

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



August 2012

PETROL

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

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 six 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 six 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 Petrol d.d., Ljubljana for the first six 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 six 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 explanations concerning the operations have been prepared on the basis of unaudited consolidated financial statements of the Petrol Group and unaudited financial statements of the company Petrol, d.d., Ljubljana for the first six months of 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 six 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 six months of 2012 at its meeting held on 28 August 2012.

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

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

List of acronyms and explanation of financial ratio calculations

Ratio/acronym	Explanation
SEE	Southeastern Europe
Merchandise	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-VI 2012	I-VI 2011	Index 2012 / 2011
Sales revenues	EUR million	1,767.9	1,504.6	118
Gross profit or loss	EUR million	157.3	150.9	104
Operating profit or loss	EUR million	39.1	38.9	101
Profit before tax	EUR million	32.2	24.3	132
Net profit or loss	EUR million	23.0	21.0	109
EBITDA	EUR million	58.0	55.6	104
Non-current (long-term) assets as per day	EUR million	788.3	613.2	129
Earnings per share	EUR	10.8	10.3	105
Net debt / equity		1.46	1.27	114

The Petrol Group	Unit	I-VI 2012	I-VI 2011	Index 2012 / 2011
Volume of petroleum products sold	thousand tons	1,183.1	1,085.1	109
Volume of liquefied petroleum gas sold	thousand tons	31.7	25.3	125
Volume of natural gas sold	thousand m ³	67,211	63,730	105
Electricity sold	MWh	1,141,733	517,164	221
Heat sold	MWh	41,241	45,687	90
Revenue from the sale of merchandise	EUR million	236.5	215.1	110
Investments in fixed assets	EUR million	78.8	17.8	443
Number of service stations on the last day of the period ¹		457	454	101

¹Number of service stations for the year 2011 as at 31.12.2011.

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

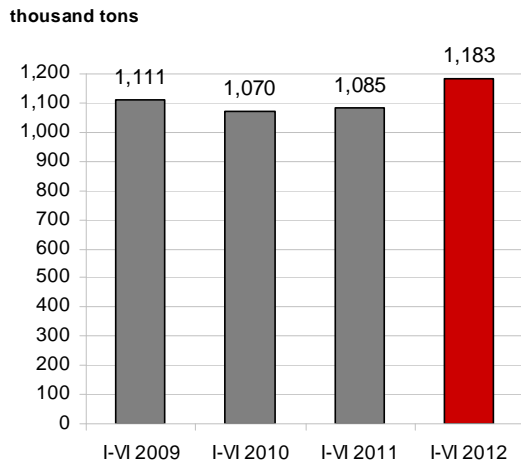


Figure 4: Net profit or loss of the Petrol group

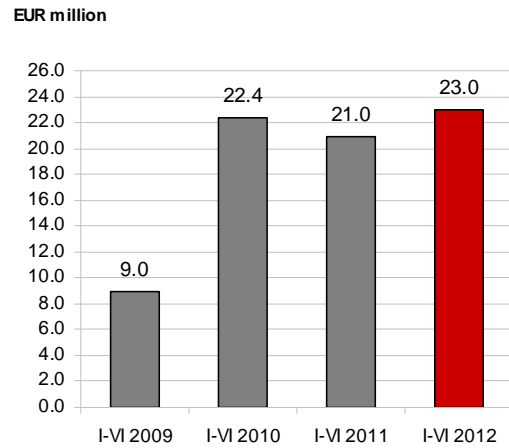


Figure 2: The Petrol Group's revenue from the sale of merchandise

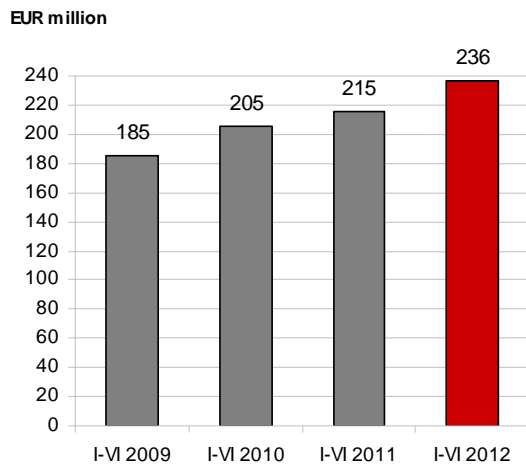


Figure 5: EBITDA of the Petrol Group

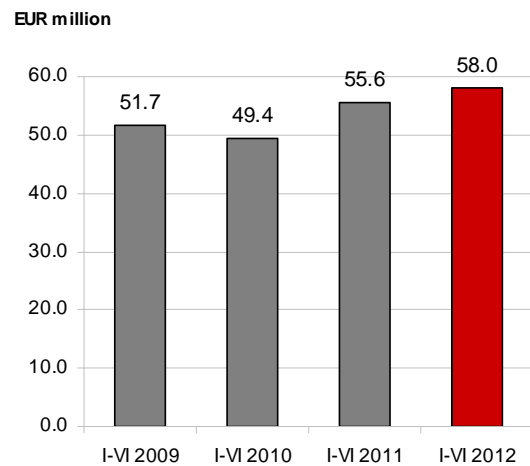


Figure 3: Increase in the number of service stations of the Petrol Group

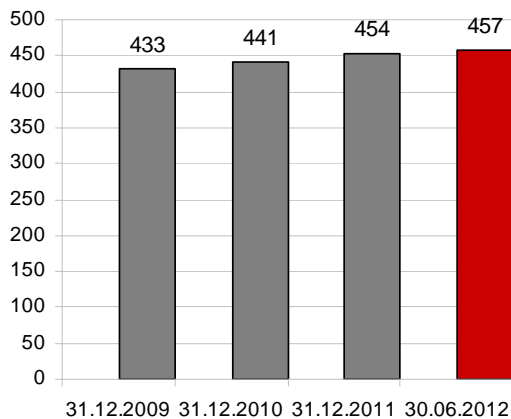
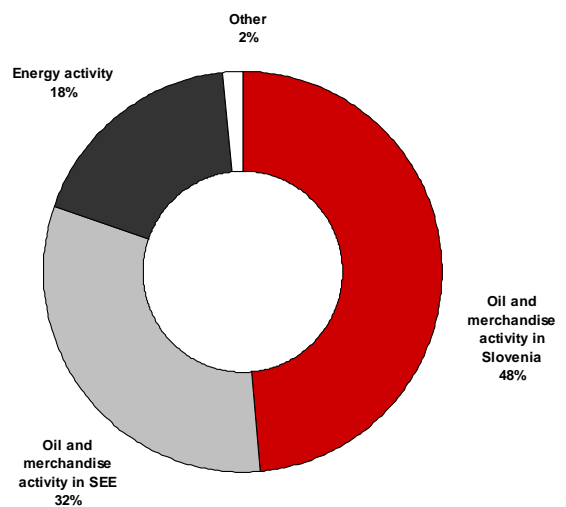


Figure 6: Breakdown of the Petrol Group's investments in the first six months of 2012



BUSINESS REPORT

Operations of the Petrol Group

The Petrol Group continues to perform well also this year, concluding the first six-month period 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		
	Results I-VI 2012	Results I-VI 2011	2012/2011
Sales revenues	1,767,908,200	1,504,568,992	118
Gross profit or loss	157,281,868	150,866,963	104
EBITDA	57,955,564	55,634,234	104
Profit before tax	32,210,341	24,338,012	132
Net profit or loss	22,954,384	20,973,130	109
Non-current (long-term) assets as per day	788,268,972	613,221,025	129

In the first six months of 2012, the Petrol Group sold 1.2 million tons of petroleum products, up 9 percent from the same period of 2011. In **Slovenia**, the six-month sales of petroleum products stood at 778.5 thousand tons, accounting for 66 percent of the Petrol Group's total sales. In the same period, the Group sold 282.2 thousand tons of petroleum products in **SEE markets**, representing 24 percent of the Petrol Group's total sales, and 122.3 thousand tons in **EU markets**, which represented 10 percent of the Group's total sales.

In the first six months of 2012, the Petrol Group generated 52 percent of petroleum product sales in the retail market and 48 percent in the wholesale market. At the end of June 2012, the Group's retail network consisted of 457 service stations, of which 314 in Slovenia, 90 in Croatia, 37 in Bosnia and Herzegovina, 7 in Serbia, 5 in Montenegro and 4 in Kosovo.

The Petrol Group generated EUR 236.5 million in revenue from the sale of merchandise in the period concerned, an increase of 10 percent compared with the same period of the previous year.

In the same period, the Petrol Group sold 31.7 thousand tons of liquefied petroleum gas, a year-on-year increase of 25 percent, and 47.1 thousand tons (67.2 million m³) of natural gas or 5 percent more than in the same period of the previous year.

In addition, the Petrol Group sold 1.1 million MWh of electricity, which was 121 percent more than in the same period of the previous year, and 41.2 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 six 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 six months of 2012 was Petrol d.d., Ljubljana¹.

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 1.3 billion, which accounted for 73 percent of the Petrol Group's total revenue. The revenue was 18 percent higher than in the same period of 2011, thanks to higher sales volumes and a slight increase in oil prices.

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

In the first six months of 2012, the Petrol Group sold 778.5 thousand tons of petroleum products in Slovenia, which was 6 percent more than in the same period of 2011. Of this quantity, liquid fuels accounted for 755 thousand tons and other petroleum products for 23.6 thousand tons. Year-on-year, the Group sold 11 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 122 thousand tons, which was 137 percent more than in the same period of 2011.

Key impacts on operations

Setting of fuel prices in Slovenia

In Slovenia, fuel prices are set in accordance with the Regulation on the Price Methodology for Petroleum Products, which entered into force on 9 October 2011 and shall remain in force for a period of 1 year. In the regulation, the model-based margin for government-regulated petroleum products is 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).

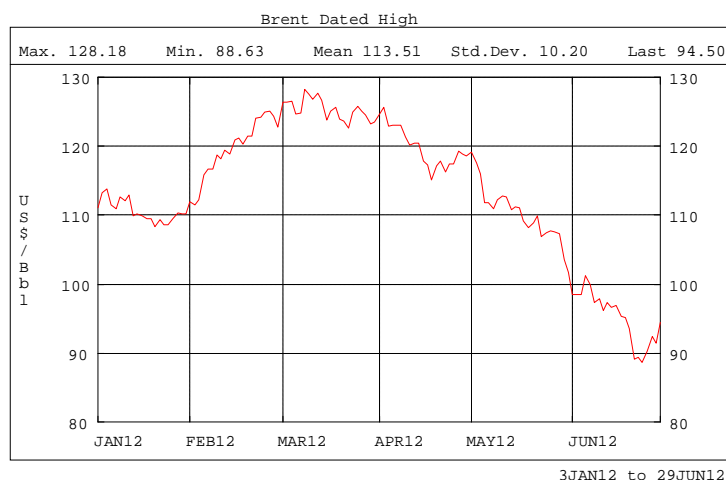
In Slovenia, gross margins for petroleum products, which are, under the model, set at a fixed amount and do not reflect changes in retail prices, are still below European average. In the case of petrol, they amounted to 83 percent of the average gross margin in EU countries, in the case of diesel fuel to 66 percent and in the case of extra light heating oil to no more than 54 percent.

¹ 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.

