its net profit totalled EUR 344 thousand, up 3 percent on the previous year.

The company's equity totalled EUR 2.3 million as at 31 December 2012.

PETROL VNC D.O.O.

General Manager: Bojan Babič
E-mail: bojan.babic@petrol.si; vnc@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The company provides investigation and security services, i.e. professional services related to the reception, processing, displaying and archiving of alarm messages received from secured buildings, and ensures ongoing surveillance of secured areas and buildings. In 2012 it obtained a licence to provide personal and property security services and a licence to implement technical security systems. It also provides security consulting services and, with the help of a licensed subcontractor, detective services.

In 2012 the company generated EUR 328 thousand in net sales revenue, an increase of 4 percent relative to 2011.

The company ended the year 2012 with a net loss of EUR 88 thousand.

Its equity totalled EUR 27 thousand as at 31 December 2012.

The company was sold on 1 February 2013.

IG INVESTICIJSKI INŽENIRING, D.O.O.

General Manager: Barbara Jama Živalič (since 24 December 2012), Robert Golob (until 23 December 2012)
E-mail: barbara.jama@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

Petrol d.d., Ljubljana acquired the company IG Investicijski inženiring, proizvodnja električne energije, d.o.o. on 21 December 2012. IG Investicijski inženiring has a 51-percent holding in the company Intrade – energija d.o.o.

The company ended the year 2012 with a net profit of EUR 46 thousand.

Its equity totalled EUR -1.7 million as at 31 December 2012.

PETROL ENERGETIKA d.o.o.

General Manager: Mojca Kert
E-mail: mojca.kert@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 99.3844%

The company Petrol Energetika, d.o.o. developed and put into practice a competitive multi-energy and utility business model, which combines, in a technological, economic and environmental sense, the provision of comprehensive energy services to industry customers and consumers. The four pillars of its operations are electricity, natural gas and heat, renewable energy sources and comprehensive water management.

For the purpose of trading in natural gas, the company has developed its own model for forecasting and optimising demand for natural gas. It is responsible for the management of the natural gas balance group, which comprises major industry customers and customers from the Slovene municipalities in which the Petrol Group obtained concessions for operating natural gas distribution systems. Despite the deteriorated economic situation, the company invested in the renovation of energy infrastructure, which remains a precondition for the functioning of the energy market and energy security.

In a quest for effective cost management and measures aimed at quickly adapting to the market, adjusting the number of work places and maintaining profitability also in the changed circumstances, Petrol Energetika d.o.o. continued to maintain and develop its role of a leading Slovene provider of comprehensive energy and environmental solutions in 2012.

The company's HR policy is founded on equality in recruitment and promotion, on systematic and methodical staff motivation, on encouragement of innovation, and also on regular employee satisfaction measurement. Encouraging knowledge and competency is at the forefront of the company's career development efforts. Measures implemented by the company as a family friendly enterprise help facilitate a balance between professional and family life.

At the end of 2012, the company held 5 natural gas supply concessions, 2 heat distribution concessions and 1 chimney sweeping concession.

In 2012 Petrol Energetika d.o.o. sold 734.7 thousand MWh of electricity, of which 40.1 thousand MWh were generated by the company itself, and distributed 296.2 thousand MWh of electricity. The company sold and distributed 102.2 million Sm^3 and 52.3 million Sm^3 of natural gas, respectively. As regards heat operations, the company sold 48.2 thousand MWh of it in 2012.

In the period concerned, the company generated EUR 115.1 million in net sales revenue, exceeding the 2011 figure by 4 percent.

The company's 2012 net profit stood at EUR 2.2 million or 70 percent of the previous year's figure. The net profit attributable to the company Petrol d.d., Ljubljana totalled EUR 2.2 million.

The company's equity totalled EUR 27.8 million as at 31 December 2012.

PETROL GAS GROUP, D.O.O.

Board of Directors: Matjaž Burger, Primož Kramer, Milan Dragosavac
E-mail: matjaz.burger@petrol.si; primoz.kramer@petrol.si; milan.dragosavac@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The company Petrol Gas Group, d.o.o. manages the Pećinci concession obtained by Petrol d.d., Ljubljana via a public call for tenders, which was then transferred to the company Rodgas d.d. The construction of the gas distribution network in Pećinci and in the new Šimanovci business zone was completed in the first half of 2011. In May 2011, the pipeline became operational and the companies Petrol d.d., Ljubljana and Srbijagas signed a letter regarding the possibility of future cooperation between the companies.

In 2012 the company generated EUR 144 thousand in net sales revenue, ending the year with a net profit of EUR 33 thousand.

Its equity totalled EUR 4.1 million as at 31 December 2012.

RODGAS AD BAČKA TOPOLA

Board of Directors: Primož Kramer, Milan Dragosavac, Matjaž Burger (until 18 June 2012)
Supervisory Board: Matjaž Burger (president), Primož Kramer, Željko Bjelan (since 19 June 2012)
Executive Director: Milan Dragosavac (since 19 June 2012)
E-mail: matjaz.burger@petrol.si, primoz.kramer@petrol.si, zeljko.bjelan@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 89.64%

The company's activities consist of gas distribution via a gas network in Serbia. Petrol d.d., Ljubljana entered the natural gas distribution market in the Republic of Serbia by acquiring the local distributor. Thanks to the country's favourable position in the region, its big development potential and economic growth, this market represents an interesting opportunity for the expansion of Petrol's gas operations.

The company Rodgas AD Bačka Topola distributes natural gas via a gas network measuring 148.48 km. In 2012 the company sold 9 million Sm^3 of natural gas to household and industry customers, which was 10 percent more than in the previous year. 1,131 households and 119 businesses were connected to the network at the end of the year.

The company generated EUR 3.2 million in net sales revenue in 2012, up 10 percent on the previous year.

Its 2012 net profit totalled EUR 80 thousand, of which EUR 81 thousand was attributable to Petrol d.d., Ljubljana.

The company's equity totalled EUR 1.4 million as at 31 December 2012.

BEOGAS INVEST d.o.o.

General Manager: Primož Kramer
E-mail: primoz.kramer@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 91.85%

In April, Petrol d.d., Ljubljana acquired an 85-percent interest in the company Beogas Invest d.o.o., which is the sole owner of the companies Beogas d.o.o and Domingas d.o.o. Together with its two subsidiaries, Beogas Invest d.o.o. is engaged in financing, planning and constructing distribution pipelines and also distributes natural gas in three Belgrade municipalities, i.e. Čukarica, Palilula and Voždovac. Beogas d.o.o. is the owner of 220 km of the gas distribution network and 9,038 gas connections.

In the period April to December 2012, the group generated EUR 2.8 million in net sales revenue.

The group recorded a net profit of EUR 110 thousand in the period concerned. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 123 thousand.

The company's equity totalled EUR 8.9 million as at 31 December 2012.

PETROL PLIN D.O.O.

President of the Board: Stjepan Grcić (until March 2012)
General Manager: Zoran Kalac (until 8 October 2012), Matjaž Burger (since 9 October 2012)
E-mail: matjaz.burger@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The company is engaged in the storage, distribution and sale of liquefied petroleum gas.

In March 2012, Petrol d.d., Ljubljana acquired the remaining 49-percent interest in the company Petrol-Jadranplin d.o.o. On 1 October 2012, Petrol-Jadranplin d.o.o. absorbed the company Petrol-Butan d.o.o. and was renamed Petrol Plin d.o.o.

In 2012 the company sold 27.9 thousand tons of LPG, generating EUR 24.7 million in net sales revenue.

Its 2012 net profit totalled EUR 753 thousand, of which EUR 666 thousand was attributable to Petrol d.d., Ljubljana.

The company's equity totalled EUR 3.8 million as at 31 December 2012.

PETROL-ENERGETIKA DOOEL SKOPJE

General Manager: Gorazd Skubin
E-mail: gorazd.skubin@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

In October 2010, Petrol d.d., Ljubljana established the company Petrol-Energetika DOOEL Skopje, which is engaged in electricity trading.

The company has a valid electricity trading licence.

Its equity totalled EUR 5 thousand as at 31 December 2012.

ELTEC PETROL D.O.O.

General Manager: Jože Torkar
E-mail: marketing@eltec-petrol.si
Ownership interest of Petrol d.d., Ljubljana: 74.9%

By acquiring a 74.9-percent interest in the company El-Tec Mulej d.o.o., Bled on 18 August 2011, the Petrol Group expanded its operations in the field of energy and environmental solutions delivery. In 2012 the company El-Tec Mulej d.o.o., Bled was renamed Eltec Petrol d.o.o. The company Eltec Petrol d.o.o. and its subsidiaries[6] market top-quality products and comprehensive system solutions in the areas of district energy, lighting efficiency, water distribution systems and energy management in buildings. The company operates in Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Kosovo, Montenegro, Macedonia, Austria and Italy.

In 2012 the Eltec Petrol Group generated EUR 13.5 million in net sales revenue.

Its 2012 net profit stood at EUR 977 thousand, of which EUR 732 thousand was attributable to Petrol d.d., Ljubljana.

The group's equity totalled EUR 3.7 million as at 31 December 2012.

IG ENERGETSKI SISTEMI D.O.O.

President of the Board: Robert Golob (until 31 December 2012), Tomaž Berločnik (since 1 January 2013)
E-mail: tomaz.berlocnik@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

On 19 June 2011, Petrol d.d., Ljubljana signed a contract to acquire a 46.5507-percent interest in the company IG energetski sistemi d.o.o., signing further contracts on 20 June 2011 and 29 July 2011 to acquire a 6.8986-percent interest and a 46.5507-percent interest, respectively, in the company. After all suspensive conditions had been fulfilled at the end of 2011, the Petrol Group became the sole owner of the company. IG energetski sistemi d.o.o. and its subsidiaries[7] market electricity and develop innovative solutions in the areas of sustainable energy, efficient energy consumption and use of renewable sources. A 50-percent interest in the GEN-I Group, which markets electricity in Slovenia and in the SE European markets and also sells it to end customers in Slovenia, is the company's most important investment.

In 2012 the IGES Group generated EUR 15.6 million in net sales revenue.

Its 2012 net profit stood at EUR 6.1 million.

The group's equity totalled EUR 19.1 million as at 31 December 2012.

6 ENERGOGLOBAL d.o.o. Zagreb and El-Tec Mulej, d.o.o., Niš. The latter has a subsidiary called Sagax d.o.o., Beograd.
7 Its subsidiaries are IG AP d.o.o., Vitales energie biomasse Italia s.r.l. and GEN-I, d.o.o.

[Jointly controlled entities]

GEOENERGO D.O.O.

General Managers: Evgen Torhač, Miha Valentinčič
E-mail: evgen.torhac@nafta-geoterm.si;
miha.valentincic@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 50%

The company holds concession rights for the extraction of mineral resources, crude oil, natural gas and gas condensate in the area of the Mura depression. Geoenergo d.o.o. and Ascent Slovenia Limited concluded a long-term contract on joint investments in carbohydrate extraction from oil and gas fields Dolina and Petišovci near Lendava. The years 2010 and 2011 saw significant investments in the development of the gas field, but the project was brought to a standstill in 2012 because of a lack of cooperation by some of the partners. Once access is established and the necessary infrastructure upgraded, production at the Petišovci gas field is expected to increase.

In 2012 the company generated a net profit of EUR 294.

Its equity totalled EUR 132 thousand as at 31 December 2012.

SOENERGETIKA D.O.O.

General Manager: Aleš Ažman
E-mail: ales.azman@elektro-gorenjska.si
Ownership interest of Petrol d.d., Ljubljana: 25%

The company's main activity is electricity, gas and steam supply.

In 2012 the company generated a net profit of EUR 231 thousand. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 58 thousand.

The company's equity totalled EUR 1.2 million as at 31 December 2012.

PETROL - OTI - Slovenija L.L.C.

General Manager: Roman Pirš
E-mail: roman.pirs@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 51%

The company's principal activity is the sale of petroleum products in the territory of Kosovo.

In 2012 it sold 7.8 thousand tons of oil and petroleum products, which was 18 percent more than in 2011. Its net sales revenue stood at EUR 10.7 million, up 26 percent on the previous year.

The company generated a net loss of EUR 974 thousand in 2012. The net loss attributable to Petrol d.d., Ljubljana amounted to EUR 497 thousand.

At the end of 2012, the company operated 5 service stations.

Its equity totalled EUR 11.8 million as at 31 December 2012.

PETROL SLOVENIA TIRANA WHOLESALE SH.A.

Ownership interest of Petrol d.d., Ljubljana: 55%

The company is in the process of liquidation.

[Associates]

Aquasystems d.o.o.

Activities: Construction and operation of industrial and municipal water treatment plants – the central waste treatment plant in Maribor

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

Geoplin d.o.o. Ljubljana

Activities: Sale and transport of natural gas

Ownership interest of Petrol d.d., Ljubljana: 31.9779%

Marche Gostinstvo d.o.o.

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

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

Bio goriva d.o.o.

Activities: Biodiesel production

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

REPORT OF THE SUPERVISORY BOARD


Dan retweeted
Kaja Draksler
@KajaDraksler
Very, very, very friendly at
@Petrol Lom, direction Koper
Retweeted by Petrol d.d.

[Successful operations and efficient supervision]

Successful operations and efficient supervision

In 2012 the Supervisory Board's composition remained almost unchanged for the fourth consecutive financial year. The members of the Supervisory Board carried out their work expertly, focusing on the effective performance of function, including within the committees. This was also achieved by the activities outlined in the Action Plan, which is the result of a self-evaluation conducted by the Supervisory Board. At its meeting in December 2012, the Supervisory Board established that it fulfilled all commitments from the Action Plan. All members of the Supervisory Board regularly attended the meetings and the fact that all but one resolution (on the distribution of accumulated profit) were passed unanimously testifies to their accord.

Throughout the financial year the Supervisory Board operated with eight members, except from 24 May to 31 May 2012, i.e. from the General Meeting of Shareholders when Mateja Božič was appointed as a replacement member, until the day when the resolution was passed at the General Meeting of Shareholders on 31 May 2012 about the early termination of the appointment of Urban Golob.

The members of the Supervisory Board prepared themselves for the topics discussed, gave constructive proposals based on expert and comprehensive verbal and written information obtained from the Management Board, and adopted decisions competently in line with the Rules of Procedure, internal regulations and legal powers. The Supervisory Board informed the stakeholders on a regular basis. If events occurred that were relevant, I, as the President of the Supervisory Board, issued public statements for the investors and the media immediately after the meetings, always ready to provide additional information.

In 2012 the Supervisory Board convened seven meetings.

The most important topics discussed at the Supervisory Board's meetings in 2012 were associated with the monitoring of the Company's operations. The Supervisory Board and the Management Board focused their efforts on identifying strategies and business risks important for the successful future operations of the Company and the Petrol Group.

The most important topics discussed at the Supervisory Board's meetings in 2012

At its 37th correspondence meeting on 13 March 2012, the Supervisory Board issued approval to the Management Board according to provision 09.10. of the Articles of Association regarding the issue of commercial papers under preset conditions, in the total nominal value of approximately EUR 30 million.

At its 38th meeting on 5 April 2012, the Supervisory Board adopted a series of important resolutions:

- it approved the audited Annual Report of the Petrol Group and Petrol d.d., Ljubljana for 2011;
- it approved the Strategic Business Plan of the Petrol Group for 2012–2016;
- it passed a resolution on the convocation of the General Meeting of Shareholders with a proposal to appoint auditors for auditing the 2012 Annual Report and the electoral proposal for a replacement member of the Supervisory Board;
- it approved the consolidated copy of the Action Plan after some improvements of the Supervisory Board's efficiency;
- it approved the activities of the Management Board aimed at acquiring the optimal form and amount of long-term sources of funding under the currently most favourable conditions on the market.

The 39th meeting held on 17 May 2012, the 40th meeting held on 28 August 2012 and the 42nd meeting held on 22 November 2012 were primarily dedicated to the discussion of quarterly, semi-annual and nine-months' performance results of the Petrol Group and Petrol d.d., Ljubljana for 2012. At the 42nd meeting the Supervisory Board also adopted the financial calendar of Petrol d.d., Ljubljana and approved the activities of the Management Board for acquiring additional long-term sources of funding.

The 41st correspondence meeting (voting from 13 to 14 September 2012) was convened for the purpose of issuing of approval to the Management Board regarding the activities aimed at acquiring additional long-term sources of funding.

At the 43rd meeting on 13 December 2012, the Supervisory Board approved the Business Plan and the key targets of the Petrol Group for 2013. With the activities carried out at this meeting the Supervisory Board fully attained the objectives related to the improvement of its performance as specified in the Action Plan after the self-evaluation in 2011.

In addition to the above topics, the Supervisory Board also dealt with the reports of the Audit Committee, the Human Resources and Management Board Evaluation Committee, the reports of the Internal Audit and the Business Risk Committee as well as other issues within its competence, e.g. regular reviews of trade receivables.

Work of the Supervisory Board's committees

In 2012 the **Audit Committee** met nine times. At the first three meetings, the Committee prepared the basis for the Supervisory Board's approval of the Annual Report (the Audit Committee had a discussion with KPMG auditors prior to the issue of opinion, and discussed the letter to the management) and dealt with the topics related to the Supervisory Board and the General Meeting of Shareholders (proposing the auditing company for auditing the 2012 Annual Report).

At the fourth, fifth, seventh and eighth meeting in the financial year, held on 10 May 2012, 28 August 2012, 5 November 2012 and 22 November 2012 respectively, the Audit Committee discussed the quarterly financial statements and the quarterly report on the operations of the Petrol Group and Petrol d.d., Ljubljana.

The 6th meeting of the Audit Committee was not envisaged in the Action Plan for 2012. At that meeting the Audit Committee discussed several regular topics that had been planned to be dealt with at the previous meeting. At the meeting, the Audit Committee paid special attention to formulating an upgraded system of reporting (with additional contents) to the Audit Committee and the Supervisory Board.

The 9th meeting of the Audit Committee on 17 December 2012 was the last meeting in the financial year, intended for the discussion of standard issues in this period, namely the progress of the preliminary audit of the 2012 Annual Report, the Action Plan of the Audit Committee for 2013 and the annual review of the competencies and tasks of the Audit Committee and its efficiency in 2012.

Other topics discussed at the meetings included the management of credit, foreign exchange and price risks, risk management in the Petrol Group by quarter and the activities of the Business Risk Committee, the internal audit reports and the Action Plan of the Internal Audit for 2013, the contracts with external auditors and other topics falling within the competence of the Audit Committee.

The Human Resources and Management Board Evaluation Committee met three times in the 2012 financial year. At the first two meetings, which were held in March 2012, it focused on formulating the proposals for the Supervisory Board regarding the remuneration of the Management Board by a variable performance-based bonus for 2011, the determining of criteria for the remuneration of the Management Board by a variable performance-based bonus for 2012 and the preparation of a proposal about the suitable and best candidate for the replacement member of the Supervisory Board that the latter should put forward to the General Meeting of Shareholders. The third meeting, held in November 2012, was primarily dedicated to the stipulation of tasks that the Committee had planned would launch at the start of 2013, namely the determining of the method and deadlines for identifying and proposing six candidates (new members of the Supervisory Board - shareholder representatives) to the Supervisory Board, as the term of office of the current members will terminate in 2013, and the method regarding how and when to formulate proposals for the Supervisory Board about the remuneration of the Management Board by a variable performance-based bonus for 2012 and 2013. In addition to the above, at its last meeting the Committee completed its obligations as laid down in the Action Plan, so that the Plan was fully implemented after the adoption of its proposals at the December meeting of the Supervisory Board on 13 December 2012. The Human Resources and Management Board Evaluation Committee did not evaluate its own performance in 2012.

Assessment of the Petrol Group's operations in 2012

Petrol is a leading Slovene company directed at long-term growth and stable return for shareholders. Despite the stringent economic situation, it achieved good business results in 2012.

In 2012 its sales revenue totalled EUR 3.8 billion or 15 percent more than in 2011, and its gross profit was EUR 328.3 million, up 1 percent over 2011. Operating profit stood at EUR 84.9 million, having grown by 5 percent from 2011. Profit before tax amounted to EUR 68.0 million or 24 percent more than in 2011, while net profit totalled EUR 53.9 million, up 3 percent from 2011.

In 2012 the volume of petroleum products sold by the Petrol Group totalled EUR 2.5 million tons, up 7 percent from 2011. Revenue from the sale of merchandise equalled EUR 472.2 million, exceeding the 2011 figure by 7 percent. The Group sold 128.8 million m^3 of natural gas, an increase of 13 percent from 2011. It also sold 2.4 TWh of electricity or 125 percent more than in 2011.

Approval of the 2012 Annual Report

At its 46th meeting held on 26 February 2013, the Supervisory Board discussed the audited Annual Report of the Petrol Group and Petrol d.d., Ljubljana for 2012. On the basis of the review of the 2012 Annual Report of the Petrol Group and Petrol d.d., Ljubljana, the financial statements and notes thereto, the review of the Management Board's proposal on the allocation of accumulated profit, and the certified auditor's report, the Supervisory Board approved the audited Annual Report of the Petrol Group and Petrol d.d., Ljubljana for 2012.

Ljubljana, 26 February 2013

Tomaž Kuntarič
President of the Supervisory Board


EUR
LITROV
Q MAX
Q MAX
95
PETPOL

FINANCIAL REPORT 2012


PETROL
708000 770001 12486
OSEBNA KARTICA ZVESTOBE
VREDNOSTNA KARTICA
A little something
for your holidays ;)
Enjoy,
Grandma & Grandpa

Annual Report of the Petrol Group and Petrol d.d., Ljubljana for 2012 – Financial Report

[Contents]

[Statement of management's responsibility]

The Company's management is responsible for the preparation of the financial statements, together with the accounting policies and notes, of the Petrol Group and the company Petrol d.d., Ljubljana for the year 2012, which give, to the best of its knowledge and belief, a fair view of the development and results of the Company's operations and its financial position, including the description of material risks that the Company and any other companies included in the consolidated financial statements are exposed to as a whole.

The management confirms that appropriate accounting policies have been applied consistently in the preparation of the financial statements, that accounting estimates were prepared based on the principles of fair value, prudence and sound management and that the financial statements give a true and fair view of the Company's financial position and the results of its operations in the year 2012.

The management is also responsible for appropriate accounting and for taking adequate measures to protect the Company's property and other assets, and confirms that the financial statements, together with the notes thereto, have been prepared on the going concern assumption and in accordance with applicable legislation and International Financial Reporting Standards as adopted by the European Union.

The Company's management accepts and approves the financial statements, together with the accounting policies and notes, of the Petrol Group and the company Petrol d.d., Ljubljana for the year 2012.

Tomaž Berločnik
President of the
Management Board

Rok Vodnik
Member of the
Management Board

Janez Živko
Member of the
Management Board

Samo Gerdin
Worker Director

Petrol d.d., Ljubljana, Dunajska c. 50, 1527 Ljubljana, Slovenia
Ljubljana, 18 February 2013

KPMG

Independent Auditor's Report

To the Shareholders of Petrol d.d., Ljubljana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Petrol d.d., Ljubljana and its subsidiaries (Petrol Group), which comprise the consolidated statement of financial position as at 31 December 2012, the consolidated income statement and the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Petrol Group as at 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

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

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

Peter Anžin, B.Sc.Ec.
Certified Auditor

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

Ljubljana, 18 February 2013

KPMG Slovenija, d.o.o.
1

KPMG

Independent Auditor's Report

To the Shareholders of Petrol d.d., Ljubljana

Report on the Financial Statements

We have audited the accompanying financial statements of Petrol d.d., Ljubljana, which comprise the statement of financial position as at 31 December 2012, the income statement and the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Petrol d.d., Ljubljana as at 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on Other Legal and Regulatory Requirements

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

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

Peter Anžin, B.Sc.Ec.
Certified Auditor

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

Ljubljana, 18 February 2013

KPMG Slovenija, d.o.o.
1

[Financial statements of the Petrol Group and the company Petrol d.d., Ljubljana]

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

		The Petrol Group			Petrol d.d.		
(in EUR)	Note	2012	2011	12/11 index	2012	2011	12/11 index
Sales revenue		3,753,992,682	3,270,353,441	115	3,193,964,569	2,767,652,402	115
Cost of goods sold		(3,425,660,194)	(2,944,702,615)	116	(2,956,059,812)	(2,529,404,600)	117
Gross profit		**328,332,488**	**325,650,826**	**101**	**237,904,757**	**238,247,802**	**100**
Costs of materials	6.4	(30,206,689)	(34,422,965)	88	(9,822,638)	(11,641,452)	84
Costs of services	6.5	(116,261,439)	(117,287,165)	99	(114,669,012)	(116,218,859)	99
Labour costs	6.6	(60,719,895)	(56,075,354)	108	(24,709,555)	(25,661,190)	96
Depreciation and amortisation	6.7	(39,659,294)	(36,224,361)	109	(23,787,926)	(23,559,719)	101
Other costs	6.8	(5,371,395)	(7,250,531)	74	(2,713,950)	(5,149,082)	53
Operating costs		**(252,218,712)**	**(251,260,376)**	**100**	**(175,703,081)**	**(182,230,302)**	**96**
Other revenue	6.3	9,305,537	7,161,649	130	5,044,090	5,167,791	98
Other expenses	6.9	(471,175)	(517,446)	91	(43,686)	(35,686)	122
Operating profit		**84,948,138**	**81,034,653**	**105**	**67,202,080**	**61,149,605**	**110**
Share of profit of equity accounted investees	6.10	8,956,182	10,641,658	84	-	-	-
Finance income from dividends paid by subsidiaries, associates and jointly controlled entities	6.10	-	-	-	12,123,262	14,886,283	81
Other finance income	6.11	66,834,658	120,011,674	56	51,957,924	71,988,022	72
Other finance expenses	6.11	(92,773,719)	(156,941,019)	59	(81,292,431)	(135,390,579)	60
Net finance expense		**(25,939,061)**	**(36,929,345)**	**70**	**(29,334,507)**	**(63,402,557)**	**46**
Profit before income tax		**67,965,259**	**54,746,966**	**124**	**49,990,835**	**12,633,331**	**396**
Income tax expense	6.12	(2,815,443)	(10,867,894)	26	0	(7,579,440)	-
Deferred income tax	6.12	(11,224,753)	8,464,557	-	(15,504,158)	6,553,222	-
Income tax		**(14,040,196)**	**(2,403,337)**	**584**	**(15,504,158)**	**(1,026,218)**	**-**
Net profit for the year		**53,925,063**	**52,343,629**	**103**	**34,486,677**	**11,607,113**	**297**
Net profit for the year attributable to:							
Owners of the controlling company		53,306,051	51,472,423	104	34,486,677	11,607,113	297
Non-controlling interest		619,012	871,206	71	-	-	-
Basic and diluted earnings per share	6.13	26.16	25.39	103	16.73	5.63	297

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

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

		The Petrol Group		Petrol d.d.	
(in EUR)	Note	2012	2011	2012	2011
Net profit for the year		**53,925,063**	**52,343,629**	**34,486,677**	**11,607,113**
Net change in the value of investments in associates and jointly controlled entities	6.14	-	-	7,042,426	(35,270,253)
Attribution of changes in the equity of associates	6.14	(250,659)	(157,075)	-	-
Net effective portion of changes in the fair value of cash flow variability hedging	6.14	(1,032,602)	1,181,670	111,240	1,181,670
Other changes in comprehensive income		135,664	0	0	0
Foreign exchange differences		(2,916,321)	(1,030,399)	-	-
Other comprehensive income		**(4,063,918)**	**(5,804)**	**7,153,666**	**(34,088,583)**
Total comprehensive income for the year		**49,861,145**	**52,337,825**	**41,640,343**	**(22,481,470)**
Total comprehensive income attributable to:					
Owners of the controlling company		49,376,520	52,127,739	41,640,343	(22,481,470)
Non-controlling interest		484,625	210,086	-	-

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

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

		The Petrol Group			Petrol d.d.		
(in EUR)	Note	31 December 2012	31 December 2011	12/11 index	31 December 2012	31 December 2011	12/11 index
ASSETS							
Non-current (long-term) assets							
Intangible assets	6.15	180,692,889	176,628,810	102	55,206,057	55,683,732	99
Property, plant and equipment	6.16	613,838,344	601,702,624	102	279,932,420	281,269,534	100
Investment property	6.17	12,813,859	13,557,862	95	12,650,319	13,422,848	94
Investments in subsidiaries	6.18	-	-	-	364,715,239	298,499,439	122
Investments in jointly controlled entities	6.19	41,931,824	37,964,476	110	4,740,464	2,583,500	183
Investments in associates	6.20	98,807,655	99,406,712	99	131,235,000	135,743,305	97
Available-for-sale financial assets	6.21	6,488,024	7,568,721	86	6,358,078	7,438,775	85
Financial receivables	6.22	4,072,743	2,924,920	139	17,163,277	8,104,316	212
Operating receivables	6.23	660,243	925,709	71	520,264	748,164	70
Deferred income tax assets	6.12	31,764,581	43,457,608	73	27,929,718	43,808,067	64
		991,070,162	**984,137,442**	**101**	**900,450,836**	**847,301,680**	**106**
Current assets							
Inventories	6.24	159,691,274	100,583,405	159	138,925,514	79,861,445	174
Assets held for disposal	6.38	3,207,487	9,129,811	35	0	0	-
Financial receivables	6.25	9,158,834	15,671,856	58	9,161,730	12,993,255	71
Operating receivables	6.26	352,116,072	352,044,457	100	266,206,461	317,225,816	84
Corporate income tax assets	6.12	7,973,965	76,210	-	6,948,127	0	-
Financial assets at fair value through profit or loss	6.27	1,602,079	7,942,414	20	1,602,079	7,942,414	20
Prepayments and other assets	6.28	9,082,326	6,675,014	136	5,233,564	4,155,951	126
Cash and cash equivalents	6.29	37,625,459	60,701,551	62	28,813,254	32,949,888	87
		580,457,496	**552,824,718**	**105**	**456,890,729**	**455,128,769**	**100**
Total assets		**1,571,527,658**	**1,536,962,160**	**102**	**1,357,341,565**	**1,302,430,449**	**104**

