

# Report on the operations of the Petrol Group and the company Petrol d.d., Ljubljana in the first nine months of 2016



November 2016

**PETROL**

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## STATEMENT OF THE MANAGEMENT BOARD

Members of the Management Board of Petrol d.d., Ljubljana, which comprises Tomaž Berločnik, President of the Management Board, Rok Vodnik, Member of the Management Board, Igor Stebernak, Member of the Management Board, and Ika Krevzel Panič, Member of the Management Board/Worker Director, declare that to their best knowledge:

- the financial report of the Petrol Group and Petrol d.d., Ljubljana for the first nine months of 2016 has been drawn up in accordance with International Financial Reporting Standards and gives a true and fair view of the assets and liabilities, financial position, financial performance and comprehensive income of the company Petrol d.d., Ljubljana and other companies included in the consolidation as a whole;
- the business report of the Petrol Group and Petrol d.d., Ljubljana for the first nine months of 2016 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 nine months of 2016 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

**Igor Stebernak**

Member of the Management Board

**Ika Krevzel Panič**

Member of the Management Board/Worker Director

## INTRODUCTORY NOTES

The report on the operations of the Petrol Group and the company Petrol, d.d., Ljubljana, Dunajska 50, in the first nine months of 2016 has been published in accordance with the Market in Financial Instruments Act, the Ljubljana Stock Exchange Rules, Guidelines on Disclosure for Listed Companies and other relevant legislation.

The figures and explanation of the operations are based on unaudited consolidated financial statements of the Petrol Group and unaudited financial statements of the company Petrol d.d., Ljubljana for the first nine months of 2016 prepared in compliance with the Companies Act and IAS 34 – Interim Financial Reporting.

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 separate financial statements prepared in accordance with IFRS, investments in subsidiaries, jointly controlled entities and associates are carried at historical cost.

The report on the operations in the first nine months of 2016 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, 1000 Ljubljana, every working day between 8 am and 3 pm.

The Company's Supervisory Board discussed the report on the operations of the Petrol Group and the company Petrol d.d., Ljubljana in the first nine months of 2016 at its meeting held on 17 November 2016.

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

|                                    |   |
|------------------------------------|---|
| Company name                       | <b>Petrol, slovenska energetska družba, d.d., Ljubljana</b>         |
| Abbreviated company name           | <b>Petrol d.d., Ljubljana</b>                                       |
| Registered office                  | <b>Dunajska cesta 50, 1000 Ljubljana</b>                            |
| Telephone                          | <b>(01) 47 14 234</b>   |
| Telefax                            | <b>(01) 47 14 809</b>   |
| Website                            | <b><a href="http://www.petrol.si">http://www.petrol.si</a></b>      |
| Activity code                      | <b>47,301</b>   |
| Company registration number        | <b>5025796000</b>   |
| Tax number                         | <b>SI 80267432</b>  |
| Share capital                      | <b>EUR million 52.24</b>  |
| Number of shares                   | <b>2.086.301</b>  |
| President of the Management board  | <b>Tomaž Berločnik</b>  |
| Members of the Management board    | <b>Rok Vodnik, Janez Živko, Ika Krevzel Panič (worker director)</b> |
| President of the Supervisory board | <b>Tomaž Kuntarič</b>   |

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

| <b>Ratio/acronym</b> | <b>Explanation</b>  |
|----------------------|---|
| SEE                  | South Eastern Europe  |
| Merchandise          | Consists of automotive products, foodstuffs, accessories, tobacco and lottery products, coupons and cards, coffee-to-go, chemical products, wood biomass. |
| 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

## The Petrol Group's significant performance indicators

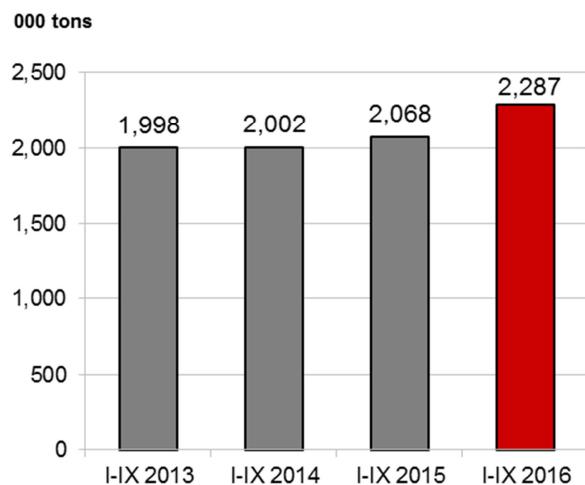
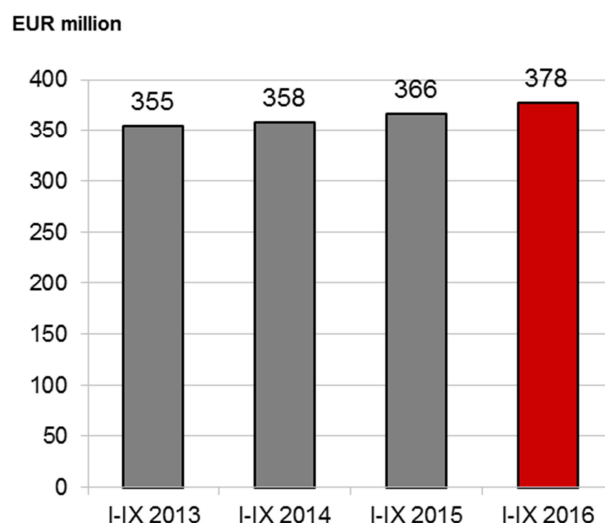
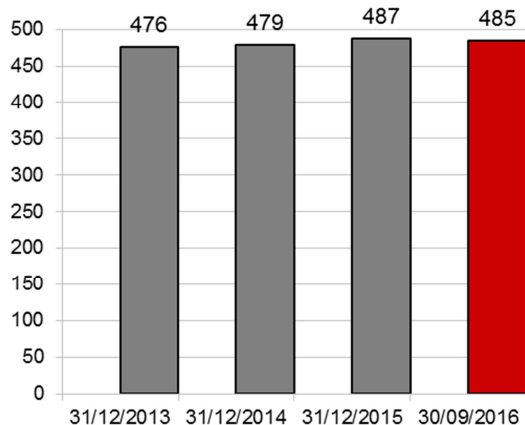
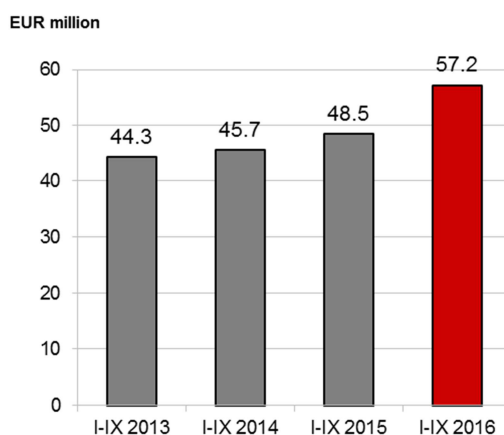
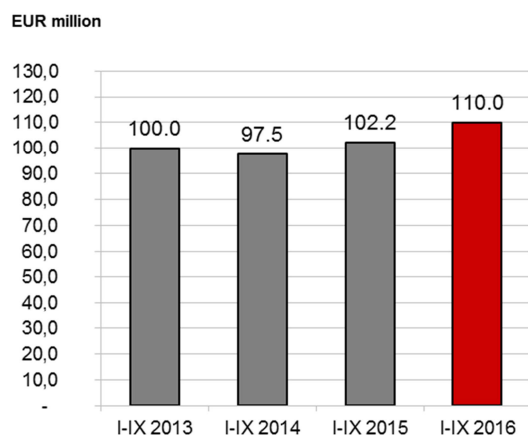
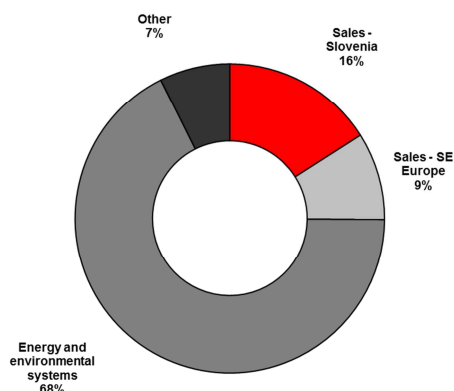
| The Petrol Group                                | Unit        | I-IX 2016 | I-IX 2015 | Index 2016 / 2015 |
|---|-------------|-----------|-----------|-------------------|
| Net sales revenues                              | EUR million | 2,709.5   | 2,843.1   | 95                |
| Gross profit or loss                            | EUR million | 282.5     | 257.2     | 110               |
| Operating profit or loss                        | EUR million | 77.0      | 69.3      | 111               |
| Net profit or loss                              | EUR million | 57.2      | 48.5      | 118               |
| EBITDA  | EUR million | 110.0     | 102.2     | 108               |
| Non-current (long-term) assets as at period end | EUR million | 807.2     | 796.6     | 101               |
| Earnings per share                              | EUR         | 27.8      | 23.5      | 118               |
| Net debt / Equity                               |             | 0.7       | 1.0       | 72                |
| Net debt / EBITDA <sup>1</sup>                  |             | 2.9       | 3.3       | 88                |

<sup>1</sup> Non-current (long-term) assets as at period end

| SKUPINA PETROL   | Unit                   | I-IX 2016 | I-IX 2015 | Index 2016 / 2015 |
|--|------------------------|-----------|-----------|-------------------|
| Volume of petroleum products sold                        | thousand tons          | 2,286.6   | 2,068.4   | 111               |
| Volume of liquefied petroleum gas sold                   | thousand tons          | 105.2     | 57.5      | 183               |
| Volume of natural gas sold                               | million m <sup>3</sup> | 77.3      | 79.4      | 97                |
| Electricity sold   | TWh                    | 11.8      | 10.2      | 116               |
| Heat sold  | thousand MWh           | 83.4      | 81.1      | 103               |
| Revenue from the sale of merchandise                     | EUR million            | 377.8     | 366.4     | 103               |
| Investments in fixed assets                              | EUR million            | 47.3      | 46.7      | 101               |
| Number of service stations as at period end <sup>1</sup> |                        | 485       | 487       | 100               |

<sup>1</sup> Number of service stations for the year 2015 as at 31 December 2015.



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

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

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

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

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

**Figure 6: Breakdown of the Petrol Group's investments in the first nine months of 2016**


# BUSINESS REPORT

## Operations of the Petrol Group

The Petrol Group operates in a competitive environment influenced by oil price fluctuations, global and domestic economic developments, and national laws governing the pricing of energy products. Slovenia's economic situation is improving, but Croatia and other SE Europe countries which are part of Petrol's sales market still face extremely tough economic conditions, low purchasing power, high unemployment and lack of payment discipline. In Slovenia, the selling prices of petroleum products were higher than in most neighbouring countries.

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

| The Petrol Group                                | EUR million |           |                   |
|---|-------------|-----------|-------------------|
|   | I-IX 2016   | I-IX 2015 | Index 2016 / 2015 |
| Net sales revenues                              | 2,709.5     | 2,843.1   | 95                |
| Gross profit or loss                            | 282.5       | 257.2     | 110               |
| EBITDA  | 110.0       | 102.2     | 108               |
| Net profit or loss                              | 57.2        | 48.5      | 118               |
| Non-current (long-term) assets as at period end | 807.2       | 796.6     | 101               |

In the first nine months of 2016, the Petrol Group sold 2.3 million tons of petroleum products<sup>1</sup>, up 11 percent from the same period of 2015. In **Slovenia**, the nine-month sales of petroleum products stood at 1.1 million tons, accounting for 50 percent of the Petrol Group's total sales. In the same period, the Group sold 556.0 thousand tons of petroleum products in **SEE** markets, representing 24 percent of the Petrol Group's total sales, and 597.1 thousand tons in **EU markets**, which represents 26 percent of the Group's total sales.

In the first nine months of 2016, the Petrol Group generated 42 percent of petroleum product sales in the retail market and 58 percent in the wholesale market. At the end of September 2016, the Petrol Group's retail network consisted of 485 service stations, of which 314 were in Slovenia, 105 in Croatia, 36 in Bosnia and Herzegovina, 9 in Serbia, 10 in Montenegro and 11 in Kosovo.

