

# Report on the operations of the Petrol Group and the company Petrol d.d., Ljubljana in the first nine months of 2012



November 2012

**PETROL**

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## STATEMENT OF THE MANAGEMENT BOARD

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 their best knowledge:

- the financial report of the Petrol Group and Petrol d.d., Ljubljana for the first nine months of 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 first nine months of 2012 gives a fair view of the development and results of the Company's operations and its financial position, including the description of significant risks that the company Petrol d.d., Ljubljana and other companies included in the consolidation are exposed to as a whole;
- the report of the Petrol Group and the company Petrol d.d., Ljubljana for the first nine months of 2012 contains a fair presentation of significant transactions with related entities, which has been prepared in accordance with International Financial Reporting Standards.

**Tomaž Berločnik**

President of the Management Board

**Rok Vodnik**

Member of the Management Board

**Janez Živko**

Member of the Management Board

**Samo Gerdin**

Member of the Management Board/Worker Director

## INTRODUCTORY NOTES

Publication of the report on the operations of the Petrol Group and the company Petrol, d.d., Ljubljana, Dunajska 50, in the first nine months of 2012 is in compliance with the Market in Financial Instruments Act, the Ljubljana Stock Exchange Rules, Guidelines on Disclosure for Listed Companies and other relevant legislation.

The figures and explanation of the operations have been prepared on the basis of unaudited consolidated financial statements of the Petrol Group and unaudited financial statements of the company Petrol, d.d., Ljubljana for the first nine months of 2012, in compliance with the Companies Act and International Financial Reporting Standards (IFRS).

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

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

The report on the operations in the first nine months of 2012 has been published on the website of Petrol d.d., Ljubljana (<http://www.petrol.si>), and is available on demand at the registered office of Petrol d.d., Ljubljana, Dunajska cesta 50, 1527 Ljubljana, every working day between 8 am and 3 pm.

The Company's Supervisory Board discussed the report on the Company's operations in the first nine months of 2012 at its meeting held on 22 November 2012.

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

Company name	<b>Petrol, slovenska energetska družba, d.d., Ljubljana</b>
Abbreviated company name	<b>Petrol d.d., Ljubljana</b>
Registered office	<b>Dunajska cesta 50, 1527 Ljubljana</b>
Phone	<b>(01) 47 14 234</b>
Fax	<b>(01) 47 14 809</b>
Website	<b><a href="http://www.petrol.si">http://www.petrol.si</a></b>
Activity code	<b>47,301</b>
Company registration number	<b>5025796000</b>
VAT ID	<b>SI 80267432</b>
Called-up capital	<b>EUR 52.24m</b>
Number of shares	<b>2.086.301</b>
President of the Management Board	<b>Tomaž Berločnik</b>
Members of the Management Board	<b>Rok Vodnik, Janez Živko, Samo Gerdin (worker director)</b>
President of the Supervisory Board	<b>Tomaž Kuntarič</b>

**List of acronyms and explanation of financial ratio calculations**

<b>Ratio/acronym</b>	<b>Explanation</b>
SEE	Southeastern Europe
Merchandise	Includes automotive products, foodstuffs, accessories, tobacco and lottery products, coupons, cards, coffee-to-go and other merchandise (chemical products, wood biomass)
EEC	Efficient energy consumption
EBITDA	Operating profit or loss + regular depreciation and amortisation
Earnings per share	Net profit or loss for the period / weighted average number of issued ordinary shares, excluding own shares
Book value of share	Equity as at period end / total number of shares

# HIGHLIGHTS

**Significant performance indicators for the Petrol Group**

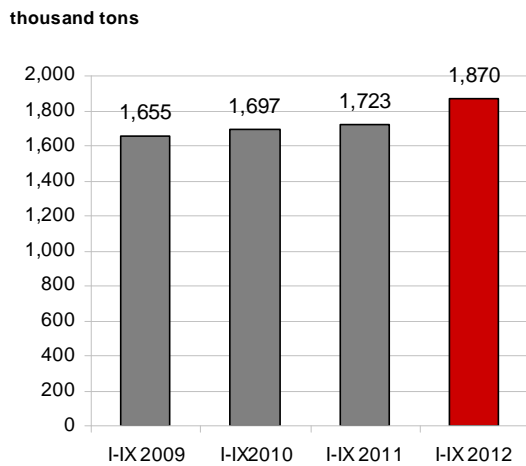
The Petrol Group	Unit	I-IX 2012	I-IX 2011	Index 2012 / 2011
Sales revenues	EUR million	2,777.7	2,359.8	118
Gross profit or loss	EUR million	246.1	229.9	107
Operating profit or loss	EUR million	69.5	66.4	105
Net profit or loss	EUR million	41.9	36.2	116
EBITDA	EUR million	97.7	91.4	107
Non-current (long-term) assets as per day	EUR million	801.6	612.9	131
Earnings per share	EUR	20.0	17.4	115
Net debt / equity		1.40	1.11	126

The Petrol Group	Unit	I-IX 2012	I-IX 2011	Index 2012 / 2011
Volume of petroleum products sold	thousand tons	1,870.0	1,723.1	109
Volume of liquefied petroleum gas sold	thousand tons	47.5	40.0	119
Volume of natural gas sold	thousand m <sup>3</sup>	77,172	72,692	106
Electricity sold	TWh	1.9	0.8	234
Heat sold	000 MWh	45.7	50.8	90
Revenue from the sale of merchandise	EUR million	356.8	328.3	109
Investments in fixed assets	EUR million	93.3	52.3	178
Number of service stations on the last day of the period <sup>1</sup>		461	454	102

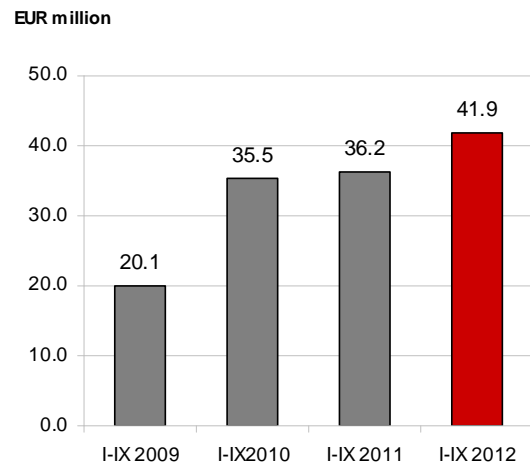
<sup>1</sup>Number of service stations for the year 2011 as at 31.12.2011.



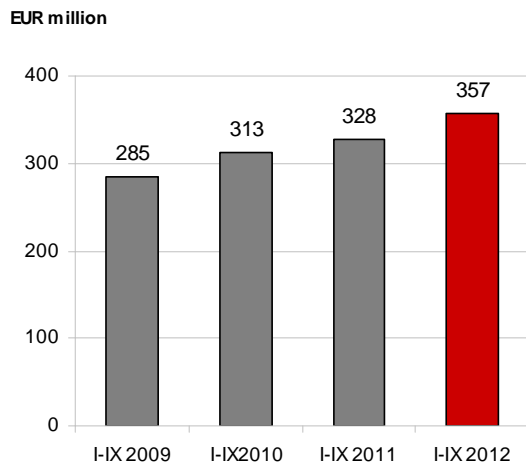
**Figure 1: Volume of petroleum products sold by the Petrol Group**



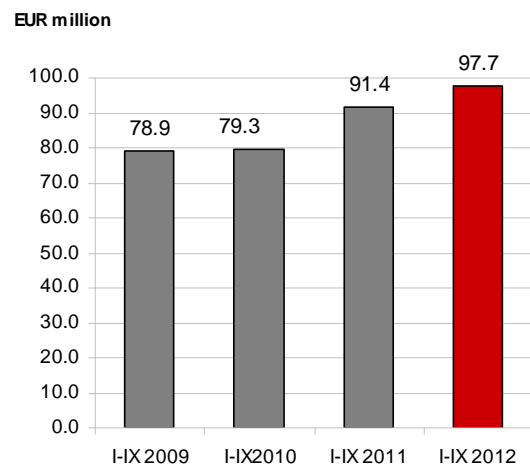
**Figure 4: Net profit or loss of the Petrol group**



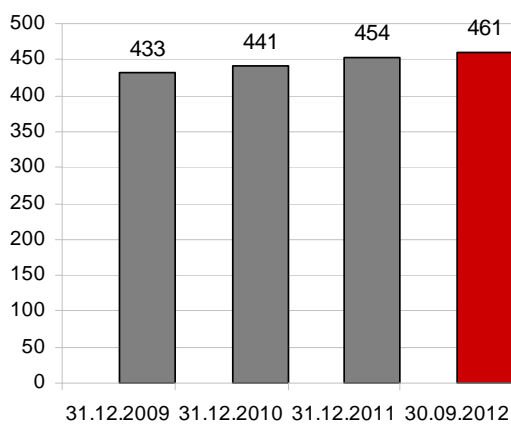
**Figure 2: The Petrol Group's revenue from the sale of merchandise**



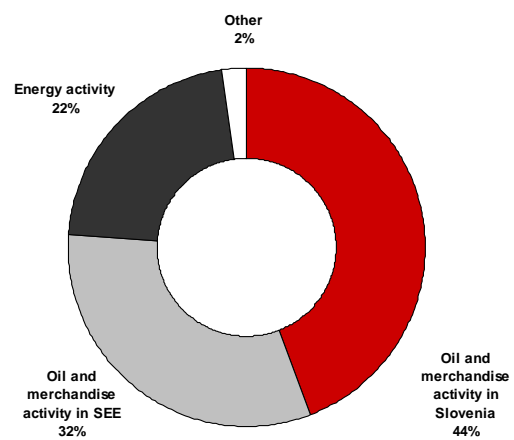
**Figure 5: EBITDA of the Petrol Group**



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



**Figure 6: Breakdown of the Petrol Group's investments in the first nine months of 2012**



# BUSINESS REPORT

## Operations of the Petrol Group

The Petrol Group continues to perform well also this year, concluding the period of the first nine months with strong operating results despite the still difficult economic situation in Slovenia, the EU and the SE Europe markets where it operates. In Slovenia and Croatia, Petrol's biggest sales markets, a drop in economic activity and private consumption accompanied by increasing unemployment can be observed. In Slovenia, the market situation is further deteriorated by a decline in construction activity – on the downward trend since 2008 – as well as by payment defaults and lack of companies' liquidity.

**Table 2: The Petrol Group's financial performance indicators**

The Petrol Group	EUR million		
	Results I-IX 2012	Results I-IX 2011	2012/2011
Sales revenues	2,777.7	2,359.8	118
Gross profit or loss	246.1	229.9	107
EBITDA	97.7	91.4	107
Net profit or loss	41.9	36.2	116
Non-current (long-term) assets as per day	801.6	612.9	131

In the first nine months of 2012, the Petrol Group sold 1.9 million tons of petroleum products, up 9 percent from the same period of 2011. In **Slovenia**, the nine-month sales of petroleum products stood at 1.2 million tons, accounting for 64 percent of the Petrol Group's total sales. In the same period, the Group sold 454.1 thousand tons of petroleum products in **SEE markets**, representing 24 percent of the Petrol Group's total sales, and 224.5 thousand tons in **EU markets**, which represented 12 percent of the Group's total sales.

In the same period, the Petrol Group generated 56 percent of petroleum product sales in the retail market; the remaining 44 percent were generated in the wholesale market. At the end of September 2012, the Petrol Group's retail network consisted of 461 service stations, of which 315 in Slovenia, 91 in Croatia, 37 in Bosnia and Herzegovina, 8 in Serbia, 5 in Montenegro and 5 in Kosovo.

The Petrol Group generated EUR 356.8 million in revenue from the sale of merchandise in the period concerned, an increase of 9 percent compared with the same period of the previous year.

In the first nine months, the Petrol Group sold 47.5 thousand tons of liquefied petroleum gas, a year-on-year increase of 19 percent, and 54.1 thousand tons (77.2 million m<sup>3</sup>) of natural gas or 6 percent more than in the same period of the previous year.

In addition, the Petrol Group sold 1.9 TWh of electricity, which was 134 percent more than in the same period of the previous year, and 45.7 thousand MWh of heat, down 10 percent from the same period of the previous year.

Below we give a detailed presentation of the Petrol Group's operations in the first nine months of 2012 broken down by type of activity:

- A. Oil and merchandise sales in Slovenia and in the EU
- B. Oil and merchandise sales in SEE markets
- C. Energy activities

## **A. Oil and merchandise sales in Slovenia and in the EU**

The company engaged in oil and merchandise sales in Slovenia and in the EU in the first nine months of 2012 was Petrol d.d., Ljubljana<sup>1</sup>.

In this period, the Petrol Group's **net sales revenue** generated from oil and merchandise sales in Slovenia and in the EU stood at EUR 2.0 billion, which accounted for 73 percent of the Petrol Group's total revenue. The revenue was 17 percent higher than in the same period of 2011, thanks to higher sales volumes.

### **The Petrol Group's sales of petroleum products in Slovenia and in the EU**

In the first nine months of 2012, the Petrol Group sold 1.2 million tons of petroleum products in Slovenia, which was 5 percent more than in the same period of 2011. Of this quantity, liquid fuels accounted for 1.15 million tons and other petroleum products for 42 thousand tons. Year-on-year, the Group sold 8 percent more motor fuels (petrol and diesel fuel).

As far as retail sales are concerned, the Group achieved good results compared with the previous year. Due to deteriorated economic conditions and the resulting decrease in sales to businesses, wholesale sales nevertheless recorded a drop relative to the previous year's results for the same period.

The Group's sales of petroleum products in EU markets stood at 224.5 thousand tons, which was 152 percent more than in the same period of 2011.

### **Key impacts on operations**

#### **Setting of fuel prices in Slovenia**

In Slovenia, fuel prices were set in accordance with the Regulation on the Price Methodology for Petroleum Products which was 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, which are, under the model, set at a fixed amount and do not reflect changes in retail prices, are still below European average. In the case of petrol, they amounted to 85 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 54 percent.

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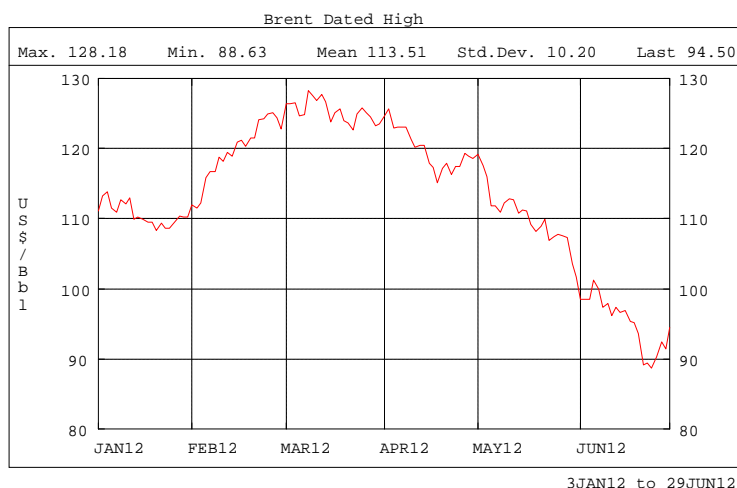
<sup>1</sup> The activities supporting oil and merchandise sales are provided by the companies Petrol Maloprodaja Slovenija d.o.o., Petrol Tehnologija d.o.o., Petrol VNC d.o.o., Petrol-Trade Handelsges.m.b.H. and Instalacija d.o.o. In May 2012, the subsidiary Cypet-Trade Ltd. was liquidated.

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.

**Changes in oil and petroleum product prices in the world market**

In the first nine months of 2012, the average price of Brent Dated crude oil was USD 112.21 per barrel. In the period concerned, the price of Brent crude peaked on 8 March 2012, reaching USD 128.18 per barrel. Its lowest price was recorded on 25 June 2012 at USD 88.63 per barrel. The average price of oil in the period concerned of USD 112.2 per barrel was on a par with the 2011 figures for this period, but the average price in euros increased by 10 percent. The prices of petrol and middle distillates followed the same trends as crude oil prices.

**Figure 7: Changes in Brent Dated High oil price in the first nine months of 2012 in USD/barrel**



SOURCE: Petrol, 2012

**Figure 8: Changes in Brent Dated High oil price in the first nine months of 2012 in EUR/barrel**



SOURCE: Petrol, 2012

While oil prices were still largely on the rise in the first quarter of 2012, the trend turned downwards in the second quarter. In the first quarter, the prices were mainly affected by the deterioration of the situation in the Middle East (Iran) and the announced embargo on the imports of oil from Iran to the EU. In the second quarter, the prices began to drop significantly, even falling under USD 90 per barrel at the end of June. The decrease in prices is the result of the tough economic conditions and debt crisis in some euro zone countries, accompanied by an increase in oil production by certain producer countries (Iraq, Libya, USA). In the third quarter, however, the prices picked up again, but considering current economic developments and demand for oil and its derivatives, a significant increase is not expected.

Oil price movements will continue to depend for the most part on the situation in the Middle East as well as on economic growth expectations, US oil stocks and unemployment figures, and demand in China and India.