Changes in oil and petroleum product prices in the world market

In the first six months of 2012, the average price of Brent Dated crude oil was USD 113.51 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. In 2012 the average price of oil expressed in US dollars was 2 percent higher year-on-year, while the average price expressed in euros increased by 11 percent. The prices of petrol and middle distillates followed the same trends as crude oil prices.

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



SOURCE: Petrol, 2012

Figure 8: Changes in Brent Dated High oil price in the first six 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).

Oil price movements will continue to be most affected by the situation in the Middle East as well as by economic growth expectations, US oil stocks and unemployment figures and demand in China and India. Another factor will be the occurrence of tropical storms during the summer months.

Changes in the US dollar to the euro exchange rate

The US dollar to the euro exchange rate ranged between 1.23 and 1.35 USD/EUR in the first six months of 2012. The average exchange rate of the US dollar according to the exchange rate of the European Central Bank stood at 1.30 US dollars for 1 euro in the period concerned.

The Petrol Group's sales of merchandise in Slovenia

The Petrol Group generated EUR 220.7 million in revenue from the sale of merchandise in Slovenia in the first six months of 2012, an increase of 11 percent compared with the same period of the previous year. During this period, the sales within the lottery ticket, coupon, card and tobacco segments increased the most compared with the previous year. As of 2012, the coffee-to-go revenue, which was previously classified under services, is recorded under merchandise and stood at EUR 2.8 million in the first six months of 2012. The range available at Petrol's points of sale is modified and expanded as it being quickly adjusted 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 is recorded under revenue from merchandise sales. In the first six months of 2012, the Petrol Group generated EUR 11.3 million in revenue from the services related to oil and merchandise sales² in Slovenia, which was 22 percent less than in 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 six months of 2012:

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

² 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 2 percent in the first six months of 2012 compared with the same period of 2011.

- Petrol d.o.o. Beograd,
- Petrol Jadranplin d.o.o,
- Petrol - Butan d.o.o., and
- Petrol - Bonus d.o.o.

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.

Petrol d.d., Ljubljana became the sole owner of the company Euro - Petrol d.o.o. after the fulfilment of all suspensive conditions.

In the first six months of 2012, the Petrol Group's **net sales revenue** from oil and merchandise sales in SEE markets stood at EUR 332 million. The revenue accounted for 19 percent of the Petrol Group's total revenue and was 4 percent higher than in the same period of 2011.

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

In the first six months of 2012, the Petrol Group sold 282.2 thousand tons of petroleum products in SEE markets, which represents a year-on-year decrease of 6 percent. The sales of extra light heating oil increased by 34 percent year-on-year, with the sales of motor fuels decreasing by 14 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 3.4 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.

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 0.103) for a litre of diesel or petrol and HRK 0.58 (EUR 0.078) 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, 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 15.7 million in revenue from the sale of merchandise in SEE markets in the first six months of 2012, an increase of 2 percent compared with the same period of the previous year. The best results were achieved in the sale of tobacco and automotive products.

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. At the same time, this will enable Petrol to develop and expand its petroleum product sales.

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. In Slovenia, losses in the fuel supply chain were reduced by 3 percent, in Croatia by 10 percent and in Bosnia and Herzegovina by 11 percent compared with the first six months of 2011. Also, the vehicle fleet of the company Euro – Petrol d.o.o. was disposed of.

C. Energy activities

In the first six months of 2012, the Petrol Group's **net sales revenue** from energy activities stood at EUR 146 million, which accounted for 8 percent of its total revenue. The revenue was 64 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 six months of 2012:

- Petrol d.d., Ljubljana,
- Petrol Energetika d.o.o.,
- Petrol Hrvatska d.o.o.,
- Euro - Petrol, d.o.o., Rijeka,

- Petrol – Jadranplin d.o.o.,
- Petrol – Butan d.o.o.,
- Petrol BH Oil Company d.o.o., Sarajevo,
- Petrol d.o.o. Beograd,
- Rodgas a.d.,
- Petrol Gas Group d.o.o.,
- Beogas Invest 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-Jadranplin d.o.o. has gas supply contracts in the towns of Šibenik and Rijeka.

In March 2012, Petrol d.d., Ljubljana acquired the remaining 49-percent interest in the company Petrol-Jadranplin d.o.o. By purchasing an 85-percent interest in the company Beogas Invest d.o.o. in April 2012, Petrol d.d., Ljubljana acquired a company that distributes natural gas in three Belgrade municipalities.

In the first six months of 2012, the Petrol Group sold 31.7 thousand tons of liquefied petroleum gas, a year-on-year increase of 25 percent. It also sold 47.1 thousand tons (67.2 million m³) of natural gas, which was 5 percent more than in the same period of the previous year.

In the same period, the Petrol Group operated 5 district heating concessions, selling 41.2 thousand MWh of heat or 10 percent less than in the same period of the previous year. This was the result of the compulsory installation of heat cost allocators and thermostatic valves in apartment buildings and of a relatively mild winter.

Electricity

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

- Petrol d.d., Ljubljana,
- Petrol Energetika d.o.o.,
- Petrol d.o.o., Beograd, and
- Petrol Hrvatska d.o.o.

During this period, the Petrol Group sold 1.1 million MWh of electricity, a year-on-year increase of 121 percent.

The Petrol Group positioned itself as an important electricity market player already in 2011. It set up an entire 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 June 2012, Petrol d.d., Ljubljana supplied electricity to approximately 26,000 households. In 2012 an electricity trading licence was acquired also in Bosnia and Herzegovina, and electricity sales were launched in Serbia and Croatia.

Environmental and energy solutions

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

- Petrol d.d., Ljubljana,
- Petrol Energetika d.o.o.,
- the El-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.

In the first six months of 2012, the Petrol Group generated EUR 1.8 million in revenue from environmental solution services.

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

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. Biogas is used for electricity production with heat as the by-product. In 2012 Petrol plans to construct a dehydration plant for sludge from treatment plants. This will enable it to use waste heat in the production of electricity. Through dehydration, sludge will be processed from waste to substitute fuel to be used for co-incineration in cement plants.

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 six months of 2012, the Petrol Group generated EUR 3.8 million in revenue from the sale of merchandise (wood biomass) and EUR 3.8 million in revenue from the sale of energy solutions.

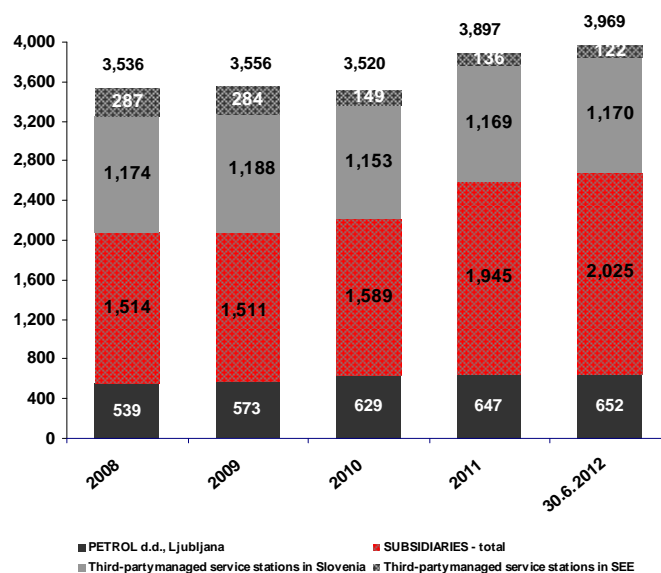
Petrol obtained product declarations for solar power plants constructed in 2011 and continues to set up solar power plants also in 2012. In addition, activities were underway to get more customers for EEC and renewable energy projects.

Sustainable development

Employees

On 30 June 2012, the Petrol Group had 3,969 employees, of which 33 percent worked for subsidiary companies and at third-party managed service stations abroad. Employee numbers increased by 72, mostly on account of retail network expansion in SEE markets.

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 six months of 2012

In the first six months of 2012, the Petrol Group employed 244 new workers, the employment of 172 workers was terminated, while 65 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 six months of 2012

	Balance as at 30.6.2012	New employments/employment in the Coppany		Internal transfer of employees in the Petrol Group		Total number of people joined in 2012	Total number of people left in 2012	Balance as at 31.12.2011
		Joined	Left	Joined	Left			
Petrol d.d., Ljubljana	652	9	6	5	3	14	9	647
Subsidiaries	2,025	191	110	33	34	224	144	1,945
Third-party managed service stations in Slovenia	1,170	37	42	27	21	64	63	1,169
Third-party managed service stations in SEE	122	7	14	0	7	7	21	136
The Petrol Group	3,969	244	172	65	65			3,897

Employee structure

At the end of June 2012, the average age of the Petrol Group employees was 39 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 six months of 2012, 5,207 individuals took part in various forms of training. In all, the Petrol Group provided 37,958 teaching hours of training, which represents, on average, 10 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. In the first six months of 2012, technical and legally required training was carried out.

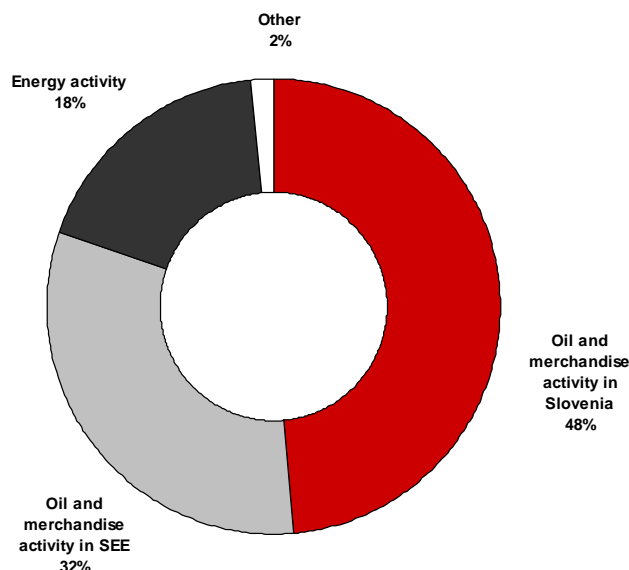
At the Petrol Group, particular attention is given to the training of outworkers (hauliers and students) and education of customers. In the period concerned, several seminars were organised in this field which were attended by 864 participants.

Investments

In the first six months of 2012, EUR 78.8 million was allocated to investments in property, plant and equipment, intangible assets and long-term investments. Out of the above amount, 48 percent was allocated to oil and merchandise sales in Slovenia, 32 percent to oil and merchandise sales in SE Europe markets, 18 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 interests 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. In addition, 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 also used to upgrade the information infrastructure.

Figure 9: Breakdown of the Petrol Group’s investments in the first six 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 OHSHS 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 the quality management systems and the 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.

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., Zagreb	ISO 9001: 2008	/	/
Euro-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.

The following marked Petrol's social responsibility activities in the period concerned:

- 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 22nd 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.

Business risks

Risk management

In the first six months of 2012, the deteriorated 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 8th 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 enables the 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 has 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. Because there were no significant fluctuations in the EUR/HRK exchange rate in the first six months of 2012, no forward contracts to hedge the foreign exchange rate risk were concluded.

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

Credit risk

In 2011 the operating receivables management system was overhauled to provide 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 first six months of 2012, we have tightened even more the conditions for approving the amount of exposure (limits) to individual buyers and broadened 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, collaterals, corporate guarantees, securities, promissory notes, bills of exchange etc.).

In the first six 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 the most significant risk to which the controlling company was exposed in connection with electricity sales to natural and legal entities in the first six 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 big range of credit insurance instruments. In the first six 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 second half of the year 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.