The Petrol Group generated EUR 377.8 million in revenue from the sale of merchandise in the period under review, an increase of 3 percent compared to the same period of the previous year.

In the same period, the Petrol Group sold 105.2 thousand tons of liquefied petroleum gas, a year-on-year increase of 83 percent, and 54.2 thousand tons (77.3 million m<sup>3</sup>) of natural gas or 3 percent less than in the same period of the previous year.

In addition, the Petrol Group sold 11.8 TWh of electricity, which was 16 percent more than in the same period of the previous year, and 83.4 thousand MWh of heat, up 3 percent from the same period of the previous year.

<sup>1</sup> Petroleum product sales do not include liquefied petroleum gas sales, which are presented separately.

What follows is a detailed presentation of the Petrol Group's operations in the first nine months of 2016 broken down by type of activity:

- A. Sales consisting of petroleum product sales, liquefied petroleum gas sales, natural gas sales, electricity sales to end users, merchandise sales, sale of services and electricity trading and
- B. Energy and environmental systems consisting of natural gas distribution, energy solutions, environmental solutions, district heating, electricity generation and biomass production.

## **A. SALES**

### **Sales of petroleum products**

In the first nine months of 2016, the Petrol Group sold 2.3 million tons of petroleum products, a year-on-year increase of 11 percent.

In this period, the Petrol Group sold 1.1 million tons of petroleum products in Slovenia, which was 6 percent more than in the same period of 2015. Of this quantity, liquid fuels accounted for 1.09 million tons and other petroleum products for 46.8 thousand tons. Motor fuel sales (petrol and diesel fuel) were up 8 percent compared to the previous year's figures for this period.

In SEE markets, the Petrol Group sold 556.0 thousand tons of petroleum products in the first nine months of 2016, down 6 percent year-on-year. The most important commodities sold in SEE markets are diesel fuel and petrol.

In addition to the above, the jointly controlled entity Petrol - Oti - Slovenija L.L.C. sold 8.7 thousand tons of petroleum products, up 16 percent from the same period of the previous year.

In EU markets, the Petrol Group sold 597.1 thousand tons of petroleum products in the first nine months of 2016, which was 47 percent more than in the same period of 2015. The most important commodity sold in EU markets is diesel fuel.

### **Key impacts on operations**

#### **Fuel pricing in Slovenia**

In Slovenia, fuel prices were set in accordance with the Decrees Setting Prices for Petroleum Products in force from 9 October 2015 to 8 February 2016, from 9 February to 8 April 2016, from 9 April to 8 June 2016, from 9 June to 8 July 2016, from 9 July to 8 September 2016 and from 9 September to 8 November 2016. In all decrees, the model-based margin applicable to government-regulated petroleum products was set at a fixed amount (EUR 0.08701 per litre of petrol and EUR 0.08158 per litre of diesel fuel).

Since 9 April 2016, the prices of the 98-octane and higher-octane petrol and of extra light heating oil have been liberalised and set by the market.

Slovenia's 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 73 percent of the average gross margin in the EU countries (65 percent if the compulsory stocks membership fee is not taken into account) and in the case of diesel fuel to 59 percent (52 percent if the compulsory stocks membership fee is not taken into account) (own calculations based on Platts and Oil Bulletin data).

On 7 November 2016, the Government of the Republic of Slovenia adopted a new Decree Setting Prices for Petroleum Products for the period from 9 November 2016 to 30 June 2017, liberalising the prices of petrol and diesel fuel at motorway and expressway service stations while keeping the prices of petrol and diesel fuel at other service stations regulated.

### **Fuel pricing in Croatia**

Since 20 February 2014, when the Oil and Petroleum Products Market Act entered into force and fully liberalised the pricing of petroleum products, the prices of petroleum products in Croatia have been set freely in accordance with market conditions.

### **Fuel pricing in Bosnia and Herzegovina**

In Bosnia and Herzegovina, the prices of petroleum products are not government-regulated and are set freely in accordance with market conditions. The prices normally change weekly. In the Federation of Bosnia and Herzegovina, retailers notify the Federal Ministry of Commerce of new retail prices four days in advance, whereas in the Republic of Srpska changes in retail prices need not be notified in advance. Due to the free setting of prices, retail fuel prices vary according to the location of a service station.

### **Fuel pricing in Serbia**

Since the 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.

### **Fuel pricing in Montenegro**

In Montenegro, the prices of petroleum products are set in accordance with the Regulation on the Method of Setting Maximum Retail Prices, which has been in force since 1 January 2011. The prices change fortnightly, provided that prices on the oil market (Platts 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 methodology used to calculate selling prices includes taxes, the costs of transshipment, handling, bank charges, storage, transport and distribution, as well as (excise) duties and an oil companies' gross margin. The oil companies' gross margin amounts to EUR 0.063 per litre of petrol, EUR 0.064 per litre of eurodiesel and EUR 0.076 per litre of extra light heating oil. In addition to these gross margins, liquid fuel traders may factor in all of the above costs at EUR 0.05 per litre of petrol, EUR 0.05 per litre of eurodiesel and EUR 0.026 per litre of extra light heating oil.

## Fuel pricing 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 average monthly market prices, changes in the exchange rate of the euro and the US dollar, logistics costs and the maximum margin. These prices represent an unofficial basis for retail prices, which change according to market fuel prices.

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

The average price of Brent Dated North Sea crude oil stood at USD 41.89 per barrel in the first nine months of 2016, down 24 percent year-on-year. The average price in euros was down 26 percent. During this period, the price of Brent crude peaked on 8 June 2016, reaching USD 50.72 per barrel. Its lowest price was recorded on 20 January 2016 at USD 25.99 per barrel. The prices of petrol and middle distillates followed the same trends as crude oil prices.

**Figure 7: Changes in Brent Dated High oil price in the first nine months of 2016 in USD/barrel**



SOURCE: Petrol, 2016

**Figure 8: Changes in Brent Dated High oil price in the first nine months of 2016 in EUR/barrel**



SOURCE: Petrol, 2016

After dipping below USD 30 per barrel in January 2016, oil prices rose again in February and March as Saudi Arabia, Russia, Venezuela and Qatar first published their plans to freeze supply. On the supply side, Iran became an important player after the international sanctions had been lifted and has significantly increased oil output, which is, however, still below pre-sanction levels. At the April meeting in Doha, OPEC failed to come to an agreement to freeze oil production. In the second quarter, oil prices rose mainly on account of lower oil stocks in the United States, increase in global oil demand, and oil and gas supply disruptions in Canada and Nigeria. Also spurring oil prices were the results of the EU referendum in the United Kingdom. OPEC, in cooperation with non-members (Russia), devotes much effort to stabilising oil prices.

Oil price movements will continue to depend largely on OPEC's oil output agreements, the situation in the Middle East and in Iran, on economic growth expectations, US and EU oil stocks figures, and on demand in China.

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

The US dollar to the euro exchange rate ranged between 1.07 and 1.16 US dollars per euro in the first nine months of 2016. The average exchange rate of the US dollar according to the exchange rate of the European Central Bank stood at 1.12 US dollars per euro in the period concerned.

### **Sales of liquefied petroleum gas**

In the first nine months of 2016, the Petrol Group sold 105.2 thousand tons of liquefied petroleum gas, a year-on-year increase of 83 percent, mainly thanks to the consolidation of LPG sales of the company Petrol LPG d.o.o. Beograd (at the end of 2015).

At the end of September 2016, the Petrol Group operated 6 LPG supply concessions in Slovenia. In addition, the company Petrol Plin d.o.o. has LPG supply contracts in the towns of Šibenik and Rijeka. Liquefied petroleum gas is supplied to customers also through LPG storage tanks and at service stations as autogas.

### **Sales of natural gas**

In the first nine months of 2016, the Petrol Group sold 54.2 thousand tons (77.3 million m<sup>3</sup>) of natural gas or 3 percent less than in the same period of the previous year.

### **Sales of electricity**

The Petrol Group has positioned itself as an important electricity market player. It set up a complete infrastructure for wholesale electricity trading in Slovenia, EU countries and SEE countries, and for the sale of electricity to end users in Slovenia (businesses and households). At the end of September 2016, the Petrol Group supplied electricity to more than 49 thousand households and 2 thousand businesses.

In the first nine months of 2016, the Group sold 11,8 TWh of electricity (of which 1.1 TWh to end users, 10.3 TWh as part of trading, and 55,048 MWh as part of energy and environmental systems), up 16 percent from the same period of 2015.

### **Sales of merchandise**

Merchandise sales consist of sales of automotive products, foodstuffs, accessories, tobacco and lottery products, coupons and cards, coffee-to-go, chemical products and wood biomass. The Petrol Group generated EUR 377.8 million in revenue from the sale of merchandise in the first nine months of 2016, an increase of 3 percent compared to the same period of the previous year.

In Slovenia, the Petrol Group generated EUR 336.3 million in revenue from the sale of merchandise in the period under review, an increase of 2 percent compared to the same period of the previous year. The range at Petrol's points of sale is modified and expanded as we try to mitigate the impact of adverse economic conditions by quickly adapting the range to the needs of our service station customers.

In SEE markets, the Petrol Group generated EUR 41.5 million in revenue from the sale of merchandise in the period concerned, a year-on-year increase of 9 percent. The best results were achieved in tobacco and food sales.

### **Sales of services**

Services consist of revenue from storage and petroleum-product handling services, renting of business premises and hospitality facilities, transport, carwash services, revenue from Petrol Club cards, and other services. In the first nine months of 2016, the Petrol Group generated EUR 26.5 million in revenue from the services related to oil and merchandise sales in Slovenia.

## **B. ENERGY AND ENVIRONMENTAL SYSTEMS**

### **Natural gas distribution**

In the first nine months of 2016, the Petrol Group distributed 59.1 thousand tons (84.3 million m<sup>3</sup>) of natural gas.

At the end of September 2016, the Group operated 24 natural gas supply concessions in Slovenia and, in Serbia, supplied natural gas to the municipalities of Bačka Topola and Pećinci as well as three Belgrade municipalities.



## **Environmental solutions**

In the first nine months of 2016, the Petrol Group operated four concessions for the public utility service of municipal wastewater treatment. The capacity of the treatment plant in Murska Sobota is 42,000 population equivalents (PE), in Sežana 6,000 PE, in Ig and Matena 6,000 PE and in Mežica 4,000 PE. Petrol also managed industrial waste treatment plants at Vevče Paper Mill and Paloma. As an important member of the company Aquasystems d.o.o., Petrol d.d., Ljubljana is involved in the treatment of municipal wastewater in the Municipality of Maribor, the capacity of which is 190,000 PE.

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

The Petrol Group also produces energy from waste. At Ihan and Črnomelj biogas plants, Petrol processes organic waste to produce green electricity and is Slovenia's biggest producer of green electricity from organic waste. For greater efficiency, Petrol built in Ihan a dehydration plant for sludge obtained from treatment plants. Dehydrated sludge is transformed into secondary fuel.

In the first nine months of 2016, the Petrol Group generated EUR 4.1 million in revenue from environmental solutions.

## **Energy solutions**

Energy solutions consist of an energy range offered in the following segments:

- development of alternative solutions for supplying heat and other forms of energy (energy packages) to households and small-business customers;
- implementation of more complex comprehensive energy solutions projects;
- production of energy from renewable sources.

In the first nine months of 2016, the public economic service of public lighting was performed in several municipalities, accompanied by other projects in the area of energy solutions.

During this period, the Petrol Group generated EUR 14.0 million in sales revenue from energy solutions.

## **District heating**

Heat is supplied to customers through district heating systems. In the first nine months of 2016, the Petrol Group generated EUR 4.9 million in sales revenue from district heating.

During this period, the Group sold 83.4 thousand MWh of heat (some of it as part of energy solutions) or 3 percent more than in the same period of the previous year.