### **Changes in the US dollar to the euro exchange rate**

The US dollar to the euro exchange rate ranged between 1.21 and 1.35 USD/EUR in the first nine months of 2012. The average exchange rate of the US dollar according to the exchange rate of the European Central Bank stood at 1.28 US dollars for 1 euro in this period.

### **The Petrol Group's sales of merchandise in Slovenia**

The Petrol Group generated EUR 323.2 million in revenue from the sale of merchandise in Slovenia in the first nine months of 2012, an increase of 7 percent compared with the same period of the previous year. During this period, the sales within the tobacco, lottery ticket, coupon and card segments increased the most compared with the previous year. As of 2012, the coffee-to-go revenue, which was previously classified under services, has been recorded under merchandise and stood at EUR 4.5 million in the first nine months of 2012. The range available at Petrol's points of sale is modified and expanded as adjusting it quickly to the needs of customers opens up new business opportunities.

### **The Petrol Group's sales of services in Slovenia**

Services include renting of business premises and hospitality facilities, transport, carwash services, Magna services, management of storage facilities of ZORD and ZRSBR, sales promotions and other services. As of 2012, the coffee-to-go service has been recorded under revenue from merchandise sales. In the first nine months of 2012, the Petrol Group generated EUR 17.2 million in revenue from services related to oil and merchandise sales<sup>2</sup> in Slovenia, which was 22 percent less than in the same period of 2011.

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<sup>2</sup> Coffee-to-go was classified under services in 2011, but was reclassified as merchandise in 2012. Comparable revenue from the sale of services, i.e. excluding coffee-to-go, decreased by 1 percent in the first nine months of 2012 compared with the same period of 2011.

## **B. Oil and merchandise sales in SEE markets**

The following companies were engaged in oil and merchandise sales in SEE markets in the first nine months of 2012:

- Petrol d.d., Ljubljana,
- Petrol Hrvatska d.o.o.<sup>3</sup>,
- Petrol, d.o.o.<sup>4</sup>,
- Petrol BH Oil Company d.o.o., Sarajevo,
- Petrol d.o.o. Beograd,
- Petrol Jadranplin d.o.o.,
- Petrol - Butan d.o.o., and
- Petrol Crna Gora MNE d.o.o.<sup>5</sup>.

In addition to the above companies, the jointly controlled entity Petrol – Oti – Slovenija L.L.C. is also engaged in oil and merchandise sales in SEE markets.

In the first nine months of 2012, the Petrol Group's **net sales revenue** from oil and merchandise sales in SEE markets stood at EUR 542.3 million. The revenue accounted for 20 percent of the Petrol Group's total revenue and was 8 percent higher than in the same period of 2011.

### **The Petrol Group's sales of petroleum products in SEE markets**

In the first nine months of 2012, the Petrol Group sold 454.1 thousand tons of petroleum products in SEE markets, a year-on-year decrease of 10 percent. The volume of extra light heating oil sold remained on a par with the last year's figure for the same period, with the motor fuels figure decreasing by 13 percent. 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 SEE markets, has also had an adverse impact on the Petrol Group's sales performance.

In addition to the above figures, the jointly controlled entity Petrol – Oti – Slovenija L.L.C. sold 5.3 thousand tons of petroleum products, up 14 percent from the same period of the previous year.

### **Key impacts on operations**

#### **Setting of fuel prices in Croatia**

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

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<sup>3</sup> In October 2012 the company Petrol Hrvatska d.o.o. was merged into the company Petrol d.o.o.

<sup>4</sup> Petrol d.d., Ljubljana became the sole owner of the company Euro - Petrol d.o.o. after the fulfilment of all suspensive conditions. The latter was then renamed Petrol d.o.o. In October 2012 the company Petrol Hrvatska d.o.o. was merged into the company Petrol d.o.o.

<sup>5</sup> In July 2012 the company Petrol Crna gora d.o.o. was merged into the company Petrol – Bonus d.o.o., which was then renamed Petrol Crna Gora MNE d.o.o.

Since 31 March 2011, 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 change in the retail price relative to the previous period may not exceed 3 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 includes a premium of HRK 0.05 (EUR 0.006) per litre of fuel which aims to encourage biofuel production. Retail prices may 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 may exceed the model-based prices.

### **Setting of fuel prices in 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, but they are lower in the Republic of Srpska where lower procurement prices can be achieved thanks to its supply sources. In addition, 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.

### **Setting of fuel prices in 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.

### **Setting of fuel prices in Montenegro**

In Montenegro, the prices of petroleum products are set in accordance with the Regulation on the Method of Setting Maximum Retail Prices (“Uredba o načinu obrazovanja maksimalnih maloprodajnih cijena”), which has been in force since 1 January 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 5 percent. In addition to market oil prices and changes in the exchange rates of the euro and the US dollar, the price calculation methodology includes all taxes and charges as well as an oil companies' margin. The gross margin is 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 transshipment, handling, bank charges, storage, transport, distribution, retail operations and internationally recognised maximum loss of 0.5 percent into the margin.



## **Setting of fuel prices in Kosovo**

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

## **The Petrol Group's sales of merchandise in SEE markets**

The Petrol Group generated EUR 26.8 million in revenue from the sale of merchandise in SEE markets in the first nine months of 2012, an increase of 5 percent compared with the same period of the previous year. The best results were achieved in the sale of tobacco products and accessories.

## **Procurement and logistics of petroleum products and merchandise**

Efficient procurement and logistics of petroleum products and merchandise are the key factors of the Petrol Group's successful operating performance. The main goals in this area for the year 2012 consist 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 neighbouring markets.

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 2011, purchased petroleum products were mostly delivered by sea in the period concerned.

In the procurement of merchandise, the main goal and task is to ensure availability of goods and provide adequate support for the provision of services at service stations in Slovenia and in SE Europe while attempting to secure optimal procurement terms. On the operational level, merchandise is procured directly from manufacturers, official distributors and strategic business partners. When putting together our range, we take into account customer requests, market shares for specific goods, as well as prices and product quality.

Logistics activities were focused on ensuring a cost-efficient supply of fuel and merchandise to all our points of sale and to customers. At Rače and Zalog storage facilities tents were used as an additional storage for biomass and tyres, which led to the termination of outsourcing contracts and lowering of logistics costs. The costs of unit merchandise transport were also reduced.

## C. Energy activities

In the first nine months of 2012, the Petrol Group's **net sales revenue** from energy activities stood at EUR 212.6 million, which accounted for 8 percent of the Petrol Group's total revenue. The revenue was 71 percent higher than in the same period of 2011.

### Gas and heat

The following companies were engaged in the sale of gas and heat in the first nine months of 2012:

- Petrol d.d., Ljubljana,
- Petrol Energetika d.o.o.,
- Petrol Hrvatska d.o.o.<sup>6</sup>,
- Petrol, d.o.o.<sup>6</sup>,
- Petrol Plin d.o.o.<sup>7</sup>,
- Petrol – Butan d.o.o.<sup>7</sup>,
- Petrol BH Oil Company d.o.o., Sarajevo,
- Petrol d.o.o. Beograd,
- Rodgas a.d.,
- Petrol Gas Group d.o.o., and
- Petrol-Trade Handelsges.m.b.H.

During this period, the Petrol Group operated 28 gas supply concessions in Slovenia (22 for the supply of natural gas and 6 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. In addition, the company Petrol Plin d.o.o. has gas supply contracts in the towns of Šibenik and Rijeka.

By purchasing an 85-percent interest in the company Beogas Invest d.o.o. in April 2012, Petrol d.d., Ljubljana acquired a natural gas distributor for three Belgrade municipalities.

In the first nine months of 2012, the Petrol Group sold 47.5 thousand tons of liquefied petroleum gas, a year-on-year increase of 19 percent. It also sold 54.1 thousand tons (77.2 million m<sup>3</sup>) of natural gas, which was 6 percent more than in the same period of the previous year.

During this period, the Petrol Group operated 6 district heating concessions and acquired a new wood biomass district heating concession in Ivančna Gorica, which shall become operational in 2013. In the period concerned, the Group sold 45.7 thousand MWh of heat or 10 percent less than in the same period of 2011. This was the result of a compulsory installation of heat cost allocators and thermostatic valves in apartment buildings and of a relatively mild winter.

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<sup>6</sup> In October 2012 the company Petrol Hrvatska d.o.o. was merged into the company Petrol d.o.o.

<sup>7</sup> In March 2012 Petrol d.d., Ljubljana acquired the remaining 49-percent interest in the company Petrol-Jadranplin d.o.o. In October 2012 a merger between the companies Petrol - Butan d.o.o. and Petrol-Jadranplin d.o.o. took place. After the company Petrol - Butan d.o.o. had been merged into the company Petrol-Jadranplin d.o.o., the latter was renamed Petrol Plin d.o.o.

## **Electricity**

The following companies were engaged in the production, sale and distribution of electricity in the first nine months of 2012:

- Petrol d.d., Ljubljana,
- Petrol Energetika d.o.o.,
- Petrol d.o.o., Beograd, and
- Petrol Hrvatska d.o.o.<sup>8</sup>.

During this period, the Petrol Group sold 1.9 TWh of electricity, a year-on-year increase of 134 percent.

The Petrol Group positioned itself as an important electricity market player already in 2011. It set up a complete infrastructure for wholesale electricity trading in Slovenia and in the neighbouring countries as well as for the sale of electricity to end users in Slovenia (businesses and households). At the end of September 2012, Petrol d.d., Ljubljana supplied electricity to approximately 27,000 households. In 2012 electricity sales were launched in Serbia and Croatia, and the wholesale network expanded to Italy, Hungary and Bosnia and Herzegovina.

Petrol introduced a smart charging network for electric vehicles that will provide a higher quality of service to customers and remote management capability to service providers. The network already comprises all electric car charging points installed at Petrol's service stations which will represent an important part of the national e-mobility network.

## **Environmental and energy solutions**

The following companies were engaged in environmental and energy solutions in the first nine months of 2012:

- Petrol d.d., Ljubljana,
- Petrol Energetika d.o.o.,
- the EI-tec Petrol Group, and
- the IGES Group.

### **Environmental solutions**

During the period concerned, the Petrol Group held three concessions for the operation of municipal wastewater treatment plants and the performance of public economic service of municipal wastewater treatment: in the municipality of Murska Sobota (capacity of 42,000 population equivalents), the municipality of Mežica (capacity of 4,000 population equivalents) and the municipality of Sežana (capacity of 6,000 population equivalents). In addition, Petrol d.d. operates the wastewater treatment plant at Vevče Paper Mill.

At all waste treatment plants, the treatment process and financial performance were in line with the plan in the period concerned.

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<sup>8</sup> In October 2012 the company Petrol Hrvatska d.o.o. was merged into the company Petrol d.o.o.

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

By acquiring a biogas plant in Ihan at the end of 2010, Petrol entered the field of energy production from waste, using biogas to produce electricity.

In the first nine months of 2012, the Petrol Group generated EUR 2.8 million in revenue from environmental solution services.

### **Energy solutions**

Energy solutions comprise the energy range consisting of:

- the preparation of alternative solutions for supplying heat and other forms of energy to households and small-business customers;
- the implementation of more complex comprehensive energy solution projects;
- the production of energy from renewable sources.

By acquiring the companies El-tec Petrol d.o.o. and IGES d.o.o., the Petrol Group expanded its operations and strengthened its market position in the field of energy solutions.

In the first nine months of 2012, the Petrol Group generated EUR 6.8 million in revenue from the sale of merchandise (wood biomass) and EUR 7.7 million in revenue from the sale of energy solutions.

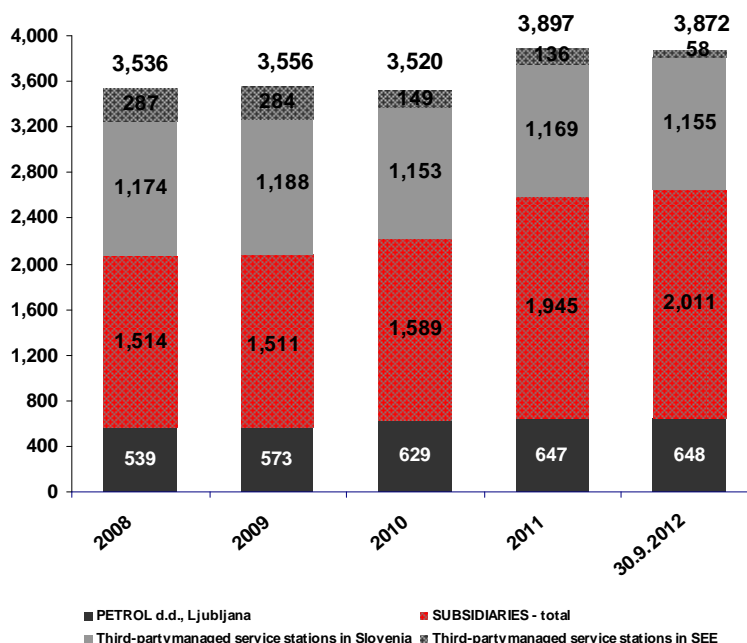
Petrol obtained product declarations for solar power plants constructed in 2011 and continues to set up solar power plants in 2012. Activities were underway to get more customers for EEC and renewable energy projects. Petrol carried out a first water source optimisation project and obtained public lighting concessions.

## Sustainable development

### Employees

On 30 September 2012, the Petrol Group had 3,872 employees, of which 31 percent worked for subsidiary companies and at third-party managed service stations abroad. The number of employees decreased by 25.

**Figure 9: Changes in the number of employees of the Petrol Group and at third-party managed service stations 2008-2012**



### **Changes in the number of employees in the first nine months of 2012**

In the first nine months of 2012, the Petrol Group hired 350 workers, the employment of 375 workers was terminated, while 148 employees were transferred to new posts within the Group.

**Table 3: Changes in the number of employees of the Petrol Group and at third-party managed service stations in the first nine months of 2012**

	Balance as at 30.9.2012	New employments/employment terminations in 2012		Internal transfer of employees		Total number of people joined in 2012	Total number of people left in 2012	Balance as at 31.12.2011
		in the Coppany		in the Petrol Group				
		Joined	Left	Joined	Left			
Petrol d.d., Ljubljana	648	17	19	5	2	22	21	647
Subsidiaries	2,011	266	261	108	47	374	308	1,945
Third-party managed service stations in Slovenia	1,155	57	78	35	28	92	106	1,169
Third-party managed service stations in SEE	58	10	17		71	10	88	136
<b>The Petrol Group</b>	<b>3,872</b>	<b>350</b>	<b>375</b>	<b>148</b>	<b>148</b>			<b>3,897</b>

## **Employee structure**

At the end of September 2012, the average age of the Petrol Group employees was 38.8 years. 68 percent of the employees were male and 32 percent were female.

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

## **Training**

In the first nine months of 2012, 8,172 individuals took part in various forms of training. In all, the Petrol Group provided 49,227 teaching hours of training, which represents, on average, 13 teaching hours of training per employee in the period concerned.

Organised as part of the Petrol Group is Petrol Academy. Its main goal is systematic and comprehensive training of all employees. During the period concerned, the Group carried out technical and legally required training.

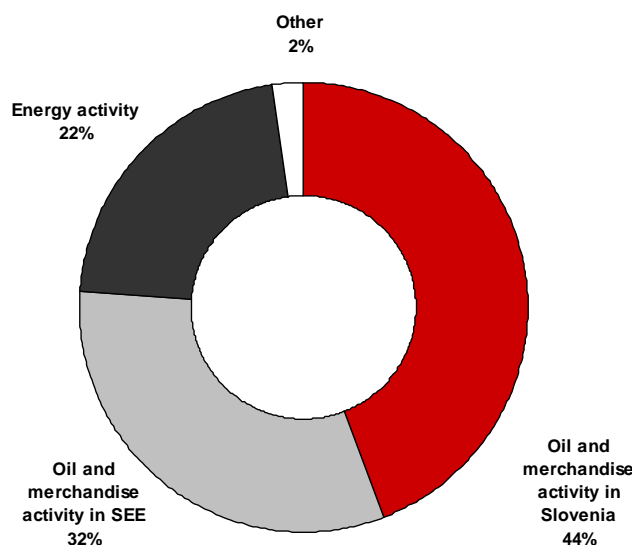
At the Petrol Group, particular attention is given to the training of outworkers (hauliers and students) and education of customers. In the period concerned, several seminars were organised in this field which were attended by 1,777 participants.

## **Investments**

In the first nine months of 2012, EUR 93.3 million was allocated to investments in property, plant and equipment, intangible assets and long-term investments. Out of the above amount, 44 percent was allocated to oil and merchandise sales in Slovenia, 32 percent to oil and merchandise sales in SE Europe markets, 22 percent to energy activities and 2 percent to the upgrading of information and other infrastructure.

The majority of the funds were allocated to the acquisition of the interest in the company Instalacija d.o.o., which will eventually become fully owned by Petrol d.d., Ljubljana as contractually agreed payments for the interest are made. Investments were also made in the development of the retail network in Slovenia and SEE markets, particularly in the expansion of the retail network in Montenegro. Additionally, Petrol acquired the remaining 49-interest in the company Petrol-Jadran Plin d.o.o., an 85-interest in the company Beogas Invest d.o.o., and invested in other energy-related projects. A portion of the funds was used to upgrade the information infrastructure.