Despite the above, we managed to secure for the Petrol Group sufficient short-term funds in the first six months of 2012, which provided us with good-quality short-term financing. In 2012 the levels of petroleum product prices have still required 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. In December 2011, Petrol carried out another issue of ordinary registered bonds worth EUR 33 million, followed by a successful issue of its commercial papers worth EUR 50 million at the end of March. The first in the series of consecutive issues of commercial papers received a warm welcome from investors, who submitted binding offers for the purchase of commercial papers in a total nominal value that was more than double the total nominal value initially envisaged for the entire issue. 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. In 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.

Interest rate risk

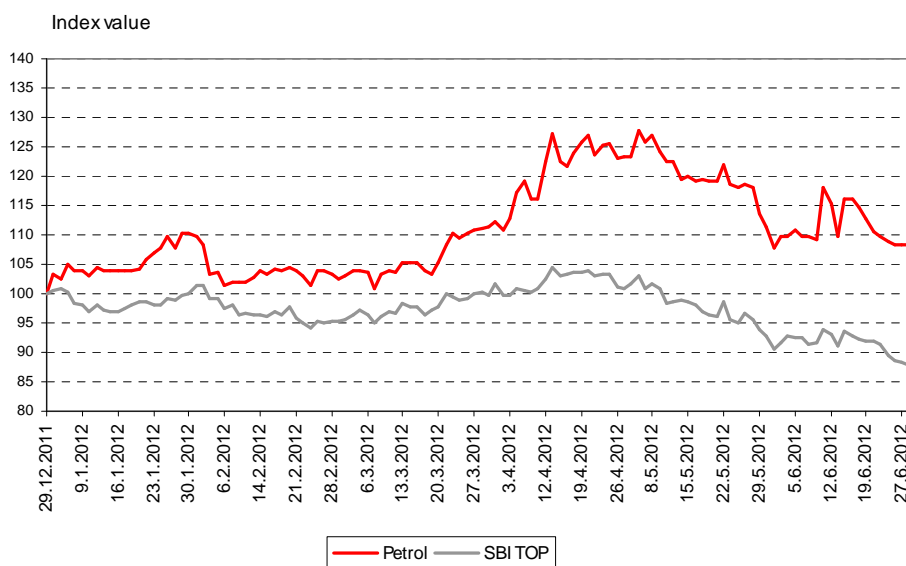
The Petrol Group regularly monitors its exposure to the interest rate risk. The controlling company's long-term loans contain a variable interest rate which is linked to EURIBOR. The average EURIBOR rate was lower in the first six months of 2012 than at the end of 2011 and thus remains very low. The Petrol Group's overall borrowing interest rate was thus lower in the first six months of 2012 than at the end of 2011. This is chiefly the result of low EURIBOR rates and Petrol's very favourable 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 six months of 2012, Petrol did not increase the extent of interest rate hedging relative to the end of 2011, issuing the commercial papers carrying a fixed interest rate instead. Interest rate changes are monitored on a regular basis, and according to forecasts rapid increases in interest rates are not expected. As a result, no additional interest rate hedges were concluded.

Petrol's shares

At the end of the first six-month period, share prices at the Ljubljana Stock Exchange were on average lower 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 lost 11.8 percent as at the end of June 2012, with Petrol's shares gaining 7.7 percent of their value. Among the shares making up the SBITOP index, Petrol's shares were the only ones to increase in value. In terms of trading volume, which amounted to EUR 12.4 million between January and June 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 348.6 million as at 30 June 2012, the shares were ranked fourth and accounted for 8.3 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 six months of 2012 compared with the end of 2011



In the first six months of 2012, the price of Petrol's shares ranged between EUR 156.20 and EUR 198.00 per share, while their average price for the period stood at EUR 172.22. Earnings per share stood at EUR 7.90, with a share's book value amounting to EUR 187. Petrol d.d., Ljubljana had 36,494 shareholders as at 30 June 2012. At the end of June 2012, 99,647 shares or 4.8 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 1.7 percentage points.

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

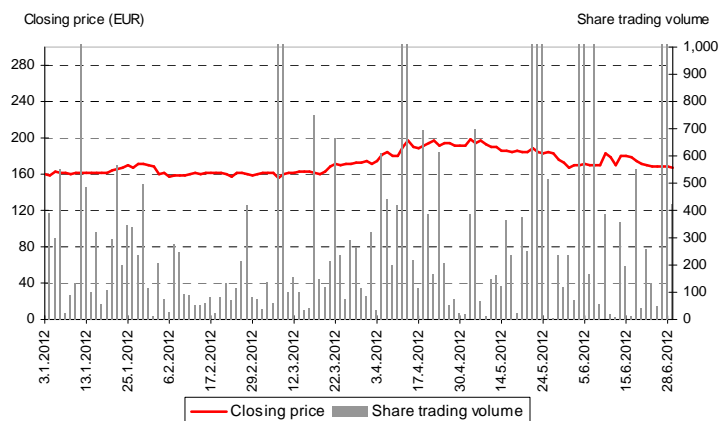


Figure 12: Ownership structure of Petrol d.d., Ljubljana as at 30 June 2012

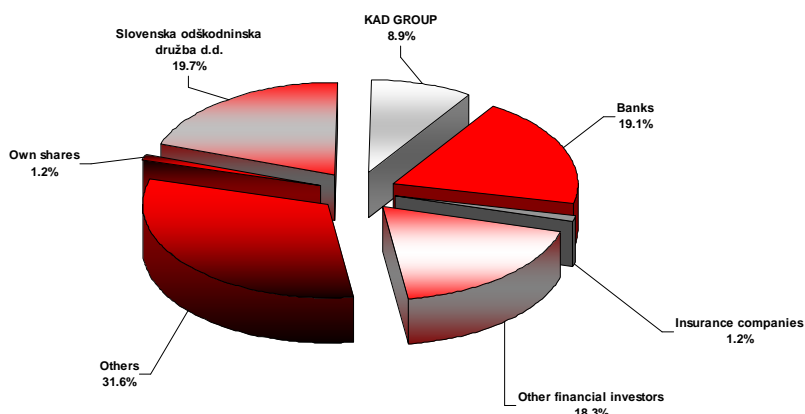


Table 5: Changes in the ownership structure of Petrol d.d., Ljubljana (comparison between 30 June 2012 and 31 December 2011)

	30.6.2012		31.12.2011	
	Number of shares	v %	Number of shares	v %
Slovenska odškodninska družba d.d.	412,009	19.7%	412,009	19.7%
KAD GROUP	184,852	8.9%	184,852	8.9%
Banks	398,620	19.1%	365,230	17.5%
Insurance companies	25,489	1.2%	25,489	1.2%
Other financial investors	381,483	18.3%	409,166	19.6%
Others	659,145	31.6%	664,852	31.9%
Own shares	24,703	1.2%	24,703	1.2%
Total	2,086,301	100.0%	2,086,301	100.0%

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

	Shareholder name	Adress	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	NFD 1, DELNIŠKI PODSKLAD	TRDINOVA ULICA 4, 1000 LJUBLJANA	47,743	2.29%
9	HYPO BANK D.D.	DUNAJSKA CESTA 117, 1000 LJUBLJANA	43,500	2.09%
10	NOVA KBM D.D.	ULICA VITA KRAIGHERJA 4, 2000 MARIBOR	42,985	2.06%

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

Name and Surname	Position	No.of shares	Share of equity
Supervisory board		179	0.01%
Internal members		135	0.01%
1. Boštjan Trstenjak	Supervisory Board Member	0	0.0000%
2. Franc Premrn	Supervisory Board Member	135	0.0065%
3. Andrej Tomplak	Supervisory Board Member	0	0.0000%
External members		44	0.002%
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%
Management Board		260	0.01%
1. Tomaž Berločnik	Management Board President	0	0.0000%
2. Janez Živko	Management Board Member	40	0.0019%
3. Rok Vodnik	Management Board Member	220	0.0105%
4. Samo Gerdin	Management Board Member/Worker Director	0	0.0000%

* The number of shares owned together with related entities as at 31 March 2012 totals 194,266, accounting for 9.31 percent of equity.

Authorised capital

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

Contingent increase in called-up capital

In the period up to 30 June 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 22nd General Meeting of 24 May 2012, Petrol d.d., Ljubljana's gross dividend for 2011 shall be EUR 8.25 per share and payable within 90 days of the General Meeting resolution. The gross dividend per share for 2010 stood at EUR 7.50 (payable in August 2011).

Own shares

Petrol d.d., Ljubljana did not repurchase its own shares in the first six months of 2012. As at 30 June 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 June 2012 and was EUR 1.5 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 six months of 2012, the Company attended four important investors' conferences. In the first half of April, Petrol 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, Petrol participated for the first time at a conference in Prague which was organised by Wood&Company, an investment firm. On 4 June, Petrol once again took part in an online roadshow of Slovene companies organised by the Ljubljana Stock Exchange and technically supported by Thomson Reuters. The recording of Petrol's roadshow presentation is available on the website of the Ljubljana Stock Exchange (<http://www.ljse.si/cgi-bin/jve.cgi?doc=14099&sid=>). The Company also had several individual meetings with domestic and foreign investors in the first six months of 2012.

General Meeting

At the 22nd 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.

FINANCIAL REPORT

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

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

(in EUR)	Notes	Petrol Group			Petrol d.d.		
		1-6 2012	1-6 2011	Index 12/11	1-6 2012	1-6 2011	Index 12/11
Sales revenue		1,767,908,200	1,504,568,992	118	1,514,186,907	1,273,895,021	119
Cost of merchandise sold		(1,610,626,332)	(1,353,702,029)	119	(1,399,416,110)	(1,156,741,856)	121
Gross profit		157,281,868	150,866,963	104	114,770,797	117,153,165	98
Cost of materials	3	(16,353,134)	(13,926,410)	117	(5,036,951)	(5,868,056)	86
Cost of services	4	(55,173,261)	(55,813,797)	99	(55,711,289)	(56,600,017)	98
Labour costs	5	(29,740,786)	(25,602,757)	116	(12,059,184)	(12,097,834)	100
Depreciation and amortisation	6	(19,619,075)	(17,517,484)	112	(11,770,668)	(11,591,520)	102
Other costs	7	(1,860,362)	(1,389,649)	134	(1,107,277)	(826,865)	134
Operating costs		(122,746,618)	(114,250,097)	107	(85,685,369)	(86,984,292)	99
Other revenue	2	4,996,761	2,549,584	196	1,726,539	2,086,957	83
Other expenses		(386,316)	(240,118)	161	(8,254)	(1,591)	519
Operating profit		39,145,695	38,926,332	101	30,803,713	32,254,239	96
Share of profit from equity accounted investees		8,691,087	5,442,633	160	-	-	-
Finance income from dividends from subsidiaries, associates and jointly		-	-	-	7,305,874	7,285,126	100
Other finance income		34,210,247	36,692,348	93	31,655,728	32,550,282	97
Other finance expenses		(49,836,688)	(56,723,301)	88	(46,124,893)	(50,416,949)	91
Net finance costs	8	(15,626,441)	(20,030,953)	78	(14,469,165)	(17,866,666)	81
Profit before tax		32,210,341	24,338,012	132	23,640,422	21,672,699	109
Tax expense		(4,389,295)	(4,183,090)	105	(2,420,986)	(2,927,961)	83
Deferred tax	9	(4,866,662)	818,208	-	(4,927,596)	408,703	-
Tax		(9,255,957)	(3,364,882)	275	(7,348,582)	(2,519,258)	292
Net profit for the period		22,954,384	20,973,130	109	16,291,840	19,153,441	85
Net profit attributable to:							
Owners of the controlling company		22,220,696	21,254,371	105	16,291,840	19,153,441	85
Non-controlling interest		733,688	(281,241)	-	-	-	-
Basic and diluted earnings per share	10	10.78	10.31	105	7.90	9.29	85