## **Electricity generation**

At the end of 2015, Petrol d.d., Ljubljana co-founded a Bosnia and Herzegovina based company Petrol Hidroenergija d.o.o. Teslić, which is to produce hydroelectricity. In 2016 the

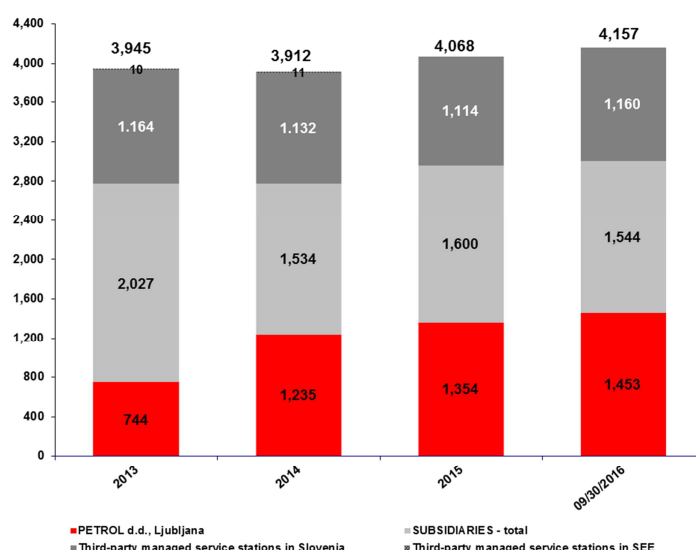
company Vjetroelektrarne Glunča d.o.o. (Croatia) was established, which will be engaged in the production of wind electricity. Both power plants will start operating in 2017.

## **Sustainable development**

### **Employees**

On 30 September 2016, the Petrol Group had 4,157 employees, of which 33 percent worked for subsidiary companies abroad. The number of employees increased by 89 compared to the end of 2015. Staff numbers rose mainly at third-party managed service stations and within the company Petrol d.o.o.

**Figure 9: Changes in the number of employees of the Petrol Group and at third-party managed service stations in the period 2013 – 2016**



### **Employee structure**

At the end of September 2016, the average age of the Petrol Group employees was 39.5 years. 64 percent of the employees were male and 36 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. The Petrol Group has a keen interest in training its employees, as knowledge represents one of Petrol's key competitive advantages.

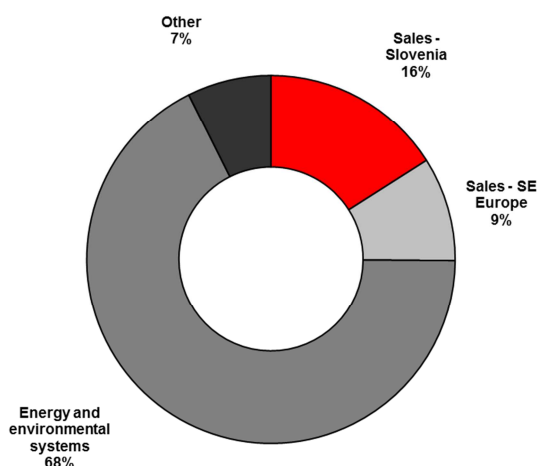
## Training

In the first nine months of 2016, more than 11 thousand employees took part in various forms of training. In all, the Petrol Group provided in excess of 59 thousand teaching hours of training, which represented, on average, 15 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. The Group carried out technical and legally required training in the period under review.

## Investments

In the first nine months of 2016, net investments<sup>2</sup> in property, plant and equipment, intangible assets and long-term investments stood at EUR 47.3 million. Out of the above amount, 16 percent was allocated to sales in Slovenia, 9 percent to sales in SE Europe, 68 percent to energy and environmental systems, and 7 percent to the upgrading of information and other infrastructure.

**Figure 10: Breakdown of the Petrol Group's investments in the first nine months of 2016**



## The quality management system

The Petrol Group's operations are based on the implementation of strict quality standards. Since 1997, we have been constantly upgrading and expanding the Group's quality management system. In addition to the certified quality and environmental management systems, the comprehensive quality management system incorporates the requirements of the HACCP food safety management system, of the OHSAS occupational health and safety system and of the ISO 27001 information security system. In 2016 the ISO 50001 energy management system was also incorporated into the quality management system as proof of our systematic approach to continuous improvement in this field and the Company's commitment to sustainable development.

<sup>2</sup> Net investments in fixed assets = investments in fixed assets – disposal of fixed assets.

The certification of the energy management system to the ISO 50001 standard was completed in January 2016. The system allows for continuous monitoring of the Company's energy efficiency indicators and control over implemented energy measures. It also encourages active staff involvement in the area of efficient energy consumption and renewable energy sources. The Company's energy management system covers oil and merchandise sale processes, energy and environmental processes as well as Petrol's energy and environmental solutions provided to our customers.

In March 2016, Petrol d.d., Ljubljana was awarded the OHSAS 18001 occupational health and safety certificate for comprehensive solutions processes in the area of district and energy systems, water supply systems, efficient lighting and energy management in buildings.

As a result of the merger of the company Petrol Tehnologija d.o.o. into the parent company Petrol d.d., Ljubljana, ISO 17020 accreditation certificates were transferred to the parent company in May 2016.

**Table 3: Overview of certificates and laboratory accreditations**

| Company                  | Quality management system | Environmental management system | Energy management system | Laboratory accreditations                                | Other certificates           |
|--------------------------|---------------------------|---------------------------------|--------------------------|--|------------------------------|
| Petrol d.d., Ljubljana   | ISO 9001:2008             | ISO 14001:2004                  | ISO 50001:2011           | SIST EN ISO/IEC 17025:2012<br>SIST EN ISO/IEC 17020:2012 | OHSAS 18001*<br>RC**, FSC*** |
| Petrol Energetika d.o.o. | ISO 9001:2008             | ISO 14001:2004                  | /                        | /  |                              |
| Petrol d.o.o.            | ISO 9001:2008             | ISO 14001:2004                  | /                        | /  |                              |
| Petrol Geoterm d.o.o.    | ISO 9001:2008             | /                               | /                        | /  |                              |
| Beogas d.o.o.            | ISO 9001:2008             | /                               | /                        | /  |                              |

\* Petrol d.d., Ljubljana is a holder of the OHSAS 18001 certificate for comprehensive solutions processes performed by the Energy Solutions organisational unit in the area of district and energy systems, water supply systems, efficient lighting and energy management in buildings.

\*\* Based on the Report on the implementation of the Responsible Care Global Charter commitments, Petrol d.d., Ljubljana became a holder of a Responsible Care Certificate for its activities relating to storage, logistics and retail network of service stations in Slovenia and granted the right to use the initiative's logo.

\*\*\* Petrol d.d. Ljubljana is a holder of an FSC certificate for the production of wood chips used for heat generation. The FSC certificate, which is issued by an international NGO called the Forest Stewardship Council, promotes environmentally appropriate, socially beneficial and economically viable management of forests.

In March 2016, Petrol Laboratory received a monitoring visit by SA in connection with its quality management system certified to the SIST EN ISO/IEC 17025 standard.

In March 2016, a follow-up audit of the ISO 9001 quality management system took place at the company Beogas d.o.o. No non-compliance issues were identified in the process.

In the first half of 2016, the quality management system of the subsidiary Petrol d.o.o. was aligned with the requirements of the new edition of the ISO 9001: 2015 standard. In May 2016, a recertification audit of the ISO 9001 quality management systems and the ISO 14001 environmental management systems took place.

In June 2016, a follow-up audit of the ISO 9001 quality management systems, the ISO 14001 environmental management system and the ISO 5001 energy management system of the companies Petrol d.d., Ljubljana and Petrol Energetika d.o.o. was conducted. Both companies passed the audit and no non-compliance issues were identified. In September 2016, a follow-up audit of the ISO 9001 quality management systems was conducted also at the company Petrol Geoterm d.o.o., identifying no non-compliance issues.

## **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 responsibility by supporting numerous sports, arts, humanitarian and environmental projects. In the Petrol Group, social responsibility is perceived as a lasting commitment to work together with the environment in which it operates. To celebrate the Slovene Blood Donation Day (4 June), we joined forces with the Slovene Red Cross and the Blood Transfusion Centre of Slovenia to organise the pan-Slovene blood donation initiative "Give Energy for Life!" for the sixth time already. This year's slogan was "Giving is a joy". On 18 May, the International Museum Day, Petrol donated archival exhibits to the Technical Museum of Slovenia (located in Bistra pri Vrhniki) in perpetuity. The exhibits are displayed as part of the exhibition From Pharmacy to Service Station. During Petrol's corporate volunteering week, from 26 to 29 September 2016, employees helped out with five charity projects.

## **Risk management**

The Petrol Group manages risks using a comprehensive risk management system, making sure that the Company's key risks are identified, assessed, managed and monitored. In doing that, it aims to develop a risk-awareness culture to ensure better control over the risks and better information for decision-making at all levels of the Group's operation. Risk management concerns each Petrol Group employee who is, as a result of their decisions and actions, exposed to risks on a daily basis while carrying out their work assignments and responsibilities.

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

- environment risks and
- performance risks.

According to risk assessment results, the most relevant and probable risks comprise the following financial risks: price, credit, foreign exchange and liquidity risks.

In addition to the main financial risks, the most relevant and probable risks include economic environment risks, interest rate risks, legislation and regulation risks, strategic decision-making risks, commercial risks, and business and financial decision-making risks.

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

The Petrol Group's business model includes energy products, such as petroleum products, natural gas, electricity and liquefied petroleum gas, exposing the Group to price, quantity and foreign exchange risks arising from the purchase and sale of these products.

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 Petrol Group manages quantity and price risks to the largest extent possible by matching suppliers' terms of procurement with the terms of sale applying to customers. The petroleum product pricing model applicable to the Slovene market allows for changes in global petroleum product prices and exchange rates to be passed on to domestic selling prices. Any remaining open price or foreign exchange positions are closed through the use of financial instruments, in particular commodity swaps in the case of price risks and forward contracts in the case of foreign exchange risks.

The Petrol Group plays an increasingly important role in electricity production, sale, distribution and trading, exposing it to price and quantity risks. These are managed with an assortment of limits systems defined depending on the business partner, the area of trading and the value at risk, and with appropriate processes in place to monitor and control these risks.

In addition to the risks arising from changes in the EUR/USD exchange rate, the Petrol Group is exposed, to some degree, also to the risk of changes in other currencies, which is linked to doing business in the region. The Group monitors open foreign exchange positions and decides how to manage them on a monthly basis.

With regard to other foreign exchange exposures, we should point out the risk of changes in the EUR/HRK exchange rate. For this purpose, the impact of changes in the EUR/HRK exchange rate on operations of Croatian-based companies is analysed on a regular basis. The spread between the minimum and maximum level of the EUR/HRK exchange rate stood at 2.7 percent in the first nine months of 2016. Thanks to a relatively small exposure and the low volatility of the exchange rate, no forward contracts to hedge the foreign exchange risk were concluded in 2016. In Croatia, the foreign exchange risk in procurement was reduced by substantially increasing the volume of procurement done in HRK in Croatia directly and by placing surplus liquidity with the parent company in euros.

Foreign exchange risks are also encountered in Serbia with regard to the EUR/RSD exchange rate. There, the procurement of petroleum products is done mostly in RSD, which

enables us to largely avoid the foreign exchange risks. In the first nine months of 2016, the EUR/RSD exchange rate ranged between RSD 123.70 and RSD 120.50 per 1 euro, while the average exchange rate stood at RSD 122.82 per 1 euro.

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

### **Credit risk**

The credit risk was assessed as the third most relevant financial risk, to which the Petrol Group is exposed in connection with the sale of goods and services to natural and legal entities. The risk is managed using the measures outlined below.

The operating receivables management system provides us with an efficient credit risk management. In 2016 we introduced some changes to the process of setting and approving credit limits for the entire Petrol Group in order to further improve and harmonise the credit risk management system.