**Figure 9: Breakdown of the Petrol Group’s investments in the first nine months of 2012**



**The quality management 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.

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 (see Table 4), the comprehensive quality management system incorporates the requirements of the HACCP food safety management system, the requirements of the OSHS occupational health and safety system, and the ISO 27001 information security system.

In January 2012, a recertification audit of the quality management system accredited to the ISO 9001 standard took place at the company Petrol Hrvatska d.o.o. The company passed the audit and no non-compliance was noted by the auditors, meaning the validity of the certificate will be extended for another three-year period.

Petrol Laboratory has in place a quality management system that is certified to the SIST EN ISO/IEC 17025:2005 standard (General requirements for the competence of testing and calibration laboratories). In May 2012, Petrol Laboratory successfully passed a monitoring visit in the form of a third reassessment of compliance with the requirements of the SIST EN ISO/IEC 17025 standard, which was performed by Slovene Accreditation (SA). This time round, it did not apply for an expansion of the scope of accreditation. Petrol Laboratory has 75 accredited methods altogether.

In June 2012, a follow-up audit of quality management systems and environmental management systems took place at the companies Petrol d.d., Ljubljana, Petrol Tehnologija d.o.o. and Petrol Energetika d.o.o. No non-compliance was identified.

Also in June, Petrol began to integrate the quality management system of Instalacija d.o.o. into the Petrol Group's quality management system. As a result, and based on existing certificates (SIQ), ISO 9001 and ISO 14001 certificates were issued by the certification company Bureau Veritas, which also provides certification services to Petrol d.d., Ljubljana.

In August, the Croatian-based company Petrol d.o.o. underwent a follow-up audit of its ISO 9001 certified quality management systems and its ISO 14001 certified environmental management system.

**Table 4: 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 Hrvatska d.o.o. <sup>9</sup>	ISO 9001: 2008	/	/
Petrol d.o.o.	ISO 9001: 2008	ISO 14001: 2004	/
El-Tec Petrol d.o.o.	ISO 9001: 2008	ISO 14001: 2004	/
Instalacija d.o.o.	ISO 9001: 2008	ISO 14001: 2004	

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 d.d., Ljubljana 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 d.d., Ljubljana 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.

**Social responsibility**

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

<sup>9</sup> In October 2012 the company Petrol Hrvatska d.o.o. was merged into the company Petrol d.o.o.



The following marked Petrol's social responsibility activities in 2012:

- Petrol equipped all its service stations in Slovenia with stickers for the disabled, which help paraplegics request refuelling assistance by calling sales staff by phone. This solution is a novelty for paraplegics in Slovenia and is available only at Petrol's service stations. The idea to help the disabled refuel originates from Petrol's in-house project called Great Idea ("Prima ideja") aimed at encouraging staff to look for new solutions and suggestions to improve services and work processes;
- in cooperation with the Slovene Red Cross and the Blood Transfusion Centre of Slovenia we once again organised a pan-Slovene blood donation campaign, under the slogan "Pass the Energy for Life";
- we encouraged artistic creativity in children by organising the 22<sup>nd</sup> edition of the Children to Adults fine arts competition – this year under the slogan "Energy for Life" – in which 2,255 children took part;
- we supported Matjaž Lenarčič, who travelled around the globe in a Pipistrel aircraft;
- Petrol was a sponsor of the Ljubljana Festival.

## **Business risks**

### **Risk management**

In the first nine months of 2012, tough economic conditions had an impact on businesses in general, but also on business risk management within the Petrol Group.

The Business Risk Management Committee has held four meetings in 2012, discussing the preparation of the Annual Business Risk Report of the Petrol Group for 2011 and assessing the effectiveness of internal control, internal audit and the risk management system in accordance with the guidelines of the EU 8<sup>th</sup> Company Law Directive. At the last meeting it was decided to enlarge the Committee by an additional member responsible for electricity and to re-examine, at the beginning of 2013, the need for the reassessment of business risks within the Petrol Group, considering that 2012 was the year of optimising and consolidating newly acquired companies and activities within the Petrol Group.

Petrol's business risk model comprises 20 business risk categories that are divided into two groups:

- environment risks and
- performance risks.

The most relevant and probable business risks comprise chiefly financial risks: price, credit, foreign exchange, liquidity and interest rate risks.

In addition to the 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.

### **Price and foreign exchange risk**

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 the risks arising from changes in the EUR/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 (the document is 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 the first nine months of 2012, no forward contracts were concluded to hedge the foreign exchange rate risk.

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

### **Credit risk**

The operating receivables management system overhauled in 2011 provides for even more efficient control. 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 the third quarter of 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 etc.). In addition, a contract was concluded with HKO d.d. Zagreb to cover credit risk to which our companies in Croatia are exposed.

In the first nine months of 2012, significant attention was still devoted to the collection of receivables from construction companies in Slovenia and collection of receivables in SEE markets where the solvency of the business sector is even worse than in Slovenia. Receivables are systematically monitored by age, region and organisational unit as well as by quality and individual customer. To monitor receivables, we use a joint computer-based receivables management application which provides us with automated control over the exposure to individual customers and the possibility to respond immediately.

Credit risk was also the most significant risk to which the parent company was exposed in connection with electricity sales to natural and legal entities in the first nine months of 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 successfully 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 the first nine months of 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 risk

The financial crisis in the Slovene and global financial market resulted in a substantially increased vigilance of the banking sector when it comes to financing individuals and companies. 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 the first nine months of 2012, which provided us with good-quality short-term financing. In 2012 the levels of petroleum product prices still require a high amount of short-term financing, which is being successfully ensured for the time being. 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 existing banking partners to increase our credit lines and also looking for new banking partners.

Cash flow management requires considerable attention and prudence, especially as regards the planning of cash inflows from lay away sales, because 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 in particular are a guarantee for the Group's long-term solvency and increase the amount of its equity capital. At the end of March 2012, we successfully carried out a first issue of Petrol's commercial papers worth EUR 50 million, followed by a second issue of EUR 48.5 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. 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 this loan was insurance underwritten by SID Bank. These contracts show the tremendous trust and respect enjoyed by Petrol in the international financial market.

Currently, discussions are underway with banks to secure additional long-term funding sources by the end of this year, which will improve our long-term assets to long-term liabilities ratio.

### Interest rate risk

The Petrol Group regularly monitors its exposure to the interest rate risk. The controlling company's long-term loans contain a variable interest rate which is linked to EURIBOR. The

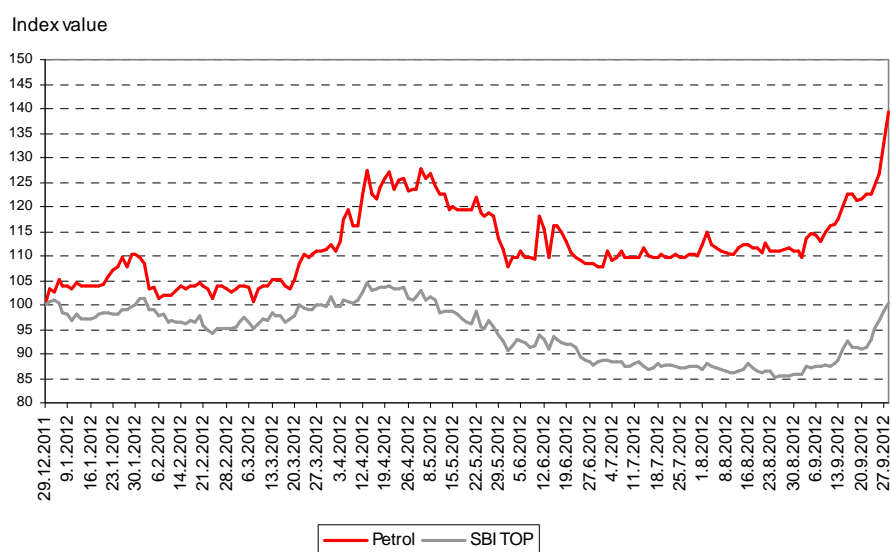
average EURIBOR rate was lower in the first nine months of 2012 than at the end of 2011 and still remains very low. The Petrol Group's overall borrowing interest rate was thus lower in the first nine months of 2012 than at the end of 2011. This is chiefly the result of low EURIBOR rates and Petrol's very competitive short-term financing 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 the first nine months, interest rate hedging contracts were entered into in connection with taking out new long-term loans to convert the variable interest rate portion of the loans to a fixed rate. In addition, commercial papers were issued and one of the two *Schuldscheindarlehen* loans was raised at a fixed interest rate. Other than that, no interest rate hedging contracts were entered into.

### **Petrol's shares**

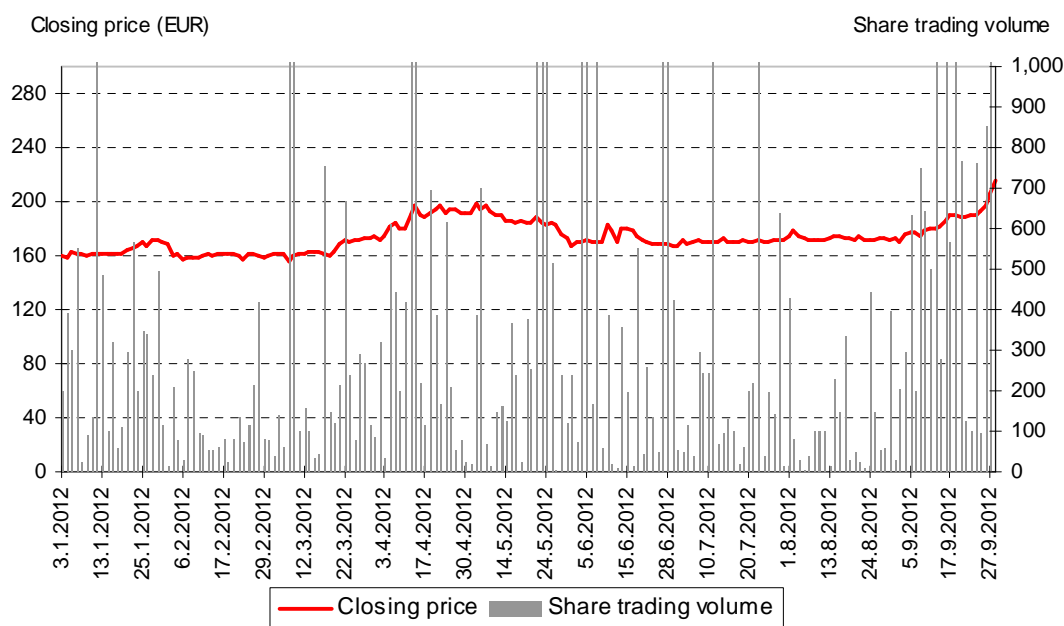
At the end of September 2012, share prices at the Ljubljana Stock Exchange were on average slightly higher than at the end of 2011. This is also reflected in the SBITOP, the Slovene blue-chip index, which is used as a benchmark and provides information on changes in the prices of the most important and liquid shares traded on the regulated market. The index also comprises Petrol's shares. Relative to the end of 2011, the SBITOP rose 0.3 percent as at the end of September 2012, with Petrol's shares gaining 39.3 percent in value. Among the shares making up the SBITOP index, Petrol and Telekom Slovenije shares were the only ones to increase in value. In terms of trading volume, which amounted to EUR 17.6 million between January and September 2012, Petrol's shares were ranked third among the shares traded on the Ljubljana Stock Exchange. In terms of market capitalisation, which stood at EUR 450.6 million as at 30 September 2012, the shares were also ranked third and accounted for 9.7 percent of the total Slovene stock market capitalisation on the said date.

**Figure 10: Changes in Petrol d.d., Ljubljana's closing share price base index and changes in the SBITOP index in the first nine months of 2012 compared with the end of 2011**

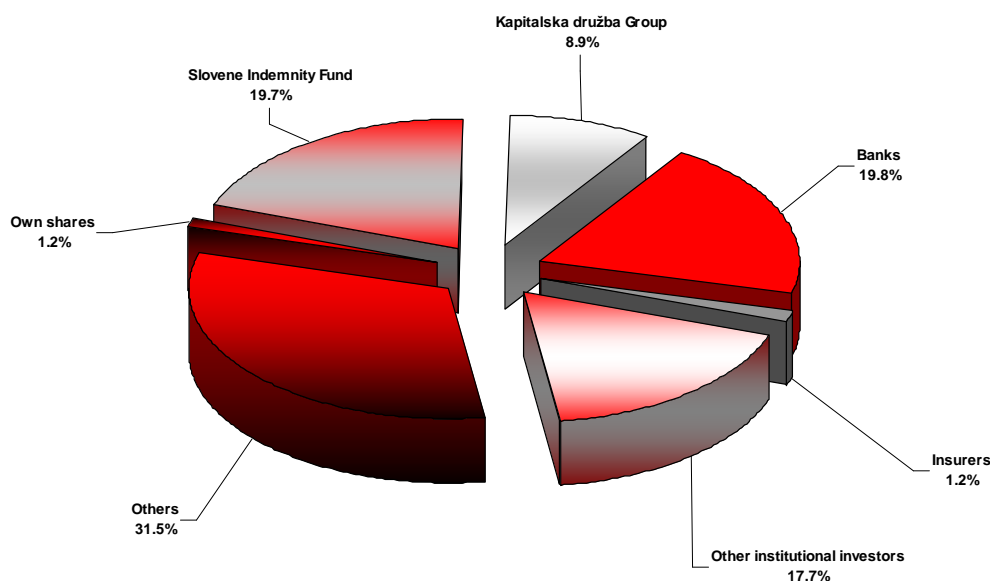


In the first nine months of 2012, the price of Petrol's shares ranged between EUR 156.2 and EUR 216.0 per share, while their average price in the period stood at EUR 173.62. Earnings per share stood at EUR 15, with a share's book value amounting to EUR 194. Petrol d.d., Ljubljana had 36,209 shareholders as at 30 September 2012. At the end of this month, 117,741 shares or 5.6 percent of all shares were held by foreign legal or natural persons. Compared with the end of 2011, the number of foreign shareholders increased by 2.6 percentage points.

**Figure 11: Closing price and the volume of trading in Petrol's shares in the first nine months of 2012**



**Figure 12: Ownership structure of Petrol d.d., Ljubljana as at 30 September 2012**



**Table 5: Changes in the ownership structure of Petrol d.d., Ljubljana (comparison between 30 September 2012 and 31 December 2011)**

	30.9.2012		31.12.2011	
	Number of shares	%	Number of shares	%
Slovenska odškodninska družba d.d.	412,009	19.7%	412,009	19.7%
KAD GROUP	184,852	8.9%	184,852	8.9%
Banks	413,080	19.8%	365,230	17.5%
Insurance companies	25,439	1.2%	25,489	1.2%
Other financial investors	369,882	17.7%	409,166	19.6%
Others	656,336	31.5%	664,852	31.9%
Own shares	24,703	1.2%	24,703	1.2%
<b>Total</b>	<b>2,086,301</b>	<b>100.0%</b>	<b>2,086,301</b>	<b>100.0%</b>

**Table 6: 10 largest shareholders of Petrol d.d., Ljubljana as at 30 September 2012**

	Shareholder name	Address	Number of shares	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	ULICA VITA KRAIGHERJA 4, 2000 MARIBOR	42,598	2.04%

**Table 7: Shares owned by members of the Supervisory and Management Board as at 30 September 2012**

Name and Surname	Position	No. of shares	Share of equity
<b>Supervisory board</b>		<b>179</b>	<b>0.01%</b>
<b>Internal members</b>		<b>135</b>	<b>0.01%</b>
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%
<b>External members</b>		<b>44</b>	<b>0.002%</b>
1. Tomaž Kuntarič	Supervisory Board President	0	0.0000%
2. Bruno Korelič	Supervisory Board Vice-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%
<b>Management Board</b>		<b>260</b>	<b>0.01%</b>
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 March 2012 totals 194,266, accounting for 9.31 percent of equity.

## **Authorised capital**

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

## **Contingent increase in called-up capital**

In the period up to 30 September 2012, the General Meeting of Petrol d.d., Ljubljana did not adopt any resolutions regarding the contingent increase in called-up capital.

## **Dividends**

In accordance with a resolution of the 22<sup>nd</sup> General Meeting of 24 May 2012, Petrol d.d., Ljubljana, in August 2012, paid out a gross dividend for 2011 of EUR 8.25 per share, whereas in 2011 (for 2010) the gross dividend stood at EUR 7.50 per share.

## **Own shares**

Petrol d.d., Ljubljana did not repurchase its own shares in the first nine months of 2012. As at 30 September 2012, the Company held 24,703 own shares, representing 1.2 percent of its registered share capital. The total cost of own shares equalled EUR 2.6 million as at 30 September 2012 and was EUR 2.7 million lower than their market value on the said 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.