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.	
	1-6 2012	1-6 2011	1-6 2012	1-6 2011
Net profit for the period	22,954,384	20,973,130	16,291,840	19,153,441
Net change in valuation of investments in joint ventures and associates	-	-	10,404,183	0
Net gains on available-for-sale financial assets	0	0	0	0
	38,215	0	-	-
Net effective portion of changes in fair value of cash flow hedges	(447,936)	2,392,881	(447,936)	2,392,881
	135,664	0	0	0
Foreign exchange differences	(3,152,474)	1,229,951	0	0
Other comprehensive income	(3,426,531)	3,622,832	9,956,247	2,392,881
Total comprehensive income for the year	19,527,853	24,595,962	26,248,087	21,546,322
Total comprehensive income attributable to:				
Owners of the controlling company	18,932,367	24,819,280	26,248,087	21,546,322
Non-controlling interest	595,486	(223,318)	-	-

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	Petrol Group			Petrol d.d.		
		30 June 2012	31 December 2011	Index 12/11	30 June 2012	31 December 2011	Index 12/11
ASSETS							
Non-current (long-term) assets							
Intangible assets	11	175,665,716	176,628,810	99	54,726,838	55,683,732	98
Property, plant and equipment	12	599,438,819	601,702,624	100	279,075,806	281,269,534	99
Investment property		13,164,437	13,557,862	97	13,015,160	13,422,848	97
Investments in subsidiaries	13	6,400,425	0	-	359,903,638	298,499,439	121
Investments in jointly controlled entities	14	43,781,214	37,964,476	115	3,576,994	2,583,500	138
Investments in associates	15	102,549,921	99,406,712	103	135,743,305	135,743,305	100
Available for sale financial assets	16	7,483,097	7,568,721	99	7,353,151	7,438,775	99
Financial receivables		6,897,672	2,924,920	236	20,569,381	8,104,316	254
Operating receivables		807,324	925,709	87	699,031	748,164	93
Deferred tax assets		38,120,879	43,457,608	88	38,601,869	43,808,067	88
		994,309,504	984,137,442	101	913,265,173	847,301,680	108
Current assets							
Inventories	17	125,986,156	100,583,405	125	101,309,192	79,861,445	127
Assets held for disposal		221,891	9,129,811	2	0	0	-
Financial receivables	18	6,927,830	15,671,856	44	5,418,893	12,993,255	42
Operating receivables	19	325,124,419	352,044,457	92	245,079,319	317,225,816	77
Corporate income tax receivables		614,613	76,210	806	736,654	0	-
Financial assets at fair value through profit or loss	20	3,601,830	7,942,414	45	3,601,830	7,942,414	45
Prepayments and other assets	21	10,100,960	6,675,014	151	5,414,031	4,155,951	130
Cash and cash equivalents		42,976,551	60,701,551	71	35,186,776	32,949,888	107
		515,554,250	552,824,718	93	396,746,695	455,128,769	87
Total assets		1,509,863,754	1,536,962,160	98	1,310,011,868	1,302,430,449	101
EQUITY AND LIABILITIES							
Equity attributable to owners of the Petrol Group							
Called-up capital		52,240,977	52,240,977	100	52,240,977	52,240,977	100
Capital surplus		80,991,385	80,991,385	100	80,991,385	80,991,385	100
Legal reserves		62,007,289	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		113,879,595	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		(5,269,950)	(4,822,014)	109	(5,269,950)	(4,822,014)	109
Revaluation reserves		282,781	244,566	116	-	-	-
Foreign exchange differences		(7,187,319)	(4,173,047)	172	-	-	-
Retained earnings		108,170,195	91,617,392	118	16,291,840	5,803,557	281
		405,114,953	410,820,757	99	390,897,566	381,657,663	102
Non-controlling interest		(2,515,774)	30,815,344	-	-	-	-
Total equity		402,599,179	441,636,101	91	390,897,566	381,657,663	102
Non-current liabilities							
Provisions for employee benefits		4,211,971	4,215,098	100	2,066,543	2,066,543	100
Other provisions		6,520,471	2,814,557	232	2,538,403	2,538,403	100
Long-term deferred revenue		12,569,085	13,148,814	96	11,946,404	12,684,493	94
Financial liabilities	22	432,986,468	373,306,652	116	329,837,886	311,942,456	106
Operating liabilities		31,995,508	27,380,320	117	31,906,970	27,291,782	117
Deferred tax liabilities		6,078,152	6,332,403	96	6,242,510	16,646,694	37
		494,361,655	427,197,844	116	384,538,716	373,170,370	103
Current liabilities							
Financial liabilities	22	195,946,219	238,316,123	82	180,360,065	212,757,746	85
Operating liabilities	23	406,870,923	406,362,859	100	345,929,357	327,506,950	106
Corporate income tax liabilities		455,128	2,034,195	22	0	891,348	-
Liabilities held for disposal		0	12,812,196	-	0	0	-
Other liabilities	24	9,630,650	8,602,842	112	8,286,164	6,446,372	129
		612,902,920	668,128,215	92	534,575,586	547,602,416	98
Total liabilities		1,107,264,575	1,095,326,059	101	919,114,302	920,772,786	100
Total equity and liabilities		1,509,863,754	1,536,962,160	98	1,310,011,868	1,302,430,449	101

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
Transactions with owners	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										21,254,371	21,254,371	(281,241)	20,973,130
Other changes in comprehensive income							2,392,881		1,172,028		3,564,909	57,923	3,622,832
Total changes in comprehensive income	0	0	0	0	0	0	2,392,881	0	1,172,028	21,254,371	24,819,280	(223,318)	24,595,962
As at 30 June 2011	52,240,977	80,991,385	61,989,616	2,604,670	(2,604,670)	122,878,816	(3,610,803)	401,641	(2,631,740)	67,220,570	379,480,462	34,234,686	413,715,148
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)
Purchase of non-controlling interest						(7,629,987)					(7,629,987)		(7,629,987)
Decrease of non-controlling interest										0	0	(33,926,604)	(33,926,604)
Transactions with owners	0	0	0	0	0	(18,834,614)	0	0	0	(5,803,557)	(24,638,171)	(33,926,604)	(58,564,775)
Net profit for the current year										22,220,696	22,220,696	733,688	22,954,384
Other changes in comprehensive income							(447,936)	38,215	(3,014,272)	135,664	(3,288,329)	(138,202)	(3,426,531)
Total changes in comprehensive income	0	0	0	0	0	0	(447,936)	38,215	(3,014,272)	22,356,360	18,932,367	595,486	19,527,853
As at 30 June 2012	52,240,977	80,991,385	62,007,289	2,604,670	(2,604,670)	113,879,595	(5,269,950)	282,781	(7,187,319)	108,170,195	405,114,953	(2,515,774)	402,599,179

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	419,601,118
Dividend payments for 2010									(15,461,985)	(15,461,985)
Transfer part of net profit from year 2010						3,511,216			(3,511,216)	0
Transactions with owners	0	0	0	0	0	3,511,216	0	0	(18,973,201)	(15,461,985)
Net profit for the current year									19,153,441	19,153,441
Other changes in comprehensive income								2,392,881		2,392,881
Total changes in comprehensive income	0	0	0	0	0	0	0	2,392,881	19,153,441	21,546,321
As at 30 June 2011	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	113,303,547	101,857,024	(3,610,803)	19,153,441	425,685,456
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	381,657,663
Dividend payments for 2010						(11,204,627)			(5,803,557)	(17,008,184)
Transactions with owners	0	0	0	0	0	(11,204,627)	0	0	(5,803,557)	(17,008,184)
Net profit for the current year									16,291,840	16,291,840
Other changes in comprehensive income							10,404,183	(447,936)		9,956,247
Total changes in comprehensive income	0	0	0	0	0	0	10,404,183	(447,936)	16,291,840	26,248,087
As at 30 June 2012	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	107,902,477	76,990,954	(5,269,950)	16,291,840	390,897,566

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

(in EUR)	Petrol Group		Petrol d.d.	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Cash flows from operating activities				
Net profit for the period	22,954,384	20,973,130	16,291,840	19,153,441
Adjustments for:				
Taxes	9,255,957	3,364,882	7,348,583	2,519,258
Depreciation of property, plant and equipment	17,607,736	15,781,853	10,091,298	10,160,864
Amortisation of intangible assets	2,011,339	1,735,631	1,679,370	1,430,656
(Gain) / loss on disposal of property, plant and equipment	(2,339,586)	(78,332)	8,194	(36,232)
Revenues from assets under management	(32,700)	(32,700)	(32,700)	(32,700)
Net (decrease in)/creation of provisions for employee benefits	(771,468)	(653,770)	(738,089)	(657,794)
Change in inventories	814,633	672,449	403,185	194,530
Net write-down of operating receivables	(56,709)	(74,868)	23,064	(28,051)
Net (decrease in)/creation of allowance for operating receivables	2,269,422	3,895,846	2,210,572	2,043,336
Net finance (income)/expense	14,089,874	8,026,246	12,554,863	7,261,605
Share of profit of jointly controlled entities	(4,823,246)	(1,085,415)	0	0
Share of profit of associates	(3,867,841)	(4,357,218)	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)	(738,865)
Cash flow from operating activities before the change of working capital	57,111,795	48,167,734	42,534,306	34,723,786
Net (decrease in)/creation of other liabilities	1,027,808	2,822,331	1,839,791	3,478,089
Net decrease in/(creation of) other assets	(3,201,247)	80,809	(2,550,826)	(1,776,774)
Change in inventories	(26,217,384)	(28,870,373)	(21,632,318)	(28,977,348)
Change in operating and other receivables	40,325,021	12,955,335	76,439,277	13,813,866
Change in operating and other liabilities	(18,597,255)	(43,267,559)	9,822,220	14,842,643
Cash generated from operations	50,448,738	(8,111,723)	106,452,450	36,104,263
Interest paid	(16,909,202)	(11,579,671)	(14,805,240)	(10,011,336)
Taxes paid	(6,531,554)	(6,591,122)	(4,049,755)	(4,753,116)
Net cash from operating activities	27,007,982	(26,282,516)	87,597,455	21,339,811
Cash flows from investing activities				
Payments for investments in subsidiaries	(46,294,296)	0	(61,074,296)	(923,665)
Payments for investments in jointly controlled entities	(993,494)	0	(993,494)	0
Receipts from intangible assets	27,336	201,519	0	0
Payments for intangible assets	(1,250,276)	(946,106)	(900,355)	(516,976)
Receipts from property, plant and equipment	5,627,147	890,374	1,598,482	557,791
Payments for property, plant and equipment	(27,544,800)	(25,988,366)	(13,226,312)	(13,321,901)
Payments for financial assets available for sale	0	(123,817)	0	0
Receipts from loans granted	14,002,015	6,773,966	11,696,257	11,053,344
Payments for loans granted	(8,942,830)	(13,353,619)	(16,455,004)	(17,089,406)
Interest received	3,340,168	3,554,132	2,634,714	3,823,070
Dividends received from subsidiaries	0	0	6,581,244	6,546,262
Dividends received from associates	724,630	738,865	724,630	738,865
Dividends received from others	41,225	117,920	41,225	117,920
Net cash from investing activities	(61,263,175)	(28,135,132)	(69,372,909)	(9,014,695)
Cash flows from financing activities				
Payments for bonds issued	(24,289)	(10,236)	(24,289)	(10,236)
Proceeds from borrowings	768,571,348	792,464,040	720,268,363	373,908,463
Repayment of borrowings	(752,573,846)	(737,577,229)	(736,216,317)	(387,491,625)
Dividends paid to shareholders	(15,415)	(353,838)	(15,415)	(353,838)
Net cash from financing activities	15,957,798	54,522,737	(15,987,658)	(13,947,237)
Increase / (decrease) in cash and cash equivalents	(18,297,395)	105,089	2,236,888	(1,622,122)
Changes in cash and cash equivalents				
At the beginning of the year	60,701,551	17,543,771	32,949,888	14,773,479
Translation differences	572,395	75,322	0	0
Increase/(decrease)	(18,297,395)	105,089	2,236,888	(1,622,122)
At the end of the period	42,976,551	17,724,182	35,186,776	13,151,358