As part of the usual receivables management processes, we keep actively pursuing the collection of receivables. Particular attention is given to individual treatment of major customers or customers in relation to which outstanding receivables balances exceed EUR 250,000. We refine procedures for approving the amount of exposure (limits) to individual buyers and expand the range of first-class credit insurance instruments as a requirement to approve sales (receivables insurance with credit insurance companies, bank guarantees, letters of credit, collaterals, corporate guarantees, securities, mortgages, pledges). A great deal of work is being put into the management of receivables from large customers in Slovenia, and significant attention is also devoted to the collection of receivables in SE Europe markets, where the solvency and payment discipline of the business sector differs from that in Slovenia. Receivables are systematically monitored by age, region and organisational unit as well as by quality and individual customer. The exposure of customers in the Petrol Group's portfolio to the credit risk is monitored at a global level. To monitor receivables, we use a joint receivables management application, which provides us with automated control over the exposure to individual customers and the possibility to respond immediately. Through experience, the application is continuously improved. In addition, we introduced a centralised control over credit insurance instruments received.

We estimate that credit risks are adequately managed within the Petrol Group. Our estimate is based on the nature of our products, our market share, our large customer base, the vast range of credit insurance instruments and a higher volume of secured receivables. The Petrol Group too, however, is unable to fully avoid the consequences of bankruptcies, compulsory composition proceedings and personal bankruptcies.

### **Liquidity risk**

The Petrol Group has been assigned a "BBB-" long-term international credit rating, an "A-3" short-term credit rating and a "stable" credit rating outlook by Standard & Poor's Ratings Services, which reaffirmed the ratings on 24 June 2016. This investment-grade rating enables us to tap international financial markets more easily and represents an additional



commitment towards successful operations and the deleveraging of the Petrol Group. We are currently introducing relevant S&P's methodology into the management of liquidity risks.

In the first nine months of 2016, no additional long-term loans were raised. Operations were financed through the already acquired long-term sources and, partly, through short-term loans. Moreover, we restructured our sources of financing by repaying a portion of long-term loans early, as a way of managing short-term liquidity surpluses, while raising long-term revolving credit facilities to accommodate our liquidity needs in accordance with S&P criteria. In the period concerned, average petroleum product prices were lower year-on-year, meaning that less working capital was needed. The acquired long-term and short-term credit lines provide us with a high level of liquidity.

Cash flow management nevertheless requires considerable attention and prudence, especially as regards the planning of cash inflows from lay away sales, this being the main source of credit risks and, consequently, liquidity risks.

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 boost its equity capital.

### **Interest rate risk**

The Petrol Group regularly monitors its exposure to the interest rate risk. 23 percent of the Group's non-current financial liabilities contain a variable interest rate that is linked to EURIBOR. The average EURIBOR rate was lower in the first nine months of 2016 than at the end of 2015 and thus remains historically low (negative). In 2016 the Petrol Group's overall borrowing interest rate was, on average, lower than in 2015. This is the result of low EURIBOR rates, interest rate margins, which had been further reduced, and a higher amount of short-term debt.

In 2015 we updated the interest rate risk management policy. Limits for interest rate risk exposure reflect the risk of changes to the EURIBOR rate in the coming year and cumulative figures for the next five years.

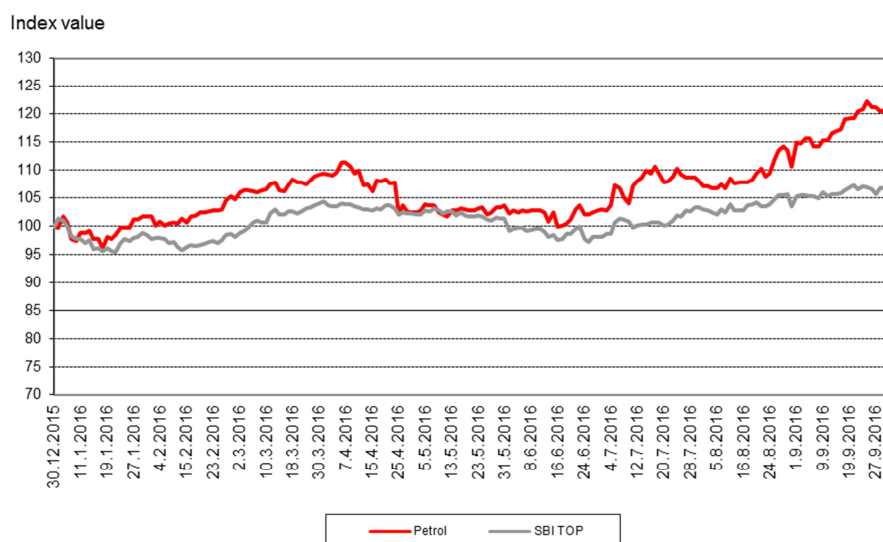
To hedge against exposure to the interest rate risk, a portion of variable interest rates is transformed into a fixed interest rate using derivative financial instruments, thus protecting our net interest position. When deciding whether to pursue additional hedging activities, forecasts regarding interest rate changes are considered. The time of hedging and the type of instruments used to this effect are determined based on market conditions. In connection with extending the maturity of a EUR 50 million long-term loan, an existing interest rate hedging contract of EUR 37.5 million was sold off early in the first nine months of 2016 and a new interest rate hedging contract of EUR 50 million concluded, which has a longer maturity.



## Petrol's shares

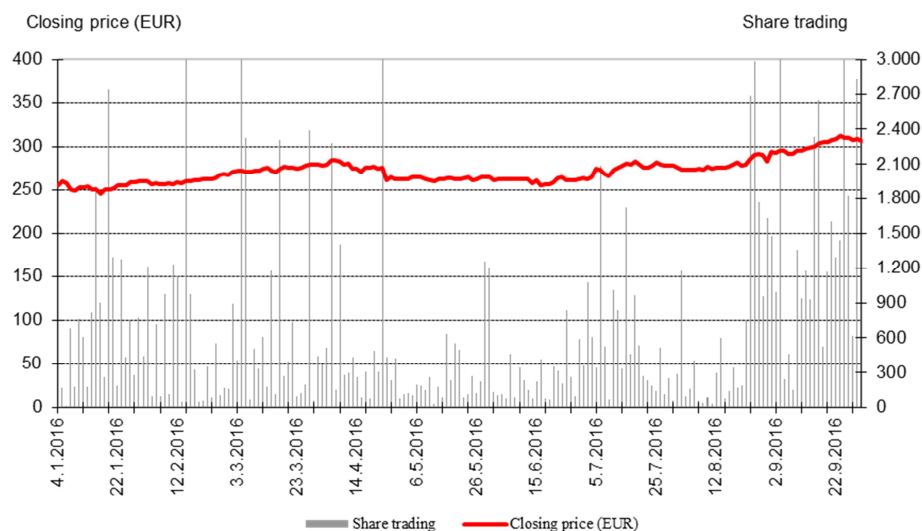
At the end of September 2016, share prices at the Ljubljana Stock Exchange were on average higher than at the end of 2015. This was also reflected in the SBITOP, the Slovene blue-chip index, which is used as a benchmark and provides information on changes in the prices of the most important and liquid shares traded on the regulated market. The index also comprises Petrol's shares. The SBITOP stood at 741.71 as at the end of September 2016 and was up 6.5 percent relative to the end of 2015 (696.15). During this period, Petrol's shares gained 19.7 percent in value. In terms of trading volume, which in the case of Petrol's shares amounted to EUR 40 million between January and September, the shares were ranked second among the shares traded on the Ljubljana Stock Exchange. In terms of market capitalisation, which stood at EUR 638.8 million as at 30 September 2016, the shares were also ranked second and accounted for 12.2 percent of the total Slovene stock market capitalisation on the said date.

**Figure 11: Base index changes for Petrol d.d., Ljubljana's closing share price and the SBITOP index in the first nine months of 2016 compared to the end of 2015**

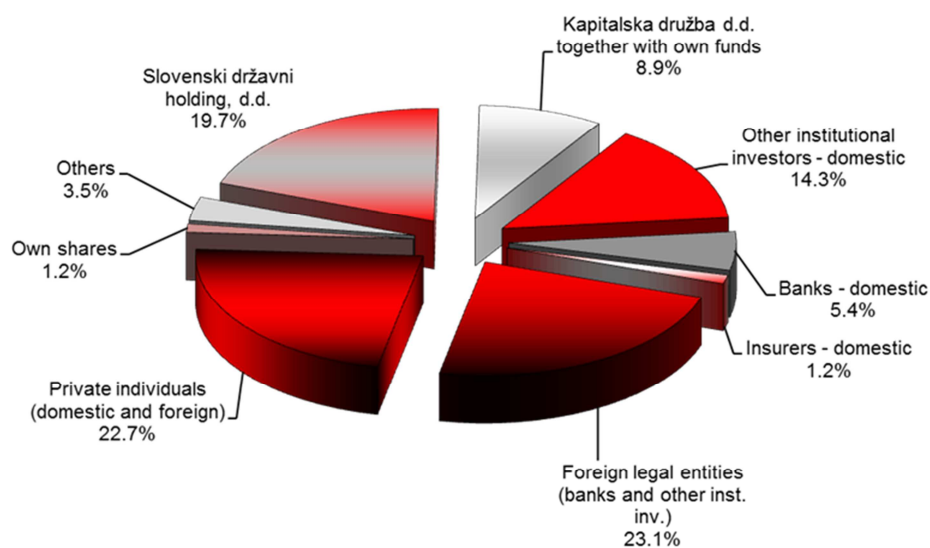


In the first nine months of 2016, the price of Petrol's shares ranged between EUR 246.1 and EUR 312.8 per share. Their average price for the period stood at EUR 271.9 and their price as at the end of September 2016 at EUR 306.2. The Petrol Group's earnings per share stood at EUR 27.75, with its book value per share amounting to EUR 278.54. Petrol d.d., Ljubljana had 31,017 shareholders as at 30 September 2016. At the end of September 2016, 486,335 shares or 23.31 percent of all shares were held by foreign legal or natural persons. Compared to the end of 2015, the number of foreign shareholders increased by 2.4 percentage points.

**Figure 12: Closing price and the volume of trading in Petrol's shares in the first nine months of 2016**



**Figure 13: Ownership structure of Petrol d.d., Ljubljana as at 30 September 2016**



**Table 4: Changes in the ownership structure of Petrol d.d., Ljubljana (comparison between 30 September 2016 and 31 December 2015)**

|   | 30 September 2016 |        | 31 December 2015 |        |
|---|-------------------|--------|------------------|--------|
|   | No. of Shares     | in %   | No. of Shares    | in %   |
| Slovenski državni holding, d.d.                     | 412,009           | 19.7%  | 412,009          | 19.7%  |
| Kapitalska družba d.d. together with own funds      | 184,852           | 8.9%   | 184,852          | 8.9%   |
| Other institutional investors - domestic            | 297,525           | 14.3%  | 323,839          | 15.5%  |
| Banks - domestic                                    | 113,386           | 5.4%   | 109,363          | 5.2%   |
| Insurers - domestic                                 | 25,486            | 1.2%   | 25,571           | 1.2%   |
| Foreign legal entities (banks and other inst. inv.) | 482,695           | 23.1%  | 433,057          | 20.8%  |
| Private individuals (domestic and foreign)          | 473,502           | 22.7%  | 496,809          | 23.8%  |
| Own shares  | 24,703            | 1.2%   | 24,703           | 1.2%   |
| Others  | 72,143            | 3.5%   | 76,098           | 3.7%   |
| Sum   | 2,086,301         | 100.0% | 2,086,301        | 100.0% |

**Table 5: 10 largest shareholders of Petrol d.d., Ljubljana as at 30 September 2016**

|    | Shareholder                              | Address  | No. of Shares | Share in % |
|----|--|--|---------------|------------|
| 1  | SLOVENSKI DRŽAVNI HOLDING, D.D.          | MALA ULICA 5, 1000 LJUBLJANA                     | 412,009       | 19.75%     |
| 2  | ČEŠKOSLOVENSKA OBCHODNI BANK, A.S. - FID | RADICKA 333/150, 150 57 PRAGA 5, REPUBLIKA ČEŠKA | 267,076       | 12.80%     |
| 3  | KAPITALSKA DRUŽBA, D.D.                  | DUNAJSKA CESTA 119, 1000 LJUBLJANA               | 172,639       | 8.27%      |
| 4  | SOCIETE GENERALE - SPLITSKA BANKA D.D.   | RUĐERA BOŠKOVIĆA 16, 21000 SPLIT, HRVAŠKA        | 78,353        | 3.76%      |
| 5  | VIZIJA HOLDING, K.D.D.                   | DUNAJSKA CESTA 156, 1000 LJUBLJANA               | 71,676        | 3.44%      |
| 6  | VIZIJA HOLDING ENA, K.D.D.               | DUNAJSKA CESTA 156, 1000 LJUBLJANA               | 63,620        | 3.05%      |
| 7  | NLB D.D.                                 | TRG REPUBLIKE 2, 1000 LJUBLJANA                  | 63,183        | 3.03%      |
| 8  | NOVA KBM D.D.                            | ULICA VITA KRAIGHERJA 4, 2000 MARIBOR            | 42,985        | 2.06%      |
| 9  | PERSPEKTIVA FT D.O.O.                    | DUNAJSKA CESTA 156, 1000 LJUBLJANA               | 36,162        | 1.73%      |
| 10 | DUTB, D. D.                              | DAVČNA ULICA 1, 1000 LJUBLJANA                   | 36,000        | 1.73%      |