## **Regular participation at investors' conferences and external communication**

Petrol d.d., Ljubljana has set up a programme of regular cooperation with domestic and foreign investors, which consists of public announcements, individual meetings and presentations, and public presentations. The Company regularly attends investors' conferences that are organised each year by the Ljubljana Stock Exchange, Vienna Stock Exchange and various banks. In the first nine months of 2012, the Company attended five important investors' conferences. In the first half of April, Petrol d.d., Ljubljana attended an investors' conference in Zürs, Austria, which was organised by Raiffeisen Centrobank. In the second half of April, it took part in the Slovene Capital Market Day in Ljubljana, an event organised by the Ljubljana Stock Exchange and its partners. On 1 June 2012, Petrol d.d., Ljubljana then participated for the first time at a conference in Prague which was organised by Wood&Company, an investment firm. On 4 June and 3 September, Petrol once again

took part in two online roadshows of Slovene companies organised by the Ljubljana Stock Exchange and technically supported by Thomson Reuters.

The recording of Petrol's latest roadshow presentation is available on the website of the Ljubljana Stock Exchange

(<http://www.ljse.si/cgi-bin/ve.cgi?doc=14499&sid=I7JrZXBhH6MMiApe>).

The Company also had several individual meetings with domestic and foreign investors in the first nine months of 2012.

## **General Meeting**

At the 22<sup>nd</sup> General Meeting of Petrol d.d., Ljubljana held on 24 May 2012, the following resolutions were adopted:

- to distribute the accumulated profit of EUR 17,211,983.25 as dividends payable to shareholders, which represents a gross dividend amount of EUR 8.25 per share, and transfer the accumulated profit 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;
- to grant a discharge from liability to the Management Board and the Supervisory Board for the year 2011;
- to appoint the company KPMG Slovenija, podjetje za revidiranje, d.o.o., Ljubljana, as auditor of the financial report and reviewer of the business report for the year 2012;
- to appoint Mateja Božič as replacement Supervisory Board member for a term of office beginning on 24 May 2012 and ending on 7 April 2013;
- to terminate early the appointment of Urban Golob as Supervisory Board member, effective 31 May 2012.

## **Supervisory Board**

Mateja Božič was appointed as replacement Supervisory Board member for a term of office beginning on 24 May 2012 and ending on 7 April 2013. The appointment of Urban Golob as Supervisory Board member was terminated early, effective 31 May 2012.

## **Other explanations by Petrol d.d., Ljubljana**

The prospectus of the company Petrol d.d., Ljubljana, which has been prepared for the purpose of listing the shares on the stock exchange, is published on the Company's website. All amendments have been published in the company's strategy document, annual report of Petrol d.d., Ljubljana and public announcements that are available at the company's website and at the website of the Ljubljana Stock Exchange, d.d. (SEOnet). In February 2012, a new prospectus of Petrol d.d., Ljubljana for admission of bonds to trading on a regulated market was prepared.

## **Events after the end of the accounting period**

### **October 2012**

- The company Petrol Hrvatska d.o.o. was merged into the company Petrol d.o.o.



- A merger between the companies Petrol - Butan d.o.o. and Petrol-Jadranplin d.o.o. took place. After the company Petrol - Butan d.o.o. had been merged into the company Petrol-Jadranplin d.o.o., the latter was renamed Petrol Plin d.o.o.

# FINANCIAL REPORT

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

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

(in EUR)	Notes	Petrol Group			Petrol d.d.		
		1-9 2012	1-9 2011	Index 12/11	1-9 2012	1-9 2011	Index 12/11
Sales revenue		2,777,733,619	2,359,810,582	118	2,368,084,045	2,001,197,371	118
Cost of merchandise sold		(2,531,672,451)	(2,129,934,682)	119	(2,188,244,156)	(1,821,739,316)	120
<b>Gross profit</b>		<b>246,061,168</b>	<b>229,875,900</b>	<b>107</b>	<b>179,839,889</b>	<b>179,458,055</b>	<b>100</b>
Cost of materials	3	(22,791,948)	(18,292,688)	125	(7,104,712)	(8,331,786)	85
Cost of services	4	(84,020,577)	(82,878,853)	101	(84,444,366)	(84,151,488)	100
Labour costs	5	(44,898,473)	(38,372,757)	117	(18,599,260)	(17,948,468)	104
Depreciation and amortisation	6	(29,382,211)	(26,265,027)	112	(17,617,442)	(17,380,805)	101
Other costs	7	(2,805,293)	(2,140,744)	131	(1,589,943)	(1,308,529)	122
<b>Operating costs</b>		<b>(183,898,502)</b>	<b>(167,950,069)</b>	<b>109</b>	<b>(129,355,724)</b>	<b>(129,121,076)</b>	<b>100</b>
Other revenue	2	7,869,867	4,745,449	166	4,283,682	3,379,815	127
Other expenses		(483,494)	(317,740)	152	(20,826)	(11,676)	178
<b>Operating profit</b>		<b>69,549,039</b>	<b>66,353,540</b>	<b>105</b>	<b>54,747,021</b>	<b>53,705,119</b>	<b>102</b>
<b>Share of profit from equity accounted investees</b>		<b>8,686,187</b>	<b>8,386,667</b>	<b>104</b>	-	-	-
<b>Finance income from dividends from subsidiaries, associates and jointly</b>		-	-	-	<b>7,305,874</b>	<b>9,369,083</b>	<b>78</b>
Other finance income		46,966,167	51,803,030	91	42,227,344	47,302,118	89
Other finance expenses		(70,117,517)	(83,991,510)	83	(62,907,713)	(73,386,774)	86
<b>Net finance costs</b>	8	<b>(23,151,350)</b>	<b>(32,188,480)</b>	<b>72</b>	<b>(20,680,368)</b>	<b>(26,084,655)</b>	<b>79</b>
<b>Profit before tax</b>		<b>55,083,876</b>	<b>42,551,727</b>	<b>129</b>	<b>41,372,527</b>	<b>36,989,547</b>	<b>112</b>
Tax expense		(8,369,793)	(7,672,301)	109	(5,640,965)	(5,542,244)	102
Deferred tax	9	(4,813,512)	1,305,561	-	(4,801,036)	763,885	-
<b>Tax</b>		<b>(13,183,305)</b>	<b>(6,366,740)</b>	<b>207</b>	<b>(10,442,000)</b>	<b>(4,778,359)</b>	<b>219</b>
<b>Net profit for the period</b>		<b>41,900,571</b>	<b>36,184,987</b>	<b>116</b>	<b>30,930,526</b>	<b>32,211,188</b>	<b>96</b>
Net profit attributable to:							
Owners of the controlling company		41,299,658	35,900,833	115	30,930,526	32,211,188	96
Non-controlling interest		600,913	284,154	211	-	-	-
Basic and diluted earnings per share	10	20.37	17.41	117	15.00	15.62	96

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

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

(in EUR)	Petrol Group		Petrol d.d.	
	1-9 2012	1-9 2011	1-9 2012	1-9 2011
<b>Net profit for the period</b>	<b>41,900,571</b>	<b>36,184,987</b>	<b>30,930,526</b>	<b>32,211,188</b>
Net change in the value of investments in associates and jointly controlled entities	0	0	10,404,183	(70,400)
Attribution of changes in the equity of associates	38,215	0	-	-
Net effective portion of changes in fair value of cash flow hedges	(570,615)	1,846,153	(570,615)	1,846,153
Changes in differed taxes	135,664	0	0	0
Foreign exchange differences	(2,769,931)	(555,472)	0	0
<b>Other comprehensive income</b>	<b>(3,166,667)</b>	<b>1,290,681</b>	<b>9,833,568</b>	<b>1,775,753</b>
<b>Total comprehensive income for the year</b>	<b>38,733,904</b>	<b>37,475,668</b>	<b>40,764,094</b>	<b>33,986,941</b>
Total comprehensive income attributable to:				
Owners of the controlling company	38,268,158	37,652,317	40,764,094	33,986,941
Non-controlling interest	465,746	(176,649)	-	-

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**

(in EUR)	Notes	The Petrol Group			Petrol d.d.		
		30 September 2012	31 December 2011	Index 11/10	30 September 2012	31 December 2011	Index 11/10
<b>ASSETS</b>							
<b>Non-current (long-term) assets</b>							
Intangible assets	11	178,894,820	176,628,810	101	54,608,074	55,683,732	98
Property, plant and equipment	12	609,691,756	601,702,624	101	277,943,324	281,269,534	99
Investment property		12,965,444	13,557,862	96	12,809,035	13,422,848	95
Investments in subsidiaries	13	0	0	-	361,299,188	298,499,439	121
Investments in jointly controlled entities	14	41,867,719	37,964,476	110	3,651,631	2,583,500	141
Investments in associates	15	103,533,153	99,406,712	104	135,743,305	135,743,305	100
Available for sale financial assets	16	7,482,359	7,568,721	99	7,352,413	7,438,775	99
Financial receivables		3,220,034	2,924,920	110	21,415,732	8,104,316	264
Operating receivables		788,582	925,709	85	688,364	748,164	92
Deferred tax assets		38,206,840	43,457,608	88	38,746,989	43,808,067	88
		<b>996,650,707</b>	<b>984,137,442</b>	<b>101</b>	<b>914,258,056</b>	<b>847,301,680</b>	<b>108</b>
<b>Current assets</b>							
Inventories	17	186,567,183	100,583,405	185	164,553,157	79,861,445	206
Assets held for disposal		216,056	9,129,811	2	0	0	-
Financial receivables	18	6,726,282	15,671,856	43	5,313,579	12,993,255	41
Operating receivables	19	343,581,973	352,044,457	98	257,580,203	317,225,816	81
Corporate income tax receivables		159,857	76,210	210	0	0	-
Financial assets at fair value through profit or loss	20	1,367,882	7,942,414	17	1,367,882	7,942,414	17
Prepayments and other assets	21	12,048,025	6,675,014	180	7,071,319	4,155,951	170
Cash and cash equivalents		42,355,421	60,701,551	70	36,595,583	32,949,888	111
		<b>593,022,679</b>	<b>552,824,718</b>	<b>107</b>	<b>472,481,722</b>	<b>455,128,769</b>	<b>104</b>
<b>Total assets</b>		<b>1,589,673,386</b>	<b>1,536,962,160</b>	<b>103</b>	<b>1,386,739,778</b>	<b>1,302,430,449</b>	<b>106</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity attributable to owners of the Petrol Group</b>							
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		62,007,289	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		113,908,492	132,714,209	86	107,902,477	119,107,103	91
Fair value reserves		0	0	-	76,990,953	66,586,771	116
Hedging reserves		(5,392,629)	(4,822,014)	112	(5,392,629)	(4,822,014)	112
Revaluation reserves		282,781	244,566	116	-	-	-
Foreign exchange differences		(6,807,811)	(4,173,047)	163	-	-	-
Retained earnings		127,249,157	91,617,392	139	30,930,526	5,803,557	533
		<b>424,479,641</b>	<b>410,820,757</b>	<b>103</b>	<b>405,413,573</b>	<b>381,657,663</b>	<b>106</b>
<b>Non-controlling interest</b>		<b>(1,652,480)</b>	<b>30,815,344</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>422,827,161</b>	<b>441,636,101</b>	<b>96</b>	<b>405,413,573</b>	<b>381,657,663</b>	<b>106</b>
<b>Non-current liabilities</b>							
Provisions for employee benefits		4,210,122	4,215,098	100	2,066,543	2,066,543	100
Other provisions		6,501,663	2,814,557	231	2,538,403	2,538,403	100
Long-term deferred revenue		11,398,802	13,148,814	87	10,779,182	12,684,493	85
Financial liabilities	22	424,454,460	373,306,652	114	323,955,016	311,942,456	104
Operating liabilities		32,413,570	27,380,320	118	32,325,031	27,291,782	118
Deferred tax liabilities		6,111,318	6,332,403	97	6,242,510	16,646,694	37
		<b>485,089,935</b>	<b>427,197,844</b>	<b>114</b>	<b>377,906,685</b>	<b>373,170,370</b>	<b>101</b>
<b>Current liabilities</b>							
Financial liabilities	22	210,608,949	238,316,123	88	198,650,143	212,757,746	93
Operating liabilities	23	460,907,116	406,362,859	113	397,326,637	327,506,950	121
Corporate income tax liabilities		1,019,456	2,034,195	50	588,464	891,348	66
Liabilities held for disposal		0	12,812,196	-	0	0	-
Other liabilities	24	9,220,769	8,602,842	107	6,854,276	6,446,372	106
		<b>681,756,290</b>	<b>668,128,215</b>	<b>102</b>	<b>603,419,519</b>	<b>547,602,416</b>	<b>110</b>
<b>Total liabilities</b>		<b>1,166,846,225</b>	<b>1,095,326,059</b>	<b>107</b>	<b>981,326,204</b>	<b>920,772,786</b>	<b>107</b>
<b>Total equity and liabilities</b>		<b>1,589,673,386</b>	<b>1,536,962,160</b>	<b>103</b>	<b>1,386,739,778</b>	<b>1,302,430,449</b>	<b>106</b>

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				Hedging reserve	Investment revaluation reserves	Foreign exchange differences	Retained earnings	Equity attributable to owners of the Petrol Group	Equity attributable to non-controlling interest	Total
			Legal reserves	Reserves for own shares	Own shares	Other revenue reserves							
As at 1 January 2011	52,240,977	80,991,385	61,989,616	2,604,670	(2,604,670)	119,367,602	(6,003,684)	401,641	(3,803,768)	64,939,399	370,123,168	34,458,004	404,581,172
Dividend payments for 2010										(15,461,985)	(15,461,985)		(15,461,985)
Transfer part of net profit from year 2010						3,511,216				(3,511,216)	0		0
<b>Transactions with owners</b>	0	0	0	0	0	3,511,216	0	0	0	(18,973,201)	(15,461,985)	0	(15,461,985)
Net profit for the current year										35,900,833	35,900,833	284,154	36,184,987
Other changes in comprehensive income							1,846,153		(94,669)		1,751,484	(460,803)	1,290,681
<b>Total changes in comprehensive income</b>	0	0	0	0	0	0	1,846,153	0	(94,669)	35,900,833	37,652,317	(176,649)	37,475,668
<b>As at 30 September 2011</b>	<b>52,240,977</b>	<b>80,991,385</b>	<b>61,989,616</b>	<b>2,604,670</b>	<b>(2,604,670)</b>	<b>122,878,816</b>	<b>(4,157,531)</b>	<b>401,641</b>	<b>(3,898,437)</b>	<b>81,867,032</b>	<b>392,313,499</b>	<b>34,281,355</b>	<b>426,594,854</b>
As at 1 January 2012	52,240,977	80,991,385	62,007,289	2,604,670	(2,604,670)	132,714,209	(4,822,014)	244,566	(4,173,047)	91,617,392	410,820,757	30,815,344	441,636,101
Dividend payments for 2011						(11,204,627)				(5,803,557)	(17,008,184)		(17,008,184)
Decrease of non-controlling interest						(7,601,090)					(7,601,090)	(32,933,570)	(40,534,660)
<b>Transactions with owners</b>	0	0	0	0	0	(18,805,717)	0	0	0	(5,803,557)	(24,609,274)	(32,933,570)	(57,542,844)
Net profit for the current year										41,299,658	41,299,658	600,913	41,900,571
Other changes in comprehensive income							(570,615)	38,215	(2,634,764)	135,664	(3,031,500)	(135,167)	(3,166,667)
<b>Total changes in comprehensive income</b>	0	0	0	0	0	0	(570,615)	38,215	(2,634,764)	41,435,322	38,268,158	465,746	38,733,904
<b>As at 30 September 2012</b>	<b>52,240,977</b>	<b>80,991,385</b>	<b>62,007,289</b>	<b>2,604,670</b>	<b>(2,604,670)</b>	<b>113,908,492</b>	<b>(5,392,629)</b>	<b>282,781</b>	<b>(6,807,811)</b>	<b>127,249,157</b>	<b>424,479,641</b>	<b>(1,652,480)</b>	<b>422,827,161</b>

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				Fair value reserve	Hedging reserve	Retained earnings	Total
			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	101,857,024	(6,003,684)	18,973,201	<b>419,601,118</b>
Dividend payments for 2010									(15,461,985)	<b>(15,461,985)</b>
Transfer part of net profit from year 2010						3,511,216			(3,511,216)	<b>0</b>
<b>Transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,511,216</b>	<b>0</b>	<b>0</b>	<b>(18,973,201)</b>	<b>(15,461,985)</b>
Net profit for the current year									32,211,188	<b>32,211,188</b>
Other changes in comprehensive income							(70,400)	1,846,153		<b>1,775,753</b>
<b>Total changes in comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,846,153</b>	<b>32,211,188</b>	<b>33,986,941</b>
<b>As at 30 September 2011</b>	<b>52,240,977</b>	<b>80,991,385</b>	<b>61,749,884</b>	<b>2,604,670</b>	<b>(2,604,670)</b>	<b>113,303,547</b>	<b>101,857,024</b>	<b>(4,157,531)</b>	<b>32,211,188</b>	<b>438,126,076</b>
As at 1 January 2012	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	119,107,103	66,586,771	(4,822,014)	5,803,557	<b>381,657,663</b>
Dividend payments for 2011						(11,204,627)			(5,803,557)	<b>(17,008,184)</b>
<b>Transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(11,204,627)</b>	<b>0</b>	<b>0</b>	<b>(5,803,557)</b>	<b>(17,008,184)</b>
Net profit for the current year									30,930,526	<b>30,930,526</b>
Other changes in comprehensive income							10,404,183	(570,615)		<b>9,833,568</b>
<b>Total changes in comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,404,183</b>	<b>(570,615)</b>	<b>30,930,526</b>	<b>40,764,094</b>
<b>As at 30 September 2012</b>	<b>52,240,977</b>	<b>80,991,385</b>	<b>61,749,884</b>	<b>2,604,670</b>	<b>(2,604,670)</b>	<b>107,902,477</b>	<b>76,990,954</b>	<b>(5,392,629)</b>	<b>30,930,526</b>	<b>405,413,573</b>