(in EUR)	Note	The Petrol Group 31 December 2012	The Petrol Group 31 December 2011	The Petrol Group 12/11 index	Petrol d.d. 31 December 2012	Petrol d.d. 31 December 2011	Petrol d.d. 12/11 index
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		62,001,962	62,007,289	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		131,103,142	132,714,209	99	125,145,815	119,107,103	105
Fair value reserve		-	-	-	73,629,197	66,586,771	111
Hedging reserve		(5,854,616)	(4,822,014)	121	(4,710,774)	(4,822,014)	98
Revaluation reserves		(6,093)	244,566	-	0	0	-
Foreign exchange differences		(6,954,981)	(4,173,047)	167	0	0	-
Retained earnings		122,017,539	91,617,392	133	17,243,338	5,803,557	-
		435,539,315	**410,820,757**	**106**	**406,289,823**	**381,657,663**	**106**
Non-controlling interest		**(1,877,984)**	**30,815,344**	**-**			
Total equity	**6.30**	**433,661,331**	**441,636,101**	**98**	**406,289,823**	**381,657,663**	**106**
Non-current liabilities							
Provisions for employee benefits	6.31	4,630,422	4,215,098	110	2,356,428	2,066,543	114
Other provisions	6.32	2,610,670	2,814,557	93	2,524,862	2,538,403	99
Long-term deferred revenue	6.33	10,859,899	13,148,814	83	10,266,047	12,684,493	81
Financial liabilities	6.34	429,692,404	373,306,652	115	335,108,925	311,942,456	107
Operating liabilities	6.35	15,696,073	27,380,320	57	15,607,535	27,291,782	57
Deferred tax liabilities	6.12	6,000,260	6,332,403	95	5,969,935	16,646,694	36
		469,489,728	**427,197,844**	**110**	**371,833,732**	**373,170,370**	**100**
Current liabilities							
Financial liabilities	6.34	203,893,056	238,316,123	86	200,204,647	212,757,746	94
Operating liabilities	6.36	450,252,049	406,362,859	111	372,759,060	327,506,950	114
Corporate income tax liabilities	6.12	66,963	2,034,195	3	0	891,348	-
Liabilities held for disposal	6.38	4,217,919	12,812,196	33	0	0	-
Other liabilities	6.37	9,946,612	8,602,842	116	6,254,303	6,446,372	97
		668,376,599	**668,128,215**	**100**	**579,218,010**	**547,602,416**	**106**
Total liabilities		**1,137,866,327**	**1,095,326,059**	**104**	**951,051,742**	**920,772,786**	**103**
Total equity and liabilities		**1,571,527,658**	**1,536,962,160**	**102**	**1,357,341,565**	**1,302,430,449**	**104**

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

Statement of changes in equity of the Petrol Group

(in EUR)	Called-up capital	Capital surplus	Revenue reserves				
			Legal reserves	Reserves for own shares	Own shares	Other revenue reserves	
As at 1 January 2011	52,240,977	80,991,385	61,988,761	2,604,670	(2,604,670)	119,367,602	
Dividend payments for 2010							
Transfer of 2010 net profit						3,511,216	
Decrease in non-controlling interest (note 6.1)						4,031,836	
Transfer of a portion of 2011 profit to other reserves						5,803,557	
Creation of legal reserves			18,528				
Transactions with owners	**0**	**0**	**18,528**	**0**	**0**	**13,346,609**	
Net profit for the current year							
Other changes in comprehensive income							
Total changes in comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**	
As at 31 December 2011	**52,240,977**	**80,991,385**	**62,007,289**	**2,604,670**	**(2,604,670)**	**132,714,209**	
As at 1 January 2012	52,240,977	80,991,385	62,007,289	2,604,670	(2,604,670)	132,714,209	
Dividend payments for 2011						(11,204,627)	
Transfer of a portion of 2012 net profit						17,243,338	
Decrease in non-controlling interest (note 6.2)						(7,649,778)	
Elimination of legal reserves			(5,420)				
Creation of legal reserves			93				
Transactions with owners	**0**	**0**	**(5,327)**	**0**	**0**	**(1,611,067)**	
Net profit for the current year							
Other changes in comprehensive income							
Total changes in comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**	
As at 31 December 2012	**52,240,977**	**80,991,385**	**62,001,962**	**2,604,670**	**(2,604,670)**	**131,103,142**	

	Fair value reserve	Hedging reserve	Investment revaluation reserve	Foreign exchange differences	Retained earnings	Equity attributable to owners of the Petrol Group	Non-controlling interest	Total
	0	(6,003,684)	401,641	(3,803,768)	64,940,254	370,123,168	34,458,004	404,581,172
					(15,461,985)	(15,461,985)		(15,461,985)
					(3,511,216)	0		0
						4,031,836	(3,852,746)	179,090
					(5,803,557)	0		0
					(18,528)	0		0
	0	**0**	**0**	**0**	**(24,795,286)**	**(11,430,149)**	**(3,852,746)**	**(15,282,895)**
					51,472,423	51,472,423	871,206	52,343,629
		1,181,670	(157,075)	(369,279)		655,316	(661,120)	(5,804)
	0	**1,181,670**	**(157,075)**	**(369,279)**	**51,472,423**	**52,127,739**	**210,086**	**52,337,825**
	0	**(4,822,014)**	**244,566**	**(4,173,047)**	**91,617,392**	**410,820,757**	**30,815,344**	**441,636,101**
	0	(4,822,014)	244,566	(4,173,047)	91,617,392	410,820,757	30,815,344	441,636,101
					(5,803,557)	(17,008,184)		(17,008,184)
					(17,243,338)	0		0
						(7,649,778)	(33,177,953)	(40,827,731)
					5,420	0		0
					(93)	0		0
	0	**0**	**0**	**0**	**(23,041,568)**	**(24,657,962)**	**(33,177,953)**	**(57,835,915)**
					53,306,051	53,306,051	619,012	53,925,063
		(1,032,602)	(250,659)	(2,781,934)	135,664	(3,929,531)	(134,387)	(4,063,918)
	0	**(1,032,602)**	**(250,659)**	**(2,781,934)**	**53,441,715**	**49,376,520**	**484,625**	**49,861,145**
	0	**(5,854,616)**	**(6,093)**	**(6,954,981)**	**122,017,539**	**435,539,315**	**(1,877,984)**	**433,661,331**

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

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

(in EUR)	Called-up capital	Capital surplus	Revenue reserves			
			Legal reserves	Reserves for own shares	Own shares	Other revenue reserves
As at 1 January 2011	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	109,792,331
Dividend payments for 2010						
Transfer of 2011 net profit						3,511,216
Transfer of a portion of 2010 net profit						5,803,557
Transactions with owners	**0**	**0**	**0**	**0**	**0**	**9,314,773**
Net profit for the current year						
Other changes in comprehensive income						
Total changes in comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**
As at 31 December 2011	**52,240,977**	**80,991,385**	**61,749,884**	**2,604,670**	**(2,604,670)**	**119,107,103**
As at 1 January 2012	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	119,107,103
Dividend payments for 2011						(11,204,627)
Transactions with owners	**0**	**0**	**0**	**0**	**0**	**(11,204,627)**
Net profit for the current year						
Transfer of a portion of 2012 net profit						17,243,338
Other changes in comprehensive income						
Total changes in comprehensive income	**0**	**0**	**0**	**0**	**0**	**17,243,338**
As at 31 December 2012	**52,240,977**	**80,991,385**	**61,749,884**	**2,604,670**	**(2,604,670)**	**125,145,815**
Accumulated profit for 2012						**3,372,642**

Fair value reserve	Hedging reserve	Retained earnings	Total
101,857,024	(6,003,684)	18,973,201	419,601,118
		(15,461,985)	(15,461,985)
		(3,511,216)	0
		(5,803,557)	0
0	**0**	**(24,776,758)**	**(15,461,985)**
		11,607,113	11,607,113
(35,270,253)	1,181,670		(34,088,583)
(35,270,253)	**1,181,670**	**11,607,114**	**(22,481,469)**
66,586,771	**(4,822,014)**	**5,803,557**	**381,657,663**
66,586,771	(4,822,014)	5,803,557	381,657,663
		(5,803,557)	(17,008,184)
0	**0**	**(5,803,557)**	**(17,008,184)**
		34,486,677	34,486,677
		(17,243,338)	0
7,042,426	111,240		7,153,666
7,042,426	**111,240**	**17,243,338**	**41,640,343**
73,629,197	**(4,710,774)**	**17,243,338**	**406,289,822**
		17,243,338	**20,615,980**

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

Cash flow statement of the Petrol Group and Petrol d.d., Ljubljana

(in EUR)	Note	The Petrol Group 31 December 2012	The Petrol Group 31 December 2011	Petrol d.d. 31 December 2012	Petrol d.d. 31 December 2011
Cash flows from operating activities					
Net profit		**53,925,063**	**52,343,629**	**34,486,677**	**11,607,113**
Adjustment for:					
Income tax	6.12	14,040,196	2,403,337	15,504,158	1,026,218
Depreciation of property, plant and equipment	6.7	35,502,810	32,570,006	20,333,367	20,517,787
Amortisation of intangible assets	6.7	4,156,484	3,654,355	3,454,559	3,041,932
(Gain)/loss on disposal of property, plant and equipment	6.2, 6.8	(1,713,932)	(729,571)	(88,292)	(152,395)
Impairment, write-down/(reversed impairment) of assets	6.8	(122,798)	3,312,674	(157,666)	2,986,584
Revenue from assets under management	6.35	(65,400)	(65,400)	(65,400)	(65,400)
Net (decrease in)/creation of provisions for employee benefits	6.31, 6.33	452,226	10,664	289,885	0
Net (decrease in)/creation of other provisions and long-term deferred revenue	6.32	(2,492,802)	(905,049)	(2,431,985)	(848,101)
Net goods shortages	6.8	4,197,934	3,165,360	4,018,067	2,647,614
Net (decrease in)/creation of allowance for receivables	6.11	319,764	20,204,816	4,255,054	7,517,202
Net finance (income)/expense	6.11	25,077,454	(26,003,592)	23,688,124	12,929,077
Impairment of investments	6.11	1,311,303	28,538,276	2,039,437	30,611,046
Share of profit of jointly controlled entities	6.10	(3,700,926)	(5,566,408)	0	0
Share of profit of associates	6.10	(5,255,256)	(5,075,250)	0	0
Finance income from dividends received from subsidiaries	6.10	0	0	(6,581,244)	(9,981,814)
Finance income from dividends received from associates	6.10	0	0	(5,542,018)	(4,904,469)
Cash flow from operating activities before changes in working capital		**125,632,120**	**107,857,847**	**93,202,723**	**76,932,394**
Net (decrease in)/increse in other liabilities	6.37	1,380,612	(1,561,934)	(192,069)	(1,125,945)
Net decrease in/(increse in) other assets	6.28	(894,386)	1,330,690	(799,498)	79,154
Change in inventories	6.24	(62,847,381)	7,266,276	(62,924,471)	7,474,276
Change in operating and other receivables	6.26	10,766,965	(49,754,669)	53,666,659	(42,865,866)
Change in operating and other liabilities	6.36	28,165,478	25,488,042	36,554,038	(38,489,837)
Cash generated from operating activities		**102,203,408**	**90,626,252**	**119,507,382**	**2,004,175**
Interest paid	6.11	(36,289,548)	(23,931,554)	(30,351,938)	(19,602,685)
Income taxes paid	6.12	(12,194,926)	(11,747,896)	(7,839,475)	(8,400,995)
Net cash from (used in) operating activities		**53,718,934**	**54,946,802**	**81,315,968**	**(25,999,505)**

(in EUR)	Note	The Petrol Group 31 December 2012	The Petrol Group 31 December 2011	Petrol d.d. 31 December 2012	Petrol d.d. 31 December 2011
Cash flows from investing activities					
Payments for investments in subsidiaries	6.18	(41,500,833)	(27,566,422)	(67,404,846)	(34,114,066)
Receipts from investments in subsidiaries		897,424	0	535,000	0
Payments for investments in jointly controlled entities	6.20	(1,282,990)	(439,120)	(1,282,990)	(414,120)
Receipts from investments in jointly controlled entities	6.19	50,000	0	0	0
Receipts from investments in associates		999,984	0	999,984	0
Receipts from intangible assets	6.15	146,480	281,985	0	61,350
Payments for intangible assets	6.15	(5,769,340)	(6,625,968)	(3,154,763)	(5,585,291)
Receipts from property, plant and equipment	6.16	8,720,688	2,846,893	2,766,086	1,147,090
Payments for property, plant and equipment	6.16	(53,875,998)	(50,013,158)	(24,547,958)	(24,160,568)
Receipts from available-for-sale financial assets		0	1,046,034	0	1,046,034
Payments for available-for-sale financial assets	6.21	(2,500)	0	(2,500)	0
Receipts from loans granted	6.22, 6.25	17,428,410	22,030,409	25,750,455	28,384,284
Payments for loans granted	6.22, 6.25	(12,730,797)	(15,734,575)	(30,385,790)	(32,068,873)
Interest received	6.11	8,213,578	9,476,403	5,545,036	8,115,097
Dividends received from subsidiaries	6.10	0	0	6,581,244	9,981,814
Dividends received from jointly controlled entities	6.10	1,000,000	3,000,000	0	0
Dividends received from associates	6.10	5,542,018	4,904,469	5,542,018	4,904,469
Dividends received from others	6.10	56,152	167,246	56,152	167,246
Net cash (used in) investing activities		**(72,107,724)**	**(56,625,804)**	**(79,002,872)**	**(42,535,534)**
Cash flows from financing activities					
Payments for bonds issued	6.34	30,053,526	32,815,856	30,053,526	32,815,856
Proceeds from borrowings	6.34	1,244,136,240	1,826,661,745	1,189,539,076	913,278,111
Repayment of borrowings	6.34	(1,259,825,523)	(1,799,208,840)	(1,209,060,867)	(843,956,249)
Dividends paid to shareholders	6.30	(18,644,185)	(15,426,270)	(16,981,465)	(15,426,270)
Net cash (used in) financing activities		**(4,279,942)**	**44,842,491**	**(6,449,730)**	**86,711,448**
Increase/(decrease) in cash and cash equivalents		(22,668,732)	43,163,489	(4,136,634)	18,176,409
Changes in cash and cash equivalents				0	0
At the beginning of the year		**60,701,551**	**17,543,771**	**32,949,888**	**14,773,479**
Translation differences		(407,360)	(5,709)	0	0
Increase/(decrease)		(22,668,732)	43,163,489	(4,136,634)	18,176,409
At the end of the year		**37,625,459**	**60,701,551**	**28,813,254**	**32,949,888**

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

[Notes to the financial statements]

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. Below we present consolidated financial statements of the Group for the year ended 31 December 2012 and separate financial statements of the company Petrol d.d., Ljubljana for the year ended 31 December 2012. The consolidated financial statements comprise the Company and its subsidiaries as well as the Group’s interests in associates and jointly controlled entities (together referred to as the “Group”). A more detailed overview of the Group's structure is presented in chapter Group companies of the business report.

2. Basis of preparation

a. Statement of compliance

The Company’s management approved the Company’s financial statements and the Group’s consolidated financial statements on 14 February 2013.

The financial statements of Petrol d.d., Ljubljana and 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 following amendment adopted by the European Union but not yet in force on 31 December 2012 has not been applied in the preparation of the financial statements:

Amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities (Effective for annual periods beginning on 1 January 2013 and interim periods within those annual periods. Earlier application is permitted.)

The amendments contain new disclosure requirements for financial assets and liabilities that are:

- offset in the statement of financial position; or
- subject to master netting arrangements or similar agreements.

The Group/Company does not expect the amendments to have a significant impact on the financial statements since it does not apply offsetting to any of its financial assets and financial liabilities and it has not entered into master netting arrangements.

IFRS 10 Consolidated Financial Statements and IAS 27 (2011) Separate Financial Statements (Effective for annual periods beginning on 1 January 2014. Earlier application is permitted if IFRS 11, IFRS 12, IAS 27 (2011) and IAS 28 (2011) are also applied early.)

This standard is to be applied retrospectively when there is a change in control conclusion.

IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that are currently special purpose entities in the scope of SIC-12. IFRS 10 introduces new requirements to assess control that are different from the existing requirements in IAS 27 (2008). Under the new single control model, an investor controls an investee when:

- it is exposed or has rights to variable returns from its involvements with the investee;
- it has the ability to affect those returns through its power over that investee; and
- there is a link between power and returns.

The amended standard also includes the disclosure requirements and the requirements relating to the preparation of consolidated financial statements. These requirements are carried forward from IAS 27 (2008).

The Group does not expect the new standard to have any impact on the financial statements since the assessment of control over its current investees under the new standard will not affect previous conclusions regarding the Group’s control over its investees.

IFRS 11 Joint Arrangements (Effective for annual periods beginning on 1 January 2014; to be applied retrospectively subject to transitional provisions. Earlier application is permitted if IFRS 10, IFRS 12, IAS 27 (2011) and IAS 28 (2011) are also applied early.)

IFRS 11, Joint Arrangements, supersedes and replaces IAS 31, Interest in Joint Ventures. IFRS 11 does not introduce substantive changes to the overall definition of an arrangement subject to joint control, although the definition of control, and therefore indirectly of joint control, has changed due to IFRS 10.
Under the new standard, arrangements are divided into two types, each having its own accounting model defined as follows:

- a joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement;
- a joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

IFRS 11 effectively carves out from IAS 31 jointly controlled entities those cases in which, although there is a separate vehicle for the joint arrangement, separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31, and are now called joint operations. The remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of equity accounting or proportionate consolidation; they must now always use the equity method in its consolidated financial statements.

The Group does not expect the new standard to have any impact on the financial statements since the assessment of the joint arrangements under the new standard will not result in a change in the accounting treatment of existing joint arrangements.

IFRS 12 Disclosure of Interests in Other Entities (Effective for annual periods beginning on 1 January 2014; to be applied retrospectively subject to transitional provisions. Earlier application is permitted.)

IFRS 12 requires additional disclosures relating to significant judgements and assumptions made in determining the nature of interests in an entity or arrangement, interests in subsidiaries, joint arrangements and associates and unconsolidated structured entities.

The Group/Company does not expect the new standard to have a material impact on the financial statements.

IFRS 13 Fair Value Measurement (Effective prospectively for annual periods beginning on 1 January 2013. Earlier application is permitted.)

IFRS 13 replaces the fair value measurement guidance contained in individual standards with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. IFRS 13 explains 'how' to measure fair value when it is required or permitted by other IFRSs. The standard does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.
The standard contains an extensive disclosure framework that provides additional disclosures to existing requirements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant inputs, the effect of the measurements on profit or loss or other comprehensive income.

The Company does not expect the standard to have a material impact on the financial statements since management considers the methods and assumptions currently used to measure fair value to be consistent with IFRS 13.

Amendments to IAS 1 Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income (Effective for annual periods beginning on 1 July 2012; to be applied retrospectively. Earlier application is permitted.)

The amendments:

- require that an entity presents separately the items of other comprehensive income that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. If items of other comprehensive income are presented before related tax effects, then the aggregated tax amount should be allocated between these sections;
- change the title of the Statement of Comprehensive Income to Statement of Profit or Loss and Other Comprehensive Income, however, other titles are also allowed to be used.

The impact of the amendments will depend on the specific items of other comprehensive income at the date of initial application. If the Company was to adopt the amendments from 1 January 2012, then the following items of other comprehensive income would be reclassified to profit or loss in the future: the net effective portion of changes in the fair value of the cash flow variability hedging instrument amounting to EUR 1,032,602 as well as the related tax effect of EUR 269,275 and foreign exchange differences of EUR 2,916,321. The remaining amounts and items of other comprehensive income would never be reclassified to profit or loss.

Amendments to IAS 12 Income Taxes: Recovery of Underlying Assets (Effective for annual periods beginning on 1 January 2013; to be applied retrospectively. Earlier application is permitted.)

The amendments introduce a rebuttable presumption that the carrying amount of investment property measured using the fair value model would be recovered entirely by sale. Management's intention would not be relevant unless the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. This is the only instance in which the presumption can be rebutted.

The Group does not expect the amendments to have a significant impact on its consolidated financial statements since it does not have any investment properties measured using the fair value model under IAS 40.

IAS 19 (2011) Employee Benefits (Effective for annual periods beginning on 1 January 2013; to be applied retrospectively. Transitional provisions apply. Earlier application is permitted.)

The amendment requires actuarial gains and losses to be recognised immediately in other comprehensive income. The amendment removes the corridor method applicable to recognising actuarial gains and losses, and eliminates the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which is currently allowed under the requirements of IAS 19. The amendment also requires the expected return on plan assets recognised in profit or loss to be calculated based on the rate used to discount the defined benefit obligation.

The Company does not expect the amendments to have a significant impact on the financial statements.

IAS 27 (2011) Separate Financial Statements (Effective for annual periods beginning on 1 January 2014. Earlier application is permitted if IFRS 10, IFRS 11, IFRS 12 and IAS 28 (2011) are also applied early.)

IAS 27 (2011) carries forward the existing disclosure requirements of IAS 27 (2008) for separate financial statements, with some minor clarifications. The existing requirements of IAS 28 (2008) and IAS 31 for separate financial statements have also been incorporated into the amended IAS 27 (2011). The standard no longer addresses the principle of control and requirements relating to the preparation of consolidated financial statements, which have been incorporated into IFRS 10 Consolidated Financial Statements.

The Company does not expect IAS 27 (2011) to have a material impact on the financial statements since it does not result in a change in its accounting policies.

IAS 28 (2011) Investments in Associates and Joint Ventures (Effective for annual periods beginning on 1 January 2014; to be applied retrospectively. Earlier application is permitted if IFRS 10, IFRS 11, IFRS 12 and IAS 27 (2011) are also applied early.)

Amendments to IAS 28 (2008) apply to:

- Associates and joint ventures held for sale. IFRS 5 Non-current Assets Held for Sale and Discontinued Operations applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. For any retained portion of the investment that has not been classified as held for sale, the equity method is applied until disposal of the portion held for sale. After disposal, any retained interest is accounted for using the equity method if the retained interest continues to be an associate or a joint venture.
- Changes in interests held in associates and joint ventures. Previously, IAS 28 (2008) and IAS 31 specified that the cessation of significant influence or joint control triggered remeasurement of any retained interest in all cases, even if significant influence was succeeded by a joint venture. The amended IAS 28 (2011) stipulates that in such scenarios the retained interest in the investment does not have to be remeasured.

It is expected that the standard, when initially applied, will have a significant impact on the financial statements. The Group, however, is not able to assess the impact this will have on the financial statements until the date of initial application.

Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities (Effective for annual periods beginning on 1 January 2014; to be applied retrospectively. Earlier application is permitted, but the disclosures required by the amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities must also be made.)

The amendments do not introduce new requirements for offsetting financial assets and liabilities; rather they clarify the offsetting criteria to address inconsistencies in their application.
The amendments clarify that an entity has a legally enforceable right to set-off if that right is:
- not contingent on a future event; and
- enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of one or all counterparties.

The Company does not expect the amendments to have a significant impact on the financial statements since it does not apply offsetting to any of its financial assets and financial liabilities and it has not entered into master netting arrangements.

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (Effective for annual periods beginning on 1 January 2013. It applies prospectively to production stripping costs incurred after the beginning of the earliest period presented. Earlier application is permitted.)

To the extent that benefits take the form of improved access to ore, the entity recognises such costs as a non-current asset if all of the following criteria are met:
- it is probable that future economic benefits associated with the stripping activity will flow to the entity;
- the entity can identify the component of the ore body for which access has been improved; and
- the costs relating to the stripping activity associated with that component can be measured reliably.

The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset.
The stripping activity asset is initially recognised at cost. After initial recognition, it is carried at either its cost or its revalued amount, less depreciation or amortisation and impairment losses, in the same way as the existing asset of which it is a part.

When the costs of the stripping activity asset and of the inventory produced are not separately identifiable, the entity allocates production stripping costs between the two based on a 'relevant' production measure.

The Company does not expect the interpretation to have a significant impact on the financial statements since it does not have any stripping activities.

b. Basis of measurement

The Group's and the Company's financial statements have been prepared on the historical cost basis except for the following assets and liabilities that are carried at fair value:
- derivative financial instruments,
- financial assets at fair value through profit or loss,
- available-for-sale financial assets,
- investments in associates and jointly controlled entities (applies to the Company).

c. Functional and presentation currency

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

d. Use of estimates and judgements

When preparing the financial statements the management is required to provide estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. How the estimates are produced and the related assumptions and uncertainties is disclosed in the notes to individual items.

The estimates, judgements and assumptions are reviewed on a regular basis. Because estimates are subject to subjective judgement and a degree of uncertainty, actual results might differ from the estimates. Changes in accounting estimates, judgements and assumptions are recognised in the period in which the estimates are changed if the change affects that period only. If the change affects future periods, they are recognised in the period of the change and in any future periods.

Estimates and assumptions are mainly used in the following judgements:
- estimating the lives of depreciable assets,
- asset impairment testing,
- estimating the fair value of investments in associates and jointly controlled entities (applies to the 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,
- assessing the amount of provisions created;
- assessing the possibility of using deferred tax assets.

e. Changes in accounting policies

The Group/Company did not change its accounting policies in 2012.

3. Significant accounting policies of the Group

In these financial statements, the Group and group companies have applied the accounting policies set out below consistently to all periods presented herein.

a. Basis of consolidation

The Group's consolidated financial statements comprise the financial statements of the controlling company and of its subsidiaries.

Business combinations

Business combinations are accounted for using the acquisition method as at the date of the combination, which is the same as the acquisition date or the date on which control is transferred to the Group. Control is the power to govern financial and operating policies of a company so as to obtain benefits from its activities.

The Group measures goodwill at the fair value of the consideration transferred plus the recognised amount of any non-controlling interest in the acquiree, plus the fair value of any pre-existing equity interest in the acquiree (if the business combination is achieved in stages), less the net recognised amount of the assets acquired and liabilities assumed, all measured as at the acquisition date. When the excess is negative, the effect is recognised immediately in profit or loss.

Acquisition costs, other than those associated with the issue of equity or debt securities, incurred in connection with a business combination are expensed as incurred.

Any contingent liabilities arising from business combinations are recognised at fair value as at the acquisition date. If a contingent liability is classified as equity, then it is not remeasured and settlement is accounted for within equity. Subsequent changes in the fair value of the contingent liability are recognised in profit or loss.

Accounting for acquisitions of non-controlling interests

The Group accounts for acquisitions of non-controlling interests that do not involve the change in control of a company as transactions with owners and therefore no goodwill is recognised. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any surpluses or the difference between the costs of additional investments and the carrying amount of assets are recognised in equity.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of a company so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the Group's consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are aligned with the Group's policies.

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, such interest is measured at fair value at the date the control is lost. Subsequently, the interest is accounted for in equity as an investment in an associate (using the equity method) or as an available-for-sale financial asset, depending on the level of influence retained.

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. Upon initial recognition, investments in associates and jointly controlled entities are measured at cost, but are subsequently accounted for using the equity method. The Group's 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 of an associate or a jointly controlled entity exceeds its interest in such an entity, the carrying amount of the Group's interest is reduced to zero and the recognition of further losses is discontinued.

Transactions eliminated from consolidated financial statements

Intra-group balances and any gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates (accounted for using the equity method) are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated using the same method, provided there is no evidence of impairment.

b. Foreign currency translation

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates 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. Non-monetary items denominated in a foreign currency and measured at historical cost are translated to the functional currency using the exchange rate at the date of the transaction. Foreign exchange differences are recognised in profit or loss.

Financial statements of Group companies

The Group's consolidated financial statements are presented in euros. Line items of each Group company that are included in the financial statements are translated, for the purpose of preparing consolidated financial statements, to the reporting currency as follows:

- assets and liabilities from each statement of financial position presented are translated at the ECB exchange rate at the reporting date;
- revenue and expenses of foreign operations are converted to euros at exchange rates applicable at the conversion date.

Foreign exchange differences are recognised in other comprehensive income and presented under foreign exchange differences in equity. In the case of non-wholly-owned subsidiaries abroad, the relevant proportion of the foreign exchange difference is allocated to non-controlling interests. When a foreign operation is disposed of in such a way that control, significant influence or joint control is lost, the relevant cumulative amount in the translation reserve is reclassified to profit or loss or as gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or jointly controlled entity that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

c. Financial instruments

Financial instruments consist of the following items:

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

Impairment of financial assets is detailed in note k1.

c1. Non-derivative financial assets

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

The Group initially recognises loans, receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that 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 when 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 categories: 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.

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 financial 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 Group's financial assets measured at fair value through profit or loss mainly consist of unrealised derivative financial instruments assessed on the reporting date.

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, except for impairment losses and foreign exchange differences, provided that the fair value can be determined and that the resulting gains or losses are recognised directly in comprehensive income and presented in the fair value reserve until such assets are derecognised. When an available-for-sale financial asset 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 the financial asset is carried at cost, that fact is disclosed.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Depending on their maturity, they are classified as current financial assets (maturity of up to 12 months from the date of the statement of financial position) or non-current financial assets (maturity of more than 12 months from the date of the statement of financial position). Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

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's non-derivative financial liabilities consist of debt securities issued and loans received. 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, or when 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.

Non-derivative 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. Depending on their maturity, they are classified as current financial liabilities (maturity of up to 12 months from the date of the statement of financial position) or non-current financial liabilities (maturity of more than 12 months from the date of the statement of financial position).

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 a hedging instrument in the 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 expected to discontinue hedge accounting. The cumulative gain or loss recognised in other comprehensive income remains presented in the hedging reserve as long as the forecast transaction does not affect 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 in the same period in which the hedged item affects profit or loss.
- The effects of other derivatives not designated as a hedging instrument in the 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 Group purchases petroleum products in US dollars, but sells them primarily in euros. Because purchases and sales are made in different currencies, mismatches occur between purchase and selling prices that are hedged against using forward contracts.