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 June 2012 and separate financial statements of the company Petrol d.d., Ljubljana for the year ended 30 June 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 13 August 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 1-6 2011:

(in EUR)	Oil and merchandise sales	Gas, environmental and other energy activities	Income statement/ Statement of Total financial position	
Sales revenue	2,030,255,727	99,569,650	2,129,825,377	
Revenue from subsidiaries	(614,684,677)	(10,571,708)	(625,256,385)	
Sales revenue	1,415,571,050	88,997,942	1,504,568,992	1,504,568,992
Estimated net profit for the year	15,131,910	5,841,220	20,973,130	20,973,130
Interest income *	2,826,534	1,106,250	3,932,784	3,932,784
Interest expense *	(6,824,571)	(2,671,003)	(9,495,574)	(9,495,574)
Depreciation of property, plant and equipment, depreciation of investment property, amortisation of intangible assets	(14,262,247)	(3,255,237)	(17,517,484)	(17,517,484)
Share profit from equity accounted investees	773,490	4,669,143	5,442,633	5,442,633
<i>Total assets</i>	<i>1,055,570,473</i>	<i>238,040,507</i>	<i>1,293,610,980</i>	<i>1,293,610,980</i>
Equity accounted investees	39,403,979	101,221,853	140,625,832	140,625,832
Property plant and equipment, intangible assets and investment property	502,393,827	110,827,198	613,221,025	613,221,025
Other assets	513,772,667	25,991,456	539,764,123	539,764,123

* 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 1-6 2012:

(in EUR)	Oil and merchandise sales	Gas, environmental and other energy activities	Income statement/ Statement of Total financial position	
Sales revenue	1,811,873,555	163,567,888	1,975,441,443	
Revenue from subsidiaries	(189,870,125)	(17,663,119)	(207,533,244)	
Sales revenue	1,622,003,430	145,904,770	1,767,908,200	1,767,908,200
Estimated net profit for the year	10,850,875	12,103,509	22,954,384	22,954,384
Interest income *	2,350,083	1,001,634	3,351,717	3,351,717
Interest expense *	(11,121,020)	(4,739,914)	(15,860,934)	(15,860,934)
Depreciation of property, plant and equipment, depreciation of investment property, amortisation of intangible assets	(15,552,728)	(4,066,347)	(19,619,075)	(19,619,075)
Share profit from equity accounted investees	(107,286)	8,798,373	8,691,087	8,691,087
<i>Total assets</i>	<i>1,188,873,232</i>	<i>320,990,522</i>	<i>1,509,863,754</i>	<i>1,509,863,754</i>
Equity accounted investees	3,057,805	143,273,330	146,331,135	146,331,135
Property plant and equipment, intangible assets and investment property	652,244,470	136,024,502	788,268,972	788,268,972
Other assets	533,570,956	41,692,691	575,263,647	575,263,647

* 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.	
	1-6 2012	1-6 2011	1-6 2012	1-6 2011
Gain on disposal of fixed assets	2,371,566	117,066	14,782	66,779
Utilisation of environmental provisions	819,739	809,593	809,206	809,593
Reversal of allowances for receivables	522,421	506,523	522,421	506,523
Reversal of accrued costs, expenses	230,370	552,064	149,942	491,580
Cash discounts, rebates received	202,986	144,735	6,135	79,360
Payment of court fees	107,780	65,390	96,772	53,265
Compensation from insurance companies	74,052	76,675	35,712	32,885
Penalties received	30,068	14,139	30,068	14,100
Other revenue	637,779	263,399	61,501	32,871
Total other revenue	4,996,761	2,549,584	1,726,539	2,086,957

3. Costs of material

(in EUR)	Petrol Group		Petrol d.d.	
	1-6 2012	1-6 2011	1-6 2012	1-6 2011
Costs of energy	12,627,297	9,953,235	3,169,287	2,960,061
Costs of consumables	3,070,496	3,440,583	1,641,677	2,624,653
Write-off of small tools	212,346	99,055	10,733	23,495
Other costs of materials	442,995	433,537	215,254	259,847
Total costs of materials	16,353,134	13,926,410	5,036,951	5,868,056

4. Costs of services

(in EUR)	Petrol Group		Petrol d.d.	
	1-6 2012	1-6 2011	1-6 2012	1-6 2011
Costs of service station managers	15,051,936	15,069,487	14,461,184	14,367,052
Costs of transport services	12,025,953	13,502,436	12,749,983	12,807,660
Costs of fixed asset maintenance services	5,098,373	4,421,405	4,548,756	4,385,085
Costs of payment transactions and bank services	3,961,914	3,046,993	3,022,243	2,480,760
Costs of professional services	2,875,854	2,385,822	1,545,528	1,737,011
Contributions for operating along motorways	2,450,744	2,439,544	1,986,983	1,880,381
Lease payment	2,355,692	5,031,783	4,043,532	4,483,383
Costs of fairs, advertising and entertainment	2,306,725	3,105,384	1,687,866	2,630,539
Costs of insurance premiums	2,243,438	1,618,923	1,388,924	1,214,073
Outsourcing costs	1,477,706	247,941	0	940
Costs of fire protection and physical and technical security	757,372	839,905	678,189	818,204
Costs of environmental services	676,796	707,775	554,242	607,115
Fees for the building site use	621,355	586,460	528,813	536,192
Reimbursement of work-related costs to employees	548,847	490,065	161,258	188,569
Concession charges	451,820	405,963	241,098	212,505
Membership fees	318,361	139,577	105,563	83,369
Property management	274,466	261,135	7,068,523	7,069,336
Other costs of services	1,675,909	1,513,199	938,604	1,097,844
Total costs of services	55,173,261	55,813,797	55,711,289	56,600,017

5. Labour costs

(in EUR)	Petrol Group		Petrol d.d.	
	1-6 2012	1-6 2011	1-6 2012	1-6 2011
Salaries	21,971,400	18,978,244	8,898,273	9,091,857
Costs of pension insurance	1,671,608	1,432,087	909,910	842,112
Costs of other insurance	2,141,568	1,731,099	745,306	689,782
Transport allowance	1,061,491	910,447	317,960	298,247
Meal allowance	773,370	641,367	269,278	254,354
Annual leave allowance	820,378	680,972	294,600	288,254
Supplementary pension insurance	457,218	399,296	257,789	247,461
Other allowances and reimbursements	843,753	829,245	366,067	385,767
Total labour costs	29,740,786	25,602,757	12,059,184	12,097,834

6. Depreciation and amortisation

(in EUR)	Petrol Group		Petrol d.d.	
	1-6 2012	1-6 2011	1-6 2012	1-6 2011
Amortisation of intangible assets	2,011,339	1,735,631	1,679,370	1,430,656
Depreciation of property, plant and equipment	17,205,478	15,376,693	9,674,776	9,741,441
Depreciation of investment property	402,258	405,160	416,522	419,423
Total depreciation and amortisation	19,619,075	17,517,484	11,770,668	11,591,520

7. Other costs

(in EUR)	Petrol Group		Petrol d.d.	
	1-6 2012	1-6 2011	1-6 2012	1-6 2011
Sponsorships and donations	947,835	592,309	733,817	537,672
Environmental charges and charges unrelated to operations	632,079	383,187	233,377	99,030
Loss on sale/elimination of property, plant and equipment	31,980	38,687	22,975	30,547
Other costs	248,468	375,466	117,108	159,616
Total other costs	1,860,362	1,389,649	1,107,277	826,865

8. Other financial income and expenses

(in EUR)	Petrol Group		Petrol d.d.	
	1-6 2012	1-6 2011	1-6 2012	1-6 2011
Foreign exchange differences	11,948,193	24,088,760	10,192,979	21,706,785
Gain on derivatives	17,760,150	7,729,932	17,760,150	7,729,932
Interest income	3,351,717	3,932,784	2,886,784	2,960,419
Allowances for receivables reversed	355,119	822,952	25,924	35,226
Other finance income	795,068	117,920	789,891	117,920
Total other finance income	34,210,247	36,692,348	31,655,728	32,550,282
Loss on derivatives	(14,943,110)	(24,749,184)	(14,943,110)	(24,749,184)
Foreign exchange differences	(15,955,573)	(17,357,357)	(14,557,174)	(15,344,360)
Interest expense	(15,860,934)	(9,495,574)	(13,990,565)	(7,829,239)
Allowance for operating receivables	(2,567,832)	(4,643,930)	(2,259,559)	(2,050,510)
Other finance expenses	(509,239)	(477,256)	(374,485)	(443,655)
Total other finance expenses	(49,836,688)	(56,723,301)	(46,124,893)	(50,416,949)
Net total	(15,626,441)	(20,030,953)	(14,469,165)	(17,866,666)

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 June 2012	30 June 2011	30 June 2012	30 June 2011
Net profit (in EUR)	22,220,696	21,254,371	16,291,840	19,153,441
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 the year	24,703	24,703	24,703	24,703
Weighted average number of ordinary shares issued	2,061,598	2,061,598	2,061,598	2,061,598
Diluted average number of ordinary shares	2,061,598	2,061,598	2,061,598	2,061,598
Basic and diluted earnings per share (in EUR/share)	10.78	10.31	7.90	9.29

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
Cost					
As at 1 January 2011	5,561,566	78,122,277	15,175,764	123,170	98,982,777
New acquisitions	7,728	132,500	0	805,878	946,106
Disposals	0	(162,338)	0	(39,181)	(201,519)
Transfer from ongoing investments	534,976	346	0	(535,322)	0
Translation differences	178	629	0	17	824
As at 30 June 2011	6,104,448	78,093,414	15,175,764	354,562	99,728,188
Accumulated amortisation					
As at 1 January 2011	(4,096,899)	(14,864,423)	0	0	(18,961,323)
Amortisation	(288,351)	(1,447,280)	0	0	(1,735,631)
Disposals	0	0	0	0	0
Translation differences	(185)	(425)	0	0	(610)
As at 30 June 2011	(4,385,435)	(16,312,128)	0	0	(20,697,564)
Net carrying amount as at 1 January 2011	1,464,666	63,257,854	15,175,764	123,170	80,021,454
Net carrying amount as at 30 June 2011	1,719,014	61,781,286	15,175,764	354,562	79,030,625