**Table 6: Shares owned by members of the Supervisory and Management Board as at 30 September 2016**

| Name and Surname         | Position                                | No. of shares | Share of equity |
|--------------------------|---|---------------|-----------------|
| <b>Supervisory board</b> |   | <b>0</b>      | <b>0.0000%</b>  |
| <b>Internal members</b>  |   | <b>0</b>      | <b>0.0000%</b>  |
| 1. Zoran Gračner         | Supervisory Board Member                | 0             | 0.0000%         |
| 2. Andrej Tomplak        | Supervisory Board Member                | 0             | 0.0000%         |
| 3. Damjan Legen          | Supervisory Board Member                | 0             | 0.0000%         |
| <b>External members</b>  |   | <b>0</b>      | <b>0.0000%</b>  |
| 1. Tomaž Kuntarič        | Supervisory Board President             | 0             | 0.0000%         |
| 2. Irena Prijović        | Supervisory Board Vice-president        | 0             | 0.0000%         |
| 3. Igo Gruden            | Supervisory Board Member                | 0             | 0.0000%         |
| 4. Matija Blažič         | Supervisory Board Member                | 0             | 0.0000%         |
| 5. Klemen Ferjančič      | Supervisory Board Member                | 0             | 0.0000%         |
| 6. Mladen Kaliterna      | Supervisory Board Member                | 0             | 0.0000%         |
| <b>Management Board</b>  |   | <b>220</b>    | <b>0.0105%</b>  |
| 1. Tomaž Berločnik       | Management Board President              | 0             | 0.0000%         |
| 2. Igor Stebernak        | Management Board Member                 | 0             | 0.0000%         |
| 3. Rok Vodnik            | Management Board Member                 | 220           | 0.0105%         |
| 4. Ika Krevzel Panič     | Management Board Member/Worker Director | 0             | 0.0000%         |

## **Contingent increase in share capital**

In the period up to 30 September 2016, the General Meeting of Petrol d.d., Ljubljana did not adopt any resolutions regarding the contingent increase in share capital.

## **Dividends**

In accordance with a resolution of the 26<sup>th</sup> General Meeting held on 21 April 2016, Petrol d.d., Ljubljana paid 2015 gross dividends of EUR 12.60 per share in August 2016. The gross dividend per share for 2014, which was paid in 2015, stood at EUR 11.70.

## **Own shares**

Petrol d.d., Ljubljana did not repurchase its own shares in the first nine months of 2016. As at 30 September 2016, the Company held 24,703 own shares, representing 1.2 percent of its registered share capital. The total cost of own shares equalled EUR 2.6 million as at 30 September 2016 and was EUR 4.9 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 stock exchanges, banks and brokerage companies. In the first nine months of 2016, several individual meetings were held with investors and analysts. In March, we attended an investors' conference in London organised by InterCapital and Goldman Sachs. In May, we participated in a joint investors' conference in Zagreb, which was organised by Ljubljana and Zagreb Stock Exchanges.

## **General Meeting of Petrol d.d., Ljubljana**

At the 26<sup>th</sup> General Meeting of Petrol d.d., Ljubljana held on 21 April 2016, the following resolutions were adopted:

- Accumulated profit of EUR 25,976,135.00 as at 31 December 2015 shall be used as follows: EUR 25,976,134.80 shall be used to pay gross dividends of EUR 12.60 per share (own shares excluded) and EUR 0.20 shall be transferred to retained earnings. The dividends are to be paid out of the 2015 net profit and other revenue reserves for 2006. The Company shall pay the dividends on 12 August 2016 to shareholders registered with KDD – the Central Securities Clearing Corporation on 26 April 2016, as laid down in a Management Board decision.

- The Company's Management Board shall be granted discharge from liability for the year 2015.
- The Company's Supervisory Board shall be granted discharge from liability for the year 2015.
- The audit firm ERNST & YOUNG Revizija, poslovno svetovanje, d.o.o., Ljubljana shall be appointed auditor for the year 2016.

## **Management Board of Petrol d.d., Ljubljana**

The president of the Management Board, Tomaž Berločnik, MSc, began his new term of office on 1 February 2016. The terms of office of the other two legal representatives, Igor Stebernak and Rok Vodnik, MSc, were aligned with that of Mr Berločnik. The terms of office of all three legal representatives now run from 1 February 2016 to 31 January 2021.

## **Supervisory Board of Petrol d.d., Ljubljana**

The Workers' Council of Petrol d.d., Ljubljana elected Damjan Legen as replacement Supervisory Board member representing employees for the term of office beginning on 28 January 2016 and ending on 21 February 2017.

## **Credit rating**

On 24 June 2016, Standard & Poor's Ratings Services affirmed Petrol d.d., Ljubljana's "BBB-" long-term credit rating, its "A-3" short-term credit rating and its "stable" credit rating outlook.

## **Disposal of an interest in the company GEN-I**

In accordance with a strategy adopted by Petrol d.d., Ljubljana, a contract was signed on 22 June 2016 to dispose of 50 percent of interests held by the subsidiary IGES d.o.o. in the company GEN-I, d.o.o. The interests were then acquired by the company GEN-EL d.o.o. for EUR 45,100,000. The transaction will be carried out in two parts: the first part is expected to be completed by the end of 2016, following the fulfilment of suspensive conditions, and the second part by the end of June 2018.

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

On 7 November 2016, the Government of the Republic of Slovenia adopted a new Decree Setting Prices for Petroleum Products for the period from 9 November 2016 to 30 June 2017, liberalising the prices of petrol and diesel fuel at motorway and expressway service stations while keeping the prices of petrol and diesel fuel at other service stations regulated.

# FINANCIAL REPORT

## Financial performance of the Petrol Group and the company Petrol d.d., Ljubljana

### Statement of profit and loss of the Petrol Group and Petrol d.d., Ljubljana

| (in EUR)  | Note | The Petrol Group     |                      | Petrol d.d.          |                      |
|---|------|----------------------|----------------------|----------------------|----------------------|
|   |      | 1-9 2016             | 1-9 2015             | 1-9 2016             | 1-9 2015             |
| Sales revenue   |      | 2,709,502,257        | 2,843,100,898        | 2,201,065,898        | 2,284,625,904        |
| - of which excise duty  |      | 797,008,698          | 765,311,967          | 558,772,746          | 520,358,056          |
| Cost of goods sold  |      | (2,427,011,170)      | (2,585,930,496)      | (1,994,187,376)      | (2,094,870,974)      |
| <b>Gross profit</b>   |      | <b>282,491,087</b>   | <b>257,170,402</b>   | <b>206,878,521</b>   | <b>189,754,930</b>   |
| Costs of materials  | 3    | (19,562,103)         | (20,233,696)         | (10,921,832)         | (10,372,955)         |
| Costs of services   | 4    | (90,679,590)         | (85,559,397)         | (73,698,821)         | (72,563,719)         |
| Labour costs  | 5    | (50,314,479)         | (48,254,630)         | (34,346,458)         | (31,685,569)         |
| Depreciation and amortisation   | 6    | (34,030,417)         | (33,881,370)         | (23,478,332)         | (23,831,056)         |
| Other costs   | 7    | (14,452,579)         | (3,156,538)          | (12,988,393)         | (1,821,114)          |
| <b>Operating costs</b>  |      | <b>(209,039,168)</b> | <b>(191,085,631)</b> | <b>(155,433,835)</b> | <b>(140,274,413)</b> |
| Other revenue   | 2    | 3,774,447            | 3,466,507            | 2,834,586            | 2,279,502            |
| Other expenses  |      | (226,288)            | (229,937)            | (61,395)             | (95,398)             |
| <b>Operating profit</b>   |      | <b>77,000,078</b>    | <b>69,321,341</b>    | <b>54,217,876</b>    | <b>51,664,621</b>    |
| <b>Share of profit or loss of equity accounted investees</b>  |      | <b>4,154,819</b>     | <b>8,003,780</b>     | <b>-</b>             | <b>-</b>             |
| <b>Finance income from dividends paid by subsidiaries, associates and jointly controlled entities</b> |      | <b>-</b>             | <b>-</b>             | <b>2,876,368</b>     | <b>2,551,562</b>     |
| Other finance income  | 8    | 29,954,009           | 40,589,628           | 25,020,150           | 34,113,928           |
| Other finance expenses  | 8    | (38,698,101)         | (59,287,244)         | (33,909,403)         | (49,652,031)         |
| <b>Net finance expense</b>  |      | <b>(8,744,092)</b>   | <b>(18,697,616)</b>  | <b>(8,889,253)</b>   | <b>(15,538,103)</b>  |
| <b>Profit before tax</b>  |      | <b>72,410,805</b>    | <b>58,627,505</b>    | <b>48,204,991</b>    | <b>38,678,079</b>    |
| Tax expense   |      | (10,502,428)         | (6,330,806)          | (4,590,959)          | (3,164,189)          |
| Deferred tax  |      | (4,699,761)          | (3,804,677)          | (4,894,662)          | (3,473,192)          |
| <b>Corporate income tax</b>   |      | <b>(15,202,189)</b>  | <b>(10,135,483)</b>  | <b>(9,485,620)</b>   | <b>(6,637,381)</b>   |
| <b>Net profit for the period</b>  |      | <b>57,208,616</b>    | <b>48,492,022</b>    | <b>38,719,371</b>    | <b>32,040,698</b>    |
| Net profit for the period attributable to:  |      |                      |                      |                      |                      |
| Owners of the controlling company   |      | 57,020,390           | 48,693,361           | 38,719,371           | 32,040,698           |
| Non-controlling interest  |      | 188,226              | (201,339)            | -                    | -                    |
| Basic and diluted earnings per share  | 9    | 27.75                | 23.52                | 18.78                | 15.54                |

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

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

| (in EUR)  | The Petrol Group  |                   | Petrol d.d.       |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 1-9 2016          | 1-9 2015          | 1-9 2016          | 1-9 2015          |
| <b>Net profit for the period</b>  | <b>57,208,616</b> | <b>48,492,022</b> | <b>38,719,371</b> | <b>32,040,698</b> |
| Attribution of changes in the equity of associates  | (23,647)          | 0                 | -                 | -                 |
| Change due to merger by absorption  | -                 | -                 | 2,318,999         | 1,785,294         |
| Effective portion of changes in the fair value of cash flow variability hedging                         | 285,253           | 1,023,452         | 0                 | 839,224           |
| Change in deferred taxes  | (70,784)          | (179,514)         | 0                 | (142,668)         |
| Foreign exchange differences  | 1,537,773         | 471,303           | -                 | -                 |
| <b>Other comprehensive income to be recognised in the statement of profit or loss in the future</b>     | <b>1,728,595</b>  | <b>1,315,241</b>  | <b>2,318,999</b>  | <b>2,481,851</b>  |
| <b>Other comprehensive income not to be recognised in the statement of profit or loss in the future</b> | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          |
| <b>Total other comprehensive income after tax</b>   | <b>1,728,595</b>  | <b>1,315,241</b>  | <b>2,318,999</b>  | <b>2,481,851</b>  |
| <b>Total comprehensive income for the period</b>  | <b>58,937,211</b> | <b>49,807,263</b> | <b>41,038,370</b> | <b>34,522,549</b> |
| Total comprehensive income attributable to:   |                   |                   |                   |                   |
| Owners of the controlling company   | 58,781,820        | 50,007,430        | 41,038,370        | 34,522,549        |
| Non-controlling interest  | 155,391           | (200,167)         | -                 | -                 |