The fair value of outstanding forward contracts at the date of the statement of financial position 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 and electricity are purchased or sold, mismatches occur between purchase and selling prices that are hedged against using commodity swaps.

The fair value of outstanding commodity swaps at the date of the statement of financial position is determined using publicly available information about the market value of commodity swaps at the date of the statement of financial position as 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 outstanding interest rate swaps and collars at the date of the statement of financial position is determined by discounting future cash flows arising as a result of a variable interest rate (interest proceeds from a swap) and a fixed interest rate (payment of interest on a swap). When an interest rate swap is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a recognised asset or liability or a forecast transaction, the effective portion of the gain or loss on the instrument is recognised directly in comprehensive income. The ineffective portion of the gain or loss on the instrument is recognised in profit or loss.

d. Equity
Called-up 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. It is registered with the Court and 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.

Legal reserves
Legal 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 means of a resolution of this body.

The revaluation reserve represents the attribution of changes in the equity of associates and jointly controlled entities accounted for using the equity method.

The fair value reserve comprises the effects of valuing available-for-sale financial assets at fair value.

The hedging reserve comprises the effect of changes in the fair value of derivative financial instruments designated as effective in hedging against the variability in cash flows.

Reserves for own shares
If the parent company or its subsidiaries acquire an ownership interest in the parent company, the amount paid, including transaction costs less tax, is deducted from total equity in the form of own shares until such shares are cancelled, reissued or sold. If own shares are later sold or reissued, the consideration received is included in capital surplus net of transaction costs and related tax effects.

e. Intangible assets
Goodwill
The Group's goodwill is the result of business combinations. For the measurement of goodwill upon initial recognition, see point a.

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, but the 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.

Right to use concession infrastructure
The Group recognises an intangible non-current asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. An intangible non-current 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 non-current asset is measured at cost less accumulated amortisation and any accumulated impairment losses. The life of the right is linked to the duration of the concession agreement.

Development of software solutions

Development of software solutions involves the design and production of new or substantially improved software applications. The Group capitalises the costs of developing software solutions to the extent that the following conditions are met: the costs can be measured reliably, the development of a software solution is technically and commercially feasible, future economic benefits are probable, the Group has sufficient resources to complete development and intends to use the software solution. The capitalised costs of developing software solutions include direct labour costs and other costs that are directly attributable to preparing the asset for its intended use.

Other intangible assets

Other intangible fixed assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Borrowing costs directly attributable to the acquisition or production of a qualifying asset are recognised as part of the cost of that asset. Intangible fixed assets are subsequently measured using the cost model. In addition to goodwill and rights arising from concessions for the construction of gas networks and distribution of natural gas, which are described below, the Group's intangible fixed assets comprise mostly software. Other than goodwill, the Group does not have intangible assets with unidentifiable useful lives.

Subsequent expenditure

Subsequent expenditure relating to intangible assets is recognised in the carrying amount of that asset if it is probable that the future economic benefits embodied within the part of this asset will flow to the Group and the cost can be measured reliably. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated on a straight-line basis, taking into account the useful life of intangible fixed assets. Amortisation begins when the asset is available for use.

Estimated useful lives for the current and comparative years are as follows:

(in %)	2012	2011
Right to use concession infrastructure	3.45-20.00%	3.45-50.00%
Computer software	10.00-25.00%	10.00-25.00%

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Impairment of assets is explained in more detailed in point k2.

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 accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. 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 a qualifying asset are recognised as part of the cost of that asset. Items of property, plant and equipment are subsequently measured using the cost model.

Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment is recognised in the carrying amount of that asset if it is probable that the future economic benefits embodied within the part of this asset will flow to the Group and the cost can be measured reliably. All other expenditure (e.g. day-to-day servicing) is recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated on a straight-line basis, taking into account the useful life of each part (component) of an item of property, plant and equipment. Leased assets are depreciated by taking into account the lease term and their useful lives. Land is not depreciated. Depreciation begins when the asset is available for use. Construction work in progress is not depreciated.

Estimated useful lives for the current and comparative periods are as follows:

(in %)	2012	2011
Buildings:		
Buildings at service stations	2.50-10.00%	2.50-10.00%
Above-ground and underground reservoirs	2.85 -50.00%	2.85 -50.00%
Underground service paths at service stations	5.00-14.30%	5.00-14.30%
Other buildings	1.43-50.00%	1.43-50.00%
Equipment:		
Equipment – mechanical and electronic equipment for maintenance of other equipment	10.00-25.00%	10.00-25.00%
Gas stations 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%
Freight cars – rail tankers	25.00%	25.00%
Computer hardware	15.00-25.00%	15.00-25.00%
Office equipment – furniture	6.70-12.5%	6.70-12.5%
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.

Gains and losses on disposal or elimination are determined by comparing the proceeds from disposal with the carrying amount. Gains and losses on disposal are recognised in profit or loss. 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.

Impairment of assets is explained in more detailed in point k2.

Environmental fixed assets

Environmental tangible fixed assets acquired under the scheme for the creation and use of revenue deferred for the purpose of environmental rehabilitation are carried and presented separately. More information about deferred revenue relating to environmental fixed assets is available in point l.

g. Investment property

Investment property is property held by the Group either to earn rental income or for capital appreciation or for both. It is measured at cost less accumulated depreciation and accumulated impairment losses. Investment property is measured using the cost model. The depreciation method and rates are the same as for other tangible assets. Impairment of assets is explained in more detailed in point k2.

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 a lessee) or non-current financial receivables (acting as a 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 asset.

- 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. Assets held for disposal or disposal groups

Assets held for disposal or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale are classified as assets and liabilities held for sale. Immediately before classification as held for sale, the assets held for disposal or disposal groups are remeasured. Non-current assets or disposal groups are accordingly measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on the reclassification of assets as assets held for sale, and subsequent losses and gains on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale or distribution, intangible assets and property, plant and equipment are no longer amortised or depreciated. When investments are classified as assets held for sale or distribution, they are no longer equity accounted.

j. Inventories

Inventories of merchandise and materials are measured at the lower of cost and net realisable value.

The cost 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, other similar costs incurred before initial storage and borne by the purchaser as well as non-refundable duties. Discounts on purchase prices include discounts indicated on invoices and subsequently obtained discounts relating to a specific purchase.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The Group checks the net realisable value of inventories at the statement of financial position date. When this value is lower than their carrying amount, inventories are impaired. Damaged, expired and unusable inventories are written off regularly during the year on an item by item basis.

The method of assessing the use of inventories is based on the first-in first-out principle (FIFO). The FIFO method assumes that the items of inventories that are purchased or produced first are also the first to be sold

k. Impairment

k1. Financial assets

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 are impaired includes 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 an instrument. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Impairment of receivables and loans granted

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; should 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.

According to the Companies Act, the section on the structure of the income statement, allowances for receivables made and reversed as well as bad debt recovered are defined as operating revenue or expenses. The Group/Company considers it more appropriate to designate such items as either finance income or expenses, given that operating receivables are defined as non-derivative financial assets.

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. 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 financial assets are recognised by transferring any cumulative loss that has been previously recognised in other comprehensive income for the period and presented in the fair value reserve 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 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.

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 profit or loss. 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.

l. 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 on retirement, for which it has established long-term provisions. Other obligations related to employee post-employment benefits do not exist.

The provisions amount to estimated future payments for termination benefits on retirement and jubilee benefits discounted to the end of the reporting period. The calculation is made separately for each employee by taking into account the costs of termination benefits on retirement and the costs of all expected jubilee benefits until retirement. The calculation using the projected unit credit method is performed by a certified actuary. Termination benefits on retirement and jubilee benefits are charged against the provisions created.

Provisions for employee benefits in relation to third-party managed service stations

The business cooperation agreements entered into by Group companies with service station managers stipulate that the rights of employees at third-party managed service stations to jubilee benefits and termination benefits on retirement are equal to the rights of Group company employees. The contractual obligation of Group companies to reimburse the costs arising from such rights to service station managers represents the basis for recognition of long-term provisions. The provisions amount to estimated future payments for termination benefits on retirement and jubilee benefits discounted to the end of the reporting period. The obligation is calculated separately for each employee of a third-party managed service station by estimating the costs of termination benefits on retirement and the costs of all expected jubilee benefits until retirement. The calculation using the projected unit credit method is performed by a certified actuary. Reimbursed costs arising from termination benefits on retirement and jubilee benefits are charged against the provisions created.

m. Long-term deferred revenue

Long-term deferred revenue from gas network connection fees

When connected to the gas network, 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 supplying gas 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 a specific concession agreement.

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. Environmental assets, presented as part of the Group's property, plant and equipment items, were approved by means of a decision of the Ministry of the Environment and Spatial Planning as part of the ownership transformation of the company Petrol d.d., Ljubljana and were recognised as such in the opening financial statements of Petrol d.d., Ljubljana as at 1 January 1993 that were prepared in accordance with the regulations governing the ownership transformation of companies. Deferred revenue is restated under revenue in proportion to the depreciation of environmental fixed assets and the funds used for the clean-up of the bitumen dump at Pesniški Dvor. A portion of deferred revenue payable in the period under 12 months is restated under short-term deferred revenue.

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 receivables, the associated costs and possible return of goods, and there is no continuing involvement by the Group with the goods sold.

Revenue is recognised as follows:

Sale of goods

A sale of goods is recognised when the Group delivers goods to a customer, the customer accepts the goods, 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 financial assets, gains on the disposal of available-for-sale financial assets, written-off or impaired receivables subsequently collected, 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 profit or loss. Interest income is recognised as it accrues using the effective interest method.

Finance expenses comprise borrowing costs (unless capitalised), foreign exchange losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, allowances for receivables and losses on hedging instruments that are recognised in profit or loss. Borrowing costs are recognised in profit or loss using the effective interest method.

p. Taxes

Taxes comprise current tax and deferred tax liabilities. Taxes are recognised in profit or loss except to the extent that they relate 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 reporting date.

Deferred tax is accounted for in its entirety using the statement of financial position liability method for temporary differences between the tax base of assets and liabilities and their carrying amounts in separate financial statements. Deferred tax is determined using the tax rates (and laws) that 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 Group's accounting policies require the determination of fair value of both financial and non-financial assets and liabilities, either for measurement of individual assets (measurement method or business combination) or for additional fair value disclosure.

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 in active markets for identical assets or liabilities;
- Level 2 comprises values other than quoted prices included within Level 1 that are observable either directly (as prices in less active markets) or indirectly (e.g. values derived from quoted prices in an active market);
- Level 3 comprises inputs for assets or liabilities that are not based on 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 Group 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.

The methods of determining the fair values of individual groups of assets for measurement or reporting purposes are described below.

Intangible assets
The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use or eventual sale of the assets.

Property, plant and equipment
The fair value of property, plant and equipment is the same as their market value. The market value of property is the estimated amount for which a property could be sold on the date of valuation and after proper marketing. The market value of equipment 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 Group measures the financial asset at cost.

Receivables and loans granted
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 market price at the reporting date.
- The fair value of interest rate swaps at the reporting date is assessed by discounting future cash flows from the variable interest rate (interest received from a swap) and the fixed interest rate (interest paid under a swap).
- The fair value of commodity swaps equals their market price at the reporting date.

r. Earnings per share
The Group presents basic and diluted earnings per share 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 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.

s. 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 and merchandise sales,
- energy activities.

t. 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 2011 and 31 December 2012 and data derived from the income statement for the period January to December 2012. The section referring to investing and financing activities has been prepared using the direct method. Default interest paid and received in connection with 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

The Company has applied the accounting policies set out below consistently to all periods presented herein.

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. Non-monetary items denominated in a foreign currency and measured at historical cost are translated to the functional currency using the exchange rate at the date of the transaction. Foreign exchange differences are recognised in profit or loss.

b. Investments in subsidiaries

In the Company's financial statements, investments in subsidiaries are accounted for at cost. The Company recognises income from an investment only to the extent that it originates from a distribution of accumulated profits of the investee arising after the date of acquisition.

Impairment of financial assets is detailed in note k1.

c. Investments in associates and jointly controlled entities

The Company measures investments in associates and jointly controlled entities as available-for-sale financial assets. They are measured at fair value and the resulting gains or losses are recognised directly in other comprehensive income and presented in fair value reserve, except for impairment losses. When an investment is derecognised, the cumulative gain or loss in other comprehensive income for the period is transferred to profit or loss.

Impairment of financial assets is detailed in note k1.

d. Financial instruments

Financial instruments consist of the following items:

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

Impairment of financial assets is detailed in note k1.

d1. Non-derivative financial assets

The Company has the following non-derivative financial assets: cash and cash equivalents, receivables and loans, and investments. The accounting policies for investments in subsidiaries, jointly controlled entities and associates are presented in points b and c.

The Company initially recognises loans, receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group 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 when 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 categories: 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.

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 Company's financial assets measured at fair value through profit or loss mainly consist of unrealised derivative financial instruments 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. Depending on their maturity, they are classified as current financial assets (maturity of up to 12 months from the date of the statement of financial position) or non-current financial assets (maturity of more than 12 months from the date of the statement of financial position). Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

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. The Company measures investments in associates and jointly controlled entities as available-for-sale financial assets.

They are measured at fair value, except for impairment losses and foreign exchange differences, provided that the fair value can be determined and that the resulting gains or losses are recognised directly in comprehensive income and presented in the fair value reserve until such assets are derecognised. When an available-for-sale financial asset 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 the financial asset is carried at cost, that fact is disclosed.

Cash and cash equivalents

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's non-derivative financial liabilities consist of debt securities issued and loans. 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.

Non-derivative 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. Depending on their maturity, they are classified as current financial liabilities (maturity of up to 12 months from the date of the statement of financial position) or non-current financial liabilities (maturity of more than 12 months from the date of the statement of financial position).

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 a hedging instrument in the hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in comprehensive income for the period and presented in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised directly in profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting or the hedging instrument is sold, terminated or exercised, then the Company is expected to discontinue hedge accounting. The cumulative gain or loss recognised in other comprehensive income remains presented in the hedging reserve as long as the forecast transaction does not affect 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 in the same period in which the hedged item affects profit or loss.

- The effects of other derivatives not designated as a hedging instrument in the 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 between purchase and selling prices that are hedged against using forward contracts.

The fair value of forward contracts at the date of the statement of financial position 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 and electricity are purchased or sold, mismatches occur between purchase and selling prices that are hedged against using commodity swaps.

The fair value of outstanding commodity swaps at the date of the statement of financial position is determined using publicly available information about the market value of commodity swaps at the date of the statement of financial position as 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 outstanding interest rate swaps and collars at the date of the statement of financial position is determined by discounting future cash flows arising as a result of a variable interest rate (interest proceeds from a swap) and a fixed interest rate (payment of interest on a swap). When an interest rate swap is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a recognised asset or liability or a forecast transaction, the effective portion of the gain or loss on the instrument is recognised directly in comprehensive income. The ineffective portion of the gain or loss on the instrument is recognised in profit or loss.

e. Equity

Called-up capital

The called-up capital of the company Petrol d.d., Ljubljana takes the form of share capital, the amount of which is defined in the Company's articles of association. It is registered with the Court and 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.

Legal reserves

Legal reserves comprise shares of profit from previous years that have been retained for a dedicated purpose, mainly for offsetting eventual future losses.

The fair value reserve comprises the effects of valuing available-for-sale financial assets at fair value.

The hedging reserve comprises the effect of changes in the fair value of derivative financial instruments designated as effective in hedging against the variability in cash flows.

Reserves for own shares

If the Company acquires an ownership interest, 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

Right to use concession infrastructure

The Company recognises an intangible non-current asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. An intangible non-current 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 non-current asset is measured at cost less accumulated amortisation and any accumulated impairment losses. The life of the right is linked to the duration of the concession agreement.

Development of software solutions

Development of software solutions involves the design and production of new or substantially improved software applications. The Company capitalises the costs of developing software solutions to the extent that the following conditions are met: the costs can be measured reliably, the development of a software solution is technically and commercially feasible, future economic benefits are probable, the Company has sufficient resources to complete development and intends to use the software solution. The capitalised costs of developing software solutions include direct labour costs and other costs that are directly attributable to preparing the asset for its intended use.

Other intangible assets

Other intangible fixed assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Borrowing costs directly attributable to the acquisition or production of a qualifying asset are recognised as part of the cost of that asset. Intangible fixed assets are subsequently measured using the cost model. In addition to goodwill and rights arising from concessions for the construction of gas networks and distribution of natural gas, which are described below, the Group's intangible fixed assets comprise mostly software. Other than goodwill, the Group does not have intangible assets with unidentifiable useful lives.

Subsequent expenditure

Subsequent expenditure relating to intangible assets is recognised in the carrying amount of that asset if it is probable that the future economic benefits embodied within the part of this asset will flow to the Company and the cost can be measured reliably. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated on a straight-line basis, taking into account the useful life of intangible fixed assets. Amortisation begins when the asset is available for use.

Estimated useful lives for the current and comparative years are as follows:

(in %)	2012	2011
Right to use concession infrastructure	3.45-20.00%	3.45-50.00%
Computer software	10.00-25.00%	10.00-25.00%

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Impairment of assets is explained in more detailed in point k2.

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 accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. 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 a qualifying asset are recognised as part of the cost of that asset. Items of property, plant and equipment are subsequently measured using the cost model.

Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment is recognised in the carrying amount of that asset if it is probable that the future economic benefits embodied within the part of this asset will flow to the Company and the cost can be measured reliably. All other expenditure (e.g. day-to-day servicing) is recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated on a straight-line basis, taking into account the useful life of each part (component) of an item of property, plant and equipment. Leased assets are depreciated by taking into account the lease term and their useful lives. Land is not depreciated. Depreciation begins when the asset is available for use. Construction work in progress is not depreciated.

Estimated useful lives for the current and comparative periods are as follows:

(in %)	2012	2011
Buildings:		
Buildings at service stations	2.50-10.00%	2.50-10.00%
Above-ground and underground reservoirs	2.85 -50.00%	2.85 -50.00%
Underground service paths at service stations	5.00-14.30%	5.00-14.30%
Other buildings	1.43-50.00%	1.43-50.00%
Equipment:		
Equipment – mechanical and electronic equipment for maintenance of other equipment	10.00-25.00%	10.00-25.00%
Gas stations 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%
Freight cars – rail tankers	25.00%	25.00%
Computer hardware	15.00-25.00%	15.00-25.00%
Office equipment – furniture	6.70-12.5%	6.70-12.5%
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.

Gains and losses on disposal or elimination are determined by comparing the proceeds from disposal with the carrying amount. Gains and losses on disposal are recognised in profit or loss. 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.

Impairment of assets is explained in more detailed in point k2.

Environmental fixed assets

Environmental tangible fixed assets acquired under the scheme for the creation and use of revenue deferred for the purpose of environmental rehabilitation are carried and presented separately. More information about deferred revenue relating to environmental fixed assets is available in point m.

h. Investment property

Investment property is property held by the Company either to earn rental income or for capital appreciation or for both. It is measured at cost less accumulated depreciation and accumulated impairment losses. Investment property is measured using the cost model. The depreciation method and rates are the same as for other tangible assets. Impairment of assets is explained in more detailed in point k2.

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 a lessee) or non-current financial receivables (acting as a lessor) are not recognised in the Company's statement of financial position.

Finance lease

The Company acts only 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 asset.

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 cost and net realisable value.

The cost 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, other similar costs incurred before initial storage and borne by the purchaser as well as non-refundable duties. Discounts on purchase prices include discounts indicated on invoices and subsequently obtained discounts relating to a specific purchase.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The Company checks the net realisable value of inventories at the statement of financial position date. When this value is lower than their carrying amount, inventories are impaired. Damaged, expired and unusable inventories are written off regularly during the year on an item by item basis.

The method of assessing the use of inventories is based on the first-in first-out principle (FIFO). The FIFO method assumes that the items of inventories that are purchased or produced first are also the first to be sold

k. Impairment

k1. Financial assets

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 are impaired 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 an instrument. 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 granted

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; should 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.

According to the Companies Act, the section on the structure of the income statement, allowances for receivables made and reversed as well as bad debt recovered are defined as operating revenue or expenses. The Company considers it more appropriate to designate such items as either finance income or expenses, given that operating receivables are defined as non-derivative financial assets.

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. 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 financial assets are recognised by transferring any cumulative loss that has been previously recognised in other comprehensive income for the period and presented in the fair value reserve 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 profit or loss.

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 internal rules, the Company is obligated to pay its employees jubilee benefits and termination benefits on retirement, for which it has established long-term provisions. Other obligations related to employee post-employment benefits do not exist. The provisions amount to estimated future payments for termination benefits on retirement and jubilee benefits discounted to the end of the reporting period. The calculation is made separately for each employee by taking into account the costs of termination benefits on retirement and the costs of all expected jubilee benefits until retirement. The calculation using the projected unit credit method is performed by a certified actuary. Termination benefits on retirement and jubilee benefits are charged against the provisions created.

Provisions for employee benefits in relation to third-party managed service stations

The business cooperation agreements entered into by the Company with service station managers stipulate that the rights of employees at third-party managed service stations to jubilee benefits and termination benefits on retirement are equal to the rights of the Company's employees. The contractual obligation of the Company to reimburse the costs arising from such rights to employees at third-party managed service stations represents the basis for recognition of long-term provisions. The provisions amount to estimated future payments for termination benefits on retirement and jubilee benefits discounted to the end of the reporting period. The obligation is calculated separately for each employee of a third-party managed service station by estimating the costs of termination benefits on retirement and the costs of all expected jubilee benefits until retirement. The calculation using the projected unit credit method is performed by a certified actuary. Reimbursed costs arising from termination benefits on retirement and jubilee benefits are charged against the provisions created.

m. Long-term deferred revenue

Long-term deferred revenue from gas network connection fees

When connected to the gas network, 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 supplying gas 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 a specific concession agreement.

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. Environmental assets, presented as part of the Company's property, plant and equipment items, were approved by means of a decision of the Ministry of the Environment and Spatial Planning as part of the ownership transformation of the company Petrol d.d., Ljubljana and were recognised as such in the opening financial statements of Petrol d.d., Ljubljana as at 1 January 1993 that were prepared in accordance with the regulations governing the ownership transformation of companies. Deferred revenue is restated under revenue in proportion to the depreciation of environmental fixed assets and the funds used for the clean-up of the dump at Pesniški Dvor. A portion of deferred revenue payable in the period under 12 months is restated under short-term deferred revenue.

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 receivables, the associated costs and possible return of goods, and there is no continuing involvement by the Company with the goods sold.

Revenue is recognised as follows:

Sale of goods

A sale of goods is recognised when the Company delivers goods to a customer, the customer accepts the goods, 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 financial assets, gains on the disposal of available-for-sale financial assets, written-off or impaired receivables subsequently collected, 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 profit or loss. Interest income is recognised as it accrues using the effective interest method.

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 a shareholder's right to receive payment is established. If the fair value of net assets acquired in a merger by absorption exceeds the carrying amount of the investment in the absorbed company, the difference is carried as finance income for the period in which the absorption took place.

Finance expenses comprise borrowing costs (unless capitalised), foreign exchange losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, allowances for receivables and losses on hedging instruments that are recognised in profit or loss. Borrowing costs are recognised in profit or loss using the effective interest method.

p. Taxes

Taxes comprise current tax and deferred tax liabilities. Taxes are recognised in profit or loss except to the extent that they relate to business combinations or items recognised directly in other comprehensive income.

Current tax liabilities are based on the taxable profit for the year. Taxable profit differs from the net profit reported in the income statement as it excludes revenue and expense items taxable or deductible in other years and other items that are never subject to taxation or deduction. The Company's current tax liabilities are calculated using the tax rates effective on the reporting date.

Deferred tax is accounted for in its entirety using the statement of financial position liability method for temporary differences between the tax base of assets and liabilities and their carrying amounts in separate financial statements. Deferred tax is determined using the tax rates (and laws) that 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 of both financial and non-financial assets and liabilities, either for measurement of individual assets (measurement method or business combination) or for additional fair value disclosure.

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 in active markets for identical assets or liabilities;
- Level 2 comprises values other than quoted prices included within Level 1 that are observable either directly (as prices in less active markets) or indirectly (e.g. values derived from quoted prices in an active market);
- Level 3 comprises 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.

The methods of determining the fair values of individual groups of assets for measurement or reporting purposes are 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 sold on the date of valuation and after proper marketing. The market value of equipment 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 by reference to the above fair value hierarchy for financial instruments. The methods of determining the value of and input assumptions for each investment are specifically presented in disclosures.

Receivables and loans granted

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 market price at the reporting date.
- The fair value of interest rate swaps at the reporting date is assessed by discounting future cash flows from the variable interest rate (interest received from a swap) and the fixed interest rate (interest paid under a swap).
- The fair value of commodity swaps equals their market price at the reporting date.

r. Earnings per share

The Company presents basic and diluted earnings per share 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 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 2011 and 31 December 2012 and data derived from the income statement for the period January to December 2012. The section referring to investing and financing activities has been prepared using the direct method. Default interest paid and received in connection with operating receivables is allocated to cash flows from operating activities. Interest on loans, and dividends paid and received are allocated to cash flows from financing activities.

5. Segment reporting

Because the financial report consists of the financial statements and the accompanying notes of the Group as well as of the Company, only the Group’s operating segments are disclosed.

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses that relate to transactions with any of the Group’s other components. The operating results of operating segments are reviewed regularly by the 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 uses the following segments in the preparation and presentation of the financial statements:
- oil and merchandise sales,
- energy operations.

Oil and merchandise sales consist of:
- sale of oil and petroleum products,
- sale of merchandise.

The sale of merchandise consists of selling automotive products, foodstuffs, accessories, tobacco and lottery products, coupons, cards, Petrol Club merchandise, raw materials and chemical products.

Energy operations consist of:
- gas and heat segment,
- generation, sale and distribution of electricity,
- environmental and energy solutions.

The Group's operating segments in 2011

(in EUR)	Oil and merchandise sales	Gas, environmental and other energy activities	Total	Income statement/ Statement of financial position
Sales revenue	4,425,936,155	229,764,947	4,655,701,102	
Revenue from subsidiaries	(1,359,384,466)	(25,963,195)	(1,385,347,661)	
Sales revenue	3,066,551,689	203,801,752	3,270,353,441	3,270,353,441
Estimated net profit for the year	36,961,323	15,382,306	52,343,629	52,343,629
Interest income*	6,444,577	2,647,990	9,092,567	9,092,567
Interest expense*	(14,865,350)	(6,107,973)	(20,973,323)	(20,973,323)
Depreciation of property, plant and equipment, depreciation of investment property, amortisation of intangible assets	28,942,828	7,281,534	36,224,361	36,224,361
Share of profit of equity accounted investees	400,793	10,240,865	10,641,658	10,641,658
Total assets	1,226,828,262	310,133,898	1,536,962,160	1,536,962,160
Equity accounted investees	2,431,250	134,939,938	137,371,188	137,371,188
Property, plant and equipment, intangible assets and investment property	656,204,581	135,684,715	791,889,296	791,889,296
Other assets	568,192,431	39,509,245	607,701,676	607,701,676
Current and non-current operating and financial liabilities	980,220,881	65,145,073	1,045,365,954	1,045,365,954

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

The Group's operating segments in 2012

(in EUR)	Oil and merchandise sales	Gas, environmental and other energy activities	Total	Income statement/ Statement of financial position
Sales revenue	3,871,452,078	325,515,136	4,196,967,214	
Revenue from subsidiaries	(411,419,840)	(31,554,692)	(442,974,532)	
Sales revenue	3,460,032,238	293,960,444	3,753,992,682	3,753,992,682
Estimated net profit for the year	36,007,762	17,917,301	53,925,063	53,925,063
Interest income*	5,021,825	2,244,046	7,265,871	7,265,871
Interest expense*	(21,830,889)	(9,755,322)	(31,586,211)	(31,586,211)
Depreciation of property, plant and equipment, depreciation of investment property, amortisation of intangible assets	31,517,805	8,141,489	39,659,294	39,659,294
Share of profit of equity accounted investees	(298,738)	9,254,921	8,956,182	8,956,182
Total assets	1,240,579,989	330,947,669	1,571,527,658	1,571,527,658
Equity accounted investees	3,155,849	137,583,630	140,739,479	140,739,479
Property, plant and equipment, intangible assets and investment property	652,115,175	155,229,917	807,345,092	807,345,092
Other assets	585,308,965	38,134,122	623,443,087	623,443,087
Current and non-current operating and financial liabilities	1,013,433,419	86,100,162	1,099,533,582	1,099,533,582

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

Additional information about geographic areas in which the Group operates:

	Sales		Total assets		Capital expenditure	
(in EUR)	2012	2011	2012	2011	2012	2011
Slovenia	2,629,947,344	2,582,450,166	865,855,271	950,367,036	29,338,146	34,702,384
Croatia	472,213,119	454,541,069	247,179,248	238,396,622	15,792,813	11,168,472
Bosnia and Herzegovina	218,770,551	181,115,840	87,359,239	77,868,457	497,406	444,483
Montenegro	27,413,805	19,754,219	40,656,299	32,270,178	3,670,122	8,171,079
Serbia	35,571,963	18,235,060	24,073,609	30,698,927	941,718	4,504,855
Austria	253,508,624	9,128,820	86,971,306	15,164,335	1,804,632	308,453
Other countries	116,567,277	5,128,267	46,928,626	10,916,714	959,238	236,793
	3,753,992,682	**3,270,353,441**	**1,399,023,598**	**1,355,682,269**	**53,004,075**	**59,536,519**

Jointly controlled entities			41,931,824	37,964,476		
Associates			98,807,655	99,406,712		
Unallocated assets			31,764,581	43,908,703		
Total assets			**1,571,527,658**	**1,536,962,160**		

For the purpose of presenting geographic areas, revenue generated in a particular area is determined based on the geographic location of customers, whereas the assets are determined based on the geographic location of assets.