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)	Petrol Group		Petrol d.d.	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
<b>Cash flows from operating activities</b>				
<b>Net profit for the period</b>	<b>42,600,571</b>	<b>36,184,987</b>	<b>30,930,526</b>	<b>32,211,188</b>
<b>Adjustments for:</b>				
Taxes	13,183,305	6,366,740	10,442,000	4,778,359
Depreciation of property, plant and equipment	26,353,412	23,634,220	15,107,188	15,205,859
Amortisation of intangible assets	3,028,799	2,630,807	2,510,254	2,174,946
(Gain) / loss on disposal of property, plant and equipment	(2,333,556)	(198,183)	(36,204)	(137,386)
Revenues from assets under management	(49,050)	(49,050)	(49,050)	(49,050)
Net (decrease in)/creation of provisions for employee benefits	(1,961,346)	(1,060,964)	(1,905,311)	(1,108,351)
Change in inventories	3,739,818	3,448,242	3,791,199	2,366,058
Net write-down of operating receivables	11,117	0	50,111	0
Net (decrease in)/creation of allowance for operating receivables	2,843,621	7,443,018	2,528,779	3,859,258
Net finance (income)/expense	20,904,167	12,215,368	18,175,893	10,819,486
Impairment of investments	21,406	0	21,406	0
	0	407,015	0	0
Share of profit of jointly controlled entities	(3,835,115)	(2,274,076)	0	0
Share of profit of associates	(5,551,072)	(6,519,606)	0	0
Finance income from dividends received from subsidiaries	0	0	(6,581,244)	(6,546,262)
Finance income from dividends received from associates	0	0	(724,630)	(2,821,667)
<b>Cash flow from operating activities before the change of working capital</b>	<b>98,956,077</b>	<b>82,228,518</b>	<b>74,260,917</b>	<b>60,752,438</b>
Net (decrease in)/creation of other liabilities	617,927	3,642,087	407,903	3,939,338
Net decrease in/(creation of) other assets	(2,729,024)	(313,224)	(3,153,295)	(2,582,339)
Change in inventories	(89,467,861)	(32,238,626)	(88,147,629)	(33,619,702)
Change in operating and other receivables	18,056,043	(20,975,280)	65,177,643	4,479,574
Change in operating and other liabilities	57,591,470	57,665,463	79,759,275	76,975,174
<b>Cash generated from operations</b>	<b>83,024,632</b>	<b>90,008,938</b>	<b>128,304,814</b>	<b>109,944,483</b>
Interest paid	(23,722,836)	(16,183,471)	(21,006,732)	(13,869,719)
Taxes paid	(9,143,377)	(8,725,026)	(5,944,615)	(6,577,039)
<b>Net cash from operating activities</b>	<b>50,158,419</b>	<b>65,100,441</b>	<b>101,353,467</b>	<b>89,497,725</b>
<b>Cash flows from investing activities</b>				
Payments for investments in subsidiaries	(45,845,483)	(8,285,296)	(62,469,846)	(12,824,854)
Payments for investments in jointly controlled entities	(1,068,131)	(10,554,545)	(1,068,131)	(10,554,545)
Receipts from intangible assets	34,716	202,476	0	0
Payments for intangible assets	(4,185,990)	(4,384,601)	(1,612,475)	(3,566,144)
Receipts from property, plant and equipment	3,798,771	1,626,883	1,990,202	1,073,593
Payments for property, plant and equipment	(35,727,288)	(35,371,469)	(18,606,973)	(15,833,695)
Payments for financial assets available for sale	0	37,314	0	37,314
Receipts from loans granted	14,976,951	9,813,329	13,818,506	18,510,772
Payments for loans granted	(6,155,094)	(14,673,864)	(19,105,713)	(22,293,629)
Interest received	4,833,887	6,096,947	4,212,836	5,689,540
Dividends received from subsidiaries	0	0	6,581,244	6,546,262
Dividends received from joint ventures	1,000,000	0	0	0
Dividends received from associates	724,630	2,821,667	724,630	2,821,667
Dividends received from others	41,225	163,115	41,225	163,115
<b>Net cash from investing activities</b>	<b>(67,571,806)</b>	<b>(52,508,044)</b>	<b>(75,494,494)</b>	<b>(30,230,604)</b>
<b>Cash flows from financing activities</b>				
Payments for bonds issued	(19,533)	(15,354)	(19,533)	(15,354)
Proceeds from borrowings	986,643,180	1,347,174,507	931,119,271	561,985,005
Repayment of borrowings	(970,656,707)	(1,347,595,570)	(936,359,347)	(609,459,603)
Dividends paid to shareholders	(16,953,670)	(15,748,532)	(16,953,670)	(15,748,532)
<b>Net cash from financing activities</b>	<b>(986,730)</b>	<b>(16,184,949)</b>	<b>(22,213,278)</b>	<b>(63,238,484)</b>
Increase / (decrease) in cash and cash equivalents	<b>(18,400,117)</b>	<b>(3,592,552)</b>	<b>3,645,695</b>	<b>(3,971,364)</b>
<b>Changes in cash and cash equivalents</b>				
<b>At the beginning of the year</b>	<b>60,701,551</b>	<b>17,543,771</b>	<b>32,949,888</b>	<b>14,773,479</b>
Translation differences	53,987	20,178	0	0
Increase/(decrease)	(18,400,117)	(3,592,552)	3,645,695	(3,971,364)
<b>At the end of the period</b>	<b>42,355,421</b>	<b>13,971,397</b>	<b>36,595,583</b>	<b>10,802,117</b>

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

### 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 period ended 30 September 2012 and separate financial statements of the company Petrol d.d., Ljubljana for the year ended 30 September 2012. The consolidated financial statements comprise the Company and its subsidiaries and 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 chapter Organisational structure of the Petrol Group in Appendix 1 of this report.

### BASIS OF PREPARATION

#### a. Statement of compliance

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 Company's management approved the Company's financial statements and the Group's consolidated financial statements on 15 November 2012.

These financial statements are prepared based on the same accounting policies used for the preparation of financial statements for the year ended 31 December 2011. For interim financial reporting IAS 34 - Interim Financial Reporting is applied.

#### b. Basis of measurement

The consolidated and separate 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

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

Estimates and assumptions are used in the following judgements:

- estimating useful lives of depreciable assets,
- 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,
- estimating the net realisable value of inventories,
- estimating the collectible amount of receivables,
- estimating the necessary amount of provisions, etc.

Because estimates are subject to subjective judgement and a certain degree of uncertainty, actual results might differ from the estimates. How the estimates are produced and the related assumptions and uncertainties are disclosed in the notes to the above items.

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

## NOTES TO INDIVIDUAL ITEMS IN THE FINANCIAL STATEMENTS

### 1. Segment reporting

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

An operating segment is a component of the Group that engages in business activities from which it earns revenues and incurs expenses that relate to transactions with any of the Group's other components. The operating results of operating segments are reviewed regularly by the executive officers of the Group to make decisions about resources to be allocated to a segment and assess the performance of the Group.

The Group's executive officers monitor information on two levels: on the micro level, in which case individual units are monitored, and on the macro level, where information is monitored only in terms of certain key information that can be used to make comparisons with similar companies in Europe. Given the enormous amount of information and their sensitivity on the micro level, the Group only discloses macro-level information in its annual report.

The Group thus uses the following segments in the preparation and presentation of the financial statements:

- oil and merchandise sales,
- energy activities.

Oil and merchandise sales consist of:

- sale of petroleum products,
- sale of merchandise.

Supplementary merchandise is comprised of automotive products, foodstuffs, accessories, tobacco and lottery products, coupons and cards.

Energy activities consist of:

- gas and heat

- electricity
- environmental and energy solution.

**The Group's operating segments in the period 1-9 2011:**

(in EUR)	Oil and merchandise sales	Energy activities	Income statement / Statement of Total financial position	
Sales revenue	3,264,995,939	139,803,880	3,404,799,819	
Revenue from subsidiaries	(1,029,622,089)	(15,367,148)	(1,044,989,237)	
Sales revenue	2,235,373,850	124,436,732	2,359,810,582	2,359,810,582
Net profit of loss for the year	27,277,983	8,907,004	36,184,987	36,184,987
Interest income *	4,280,161	1,763,730	6,043,891	6,043,891
Interest expenses *	(10,365,256)	(4,271,220)	(14,636,476)	(14,636,476)
Depreciation of property, plant and equipment, investment property, and amortisation of intangible assets	21,478,306	4,786,721	26,265,027	26,265,027
Revenue from equity accounted investees	1,758,667	6,628,000	8,386,667	8,386,667
<i>Total assets</i>	<i>1,087,607,017</i>	<i>252,402,089</i>	<i>1,340,009,107</i>	<i>1,340,009,107</i>
Equity accounted investments	40,450,126	111,635,195	152,085,322	152,085,322
Property, plant and equipment, intangible assets and investment property	501,288,362	111,599,471	612,887,833	612,887,833
Other assets	545,868,529	29,167,423	575,035,952	575,035,952

\* 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 the period 1-9 2012:**

(in EUR)	Oil and merchandise sales	Energy activities	Income statement / Statement of Total financial position	
Sales revenue	2,877,002,956	236,049,942	3,113,052,897	
Revenue from subsidiaries	(311,849,891)	(23,469,388)	(335,319,279)	
Sales revenue	2,565,153,065	212,580,553	2,777,733,619	2,777,733,619
Net profit of loss for the year	34,353,001	7,547,570	41,900,571	41,900,571
Interest income *	3,578,372	1,492,914	5,071,285	5,071,285
Interest expenses *	(16,357,972)	(6,824,624)	(23,182,596)	(23,182,596)
Depreciation of property, plant and equipment, investment property, and amortisation of intangible assets	(23,271,783)	(6,110,428)	(29,382,211)	(29,382,211)
Revenue from equity accounted investees	183,326	8,502,861	8,686,187	8,686,187
<i>Total assets</i>	<i>1,275,227,357</i>	<i>314,446,029</i>	<i>1,589,673,386</i>	<i>1,589,673,386</i>
Equity accounted investments	3,423,052	141,977,819	145,400,871	145,400,871
Property, plant and equipment, intangible assets and investment property	664,760,497	136,791,523	801,552,020	801,552,020
Other assets	607,043,808	35,676,687	642,720,495	642,720,495

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

## 2. Other revenue

(in EUR)	Petrol Group		Petrol d.d.	
	1-9 2012	1-9 2011	1-9 2012	1-9 2011
Gain on disposal of fixed assets	2,427,395	299,356	59,691	225,115
Utilisation of environmental provisions	1,229,608	1,214,196	1,213,809	1,214,196
Reversal of allowances for receivables	1,070,285	1,074,204	1,070,285	1,074,204
Reversal of accrued costs, expenses	1,374,843	554,210	1,293,132	493,904
Cash discounts, rebates received	254,333	198,964	27,608	100,419
Compensation from insurance companies	189,216	122,614	78,958	84,178
Other revenue	1,324,186	1,281,905	540,199	187,799
<b>Total other revenue</b>	<b>7,869,867</b>	<b>4,745,449</b>	<b>4,283,682</b>	<b>3,379,815</b>

## 3. Costs of material

(in EUR)	Petrol Group		Petrol d.d.	
	1-9 2012	1-9 2011	1-9 2012	1-9 2011
Costs of energy	16,444,828	12,486,119	4,285,650	3,995,889
Costs of consumables	5,445,043	5,018,321	2,446,683	3,918,197
Write-off of small tools	268,598	152,250	28,889	27,929
Other costs of materials	633,479	635,998	343,491	389,772
<b>Total costs of materials</b>	<b>22,791,948</b>	<b>18,292,688</b>	<b>7,104,712</b>	<b>8,331,786</b>

## 4. Costs of services

(in EUR)	Petrol Group		Petrol d.d.	
	1-9 2012	1-9 2011	1-9 2012	1-9 2011
Costs of service station managers	22,541,123	22,831,872	21,698,188	21,797,183
Costs of transport services	18,661,403	20,303,062	19,620,222	19,197,880
Costs of fixed asset maintenance services	7,056,975	6,539,229	6,681,015	6,454,699
Costs of payment transactions and bank services	6,083,609	4,756,856	4,650,404	3,759,465
Costs of professional services	4,631,419	3,327,815	2,410,199	2,312,920
Contributions for operating along motorways	3,993,171	3,790,480	3,191,184	2,984,282
Lease payment	3,365,129	7,176,731	6,089,266	6,659,814
Costs of fairs, advertising and entertainment	3,404,455	3,916,851	2,348,818	3,235,804
Costs of insurance premiums	3,329,002	2,633,074	2,104,056	1,919,207
Outsourcing costs	2,176,920	316,226	2,575	1,214
Costs of fire protection and physical and technical security	1,077,106	1,251,115	1,021,297	1,204,943
Costs of environmental services	1,321,338	844,316	725,096	679,694
Fees for the building site use	1,169,433	1,010,578	938,537	917,839
Reimbursement of work-related costs to employees	770,741	682,462	223,468	247,533
Concession charges	574,000	517,656	305,834	250,425
Membership fees	373,788	208,461	175,308	134,351
Property management	278,894	281,429	10,601,264	10,586,205
Other costs of services	3,212,072	2,490,640	1,657,633	1,808,030
<b>Total costs of services</b>	<b>84,020,577</b>	<b>82,878,853</b>	<b>84,444,366</b>	<b>84,151,488</b>

## 5. Labour costs

(in EUR)	Petrol Group		Petrol d.d.	
	1-9 2012	1-9 2011	1-9 2012	1-9 2011
Salaries	32,816,895	28,488,658	13,767,820	13,463,200
Costs of pension insurance	2,821,224	2,158,376	1,373,022	1,271,298
Costs of other insurance	3,249,046	2,637,738	1,124,669	1,050,358
Transport allowance	1,596,072	1,372,445	464,279	442,546
Meal allowance	1,175,290	970,625	397,600	385,081
Annual leave allowance	1,187,183	992,367	441,000	436,079
Supplementary pension insurance	686,829	599,007	387,825	375,815
Other allowances and reimbursements	1,365,934	1,153,541	643,045	524,091
<b>Total labour costs</b>	<b>44,898,473</b>	<b>38,372,757</b>	<b>18,599,260</b>	<b>17,948,468</b>

## 6. Depreciation and amortisation

(in EUR)	Petrol Group		Petrol d.d.	
	1-9 2012	1-9 2011	1-9 2012	1-9 2011
Amortisation of intangible assets	3,028,799	2,630,807	2,510,254	2,174,946
Depreciation of property, plant and equipment	25,750,797	23,026,048	14,483,177	14,576,291
Depreciation of investment property	602,615	608,172	624,011	629,568
<b>Total depreciation and amortisation</b>	<b>29,382,211</b>	<b>26,265,027</b>	<b>17,617,442</b>	<b>17,380,805</b>

## 7. Other costs

(in EUR)	Petrol Group		Petrol d.d.	
	1-9 2012	1-9 2011	1-9 2012	1-9 2011
Sponsorships and donations	1,397,912	902,829	1,043,588	837,914
Environmental charges and charges unrelated to operations	751,356	680,990	276,163	145,729
Loss on sale/elimination of property, plant and equipment	93,839	101,173	23,488	87,474
Other costs	562,186	455,752	246,705	237,412
<b>Total other costs</b>	<b>2,805,293</b>	<b>2,140,744</b>	<b>1,589,943</b>	<b>1,308,529</b>

## 8. Other financial income and expenses

(in EUR)	Petrol Group		Petrol d.d.	
	1-9 2012	1-9 2011	1-9 2012	1-9 2011
Foreign exchange differences	21,530,587	28,508,602	17,960,671	26,230,612
Gain on derivatives	18,881,146	16,102,866	18,881,146	16,102,866
Interest income	5,071,285	6,043,891	4,314,564	4,699,991
Allowances for receivables reversed	437,375	953,817	30,196	74,518
Other finance income	1,045,774	193,854	1,040,766	194,131
<b>Total other finance income</b>	<b>46,966,167</b>	<b>51,803,030</b>	<b>42,227,344</b>	<b>47,302,118</b>
Loss on derivatives	(22,315,809)	(26,277,782)	(22,315,809)	(26,277,782)
Foreign exchange differences	(20,524,240)	(33,832,666)	(17,487,462)	(30,431,783)
Interest expense	(23,182,596)	(14,636,476)	(19,894,186)	(11,975,273)
Allowance for operating receivables	(3,292,113)	(8,396,835)	(2,609,086)	(3,933,775)
Other finance expenses	(802,759)	(847,751)	(601,168)	(768,160)
<b>Total other finance expenses</b>	<b>(70,117,517)</b>	<b>(83,991,510)</b>	<b>(62,907,713)</b>	<b>(73,386,774)</b>
<b>Net total</b>	<b>(23,151,350)</b>	<b>(32,188,480)</b>	<b>(20,680,368)</b>	<b>(26,084,655)</b>

## 9. Deferred tax

The negative impact of deferred taxes on the Income statement is the result of decrease of statutory corporate income tax rate (change of the Corporate Income Tax Act). The Corporate Income Tax Act foresees a gradual decrease of corporate income tax rate from 20 % to 15 % in the period of 4 years. The corporate tax rates used to measure deferred taxes are rates expected to apply to the period when the asset is realized or the liability is settled.