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



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

|  |      | The Petrol Group     |                      | Petrol d.d.          |                      |
|--|------|----------------------|----------------------|----------------------|----------------------|
| (in EUR)   | Note | 30 September<br>2016 | 31 December<br>2015  | 30 September<br>2016 | 31 December<br>2015  |
| <b>ASSETS</b>  |      |                      |                      |                      |                      |
| <b>Non-current (long-term) assets</b>                                |      |                      |                      |                      |                      |
| Intangible assets  | 10   | 182,069,320          | 184,394,946          | 147,378,416          | 150,091,485          |
| Property, plant and equipment  | 11   | 605,779,238          | 604,065,712          | 304,198,345          | 326,949,002          |
| Investment property  |      | 19,385,308           | 16,678,739           | 18,518,200           | 16,429,618           |
| Investments in subsidiaries  | 12   | -                    | -                    | 295,001,498          | 286,097,454          |
| Investments in jointly controlled entities                           | 13   | 48,379,426           | 50,451,020           | 2,512,140            | 2,512,140            |
| Investments in associates  | 14   | 117,933,863          | 117,494,379          | 52,852,540           | 53,206,341           |
| Financial assets available-for-sale                                  | 15   | 2,850,989            | 1,764,945            | 2,771,945            | 1,685,902            |
| Financial receivables  |      | 4,773,277            | 5,509,008            | 29,962,752           | 15,794,952           |
| Operating receivables  |      | 228,733              | 918,241              | 221,667              | 918,240              |
| Deferred tax assets  |      | 11,709,358           | 16,487,716           | 11,252,018           | 16,122,095           |
|  |      | <b>993,109,512</b>   | <b>997,764,706</b>   | <b>864,669,522</b>   | <b>869,807,231</b>   |
| <b>Current assets</b>  |      |                      |                      |                      |                      |
| Inventories  | 16   | 84,797,203           | 91,482,068           | 68,368,564           | 72,764,397           |
| Financial receivables  | 17   | 5,548,755            | 8,325,710            | 18,638,157           | 12,880,885           |
| Operating receivables  | 18   | 301,297,482          | 324,155,308          | 234,052,537          | 249,882,742          |
| Corporate income tax assets  |      | 94,798               | 245,045              | 0                    | 0                    |
| Financial assets at fair value through profit or loss                | 19   | 623,245              | 2,295,710            | 623,245              | 2,295,710            |
| Prepayments and other assets   | 20   | 19,423,295           | 15,774,900           | 15,101,457           | 10,990,970           |
| Cash and cash equivalents  |      | 24,228,374           | 34,350,350           | 10,145,269           | 26,994,577           |
|  |      | <b>436,013,152</b>   | <b>476,629,091</b>   | <b>346,929,228</b>   | <b>375,809,280</b>   |
| <b>Total assets</b>  |      | <b>1,429,122,664</b> | <b>1,474,393,797</b> | <b>1,211,598,750</b> | <b>1,245,616,511</b> |
| <b>EQUITY AND LIABILITIES</b>  |      |                      |                      |                      |                      |
| <b>Equity attributable to owners of the controlling company</b>      |      |                      |                      |                      |                      |
| Called-up capital  |      | 52,240,977           | 52,240,977           | 52,240,977           | 52,240,977           |
| Capital surplus  |      | 80,991,385           | 80,991,385           | 80,991,385           | 80,991,385           |
| Legal reserves   |      | 61,987,955           | 61,987,955           | 61,749,884           | 61,749,884           |
| Reserves for own shares  |      | 2,604,670            | 2,604,670            | 2,604,670            | 2,604,670            |
| Own shares   |      | (2,604,670)          | (2,604,670)          | (2,604,670)          | (2,604,670)          |
| Other revenue reserves   |      | 169,855,432          | 180,794,332          | 169,272,572          | 177,892,472          |
| Fair value reserve   |      | 183,267              | 206,914              | 40,187,257           | 40,187,257           |
| Hedging reserve  |      | (529,295)            | (743,764)            | 0                    | 0                    |
| Foreign exchange differences   |      | (9,242,139)          | (10,812,747)         | -                    | -                    |
| Retained earnings  |      | 226,587,745          | 184,604,590          | 38,719,371           | 15,037,235           |
|  |      | <b>582,075,327</b>   | <b>549,269,642</b>   | <b>443,161,447</b>   | <b>428,099,211</b>   |
| <b>Non-controlling interest</b>                                      |      | <b>(948,491)</b>     | <b>(1,878,984)</b>   | <b>-</b>             | <b>-</b>             |
| <b>Total equity</b>  |      | <b>581,126,836</b>   | <b>547,390,658</b>   | <b>443,161,447</b>   | <b>428,099,211</b>   |
| <b>Non-current liabilities</b>                                       |      |                      |                      |                      |                      |
| Provisions for employee post-employment and other long-term benefits |      | 6,358,498            | 5,881,531            | 5,410,251            | 4,691,466            |
| Other provisions   |      | 3,457,292            | 3,493,578            | 2,706,595            | 2,706,595            |
| Long-term deferred revenue   |      | 5,156,489            | 6,051,115            | 4,961,135            | 5,997,724            |
| Financial liabilities  | 21   | 340,459,457          | 415,560,980          | 282,049,859          | 345,975,338          |
| Operating liabilities  |      | 1,005,132            | 1,030,182            | 1,005,132            | 1,030,182            |
| Deferred tax liabilities   |      | 4,562,161            | 4,619,372            | 0                    | 0                    |
|  |      | <b>360,999,029</b>   | <b>436,636,758</b>   | <b>296,132,973</b>   | <b>360,401,305</b>   |
| <b>Current liabilities</b>   |      |                      |                      |                      |                      |
| Financial liabilities  | 21   | 117,641,079          | 69,880,761           | 175,020,075          | 107,964,350          |
| Operating liabilities  | 22   | 346,886,736          | 402,884,888          | 283,403,156          | 337,119,503          |
| Corporate income tax liabilities                                     |      | 5,830,286            | 1,711,855            | 2,119,849            | 711,685              |
| Other liabilities  | 23   | 16,638,698           | 15,888,877           | 11,761,251           | 11,320,457           |
|  |      | <b>486,996,799</b>   | <b>490,366,381</b>   | <b>472,304,330</b>   | <b>457,115,995</b>   |
| <b>Total liabilities</b>   |      | <b>847,995,828</b>   | <b>927,003,139</b>   | <b>768,437,303</b>   | <b>817,517,300</b>   |
| <b>Total equity and liabilities</b>                                  |      | <b>1,429,122,664</b> | <b>1,474,393,797</b> | <b>1,211,598,750</b> | <b>1,245,616,511</b> |

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



Report on the operations of the Petrol Group and the company Petrol d.d., Ljubljana in the first nine months of 2016

## Statement of changes in equity of the Petrol Group

| (in EUR)                                    | Called-up capital | Capital surplus | Revenue reserves |                         |             |                        | Fair value reserve | Hedging reserve | Foreign exchange differences | Retained earnings | Equity attributable to owners of the controlling company | Non-controlling interest | Total        |
|---|-------------------|-----------------|------------------|-------------------------|-------------|------------------------|--------------------|-----------------|------------------------------|-------------------|--|--------------------------|--------------|
|   |                   |                 | Legal reserves   | Reserves for own shares | Own shares  | Other revenue reserves |                    |                 |                              |                   |  |                          |              |
| As at 1 January 2015                        | 52,240,977        | 80,991,385      | 61,987,955       | 2,604,670               | (2,604,670) | 169,324,875            | 759,718            | (2,168,610)     | (10,965,203)                 | 154,661,964       | 506,833,061  | (3,575,684)              | 503,257,377  |
| Dividend payments for 2014                  |                   |                 |                  |                         |             | (3,567,778)            |                    |                 |                              | (20,552,919)      | (24,120,697)   |                          | (24,120,697) |
| Transactions with owners                    | 0                 | 0               | 0                | 0                       | 0           | (3,567,778)            | 0                  | 0               | 0                            | (20,552,919)      | (24,120,697)   | 0                        | (24,120,697) |
| Net profit for the period                   |                   |                 |                  |                         |             |                        |                    |                 |                              | 48,693,361        | 48,693,361   | (201,339)                | 48,492,022   |
| Other changes in other comprehensive income |                   |                 |                  |                         |             |                        |                    | 843,938         | 470,131                      |                   | 1,314,069  | 1,172                    | 1,315,241    |
| Total changes in total comprehensive income | 0                 | 0               | 0                | 0                       | 0           | 0                      | 0                  | 843,938         | 470,131                      | 48,693,361        | 50,007,430   | (200,167)                | 49,807,263   |
| As at 30 September 2015                     | 52,240,977        | 80,991,385      | 61,987,955       | 2,604,670               | (2,604,670) | 165,757,097            | 759,718            | (1,324,672)     | (10,495,072)                 | 182,802,406       | 532,719,794  | (3,775,851)              | 528,943,943  |
| As at 1 January 2016                        | 52,240,977        | 80,991,385      | 61,987,955       | 2,604,670               | (2,604,670) | 180,794,332            | 206,914            | (743,764)       | (10,812,747)                 | 184,604,590       | 549,269,642  | (1,878,984)              | 547,390,658  |
| Dividend payments for 2015                  |                   |                 |                  |                         |             | (10,938,900)           |                    |                 |                              | (15,037,235)      | (25,976,135)   |                          | (25,976,135) |
| Increase in non-controlling interest        |                   |                 |                  |                         |             |                        |                    |                 |                              |                   | 0  | 775,102                  | 775,102      |
| Transactions with owners                    | 0                 | 0               | 0                | 0                       | 0           | (10,938,900)           | 0                  | 0               | 0                            | (15,037,235)      | (25,976,135)   | 775,102                  | (25,201,033) |
| Net profit for the period                   |                   |                 |                  |                         |             |                        |                    |                 |                              | 57,020,390        | 57,020,390   | 188,226                  | 57,208,616   |
| Other changes in other comprehensive income |                   |                 |                  |                         |             |                        | (23,647)           | 214,469         | 1,570,608                    |                   | 1,761,430  | (32,835)                 | 1,728,595    |
| Total changes in total comprehensive income | 0                 | 0               | 0                | 0                       | 0           | 0                      | (23,647)           | 214,469         | 1,570,608                    | 57,020,390        | 58,781,820   | 155,391                  | 58,937,211   |
| As at 30 September 2016                     | 52,240,977        | 80,991,385      | 61,987,955       | 2,604,670               | (2,604,670) | 169,855,432            | 183,267            | (529,295)       | (9,242,139)                  | 226,587,745       | 582,075,327  | (948,491)                | 581,126,836  |