6. Notes to individual items in the financial statements

6.1 Business combinations

The Beogas Group

In 2012 Petrol d.d., Ljubljana signed a contract to acquire an 85-percent interest in the company Beograd Invest d.o.o., Serbia, which has the subsidiaries Domingas d.o.o. and Beogas d.o.o. and which together form the Beogas Group. Since 31 March 2012, Petrol d.d., Ljubljana has carried the investment as a subsidiary, and the Group applies full consolidation. The carrying amounts of assets and liabilities of the acquired group do not deviate substantially from fair values and as such are considered in the first consolidation.

The company is engaged in gas distribution in Serbia.

The statement of the financial position of the Beogas Group as at the day the Group acquired controlling influence is presented in the table:

(in EUR)	Fair value	Carrying amount
Cash and cash equivalents	20,201	20,201
Intangible assets	136,885	136,885
Property, plant and equipment	9,088,148	9,088,148
Inventories	278,428	278,428
Operating receivables	2,281,191	2,281,191
Other assets	107,559	107,559
Assets	**11,912,412**	**11,912,412**
Financial liabilities	6,451,687	6,451,687
Operating liabilities	6,155,431	6,155,431
Other liabilities	12,302	12,302
Liabilities	**12,619,420**	**12,619,420**
Net assets	(707,008)	(707,008)
Non-controlling interest (15%)	(106,051)	
Net assets upon acquisition of majority interest	**(600,957)**	
Amount paid	1,980,425	
Goodwill	2,581,382	

Goodwill arises mainly from the acquisition of three natural gas distribution concessions in Belgrade, Serbia.

In eight months of acquiring the Beogas Group, revenue and net profit of the Group amounted to EUR 3,333,356 and EUR 110,037 respectively. If the acquisition had taken place on 1 January 2012, the Group's revenue would have been EUR 3,057,671 higher and its net profit EUR 1,710,259 lower.

Sagax d.o.o., Beograd

In 2012 the company El-Tec Mulej, d.o.o., Niš signed a contract to acquire a 100-percent interest in the company Sagax d.o.o., Belgrade. Since 31 December 2012, El-Tec Mulej, d.o.o., Niš has carried the investment as a subsidiary, and the Eltec Petrol Group applies full consolidation. The carrying amounts of assets and liabilities of the acquired group do not deviate substantially from fair values and as such are considered in the first consolidation.

The statement of the financial position of Sagax d.o.o., Belgrade as at the day the Group acquired controlling influence is presented in the table:

(in EUR)	Fair value	Carrying amount
Cash and cash equivalents	81,174	81,174
Property, plant and equipment	19,539	19,539
Inventories	62,997	62,997
Operating receivables	3,824	3,824
Assets	**167,534**	**167,534**
Financial liabilities	952	952
Operating liabilities	115,869	115,869
Other liabilities	15,278	15,278
Liabilities	**132,099**	**132,099**
Net assets upon acquisition	35,435	35,435
Amount paid	402,362	
Goodwill	**366,927**	

Goodwill arises predominantly from the company's knowledge and the use of specialised tools it disposes with. The Petrol Group can thus pursue the strategy of providing comprehensive energy solutions to existing and new customers also in Serbia.

From mid-December, when the company Sagax d.o.o., Belgrade was acquired, revenue and net profit generated by the company amounted to EUR 86,092 and EUR 45,729 respectively.

6.2 Changes within the Group

In 2012 the Group acquired an additional 49-percent interest in the companies Euro Petrol d.o.o. and Petrol Jadranplin d.o.o. and a 5.42-percent interest in the company Rodgas AD Bačka Topola. The acquisitions do not give rise to changes in the companies' control, and the Group recognised the difference between the costs of making additional investments and the carrying amount of assets in equity as a decrease in non-controlling interest.

At the end of 2011, the Group gained a controlling influence over the company Instalacija d.o.o., paying for additional 28.05 percent of the investment in 2012, which has to do with the entry into the Companies Register. The Group's interest in the company thus stood at 77.05 percent as at 31 December 2012.

In March 2012, Petrol d.d., Ljubljana disposed of its subsidiary Upravljanje Piran, generating revenue of EUR 329,903 for the Group and the Company.

In May 2012, the company IGES d.o.o. liquidated the company IGNES d.o.o. The liquidation resulted in revenue for the Group of EUR 49,320.

In June 2012, the company Petrol Trade G.m.b.H liquidated the company Cypet Trade Ltd. The liquidation resulted in revenue for the Group of EUR 196,077.

In November 2012, the company IGES d.o.o. disposed of its subsidiary IGIN d.o.o., generating EUR 66,561 in expenses for the Group.

In November 2012, the company IGES d.o.o. disposed of the investment in its jointly controlled entity Vitales RTH d.o.o., which did not have any impact on the Group as the investment had been disposed of at carrying amount.

In December 2012, the company IGES d.o.o. sold its subsidiary IG Investicijski inženiring d.o.o. to Petrol d.d., Ljubljana. The sale did not have any financial impact on the Petrol Group.

In December 2012, Petrol d.d., Ljubljana disposed of the investment in its associate Istrabenz d.d. As the investment had been impaired by the Company/Group in previous years, its disposal value was nil. The effect of the disposal on the Company/Group totalled EUR 999,984 and was disclosed under finance expenses.

The company Petrol Invest d.o.o. was renamed Petrol Crna gora d.o.o. already in 2011. In January 2012, the company was merged into the company Petrol Bonus d.o.o. and thus ceased to exist. At the same time, the remaining company was renamed Petrol Crna gora MNE d.o.o. The merger by absorption did not have any impact on the Petrol Group.

The company Euro Petrol d.o.o. was renamed Petrol d.o.o., which absorbed the company Petrol Hrvatska d.o.o. in October 2012. The latter thus ceased to exist. The merger by absorption did not have any impact on the Petrol Group.

In October 2012, the company Petrol Butan d.o.o. was merged into the company Petrol Jadranplin d.o.o. and thus ceased to exist. At the same time, the remaining company was renamed Petrol Plin d.o.o. The merger by absorption did not have any impact on the Petrol Group.

In October 2012, the company UNI ENERGIJA, d.o.o. was merged into the company Eltec Petrol d.o.o. and thus ceased to exist. The merger by absorption did not have any impact on the Petrol Group.

6.3 Other revenue

	The Petrol Group		Petrol d.d.	
(in EUR)	2012	2011	2012	2011
Gain on disposal of fixed assets	2,819,844	1,094,448	124,561	255,413
Reversal of accrued costs, expenses	1,727,370	92,527	1,634,506	32,384
Utilisation of environmental provisions	1,639,478	1,618,799	1,618,412	1,618,799
Compensation, litigation proceeds and contractual penalties received	737,040	2,360,126	657,520	2,089,184
Cash discounts and rebates received	314,129	231,276	49,302	115,681
Compensation received from insurance companies	251,350	199,737	91,050	106,883
Payment of court fees	225,606	191,315	202,201	167,308
Revenue from reversal of accrued litigation costs	14,540	522,267	0	482,898
Other revenue	1,576,180	851,154	666,538	299,241
Total other revenue	**9,305,537**	**7,161,649**	**5,044,090**	**5,167,791**

6.4 Costs of materials

	The Petrol Group		Petrol d.d.	
(in EUR)	2012	2011	2012	2011
Costs of energy	22,313,669	23,525,897	5,962,605	5,735,521
Costs of consumables	6,793,118	9,773,761	3,385,649	5,306,045
Write-off of small tools	339,047	211,270	39,102	35,184
Other costs of materials	760,855	912,037	435,283	564,702
Total costs of materials	**30,206,689**	**34,422,965**	**9,822,638**	**11,641,452**

6.5 Costs of services

(in EUR)	The Petrol Group 2012	The Petrol Group 2011	Petrol d.d. 2012	Petrol d.d. 2011
Costs of service station managers	30,219,975	31,169,699	29,292,160	29,802,776
Costs of transport services	26,396,640	28,682,018	26,923,992	26,896,909
Costs of fixed-asset maintenance services	10,435,133	9,514,185	9,055,965	9,038,790
Costs of payment transactions and bank services	7,964,778	6,515,693	6,249,798	5,147,691
Costs of professional services	6,790,971	5,643,183	3,569,054	3,488,361
Contributions for operations at motorway service areas	4,979,509	4,789,980	4,068,776	3,973,896
Outsourcing costs	4,864,479	1,141,966	2,772	2,261
Costs of fairs, advertising and entertainment	4,827,328	5,116,554	3,373,941	3,933,324
Lease payments	4,643,178	10,045,817	8,058,878	9,070,732
Costs of insurance premiums	4,581,033	3,768,642	2,924,318	2,674,642
Costs of fire protection and physical and technical security	1,583,206	1,646,221	1,399,029	1,547,211
Fees for the building site use	1,546,360	1,242,259	1,232,662	1,113,509
Costs of environmental protection services	1,541,287	1,459,907	1,228,684	1,241,024
Reimbursement of work-related costs to employees	1,040,604	1,098,384	318,252	363,378
Concession charges	849,431	821,563	489,457	453,284
Membership fees	569,572	400,660	233,345	193,234
Property management	431,980	437,283	14,343,852	14,769,997
Other costs of services	2,995,975	3,793,151	1,904,079	2,507,841
Total costs of services	**116,261,439**	**117,287,165**	**114,669,012**	**116,218,859**

The Petrol Group

The costs of professional services include auditing services relating to the annual report audit of EUR 276,400 (2011: EUR 267,000). Auditing services comprise the fee for the auditing of the annual report totalling EUR 163,400 (2011: EUR 218,000) and other non-auditing services equalling EUR 113,000 (2011: EUR 49,000).

Petrol d.d., Ljubljana

The costs of professional services include auditing services relating to the annual report audit of EUR 157,500 (2011: EUR 102,060). Auditing services comprise the fee for the auditing of the annual report totalling EUR 44,500 (2011: EUR 66,060) and other non-auditing services equalling EUR 113,000 (2011: EUR 36,000).

6.6 Labour costs

(in EUR)	The Petrol Group 2012	The Petrol Group 2011	Petrol d.d. 2012	Petrol d.d. 2011
Salaries	44,585,726	42,712,759	18,258,013	20,009,262
Costs of pension insurance	3,784,637	3,139,447	1,810,003	1,747,352
Costs of other insurance	4,402,691	3,828,105	1,482,645	1,440,324
Transport allowance	2,151,038	1,859,485	630,641	601,224
Meal allowance	1,583,659	1,406,058	541,252	522,487
Annual leave allowance	1,537,809	1,369,800	585,600	587,917
Supplementary pension insurance	947,318	852,417	529,992	512,856
Other allowances and reimbursements	1,727,017	907,283	871,409	239,769
Total labour costs	**60,719,895**	**56,075,354**	**24,709,555**	**25,661,190**

Number of employees by formal education level as at 31 December 2011

	The Petrol Group			Petrol d.d.		
	Group employees	Employees at third-party managed service stations	Total	Company employees	Employees at third-party managed service stations	Total
Level I	23	13	36	5	13	18
Level II	62	47	109	15	43	58
Level III	109	16	125	4	7	11
Level IV	682	502	1,184	67	436	503
Level V	1,042	652	1,694	219	596	815
Level VI	176	40	216	66	39	105
Level VII	445	35	480	233	35	268
Level VII/2	49	0	49	36	0	36
Level VIII	4	0	4	2	0	2
Total	**2,592**	**1,305**	**3,897**	**647**	**1,169**	**1,816**

Number of employees by formal education level as at 31 December 2012

	The Petrol Group			Petrol d.d.		
	Group employees	Employees at third-party managed service stations	Total	Company employees	Employees at third-party managed service stations	Total
Level I	14	9	23	3	9	12
Level II	56	38	94	14	38	52
Level III	110	8	118	4	8	12
Level IV	702	400	1,102	60	396	456
Level V	1,082	608	1,690	215	604	819
Level VI	185	45	230	71	44	115
Level VII	464	51	515	241	50	291
Level VII/2	43	0	43	33	0	33
Level VIII	3	0	3	3	0	3
Total	**2,659**	**1,159**	**3,818**	**644**	**1,149**	**1,793**

6.7 Depreciation and amortisation

	The Petrol Group		Petrol d.d.	
(in EUR)	2012	2011	2012	2011
Amortisation of intangible assets	4,156,484	3,654,355	3,454,559	3,041,932
Depreciation of property, plant and equipment	34,713,771	31,759,384	19,515,800	19,678,638
Depreciation of investment property	789,039	810,622	817,567	839,149
Total depreciation and amortisation	**39,659,294**	**36,224,361**	**23,787,926**	**23,559,719**

6.8 Other costs

(in EUR)	The Petrol Group 2012	The Petrol Group 2011	Petrol d.d. 2012	Petrol d.d. 2011
Impairment/write-down of assets	262,404	3,312,674	227,535	2,986,584
Sponsorships and donations	1,764,740	1,469,261	1,376,947	1,241,456
Environmental charges and charges unrelated to operations	1,171,553	780,516	423,584	299,657
Loss on sale/disposal of property, plant and equipment	1,111,157	364,877	36,269	103,018
Other costs	1,061,541	1,323,203	649,614	518,367
Total other costs	**5,371,395**	**7,250,531**	**2,713,950**	**5,149,082**

6.9 Other expenses

Other expenses predominantly include penalties, complaints, duties and other expenses.

6.10 Interests and dividends

The Petrol Group's shares of profit from equity accounted investees

(in EUR)	The Petrol Group 2012	The Petrol Group 2011
Geoplin d.o.o. Ljubljana	4,471,286	6,234,704
Aquasystems d.o.o.	623,365	562,165
Marche Gostinstvo d.o.o.	160,605	149,306
Bio goriva d.o.o.	0	0
Istrabenz d.d.	-	(1,870,925)
Total associates	**5,255,256**	**5,075,250**
Gen-I, d.o.o.	4,101,764	3,424,695
Instalacija d.o.o. Koper	0	2,746,977
Petrol Slovenia Tirana Wholesale Sh.A.	37,613	49,571
Soenergetika d.o.o.	58,506	39,233
Geoenergo d.o.o.	147	62
Vitales RTH, d.o.o.	-	(19,932)
Petrol - OTI - Slovenija L.L.C.	(497,104)	(204,702)
Petrol - Bonus d.o.o.	-	(469,496)
Total jointly controlled entities	**3,700,926**	**5,566,408**
Total finance income from interests	**8,956,182**	**10,641,658**

Finance income from dividends of subsidiaries, associates and jointly controlled entities of Petrol d.d., Ljubljana

	Petrol d.d.	
(in EUR)	2012	2011
Petrol-Trade H.m.b.H.	6,581,244	9,865,819
Petrol VNC d.o.o.	0	115,995
Total subsidiaries	**6,581,244**	**9,981,814**
Geoplin d.o.o. Ljubljana	4,674,393	4,165,605
Aquasystems d.o.o.	727,972	649,975
Marche Gostinstvo d.o.o.	139,653	88,890
Total associates	**5,542,018**	**4,904,469**
Total finance income from interests	**12,123,262**	**14,886,283**

6.11 Other finance income and expenses

	The Petrol Group		Petrol d.d.	
(in EUR)	2012	2011	2012	2011
Foreign exchange differences	25,184,946	38,285,069	20,950,655	35,147,088
Gain on derivatives	23,373,900	28,382,455	23,373,900	28,382,455
Interest income	7,265,871	9,092,567	5,544,273	7,082,293
Allowances for receivables reversed and bad debt recovered	6,197,494	1,001,231	32,959	80,515
Adjustment of existing holding to fair value	0	41,935,048	0	0
Other finance income	4,812,447	1,315,304	2,056,137	1,295,671
Total other finance income	**66,834,658**	**120,011,674**	**51,957,924**	**71,988,022**
Foreign exchange differences	(25,415,894)	(56,254,357)	(21,302,953)	(51,271,717)
Loss on derivatives	(26,738,432)	(28,450,866)	(26,575,283)	(28,430,417)
Interest expense	(31,586,211)	(20,973,323)	(26,205,433)	(16,332,965)
Allowance for operating receivables	(6,517,255)	(21,206,047)	(4,288,013)	(7,597,717)
Impairment of investments	(1,311,303)	(28,394,022)	(2,039,437)	(30,466,792)
Other finance expenses	(1,204,624)	(1,662,404)	(881,312)	(1,290,971)
Total other finance expenses	**(92,773,719)**	**(156,941,019)**	**(81,292,431)**	**(135,390,579)**
Net finance expense	**(25,939,061)**	**(36,929,345)**	**(29,334,507)**	**(63,402,557)**

6.12 Income tax

	The Petrol Group		Petrol d.d.	
(in EUR)	2012	2011	2012	2011
Income tax expense	(2,815,443)	(10,867,894)	0	(7,579,440)
Deferred income tax	(11,224,753)	8,464,557	(15,504,158)	6,553,222
Income taxes	**(14,040,196)**	**(2,403,337)**	**(15,504,158)**	**(1,026,218)**

	The Petrol Group		Petrol d.d.	
(in EUR)	2012	2011	2012	2011
Profit before income tax	67,965,259	54,746,966	49,990,835	12,633,331
Income tax at effective tax rate	12,233,747	10,949,393	8,998,350	2,526,666
Income tax effect of untaxed revenue	(4,218,257)	(13,741,432)	(2,437,496)	(3,010,115)
Income tax effect of expenses not deducted on tax assessment	5,892,875	5,613,959	8,943,304	1,509,666
Effect of higher/(lower) tax rates for companies abroad	131,832	(418,583)		0
Income taxes	**14,040,196**	**2,403,337**	**15,504,158**	**1,026,218**
Effective tax rate	20.66%	4.39%	31.01%	8.12%

The Group had EUR 7,973,965 (2011: EUR 76,210) and EUR 66,963 (2011: EUR 2,034,195) in corporate income tax assets and liabilities, respectively, as at 31 December 2012. The Group does not offset the assets and liabilities as they represent a receivable from or a liability to different tax administrations.

The Company had EUR 6,948,127 in corporate income tax assets as at 31 December 2012. This is the result of the disposal of an investment being impaired in 2012, which represents a income tax asset determined in accordance with the Corporate Income Tax Act.

The negative effect of deferred taxes is the result of utilising deferred taxes arising from the impairment of investments and a decrease in the corporate income tax rate in Slovenia (revisions to the Corporate Income Tax Act). According to the revised Act, the tax rate is to decrease progressively from 20% to 15% within the period of four years.

Changes in deferred income taxes of the Petrol Group

Deferred income tax assets

(in EUR)	Investments	Provisions	Allowance for receivables	Inventories	Income tax loss	Other	Total
As at 1 January 2011	**32,244,349**	**631,333**	**2,146,431**	**101,470**	**0**	**(49,502)**	**35,074,080**
(Charged)/credited to the income statement	5,150,287	224	3,262,725	(26,254)	(21,033)	29,873	8,395,822
Credited to other comprehensive income	639,395	0	0	0	0	0	639,395
Charged to other comprehensive income	(934,812)	0	0	0	0	0	(934,812)
New acquisitions as a result of takeovers	0	38,254	20,016	0	21,033	230,427	309,730
Foreign exchange differences	0	0	(34,908)	0	0	8,301	(26,607)
As at 31 December 2011	**37,099,219**	**669,811**	**5,394,264**	**75,216**	**0**	**219,099**	**43,457,608**
(Charged)/credited to the income statement	(33,611,487)	(28,109)	(2,684,334)	(2,701)	24,036,592	952,392	(11,337,647)
Credited to other comprehensive income	71,594	0	0	0	0	0	71,594
Charged to other comprehensive income	(159,332)	0	0	0	0	0	(159,332)
Disposal as a result of a company sale	0	(3,399)	0	0	0	(242,884)	(246,283)
Foreign exchange differences	0	(126)	4,300	0	(10,612)	(14,921)	(21,359)
As at 31 December 2012	**3,399,994**	**638,177**	**2,714,230**	**72,515**	**24,025,980**	**913,686**	**31,764,581**

Deferred income tax liabilities

(in EUR)	Investments	Fixed assets	Other	Total
As at 1 January 2011	**100,410**	**6,363,263**	**33,521**	**6,497,196**
Credited to the income statement	0	(75,128)	6,393	(68,735)
Credited to other comprehensive income	(39,268)	0	0	(39,268)
New acquisitions as a result of takeovers	0	49,857	0	49,857
Foreign exchange differences	0	(106,647)	0	(106,647)
As at 31 December 2011	**61,142**	**6,231,345**	**39,914**	**6,332,403**
Charged/(credited) to the income statement	0	(72,980)	(39,914)	(112,894)
Credited to other comprehensive income	(61,142)	(135,668)	0	(196,810)
Translation differences	0	(22,439)	0	(22,439)
As at 31 December 2012	**0**	**6,000,258**	**0**	**6,000,260**

Changes in deferred income taxes of Petrol d.d., Ljubljana

Deferred income tax assets

(in EUR)	Investments	Provisions	Allowance for receivables	Income tax loss	Other	Total
As at 1 January 2011	**35,512,831**	**459,960**	**1,301,432**	**0**	**0**	**37,274,223**
New acquisitions as a result of merger by absorption	0	0	0	21,033	0	21,033
Credited to the income statement	5,150,290	0	1,423,964	(21,033)	0	6,553,222
Credited to other comprehensive income	639,395	0	0	0	0	639,395
Charged to other comprehensive income	(679,806)	0	0	0	0	(679,806)
As at 31 December 2011	**40,622,710**	**459,960**	**2,725,396**	**0**	**0**	**43,808,067**
(Charged)/credited to the income statement	(37,134,980)	(26,198)	(228,137)	21,205,545	679,612	(15,504,158)
Credited to other comprehensive income	71,594	0	0	0	0	71,594
Charged to other comprehensive income	(445,784)	0	0	0	0	(445,784)
As at 31 December 2012	**3,113,541**	**433,762**	**2,497,259**	**21,205,545**	**679,612**	**27,929,718**

Deferred Income tax liabilities

(in EUR)	Investments	Total
As at 1 January 2011	**25,209,249**	**25,209,249**
Credited to other comprehensive income	(9,512,317)	(9,512,317)
Charged to other comprehensive income	949,762	949,762
As at 31 December 2011	**16,646,694**	**16,646,694**
Credited to other comprehensive income	(10,794,607)	(10,794,607)
Charged to other comprehensive income	117,848	117,848
As at 31 December 2012	**5,969,935**	**5,969,935**

6.13 Earnings per share

	The Petrol Group		Petrol d.d.	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Net profit (in EUR)	53,925,063	52,343,629	34,486,677	11,607,113
Number of shares issued	2,086,301	2,086,301	2,086,301	2,086,301
Number of own shares at the beginning of the year	24,703	24,703	24,703	24,703
Number of own shares at the end of the year	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 (EUR/share)	**26.16**	**25.39**	**16.73**	**5.63**

Basic earnings per share are calculated by dividing the owners' net profit by the weighted average number of ordinary shares, excluding ordinary shares owned by the Company. The Group and the Company have no potential dilutive ordinary shares, so the basic and diluted earnings per share are identical.

6.14 Changes in comprehensive income

The Petrol Group

Attribution of changes in the equity of associates dropped by EUR 312,296 and rose by the deferred income tax effect amounting to EUR 61,637. The change is due to the attribution of changes in the equity of associates under the equity method, resulting in lower revaluation reserve.

The net effective portion of changes in the fair value of the cash flow variability hedging instrument decreased by EUR 944,373 and was reduced by the effect of deferred income taxes of EUR 88,229. The negative effect of deferred income taxes is the result of a decrease in the corporate income tax rate in Slovenia. According to the revised Corporate Income Tax Act, the income tax rate is to decrease progressively from 20 to 15% within the period of four years. The calculation of deferred income taxes is based on the income tax rate that is expected to apply when they will be utilised. The change relates to interest rate swap hedging and decreases the hedging reserve.

Petrol d.d., Ljubljana

Net change in the value of investments in associates and jointly controlled entities decreased by EUR 3,634,332 and rose by the deferred income tax effect of EUR 10,676,758. The positive effect of deferred income taxes is the result of a decrease in the corporate income tax rate in Slovenia. According to the revised Corporate Income Tax Act, the income tax rate is to decrease progressively from 20 to 15% within the period of four years. The change is the result of a decrease in the fair value reserve caused by the valuation of investments in associates and jointly controlled entities at fair value.

The net effective portion of changes in the fair value of the cash flow variability hedging instrument grew by EUR 485,430 and was reduced by the effect of deferred income taxes of EUR 374,190. The change relates to interest rate swap hedging and increases the hedging reserve.

6.15 Intangible assets

Intangible assets of the Petrol Group

(in EUR)	Software	Right to use concession infrastructure	Goodwill	Ongoing investments	Total
Cost					
As at 1 January 2011	**5,561,566**	**78,122,277**	**15,175,764**	**123,170**	**98,982,777**
New acquisitions as a result of takeover	88,089	169,463	0	0	257,552
New acquisitions	0	3,820,600	93,715,311	2,851,694	100,387,605
Disposals	(40,543)	(365,854)	0	(44,246)	(450,643)
Transfer from ongoing investments	918,416	138,186	0	(1,056,602)	0
Foreign exchange differences	(4,123)	(42,271)	0	(1,187)	(47,581)
As at 31 December 2011	**6,523,405**	**81,842,401**	**108,891,075**	**1,872,829**	**199,129,710**
Accumulated amortisation					
As at 1 January 2011	**(4,096,899)**	**(14,864,423)**	**0**	**0**	**(18,961,323)**
Amortisation	(668,371)	(2,984,713)	0	0	(3,653,084)
Disposals	15,269	80,949	0	0	96,218
Foreign exchange differences	2,972	14,317	0	0	17,289
As at 31 December 2011	**(4,747,029)**	**(17,753,870)**	**0**	**0**	**(22,500,900)**
Net carrying amount as at 1 January 2011	**1,464,667**	**63,257,854**	**15,175,764**	**123,170**	**80,021,454**
Net carrying amount as at 31 December 2011	**1,776,376**	**64,088,531**	**108,891,075**	**1,872,829**	**176,628,810**

(in EUR)	Software	Right to use concession infrastructure	Goodwill	Ongoing investments	Total
Cost					
As at 1 January 2012	**6,523,405**	**81,842,401**	**108,891,075**	**1,872,829**	**199,129,710**
New acquisitions as a result of takeover	60,702	0	0	76,183	136,885
New acquisitions	0	0	2,948,309	5,769,340	8,717,649
Disposals	(230,370)	(241,908)	0	(52,602)	(524,880)
Impairments	0	0	(255,816)	0	(255,816)
Disposal as a result of a company sale	(14,960)	(56,650)	0	0	(71,610)
Transfers between asset categories	0	(3,960,070)	0	3,960,070	0
Transfer from ongoing investments	2,659,610	5,554,947	0	(8,214,557)	0
Foreign exchange differences	(1,528)	(10,089)	0	(1,732)	(13,348)
As at 31 December 2012	**8,996,859**	**83,128,631**	**111,583,568**	**3,409,531**	**207,118,590**
Accumulated amortisation					
As at 1 January 2012	**(4,747,029)**	**(17,753,870)**	**0**	**0**	**(22,500,900)**
Amortisation	(947,292)	(3,209,192)	0	0	(4,156,484)
Disposals	210,706	(10,187)	0	0	200,519
Disposal as a result of a company sale	8,025	21,479	0	0	29,504
Foreign exchange differences	(97)	1,757	0	0	1,660
As at 31 December 2012	**(5,475,687)**	**(20,950,013)**	**0**	**0**	**(26,425,701)**
Net carrying amount as at 1 January 2012	**1,776,375**	**64,088,531**	**108,891,075**	**1,872,829**	**176,628,810**
Net carrying amount as at 31 December 2012	**3,521,172**	**62,178,618**	**111,583,568**	**3,409,531**	**180,692,889**

The disclosed intangible assets are owned by the Group and are unencumbered.

Goodwill

Goodwill structure presented by business combination from which it originates is as follows:

(in EUR)	The Petrol Group 31 December 2012	31 December 2011
Instalacija d.o.o., Koper	85,266,022	85,266,022
Euro-Petrol d.o.o.[1]	13,151,422	13,151,422
Petrol Bonus d.o.o.[2]	4,577,154	4,577,154
El-TEC Mulej d.o.o.[3]	3,872,135	3,872,135
Beogas Invest d.o.o.	2,581,382	-
Petrol-Jadranplin d.o.o.[4]	789,404	789,404
Petrol Toplarna Hrastnik d.o.o.[5]	704,068	704,068
Sagax d.o.o. Beograd	366,927	-
Petrol-Butan d.o.o.[6]	275,054	275,054
Rodgas AD Bačka Topola	0	255,816
Total goodwill	**111,583,568**	**108,891,075**

1 Euro - Petrol d.o.o. was renamed Petrol d.o.o.
2 Petrol - Bonus d.o.o. was renamed Petrol Crna gora MNE d.o.o.
3 El-TEC Mulej d.o.o. was renamed Eltec Petrol d.o.o.
4 Petrol Jadranplin d.o.o. was renamed Petrol Plin d.o.o.
5 Petrol Toplarna Hrastnik d.o.o. was merged into Petrol Energetika d.o.o. in 2009.
6 Petrol-Butan d.o.o. was merged into Petrol Plin d.o.o. in 2012.

The increase in goodwill in 2012 is the result of the business combination with the company Beogas Invest d.o.o. amounting to EUR 2,581,382 and with the company Sagax d.o.o. amounting to EUR 366,927, as described in note 6.1.

On 31 December 2012, goodwill was tested for impairment. Signs of impairment were identified in respect of goodwill arising from the acquisition of an interest in the company Rodgas AG Bačka Topola. The Group impaired goodwill by EUR 255,816 as a result. Based on the test and following the impairment, the management estimates that the recoverable amount of net acquired assets as at 31 December 2012 was higher than their carrying amount, including goodwill.

The recoverable amount of acquired assets was assessed at the aggregate level of the acquired companies, except for goodwill arising from the acquisition of a 49-percent interest in the company Euro-Petrol d.o.o. and goodwill arising from the acquisition of a 100-percent interest in the company Petrol Toplarna Hrastnik d.o.o. Because status changes took place in both companies, goodwill was tested at the level of the cash-generating unit which was directly related to the assets acquired during the acquisition of the two companies.