## 10. Earnings per share

	Petrol Group		Petrol d.d.	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
Net profit (in EUR)	41,299,658	35,900,833	30,930,526	32,211,188
Number of shares issued	2,086,301	2,086,301	2,086,301	2,086,301
Number of own shares at beginning of the year	24,703	24,703	24,703	24,703
Number of own shares at end of tehe 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 (in EUR/share)	20.03	17.41	15.00	15.62

Basic earnings per share are calculated by dividing the owners' net profit by the weighted average number of ordinary shares, excluding ordinary shares owned by the Company. The Group and the Company have no potential dilutive ordinary shares, so the basic and diluted earnings per share are identical.

## 11. Intangible assets

### Intangible assets of the Petrol Group

(in EUR)	Software	Concessions	Goodwill	On-going investments	Total
<b>Cost</b>					
<b>As at 1 January 2011</b>	<b>5,561,566</b>	<b>78,122,277</b>	<b>15,175,764</b>	<b>123,170</b>	<b>98,982,777</b>
New acquisitions	12,061	132,500	0	4,240,039	4,384,600
Disposals	(278)	(192,888)	0	(39,181)	(232,347)
Transfer from ongoing investments	672,396	3,172,680	0	(3,845,076)	0
Translation differences	(2,814)	(30,115)	0	(850)	(33,779)
<b>As at 30 September 2011</b>	<b>6,242,931</b>	<b>81,204,454</b>	<b>15,175,764</b>	<b>478,102</b>	<b>103,101,251</b>
<b>Accumulated amortisation</b>					
<b>As at 1 January 2011</b>	<b>(4,096,899)</b>	<b>(14,864,423)</b>	<b>0</b>	<b>0</b>	<b>(18,961,323)</b>
Amortisation	(444,711)	(2,186,096)	0	0	(2,630,807)
Disposals	33	29,613	0	0	29,646
Translation differences	2,032	10,039	0	0	12,071
<b>As at 30 September 2011</b>	<b>(4,539,545)</b>	<b>(17,010,867)</b>	<b>0</b>	<b>0</b>	<b>(21,550,413)</b>
<b>Net carrying amount as at 1 January 2011</b>	<b>1,464,666</b>	<b>63,257,854</b>	<b>15,175,764</b>	<b>123,170</b>	<b>80,021,454</b>
<b>Net carrying amount as at 30 September 2011</b>	<b>1,703,387</b>	<b>64,193,578</b>	<b>15,175,764</b>	<b>478,102</b>	<b>81,550,831</b>
(in EUR)	Software	Concessions	Goodwill	Ongoing investments	Total
<b>Cost</b>					
<b>As at 1 January 2012</b>	<b>6,523,405</b>	<b>81,843,672</b>	<b>108,891,075</b>	<b>1,872,829</b>	<b>199,130,981</b>
New acquisitions	0	0	19,849	5,520,422	5,540,271
Disposals	(98,438)	(3,999,996)	0	1,038,772	(3,059,662)
Transfer from ongoing investments	1,538,524	4,869,156	0	(6,407,680)	0
Translation differences	2,401	(23,817)	0	700	(20,716)
<b>As at 30 September 2012</b>	<b>7,965,892</b>	<b>82,689,015</b>	<b>108,910,924</b>	<b>2,025,043</b>	<b>201,590,874</b>
<b>Accumulated amortisation</b>					
<b>As at 1 January 2012</b>	<b>(4,747,029)</b>	<b>(17,755,141)</b>	<b>0</b>	<b>0</b>	<b>(22,502,171)</b>
Amortisation	(631,510)	(2,397,289)	0	0	(3,028,799)
Disposals	83,100	2,763,970	0	0	2,847,070
Translation differences	(2,377)	(9,779)	0	0	(12,156)
<b>As at 30 September 2012</b>	<b>(5,297,816)</b>	<b>(17,398,239)</b>	<b>0</b>	<b>0</b>	<b>(22,696,056)</b>
<b>Net carrying amount as at 1 January 2012</b>	<b>1,776,375</b>	<b>64,088,531</b>	<b>108,891,075</b>	<b>1,872,829</b>	<b>176,628,810</b>
<b>Net carrying amount as at 30 September 2012</b>	<b>2,668,077</b>	<b>65,290,776</b>	<b>108,910,924</b>	<b>2,025,043</b>	<b>178,894,820</b>

**Intangible assets of Petrol d.d., Ljubljana**

(in EUR)	Software	Concessions	Ongoing investments	Total
<b>Cost</b>				
<b>As at 1 January 2011</b>	<b>5,120,637</b>	<b>62,427,315</b>	<b>18,000</b>	<b>67,565,952</b>
	1,022	120,168	0	121,190
New acquisitions	0	2,496,124	1,070,020	3,566,144
	(278)	(29,796)	0	(30,074)
Transfer from ongoing investments	669,993	0	(669,993)	0
<b>As at 30 September 2011</b>	<b>5,791,374</b>	<b>65,013,811</b>	<b>418,027</b>	<b>71,223,212</b>
<b>Accumulated amortisation</b>				
<b>As at 1 January 2011</b>	<b>(3,776,141)</b>	<b>(11,726,464)</b>	<b>0</b>	<b>(15,502,605)</b>
Amortisation	(400,932)	(1,774,014)	0	(2,174,946)
	(248)	(115,855)	0	(116,103)
	278	29,796	0	30,074
<b>As at 30 September 2011</b>	<b>(4,177,043)</b>	<b>(13,586,537)</b>	<b>0</b>	<b>(17,763,580)</b>
<b>Net carrying amount as at 1 January 2011</b>	<b>1,344,496</b>	<b>50,700,851</b>	<b>18,000</b>	<b>52,063,347</b>
<b>Net carrying amount as at 30 September 2011</b>	<b>1,614,331</b>	<b>51,427,274</b>	<b>418,027</b>	<b>53,459,632</b>

(in EUR)	Software	Concessions	Ongoing investments	Total
<b>Cost</b>				
<b>As at 1 January 2012</b>	<b>6,040,559</b>	<b>66,667,367</b>	<b>1,768,582</b>	<b>74,476,508</b>
New acquisitions	0	0	1,612,475	1,612,475
Disposals	(78,280)	(3,966,132)	1,038,772	(3,005,640)
Transfer from ongoing investments	1,465,132	1,702,291	(3,167,423)	0
<b>As at 30 September 2012</b>	<b>7,427,411</b>	<b>64,403,526</b>	<b>1,252,406</b>	<b>73,083,343</b>
<b>Accumulated amortisation</b>				
<b>As at 1 January 2012</b>	<b>(4,368,791)</b>	<b>(14,423,985)</b>	<b>0</b>	<b>(18,792,776)</b>
Amortisation	(572,381)	(1,937,873)	0	(2,510,254)
Disposals	59,478	2,768,283	0	2,827,761
<b>As at 30 September 2012</b>	<b>(4,881,694)</b>	<b>(13,593,575)</b>	<b>0</b>	<b>(18,475,269)</b>
<b>Net carrying amount as at 1 January 2012</b>	<b>1,671,768</b>	<b>52,243,382</b>	<b>1,768,582</b>	<b>55,683,732</b>
<b>Net carrying amount as at 30 September 2012</b>	<b>2,545,717</b>	<b>50,809,951</b>	<b>1,252,406</b>	<b>54,608,074</b>



## 12. Property, plant and equipment

### Property, plant and equipment of Petrol group

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
<b>Cost</b>						
<b>As at 1 January 2011</b>	<b>182,403,963</b>	<b>489,361,836</b>	<b>24,644,975</b>	<b>140,877,033</b>	<b>34,166,147</b>	<b>871,453,954</b>
New acquisitions	1,049,663	3,451,612	0	956,222	20,885,493	26,342,990
Disposals/impairments	(736,955)	(139,267)	(27,763)	(2,446,272)	(482,465)	(3,832,722)
Transfer from ongoing investments	2,963,173	10,678,615	413,694	7,198,906	(21,254,388)	0
Transfer to investment property	0	(17,373)	0	0	0	(17,373)
Transfer from investment property	0	4,757	0	0	0	4,757
Foreign exchange differences	(734,204)	(524,868)	0	(329,067)	561,109	(1,027,030)
<b>As at 30 September 2011</b>	<b>184,945,641</b>	<b>502,815,313</b>	<b>25,030,907</b>	<b>146,256,823</b>	<b>33,875,897</b>	<b>892,924,581</b>
<b>Accumulated depreciation</b>						
<b>As at 1 January 2011</b>	<b>0</b>	<b>(235,436,168)</b>	<b>(12,241,499)</b>	<b>(107,041,781)</b>	<b>0</b>	<b>(354,719,448)</b>
Depreciation	0	(14,246,559)	(1,169,068)	(7,610,421)	0	(23,026,048)
Disposals	0	125,845	26,802	2,115,052	0	2,267,699
Transfer from investment property	0	(4,757)	0	0	0	(4,757)
Foreign exchange differences	0	(16,010)	0	208,423	0	192,413
<b>As at 30 September 2011</b>	<b>0</b>	<b>(249,577,649)</b>	<b>(13,383,765)</b>	<b>(112,328,727)</b>	<b>0</b>	<b>(375,290,141)</b>
<b>Net carrying amount as at 1 January 2011</b>	<b>182,403,963</b>	<b>253,925,668</b>	<b>12,403,476</b>	<b>33,835,252</b>	<b>34,166,147</b>	<b>516,734,506</b>
<b>Net carrying amount as at 30 September 2011</b>	<b>184,945,641</b>	<b>253,237,664</b>	<b>11,647,142</b>	<b>33,928,096</b>	<b>33,875,897</b>	<b>517,634,443</b>
(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
<b>Cost</b>						
<b>As at 1 January 2012</b>	<b>202,113,869</b>	<b>544,737,719</b>	<b>26,157,134</b>	<b>158,752,367</b>	<b>46,479,468</b>	<b>978,240,557</b>
New acquisitions	0	0	0	0	39,156,482	39,156,482
Disposals/impairments	(110,627)	(658,955)	(310,219)	(11,870,067)	(75,138)	(13,025,006)
Transfer from ongoing investments	11,563,674	20,480,184	1,570,531	8,993,789	(42,608,178)	0
Transfer to investment property	0	(10,197)	0	0	0	(10,197)
Foreign exchange differences	(80,884)	(963,128)	0	121,583	(960,644)	(1,883,073)
<b>As at 30 September 2012</b>	<b>213,486,033</b>	<b>563,585,624</b>	<b>27,417,447</b>	<b>155,997,673</b>	<b>41,991,991</b>	<b>1,002,478,768</b>
<b>Accumulated depreciation</b>						
<b>As at 1 January 2012</b>	<b>0</b>	<b>(254,256,882)</b>	<b>(11,338,665)</b>	<b>(110,942,387)</b>	<b>0</b>	<b>(376,537,933)</b>
Depreciation	0	(16,084,340)	(1,272,828)	(8,393,629)	0	(25,750,797)
Disposals	0	108,657	24,837	9,092,734	0	9,226,228
Foreign exchange differences	0	357,997	0	(82,506)	0	275,491
<b>As at 30 September 2012</b>	<b>0</b>	<b>(269,874,568)</b>	<b>(12,586,656)</b>	<b>(110,325,788)</b>	<b>0</b>	<b>(392,787,011)</b>
<b>Net carrying amount as at 1 January 2012</b>	<b>202,113,869</b>	<b>290,480,837</b>	<b>14,818,469</b>	<b>47,809,980</b>	<b>46,479,468</b>	<b>601,702,624</b>
<b>Net carrying amount as at 30 September 2012</b>	<b>213,486,033</b>	<b>293,711,056</b>	<b>14,830,791</b>	<b>45,671,885</b>	<b>41,991,991</b>	<b>609,691,756</b>

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

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
<b>Cost</b>					
<b>As at 1 January 2011</b>	<b>95,443,789</b>	<b>353,479,316</b>	<b>110,843,245</b>	<b>18,014,449</b>	<b>577,780,799</b>
	316,431	1,557,777	714,146	0	2,588,354
New acquisitions	0	0	0	9,851,345	9,851,345
Disposals/impairments	(331,378)	(92,062)	(1,958,247)	(482,483)	(2,864,170)
Transfer from ongoing investments	2,514,759	3,542,125	5,294,699	(11,351,583)	0
Transfer to investment property	0	(17,373)	0	0	(17,373)
	0	4,757	0	0	4,757
<b>As at 30 September 2011</b>	<b>97,943,601</b>	<b>358,474,540</b>	<b>114,893,843</b>	<b>16,031,728</b>	<b>587,343,712</b>
<b>Accumulated depreciation</b>					
<b>As at 1 January 2011</b>	<b>0</b>	<b>(205,479,128)</b>	<b>(90,824,026)</b>	<b>0</b>	<b>(296,303,154)</b>
	0	(340,071)	(582,179)	0	(922,250)
Depreciation	0	(10,115,265)	(4,461,026)	0	(14,576,291)
Disposals	0	146,711	1,749,000	0	1,895,711
	0	(4,757)	0	0	(4,757)
<b>As at 30 September 2011</b>	<b>0</b>	<b>(215,792,512)</b>	<b>(94,118,231)</b>	<b>0</b>	<b>(309,910,743)</b>
<b>Net carrying amount as at 1 January 2011</b>	<b>95,443,789</b>	<b>148,000,188</b>	<b>20,019,219</b>	<b>18,014,449</b>	<b>281,477,644</b>
<b>Net carrying amount as at 30 September 2011</b>	<b>97,943,601</b>	<b>142,682,028</b>	<b>20,775,612</b>	<b>16,031,728</b>	<b>277,432,969</b>

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
<b>Cost</b>					
<b>As at 1 January 2012</b>	<b>98,143,207</b>	<b>364,918,983</b>	<b>118,297,842</b>	<b>11,471,153</b>	<b>592,831,185</b>
	0	0	0	13,278,564	13,278,564
Disposals/impairments	(84,177)	(408,948)	(2,871,573)	(75,138)	(3,439,836)
Transfer from ongoing investments	3,843	2,031,815	2,886,886	(4,922,544)	0
Transfer to investment property	0	(10,197)	0	0	(10,197)
<b>As at 30 September 2012</b>	<b>98,062,873</b>	<b>366,531,653</b>	<b>118,313,155</b>	<b>19,752,035</b>	<b>602,659,716</b>
<b>Accumulated depreciation</b>					
<b>As at 1 January 2012</b>	<b>0</b>	<b>(219,208,644)</b>	<b>(92,353,008)</b>	<b>0</b>	<b>(311,561,652)</b>
	0	(10,328,095)	(4,490,364)	0	(14,818,459)
Disposals	0	226,265	1,437,452	0	1,663,717
<b>As at 30 September 2012</b>	<b>0</b>	<b>(229,310,474)</b>	<b>(95,405,920)</b>	<b>0</b>	<b>(324,716,394)</b>
<b>Net carrying amount as at 1 January 2012</b>	<b>98,143,207</b>	<b>145,710,339</b>	<b>25,944,834</b>	<b>11,471,153</b>	<b>281,269,534</b>
<b>Net carrying amount as at 30 September 2012</b>	<b>98,062,873</b>	<b>137,221,179</b>	<b>22,907,235</b>	<b>19,752,035</b>	<b>277,943,324</b>

### 13. Investment in subsidiaries

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

(in EUR)	Petrol d.d.	
	30 September 2012	30 September 2011
As at 1 January	298,499,439	200,531,434
New acquisitions	63,004,846	13,346,143
Disposals	(205,097)	(2,200,305)
<b>As at 30 September</b>	<b>361,299,188</b>	<b>211,677,272</b>

## 14. Investments in jointly controlled entities

(in EUR)	Petrol Group		Petrol d.d.	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
<b>As at 1 January</b>	<b>37,964,476</b>	<b>16,386,748</b>	<b>2,583,500</b>	<b>61,270,000</b>
Attributed profit	3,835,115	2,274,076	0	0
Dividends received	(1,000,000)	0	0	0
New acquisitions	1,068,131	10,554,545	1,068,131	10,554,545
Disposals	0	(363,300)	0	(499,000)
<b>As at 30 September</b>	<b>41,867,719</b>	<b>28,852,069</b>	<b>3,651,631</b>	<b>71,325,545</b>

## 15. Investments in associates

(in EUR)	Petrol Group		Petrol d.d.	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
<b>As at 1 January</b>	<b>99,406,712</b>	<b>119,535,318</b>	<b>135,743,305</b>	<b>154,860,000</b>
Attributed profit	4,851,072	6,519,606	0	0
Dividends received	(724,630)	(2,821,667)	0	0
<b>As at 30 September</b>	<b>103,533,153</b>	<b>123,233,253</b>	<b>135,743,305</b>	<b>154,860,000</b>