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

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

| (in EUR)   | Called-up capital | Capital surplus   | Revenue reserves  |                         |                    |                        | Fair value reserve | Hedging reserve  | Retained earnings   | Total               |
|--|-------------------|-------------------|-------------------|-------------------------|--------------------|------------------------|--------------------|------------------|---------------------|---------------------|
|  |                   |                   | Legal reserves    | Reserves for own shares | Own shares         | Other revenue reserves |                    |                  |                     |                     |
| As at 1 January 2015                               | 52,240,977        | 80,991,385        | 61,749,884        | 2,604,670               | (2,604,670)        | 164,637,720            | 40,740,061         | (1,149,437)      | 20,552,919          | 419,763,508         |
| Dividend payments for 2014                         |                   |                   |                   |                         |                    | (3,567,778)            |                    |                  | (20,552,919)        | (24,120,697)        |
| <b>Transactions with owners</b>                    | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>                | <b>0</b>           | <b>(3,567,778)</b>     | <b>0</b>           | <b>0</b>         | <b>(20,552,919)</b> | <b>(24,120,697)</b> |
| Net profit for the period                          |                   |                   |                   |                         |                    |                        |                    |                  | 32,040,698          | 32,040,698          |
| Other changes in other comprehensive income        |                   |                   |                   |                         |                    | 1,785,294              |                    | 696,557          |                     | 2,481,851           |
| <b>Total changes in total comprehensive income</b> | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>                | <b>0</b>           | <b>1,785,294</b>       | <b>0</b>           | <b>696,557</b>   | <b>32,040,698</b>   | <b>34,522,549</b>   |
| <b>As at 30 September 2015</b>                     | <b>52,240,977</b> | <b>80,991,385</b> | <b>61,749,884</b> | <b>2,604,670</b>        | <b>(2,604,670)</b> | <b>162,855,237</b>     | <b>40,740,061</b>  | <b>(452,881)</b> | <b>32,040,698</b>   | <b>430,165,361</b>  |
| As at 1 January 2016                               | 52,240,977        | 80,991,385        | 61,749,884        | 2,604,670               | (2,604,670)        | 177,892,472            | 40,187,257         | 0                | 15,037,235          | 428,099,211         |
| Dividend payments for 2015                         |                   |                   |                   |                         |                    | (10,938,900)           |                    |                  | (15,037,235)        | (25,976,135)        |
| <b>Transactions with owners</b>                    | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>                | <b>0</b>           | <b>(10,938,900)</b>    | <b>0</b>           | <b>0</b>         | <b>(15,037,235)</b> | <b>(25,976,135)</b> |
| Net profit for the period                          |                   |                   |                   |                         |                    |                        |                    |                  | 38,719,371          | 38,719,371          |
| Other changes in other comprehensive income        |                   |                   |                   |                         |                    | 2,318,999              |                    |                  |                     | 2,318,999           |
| <b>Total changes in total comprehensive income</b> | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>                | <b>0</b>           | <b>2,318,999</b>       | <b>0</b>           | <b>0</b>         | <b>38,719,371</b>   | <b>41,038,370</b>   |
| <b>As at 30 September 2016</b>                     | <b>52,240,977</b> | <b>80,991,385</b> | <b>61,749,884</b> | <b>2,604,670</b>        | <b>(2,604,670)</b> | <b>169,272,572</b>     | <b>40,187,257</b>  | <b>0</b>         | <b>38,719,371</b>   | <b>443,161,447</b>  |

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

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

| (in EUR)   | The Petrol Group    |                     | Petrol d.d.         |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | 30 September 2016   | 30 September 2015   | 30 September 2016   | 30 September 2015   |
| <b>Cash flows from operating activities</b>  |                     |                     |                     |                     |
| <b>Net profit</b>  | <b>57,208,616</b>   | <b>48,492,022</b>   | <b>38,719,371</b>   | <b>32,040,698</b>   |
| <b>Adjustment for:</b>   |                     |                     |                     |                     |
| Corporate income tax   | 15,202,189          | 10,135,483          | 9,485,620           | 6,637,381           |
| Depreciation of property, plant and equipment and of investment property                           | 29,131,586          | 29,253,351          | 19,384,960          | 20,015,947          |
| Amortisation of intangible assets  | 4,898,831           | 4,628,019           | 4,093,372           | 3,815,110           |
| (Gain)/loss on disposal of property, plant and equipment   | (382,568)           | 105,375             | (326,512)           | 146,311             |
| Impairment, write-down/(reversed impairment) of assets   | 11,568,332          | 103,986             | 11,568,332          | 32,565              |
| Revenue from assets under management   | (49,050)            | (49,050)            | (49,050)            | (49,050)            |
| Net (decrease in)/creation of provisions for employee post-employment and other long-term benefits | 473,982             | 690                 | 500,000             | 0                   |
| Net (decrease in)/creation of other provisions and long-term deferred revenue                      | (1,076,430)         | (314,573)           | (1,036,589)         | (293,962)           |
| Net goods shortages  | 895,575             | (202,228)           | 1,049,101           | (34,985)            |
| Net (decrease in)/creation of allowance for receivables  | (37,709)            | 4,407,142           | (46,056)            | 2,449,124           |
| Net finance (income)/expense   | 11,122,331          | 15,072,080          | 10,879,881          | 13,680,998          |
| Share of profit of jointly controlled entities   | (78,406)            | (2,427,462)         | -                   | -                   |
| Share of profit of associates  | (4,076,413)         | (5,576,318)         | -                   | -                   |
| Finance income from dividends received from subsidiaries   | -                   | -                   | 0                   | (102,571)           |
| Finance income from dividends received from joint controlled entities                              | -                   | -                   | (150,000)           | (150,000)           |
| Finance income from dividends received from associates   | -                   | -                   | (2,726,368)         | (2,298,990)         |
| <b>Cash flow from operating activities before the changes in working capital</b>                   | <b>124,800,866</b>  | <b>103,628,517</b>  | <b>91,346,062</b>   | <b>75,888,576</b>   |
| Net (decrease in)/creation of other liabilities  | 723,079             | (1,082,179)         | 364,499             | (2,760,828)         |
| Net decrease in/(creation of) other assets   | (2,950,290)         | (1,627,475)         | (3,452,810)         | (2,528,452)         |
| Change in inventories  | 5,859,732           | 18,951,091          | 3,278,400           | 21,531,381          |
| Change in operating and other receivables  | 35,623,030          | 36,387,099          | 22,648,584          | 52,387,514          |
| Change in operating and other liabilities  | (63,393,101)        | (23,810,783)        | (52,315,876)        | (30,052,072)        |
| <b>Cash generated from operating activities</b>  | <b>100,663,316</b>  | <b>132,446,270</b>  | <b>61,868,859</b>   | <b>114,466,122</b>  |
| Interest paid  | (13,868,494)        | (16,992,913)        | (12,424,300)        | (15,058,829)        |
| Taxes paid   | (4,876,586)         | (5,265,669)         | (3,213,959)         | (4,137,887)         |
| <b>Net cash from (used in) operating activities</b>  | <b>81,918,236</b>   | <b>110,187,688</b>  | <b>46,230,600</b>   | <b>95,269,406</b>   |
| <b>Cash flows from investing activities</b>  |                     |                     |                     |                     |
| Payments for investments in subsidiaries   | (39,138)            | 0                   | (9,659,623)         | (17,198,281)        |
| Receipts from investments in subsidiaries  | 802,352             | 0                   | 27,352              | 0                   |
| Payments for investments in jointly controlled entities  | 0                   | (1)                 | 0                   | (1)                 |
| Payments for investments in associates   | (2,500)             | (11,963,444)        | 0                   | 0                   |
| Receipts from investments in associates  | 2,850,000           | 0                   | 2,850,000           | 0                   |
| Receipts from intangible assets  | 295,568             | 90,872              | 0                   | 0                   |
| Payments for intangible assets   | (2,033,490)         | (6,787,085)         | (1,380,303)         | (5,903,077)         |
| Receipts from property, plant and equipment  | 4,054,985           | 480,896             | 2,059,371           | 400,463             |
| Payments for property, plant and equipment   | (54,751,725)        | (23,644,556)        | (20,935,053)        | (15,837,140)        |
| Receipts from financial assets available-for-sale  | 77,646              | 254,026             | 77,646              | 254,026             |
| Payments for financial assets available-for-sale   | (1,163,555)         | (119,760)           | (1,163,555)         | (119,760)           |
| Receipts from financial assets held for trading  | 0                   | 1,648,209           | 0                   | 1,648,050           |
| Receipts from loans granted  | 7,908,933           | 13,958,780          | 26,433,665          | 20,853,272          |
| Payments for loans granted   | (4,221,548)         | (13,457,649)        | (46,577,463)        | (17,021,063)        |
| Interest received  | 2,827,311           | 3,347,578           | 2,696,651           | 2,919,396           |
| Dividends received from subsidiaries   | -                   | -                   | 0                   | 102,571             |
| Dividends received from jointly controlled entities  | 2,150,000           | 1,900,000           | 150,000             | 150,000             |
| Dividends received from associates   | 3,215,883           | 2,698,577           | 2,726,368           | 2,298,990           |
| Dividends received from others   | 0                   | 37,155              | 0                   | 37,155              |
| <b>Net cash from (used in) investing activities</b>  | <b>(38,029,278)</b> | <b>(31,556,402)</b> | <b>(42,694,943)</b> | <b>(27,415,399)</b> |
| <b>Cash flows from financing activities</b>  |                     |                     |                     |                     |
| Proceeds from bonds issued   | 715,354             | 711,301             | 715,354             | 711,301             |
| Payments for bonds issued  | (21,262,000)        | 0                   | (21,262,000)        | 0                   |
| Proceeds from borrowings   | 533,237,105         | 365,215,792         | 741,692,165         | 621,566,387         |
| Repayment of borrowings  | (540,904,925)       | (397,068,917)       | (716,454,669)       | (666,264,179)       |
| Dividends paid to shareholders   | (25,873,421)        | (24,002,604)        | (25,873,421)        | (24,002,604)        |
| <b>Net cash from (used in) financing activities</b>  | <b>(54,087,887)</b> | <b>(55,144,428)</b> | <b>(21,182,571)</b> | <b>(67,989,095)</b> |
| <b>Increase/(decrease) in cash and cash equivalents</b>  | <b>(10,198,929)</b> | <b>23,486,858</b>   | <b>(17,646,914)</b> | <b>(135,088)</b>    |
| <b>Changes in cash and cash equivalents</b>  |                     |                     |                     |                     |
| <b>At the beginning of the year</b>  | <b>34,350,350</b>   | <b>58,573,381</b>   | <b>26,994,577</b>   | <b>52,592,296</b>   |
| Foreign exchange differences   | 49,284              | (69,710)            | 0                   | 0                   |
| Cash acquired through mergers by absorption  | 0                   | 0                   | 797,606             | 0                   |
| Cash acquired through acquisition of companies   | 27,669              | 664,051             | 0                   | 0                   |
| Increase/(decrease)  | (10,198,929)        | 23,486,858          | (17,646,914)        | (135,088)           |
| <b>At the end of the period</b>  | <b>24,228,374</b>   | <b>82,654,580</b>   | <b>10,145,269</b>   | <b>52,457,208</b>   |

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

## Notes to the financial statements

### Reporting entity

Petrol d.d., Ljubljana (hereinafter the "Company") is a company domiciled in Slovenia. The address of the Company's registered office is Dunajska cesta 50, 1527 Ljubljana. Below we present consolidated financial statements of the Group for the period ended 30 September 2016 and separate financial statements of the company Petrol d.d., Ljubljana for the period ended 30 September 2016. 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 in the chapter Organisational structure of the Petrol Group in Appendix 1 of this report.

### Basis of preparation

#### a. Statement of compliance

The Company's management approved the Company's financial statements and the Group's consolidated financial statements on 7 November 2016.

The financial statements of Petrol d.d., Ljubljana and consolidated financial statements of the Petrol Group have been prepared in accordance with IAS 34 – Interim financial reporting and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

The financial statements for the period from January – September 2016 are prepared based on the same accounting policies used for the preparation of financial statements for the year ended 31 December 2015.

#### 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,
- financial assets available-for-sale.

#### 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,

- estimating the fair value of financial assets available-for-sale,
- estimating the fair value of financial assets at fair value through profit or loss,
- estimating the fair value of derivative financial instruments,
- estimating the influence in jointly controlled entities,
- estimating the provisions for litigation,
- estimating the provisions for employee post-employment and other long-term benefits,
- asset impairment testing (investment property, goodwill, investments in subsidiaries, investments in jointly controlled entities and associates, financial assets available-for-sale, financial receivables, inventories)
- assessing the possibility of using deferred tax assets, etc.

Because estimates are subject to subjective judgments and a certain degree of uncertainty, actual results might differ from the estimates.

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

## **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 management to make decisions about resources to be allocated to a segment and assess the performance of the Group.

The management monitors 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:

- sales,
- energy and environmental systems.

Sales consist of:

- retail and wholesale of oil and petroleum products,
- retail and wholesale of merchandise,
- sales of liquefied petroleum gas (LPG),
- sales of natural gas,
- sales of electricity,
- trading with electricity and natural gas.

Energy and environmental systems consist of:

- distribution of natural gas,
- other services (energy solutions, environmental solutions, biomass production, district heating, generation of electricity).