Goodwill was tested for impairment using the method of the present value of expected free cash flows. All assumptions used in the calculation of net cash flows are based on experience with the companies' operations and reasonably expected operations in the future. Valuation models take into account the required rates of return ranging from 9.6 percent to 12.1 percent. Relevant annual growth rates for remaining free cash flows (the residual value) range from 1 to 2.5 percent.

Overview of items exceeding 5 percent of net carrying amount as at 31 December 2012 (in EUR)

(in EUR)	The Petrol Group 31 December 2012	31 December 2011
Right to use natural gas distribution infrastructure in the municipality of Domžale	11,300,364	11,836,393
Right to use natural gas distribution infrastructure in the municipality of Slovenjske Konjice	5,105,522	5,213,745
Right to use wastewater treatment infrastructure in the municipality of Murska Sobota	4,703,217	5,187,586
Right to use natural gas distribution infrastructure in the municipality of Slovenska Bistrica	4,129,805	4,267,833

Intangible assets of Petrol d.d., Ljubljana

(in EUR)	Software	Right to use concession infrastructure	Ongoing investments	Total
Cost				
As at 1 January 2011	**5,120,637**	**62,427,315**	**18,000**	**67,565,952**
New acquisitions as a result of merger by absorption	47,348	1,376,188	0	1,423,536
New acquisitions	0	2,959,852	2,625,439	5,585,291
Disposals	(2,283)	(95,988)	0	(98,271)
Transfer from ongoing investments	874,857	0	(874,857)	0
As at 31 December 2011	**6,040,559**	**66,667,367**	**1,768,582**	**74,476,508**
Accumulated amortisation				
As at 1 January 2011	**(3,776,141)**	**(11,726,464)**	**0**	**(15,502,605)**
New acquisitions as a result of merger by absorption	(42,261)	(242,900)	0	(285,161)
Amortisation	(551,927)	(2,490,005)	0	(3,041,932)
Disposals	1,538	35,384	0	36,922
As at 31 December 2011	**(4,368,791)**	**(14,423,985)**	**0**	**(18,792,776)**
Net carrying amount as at 1 January 2011	**1,344,496**	**50,700,851**	**18,000**	**52,063,347**
Net carrying amount as at 31 December 2011	**1,671,768**	**52,243,382**	**1,768,582**	**55,683,732**

(in EUR)	Software	Right to use concession infrastructure	Ongoing investments	Total
Cost				
As at 1 January 2012	**6,040,559**	**66,667,367**	**1,768,582**	**74,476,508**
New acquisitions	0	0	3,154,763	3,154,763
Disposals	(78,281)	(153,208)	0	(231,489)
Transfer between asset categories	0	(3,960,070)	3,960,070	0
Transfer from ongoing investments	2,573,262	2,981,641	(5,554,903)	0
As at 31 December 2012	**8,535,540**	**65,535,730**	**3,328,512**	**77,399,782**
Accumulated amortisation				
As at 1 January 2012	**(4,368,791)**	**(14,423,985)**	**0**	**(18,792,776)**
Amortisation	(865,281)	(2,589,278)	0	(3,454,559)
Disposals	59,478	(5,868)	0	53,610
As at 31 December 2012	**(5,174,594)**	**(17,019,131)**	**0**	**(22,193,725)**
Net carrying amount as at 1 January 2012	**1,671,768**	**52,243,382**	**1,768,582**	**55,683,732**
Net carrying amount as at 31 December 2012	**3,360,946**	**48,516,599**	**3,328,512**	**55,206,057**

The disclosed intangible assets are owned by the Company and are unencumbered.

Overview of items exceeding 5 percent of net carrying amount as at 31 December 2012 (in EUR)

	Petrol d.d.	
(in EUR)	31 December 2012	31 December 2011
Right to use natural gas distribution infrastructure in the municipality of Domžale	11,300,364	11,836,393
Right to use natural gas distribution infrastructure in the municipality of Slovenjske Konjice	5,105,522	5,213,745
Right to use wastewater treatment infrastructure in the municipality of Murska Sobota	4,703,217	5,187,586
Right to use natural gas distribution infrastructure in the municipality of Slovenska Bistrica	4,129,805	4,267,833

6.16 Property, plant and equipment

Property, plant and equipment of the Petrol Group

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2011	**182,403,963**	**489,361,836**	**24,644,975**	**140,877,033**	**34,166,147**	**871,453,954**
New acquisitions as a result of takeover	16,562,509	31,075,423	1,635,300	8,200,492	13,774,709	71,248,433
New acquisitions	0	0	0	0	53,065,204	53,065,204
Disposals/impairments	(764,143)	(981,360)	(2,833,560)	(7,015,477)	(2,945,934)	(14,540,474)
Transfer from ongoing investments	5,165,311	28,987,088	2,710,419	18,690,769	(55,553,587)	0
Transfer to investment property	0	(75,126)	0	0	0	(75,126)
Transfer from investment property	0	4,757	0	0	0	4,757
Foreign exchange differences	(1,181,957)	(1,496,044)	0	(563,864)	325,674	(2,916,191)
As at 31 December 2011	**202,113,869**	**544,737,719**	**26,157,134**	**158,752,367**	**46,479,468**	**978,240,557**
Accumulated depreciation						
As at 1 January 2011	**0**	**(235,436,168)**	**(12,241,499)**	**(107,041,781)**	**0**	**(354,719,448)**
Depreciation	0	(19,574,753)	(1,669,211)	(10,515,420)	0	(31,759,384)
Disposals	0	536,763	2,572,045	6,331,448	0	9,440,256
Transfer from investment property	0	(4,757)	0	0	0	(4,757)
Foreign exchange differences	0	222,033	0	334,702	0	556,735
As at 31 December 2011	**0**	**(254,256,882)**	**(11,338,665)**	**(110,942,387)**	**0**	**(376,537,933)**
Net carrying amount as at 1 January 2011	**182,403,963**	**253,925,668**	**12,403,476**	**33,835,252**	**34,166,147**	**516,734,506**
Net carrying amount as at 31 December 2011	**202,113,869**	**290,480,837**	**14,818,469**	**47,809,980**	**46,479,468**	**601,702,624**

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2012	**202,113,869**	**544,737,719**	**26,157,134**	**158,752,367**	**46,479,468**	**978,240,557**
New acquisitions as a result of takeover	0	0	7,841,318	1,244,492	21,877	9,107,687
New acquisitions	0	0	0	0	47,234,735	47,234,735
Disposals	(763,771)	(1,161,285)	(427,004)	(15,964,677)	(1,178,616)	(19,495,353)
Disposal as a result of a company sale	0	0	(69,267)	(3,448)	0	(72,715)
Transfer from ongoing investments	9,158,539	29,267,478	3,166,519	17,755,369	(59,347,905)	0
Transfer to investment property	0	(67,330)	0	0	0	(67,330)
Transfer from investment property	0	187,736	0	0	0	187,736
Foreign exchange differences	(391,293)	(1,647,214)	(191,454)	(178,723)	(641,057)	(3,049,741)
As at 31 December 2012	**210,117,344**	**571,317,104**	**36,477,246**	**161,605,380**	**32,568,502**	**1,012,085,576**
Accumulated depreciation						
As at 1 January 2012	**0**	**(254,256,882)**	**(11,338,665)**	**(110,942,387)**	**0**	**(376,537,933)**
Depreciation	0	(22,218,080)	(1,819,385)	(10,676,306)	0	(34,713,771)
Disposals	0	574,328	127,328	11,964,816	0	12,666,472
Transfer from investment property	0	(165,443)	0	0	0	(165,443)
Foreign exchange differences	0	437,771	1,674	63,999	0	503,444
As at 31 December 2012	**0**	**(275,628,306)**	**(13,029,048)**	**(109,589,878)**	**0**	**(398,247,231)**
Net carrying amount as at 1 January 2012	**202,113,869**	**290,480,837**	**14,818,469**	**47,809,980**	**46,479,468**	**601,702,624**
Net carrying amount as at 31 December 2012	**210,117,344**	**295,688,798**	**23,448,198**	**52,015,502**	**32,568,502**	**613,838,344**

Items of property, plant and equipment pledged as security

The Group's items of property, plant and equipment are unencumbered, except for some of the assets acquired through acquisitions of other companies. On 31 December 2012, the cost of assets pledged as security stood at EUR 26,207,056, with their net carrying amount totalling EUR 20,321,103. The assets are either mortgaged or held under finance lease.

Assets held under finance lease

On 31 December 2012, the cost of equipment held under finance lease stood at EUR 888,702, with its net carrying amount totalling EUR 495,194. The cost of property held under finance lease stood at EUR 9,404,347 as at 31 December 2012, with its net carrying amount totalling EUR 7,159,968.

Acquisitions as a result of takeover of companies in 2012

(in EUR)	Plant	Equipment	Ongoing investments	Total
Sagax d.o.o. Beograd	0	19,539	0	19,539
Beogas Invest d.o.o.	7,841,318	1,224,953	21,877	9,088,148
New acquisitions as a result of takeover	**7,841,318**	**1,244,492**	**21,877**	**9,107,687**

Overview of groups of investments in property, plant and equipment in 2012 including investments in excess of EUR 1,100,000

(in EUR)	2012
Acquisition and construction of service stations	12,682,974
Expansion of tank storage capacity	1,990,816
Modernisation of lighting in Group buildings	1,113,242

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

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
Cost					
As at 1 January 2011	**95,443,789**	**353,479,316**	**110,843,245**	**18,014,449**	**577,780,799**
New acquisitions as a result of merger by absorption	45,022	732,862	711,149	0	1,489,033
New acquisitions	0	0	0	22,527,467	22,527,467
Disposals/impairments	(332,157)	(195,584)	(5,431,268)	(2,936,736)	(8,895,745)
Transfer from ongoing investments	2,986,553	10,972,758	12,174,716	(26,134,027)	0
Transfer to investment property	0	(75,126)	0	0	(75,126)
Transfer from investment property	0	4,757	0	0	4,757
As at 31 December 2011	**98,143,207**	**364,918,983**	**118,297,842**	**11,471,153**	**592,831,185**
Accumulated depreciation					
As at 1 January 2011	**0**	**(205,479,128)**	**(90,824,026)**	**0**	**(296,303,154)**
New acquisitions as a result of merger by absorption	0	(169,590)	(580,073)	0	(749,663)
Depreciation	0	(13,748,982)	(5,929,656)	0	(19,678,638)
Disposals	0	193,813	4,980,747	0	5,174,560
Transfer from investment property	0	(4,757)	0	0	(4,757)
As at 31 December 2011	**0**	**(219,208,644)**	**(92,353,008)**	**0**	**(311,561,652)**
Net carrying amount as at 1 January 2011	**95,443,789**	**148,000,188**	**20,019,219**	**18,014,449**	**281,477,644**
Net carrying amount as at 31 December 2011	**98,143,207**	**145,710,339**	**25,944,834**	**11,471,153**	**281,269,534**

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
Cost					
As at 1 January 2012	**98,143,207**	**364,918,983**	**118,297,842**	**11,471,153**	**592,831,185**
New acquisitions	0	0	0	20,723,639	20,723,639
Disposals/impairments	(87,369)	(629,921)	(4,874,344)	(116,072)	(5,707,706)
Transfer from ongoing investments	2,155,784	4,787,621	7,474,316	(14,417,721)	0
Transfer to investment property	0	(67,330)	0	0	(67,330)
Transfer from investment property	0	187,736	0	0	187,736
As at 31 December 2012	**100,211,622**	**369,197,089**	**120,897,814**	**17,660,999**	**607,967,524**
Accumulated depreciation					
As at 1 January 2012	**0**	**(219,208,644)**	**(92,353,008)**	**0**	**(311,561,652)**
Depreciation	0	(13,853,306)	(5,662,494)	0	(19,515,800)
Disposals	0	294,105	2,913,686	0	3,207,791
Transfer from investment property	0	(165,443)	0	0	(165,443)
As at 31 December 2012	**0**	**(232,933,288)**	**(95,101,816)**	**0**	**(328,035,104)**
Net carrying amount as at 1 January 2012	**98,143,207**	**145,710,339**	**25,944,834**	**11,471,153**	**281,269,534**
Net carrying amount as at 31 December 2012	**100,211,622**	**136,263,801**	**25,795,998**	**17,660,999**	**279,932,420**

Items of property, plant and equipment pledged as security

All items of property, plant and equipment of the Company are unencumbered. The Company has no property, plant and equipment under finance lease.

Overview of groups of investments in property, plant and equipment in 2012 including investments in excess of EUR 1,100,000

(in EUR)	2012
Construction of a service station	1,885,679
Modernisation of lighting in Group buildings	1,113,242

6.17 Investment property

Investment property comprises buildings (storage facilities, carwashes, bars) being leased out by the Group/Company.

	The Petrol Group	Petrol d.d.
	Investment property	Investment property
Cost		
As at 1 January 2011	**26,437,750**	**26,847,227**
Transfer to property, plant and equipment	(4,757)	(4,757)
Transfer from property, plant and equipment	75,126	75,126
As at 31 December 2011	**26,508,119**	**26,917,596**
Accumulated depreciation		
As at 1 January 2011	**(12,144,391)**	**(12,660,355)**
Depreciation	(810,622)	(839,149)
Transfer to property, plant and equipment	4,757	4,756
As at 31 December 2011	**(12,950,257)**	**(13,494,748)**
Net carrying amount as at 1 January 2011	**14,293,359**	**14,186,872**
Net carrying amount as at 31 December 2011	**13,557,862**	**13,422,848**

	The Petrol Group	Petrol d.d.
	Investment property	Investment property
Cost		
As at 1 January 2012	**26,508,119**	**26,917,596**
Transfer to property, plant and equipment	(187,736)	(187,736)
Transfer from property, plant and equipment	67,330	67,330
As at 31 December 2012	**26,387,713**	**26,797,190**
Accumulated depreciation		
As at 1 January 2012	**(12,950,257)**	**(13,494,748)**
Depreciation	(789,039)	(817,567)
Transfer to property, plant and equipment	165,443	165,443
As at 31 December 2012	**(13,573,853)**	**(14,146,872)**
Net carrying amount as at 1 January 2012	**13,557,862**	**13,422,848**
Net carrying amount as at 31 December 2012	**12,813,859**	**12,650,319**

The Petrol Group

In 2012 revenue generated by the Group from investment property totalled EUR 2,373,216 (2011: EUR 2,517,464). The Group estimates that the fair value of investment property as at 31 December 2012 was EUR 28,896,005. The Group estimates the fair value based on the method of capitalising normalised cash flows, with cash flows comprising chiefly lease payments for leased investment property. Projected growth and discount rates equal 0.05 percent and 9.81 percent respectively.

Petrol d.d., Ljubljana

In 2012 revenue generated by the Company from investment property totalled EUR 2,444,771 (2011: EUR 2,506,095). The Company estimates that the fair value of investment property as at 31 December 2012 was EUR 28,517,328. The Company estimates the fair value based on the method of capitalising normalised cash flows, with cash flows comprising chiefly lease payments for leased investment property. Projected growth and discount rates equal 0.05 percent and 9.60 percent respectively.

6.18 Investments in subsidiaries

The Petrol Group

In the preparation of the Group's financial statements, investments in subsidiaries are excluded on consolidation. A more detailed overview of the Group's structure is presented in chapter Group companies of the business report.

Petrol d.d., Ljubljana

The directly-owned subsidiaries of Petrol d.d., Ljubljana are as follows:

Information about direct subsidiaries as at 31 December 2012:

Name of subsidiary	Address of subsidiary	Business activities	Ownership and voting rights 31. 12. 2012	Ownership and voting rights 31. 12. 2011
Slovenia				
Instalacija d.o.o.	Sermin 10/a, Koper, Slovenia	Storage and handling of petroleum products	77.05%	49%
IGES d.o.o.	Tumova Ulica 5, Nova Gorica, Slovenia	Energy services	100%	100%
Petrol Energetika d.o.o.	Koroška c. 14, Ravne na Koroškem, Slovenia	Gas and electricity distribution	99.38%	99.38%
Petrol Maloprodaja Slovenija, d.o.o.	Dunajska c. 50, Ljubljana, Slovenia	Retail sale of motor fuel	100%	100%
Eltec Petrol d.o.o.	Pot na Lisice 7, Bled, Slovenia	Energy services	74.9%	74.9%
Petrol Skladiščenje d.o.o.	Zaloška 259, Ljubljana Polje, Slovenia	Storage services	100%	100%
Petrol Tehnologija, d.o.o.	Zaloška 259, Ljubljana Polje, Slovenia	Maintenance services	100%	100%
Upravljanje Piran d.o.o.[1]	Liminijanska cesta 117, Portorož, Slovenia	Property management	-	100%
Petrol VNC d.o.o.	Dunajska c. 50, Ljubljana, Slovenia	Investigation activities and security	100%	100%
IG investicijski inženiring d.o.o.[9]	Ulica Vinka Vodopivca 45a, Nova Gorica, Slovenia	Mechanical and electrical engineering services	100%	-
Croatia				
Petrol Hrvatska d.o.o.[2]	Oreškovićeva 6H, Zagreb, Croatia	Sale and marketing of petroleum products	-	100%
Petrol d.o.o.[3]	Oreškovićeva 6H, Zagreb, Croatia	Trading in and transport of oil and petroleum products	100%	51%
Petrol Plin d.o.o.[4]	Put Bioca 15, Šibenik, Croatia	Distribution of liquefied petroleum gas	100%	51%
Petrol-Butan d.o.o.[5]	Koće Popoviča 9, Divoš, Ernestinovo, Croatia	Distribution of liquefied petroleum gas	-	100%
Serbia				
Petrol d.o.o. Beograd	Ulica Patrijarha Dimitrija 12v, Belgrade, Serbia	Sale and marketing of petroleum products	100%	100%
Petrol Gas Group, d.o.o.	Ticanova 31, Novi Sad, Serbia	Gas distribution	100%	100%
Rodgas AD Bačka Topola	Maršala Tita 61, Bačka Topola, Serbia	Gas distribution	89.64%	84.22%
Beogas Invest d.o.o.[6]	Patrijarha Dimitrija 12v, Beograd, Serbia	Gas distribution	91.85%	-
Montenegro				
Petrol Crna gora d.o.o. Cetinje[7]	Donje polje b.b., Cetinje,Montenegro	Investments in petroleum activities	-	100%
Petrol Crna gora MNE d.o.o.[8]	Ulica Donje polje bb, Cetinje, Montenegro	Wholesale and retail sale of fuel	100%	100%
Other countries				
Petrol BH Oil Company d.o.o. Sarajevo	Grbavička 4/4, Sarajevo, Bosnia and Herzegovina	Sale and marketing of petroleum products	100%	100%
Cypet Oils Ltd.[10]	Ariadne House, Office 52, 333 28th October Street, Limassol, Cyprus	Trading in oil and petroleum products	100%	100%
Petrol-Trade Handelsges.m.b.H.	Elisabethstrasse 10 Top 4 u.5, Vienna, Austria	Trading in oil, petroleum products and chemical products	100%	100%
Petrol-Energetika DOOEL Skopje	Belasica br. 2, Skopje, Macedonia	Electricity trading	100%	100%

1 Upravljanje Piran d.o.o. was disposed of in March 2012.
2 Petrol Hrvatska d.o.o. was merged into Petrol d.o.o. in October.
3 Euro - Petrol d.o.o. was renamed Petrol d.o.o. in August 2012. Since May 2012, Petrol d.o.o. has been fully owned by Petrol d.d., Ljubljana.
4 Petrol Jadranplin d.o.o. was renamed Petrol plin d.o.o. in October. Since March 2012, Petrol Plin d.o.o. has been fully owned by Petrol d.d., Ljubljana.
5 Petrol-Butan d.o.o. was merged into Petrol Plin d.o.o. in October 2012.
6 Beogas Invest d.o.o. has been part of the Group since April 2012.
7 Petrol Crna gora d.o.o. Cetinje was merged into Petrol - Bonus d.o.o. in January 2012.
8 Petrol – Bonus d.o.o. was renamed Petrol Crna gora MNE d.o.o. in July 2012.
9 IGES d.o.o. sold the company to Petrol d.d., Ljubljana in December 2012.
10 The company is in the process of liquidation.

Information about indirect subsidiaries as at 31 December 2012:

The companies Eltec Petrol d.o.o., IGES d.o.o., Beogas Invest d.o.o. and Petrol-Trade Handelsges.m.b.H are the controlling companies of the Eltec Petrol Group, the IGES Group, the Beogas Invest Group and the Petrol-Trade Group, respectively. Subsidiaries from these groups are presented in the table below.

Name of subsidiary	Address of subsidiary	Business activities	Ownership and voting rights 31. 12. 2012	Ownership and voting rights 31. 12. 2011
The Eltec Petrol Group				
Eltec Petrol Hrvatska d.o.o.[1]	Vranovina 30, Zagreb, Croatia	Specialised construction activities	100%	51%
EL-TEC MULEJ, d.o.o., NIŠ	Knjaževačka 5, Niš, Serbia	Business and other management consulting	100%	100%
SAGAX d.o.o. BEOGRAD[2]	Radoja Domanovića 16, Beograd,Serbia	Wholesale trade in metal products and installation materials	100%	-
EL-TEC MULEJ BH, d.o.o., TUZLA[3]	Ul. Armije RBIH br. 1, Tuzla, Bosnia and Herzegovina	Wholesale	-	75%
UNI ENERGIJA , d.o.o.[4]	Partizanska ceta 30, Maribor, Slovenia	Engineering services and technical consulting	-	96.39%
The IGES Group				
IG AP d.o.o.	Naselje na Šahtu 53, Kisovec, Slovenia	Mechanical and electrical engineering services	100%	100%
IGIN, d.o.o.[5]	Stegne 7, Ljubljana, Slovenia	Mechanical and electrical engineering services	-	100%
IGENS d.o.o.[3]	Ulica Vinka Vodopivca 45a, Nova Gorica, Slovenia	Mechanical and electrical engineering services	-	100%
IG investicijski inženiring d.o.o.[6]	Ulica Vinka Vodopivca 45a, Nova Gorica, Slovenia	Mechanical and electrical engineering services	-	100%
VITALES d.o.o. Nova Bila, Travnik[7]	Nova Bila b.b., Travnik, Bosnia and Herzegovina	Production and marketing of enhanced biomass	100%	100%
VITALES d.o.o. Bihač[7]	Naselje Ripač b.b., Bihač, Bosnia and Herzegovina	Production and marketing of enhanced biomass	100%	100%
Vitales energie biomasse Italia s.r.l.[8]	Via del San Michele 340, Gorizia, Italy	Investments in renewable energy sources	67%	67%
VITALES d.o.o., Sokolac[7]	Pere Kosorića 2, Sokolac, Bosnia and Herzegovina	Production and marketing of enhanced biomass	50%	50%
The Beogas Invest Group				
Beogas d.o.o.	Patrijarha Dimitrija 12v, Beograd, Serbia	Construction and maintenance of gas pipelines and distribution of gas	100%	-
Domingas d.o.o.	Patrijarha Dimitrija 12v, Beograd, Serbia	Construction and maintenance of gas pipelines and distribution of gas	100%	-
The Petrol Trade Group				
Cypet-Trade Ltd.[3]	Ariadne House, 333 28th October Street, Limassol, Cyprus	Trading in oil and petroleum products	-	100%

1 ENERGOGLOBAL d.o.o. was renamed Eltec Petrol Hrvatska d.o.o. in January 2013.
2 Sagax d.o.o. has joined the Eltec Petrol Group in December 2012. It is fully owned by El-tec Mulej d.o.o. Niš.
3 The company was liquidated in 2012.
4 The company was merged into Eltec Petrol d.o.o. in October 2012.
5 The company was disposed of in November 2012.
6 The company was sold to Petrol d.d., Ljubljana in December 2012.
7 The company is in bankruptcy/pre-bankruptcy proceedings.
8 The company is in the process of liquidation.

Balance of investments in subsidiaries

(in EUR)	Petrol d.d.	
	31 December 2012	31 December 2011
Petrol d.o.o.	136,449,320	47,899,200
Instalacija d.o.o.	64,841,412	64,841,412
Petrol BH Oil Company d.o.o.	34,537,990	34,537,990
Petrol d.o.o. Beograd	30,279,792	21,821,792
IGES d.o.o.	21,299,475	21,299,475
Petrol Crna gora MNE d.o.o.	19,906,000	3,461,000
Petrol Energetika d.o.o.	13,538,900	13,538,900
Petrol Maloprodaja Slovenija, d.o.o.	11,344,738	11,344,738
Beogas Invest d.o.o.	10,800,425	-
Petrol Plin d.o.o.	5,182,608	1,858,711
Eltec Petrol d.o.o.	5,111,478	5,111,478
Petrol Gas Group, d.o.o.	4,850,000	4,850,000
Rodgas AD Bačka Topola	2,604,000	3,510,400
Cypet Oils Ltd.	2,150,906	2,150,906
Petrol Skladiščenje d.o.o.	794,951	794,951
Petrol Tehnologija, d.o.o.	755,579	755,579
Petrol-Trade Handelsges.m.b.H.	147,830	147,830
Petrol VNC d.o.o.	114,834	114,834
Petrol-Energetika DOOEL Skopje	5,000	5,000
IG Investicijski inženiring d.o.o.	1	-
Petrol Crna gora d.o.o. Cetinje	-	8,230,000
Petrol Hrvatska d.o.o.	-	51,021,249
Petrol-Butan d.o.o.	-	998,897
Upravljanje Piran d.o.o.	-	205,097
Total investments in subsidiaries	**364,715,239**	**298,499,439**

Changes in investments in subsidiaries

(in EUR)	Petrol d.d.	
	31 December 2012	31 December 2011
As at 1 January	298,499,439	200,531,434
New acquisitions	67,404,847	100,292,127
Impairment	(983,950)	0
Disposals	(205,097)	(2,324,122)
As at 31 December	**364,715,239**	**298,499,439**

Major new acquisitions of investments in subsidiaries in 2012 were as follows:

- the acquisition of a 49-percent interest in Petrol d.o.o. totalling EUR 37,528,871,
- the acquisition and capital increase of Beogas Invest d.o.o. totalling EUR 10,800,425,
- the capital increase of Petrol d.o.o., Belgrade totalling EUR 8,458,000,
- the capital increase of Petrol Crna gora MNE d.o.o. totalling EUR 8,215,000,
- the acquisition of a 49-percent interest in Petrol Plin d.o.o. totalling EUR 2,325,000,
- the acquisition of a 5.4126-percent interest in Rodgas AD Bačka Topola totalling EUR 77,550.

When testing the impairment of assets, the Company determined that the carrying amount of the investment in the company Rodgas AD Bačka Topola exceeds the investment's fair value and value in use, prompting the Company to impair the investment by EUR 983,950. To assess the value of the investment, the Company used the discounted future cash flow model. The valuation relies on information about the company's previous operations and assumptions regarding its future operations. The model uses the required rate of return of 12.1 percent and the annual growth rate for remaining free cash flows (the residual value) of 2.5 percent.

The disposal of EUR 205,097 relates to the disposal of a 100-percent interest in the company Upravljanje Piran d.o.o.

6.19 Investments in jointly controlled entities

The Group measures investments in jointly controlled entities using the equity method, while the Company measures them at fair value. More information about the accounting treatment of investments in jointly controlled entities in the Group is provided in chapter Significant accounting policies of the Group in note 3a. More information about the accounting treatment of investments in jointly controlled entities in the Company is provided in chapter Significant accounting policies of the Company in note 4c. A more detailed overview of the Group's structure is presented in chapter Group companies of the business report.

Information about jointly controlled entities as at 31 December 2012:

Name of jointly controlled entity	Address of jointly controlled entity	Business activities	Ownership and voting rights 31 December 2012	Ownership and voting rights 31 December 2011
Slovenia				
Gen-I, d.o.o.[1]	Cesta 4. julija 42, Krško, Slovenia	Electricity trading and sale	50%	50%
Geoenergo d.o.o.	Mlinska ulica 5, Lendava, Slovenia	Extraction of natural gas, oil and gas condensate	50%	50%
Vitales RTH, d.o.o.[2]	Trg revolucije 14, Trbovlje, Slovenia	Processing and sale of wood chips	-	50%
Soenergetika d.o.o.	Stara cesta 3, Kranj, Slovenia	Electricity, gas and steam supply	25%	25%
Other countries				
Petrol - Oti - Slovenija L.L.C.[3]	Prishtina Magijstralija, Prishtina, Kosovo	Retail sale and wholesale of liquid and gaseous fuel and similar products	51%	51%
Petrol Slovenia Tirana Wholesale Sh.A.[4]	Deshmoret e 4 Shkurtit Pll.26, Tirana, Albania	Wholesale of liquid, gaseous and similar fuels	55%	55%
Petrol Slovenia Tirana Distribution Sh.p.k[5]	Deshmoret e 4 Shkurtit Pll.26, Tirana, Albania	Retail sale of liquid and gaseous fuel	55%	55%

1 Gen-I, d.o.o. is directly owned by IGES d.o.o.
2 The company was disposed of in November 2012.
3 The contract of members stipulates joint management.
4 The company is in the process of liquidation.
5 Petrol Slovenija Tirana Distribution Sh.p.k. is fully owned by Petrol Slovenia Tirana Wholesale Sh.A. It is in the process of liquidation.

Balance of investments in jointly controlled entities

	Skupina Petrol		Petrol d.d.	
(in EUR)	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Gen-I, d.o.o.	39,015,528	35,913,766	-	-
Petrol-Oti-Slovenija L.L.C.	1,476,886	811,000	2,176,000	811,000
Petrol Slovenia Tirana Wholesale Sh.A.	1,123,183	1,085,570	1,270,868	1,198,500
Soenergetika d.o.o.	298,762	120,256	1,229,250	504,000
Geoenergo d.o.o.	17,465	17,318	64,346	70,000
Vitales RTH, d.o.o.	-	16,566	-	-
Total investments in jointly controlled entities	**41,931,824**	**37,964,476**	**4,740,464**	**2,583,500**

Changes in investments in jointly controlled entities

(in EUR)	The Petrol Group	
	31 December 2012	31 December 2011
As at 1 January	**37,964,476**	**16,386,748**
Attributed profit	3,700,926	5,566,408
Dividends received	(1,000,000)	(3,000,000)
New acquisitions	1,266,422	35,939,691
Transfer to investments in subsidiaries	0	(12,429,953)
Impairment (effect on the income statement)	0	(4,498,418)
As at 31 December	**41,931,824**	**37,964,476**

In conformity with the equity method, the Group received attributable profit of EUR 3,700,926 in 2012. This amount is net of dividends on retained earnings, which stood at EUR 1,000,000. These items are explained in more detail in note 6.10.