(in EUR)	Software	Concessions	Goodwill	Ongoing investments	Total
Cost					
As at 1 January 2012	6,523,405	81,843,672	108,891,075	1,872,829	199,130,981
New acquisitions	0	0	0	1,250,276	1,250,276
Disposals	(85,977)	(4,146,749)	0	1,457,721	(2,775,005)
Transfer from ongoing investments	1,609,070	1,727,060	0	(3,336,130)	0
Translation differences	413	5,301	0	147	5,861
As at 30 June 2012	8,046,911	79,429,284	108,891,075	1,244,843	197,612,113
Accumulated amortisation					
As at 1 January 2012	(4,747,029)	(17,755,141)	0	0	(22,502,171)
Amortisation	(427,274)	(1,584,071)	0	0	(2,011,345)
Disposals	78,239	2,491,554	0	0	2,569,793
Translation differences	(647)	(2,029)	0	0	(2,676)
As at 30 June 2012	(5,096,711)	(16,849,687)	0	0	(21,946,399)
Net carrying amount as at 1 January 2012	1,776,375	64,088,531	108,891,075	1,872,829	176,628,810
Net carrying amount as at 30 June 2012	2,950,201	62,579,597	108,891,075	1,244,843	175,665,716

Intangible assets of Petrol d.d., Ljubljana

(in EUR)	Software	Concessions	Ongoing investments	Total
Cost				
As at 1 January 2011	5,120,637	62,427,315	18,000	67,565,952
New acquisitions	0	0	516,976	516,976
Transfer from ongoing investments	534,976	0	(534,976)	0
As at 30 June 2011	5,655,613	62,427,315	0	68,082,928
Accumulated amortisation				
As at 1 January 2011	(3,776,141)	(11,726,464)	0	(15,502,605)
Amortisation	(258,983)	(1,171,673)	0	(1,430,656)
As at 30 June 2011	(4,035,124)	(12,898,137)	0	(16,933,261)
Net carrying amount as at 1 January 2011	1,344,496	50,700,851	18,000	52,063,347
Net carrying amount as at 30 June 2011	1,620,489	49,529,178	0	51,149,667

(in EUR)	Software	Concessions	Ongoing investments	Total
Cost				
As at 1 January 2012	6,040,559	66,667,367	1,768,582	74,476,508
New acquisitions	0	0	900,354	900,354
Disposals	(78,281)	(4,112,970)	1,458,028	(2,733,223)
Transfer from ongoing investments	1,549,931	1,716,964	(3,266,895)	0
As at 30 June 2012	7,512,209	64,271,361	860,069	72,643,639
Accumulated amortisation				
As at 1 January 2012	(4,368,791)	(14,423,985)	0	(18,792,776)
Amortisation	(388,244)	(1,291,126)	0	(1,679,370)
Disposals	59,478	2,495,867	0	2,555,345
As at 30 June 2012	(4,697,557)	(13,219,244)	0	(17,916,801)
Net carrying amount as at 1 January 2011	1,671,768	52,243,382	1,768,582	55,683,732
Net carrying amount as at 30 June 2012	2,814,652	51,052,117	860,069	54,726,838

12. Property, plant and equipment

Property, plant and equipment of Petrol group

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2011	182,403,963	489,361,836	24,644,975	140,877,033	34,166,147	871,453,954
New acquisitions	50,163	2,838,251	0	374,652	15,317,412	18,580,478
Disposals/impairments	(560,583)	(9,571)	(959,356)	(1,795,988)	(60,127)	(3,385,625)
Transfer from ongoing investments	3,400,638	7,406,841	84,868	7,505,584	(18,397,931)	0
Transfer to investment property	0	(13,238)	0	0	0	(13,238)
Transfer from investment property	0	4,757	0	0	0	4,757
Foreign exchange differences	285,448	1,201,241	0	103,115	1,094,614	2,684,418
As at 30 June 2011	185,579,630	500,790,118	23,770,488	147,064,397	32,120,116	889,324,749
Accumulated depreciation						
As at 1 January 2011	0	(235,436,168)	(12,241,499)	(107,041,781)	0	(354,719,448)
Depreciation	0	(9,539,487)	(779,745)	(5,057,460)	0	(15,376,693)
Disposals	0	28,044	570,246	1,016,999	0	1,615,289
Transfer from investment property	0	(4,757)	0	0	0	(4,757)
Foreign exchange differences	0	(487,086)	0	(63,090)	0	(550,176)
As at 30 June 2011	0	(245,439,454)	(12,450,998)	(111,145,332)	0	(369,035,785)
Net carrying amount as at 1 January 2011	182,403,963	253,925,668	12,403,476	33,835,252	34,166,147	516,734,506
Net carrying amount as at 30 June 2011	185,579,630	255,350,664	11,319,490	35,919,065	32,120,116	520,288,964
(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2012	202,113,869	544,737,719	26,157,134	158,752,367	46,479,468	978,240,557
New acquisitions	0	0	0	0	20,484,965	20,484,965
Disposals/impairments	(5,184)	0	(310,212)	(11,150,982)	(70,601)	(11,536,979)
Transfer from ongoing investments	1,805,864	8,689,852	1,247,926	4,898,746	(16,642,388)	0
Transfer to investment property	0	(8,834)	0	0	0	(8,834)
Foreign exchange differences	(215,961)	(1,752,962)	0	(127,281)	(919,384)	(3,015,588)
As at 30 June 2012	203,698,589	551,665,776	27,094,849	152,372,851	49,332,061	984,164,126
Accumulated depreciation						
As at 1 January 2012	0	(254,256,882)	(11,338,665)	(110,942,387)	0	(376,537,933)
Depreciation	0	(10,903,971)	(836,252)	(5,465,252)	0	(17,205,475)
Disposals	0	32,488	24,836	8,369,976	0	8,427,300
Foreign exchange differences	0	531,330	0	59,472	0	590,802
As at 30 June 2012	0	(264,597,035)	(12,150,081)	(107,978,191)	0	(384,725,306)
Net carrying amount as at 1 January 2012	202,113,869	290,480,837	14,818,469	47,809,980	46,479,468	601,702,624
Net carrying amount as at 30 June 2012	203,698,589	287,068,741	14,944,768	44,394,660	49,332,061	599,438,819

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

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
Cost					
As at 1 January 2011	95,443,789	353,479,316	110,843,245	18,014,449	577,780,799
New acquisitions	0	0	0	8,478,206	8,478,206
Disposals/impairments	(311,971)	(4,757)	(1,423,333)	(70,766)	(1,810,827)
Transfer from ongoing investments	2,585,994	3,343,979	4,989,511	(10,919,484)	0
Transfer to investment property	0	(13,238)	0	0	(13,238)
As at 30 June 2011	97,717,812	356,805,300	114,409,423	15,502,405	584,434,940
Accumulated depreciation					
As at 1 January 2011	0	(205,479,128)	(90,824,026)	0	(296,303,154)
Depreciation	0	(6,791,175)	(2,950,265)	0	(9,741,440)
Disposals	0	4,757	1,284,585	0	1,289,342
As at 30 June 2011	0	(212,265,546)	(92,489,706)	0	(304,755,252)
Net carrying amount as at 1 January 2011	95,443,789	148,000,188	20,019,219	18,014,449	281,477,644
Net carrying amount as at 30 June 2011	97,717,812	144,539,754	21,919,717	15,502,405	279,679,688

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
Cost					
As at 1 January 2012	98,143,207	364,918,983	118,297,842	11,471,153	592,831,185
New acquisitions	0	0	0	9,137,294	9,137,294
Disposals/impairments	(80)	0	(2,805,747)	52,894	(2,752,933)
Transfer from ongoing investments	3,798	1,578,935	1,622,043	(3,204,776)	0
Transfer to investment property	0	(8,834)	0	0	(8,834)
As at 30 June 2012	98,146,925	366,489,084	117,114,138	17,456,565	599,206,712
Accumulated depreciation					
As at 1 January 2012	0	(219,208,644)	(92,353,008)	0	(311,561,652)
Depreciation	0	(6,885,328)	(3,008,063)	0	(9,893,391)
Disposals	0	32,493	1,291,644	0	1,324,137
As at 30 June 2012	0	(226,061,479)	(94,069,427)	0	(320,130,906)
Net carrying amount as at 1 January 2012	98,143,207	145,710,339	25,944,834	11,471,153	281,269,534
Net carrying amount as at 30 June 2012	98,146,925	140,427,605	23,044,711	17,456,565	279,075,806

13. Investment in subsidiaries

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

(in EUR)	Petrol d.d.	
	30 June 2012	30 June 2011
As at 1 January	298,499,439	200,531,434
New acquisitions	61,609,296	923,665
Disposals	(205,097)	0
As at 30 June	359,903,638	201,455,099

14. Investments in jointly controlled entities

(in EUR)	Petrol Group		Petrol d.d.	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
As at 1 January	37,964,476	16,386,748	2,583,500	61,270,000
New acquisitions	4,823,246	1,085,415	0	0
Disposals	993,494	0	993,494	0
As at 30 June	43,781,214	17,472,163	3,576,994	61,270,000

15. Investments in associates

(in EUR)	Petrol Group		Petrol d.d.	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
As at 1 January	99,406,712	119,535,318	135,743,305	154,860,000
Attributed profit	3,867,841	4,357,218	0	0
Dividends received	(724,630)	(738,865)	0	0
As at 30 June	102,549,921	123,153,669	135,743,305	154,860,000

16. Available for sale financial assets

(in EUR)	Petrol Group		Petrol d.d.	
	30 June 2012	30 June 2011	30 June 2012	30 June 2011
As at 1 January	7,568,721	11,338,780	7,438,775	11,259,737
New acquisitions	0	328,914	0	0
New acquisitions resulting from business combinations	0	0	0	0
Disposals	(85,624)	0	(85,624)	0
As at 30 June	7,483,097	11,667,694	7,353,151	11,259,737

17. Inventories

(in EUR)	Petrol Group		Petrol d.d.	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Spare parts and materials inventories	1,910,913	1,916,840	93,905	43,382
Merchandise:	123,776,580	98,368,841	100,916,673	79,520,339
- fuel	91,987,019	67,708,833	74,158,943	54,725,699
- other petroleum products	5,260,729	6,686,401	5,025,635	5,421,425
- other merchandise	26,528,833	23,973,607	21,732,096	19,373,215
Virtual cards inventories	298,663	297,724	298,614	297,724
Total inventories	125,986,156	100,583,405	101,309,192	79,861,445

18. Short-term financial receivables

(in EUR)	Petrol Group		Petrol d.d.	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Loans granted	12,376,976	16,168,386	5,796,612	13,486,421
Allowance for loans granted	(5,904,535)	(724,733)	(607,626)	(607,890)
Time deposit with banks (3months to 1 year)	310,024	160,906	0	0
Finance lease receivables	0	3,940	0	3,940
Interest receivables	1,490,244	71,182	249,359	117,669
Allowance for interest receivables	(1,344,879)	(7,825)	(19,452)	(6,885)
Total current financial receivables	6,927,830	15,671,856	5,418,893	12,993,255