## 16. Available for sale financial assets

(in EUR)	Petrol Group		Petrol d.d.	
	30 September 2012	30 September 2011	30 September 2012	30 September 2011
<b>As at 1 January</b>	<b>7,568,721</b>	<b>11,338,780</b>	<b>7,438,775</b>	<b>11,259,737</b>
New acquisitions	0	205,098	0	205,098
Disposals	(86,362)	(6,576)	(86,362)	(6,576)
<b>As at 30 September</b>	<b>7,482,359</b>	<b>11,537,302</b>	<b>7,352,413</b>	<b>11,458,259</b>

## 17. Inventories

(in EUR)	Petrol Group		Petrol d.d.	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Spare parts and materials inventories	2,017,010	1,916,840	87,361	43,382
Merchandise:	184,276,179	98,368,841	164,191,803	79,520,339
- fuel	149,598,776	67,708,833	134,544,870	54,725,699
- other petroleum products	5,837,144	6,686,401	5,230,718	5,421,425
- other merchandise	28,840,258	23,973,607	24,416,215	19,373,215
Virtual cards inventories	273,994	297,724	273,994	297,724
<b>Total inventories</b>	<b>186,567,183</b>	<b>100,583,405</b>	<b>164,553,157</b>	<b>79,861,445</b>

## 18. Short-term financial receivables

(in EUR)	Petrol Group		Petrol d.d.	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Loans granted	11,707,717	16,168,386	5,632,957	13,486,421
Allowance for loans granted	(5,878,070)	(724,733)	(578,862)	(607,890)
Time deposit with banks (3months to 1 year)	666,001	160,906	0	0
Finance lease receivables	0	3,940	0	3,940
Interest receivables	1,628,115	71,182	278,936	117,669
Allowance for interest receivables	(1,397,482)	(7,825)	(19,452)	(6,885)
<b>Total current financial receivables</b>	<b>6,726,282</b>	<b>15,671,856</b>	<b>5,313,579</b>	<b>12,993,255</b>

## 19. Current operating receivables

(in EUR)	Petrol Group		Petrol d.d.	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Trade receivables	374,485,469	369,173,511	276,836,130	322,842,219
Allowance of trade receivables	(46,761,741)	(44,525,739)	(25,336,972)	(22,993,200)
Operating receivables from state and other institutions	11,473,553	16,614,453	4,246,672	8,557,492
Operating interest receivables	4,462,334	3,815,380	3,156,295	2,916,701
Allowance for operating interest receivables	(2,676,977)	(2,327,557)	(1,619,945)	(1,355,659)
Receivables form insurance companies (loss events)	343,230	173,573	162,032	163,946
Other operating receivables	2,341,614	9,120,836	135,991	7,094,317
Allowance of other trade receivables	(85,509)	0	0	0
<b>Total current operating receivables</b>	<b>343,581,973</b>	<b>352,044,457</b>	<b>257,580,203</b>	<b>317,225,816</b>

## 20. Financial assets at fair value through profit or loss

(in EUR)	Petrol Group		Petrol d.d.	
	30. September 2012	31 December 2011	30. September 2012	31 December 2011
Assets arising from forward contracts	0	6,558,462	0	6,558,462
Assets arising from interest rate swaps	0	14,256	0	14,256
Assets arising from commodity swaps	52,552	172,657	52,552	172,657
financial assets under management	1,315,330	1,197,039	1,315,330	1,197,039
<b>Total fin. assets at fair value through profit or loss</b>	<b>1,367,882</b>	<b>7,942,414</b>	<b>1,367,882</b>	<b>7,942,414</b>

## 21. Prepayments and other assets

(in EUR)	Petrol Group		Petrol d.d.	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Prepayments	6,181,573	3,656,053	1,776,070	2,013,998
Prepaid insurance premiums	1,655,301	657,650	753,011	473,456
Uninvoiced services and goods	2,182,766	540,810	3,066,631	528,997
Prepaid subscriptions, specialised literature, etc.	1,008,868	488,736	738,947	475,146
Other current deferred costs and expenses	1,019,518	1,331,765	736,660	664,354
<b>Total prepayments and other assets</b>	<b>12,048,025</b>	<b>6,675,014</b>	<b>7,071,319</b>	<b>4,155,951</b>

## 22. Financial liabilities

(in EUR)	Petrol Group		Petrol d.d.	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
<b>Current</b>				
Bank loans	153,929,465	229,462,647	130,795,983	196,320,140
Liabilities to banks arising from interest rate swaps	6,230,708	5,744,138	6,177,834	5,723,956
Liabilities to banks arising from forward transactions	1,097,111	0	1,097,111	0
Liabilities to banks arising from commodity swaps	46,315	254,478	46,315	254,478
Finance lease liabilities	264,863	963,499	0	0
Commercial Papers issued	45,000,600	0	45,000,600	0
Other loans and financial liabilities	4,039,888	1,891,361	15,532,300	10,459,172
	<b>210,608,949</b>	<b>238,316,123</b>	<b>198,650,143</b>	<b>212,757,746</b>
<b>Non-current</b>				
Bank loans	335,448,858	284,166,462	241,087,043	229,054,950
Bond issued	82,867,973	82,887,506	82,867,973	82,887,506
Finance lease liabilities	4,534,466	4,620,314	0	0
Loans obtained from other companies	1,603,162	1,632,370	0	0
	<b>424,454,460</b>	<b>373,306,652</b>	<b>323,955,016</b>	<b>311,942,456</b>
<b>Total financial liabilities</b>	<b>635,063,409</b>	<b>611,622,775</b>	<b>522,605,159</b>	<b>524,700,202</b>

### 23. Current operating liabilities

(in EUR)	Petrol Group		Petrol d.d.	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Trade liabilities	265,039,644	269,519,326	219,289,269	212,505,309
Excise duty liabilities	109,789,563	49,795,483	105,990,072	46,291,421
Value added tax liabilities	27,706,066	20,831,879	24,600,577	17,713,832
Import duty liabilities	16,571,909	12,743,775	9,441,297	5,780,860
Liabilities to employees	7,064,535	6,944,340	4,106,999	3,774,656
Environment pollution charge liabilities	11,099,085	3,250,143	11,099,085	3,221,645
Social security contribution contributions	726,762	635,126	267,427	262,635
Liabilities arising from prepayments and collateral	1,822,973	1,104,148	1,633,378	943,889
Liabilities associated with the distribution of profit	457,520	426,232	457,520	418,873
Other liabilities to state and other state institutions	434,996	329,781	116,591	105,035
Liabilities arising from interests acquired	18,634,422	34,661,978	18,634,422	34,661,978
Other liabilities	1,559,642	6,120,648	1,690,000	1,826,817
<b>Total current operating and other liabilities</b>	<b>460,907,116</b>	<b>406,362,859</b>	<b>397,326,637</b>	<b>327,506,950</b>

### 24. Other liabilities

(in EUR)	Petrol Group		Petrol d.d.	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Accrued environmental expenses	0	1,293,132	0	1,293,132
Accrued annual leave expenses	1,431,432	1,511,914	889,792	889,792
Accrued litigation expenses	265,147	281,476	206,684	206,684
Accrued goods shortages	0	543,165	0	543,165
Accrued expenses for tanker demurrage	209,592	502,665	209,592	502,665
Accrued concession fee expenses	121,949	142,102	44,557	142,102
Accrued motorway site lease payments	224,579	342,654	224,579	285,014
Other accrued cost	1,776,320	1,312,868	814,010	574,655
Deferred Magna prepayment card revenues	452,730	474,832	452,730	474,832
Deferred revenue from interest income	614,443	614,443	614,443	614,443
Other deferred revenue	4,124,577	1,583,591	3,397,889	919,888
<b>Total accrued and deferred revenues</b>	<b>9,220,769</b>	<b>8,602,842</b>	<b>6,854,276</b>	<b>6,446,372</b>

### 25. Financial instruments and risks

This chapter presents disclosures about financial instruments and risks. Risk management is explained in chapter Business risks.

#### Credit risk

The Group is exposed to various types of financial risks, which are regularly monitored by relevant departments and responded to in time by taking appropriate measures and using various hedging instruments.

Having maximum exposure to credit risk is the carrying amount of financial assets which was the following as at 30 September 2012:

(in EUR)	Petrol Group		Petrol d.d.	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Available-for-sale financial assets	7,482,359	7,568,721	7,352,413	7,438,775
Non-current financial receivables	3,220,034	2,924,920	21,415,732	8,104,316
Non-current operating receivable	788,582	925,709	688,364	748,164
Current financial receivables	6,726,282	15,671,856	5,313,579	12,993,255
Current operating receivable	343,581,973	352,044,457	257,580,203	317,225,816
Financial assets at fair value through profit or loss	1,367,882	7,942,414	1,367,882	7,942,414
Cash and cash equivalents	42,355,421	60,701,551	36,595,583	32,949,888
<b>Total assets</b>	<b>405,522,533</b>	<b>447,779,628</b>	<b>330,313,756</b>	<b>387,402,628</b>

The item that was most exposed to credit risk on the reporting date were short-term operating receivables.

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

(in EUR)	breakdown by maturity					Total
	not yet due	up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	more than 90 days overdue	
Trade receivables	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)
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
<b>As at 31 December 2011</b>	<b>283,852,656</b>	<b>43,267,280</b>	<b>13,412,666</b>	<b>1,436,687</b>	<b>10,075,168</b>	<b>352,044,457</b>

(in EUR)	breakdown by maturity					Total
	not yet due	up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	more than 90 days overdue	
Trade receivables	276,389,256	15,018,528	8,590,877	4,495,084	69,991,724	374,485,469
Allowances for trade receivables	(1,675)	(6,700)	(22,393)	(1,676,745)	(45,054,228)	(46,761,741)
Operating receivables from state and other	10,174,400	1,064,823	233,050	0	1,280	11,473,553
Interest receivables	104,275	245,159	250,744	223,171	3,638,984	4,462,334
Allowances for interest receivables	0	(3,533)	(7,414)	(139,709)	(2,526,321)	(2,676,977)
Other receivables	1,271,655	322,302	0	238,419	852,467	2,684,844
Allowances for other receivables	0	0	0	(85,509)	0	(85,509)
<b>As at 30 September 2012</b>	<b>287,937,911</b>	<b>16,640,579</b>	<b>9,044,863</b>	<b>3,054,712</b>	<b>26,903,907</b>	<b>343,581,973</b>

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

(in EUR)	breakdown by maturity					Total
	not yet due	up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	more than 90 days overdue	
Trade receivables	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
<b>As at 31 December 2011</b>	<b>251,264,374</b>	<b>41,003,101</b>	<b>14,579,256</b>	<b>733,689</b>	<b>9,645,396</b>	<b>317,225,816</b>

(in EUR)	breakdown by maturity					Total
	not yet due	up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	more than 90 days overdue	
Trade receivables	223,322,181	8,581,555	630,258	1,528,593	42,773,544	276,836,131
Allowances for trade receivables	0	0	0	(1,528,593)	(23,808,380)	(25,336,973)
Interest receivables	187,532	88,129	128,636	198,279	1,939,275	2,541,851
Allowances for interest receivables	0	0	0	(122,585)	(1,497,360)	(1,619,945)
Other receivables	5,159,139	0	0	0	0	5,159,139
<b>As at 30 September 2012</b>	<b>228,668,852</b>	<b>8,669,684</b>	<b>758,894</b>	<b>75,694</b>	<b>19,407,079</b>	<b>257,580,203</b>

**Changes in allowances for operating receivables of the Group:**

(in EUR)	Allowance for short-term operating receivables	Allowance for short-term interest receivables	Total
As at 1 January 2011	(26,419,513)	(1,066,993)	<b>(27,486,506)</b>
Net changes in allowances affecting profit or loss	(18,579,856)	(1,137,592)	<b>(19,717,448)</b>
Changes in allowances not affecting profit or loss	1,598,574	(134,765)	<b>1,463,809</b>
New acquisitions as a result of business combination	(1,362,800)	0	<b>(1,362,800)</b>
Foreign exchange differences	237,856	11,793	<b>249,649</b>
<b>As at 31 December 2011</b>	<b>(44,525,739)</b>	<b>(2,327,557)</b>	<b>(46,853,296)</b>
As at 1 January 2012	(44,525,739)	(2,327,557)	<b>(46,853,296)</b>
Net changes in allowances affecting profit or loss	(2,822,413)	(21,206)	<b>(2,843,621)</b>
Changes in allowances not affecting profit or loss	652,928	(318,281)	<b>334,647</b>
Foreign exchange differences	(152,026)	(9,933)	<b>(161,959)</b>
<b>As at 30 September 2012</b>	<b>(46,847,250)</b>	<b>(2,676,977)</b>	<b>(49,524,227)</b>

**Changes in allowances for operating receivables of the Company:**

(in EUR)	Allowance for short-term operating receivables	Allowance for short-term interest receivables	Total
As at 1 January 2011	(17,211,342)	(1,002,968)	<b>(18,214,310)</b>
Net changes in allowances affecting profit or loss	(6,901,847)	(217,982)	<b>(7,119,829)</b>
Changes in allowances not affecting profit or loss	0	(187,386)	<b>(187,386)</b>
Write-downs	1,119,989	52,677	<b>1,172,666</b>
<b>As at 31 December 2011</b>	<b>(22,993,200)</b>	<b>(1,355,659)</b>	<b>(24,348,860)</b>
As at 1 January 2012	(22,993,200)	(1,355,660)	<b>(24,348,860)</b>
Net changes in allowances affecting profit or loss	(2,515,977)	(15,234)	<b>(2,531,211)</b>
Changes in allowances not affecting profit or loss	0	(249,052)	<b>(249,052)</b>
Write-downs	172,205	0	<b>172,205</b>
<b>As at 30 September 2012</b>	<b>(25,336,972)</b>	<b>(1,619,946)</b>	<b>(26,956,918)</b>

The Group/Company measures the degree of receivables management using day's sales outstanding:

(in days)	Petrol Group		Petrol d.d.	
	1 - 9 2012	1 - 12 2011	1 - 9 2012	1 - 12 2011
<b>Days sales</b>				
Contract days	38	38	38	40
Overdue receivables in days	20	21	17	17
<b>Total days sales outstanding</b>	<b>58</b>	<b>59</b>	<b>55</b>	<b>57</b>

## Liquidity risk

The Group/Company manages liquidity risks through:

- standardised and centralised treasury management at Group level,
- uniform approach to banks in Slovenia and abroad,
- computer-assisted system for the management of cash flows of the parent company and all its subsidiaries,
- centralised collection of available cash through cash pooling.

Half of the Group's/Company's total revenue is generated through its retail network in which cash and payment cards are used as the means of payment. This ensures regular daily inflows and mitigates liquidity risks.

In addition, the Group/Company has credit lines at its disposal both in Slovenia and abroad, the size of which enables the Group to meet all its due liabilities at any given moment. Due to the financial crisis, the Group/Company now devotes even more attention to the planning of cash flows, which enables it to anticipate any liquidity surpluses or shortages in time and manage them optimally.

The majority of financial liabilities arising from long-term and short-term loans are those of the parent company, which also generates the majority of revenue.

The Group's liabilities as at 31 December 2011 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	373,306,652	0	0	332,740,608	40,566,044
Non-current operating liabilities	27,380,320	0	0	45,137	27,335,183
Short-term financial liabilities	238,316,123	166,480,796	71,835,327	0	0
Short-term operating liabilities	406,362,859	404,697,083	1,665,776	0	0
<b>As at 31 December 2011</b>	<b>1,045,365,954</b>	<b>571,177,879</b>	<b>73,501,103</b>	<b>332,785,745</b>	<b>67,901,227</b>

The Group's liabilities as at 30 September 2012 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	424,454,460	0	0	363,610,849	60,843,611
Non-current operating liabilities	32,413,570	0	0	31,062,036	1,351,534
Short-term financial liabilities	210,608,949	156,467,882	54,141,067	0	0
Short-term operating liabilities	460,907,116	456,170,918	4,736,198	0	0
<b>As at 30 September 2012</b>	<b>1,128,384,095</b>	<b>612,638,800</b>	<b>58,877,265</b>	<b>394,672,885</b>	<b>62,195,145</b>



The Company's liabilities as at 31 December 2011 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	311,942,456	0	0	291,800,835	20,141,621
Non-current operating liabilities	27,291,782	0	0	27,291,782	0
Short-term financial liabilities	212,757,746	154,566,101	58,191,644	0	0
Short-term operating liabilities	327,506,950	326,059,470	1,447,480	0	0
<b>As at 31 December 2011</b>	<b>879,498,933</b>	<b>480,625,571</b>	<b>59,639,124</b>	<b>319,092,617</b>	<b>20,141,621</b>

The Company's liabilities as at 30 September 2012 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	323,955,016	0	0	323,955,016	0
Non-current operating liabilities	32,325,031	0	0	31,016,899	1,308,133
Short-term financial liabilities	198,650,143	151,040,058	47,610,084	0	0
Short-term operating liabilities	397,326,637	395,288,511	2,038,126	0	0
<b>As at 30 September 2012</b>	<b>952,256,827</b>	<b>546,328,569</b>	<b>49,648,210</b>	<b>354,971,915</b>	<b>1,308,133</b>

**Foreign exchange risk**

Because the Group/Company purchases petroleum products in US dollars, while sales in the domestic and foreign markets are made in local currencies, it is exposed to the risk of changes in the EUR/USD exchange rate.