By increasing the capital of the companies Petrol-Oti-Slovenija L.L.C. and Soenergetika d.o.o. in 2012, the Group increased its investments in the companies by EUR 1,162,990 and EUR 120,000 respectively.

Significant amounts from the financial statements of jointly controlled entities:

2011

(in EUR)	Assets	Liabilities (debt)	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
The GEN-I Group, d.o.o.	218,630,466	167,241,429	586,974,647	6,849,390	3,424,695
Petrol Slovenia Tirana Wholesale Sh.A.	2,304,931	42,430	105,116	85,528	47,040
Petrol - OTI - Slovenija L.L.C.	15,694,356	2,838,068	8,622,556	(267,790)	(136,573)
Soenergetika d.o.o.	5,704,085	5,223,058	2,165	(44,692)	(11,173)
Geoenergo, d.o.o.	197,018	65,338	49,765	124	62
Vitales RTH, d.o.o.	232,189	199,058	133,725	(39,864)	(19,932)
Petrol Bonus d.o.o.	13,174,905	13,387,058	12,812,608	(943,123)	(471,562)

2012

(in EUR)	Assets	Liabilities (debt)	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
The GEN-I Group, d.o.o.	228,783,845	182,141,994	1,560,222,530	8,203,527	4,101,764
Petrol Slovenia Tirana Wholesale Sh.A.	2,263,129	20,770	80,213	65,961	36,279
Petrol - OTI - Slovenija L.L.C.	20,089,354	8,207,778	10,752,673	(974,171)	(496,827)
Soenergetika d.o.o.	6,564,078	5,369,026	2,572,963	231,464	57,866
Geoenergo, d.o.o.	246,567	114,550	119,796	294	147

Petrol d.d., Ljubljana

Changes in investments in jointly controlled entities

(in EUR)	Petrol d.d. 31 December 2012	Petrol d.d. 31 December 2011
As at 1 January	**2,583,500**	**61,270,000**
New acquisitions	1,282,990	414,120
Transfer to investments in subsidiaries	0	(7,452,412)
Effect of transfer to investments in subsidiaries (reversal of fair value reserve)	0	(47,561,588)
Increase in fair value reserve	879,628	616,500
Decrease in fair value reserve	(5,654)	0
Impairment (effect on the income statement)	0	(4,703,120)
As at 31 December	**4,740,464**	**2,583,500**

By increasing the capital of the companies Petrol-Oti-Slovenija L.L.C. and Soenergetika d.o.o. in 2012, the Company increased its investments in the companies by EUR 1,162,990 and EUR 120,000 respectively.

Fair value measurement effect

The Company assessed the fair value of investments in jointly controlled entities as at 31 December 2012. The valuation revealed that the fair value of the investment in the company Geoenergo d.o.o. was lower than its carrying amount, which led to impairment. The valuation also revealed that the fair value of investments in the companies Petrol-Oti-Slovenija L.L.C. Petrol Slovenia Tirana Wholesale Sh.A and Soenergetika d.o.o. was higher than their carrying amount, which led to the enhancement of the investments' value and a corresponding increase in the fair value reserve.

The techniques selected to assess the fair value and the fair value assessment effects as at 31 December 2012 are shown in the table below:

(in EUR) Company	Holding in %	Valuation technique	Pre-valuation value as at 31 December 2012	Fair value as at 31 December 2012	Valuation effect (enhancement / impairment)	Valuation effect: Fair value reserve	Valuation effect: Profit or loss for the period
Petrol - Oti - Slovenija L.L.C.	51%	Present value of expected free cash flows	1,973,990	2,176,000	202,010	202,010	0
Petrol Slovenia Tirana Wholesale Sh.A.	55%	*	1,198,500	1,270,868	72,368	72,368	0
Soenergetika d.o.o.	25%	Present value of expected free cash flows	624,000	1,229,250	605,250	605,250	0
Geoenergo, d.o.o.	50%	*	70,000	64,346	(5,654)	(5,654)	0
Total			**3,866,490**	**4,740,464**	**873,974**	**873,974**	**0**

* The fair value of the investment is the same as the carrying amount of the interest in the company's equity.

Description of assumptions and investment valuation techniques

Independent assessment of the fair value of the investments in jointly controlled entities was prepared on the going concern assumption, taking into account all information about the operation of the companies that was available at the time of the valuation. Due to the nature of the companies' business, no observable market data exists. The valuation thus mainly relies on information about the companies' previous operations and assumptions regarding their future operations. The valuation takes into account the perspective of market participants. Valuation techniques were tailored to the nature of the companies' business and available data.

When the methods based on the present value of expected free cash flows were used, the following assumptions were applied:

- the required rate of return was adjusted to specific circumstances of individual companies, the interest in which was subject to valuation, and their business environment;

- the required rates of return for the companies ranged from 11.6 to 17.42 percent;

- in the valuation of the investments, discounts reflecting marketability and ranging from 5 to 10 percent were taken into account and adjusted to the nature of the companies' business;

- the annual growth rates for remaining free cash flows (the residual value) taken into account ranged from 2 to 3 percent in the case of the techniques used.

6.20 Investments in associates

The Group measures investments in associates using the equity method, while the Company measures them at fair value. More information about the accounting treatment of investments in associates is given in note 3a (the Group) and note 4c (the Company). A more detailed overview of the Group's structure is presented in chapter Group companies of the business report.

Information about associates as at 31 December 2012

			Ownership and voting rights	
Name of associate	Address of associate	Business activities	31 December 2012	31 December 2011
Slovenia				
Geoplin d.o.o. Ljubljana	Cesta Ljubljanske brigade 11, Ljubljana, Slovenia	Sale and transport of natural gas	31.98%	31.98%
Istrabenz d.d.[1]	Cesta Zore Perello - Godina 2, Koper, Slovenia	Management of Istrabenz Group investments and other investments	-	32.63%
Aquasystems d.o.o.	Dupleška 330, Maribor, Slovenia	Construction and operation of industrial and municipal water treatment plants	26%	26%
Marche Gostinstvo d.o.o.	Notranjska c. 71, Logatec, Slovenia	Preparation of food and beverages, sale of merchandise and other services	25%	25%
Bio goriva d.o.o.	Grajski trg 21, Rače, Slovenia	Manufacturing, trading and services	25%	25%

1 The company was disposed of in December 2012.

Balance of investments in associates

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Geoplin d.o.o. Ljubljana	96,471,857	96,987,260	124,700,000	129,900,000
Aquasystems d.o.o.	1,797,483	1,902,090	4,199,000	3,854,000
Marche Gostinstvo d.o.o.	538,315	517,362	2,336,000	1,989,305
Istrabenz d.d.	-	0	-	0
Bio Goriva d.o.o.	0	0	0	0
Total investments in associates	**98,807,655**	**99,406,712**	**131,235,000**	**135,743,305**

The Petrol Group

Changes in investments in associates

	The Petrol Group	
(in EUR)	31 December 2012	31 December 2011
As at 1 January	**99,406,712**	**119,535,318**
Attributed profit/losses	5,255,256	5,075,250
Dividends received	(5,542,018)	(4,904,469)
Attributed changes in the equity of associates	(312,296)	(196,347)
Impairment (effect on the income statement)	0	(20,103,040)
As at 31 December	**98,807,655**	**99,406,712**

The Group did not increase its existing investments or make new investments in associates in 2012. The Group disposed of its investment in the company Istrabenz d.d. in 2012.

In 2012, in conformity with the equity method, the Petrol Group attributed a corresponding share of 2012 profits or losses to its investments, which amounted to EUR 5,255,256. The amount of the investments is net of dividends received which stood at EUR 5,542,018. These items are explained in more detail in note 6.10.

In accordance with the equity method, the Group recognised its interest in the equity of the associate Geoplin, d.o.o. and decreased the investment by EUR 312,296 as a result.

Significant amounts from the financial statements of associates:

2011

(in EUR)	Assets	Liabilities	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
The Geoplin Group	432,481,000	143,985,000	406,439,000	18,762,000	5,999,694
Aquasystems, d.o.o.	26,224,825	21,102,868	7,807,704	2,160,779	561,803
Marche Gostinstvo, d.o.o.	3,588,000	1,519,000	11,894,000	596,650	149,163
The Istrabenz Group*	433,313,567	444,426,964	106,759,747	(5,733,758)	(1,870,925)
Bio goriva d.o.o.	22,694,197	22,269,005	1,515,619	(1,943,227)	(485,807)

* Most recent financial statements that were publicly available before the publication of the 2010 Annual Report were the consolidated financial statements of the Istrabenz Group as at 30 September 2010.

2012

(in EUR)	Assets	Liabilities	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
The Geoplin Group	453,427,858	165,613,801	492,493,462	13,982,191	4,471,211
Aquasystems, d.o.o.	23,653,231	18,893,514	7,753,754	2,397,558	623,365
Marche Gostinstvo, d.o.o.	3,523,800	1,360,560	11,485,040	651,060	162,765
Bio goriva d.o.o.	22,257,655	24,133,564	3,578,601	(2,293,565)	(573,391)

Changes in investments in associates

(in EUR)	Petrol d.d.	
	31 December 2012	31 December 2011
As at 1 January	**135,743,305**	**154,860,000**
Increase in fair value reserve	691,695	4,132,305
Decrease in fair value reserve	(5,200,000)	(1,275,035)
Impairment (effect on the income statement)	0	(21,973,965)
As at 31 December	**131,235,000**	**135,743,305**

The Company did not increase its existing investments or make new investments in associates in 2012. The Company disposed of its investment in the company Istrabenz d.d. in 2012.

Fair value measurement effect

The Company assessed the fair value of investments in associates as at 31 December 2012. The valuation revealed that the fair value of the investment in the company Geoplin d.o.o., Ljubljana was lower than its carrying amount, which led to impairment of the investment to its estimated fair value. The valuation also revealed that the fair value of investments in the companies Aquasystems d.o.o. and Marche Gostinstvo d.o.o. was higher than their carrying amount, which led to the enhancement of the investments' value and a corresponding increase in the fair value reserve.

The techniques selected to assess the fair value and the fair value assessment effects as at 31 December 2012 are shown in the table below:

(in EUR) Company	Holding in %	Valuation technique	Pre-valuation value as at 31 December 2012	Fair value as at 31 December 2012	Valuation effect (enhancement / impairment)	Valuation effect: Fair value reserve	Valuation effect: Profit or loss for the period
Geoplin, d.o.o., Ljubljana	31.98%	Present value of expected free cash flows and Guideline public company method	129,900,000	124,700,000	(5,200,000)	(5,200,000)	0
Aquasystems, d.o.o.	26%	Present value of expected free cash flows	3,854,000	4,199,000	345,000	345,000	0
Marche Gostinstvo, d.o.o.	25%	Present value of expected free cash flows	1,989,305	2,336,000	346,695	346,695	0
Bio goriva d.o.o.	25%	Present value of expected free cash flows	0	0	0	0	0
Total			**135,743,305**	**131,235,000**	**(4,508,305)**	**(4,508,305)**	**0**

Description of assumptions and investment valuation techniques

Independent assessment of the fair value of the investments in jointly controlled entities was prepared on the going concern assumption, taking into account all information about the operation of the companies that was available at the time of the valuation. Due to the nature of the companies' business, no observable market data exists. The valuation thus mainly relies on information about the companies' previous operations and assumptions regarding their future operations. The valuation takes into account the perspective of market participants. Valuation techniques were tailored to the nature of the companies' business and available data.

When the methods based on the present value of expected free cash flows were used, the following assumptions were applied:

- the required rate of return was adjusted to specific circumstances of individual companies, the interest in which was subject to valuation, and their business environment;
- the required rates of return for the companies ranged from 6.77 to 9.7 percent;
- in the valuation of the investments, discounts reflecting marketability ranging from 10 percent to 21 percent and

- minority interest discounts ranging from 10 percent to 15 percent were taken into account;
- the annual growth rate for remaining free cash flow (the residual value) of 2 percent was taken into account.

6.21 Available-for-sale financial assets

Available-for-sale financial assets relate to investments in shares and interests of companies and banks as well as investments in mutual funds and bonds. Since the majority of available-for-sale financial assets are the assets of Petrol d.d., Ljubljana, a joint disclosure for the Group and the Company is presented.

Balance of available-for-sale financial assets

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Shares of companies	3,702,529	3,788,153	3,623,486	3,709,110
Shares of banks	2,544,301	3,541,136	2,544,301	3,541,136
Interests in companies	238,291	235,791	190,291	187,791
Bonds and other assets	2,903	3,641	0	738
Total available-for-sale financial assets	**6,488,024**	**7,568,721**	**6,358,078**	**7,438,775**

Changes in available-for-sale financial assets

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2012	31 December 2011	31 December 2012	31 December 2011
As at 1 January	**7,568,721**	**11,338,780**	**7,438,775**	**11,259,737**
New acquisitions	2,500	0	2,500	0
New acquisitions as a result of takeover	0	50,904	0	0
Disposals	(86,362)	(43,483)	(86,362)	(43,483)
Impairment (effect on the income statement)	(996,835)	(3,777,480)	(996,835)	(3,777,480)
As at 31 December	**6,488,024**	**7,568,721**	**6,358,078**	**7,438,775**

The Petrol Group and Petrol d.d., Ljubljana

Based on a valuation, the Group/Company determined that the carrying amount of the investment in NLB d.d. shares as at 31 December 2012 was higher than its fair value. To adjust the carrying amount to the fair value, the Group/Company impaired the value of the investment by EUR 996,835. Assessment of the fair value of the investment in NLB d.d. shares was prepared on the going concern assumption, taking into account all information about the operation of the bank that was available at the time of the valuation. The valuation takes into account the perspective of market participants. The methods used were the method of the present value of expected free cash flows and the guideline company method. The method of the present value of expected free cash flows took into account a 15.20-percent required rate of return, a 10-percent minority interest discount and a 32-percent lack of marketability discount. The relevant annual growth rate for remaining free cash flows is estimated at 2 percent.

In 2012 the Group/Company disposed of the shares of Pozavarovalnica Triglav d.d. amounting to EUR 85,624.

Available-for-sale financial assets of the Group/Company measured at fair value totalled EUR 2,308,460 as at 31 December 2012. The remaining available-for-sale financial assets of the Group/Company are carried at cost since their fair values cannot be reliably measured due to significant variability in the range of reasonable fair value estimates.

6.22 Non-current financial receivables

Balance of non-current financial receivables

(in EUR)	The Petrol Group 31 December 2012	The Petrol Group 31 December 2011	Petrol d.d. 31 December 2012	Petrol d.d. 31 December 2011
Loans and other financial receivables	4,051,143	2,924,920	17,163,277	8,104,316
Finance lease receivables	21,600	0	0	0
Total non-current financial receivables	**4,072,743**	**2,924,920**	**17,163,277**	**8,104,316**

The Petrol Group

The most significant item among the Group's non-current financial receivables is a loan granted to the jointly controlled entity Petrol-Oti-Slovenija L.L.C of EUR 1,741,038. The second most significant item is loans for supplied goods totalling EUR 922,475.

Changes in non-current financial receivables

(in EUR)	The Petrol Group 31 December 2012	The Petrol Group 31 December 2011
Receivables as at 1 January	**2,924,920**	**10,944,605**
New acquisitions as a result of takeover	0	319,027
New loans	4,726,149	2,648,486
Loans repaid	(205,821)	(91,134)
Disposals as a result of acquisition	0	(7,961,236)
Transfer to current financial receivables	(3,368,320)	(2,934,527)
Foreign exchange differences	(4,185)	(301)
Receivables as at 31 December	**4,072,743**	**2,924,920**

Petrol d.d., Ljubljana

Non-current financial receivables of EUR 17,163,277 comprise non-current financial receivables from Group companies totalling EUR 16,091,955 and non-current financial receivables from others equalling EUR 1,071,322. Non-current financial receivables from others comprise loans for supplied goods totalling EUR 922,475 and housing loans to the Company's employees equalling EUR 148,847. Non-current financial receivables from Group companies are shown in the table below.

(in EUR)	Petrol d.d. 31 December 2012	Petrol d.d. 31 December 2011
Non-current financial receivables from Group companies		
IGES d.o.o.	7,066,890	0
Petrol Energetika d.o.o.	3,681,527	4,774,171
Eltec Petrol d.o.o.	3,040,000	0
Petrol-Oti-Slovenija L.L.C.	1,741,038	0
Petrol Plin d.o.o.	562,500	687,500
Total	**16,091,955**	**5,461,671**

Changes in non-current financial receivables

	Petrol d.d.	
(in EUR)	31 December 2012	31 December 2011
Receivables as at 1 January	**8,104,316**	**10,443,715**
New acquisitions as a result of merger by absorption	0	41,036
New loans	17,985,919	6,180,014
Loans repaid	(4,205,643)	(42,938)
Transfer to current financial receivables	(4,721,315)	(8,517,511)
Receivables as at 31 December	**17,163,277**	**8,104,316**

6.23 Non-current operating receivables

Since the majority of non-current operating receivables are the receivables due to Petrol d.d., Ljubljana, a joint disclosure for the Group and the Company is presented

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Receivables from companies	1,566,383	1,603,949	1,426,404	1,426,404
Allowance for receivables from companies	(1,426,404)	(1,426,404)	(1,426,404)	(1,426,404)
Receivables from municipalities	417,920	646,457	417,920	646,457
Other receivables	102,344	101,707	102,344	101,707
Total non-current operating receivables	**660,243**	**925,709**	**520,264**	**748,164**

The Petrol Group and Petrol d.d., Ljubljana

Non-current operating receivables from companies of EUR 1,426,404 consist of receivables from the jointly controlled entity Geoenergo d.o.o. The receivables arise from long-term assets allocated to the restructuring of the company Nafta Lendava d.o.o. that the company Petrol d.d., Ljubljana was obliged to provide under an agreement concluded with the Government of the Republic of Slovenia. Because the repayment of the non-current operating receivable is contingent on the generation and distribution of profit of the company Geoenergo d.o.o., an allowance was made for the entire receivable.

6.24 Inventories

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Spare parts and materials inventories	1,752,859	1,916,840	49,730	43,382
Merchandise:	157,938,415	98,666,565	138,875,784	79,818,063
- fuel	125,928,385	67,708,833	111,622,998	54,725,699
- other petroleum products	6,056,724	6,686,401	5,455,759	5,421,425
- other merchandise	25,953,306	24,271,331	21,797,027	19,670,939
Total inventories	**159,691,274**	**100,583,405**	**138,925,514**	**79,861,445**

The Petrol Group and Petrol d.d., Ljubljana

The Group/Company has no inventories pledged as security for liabilities.

After checking the value of merchandise inventories as at 31 December 2012, the Group/Company determined that the net realisable value of inventories was higher than the cost of merchandise, which is why it did not impair the value of inventories in 2012.

6.25 Current financial receivables

(in EUR)	The Petrol Group 31 December 2012	The Petrol Group 31 December 2011	Petrol d.d. 31 December 2012	Petrol d.d. 31 December 2011
Loans granted	10,341,704	16,168,386	9,277,755	13,486,421
Adjustment to the value of loans granted	(1,341,714)	(724,733)	(611,438)	(607,890)
Time deposits with banks (3 months to 1 year)	47,393	160,906	0	0
Interest receivables	141,484	71,182	523,356	117,669
Allowance for interest receivables	(30,386)	(7,825)	(27,943)	(6,885)
Finance lease receivables	353	3,940	0	3,940
Total current financial receivables	**9,158,834**	**15,671,856**	**9,161,730**	**12,993,255**

The Petrol Group

In addition to loans granted by Petrol d.d., Ljubljana to others, which stood at EUR 2,730,723 (for explanation see disclosure for the Company), and a loan to the jointly controlled entity Petrol-Oti-Slovenija L.L.C of EUR 715,688, the loans granted comprise short-term loans to other Group companies totalling EUR 6,895,293, which mainly relate to supplied goods.

Petrol d.d., Ljubljana

Short-term loans to companies of EUR 9,277,755 include the short-term portion of loans to subsidiaries totalling EUR 6,547,032 and short-term loans to others equalling EUR 2,730,723. Short-term loans to subsidiaries in the Group are presented below.

(in EUR)	Petrol d.d. 31 December 2012	Petrol d.d. 31 December 2011
Loans to Group companies		
IGES d.o.o.	4,012,500	2,500,000
Petrol Energetika d.o.o.	1,081,644	1,081,644
Petrol Plin d.o.o.	737,200	529,500
Petrol-Oti-Slovenija L.L.C.	715,688	0
Eltec Petrol d.o.o.	0	589,000
Petrol d.o.o., Beograd	0	4,290,000
Total	**6,547,032**	**8,990,144**

Short-term loans to others totalling EUR 2,730,723 consist of loans to companies for the payment of goods delivered, which stood at EUR 1,809,258, loans to road hauliers for the purchase of vehicles amounting to EUR 203,630 and housing loans of EUR 717,835. The value of housing loans was adjusted by EUR 611,438.

6.26 Current operating receivables

(in EUR)	The Petrol Group 31 December 2012	The Petrol Group 31 December 2011	Petrol d.d. 31 December 2012	Petrol d.d. 31 December 2011
Trade receivables	375,419,748	369,173,511	283,554,812	322,842,219
Allowance for trade receivables	(42,653,537)	(44,525,739)	(25,525,701)	(22,993,200)
Operating receivables from state and other institutions	15,013,946	16,614,453	6,729,413	8,557,492
Operating interest receivables	2,438,128	3,815,380	2,532,467	2,916,701
Allowance for interest receivables	(1,679,878)	(2,327,557)	(1,313,180)	(1,355,659)
Receivables from insurance companies (loss events)	291,262	173,573	129,197	163,946
Other operating receivables	3,286,403	9,120,836	99,453	7,094,317
Total current operating receivables	**352,116,072**	**352,044,457**	**266,206,461**	**317,225,816**

6.27 Financial assets at fair value through profit or loss

Since all financial assets measured at fair value through profit or loss belong to Petrol d.d., Ljubljana, a joint disclosure for the Group and the Company is presented.

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Financial assets under management	1,312,055	1,197,039	1,312,055	1,197,039
Assets arising from commodity swaps	212,233	172,657	212,233	172,657
Assets arising from forward contracts	77,791	6,558,462	77,791	6,558,462
Assets arising from interest rate swaps	0	14,256	0	14,256
Total financial assets at fair value through profit or loss	**1,602,079**	**7,942,414**	**1,602,079**	**7,942,414**

The Petrol Group and Petrol d.d., Ljubljana

Financial assets under management totalling EUR 1,312,055 comprise cash invested in financial instruments to generate return while ensuring acceptable dispersion of risk under the contract on financial instrument management. Financial assets as at 31 December 2012 were valued at the market prices of the financial instruments included in the portfolio.

Financial assets arising from commodity swaps totalling EUR 212,233 represent the fair values of outstanding commodity swap contracts for the purchase of petroleum products as at 31 December 2012. Financial assets from forward contracts for the purchase of US dollars, which stood at EUR 77,791, comprise the fair value of outstanding forward contracts as at 31 December 2012. All of the above financial assets arising from derivative financial instruments should be considered in conjunction with outstanding contracts disclosed under financial liabilities in note 6.34.

6.28 Prepayments and other assets

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Prepayments	5,162,784	3,656,053	2,292,113	2,013,998
Uninvoiced services and goods	1,154,152	198,624	977,203	186,811
Prepaid insurance premiums	610,366	657,650	432,503	473,456
Prepaid subscriptions, specialised literature, etc.	527,764	488,736	526,035	475,146
Accrued rebates	447,269	342,186	447,269	342,186
Uninvoiced natural gas and LPG	328,812	402,736	328,812	402,736
Other deferred costs and accrued revenue	851,179	929,029	229,629	261,618
Total prepayments and other assets	**9,082,326**	**6,675,014**	**5,233,564**	**4,155,951**

6.29 Cash and cash equivalents

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Cash	166,092	105,216	0	0
Cash in banks	17,465,992	55,609,061	6,859,564	27,301,388
Short-term deposits (up to 3 months)	19,993,375	4,987,274	21,953,690	5,648,500
Total cash and cash equivalents	**37,625,459**	**60,701,551**	**28,813,254**	**32,949,888**

6.30 Equity

Called-up capital

The Company's share capital totals EUR 52,240,977 and is divided into 2,086,301 ordinary shares with a nominal value of EUR 25.04. All the shares have been paid up in full. All 2,086,301 ordinary shares (designated PETG) are listed on the Ljubljana Stock Exchange. The quoted share price as at 31 December 2012 was EUR 236.40. The book value of a share as at 31 December 2012 was EUR 194.74.

Capital surplus

Capital surplus may be used under conditions and for the purposes stipulated by law. In 2012 there were no changes in capital surplus.

Revenue reserves

- Legal reserves and other revenue reserves

  Legal and other revenue reserves comprise shares of profit from previous years that have been retained for a dedicated purpose, mainly for offsetting eventual future losses. Acting on a proposal from the Company's Management Board made upon the approval of the annual report, the Company's Supervisory Board used the net profit to create other revenue reserves of EUR 17,243,338, in accordance with Article 230 of the Companies Act, and to pay out dividends totalling EUR 11,204,627.

- Own shares and reserves for own shares

  If the parent company or its subsidiaries acquire an ownership interest in the parent company, the amount paid, including transaction costs less tax, is deducted from total equity in the form of own shares until such shares are cancelled, reissued or sold. If own shares are later sold or reissued, the consideration received is included in equity net of transaction costs and related tax effects.

Purchases and disposals of own shares

	Number of shares	Cost (in EUR)*
Total purchases 1997-1999	**36,142**	**3,640,782**
Disposal by year		
Payment of bonuses in 1997	(1,144)	(104,848)
Payment of bonuses in 1998	(1,092)	(98,136)
Payment of bonuses in 1999	(715)	(62,189)
Payment of bonuses in 2000	(1,287)	(119,609)
Payment of bonuses in 2001	(1,122)	(95,252)
Payment of bonuses in 2002	(1,830)	(158,256)
Payment of bonuses in 2003	(1,603)	(138,625)
Payment of bonuses in 2004	(1,044)	(90,284)
Payment of bonuses in 2005	(144)	(15,183)
Payment of bonuses in 2006	(403)	(42,492)
Payment of bonuses in 2007	(731)	(77,077)
Payment of bonuses in 2008	(324)	(34,162)
Total disposals 1997-2012	**(11,439)**	**(1,036,113)**
Own shares as at 31 December 2012	**24,703**	**2,604,670**

* Amounts converted from SIT into EUR at the parity exchange rate of 239.64.

In 2012 the number of own shares remained unchanged. As at 31 December 2012, the Company held 24,703 own shares. The market value of repurchased own shares totalled EUR 5,839,789 on the above date.

Other reserves

Other reserves consist of revaluation reserves (the Group), fair value reserve and hedging reserve. Changes in these reserves which took place in 2012 are explained in more detail in note 6.14.

Accumulated profit

Allocation of accumulated profit for 2011

At the 22nd General Meeting of the joint-stock company Petrol d.d., Ljubljana held on 22 May 2012, the shareholders adopted the following resolution on the allocation of accumulated profit:

As proposed by the Management Board and the Supervisory Board, the accumulated profit for the financial year 2011 of EUR 18,015,348.00 is to be allocated in accordance with the provisions of Articles 230, 282 and 293 of the Companies Act (ZGD-1) as follows:

- payment of gross dividends of EUR 8.25 per share or the total of EUR 17,211,983.25,
- transfer of EUR 803,364.75 to other revenue reserves.

The dividends are to be paid out of the net profit for 2011 and other revenue reserves set aside in 2005.

The Company does not pay dividends on own shares. Consequently, the Company's dividend payment obligation in respect of 2,061,598 shares stood at EUR 17,008,184. The amount of dividends paid by the Company in 2012 for the year 2011 totalled EUR 16,947,556, while the amount paid for the dividends from the previous years stood at EUR 35,191.

Accumulated profit for 2012

	Petrol d.d.	
(in EUR)	31 December 2012	31 December 2011
Compulsory allocation of net profit		
Net profit	34,486,677	11,607,113
Net profit after compulsory allocation	**34,486,677**	**11,607,113**
Creation of other revenue reserves	17,243,338	5,803,557
Determination of accumulated profit		
Net profit	17,243,338	5,803,557
Other revenue reserves	3,372,642	12,211,792
Accumulated profit	**20,615,980**	**18,015,348**

The Company's Supervisory Board, acting on a proposal from the Company's Management Board made upon the approval of the annual report, used the net profit to create other revenue reserves in accordance with Article 230 of the Companies Act.

Final dividends for the year ended 31 December 2012 have not yet been proposed and confirmed by owners at a General Meeting, which is why they have not been recorded as liabilities in these financial statements.

6.31 Provisions for employee benefits

Provisions for employee benefits comprise provisions for termination benefits on retirement and jubilee benefits. The provisions amount to estimated future payments for termination benefits on retirement and jubilee benefits discounted to the end of the reporting period. The calculation is made separately for each employee by taking into account the costs of termination benefits on retirement and the costs of all expected jubilee benefits until retirement.