19. Current operating receivables

(in EUR)	Petrol Group		Petrol d.d.	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Trade receivables	356,964,465	369,173,511	263,232,918	322,842,219
Allowance of trade receivables	(46,899,098)	(44,525,739)	(25,340,507)	(22,993,200)
Operating receivables from state and other institutions	11,065,918	16,614,453	5,230,676	8,557,492
Operating interest receivables	3,906,754	3,815,380	3,007,697	2,916,701
Allowance for operating interest receivables	(2,270,447)	(2,327,557)	(1,307,253)	(1,355,659)
Receivables from insurance companies (loss events)	172,808	173,573	142,039	163,946
Other operating receivables	2,184,019	9,120,836	113,749	7,094,317
Total current operating receivables	325,124,419	352,044,457	245,079,319	317,225,816

20. Financial assets at fair value through profit or loss

(in EUR)	Petrol Group		Petrol d.d.	
	30. June 2012	31 December 2011	30. June 2012	31 December 2011
Assets arising from forward contracts	0	6,558,462	0	6,558,462
Assets arising from interest rate swaps	35,208	14,256	35,208	14,256
Assets arising from commodity swaps	2,319,166	172,657	2,319,166	172,657
financial assets under management	1,247,456	1,197,039	1,247,456	1,197,039
Total fin. assets at fair value through profit or loss	3,601,830	7,942,414	3,601,830	7,942,414

21. Prepayments and other assets

(in EUR)	Petrol Group		Petrol d.d.	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Prepayments	3,880,752	3,656,053	721,252	2,013,998
Prepaid insurance premiums	1,630,991	657,650	1,078,388	473,456
Uninvoiced services and goods	1,668,758	540,810	1,813,486	528,997
Prepaid subscriptions, specialised literature, etc.	718,924	488,736	678,393	475,146
Other current deferred costs and expenses	2,201,535	1,331,765	1,122,512	664,354
Total prepayments and other assets	10,100,960	6,675,014	5,414,031	4,155,951

22. Financial liabilities

(in EUR)	Petrol Group		Petrol d.d.	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Current				
Bank loans	136,946,137	229,462,647	110,489,148	196,320,140
Liabilities to banks arising from interest rate swaps	6,053,916	5,744,138	6,019,282	5,723,956
Liabilities to banks arising from forward transactions	463,497	0	463,497	0
Liabilities to banks arising from commodity swaps	0	254,478	0	254,478
Finance lease liabilities	447,275	963,499	0	0
Commercial Papers issued	49,506,384	0	49,506,384	0
Other loans and financial liabilities	2,529,011	1,891,361	13,881,755	10,459,172
	195,946,219	238,316,123	180,360,065	212,757,746
Non-current				
Bank loans	343,950,176	284,166,462	246,974,669	229,054,950
Bond issued	82,863,217	83,331,215	82,863,217	82,887,506
Finance lease liabilities	4,552,165	4,620,314	0	0
Loans obtained from other companies	1,620,910	1,188,661	0	0
	432,986,468	373,306,652	329,837,886	311,942,456
Total financial liabilities	628,932,687	611,622,775	510,197,951	524,700,202

23. Current operating liabilities

(in EUR)	Petrol Group		Petrol d.d.	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Trade liabilities	204,073,634	269,519,326	164,545,230	212,505,309
Excise duty liabilities	101,939,058	49,795,483	97,958,459	46,291,421
Value added tax liabilities	29,611,634	20,831,879	27,235,375	17,713,832
Import duty liabilities	10,473,056	12,743,775	4,220,581	5,780,860
Liabilities to employees	6,220,841	6,944,340	3,376,180	3,774,656
Environment pollution charge liabilities	6,062,912	3,250,143	6,062,912	3,221,645
Social security contribution contributions	672,788	635,126	256,882	262,635
Liabilities arising from prepayments and collateral	1,338,294	1,104,148	1,131,169	943,889
Liabilities associated with the distribution of profit	16,614,739	426,232	16,614,739	418,873
Other liabilities to state and other state institutions	1,306,656	329,781	910,663	105,035
Liabilities arising from interests acquired	21,092,025	34,661,978	21,092,025	34,661,978
Other liabilities	7,465,286	6,120,648	2,525,142	1,826,817
Total current operating and other liabilities	406,870,923	406,362,859	345,929,357	327,506,950

24. Other liabilities

(in EUR)	Petrol Group		Petrol d.d.	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Accrued environmental expenses	1,293,132	1,293,132	1,293,132	1,293,132
Accrued annual leave expenses	1,431,432	1,511,914	889,792	889,792
Accrued litigation expenses	279,655	281,476	206,684	206,684
Accrued goods shortages	1,629,495	543,165	1,629,495	543,165
Accrued expenses for tanker demurrage	420,278	502,665	420,278	502,665
Accrued concession fee expenses	131,396	142,102	64,936	142,102
Accrued motorway site lease payments	194,695	342,654	194,695	285,014
Other accrued cost	1,604,080	1,312,868	974,933	574,655
Deferred Magna prepayment card revenues	476,688	474,832	476,688	474,832
Deferred revenue from interest income	614,443	614,443	614,443	614,443
Other deferred revenue	1,555,356	1,583,591	1,521,088	919,888
Total accrued and deferred revenues	9,630,650	8,602,842	8,286,164	6,446,372

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 June 2012:

(in EUR)	Petrol Group		Petrol d.d.	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Available-for-sale financial assets	7,483,097	7,568,721	7,353,151	7,438,775
Non-current financial receivables	6,897,672	2,924,920	20,569,381	8,104,316
Non-current operating receivable	807,324	925,709	699,031	748,164
Current financial receivables	6,927,830	15,671,856	5,418,893	12,993,255
Current operating receivable	325,124,419	352,044,457	245,079,319	317,225,816
Financial assets at fair value through profit or loss	3,601,830	7,942,414	3,601,830	7,942,414
Cash and cash equivalents	42,976,551	60,701,551	35,186,776	32,949,888
Total assets	393,818,723	447,779,628	317,908,381	387,402,628

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)
Operating receivables from state and other institutions	16,223,575	129,531	250,445	10,902	0	16,614,453
Interest receivables	1,028,583	336,369	132,492	295,483	2,022,453	3,815,380
Allowances for interest receivables	0	0	(29,665)	(292,692)	(2,005,200)	(2,327,557)
Other receivables	8,445,294	1,101	1,825	4,255	841,934	9,294,409
As at 31 December 2011	283,852,656	43,267,280	13,412,666	1,436,687	10,075,168	352,044,457

(in EUR)	breakdown by maturity					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	244,013,721	28,767,115	15,321,313	7,379,948	61,482,368	356,964,465
Allowances for trade receivables	0	0	0	(2,223,951)	(44,675,147)	(46,899,098)
Operating receivables from state and other institutions	10,668,233	397,685	0	0	0	11,065,918
Interest receivables	169,916	396,319	311,832	197,001	2,831,686	3,906,754
Allowances for interest receivables	0	0	0	(56,701)	(2,213,746)	(2,270,447)
Other receivables	1,339,009	14,189	5,447	9,781	988,401	2,356,827
As at 30 June 2012	256,190,879	29,575,308	15,638,592	5,306,078	18,413,562	325,124,419

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
As at 31 December 2011	251,264,374	41,003,101	14,579,256	733,689	9,645,396	317,225,816

(in EUR)	breakdown by maturity					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	199,113,442	8,792,511	11,139,629	3,361,416	40,825,920	263,232,918
Allowances for trade receivables	0	0	0	(2,209,294)	(23,131,213)	(25,340,507)
Interest receivables	368,991	97,281	138,997	196,672	1,591,313	2,393,254
Allowances for interest receivables	0	0	0	(50,872)	(1,256,381)	(1,307,253)
Other receivables	6,100,907	0	0	0	0	6,100,907
As at 30 June 2012	205,583,340	8,889,792	11,278,626	1,297,922	18,029,639	245,079,319

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)	(27,486,506)
Net changes in allowances affecting profit or loss	(18,579,856)	(1,137,592)	(19,717,448)
Changes in allowances not affecting profit or loss	1,598,574	(134,765)	1,463,809
New acquisitions as a result of business combination	(1,362,800)	0	(1,362,800)
Foreign exchange differences	237,856	11,793	249,649
As at 31 December 2011	(44,525,739)	(2,327,557)	(46,853,296)
(in EUR)	Allowance for short-term operating receivables	Allowance for short-term interest receivables	Total
As at 1 January 2012	(44,525,739)	(2,327,557)	(46,853,296)
Net changes in allowances affecting profit or loss	(2,526,725)	212,303	(2,314,422)
Changes in allowances not affecting profit or loss	178,004	(154,207)	23,797
Foreign exchange differences	(24,638)	(986)	(25,624)
As at 30 June 2012	(46,899,098)	(2,270,447)	(49,169,545)

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)	(18,214,310)
Net changes in allowances affecting profit or loss	(6,901,847)	(217,982)	(7,119,829)
Changes in allowances not affecting profit or loss	0	(187,386)	(187,386)
Write-downs	1,119,989	52,677	1,172,666
As at 31 December 2011	(22,993,200)	(1,355,659)	(24,348,860)
(in EUR)	Allowance for short-term operating receivables	Allowance for short-term interest receivables	Total
As at 1 January 2012	(22,993,200)	(1,355,660)	(24,348,860)
Net changes in allowances affecting profit or loss	(2,433,335)	212,303	(2,221,032)
Changes in allowances not affecting profit or loss	0	(163,896)	(163,896)
Write-downs	86,028	0	86,028
As at 30 June 2012	(25,340,507)	(1,307,253)	(26,647,760)

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

(in days)	Petrol Group		Petrol d.d.	
	1 - 6 2012	1 - 12 2011	1 - 6 2012	1 - 12 2011
Days sales				
Contract days	38	38	38	40
Overdue receivables in days	20	21	17	17
Total days sales outstanding	58	59	55	57

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
As at 31 December 2011	1,045,365,954	571,177,879	73,501,103	332,785,745	67,901,227

The Group's liabilities as at 30 June 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	432,986,468	0	0	375,020,726	57,965,742
Non-current operating liabilities	31,995,508	0	0	30,627,625	1,367,883
Short-term financial liabilities	195,946,219	143,151,323	52,794,896	0	0
Short-term operating liabilities	406,870,923	404,077,854	2,793,069	0	0
As at 30 June 2012	1,067,799,118	547,229,177	55,587,965	405,648,351	59,333,625

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
As at 31 December 2011	879,498,933	480,625,571	59,639,124	319,092,617	20,141,621

The Company's liabilities as at 30 June 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	329,837,886	0	0	327,538,997	2,298,889
Non-current operating liabilities	31,906,970	0	0	30,582,488	1,324,482
Short-term financial liabilities	180,360,065	133,237,897	47,122,168	0	0
Short-term operating liabilities	345,929,357	344,045,559	1,883,798	0	0
As at 30 June 2012	888,034,278	477,283,456	49,005,966	358,121,485	3,623,371

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 June 2012	31 December 2011	30 June 2012	31 December 2011
Non-current financial liabilities	432,986,468	373,306,652	329,837,886	311,942,456
Short-term financial liabilities	195,946,219	238,316,123	180,360,065	212,757,746
Total financial liabilities	628,932,687	611,622,775	510,197,951	524,700,202
Total equity	402,599,179	441,636,101	390,897,566	381,657,663
Debt/Equity	1.56	1.38	1.31	1.37
Net financial liabilities	585,956,136	550,921,224	475,011,175	491,750,314
Net Debt/Equity ratio	1.46	1.25	1.22	1.29

The increase in indebtedness is primarily due to high growth in oil product prices, acquisition of companies (assumption of indebtedness of these companies) at the end of 2011, and 72 % realisation of investments for 2012 already in the first half of 2012.