Hedging is performed in accordance with the Group's rules for the management of price and foreign exchange risks prepared on the basis of the Regulation on the Price Methodology for Petroleum Products. The exposure to changes in the EUR/USD exchange rate is hedged against using foreign exchange hedging. 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.

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 sales of euro-denominated goods in Croatia. Considering that due to an illiquid market in Croatia 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.

**Price risk**

The Group/Company hedges petroleum product prices primarily by using commodity swaps (variable to fixed price swap). Partners in this area include global financial institutions and banks or suppliers of goods, which is why the Group/Company believes that the counterparty default risk is nil.

## 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. As far as short-term financing is concerned, loan agreements have a fixed interest rate, but they too are progressively adapted to the 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.

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 and
- partly through liabilities with fixed interest rate.

Hedging through the use of derivatives is aimed at achieving a fixed interest rate and, consequently, constant cash flows (cash flow hedging) amounting to the fixed interest rate plus an interest margin. The Group/Company therefore recognises the instrument designated as effective directly in equity.

To hedge against interest rate risks, the Group/Company uses multiple financial instruments, of which most frequently the interest rate swap.

Because partners in this area include first-class Slovene banks, the Group/Company estimates that the counterparty default risk is nil

## 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 dividend payout policy to the Company's owners.

To this end, the Company and the Group regularly monitor the debt-to-equity ratio:

(in EUR)	Petrol Group		Petrol d.d.	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
Non-current financial liabilities	424,454,460	373,306,652	323,955,016	311,942,456
Short-term financial liabilities	210,608,949	238,316,123	198,650,143	212,757,746
Total financial liabilities	635,063,409	611,622,775	522,605,159	524,700,202
Total equity	422,827,161	441,636,101	405,413,573	381,657,663
<b>Debt/Equity</b>	<b>1.50</b>	<b>1.38</b>	<b>1.29</b>	<b>1.37</b>
Net financial liabilities	592,707,988	550,921,224	486,009,576	491,750,314
<b>Net Debt/Equity ratio</b>	<b>1.40</b>	<b>1.25</b>	<b>1.20</b>	<b>1.29</b>

## Carrying amount and fair value of financial instruments

(in EUR)	Petrol group			
	30 September 2012		31 December 2011	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Non-derivative financial assets at fair value</b>				
Available-for-sale financial assets	7,482,359	7,482,359	7,568,721	7,568,721
<b>Non-derivative financial assets at amortised cost</b>				
Financial receivables	9,946,316	9,946,316	18,596,776	18,596,776
Operating receivables	344,370,555	344,370,555	352,970,166	352,970,166
Cash	42,355,421	42,355,421	60,701,551	60,701,551
<b>Total non-derivative financial assets</b>	<b>404,154,651</b>	<b>404,154,651</b>	<b>439,837,214</b>	<b>439,837,214</b>
<b>Non-derivative financial liabilities at amortised cost</b>				
Bank loans and other liabilities	(627,689,275)	(630,583,090)	(605,624,158)	(609,236,652)
Operating liabilities	(493,320,686)	(493,320,686)	(433,743,179)	(433,743,179)
<b>Total non-derivative financial liabilities</b>	<b>(1,121,009,961)</b>	<b>(1,123,903,776)</b>	<b>(1,039,367,337)</b>	<b>(1,042,979,831)</b>
<b>Derivative financial instruments at fair value</b>				
Derivative financial instruments (assets)	1,367,882	1,367,882	7,942,414	7,942,414
Derivative financial instruments (liabilities)	(7,374,134)	(7,374,134)	(5,998,617)	(5,998,617)
<b>Total derivative financial instruments</b>	<b>(6,006,252)</b>	<b>(6,006,252)</b>	<b>1,943,797</b>	<b>1,943,797</b>

(in EUR)	Petrol d.d.			
	30 September 2012		31 December 2011	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Non-derivative financial assets at fair value</b>				
Available-for-sale financial assets	7,352,413	7,352,413	7,438,775	7,643,872
<b>Non-derivative financial assets at amortised cost</b>				
Financial receivables	26,729,311	26,729,311	21,097,571	21,097,571
Operating receivables	257,580,203	257,580,203	317,973,980	317,973,980
Cash	36,595,583	36,595,583	32,949,888	32,949,888
<b>Total non-derivative financial assets</b>	<b>328,257,510</b>	<b>328,257,510</b>	<b>379,460,214</b>	<b>379,665,311</b>
<b>Non-derivative financial liabilities at amortised cost</b>				
Bank loans and other liabilities	(515,283,899)	(518,177,714)	(518,721,768)	(522,334,262)
Operating liabilities	(429,651,668)	(429,651,668)	(353,543,035)	(353,543,035)
<b>Total non-derivative financial liabilities</b>	<b>(944,935,567)</b>	<b>(947,829,382)</b>	<b>(872,264,803)</b>	<b>(875,877,297)</b>
<b>Derivative financial instruments at fair value</b>				
Derivative financial instruments (assets)	1,367,882	1,367,882	7,942,414	7,942,414
Derivative financial instruments (liabilities)	(7,321,260)	(7,321,260)	(5,978,434)	(5,978,434)
<b>Total derivative financial instruments</b>	<b>(5,953,378)</b>	<b>(5,953,378)</b>	<b>1,963,980</b>	<b>1,963,980</b>

## 26. Related party transactions

(in EUR)	Petrol Group		Petrol d.d.	
	1-9 2012	1-9 2011	1-9 2012	1-9 2011
<b>Sales revenues:</b>				
Subsidiaries	-	-	228,500,840	197,824,812
Joint ventures	11,466,338	12,203,687	10,923,093	11,822,451
Associates	1,620,685	1,502,566	1,620,685	1,502,566
<b>Cost of merchandise sold:</b>				
Subsidiaries	-	-	48,347,531	801,408,946
Joint ventures	1,101	0	0	0
Associates	39,034,119	28,999,559	1,420,911	1,110,428
<b>Selling costs:</b>				
Subsidiaries	-	-	1,203,556	1,068,311
Joint ventures	20,738	1,863	1,873	1,811
Associates	5,651	7,686	5,651	7,366
<b>General and administrative costs:</b>				
Subsidiaries	-	-	19,402,716	14,007,633
Joint ventures	26,997	4,761,264	8	4,758,464
Associates	30,930	33,318	28,155	32,443
<b>Other costs:</b>				
Subsidiaries	-	-	71,847	96,026
Associates	417	210	417	26
<b>Financial revenues</b>				
Subsidiaries	-	-	6,581,244	6,546,262
Joint ventures	3,985,818	2,432,861	0	0
Associates	4,851,072	6,519,606	724,631	2,821,667
<b>Financial expenses arising from interests in group</b>				
Joint ventures	150,703	565,800	0	0
Associates	0	0	0	0
<b>Financial revenues s from interests:</b>				
Subsidiaries	-	-	1,432,580	1,947,840
Joint ventures	0	280,446	0	0
Associates	0	1,029	0	1,029
<b>Financial expenses for interest</b>				
Subsidiaries	-	-	170,492	452,833
Joint ventures	30,939	43,851	30,939	43,851
Associates	1,192,978	0	1,192,978	0

(in EUR)	Petrol Group		Petrol d.d.	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
<b>Investments:</b>				
Subsidiaries	-	-	361,299,189	298,499,439
Joint ventures	41,867,719	37,964,476	3,651,631	2,583,500
Associates	103,533,153	99,406,712	135,743,305	135,743,305
<b>Non-current financial receivables:</b>				
Subsidiaries	-	-	18,748,030	5,461,671
<b>Current operating receivables:</b>				
Subsidiaries	-	-	31,224,794	78,520,419
Joint ventures	140,851	184,533	92,451	75,776
Associates	401,348	266,562	401,348	266,562
<b>Current financial receivables:</b>				
Subsidiaries	-	-	2,713,659	9,043,276
<b>Short-term deposits(up to 3 months)</b>				
Subsidiaries	-	-	2,523,655	1,297,988
<b>Current accrued expenses</b>				
Subsidiaries	-	-	337,628	0
<b>Accrued revenues</b>				
Subsidiaries	-	-	1,083,193	0
Joint ventures	17,524	0	17,524	0
<b>Current financial liabilities:</b>				
Subsidiaries	-	-	11,495,961	9,010,560
Joint ventures	1,271,910	1,245,347	1,271,910	1,240,971
<b>Non-current operating liabilities</b>				
Associates	12,504,731	26,000,000	12,504,731	26,000,000
<b>Current operating liabilities:</b>				
Subsidiaries	-	-	9,610,355	45,717,023
Joint ventures	11,381	3,051	539	350
Associates	17,100,514	40,738,076	13,760,915	31,925,342
<b>Current deferred costs and expenses</b>				
Subsidiaries	-	-	107,644	0

## 27. Contingent liabilities

### Contingent liabilities for guarantees issued

(in EUR)	Petrol d.d.		Petrol d.d.	
	30 September 2012	31 December 2011	30 September 2012	31 December 2011
	<b>Value of guarantee issued</b>		<b>Value of contingent liability</b>	
Guarantee issued to:				
Cypet-Trade Ltd.	0	177,072,880	0	44,218,255
Petrol Hrvatska d.o.o.	106,218,423	53,159,144	83,231,365	32,863,123
Petrol d.o.o.	35,518,592	31,459,759	20,865,769	22,109,039
Petrol Energetika d.o.o.	14,860,006	13,462,006	6,931,312	5,375,492
Petrol-Trade Handelsges.m.b.H	28,866,976	12,364,287	0	437,611
Bio goriva d.o.o.	5,406,000	5,406,000	436,000	436,000
Petrol d.o.o. Beograd	4,202,414	5,245,500	1,100,000	5,245,500
Petrol-Jadranplin d.o.o.	5,417,147	4,182,860	2,495,192	1,912,858
Petrol BH Oil Company d.o.o. Sarajevo	3,425,656	2,914,364	1,334,224	2,254,661
Aquasystems d.o.o.	911,309	911,309	911,309	911,309
Petrol Tehnologija, d.o.o.	50,000	50,000	3,972	1,206
Beogas Invest d.o.o.	1,129,412	0	1,129,412	0
Petrol Oti Slovenija L.L.C.	500,000	0	376,921	0
Petrol Butan Osijek	268,572	0	104,604	0
<b>Total</b>	<b>206,774,507</b>	<b>306,228,109</b>	<b>118,920,080</b>	<b>115,765,054</b>
Other Guarantees	11,620,111	8,409,047	11,620,111	8,409,047
Bills of exchange issued as security	24,112,593	25,320,990	24,112,593	25,320,990
<b>Total contingent liabilities for guarantees issued</b>	<b>242,507,211</b>	<b>339,958,146</b>	<b>154,652,784</b>	<b>149,495,091</b>

### Contingent liabilities for lawsuits

In the period between 31 December 2011 and till the day of these financial statements, there were no new lawsuits filled against The Group or Company that would materially affect the financial statements in the first nine month of year 2012.

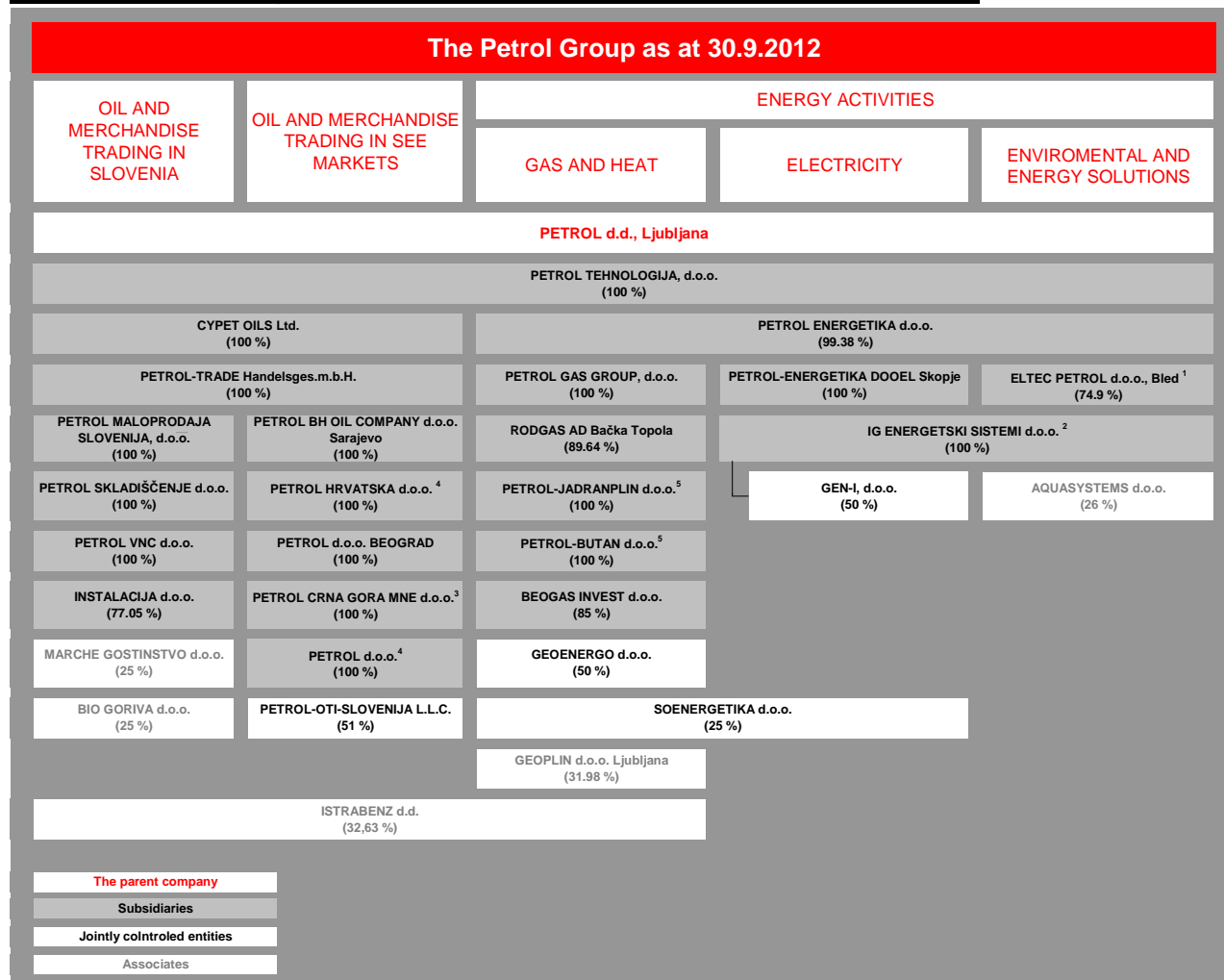
### Off-balance-sheet assets and liabilities to D.S.U. d.o.o.

In accordance with provisions of Article 57 of the Regulation on the Methodology for Preparing Opening Balance Sheets and a contract for the establishment of off-balance-sheet records of assets and contingent liabilities entered into with the Development Fund of the Republic of Slovenia (whose legal successor is the company D.S.U. d.o.o.), the Company reduced its assets on account of their elimination from the balance sheet and establishment of off-balance-sheet records of investments and receivables for goods due from Energoinvest, Bosanski Brod, in the republics of former Yugoslavia. The value of the contingent liability arising from investments is estimated at SIT 0, whereas the estimated value of the receivables for goods totals SIT 184,000,000. The Company's off-balance-sheet assets and liabilities arising from the above items stood at EUR 767,818 as at 30 September 2012.

## 28. Events after the reporting date

There were no events after the reporting date that would significantly affect the financial statements for the first nine month of year 2012.

## Appendix 1: Organisational structure of the Petrol Group



<sup>1</sup> Subsidiaries of EL-TEC PETROL d.o.o., Bled are as follows: ENERGOGLOBAL d.o.o., El-Tec Mulej, d.o.o., Niš, El-Tec Mulej BH, d.o.o., Tuzla and UNI ENERGIJA, d.o.o.

<sup>2</sup> Subsidiaries of IG ENERGETSKI SISTEMI d.o.o. beside GEN-I are as follows: IG AP d.o.o., IGIN, d.o.o., IGENS d.o.o., IG investicijski inženiring d.o.o., VITALEES d.o.o. Nova Bila, Travnik, VITALEES d.o.o. Bihać, Vitales energie biomasse Italia s.r.l., VITALEES d.o.o., Sokolac and Vitales RTH d.o.o.

<sup>3</sup> In July 2012 the company Petrol Crna gora d.o.o. was merged into the company Petrol – Bonus d.o.o., which was then renamed Petrol Crna Gora MNE d.o.o.

<sup>4</sup> In October 2012 the company Petrol Hrvatska d.o.o. was merged into the company Petrol d.o.o.

<sup>5</sup> In October 2012 a merger between the companies Petrol - Butan d.o.o. and Petrol-Jadranplin d.o.o. took place. After the company Petrol - Butan d.o.o. had been merged into the company Petrol-Jadranplin d.o.o., the latter was renamed Petrol Plin d.o.o.