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Termination benefits on retirement	2,569,148	2,199,103	1,349,174	1,085,599
Jubilee benefits	2,061,274	2,015,995	1,007,254	980,944
Total provisions	**4,630,422**	**4,215,098**	**2,356,428**	**2,066,543**

The Petrol Group

Changes in provisions for employee benefits

	The Petrol Group		
(in EUR)	Termination benefits	Jubilee benefits	Total
As at 1 January 2011	**2,004,606**	**1,949,338**	**3,953,944**
New provisions	37,570	140,092	177,662
New provisions as a result of merger by absorption	189,045	63,350	252,395
Utilised	(31,943)	(135,055)	(166,998)
Foreign exchange differences	(175)	(1,730)	(1,905)
As at 31 December 2011	**2,199,103**	**2,015,995**	**4,215,098**
New provisions	455,591	219,714	675,305
Utilised	(33,290)	(164,514)	(197,804)
Reversed	(21,634)	(3,641)	(25,275)
Reversed as a result of a company sale	(28,789)	(5,205)	(33,994)
Foreign exchange differences	(1,833)	(1,075)	(2,908)
As at 31 December 2012	**2,569,148**	**2,061,274**	**4,630,422**

The calculation of provisions for employee benefits for companies that are based in Slovenia, Croatia and the Federation of Bosnia and Herzegovina was made according to the yield curve determined based on the yield on corporate bonds (BBB) in the euro area. A 7.65-percent yield was used to calculate the provisions for employee benefits for the companies based in Serbia. The model for provisions set aside by the companies in Slovenia envisages a salary increase of 2.20 percent in 2013, 2.80 percent in 2014 and 2.50 percent from 2015 onwards. The model for Croatian companies envisages a 4.5-percent growth, the one for the companies in the Federation of Bosnia and Herzegovina a 2.10-percent growth in 2013, 2.20-percent growth in 2014 and 2.80-percent growth from 2015 onwards, and the one for Serbian companies a 7.55-percent growth in 2013, 4.59-percent growth in 2014 and 4.00-percent growth from 2015 onwards.

Petrol d.d., Ljubljana

Changes in provisions for employee benefits

	Petrol d.d.		
(in EUR)	Termination benefits	Jubilee benefits	Total
As at 1 January 2011	**1,085,599**	**980,944**	**2,066,543**
New provisions	14,371	71,888	86,259
Utilised	(14,371)	(71,888)	(86,259)
As at 31 December 2011	**1,085,599**	**980,944**	**2,066,543**
New provisions	270,834	111,099	381,933
Utilised	(7,259)	(84,789)	(92,048)
As at 31 December 2012	**1,349,174**	**1,007,254**	**2,356,428**

The calculation of provisions for employee benefits was made according to the yield curve determined based on the yield on corporate bonds (BBB) in the euro area. The model envisages a salary increase of 2.20 percent in 2013, 2.80 percent in 2014 and 2.50 percent from 2015 onwards.

6.32 Other provisions

(in EUR)	The Petrol Group 31 December 2012	The Petrol Group 31 December 2011	Petrol d.d. 31 December 2012	Petrol d.d. 31 December 2011
Provisions for third-party managed service station employee benefits	2,564,121	2,538,403	2,524,862	2,538,403
Other	46,549	276,154	0	0
Total provisions	**2,610,670**	**2,814,557**	**2,524,862**	**2,538,403**

The Petrol Group and Petrol d.d., Ljubljana

Other provisions comprise mainly provisions for employee benefits in relation to third-party managed service stations The calculation of long-term provisions for employee benefits with respect to employees at third-party managed service stations is the same as the one described in note 6.31.

6.33 Long-term deferred revenue

(in EUR)	The Petrol Group 31 December 2012	The Petrol Group 31 December 2011	Petrol d.d. 31 December 2012	Petrol d.d. 31 December 2011
Long-term deferred revenue from environmental assets	8,102,453	10,315,826	7,958,538	10,315,826
Long-term deferred revenue from gas connections	2,696,850	2,718,969	2,249,769	2,261,313
Long-term deferred revenue from grants	57,740	107,354	57,741	107,354
Other long-term deferred revenue	2,856	6,665	0	0
Total	**10,859,899**	**13,148,814**	**10,266,047**	**12,684,493**

Long-term deferred revenue from environmental assets comprises deferred revenue of Petrol d.d., Ljubljana from funds granted for the environmental rehabilitation of service stations, road tankers, storage facilities and the clean-up of the bitumen dump at Pesniški Dvor. Environmental assets were approved by means of a decision of the Ministry of the Environment and Spatial Planning as part of the ownership transformation of the company Petrol d.d., Ljubljana and were recognised as such in the opening financial statements of Petrol d.d., Ljubljana as at 1 January 1993 that were prepared in accordance with the regulations governing the ownership transformation of companies. In 2012 the rehabilitation of the bitumen dump at Pesniški Dvor was completed.

Long-term deferred revenue from gas connections or gas network connection fees consists of revenue deferred by the Group/Company over a concession period.

The Petrol Group

Changes in deferred revenue

(in EUR)	Long-term deferred revenue from environmental assets	Long-term deferred revenue from gas connections	Long-term deferred revenue from grants	Other long-term deferred revenue	Total
As at 1 January 2011	**11,202,141**	**2,655,748**	**156,968**	**10,473**	**14,025,330**
Increase	738,877	305,957	0	0	1,044,834
Decrease	(1,625,192)	(242,736)	(49,614)	(3,808)	(1,921,350)
As at 31 December 2011	**10,315,826**	**2,718,969**	**107,354**	**6,665**	**13,148,814**
Transfers	164,982	0	0	0	164,982
Increase	0	229,254	0	0	229,254
Decrease	(2,378,355)	(251,373)	(49,614)	(3,809)	(2,683,151)
As at 31 December 2012	**8,102,453**	**2,696,850**	**57,740**	**2,856**	**10,859,899**

Long-term deferred revenue from environmental assets decreased by EUR 1,618,412, in line with the depreciation charge on environmental assets. The remaining decrease constitutes the use according to the approved rehabilitation plan.

The increase in 2012 in long-term deferred revenue from gas connections relates to new connections, while the decrease relates to the transfer of the portion falling due in the current year to revenue.

Petrol d.d., Ljubljana

Changes in deferred revenue

(in EUR)	Long-term deferred revenue from environmental assets	Long-term deferred revenue from gas connections	Long-term deferred revenue from grants	Total
As at 1 January 2011	**11,202,141**	**2,173,486**	**156,967**	**13,532,594**
Increase	738,877	305,954	0	1,044,831
Decrease	(1,625,191)	(218,128)	(49,613)	(1,892,932)
As at 31 December 2011	**10,315,827**	**2,261,312**	**107,354**	**12,684,493**
Increase	0	217,238	0	217,238
Decrease	(2,357,289)	(228,781)	(49,613)	(2,635,684)
As at 31 December 2012	**7,958,538**	**2,249,769**	**57,741**	**10,266,047**

Long-term deferred revenue from environmental assets and gas connections is explained in more detail in the note pertaining to the Group.

6.34 Financial liabilities

(in EUR)	The Petrol Group 31 December 2012	The Petrol Group 31 December 2011	Petrol d.d. 31 December 2012	Petrol d.d. 31 December 2011
Current financial liabilities				
Bank loans	146,137,252	229,462,647	127,820,164	196,320,140
Commercial papers issued	45,433,386	0	45,433,386	0
Liabilities to banks arising from interest rate swaps	6,924,728	5,744,138	5,434,351	5,723,956
Liabilities to banks arising from forward contracts	709,985	0	709,985	0
Liabilities arising from commodity swaps	19,953	254,478	19,953	254,478
Finance lease liabilities	706,614	963,499	0	0
Other loans and financial liabilities	3,961,138	1,891,361	20,786,808	10,459,172
	203,893,056	**238,316,123**	**200,204,647**	**212,757,746**
Non-current financial liabilities				
Bank loans	311,207,363	284,166,462	222,167,893	229,054,950
Bonds issued	112,941,032	82,887,506	112,941,032	82,887,506
Finance lease liabilities	3,868,097	4,620,314	0	0
Loans obtained from other companies	1,675,912	1,632,370	0	0
	429,692,404	**373,306,652**	**335,108,925**	**311,942,456**
Total financial liabilities	**633,585,460**	**611,622,775**	**535,313,572**	**524,700,202**

The Petrol Group

Financial liabilities are not covered by securities in rem, except for liabilities arising from finance leases that the Group acquired as a result of business combinations.

In 2012 the average interest rate on short-term and long-term funding sources (including interest rate hedging) stood at 4.54 percent p.a. (2011: 4.38 percent p.a.).

Commercial papers issued

Commercial paper liabilities of EUR 45,433,386 relate to 6-month commercial papers issued by Petrol d.d., Ljubljana under identification code PEK02 on 27 September 2012. The total nominal value of the commercial papers totals EUR 45,846,000 and consists of 45,846 denominations of EUR 1,000.00. The commercial papers bear an interest rate of 3.80 percent p.a. A commercial paper is a discount security. Interest is accounted for in advance and deducted as a discount to the commercial paper's nominal value upon payment of the commercial paper. Commercial paper obligations fall due on 27 March 2013. The papers are traded on the Ljubljana Stock Exchange.

Derivative financial instruments

Liabilities to banks arising from interest rate swaps of EUR 6,924,728 relate to the estimated fair values of outstanding interest rate risk hedging contracts as at 31 December 2012. Liabilities arising from forward contracts of EUR 709,985 represent the fair values of outstanding commodity swap contracts for the purchase of petroleum products as at 31 December 2012. Liabilities arising from commodity swaps of EUR 19,953 represent the fair values of outstanding commodity swap contracts for the purchase of petroleum products as at 31 December 2012. These financial liabilities arising from derivative financial instruments should be considered in conjunction with the outstanding contracts disclosed under financial receivables in note 6.27.

Bonds issued

Bond liabilities refer to three lots of bonds issued by Petrol d.d., Ljubljana with official designations of PET1, PET2 and PET3.

In 2009 Petrol d.d., Ljubljana issued PET1 bonds with the total nominal value of EUR 50,000,000. The entire bond issue contains 50,000 denominations of EUR 1,000. The bond maturity date is 29 June 2014. The interest rate on the bonds is fixed, i.e. 7.57 percent p.a. Interest is accrued semi-annually in arrears. The nominal value of the principal falls due in full and in a single amount upon the maturity of the bond on 29 June 2014. The bonds are traded on the Ljubljana Stock Exchange. The PET1 bond liabilities stood at EUR 50,030,707 as at 31 December 2012.

In 2011 Petrol d.d., Ljubljana issued PET2 bonds with the total nominal value of EUR 33,000,000. The entire bond issue contains 33,000 denominations of EUR 1,000. The bond maturity date is 20 December 2016. The interest rate on the bonds is fixed, i.e. 6.75 percent p.a. Interest is accrued annually in arrears. The nominal value of the principal falls due in full and in a single amount upon the maturity of the bond on 20 December 2016. In 2012 the Company had the bonds admitted to the Ljubljana Stock Exchange. The PET2 bond liabilities stood at EUR 32,843,190 as at 31 December 2012.

In 2012 Petrol d.d., Ljubljana issued PET3 bonds with the total nominal value of EUR 30,000,000. The entire bond issue contains 30,000 denominations of EUR 1,000. The bond maturity date is 7 December 2017. The interest rate on the bonds is fixed, i.e. 6.00 percent p.a. Interest is accrued annually in arrears. The nominal value of the principal falls due in full and in a single amount upon the maturity of the bond on 7 December 2017. The PET3 bond liabilities stood at EUR 30,067,135 as at 31 December 2012.

Finance lease

Out of the total amount of finance lease liabilities, which stood at EUR 4,574,711, the amount of EUR 4,175,591 relates to the finance lease liabilities of the company Petrol d.o.o. (previously Euro-Petrol d.o.o.). The finance lease concerns certain service stations. Over the next years, the Group's interest expense arising from the finance lease will amount to EUR 668,788. On 31 December 2012, minimum finance lease payments of Euro-Petrol d.o.o. totalled EUR 4,844,380, with their net present value totalling EUR 4,175,591.

Other loans

Other loans consist mainly of a loan from the jointly controlled entity Petrol Slovenia Tirana Wholesale Sh.A to Petrol d.d., Ljubljana, which stood at EUR 1,271,910 as at 31 December 2012.

Other long-term loans comprise a loan of the public Eco Fund of EUR 1,033,177 for investments in the fixed assets of IGES d.o.o.

Petrol d.d., Ljubljana

In 2012 the average interest rate on short-term and long-term funding sources (including interest rate hedging) stood at 4.54 percent p.a. (2011: 4.38 percent p.a.).

The Company's liabilities arising from derivative financial instruments, commercial papers and bonds issued are explained in more detail in the note pertaining to the Group.

Other loans obtained by the Company relate to loans from Group companies amounting to EUR 20,433,978, as shown in the table below.

	Petrol d.d.	
(in EUR)	31 December 2012	31 December 2011
Petrol Maloprodaja Slovenija d.o.o.	9,244,037	7,765,730
Petrol Energetika d.o.o.	3,867,992	1,121,900
Petrol-Trade Handelsges.m.b.H.	1,579,354	0
Instalacija d.o.o.	1,569,805	0
Petrol Tehnologija d.o.o.	1,436,297	0
Cypet Oils Ltd.	1,349,702	0
Petrol Slovenia Tirana Wholesale Sh. A	1,271,910	1,240,971
Petrol Skladiščenje d.o.o.	82,812	58,491
Petrol VNC d.o.o.	32,069	64,439
Total	**20,433,978**	**10,251,531**

6.35 Non-current operating liabilities

Since the majority of non-current operating liabilities are the liabilities of Petrol d.d., Ljubljana, a joint disclosure for the Group and the Company is presented.

(in EUR)	The Petrol Group 31 December 2012	The Petrol Group 31 December 2011	Petrol d.d. 31 December 2012	Petrol d.d. 31 December 2011
Liabilities arising from interests acquired	14,381,153	26,000,000	14,381,153	26,000,000
Liabilities arising from assets received for administration	1,226,382	1,291,782	1,226,382	1,291,782
Other non-current operating liabilities	88,538	88,538	0	0
Total non-current operating liabilities	**15,696,073**	**27,380,320**	**15,607,535**	**27,291,782**

The Petrol Group and Petrol d.d., Ljubljana

Liabilities arising from acquired interests in companies of EUR 14,381,153 refer entirely to the long-term portion of the purchase price for a 49-percent interest in the company Petrol d.o.o. (previously Euro-Petrol d.o.o.). The liability disclosed falls due in accordance with the payment schedule for the years 2015 and 2016.

Non-current operating liabilities of the Group/Company of EUR 1,226,382 relate to property, plant and equipment received for administration from municipalities under concession agreements. Liabilities are decreased in line with the depreciation of the assets received.

6.36 Current operating liabilities

(in EUR)	The Petrol Group 31 December 2012	The Petrol Group 31 December 2011	Petrol d.d. 31 December 2012	Petrol d.d. 31 December 2011
Trade liabilities	305,800,009	274,096,209	246,487,382	212,505,309
Excise duty liabilities	50,256,902	49,795,483	47,651,255	46,291,421
Liabilities arising from interests acquired	31,249,288	34,661,978	31,249,288	34,661,978
Value added tax liabilities	18,383,803	20,831,879	16,977,940	17,713,832
Import duty liabilities	17,593,162	12,743,775	9,862,391	5,780,860
Environment pollution charge liabilities	12,732,911	3,250,143	12,770,061	3,221,645
Liabilities to employees	5,771,962	6,944,340	3,168,526	3,774,656
Other liabilities to the state and other state institutions	3,504,460	329,781	102,235	105,035
Liabilities arising from prepayments and collaterals	1,904,818	1,104,148	1,590,955	943,889
Social security contribution liabilities	628,597	635,126	266,404	262,635
Liabilities associated with the distribution of profit or loss	443,698	426,232	443,698	418,873
Other liabilities	1,982,439	1,543,765	2,188,925	1,826,817
Total current operating liabilities	**450,252,049**	**406,362,859**	**372,759,060**	**327,506,950**

Liabilities arising from acquired interests in companies of EUR 31,249,288 refer mainly to the short-term portion of the purchase price for the interest in the company Petrol d.o.o. (previously Euro-Petrol d.o.o.) amounting to EUR 3,700,000 and to the remaining portion of the purchase price for the interest in Instalacija d.o.o. amounting to EUR 27,299,288.

6.37 Other liabilities

(in EUR)	The Petrol Group 31 December 2012	31 December 2011	Petrol d.d. 31 December 2012	31 December 2011
Accrued annual leave expenses	1,819,017	1,511,914	921,740	889,792
Accrued costs for uninvoiced goods	587,516	15,124	587,516	11,137
Accrued goods shortages	564,789	543,165	564,789	543,165
Accrued litigation expenses	515,716	281,476	406,180	206,684
Accrued expenses for tanker demurrage	307,102	502,665	307,102	502,665
Accrued costs of compulsory stocks fees	0	0	0	0
Accrued motorway site lease payments	131,540	342,654	131,540	285,014
Accrued concession fee costs	161,941	142,102	161,941	142,102
Accrued environmental expenses	0	1,293,132	0	1,293,132
Other accrued costs	2,561,455	1,157,754	908,199	563,518
Deferred prepaid card revenue	954,175	474,832	954,175	474,832
Deferred default interest income	631,486	614,443	631,310	614,443
Deferred revenue from heating	330,808	388,569	0	0
Deferred revenue from rebates granted	0	139,990	0	0
Deferred revenue from assigned contributions	285,926	257,023	119,072	117,549
Deferred revenue from gas connections	160,166	206,781	126,117	185,290
Other deferred revenue	934,975	731,218	434,622	617,049
Total other liabilities	**9,946,612**	**8,602,842**	**6,254,303**	**6,446,372**

6.38 Assets and liabilities held for disposal

The Group's assets and liabilities held for disposal primarily consist of assets and liabilities of the subsidiary Vitales d.o.o., Bihać acquired through the business combination with the company IGES d.o.o. The principal activity of the company is production and marketing of enhanced biomass products. The company's assets and liabilities will be disposed of during its bankruptcy proceedings.

(in EUR)	The Petrol Group 31 December 2012	31 December 2011
Intangible assets	3,208	9,673
Property, plant and equipment	2,859,177	8,012,049
Inventories	21,671	137,015
Operating receivables	117,814	676,812
Prepayments and other assets	205,617	294,262
Total assets held for sale	**3,207,487**	**9,129,811**
Non-current operating liabilities	150,000	150,000
Non-current financial liabilities	2,679,712	7,902,127
Current operating liabilities	368,381	874,832
Current financial liabilities	1,019,826	3,875,628
Other liabilities	0	9,609
Total liabilities held for sale	**4,217,919**	**12,812,196**

7. Financial instruments and risk

This chapter presents disclosures about financial instruments and risks. Risk management is explained in the business risks section of the business report.

7.1 Credit risk

In 2012 the economic and financial crisis continued in Slovenia and globally, which was strongly reflected in the collection of receivables from legal and natural persons. This led the Group/Company to monitor even more closely the balance of trade receivables and tighten the terms on which sales on open account are approved by requiring a considerably wider range of high-quality collaterals.

The carrying amount of financial assets has maximum exposure to credit risks and was the following as at 31 December 2012:

(in EUR)	The Petrol Group		Petrol d.d.	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Available-for-sale financial assets	6,488,024	7,568,721	6,358,078	7,438,775
Non-current financial receivables	4,072,743	2,924,920	17,163,277	8,104,316
Non-current operating receivables	2,086,647	2,352,113	1,946,668	2,174,568
Current financial receivables	10,530,934	16,404,414	9,801,111	13,608,030
Current operating receivables	396,449,487	398,897,753	293,045,342	341,574,675
Financial assets at fair value through profit or loss	1,602,079	7,942,414	1,602,079	7,942,414
Cash and cash equivalents	37,625,459	60,701,551	28,813,254	32,949,888
Total assets	**458,855,373**	**496,791,886**	**358,729,809**	**413,792,666**

The item that was most exposed to credit risks on the reporting date was current operating receivables. Compared to the end of 2011, they decreased, in nominal terms, by 1 percent in relation to the Group and 14 percent in relation to the Company. The drop is primarily due to a decrease in receivables from Group companies.

Financial assets at fair value through profit or loss consist mainly of derivative financial instruments.

The Group's current operating receivables by maturity:

(in EUR)	Breakdown by maturity					
	Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	Total
Trade receivables	258,155,204	42,808,178	13,069,263	5,318,508	49,822,358	**369,173,511**
Allowances for trade receivables	0	(7,899)	(11,694)	(3,899,769)	(40,606,377)	**(44,525,739)**
Operating receivables from state and other institutions	16,223,575	129,531	250,445	10,902	0	**16,614,453**
Interest receivables	1,028,583	336,369	132,492	295,483	2,022,453	**3,815,380**
Allowances for interest receivables	0	0	(29,665)	(292,692)	(2,005,200)	**(2,327,557)**
Other receivables	8,445,294	1,101	1,825	4,255	841,934	**9,294,409**
Total balance as at 31 December 2011	**283,852,656**	**43,267,280**	**13,412,666**	**1,436,687**	**10,075,168**	**352,044,457**

(in EUR)	Breakdown by maturity					
	Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	Total
Trade receivables	247,962,693	44,734,054	12,611,040	3,158,065	66,953,896	**375,419,748**
Allowances for trade receivables	0	(5,907)	(2,890)	(1,616,049)	(41,028,691)	**(42,653,537)**
Operating receivables from state and other institutions	14,953,968	59,978	0	0	0	**15,013,946**
Interest receivables	237,245	225,322	158,846	90,226	1,726,489	**2,438,128**
Allowances for interest receivables	0	0	0	(68,724)	(1,611,154)	**(1,679,878)**
Other receivables	3,554,047	23,618	0	0	0	**3,577,665**
Total balance as at 31 December 2012	**266,707,953**	**45,037,065**	**12,766,996**	**1,563,518**	**26,040,540**	**352,116,072**

The Company's current operating receivables by maturity:

(in EUR)	Breakdown by maturity					
	Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	Total
Trade receivables	234,346,336	40,925,310	14,505,767	1,542,326	31,522,480	**322,842,219**
Allowances for trade receivables	0	0	0	(976,124)	(22,017,076)	**(22,993,200)**
Interest receivables	487,843	77,791	73,489	318,806	1,344,332	**2,302,261**
Allowances for interest receivables	0	0	0	(151,319)	(1,204,340)	**(1,355,659)**
Other receivables	16,430,195	0	0	0	0	**16,430,195**
Total balance as at 31 December 2011	**251,264,374**	**41,003,101**	**14,579,256**	**733,689**	**9,645,396**	**317,225,816**

(in EUR)	Breakdown by maturity					
	Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	Total
Trade receivables	197,365,385	31,318,807	10,220,542	1,143,908	43,506,170	**283,554,812**
Allowances for trade receivables	0	0	0	(696,405)	(24,829,296)	**(25,525,701)**
Interest receivables	2,189	(309,244)	110,946	295,512	1,801,754	**1,901,157**
Allowances for interest receivables	0	0	0	(35,107)	(1,278,073)	**(1,313,180)**
Other receivables	7,589,373	0	0	0	0	**7,589,373**
Total balance as at 31 December 2012	**204,956,947**	**31,009,563**	**10,331,488**	**707,908**	**19,200,555**	**266,206,461**

Changes in allowances for current operating receivables of the Group:

(in EUR)	Allowance for current operating receivables	Allowance for current interest receivables	Total
As at 1 January 2011	(26,419,513)	(1,066,993)	**(27,486,506)**
Net changes in allowances affecting profit or loss	(18,579,856)	(1,137,592)	**(19,717,448)**
Changes in allowances not affecting profit or loss	1,598,574	(134,765)	**1,463,809**
New acquisitions as a result of takeover	(1,362,800)	0	**(1,362,800)**
Foreign exchange differences	237,856	11,793	**249,649**
As at 31 December 2011	**(44,525,739)**	**(2,327,557)**	**(46,853,296)**

(in EUR)	Allowance for current operating receivables	Allowance for current interest receivables	Total
As at 1 January 2012	(44,525,739)	(2,327,557)	**(46,853,296)**
Net changes in allowances affecting profit or loss	14,619	911,149	**925,768**
Changes in allowances not affecting profit or loss	2,457,742	(263,842)	**2,193,900**
New acquisitions as a result of takeover	(685,892)	0	**(685,892)**
Disposal as a result of a company sale	52,287	0	**52,287**
Foreign exchange differences	33,446	372	**33,818**
As at 31 December 2012	**(42,653,537)**	**(1,679,878)**	**(44,333,415)**

Changes in allowances for current operating receivables of the Company:

(in EUR)	Allowance for current operating receivables	Allowance for current interest receivables	Total
As at 1 January 2011	(17,211,342)	(1,002,968)	(18,214,310)
Net changes in allowances affecting profit or loss	(6,901,847)	(217,982)	(7,119,829)
Changes in allowances not affecting profit or loss	0	(187,386)	(187,386)
Write-downs	1,119,989	52,676	1,172,665
As at 31 December 2011	**(22,993,200)**	**(1,355,660)**	**(24,348,859)**

(in EUR)	Allowance for current operating receivables	Allowance for current interest receivables	Total
As at 1 January 2012	(22,993,200)	(1,355,660)	(24,348,860)
Net changes in allowances affecting profit or loss	(3,965,481)	303,057	(3,662,424)
Changes in allowances not affecting profit or loss	0	(267,329)	(267,329)
Write-downs	1,432,980	6,751	1,439,731
As at 31 December 2012	**(25,525,701)**	**(1,313,181)**	**(26,838,881)**

Collateralisation of receivables

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Current trade receivables	375,419,748	369,173,511	283,554,812	322,842,219
Allowances	(42,653,537)	(44,525,739)	(25,525,701)	(22,993,200)
Current trade receivables including allowances	332,766,211	324,647,772	258,029,111	299,849,019
Overdue current trade receivables	127,457,055	111,018,307	86,189,427	88,495,883
Share of overdue receivables in outstanding receivables excluding allowances	34%	30%	30%	27%
Current operating receivables secured with high-quality collaterals	**148,019,863**	**127,156,245**	**110,544,444**	**98,735,337**

Only high-quality collaterals were presented in the overview of collaterals. Bills of exchange and promissory notes were excluded because they have a lower level of collectability.

The receivable from the Group's largest single customer stood at EUR 4,281,302 as at 31 December 2012, accounting for 1.29 percent of the trade receivables of the Group and 1.66 percent of the trade receivables of the Company.

These receivables mainly relate to receivables from domestic and foreign customers arising from the wholesale of goods and services and the sale of goods to the holders (natural persons) of the Petrol Club card. The structure of wholesale and retail customers (natural persons) is diversified, meaning there is no significant exposure to a single customer. The Company had 25,353 active customers (legal persons) as at 31 December 2012. The Group/Company has in place a computerised system of grades, ratings and blocks, enabling it to constantly monitor its customers.

The Group/Company improves the system for the monitoring of credit risks on a yearly basis. Due to an expected increase in the number of defaulting customers, the Group/Company tightened its credit standards in 2012, requiring from customers a wider range of collaterals (bank guarantees, mortgages, pledges).

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

(in days)	The Petrol Group 2012	The Petrol Group 2011	Petrol d.d. 2012	Petrol d.d. 2011
Days sales outstanding				
Contract days	38	38	38	40
Overdue receivables in days	19	21	17	17
Total days sales outstanding	**57**	**59**	**55**	**57**

In spite of the economic crisis the Group succeeded in reducing the number of days receivables were overdue, while the Group/Company even managed to reduce the number of days sales outstanding.

7.2 Liquidity risk

The Group/Company successfully manages liquidity risks, and the system itself remained virtually unchanged in 2012. However, as the number of subsidiaries in the Petrol Group increased, this area became more demanding to manage.

The Group/Company manages liquidity risks through:

- standardised and centralised treasury management at Group level,
- joint approach to banks in Slovenia and abroad,
- computer-assisted system for the management of cash flows of the parent company and all its subsidiaries,
- centralised collection of available cash through cash pooling.

Half of the Group's/Company's total revenue is generated through its retail network in which cash and payment cards are used as the means of payment. This ensures regular daily inflows and mitigates liquidity risks.

In addition, the Group/Company has credit lines at its disposal both in Slovenia and abroad, the size of which enables the Group to meet all its due liabilities at any given moment.

In 2012 the Group/Company successfully substituted long-term loans it had repaid with new long-term loans and a new issue of bonds, in spite of the financial crisis and shortage of long-term funding. The very issue of the bonds indicates that in addition to banks other financial investors also have trust in the Petrol Group. Although the Group obtained more long-term loans than it had repaid, its non-current assets to non-current liabilities ratio declined.

In 2012 the Group/Company focused even more on the planning of cash flows, in particular as regards cash inflows from lay away sales, which tend to be extremely unpredictable in the time of a crisis. Successful planning of cash flows enabled 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 by maturity

(in EUR)	Liability	0 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Non-current financial liabilities	382,620,653	0	0	356,291,274	26,329,379
Non-current operating liabilities	27,380,320	0	0	45,137	27,335,183
Current financial liabilities	240,925,685	168,303,761	72,621,924	0	0
Current operating liabilities	406,362,859	404,697,083	1,665,776	0	0
As at 31 December 2011	**1,057,289,517**	**573,000,844**	**74,287,700**	**356,336,411**	**53,664,562**

Current financial liabilities include derivative financial instruments amounting to EUR 5,998,616.

(in EUR)	Liability	0 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Non-current financial liabilities	440,348,775	0	0	380,218,586	60,130,189
Non-current operating liabilities	15,696,073	0	0	45,137	15,650,936
Current financial liabilities	206,207,242	126,018,019	80,189,223	0	0
Current operating liabilities	443,386,745	436,584,519	6,802,226	0	0
As at 31 December 2012	**1,105,638,835**	**562,602,538**	**86,991,449**	**380,263,723**	**75,781,125**

Current financial liabilities include derivative financial instruments amounting to EUR 6,224,862.

The Company's liabilities by maturity

(in EUR)	Liability	0 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Non-current financial liabilities	319,725,421	0	0	314,330,054	5,395,367
Non-current operating liabilities	27,291,782	0	0	27,291,782	0
Current financial liabilities	215,087,443	156,258,600	58,828,843	0	0
Current operating liabilities	327,506,950	326,059,470	1,447,480	0	0
As at 31 December 2011	**889,611,596**	**482,318,070**	**60,276,323**	**341,621,836**	**5,395,367**

Current financial liabilities include derivative financial instruments amounting to EUR 5,978,434.