Carrying amount and fair value of financial instruments

(in EUR)	Petrol group			
	30 June 2012		31 December 2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-derivative financial assets at fair value				
Available-for-sale financial assets	7,483,097	7,483,097	7,568,721	7,568,721
Non-derivative financial assets at amortised cost				
Financial receivables	6,897,672	6,897,672	18,596,776	18,596,776
Operating receivables	325,124,419	325,124,419	352,970,166	352,970,166
Cash	42,976,551	42,976,551	60,701,551	60,701,551
Total non-derivative financial assets	382,481,739	382,481,739	439,837,214	439,837,214
Non-derivative financial liabilities at amortised cost				
Bank loans an other liabilities	(628,932,687)	(714,836,071)	(605,624,158)	(609,236,652)
Operating liabilities	(438,866,431)	(438,866,431)	(433,743,179)	(433,743,179)
Total non-derivative financial liabilities	(1,067,799,118)	(1,153,702,502)	(1,039,367,337)	(1,042,979,831)
Derivative financial instruments at fair value				
Derivative financial instruments (assets)	3,601,830	3,601,830	7,942,414	7,942,414
Derivative financial instruments (liabilities)	(6,482,779)	(6,482,779)	(5,998,617)	(5,998,617)
Total derivative financial instruments	(2,880,949)	(2,880,949)	1,943,797	1,943,797

(in EUR)	Petrol d.d.			
	30 June 2012		31 December 2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-derivative financial assets at fair value				
Available-for-sale financial assets	7,353,151	7,353,151	7,438,775	7,643,872
Non-derivative financial assets at amortised cost				
Financial receivables	29,690,330	29,690,330	21,097,571	21,097,571
Operating receivables	245,778,350	245,778,350	317,973,980	317,973,980
Cash	35,186,776	35,186,776	32,949,888	32,949,888
Total non-derivative financial assets	318,008,607	318,008,607	379,460,214	379,665,311
Non-derivative financial liabilities at amortised cost				
Bank loans an other liabilities	(593,056,413)	(596,101,335)	(518,721,768)	(522,334,262)
Operating liabilities	(377,836,327)	(377,836,327)	(353,543,035)	(353,543,035)
Total non-derivative financial liabilities	(970,892,740)	(973,937,662)	(872,264,803)	(875,877,297)
Derivative financial instruments at fair value				
Derivative financial instruments (assets)	3,601,830	3,601,830	7,942,414	7,942,414
Derivative financial instruments (liabilities)	(6,482,779)	(6,482,779)	(5,978,434)	(5,978,434)
Total derivative financial instruments	(2,880,949)	(2,880,949)	1,963,980	1,963,980

26. Related party transactions

(in EUR)	Petrol Group		Petrol d.d.	
	1-6 2012	1-6 2011	1-6 2012	1-6 2011
Sales revenues:				
Subsidiaries	-	-	145,774,310	121,827,145
Joint ventures	392,962	5,675,468	23,039	5,626,171
Associates	1,104,949	994,815	1,104,949	994,815
Cost of merchandise sold:				
Subsidiaries	-	-	24,380,223	480,473,624
Associates	32,370,284	24,733,325	239,791	1,088,710
Selling costs:				
Subsidiaries	-	-	970,839	892,067
Joint ventures	11,196	863	0	863
Associates	2,859	5,627	2,859	5,307
General and administrative costs:				
Subsidiaries	-	-	12,747,687	9,289,179
Joint ventures	19,037	3,610,701	0	3,608,601
Associates	23,752	28,025	21,488	27,479
Other costs:				
Subsidiaries	-	-	57,129	73,249
Associates	72	0	72	0
Financial revenues				
Subsidiaries	-	-	6,581,244	6,546,262
Joint ventures	4,922,806	1,429,482	0	0
Associates	3,897,128	4,622,730	724,631	738,865
Financial expenses arising from interests in group				
Joint ventures	0	344,067	0	0
Associates	0	265,512	0	0
Financial revenues s from interests:				
Subsidiaries	-	-	1,047,615	1,212,375
Joint ventures	99,560	233,835	0	45,076
Associates	29,287	1,029	0	1,029
Financial expenses for interest				
Subsidiaries	-	-	136,177	216,962
Joint ventures	30,939	27,614	30,939	27,614
Associates	884,228	0	884,228	0

(in EUR)	Petrol Group		Petrol d.d.	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Investments:				
Subsidiaries	-	-	359,903,638	298,499,439
Joint ventures	43,781,214	37,964,476	3,576,994	2,583,500
Associates	102,549,921	99,406,712	135,743,305	135,743,305
Non-current financial receivables:				
Subsidiaries	-	-	14,381,739	5,461,671
Current operating receivables:				
Subsidiaries	-	-	23,541,680	78,520,419
Joint ventures	131,507	184,533	90,003	75,776
Associates	310,536	266,562	310,536	266,562
Current financial receivables:				
Subsidiaries	-	-	2,360,879	9,043,276
Short-term deposits(up to 3 months)				
Subsidiaries	-	-	3,540,000	1,297,988
Current accrued expenses				
Subsidiaries	-	-	46,980	0
Accrued revenues				
Subsidiaries	-	-	660,174	0
Joint ventures	9,667	0	9,667	0
Current financial liabilities:				
Subsidiaries	-	-	11,376,322	9,010,560
Joint ventures	1,271,910	1,245,347	1,271,910	1,240,971
Non-current operating liabilities				
Associates	13,340,894	26,000,000	13,340,894	26,000,000
Current operating liabilities:				
Subsidiaries	-	-	7,588,896	45,717,023
Joint ventures	12,484	3,051	1,688	350
Associates	16,578,937	40,738,076	14,329,911	31,925,342

27. Contingent liabilities

Contingent liabilities for guarantees issued

(in EUR)	Petrol d.d.		Petrol d.d.	
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
Guarantee issued to:	Value of guarantee issued		Value of contingent liability	
	0	177,072,880	0	44,218,255
Petrol Hrvatska d.o.o.	106,116,346	53,159,144	83,035,366	32,863,123
Euro - Petrol d.o.o.	35,347,381	31,459,759	18,143,303	22,109,039
Petrol Energetika d.o.o.	14,860,006	13,462,006	7,063,479	5,375,492
Petrol-Trade Handelsinges.m.b.H	28,971,406	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	4,187,159	5,245,500	1,100,000	5,245,500
Petrol-Jadranplin d.o.o.	5,385,441	4,182,860	1,983,892	1,912,858
Petrol BH Oil Company d.o.o. Sarajevo	3,272,268	2,914,364	1,372,834	2,254,661
Aquasystems d.o.o.	911,309	911,309	911,309	911,309
Petrol Tehnologija, d.o.o.	50,000	50,000	0	1,206
Petrol Butan Osijek	266,035	0	11,619	0
Petrol Oti d.o.o.	0	0	364,921	0
Total	204,773,351	306,228,109	114,422,723	115,765,054
Other Guarantees	9,553,450	8,409,047	9,553,450	8,409,047
Bills of exchange issued as security	26,570,711	25,320,990	26,570,711	25,320,990
Total contingent liabilities for guarantees issued	240,897,513	339,958,146	150,546,884	149,495,091

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 half of year 2012.

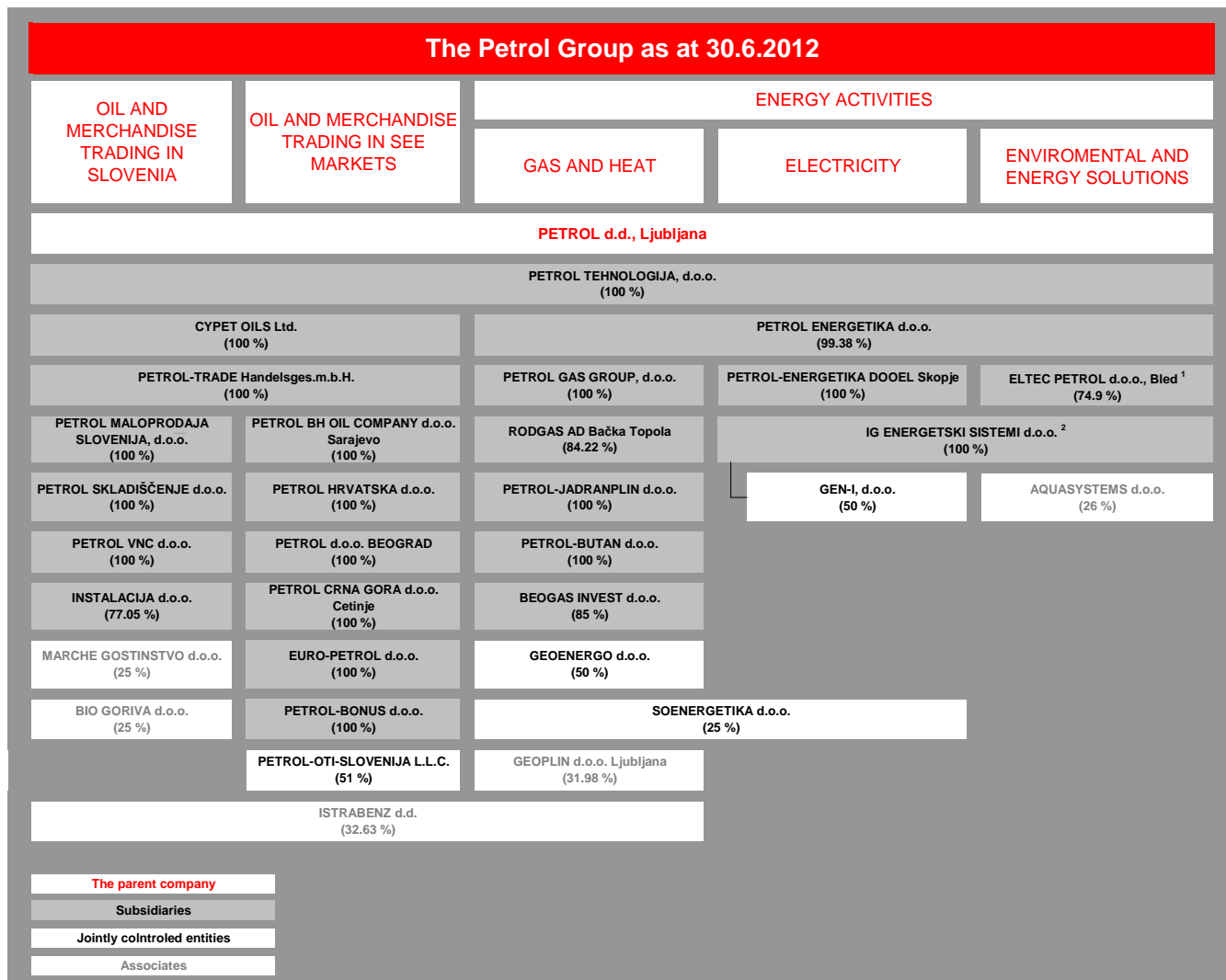
Off-balance-sheet assets and liabilities to D.S.U. d.o.o.

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 June 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 half of year 2012.

Appendix 1: Organisational structure of the Petrol Group



¹ 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.

² 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., VITALES d.o.o. Nova Bila, Travnik, VITALES d.o.o. Bihač, Vitales energie biomasse Italia s.r.l., VITALES d.o.o., Sokolac and Vitales RTH d.o.o.