(in EUR)	Liability	0 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Non-current financial liabilities	343,419,626	0	0	341,851,682	1,567,944
Non-current operating liabilities	15,607,535	0	0	15,607,535	0
Current financial liabilities	202,476,970	125,332,517	77,144,453	0	0
Current operating liabilities	372,759,060	370,263,785	2,495,275	0	0
As at 31 December 2012	**934,263,191**	**495,596,302**	**79,639,728**	**357,459,217**	**1,567,944**

Current financial liabilities include derivative financial instruments amounting to EUR 6,164,289.

The increase in the prices of petroleum products in 2012 is also reflected in higher operating liabilities of the Group/Company at the end of 2012 compared to the end of 2011. Operating liabilities also include deferred payments of purchase prices for the companies acquired in 2011 of EUR 31,249,288.

7.3 Foreign exchange risk

(in EUR)	The Petrol Group 31 December 2011				
	EUR	USD	HRK	BAM	RSD
Current operating receivables	268,025,078	321,822	49,564,461	32,262,487	1,870,609
Non-current operating receivables	925,709	0	0	0	0
Current financial receivables	4,162,855	0	11,509,001	0	0
Non-current financial receivables	2,921,212	0	1,858	0	1,850
Non-current operating liabilities	(27,380,320)	0	0	0	0
Current operating liabilities	(242,958,628)	(120,525,623)	(35,619,045)	(3,943,631)	(3,315,932)
Non-current financial liabilities	(371,836,074)	0	(651,604)	0	(3,036)
Current financial liabilities	(164,372,178)	(71,975,382)	(108,332)	(1,643,473)	(2,279)
Exposure of statement of financial position	**(530,512,346)**	**(192,179,183)**	**24,696,339**	**26,675,383**	**(1,448,788)**

(in EUR)	The Petrol Group 31 December 2012				
	EUR	USD	HRK	BAM	RSD
Current operating receivables	261,648,971	262,838	51,337,636	35,062,180	3,804,447
Non-current operating receivables	660,243	0	0	0	0
Current financial receivables	5,115,914	0	3,822,442	0	220,478
Non-current financial receivables	3,035,070	0	1,035,982	0	1,691
Non-current operating liabilities	(15,696,073)	0	0	0	0
Current operating liabilities	(248,369,480)	(157,439,050)	(36,152,083)	(4,670,060)	(3,621,376)
Non-current financial liabilities	(428,507,966)	0	(471,346)	0	(208)
Current financial liabilities	(202,438,985)	(32)	(1,166,533)	(179,132)	(415)
Exposure of statement of financial position	**(624,552,306)**	**(157,176,244)**	**18,406,098**	**30,212,988**	**404,617**

Because the Group/Company purchases petroleum products in US dollars, while sales in the domestic and foreign markets are made in local currencies, it is exposed to the risk of changes in the EUR/USD exchange rate.

The following exchange rates prevailed in 2012 and 2011:

Per 1 euro	31 December 2012	31 December 2011
USD	1.3183	1.2939
HRK	7.5500	7.5370
BAM	1.9558	1.9558
RSD	113.9300	103.6300

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. Foreign exchange hedging is used to hedge against the exposure to changes in the EUR/USD exchange rate. The EUR/USD exchange rate is thus fixed at the rate recognised under the Regulation on the Price Methodology for Petroleum Products and the margin is maintained. The hedging instruments used are forward contracts entered into with banks.

		Petrol d.d.		
		31 December 2011		
CHF	Total	EUR	USD	Total
0	352,044,457	315,148,354	2,077,462	317,225,816
0	925,709	748,164	0	748,164
0	15,671,856	12,993,255	0	12,993,255
0	2,924,920	8,104,316	0	8,104,316
0	(27,380,320)	(27,291,782)	0	(27,291,782)
0	(406,362,859)	(206,634,711)	(120,872,239)	(327,506,950)
(815,938)	(373,306,652)	(311,942,456)	0	(311,942,456)
(214,479)	(238,316,123)	(140,916,808)	(71,840,938)	(212,757,746)
(1,030,417)	**(673,799,012)**	**(349,791,668)**	**(190,635,714)**	**(540,427,382)**

		Petrol d.d.		
		31 December 2012		
CHF	Total	EUR	USD	Total
0	352,116,072	265,720,641	485,820	266,206,461
0	660,243	520,264	0	520,264
0	9,158,834	9,161,730	0	9,161,730
0	4,072,743	17,163,277	0	17,163,277
0	(15,696,073)	(15,607,535)	0	(15,607,535)
0	(450,252,049)	(215,406,730)	(157,352,330)	(372,759,060)
(712,884)	(429,692,404)	(335,108,925)	0	(335,108,925)
(107,959)	(203,893,056)	(198,839,935)	(1,364,712)	(200,204,647)
(820,843)	**(733,525,690)**	**(472,397,213)**	**(158,231,222)**	**(630,628,435)**

The effect of forward contracts:

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Unrealised loss	(709,985)	0	(709,985)	0
Unrealised gain	77,791	6,558,462	77,791	6,558,462
Realised loss	(18,050,085)	(15,650,734)	(18,050,085)	(15,650,734)
Realised gain	15,059,835	16,715,783	15,059,835	16,715,783
Total effect of forward contracts	**(3,622,444)**	**7,623,511**	**(3,622,444)**	**7,623,511**

The effects of forward contracts need to be considered together with foreign exchange differences arising on the purchasing of oil and petroleum products. The total effect of forward contracts and foreign exchange differences consists of expenses of EUR 3,853,391 for the Group (2011: EUR 10,345,776) and expenses of EUR 3,947,741 for the Company (2011: EUR 8,501,117).

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 EUR/HRK exchange rate arising from the sale of euro-denominated goods in Croatia. Considering that due to an illiquid market the cost of hedging against changes in the above exchange rates would be excessive and that the above items represent only a small part of the Group's operations, the Group is not exposed to significant risks in this area.

The Group/Company does not perform sensitivity analyses for changes in the EUR/USD exchange rate given that regulations on the price methodology in force in its major markets (Slovenia and Croatia) allow for changes in the exchange rates to be passed on to retail prices. Retail prices change every 14 days, and the Group/Company uses forward contracts to hedge against exchange rate changes that are included in price changes.

The Group/Company does not perform sensitivity analyses for changes in other exchange rates (EUR/HRK, EUR/RSD and EUR/CHF) as it estimates the exposure to be minimal and the changes would not have a material impact on profit or loss.

7.4 Price risk

The Group/Company hedges petroleum product prices primarily by using commodity swaps (variable to fixed price swap). Partners in this area include global financial institutions and banks or suppliers of goods, which is why the Group/Company estimates that the counterparty default risk is nil.

The effect of commodity swaps:

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Unrealised loss	(19,935)	(702,089)	(19,935)	(702,089)
Unrealised gain	212,234	542,828	212,234	542,828
Realised loss	(3,542,971)	(8,151,108)	(3,542,971)	(8,151,108)
Realised gain	7,922,275	4,466,295	7,922,275	4,466,295
Total effect of forward contracts	**4,571,603**	**(3,844,074)**	**4,571,603**	**(3,844,074)**

Because commodity swaps are not designated as a hedging instrument in a hedge of the variability in cash flows attributable to a recognised asset or liability, gains and losses are recognised directly in other finance income and expenses. Taking into account the higher margin resulting from commodity swaps, the Group/Company generated a net loss on commodity swaps of EUR 301,321 in 2012 (2011: a gain of EUR 748,363).

The Group does not perform sensitivity analyses for changes in the prices of petroleum products given that regulations on the price methodology in force in its major markets (Slovenia and Croatia) allow for changes in the prices of petroleum products to be passed on to retail prices, which change fortnightly.

7.5 Interest rate risk

In the financing of capital investments and current operations, interest rate risks are incurred as the Group/Company enters into long-term loan agreements based on Euribor, which changes on a daily basis. With respect to short-term funding, loan agreements have a fixed nominal interest rate, but they too are being progressively adapted to changes in Euribor.

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 of the Petrol Group.

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 interest margin. The Group/Company therefore recognises the value of the hedging 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.

Because partners in this area include first-class Slovene banks, the Group/Company estimates that the counterparty default risk is nil.

Interest rate swaps by maturity

(in EUR)	The Petrol Group 31 December 2012	The Petrol Group 31 December 2011	Petrol d.d. 31 December 2012	Petrol d.d. 31 December 2011
6 months or less	45,000,000	0	45,000,000	0
6 to 12 months	32,000,000	44,000,000	32,000,000	44,000,000
1 to 5 years	140,833,333	187,000,000	103,333,333	177,000,000
More than 5 years	9,230,770	0	0	0
Total interest rate swaps	**227,064,103**	**231,000,000**	**180,333,333**	**221,000,000**

The effect of interest rate swaps

(in EUR)	The Petrol Group 31 December 2012	The Petrol Group 31 December 2011	Petrol d.d. 31 December 2012	Petrol d.d. 31 December 2011
Unrealised gain (loss) on effective transactions	(944,373)	1,477,088	485,430	1,477,088
Unrealised loss on ineffective transactions	0	(47)	0	(47)
Unrealised gain on ineffective transactions	0	10,984	0	10,984
Realised loss	(4,415,457)	(3,946,581)	(4,252,308)	(3,926,398)
Realised gain	50,518	88,102	50,518	88,102
Total effect of interest rate swaps	**(5,309,312)**	**(2,370,454)**	**(3,716,360)**	**(2,350,271)**

The Group's/Company's exposure to the risk of changing interest rates was as follows:

Financial instruments with a fixed interest rate

(in EUR)	The Petrol Group 2012	The Petrol Group 2011	Petrol d.d. 2012	Petrol d.d. 2011
Total interest rate swaps	227,064,103	231,000,000	180,333,333	221,000,000
Net financial instruments with a fixed interest rate	**227,064,103**	**231,000,000**	**180,333,333**	**221,000,000**

Financial instruments with a variable interest rate

(in EUR)	The Petrol Group 2012	The Petrol Group 2011	Petrol d.d. 2012	Petrol d.d. 2011
Financial receivables	13,231,577	18,596,776	26,325,007	21,097,571
Financial liabilities	(633,585,460)	(611,622,775)	(535,313,572)	(524,700,202)
Net financial instruments with a variable interest rate	**(620,353,883)**	**(593,025,999)**	**(508,988,565)**	**(503,602,631)**

A change in the interest rate by 100 or 200 basis points on the reporting date would have increased (decreased) net profit or loss by amounts indicated below. Cash flow sensitivity analysis in the case of instruments with a variable interest rate assumes that all variables, in particular foreign exchange rates, remain unchanged. In performing the calculation, receivables/(liabilities) with variable interest rates are further decreased by the total amount of interest rate swaps. The analysis was prepared in the same manner for both years.

Change in net profit or loss in the case of an increase by 100 or 200 bp

	The Petrol Group		Petrol d.d.	
(in EUR)	2012	2011	2012	2011
Cash flow variability (net) - 100 bp	(3,932,898)	(3,620,260)	(3,286,552)	(2,826,026)
Cash flow variability (net) - 200 bp	(7,865,796)	(7,240,520)	(6,573,105)	(5,652,053)

Change in net profit or loss in the case of a decrease by 100 or 200 bp

	The Petrol Group		Petrol d.d.	
(in EUR)	2012	2011	2012	2011
Cash flow variability (net) - 100 bp	3,932,898	3,620,260	3,286,552	2,826,026
Cash flow variability (net) - 200 bp	7,865,796	7,240,520	6,573,105	5,652,053

7.6 Equity management

The main purpose of equity 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.

At the end of 2012, the debt to equity ratio of the Group/Company was higher for several reasons. One of them is higher prices of petroleum products resulting in increased working capital and another is the fact that in 2012 the Group's investment activity was very strong in terms of acquisitions, as a result of which indebtedness rose through the consolidation of acquired companies.

7.7 Carrying amount and fair value of financial instruments

The Petrol Group

	The Petrol Group			
	31 December 2012		31 December 2011	
(in EUR)	Carrying amount	Fair value	Carrying amount	Fair value
Non-derivative financial assets at fair value				
Available-for-sale financial assets	6,488,024	6,488,024	7,568,721	7,568,721
Non-derivative financial assets at amortised cost				
Financial receivables	13,231,577	13,231,577	18,596,776	18,596,776
Operating receivables	352,776,315	352,776,315	352,970,166	352,970,166
Cash, cash equivalents and corporate income tax assets	45,599,424	45,599,424	60,777,761	60,701,551
Total non-derivative financial assets	**418,095,340**	**418,095,340**	**439,837,214**	**439,837,214**
Non-derivative financial liabilities at amortised cost				
Bank loans and other financial liabilities	(627,360,598)	(630,411,180)	(605,624,159)	(609,236,653)
Operating liabilities	(465,948,122)	(465,948,122)	(433,743,179)	(433,743,179)
Total non-derivative financial liabilities	**(1,093,308,720)**	**(1,096,359,302)**	**(1,045,365,954)**	**(1,048,978,448)**
Derivative financial instruments at fair value				
Derivative financial instruments (assets)	1,602,079	1,602,079	7,942,414	7,942,414
Derivative financial instruments (liabilities)	(6,224,862)	(6,224,862)	(5,998,616)	(5,998,616)
Total derivative financial instruments	**(4,622,783)**	**(4,622,783)**	**1,943,798**	**1,943,798**

Petrol d.d., Ljubljana

	Petrol d.d.			
	31 December 2012		31 December 2011	
(in EUR)	Carrying amount	Fair value	Carrying amount	Fair value
Non-derivative financial assets at fair value				
Available-for-sale financial assets	6,358,078	6,358,078	7,438,775	7,438,775
Non-derivative financial assets at amortised cost				
Financial receivables	24,722,928	24,722,928	13,155,157	13,155,157
Operating receivables	266,726,725	266,726,725	317,973,980	317,973,980
Cash, cash equivalents and corporate income tax assets	35,761,381	35,761,381	32,949,888	32,949,888
Total non-derivative financial assets	**333,569,112**	**333,569,112**	**371,517,800**	**371,517,800**
Non-derivative financial liabilities at amortised cost				
Bank loans and other financial liabilities	(522,984,994)	(526,035,576)	(512,743,334)	(516,355,828)
Operating liabilities	(388,366,595)	(388,366,595)	(354,798,732)	(354,798,732)
Total non-derivative financial liabilities	**(911,351,589)**	**(914,402,171)**	**(867,542,066)**	**(871,154,560)**
Derivative financial instruments at fair value				
Derivative financial instruments (assets)	1,602,079	1,602,079	7,942,414	7,942,414
Derivative financial instruments (liabilities)	(6,164,289)	(6,164,289)	(5,978,434)	(5,978,434)
Total derivative financial instruments	**(4,562,210)**	**(4,562,210)**	**1,963,980**	**1,963,980**

Presentation of financial assets measured at fair value according to the fair value hierarchy

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Total financial assets at fair value through profit or loss	1,602,079	7,942,414	1,602,079	7,942,414
Level 1 financial assets at fair value	**1,602,079**	**7,942,414**	**1,602,079**	**7,942,414**
Available-for-sale financial assets	6,488,024	7,568,721	6,358,078	7,438,775
Level 3 financial assets at fair value	**6,488,024**	**7,568,721**	**6,358,078**	**7,438,775**
Total financial assets at fair value	**8,090,103**	**15,511,135**	**7,960,157**	**15,381,189**

8. Related party transactions

Petrol d.d., Ljubljana is a joint-stock company listed on the Ljubljana Stock Exchange. The ownership structure as at 31 December 2012 is presented in chapter Corporate and Governance System of Petrol d.d., Ljubljana in the business report.

All related party transactions with the Group/Company were carried out based on the market conditions applicable to transactions with unrelated parties.

Companies in the Petrol Group

(in EUR)	The Petrol Group 2012	The Petrol Group 2011	Petrol d.d. 2012	Petrol d.d. 2011
Sales revenue:				
Subsidiaries	-	-	313,500,292	286,774,278
Jointly controlled entities	15,325,627	8,146,870	14,630,592	7,927,251
Associates	2,220,544	1,972,610	2,161,584	1,972,610
Cost of goods sold:				
Subsidiaries	-	-	61,506,694	1,030,768,578
Jointly controlled entities	0	3,667	0	0
Associates	56,569,278	46,894,247	2,923,388	1,273,789
Costs of materials:				
Subsidiaries	-	-	1,714,148	1,608,215
Jointly controlled entities	28,336	393	2,863	213
Associates	22,262	9,133	22,262	8,813
Costs of services:				
Subsidiaries	-	-	26,224,011	19,252,150
Jointly controlled entities	34,958	7,387,702	16	7,387,702
Associates	44,630	46,205	42,934	45,005
Other costs:				
Subsidiaries	-	-	138,551	155,002
Associates	417	210	417	20
Finance income from interests in Group companies:				
Subsidiaries	-	-	6,581,244	9,981,814
Jointly controlled entities	4,198,030	6,273,777	0	0
Associates	5,255,256	6,946,176	5,542,018	4,905,469
Finance expenses for interests in Group companies:				
Jointly controlled entities	497,104	707,370	0	0
Associates	0	1,870,925	0	0
Finance income from interest:				
Subsidiaries	-	-	1,070,537	2,518,752
Jointly controlled entities	81,859	293,156	81,859	74,058
Associates	0	1,029	0	1,029
Finance expenses due to impairment of investments:				
Subsidiaries	-	-	983,950	0
Finance expenses for interest:				
Subsidiaries	-	-	203,979	405,448
Jointly controlled entities	30,939	95,587	30,939	59,252
Associates	1,501,728	0	1,501,728	0

(in EUR)	The Petrol Group 31 December 2012	The Petrol Group 31 December 2011	Petrol d.d. 31 December 2012	Petrol d.d. 31 December 2011
Investments in Group companies:				
Subsidiaries	-	-	364,715,239	298,499,439
Jointly controlled entities	41,931,824	37,964,476	4,740,464	2,583,500
Associates	98,807,655	99,406,712	131,235,000	135,743,305
Non-current financial receivables:				
Subsidiaries	-	-	14,350,917	5,461,671
Current operating receivables:				
Subsidiaries	-	-	39,604,883	78,520,419
Jointly controlled entities	206,875	184,533	154,844	75,776
Associates	385,861	266,562	315,109	266,562
Current financial receivables:				
Subsidiaries	-	-	6,242,835	9,043,276
Jointly controlled entities	2,743,988	0	743,988	0
Short-term deposits (up to 3 months):				
Subsidiaries	-	-	2,127,770	1,297,988
Short-term deferred costs and expenses:				
Subsidiaries	-	-	483,579	0
Accrued revenue:				
Subsidiaries	-	-	198,082	0
Jointly controlled entities	5,000	0	0	0
Current financial liabilities:				
Subsidiaries	-	-	19,162,068	9,010,560
Jointly controlled entities	3,272,869	1,245,347	1,271,910	1,240,971
Non-current operating liabilities:				
Associates	0	26,000,000	0	26,000,000
Current operating liabilities:				
Subsidiaries	-	-	7,065,342	45,717,023
Jointly controlled entities	11,921	3,051	2,473	350
Associates	41,393,254	40,738,076	27,813,657	31,925,342

Companies related to the management and the Supervisory Board

In 2012 the Group/Company did business with companies and groups which have ownership ties with a member of the Supervisory Board of Petrol d.d., Ljubljana.

The business with Perspektiva FT, d.o.o., was limited to transactions in long-term certificates of deposit issued by domestic commercial banks. The purchase of certificates of deposits issued by commercial banks by Petrol d.d., Ljubljana from the said company was done on a temporary basis to manage its current liquidity. Long-term certificates of deposits issued by commercial banks consist of paper-form securities that were endorsed and transferred to Petrol, d.d., upon each purchase.

In 2012 the Group/Company temporarily purchased from the above company the certificates of deposit and bonds issued by commercial banks for the total amount of EUR 10,394,832 (2011: EUR 31,048,415), reselling them to the same company for the total amount of EUR 10,249,590 (2011: EUR 32,098,840) in the period concerned. The investments held by Petrol d.d., Ljubljana as at 31 December 2012 included a temporary holding of certificates of deposit and bonds issued by domestic commercial banks amounting to EUR 4,446,590 (2011: EUR 4,301,499).

In 2012 Petrol d.d., Ljubljana generated EUR 6,062,059 in revenue from sales to the CGP Group (2011: EUR 3,892,918). The balance of receivables from the CGP Group as at 31 December 2012 stood at EUR 1,567,944 (31 December 2011: EUR 1,426,698). In 2012 Petrol d.d., Ljubljana did not purchase goods and services from the CGP

Group and had no outstanding liabilities to the group as at 31 December 2012.

In 2012 Petrol d.d., Ljubljana generated revenue from sales involving the Lisca Group of EUR 34,967 (2011: EUR 32,633); the balance of receivables as at 31 December 2012 was EUR 2,394 (31 December 2011: EUR 1,133). In 2012 Petrol d.d., Ljubljana did not purchase goods and services from the Lisca Group and had no outstanding liabilities to the group as at 31 December 2012.

In 2012 Petrol d.d., Ljubljana generated revenue from sales involving the company Tiskarna Novo mesto d.d. of EUR 54,829 (2011: EUR 49,583); the balance of receivables as at 31 December 2012 was EUR 19,780 (31 December 2011: EUR 18,460). In 2012 Petrol d.d., Ljubljana did not purchase goods and services from the company Tiskarna Novo mesto d.d. and had no outstanding liabilities to the group as at 31 December 2012.

Companies related to the state

In 2012 Petrol d.d., Ljubljana did business with organisations and companies that have ownership ties with the state. Major transactions were as follows:

		The Petrol Group		Petrol d.d.	
(in EUR)	Description	Volume of receivables	Volume of liabilities	Volume of receivables	Volume of liabilities
National budget	VAT, excise duties, dues, income tax	1,104,679,685	1,374,167,500	1,074,559,476	1,335,204,356
DARS d.d.	Sale of fuel, purchase of vignettes, contributions for operations at motorway service areas	6,202,677	93,644,721	6,195,880	93,644,721
Agency of the Republic of Slovenia for Commodity Reserves	Compulsory oil stocks membership, replacement of fuel	69,692,836	26,187,985	63,975,574	26,187,985
ADRIA AIRWAYS D.D.	Sale of fuel	12,579,776	0	12,578,941	0
The SŽ Group	Sale and transport of fuel	17,351,833	7,391,206	17,351,833	7,390,796
JAVNO PODJETJE LJUBLJANSKI POTNIŠKI PROMET, d.o.o.	Sale of fuel	9,188,494	0	9,188,011	0
MINISTRY OF DEFENCE, LJUBLJANA	Sale of fuel	6,445,607	0	6,444,037	0
MINISTRY OF THE INTERIOR, POLICE, LJUBLJANA	Sale of fuel	5,955,481	0	5,955,481	0
LOTERIJA SLOVENIJE, D.D.	Fees, sale of fuel	2,937,211	27,783,746	2,937,211	27,783,746
ŠPORTNA LOTERIJA D.D.	Fees, sale of fuel	2,709,521	15,973,425	2,709,521	15,973,425
KOMUNALA, JAVNO PODJETJE D.O.O.	Sale of fuel	2,392,863	0	2,392,863	0
TELEKOM SLOVENIJE D.D.	Sale of fuel, purchase of services	1,913,853	7,086,073	1,913,853	7,086,073
SNAGA,D.O.O.	Sale of fuel	1,757,666	50,936	1,757,666	0
POŠTA SLOVENIJE D.O.O.	Fees, sale of fuel	4,791,280	2,242	4,791,280	0

9. Remuneration of Supervisory Board and Management Board members and of employees with individual contracts

Remuneration of Supervisory Board members of Petrol d.d., Ljubljana

(in EUR)	Remuneration for duties performed	Atendance fees	Total
Tomaž Kuntarič, President	14,400	4,364	18,764
Bruno Korelič, Deputy President	12,000	4,091	16,091
Dari Južna, Member	12,000	5,198	17,198
Irena Prijović, Member	12,000	3,548	15,548
Urban Golob, Member (until 31 May 2012)	5,000	2,391	7,391
Mateja Božič, Member (from 24 May until 31 December 2012)	7,258	2,805	10,063
Boštjan Trstenjak	12,000	3,960	15,960
Franc Premrn, Member	12,000	5,198	17,198
Andrej Tomplak, Member	12,000	3,548	15,548
Total:	**98,658**	**35,103**	**133,761**

Remuneration of Management Board members of Petrol d.d., Ljubljana

(in EUR)	Fixed pay	Variable pay	Costs reimbursed	Benefits - insurance premiums	Other receipts and benefits	Total
Tomaž Berločnik, MSc, President of the Management Board	198,007	74,520	824	16,218	10,919	**300,488**
Rok Vodnik, MSc, Member of the Management Board	168,001	68,370	814	14,589	8,578	**260,352**
Janez Živko, MBA, Member of the Management Board	168,001	68,370	750	6,692	15,056	**258,869**
Samo Gerdin, Member of the Management Board, Worker Director	77,699	15,818	1,297	258	926	**95,998**
Total:	**611,708**	**227,078**	**3,686**	**37,757**	**35,478**	**915,707**

Other receipts and benefits relate to annual leave allowances and use of company vehicles.

Total remuneration paid in 2012 by the Company and the Group to employees with individual contracts who are not subject to the tariff part of the collective agreement (excluding Management Board members) stood at EUR 2,217,346 and EUR 3,952,937 respectively.

Total remuneration paid in 2012 by the Company and the Group to the members of the Workers' Council stood at EUR 5,234 and EUR 9,688 respectively.

The Company and the Group had no receivables from or liabilities to Supervisory Board members as at 31 December 2012.

The Company and the Group had no receivables from or liabilities to Management Board members as at 31 December 2012, except for liabilities arising from December salaries payable in January 2013.

10. Contingent liabilities

Contingent liabilities for guarantees issued

Maximum contingent liabilities of Petrol d.d., Ljubljana for guarantees issued stood at EUR 230,804,363 as at 31 December 2012 (2011: EUR 339,958,146) and were as follows:

(in EUR)	Petrol d.d. 31 December 2012	Petrol d.d. 31 December 2011	Petrol d.d. 31 December 2012	Petrol d.d. 31 December 2011
Guarantee issued to:	**Value of guarantee issued**		**Guarantee amount used**	
Petrol d.o.o.	139,934,273	84,618,903	97,125,449	54,972,162
Petrol-Trade Handelsges.m.b.H.	28,792,763	12,364,287	2,000,000	437,611
Petrol Energetika d.o.o.	14,860,006	13,462,006	5,225,051	5,375,492
Petrol Plin d.o.o.	5,636,159	4,182,860	3,653,843	1,912,858
Bio goriva d.o.o.	5,406,000	5,406,000	436,000	436,000
Petrol BH Oil Company d.o.o.	3,425,656	2,914,364	1,078,980	2,254,661
Beogas Invest d.o.o.	1,129,412	-	1,129,412	-
Aquasystems d.o.o.	911,309	911,309	911,309	911,309
Petrol-Oti-Slovenija L.L.C.	633,038	0	559,033	0
Petrol d.o.o., Beograd	132,287	5,245,500	0	5,245,500
Petrol Tehnologija d.o.o.	50,000	50,000	2,224	1,206
Cypet-Trade Ltd	0	159,297,164	0	44,218,255
Total	**200,910,903**	**288,452,393**	**112,121,301**	**115,765,054**
Other guarantees	12,608,585	8,409,047	12,608,585	8,409,047
Bills of exchange issued as security	14,535,520	25,320,990	14,535,520	25,320,990
Total contingent liabilities for guarantees issued	**228,055,008**	**322,182,430**	**139,265,406**	**149,495,091**

Contingent liabilities for lawsuits

The total value of lawsuits against the Company as defendant and debtor totals EUR 7,184,563. Interest on overdue amounts arising from claims stood at EUR 133,631 as at 31 December 2012. The Company's management estimates that there is high probability that some of these lawsuits will be lost. As a result, the Company set aside short-term provisions, which stood at EUR 331,114 as at 31 December 2012 (31 December 2011: EUR 153,594). In addition, the Company created short-term provisions for interest on overdue amounts arising from claims, which totalled EUR 75,066 as at 31 December 2012 (31 December 2011: EUR 53,090).

The total value of lawsuits against the Group as defendant and debtor totals EUR 7,297,850. Interest on overdue amounts arising from claims stood at EUR 143,749 as at 31 December 2012. The Group's management estimates that there is high probability that some of these lawsuits will be lost. As a result, the Group set aside short-term provisions, which stood at EUR 430,532 as at 31 December 2012 compared to EUR 224,248 as at 31 December 2011. In addition, the Group created short-term provisions for interest on overdue amounts arising from claims, which totalled EUR 85,184 as at 31 December 2012 compared to EUR 57,228 as at 31 December 2011.

Option contracts

Upon the establishment of the jointly controlled entity Petrol Slovenia Tirana Wholesale Sh.A. in 2007, the Company entered into an option contract based on which it is entitled to purchase the cofounder's share after five years of the establishment of the jointly controlled entity at market value as assessed on that date. Considering the nature of the option contract, its fair value as at 31 December 2012 is estimated to be nil.

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

In accordance with provisions of Article 57 of the Regulation on the Methodology for Preparing Opening Balance Sheet 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 statement of financial position and establishment of off-balance-sheet records of investments and receivables for goods due from Energoinvest, Bosanski Brod, in the republics of former Yugoslavia. The value of the contingent liability arising from investments is estimated at SIT 0, whereas the estimated value of the receivables for goods totals SIT 184,000,000. The Company's off-balance-sheet assets and liabilities arising from the above items stood at EUR 767,818 as at 31 December 2012.

Inventories owned by other entities

The Group's and the Company's inventories as at 31 December 2012 included commodity reserve stocks of the Republic of Slovenia totalling EUR 137,602,928. The Company's and the Group's inventories as at 31 December 2012 also included goods delivered on consignment totalling EUR 47,061,294 and EUR 47,525,865 respectively. The goods delivered on consignment are carried at cost, while the commodity reserve stocks are carried at calculated prices.

11. Events subsequent to the reporting date

There were no events after the reporting date that would significantly affect the disclosed financial statements for 2012.

Energy for life