### The Group's operating segments in the period 1-9 2015:

| (in EUR)  | Sales         | Energy and environmental systems | Total         | Statement of profit or loss/<br>Statement of financial position |
|---|---------------|----------------------------------|---------------|---|
| Sales revenue   | 3,163,600,871 | 37,707,566                       | 3,201,308,437 |   |
| Revenue from subsidiaries   | (357,697,465) | (510,074)                        | (358,207,539) |   |
| Sales revenue   | 2,805,903,406 | 37,197,492                       | 2,843,100,898 | 2,843,100,898   |
| Net profit for the year   | 47,740,016    | 752,006                          | 48,492,022    | 48,492,022  |
| Interest income *   | 2,457,868     | 680,228                          | 3,138,096     | 3,138,096   |
| Interest expense *  | (12,693,595)  | (3,513,017)                      | (16,206,612)  | (16,206,612)  |
| Depreciation of property, plant and equipment, depreciation of investment property, amortisation of intangible assets | (26,277,468)  | (7,603,902)                      | (33,881,370)  | (33,881,370)  |
| Share of profit of equity accounted investees   | 5,362,619     | 2,641,161                        | 8,003,780     | 8,003,780   |
| Total assets  | 1,307,839,457 | 215,875,786                      | 1,523,715,243 | 1,523,715,243   |
| Equity accounted investments  | 119,505,999   | 48,865,913                       | 168,371,912   | 168,371,912   |
| Property, plant and equipment, intangible assets and investment property  | 636,276,719   | 160,300,834                      | 796,577,553   | 796,577,553   |
| Other assets  | 552,056,738   | 6,709,040                        | 558,765,778   | 558,765,778   |
| Current and non-current operating and financial liabilities   | 822,903,239   | 135,830,803                      | 958,734,042   | 958,734,042   |

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

### The Group's operating segments in the period 1-9 2016:

| (in EUR)  | Sales         | Energy and environmental systems | Total         | Statement of profit or loss/<br>Statement of financial position |
|---|---------------|----------------------------------|---------------|---|
| Sales revenue   | 2,980,342,835 | 38,292,980                       | 3,018,635,815 |   |
| Revenue from subsidiaries   | (308,834,389) | (299,169)                        | (309,133,558) |   |
| Sales revenue   | 2,671,508,447 | 37,993,810                       | 2,709,502,257 | 2,709,502,257   |
| Net profit for the year   | 54,087,249    | 3,121,367                        | 57,208,616    | 57,208,616  |
| Interest income *   | 2,227,767     | 638,012                          | 2,865,779     | 2,865,779   |
| Interest expense *  | (10,947,891)  | (3,135,379)                      | (14,083,270)  | (14,083,270)  |
| Depreciation of property, plant and equipment, depreciation of investment property, amortisation of intangible assets | (26,001,506)  | (8,028,911)                      | (34,030,417)  | (34,030,417)  |
| Share of profit of equity accounted investees   | 2,008,487     | 2,146,332                        | 4,154,819     | 4,154,819   |
| Total assets  | 1,206,349,836 | 222,772,828                      | 1,429,122,664 | 1,429,122,664   |
| Equity accounted investments  | 117,070,503   | 49,242,786                       | 166,313,289   | 166,313,289   |
| Property, plant and equipment, intangible assets and investment property  | 639,734,450   | 167,499,416                      | 807,233,866   | 807,233,866   |
| Other assets  | 449,544,883   | 6,030,626                        | 455,575,509   | 455,575,509   |
| Current and non-current operating and financial liabilities   | 680,353,639   | 125,638,765                      | 805,992,404   | 805,992,404   |

\* 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)   | The Petrol Group |                  | Petrol d.d.      |                  |
|--|------------------|------------------|------------------|------------------|
|  | 1-9 2016         | 1-9 2015         | 1-9 2016         | 1-9 2015         |
| Utilisation of environmental provisions                              | 992,210          | 1,044,755        | 986,881          | 1,044,755        |
| Gain on disposal of fixed assets                                     | 585,305          | 129,504          | 440,198          | 82,929           |
| Compensation, litigation proceeds and contractual penalties received | 489,314          | 233,743          | 424,835          | 52,016           |
| Reversal of accrued costs, expenses                                  | 351,234          | 317,867          | 281,195          | 115,593          |
| Compensation received from insurance companies                       | 275,525          | 113,913          | 116,328          | 52,070           |
| Other revenue  | 1,080,859        | 1,626,725        | 585,149          | 932,139          |
| <b>Total other revenue</b>   | <b>3,774,447</b> | <b>3,466,507</b> | <b>2,834,586</b> | <b>2,279,502</b> |

## 3. Costs of material

| (in EUR)                        | The Petrol Group  |                   | Petrol d.d.       |                   |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                 | 1-9 2016          | 1-9 2015          | 1-9 2016          | 1-9 2015          |
| Costs of energy                 | 13,279,003        | 13,589,385        | 6,165,228         | 4,759,066         |
| Costs of consumables            | 5,627,116         | 6,091,294         | 4,429,491         | 5,306,202         |
| Write-off of small tools        | 218,744           | 139,871           | 39,264            | 42,730            |
| Other costs of materials        | 437,240           | 413,146           | 287,849           | 264,957           |
| <b>Total costs of materials</b> | <b>19,562,103</b> | <b>20,233,696</b> | <b>10,921,832</b> | <b>10,372,955</b> |

## 4. Costs of services

| (in EUR)   | The Petrol Group  |                   | Petrol d.d.       |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | 1-9 2016          | 1-9 2015          | 1-9 2016          | 1-9 2015          |
| Costs of service station managers                            | 23,162,883        | 21,783,747        | 23,162,883        | 22,206,653        |
| Costs of transport services                                  | 20,558,928        | 19,930,069        | 17,558,879        | 17,815,753        |
| Costs of fixed-asset maintenance services                    | 8,677,168         | 7,643,113         | 6,344,847         | 7,132,598         |
| Lease payments   | 7,056,117         | 6,495,444         | 2,798,773         | 2,618,269         |
| Costs of professional services                               | 5,243,772         | 4,739,414         | 4,905,973         | 4,180,379         |
| Costs of payment transactions and bank services              | 4,995,520         | 5,913,504         | 3,707,474         | 4,395,629         |
| Contributions for operations at motorway service areas       | 4,028,826         | 3,864,437         | 3,007,815         | 2,949,067         |
| Costs of fairs, advertising and entertainment                | 3,892,630         | 2,789,228         | 2,934,416         | 2,100,835         |
| Costs of insurance premiums                                  | 2,777,076         | 3,079,531         | 1,858,805         | 2,200,935         |
| Costs of fire protection and physical and technical security | 1,412,734         | 1,215,624         | 1,110,019         | 931,155           |
| Fees for the building site use                               | 1,327,716         | 1,358,375         | 1,212,605         | 1,241,032         |
| Outsourcing costs  | 1,217,697         | 797,584           | 678,062           | 131,474           |
| Costs of environmental protection services                   | 1,008,480         | 1,293,067         | 624,829           | 940,987           |
| Property management  | 985,797           | 851,837           | 1,017,094         | 1,130,046         |
| Reimbursement of work-related costs to employees             | 658,955           | 610,005           | 325,564           | 355,972           |
| Concession charges   | 628,563           | 619,828           | 378,648           | 333,951           |
| Membership fees  | 247,987           | 303,317           | 162,644           | 160,094           |
| Other costs of services                                      | 2,798,741         | 2,271,273         | 1,909,491         | 1,738,890         |
| <b>Total costs of services</b>                               | <b>90,679,590</b> | <b>85,559,397</b> | <b>73,698,821</b> | <b>72,563,719</b> |



## 5. Labour costs

| (in EUR)                            | The Petrol Group  |                   | Petrol d.d.       |                   |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
|                                     | 1-9 2016          | 1-9 2015          | 1-9 2016          | 1-9 2015          |
| Salaries                            | 35,900,525        | 34,410,238        | 24,217,858        | 22,519,251        |
| Costs of other insurance            | 3,618,438         | 3,555,332         | 1,927,411         | 1,820,783         |
| Costs of pension insurance          | 3,022,077         | 2,927,275         | 2,351,875         | 2,202,444         |
| Transport allowance                 | 1,841,022         | 1,764,202         | 1,116,468         | 1,036,645         |
| Meal allowance                      | 1,538,711         | 1,433,202         | 1,054,306         | 981,706           |
| Annual leave allowance              | 1,298,593         | 1,252,563         | 962,145           | 869,668           |
| Supplementary pension insurance     | 720,811           | 703,256           | 655,018           | 619,941           |
| Other allowances and reimbursements | 2,374,302         | 2,208,562         | 2,061,375         | 1,635,131         |
| <b>Total labour costs</b>           | <b>50,314,479</b> | <b>48,254,630</b> | <b>34,346,458</b> | <b>31,685,569</b> |

## 6. Depreciation and amortisation

| (in EUR)                                      | The Petrol Group  |                   | Petrol d.d.       |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 1-9 2016          | 1-9 2015          | 1-9 2016          | 1-9 2015          |
| Amortisation of intangible assets             | 4,898,831         | 4,628,019         | 4,093,372         | 3,815,110         |
| Depreciation of property, plant and equipment | 28,316,368        | 28,692,220        | 18,602,486        | 19,433,420        |
| Depreciation of investment property           | 815,218           | 561,131           | 782,474           | 582,526           |
| <b>Total depreciation and amortisation</b>    | <b>34,030,417</b> | <b>33,881,370</b> | <b>23,478,332</b> | <b>23,831,056</b> |

## 7. Other costs

| (in EUR)  | The Petrol Group  |                  | Petrol d.d.       |                  |
|---|-------------------|------------------|-------------------|------------------|
|   | 1-9 2016          | 1-9 2015         | 1-9 2016          | 1-9 2015         |
| Disposals/impairment of assets                            | 11,771,069        | 234,879          | 11,682,018        | 229,240          |
| Sponsorships and donations                                | 1,158,045         | 1,126,426        | 1,082,254         | 1,063,265        |
| Environmental charges and charges unrelated to operations | 770,840           | 721,370          | 5,460             | 112,756          |
| Other costs   | 752,625           | 1,073,863        | 218,661           | 415,853          |
| <b>Total other costs</b>                                  | <b>14,452,579</b> | <b>3,156,538</b> | <b>12,988,393</b> | <b>1,821,114</b> |

## 8. Other financial income and expenses

| (in EUR)   | The Petrol Group    |                     | Petrol d.d.         |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | 1-9 2016            | 1-9 2015            | 1-9 2016            | 1-9 2015            |
| Foreign exchange differences                               | 10,955,504          | 12,022,722          | 7,739,398           | 8,273,681           |
| Gain on derivatives  | 12,373,393          | 23,057,523          | 12,013,023          | 22,854,599          |
| Interest income  | 2,865,779           | 3,138,096           | 2,455,652           | 2,344,999           |
| Allowances for receivables reversed and bad debt recovered | 709,006             | 1,751,339           | 176,217             | 20,416              |
| Other finance income                                       | 3,050,327           | 619,948             | 2,635,860           | 620,232             |
| <b>Total other finance income</b>                          | <b>29,954,009</b>   | <b>40,589,628</b>   | <b>25,020,150</b>   | <b>34,113,928</b>   |
| Foreign exchange differences                               | (7,938,003)         | (22,803,329)        | (5,235,306)         | (19,272,982)        |
| Loss on derivatives  | (13,380,233)        | (12,690,377)        | (12,572,541)        | (12,062,642)        |
| Interest expense   | (14,083,270)        | (16,206,612)        | (13,370,619)        | (14,442,925)        |
| Allowance for operating receivables                        | (671,297)           | (6,158,478)         | (130,194)           | (2,469,827)         |
| Other finance expenses                                     | (2,625,298)         | (1,428,448)         | (2,600,743)         | (1,403,655)         |
| <b>Total other finance expenses</b>                        | <b>(38,698,101)</b> | <b>(59,287,244)</b> | <b>(33,909,403)</b> | <b>(49,652,031)</b> |
| <b>Net finance expense</b>                                 | <b>(8,744,092)</b>  | <b>(18,697,616)</b> | <b>(8,889,253)</b>  | <b>(15,538,103)</b> |

## 9. Earnings per share

| (in EUR)  | The Petrol Group     |                      | Petrol d.d.          |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | 30 September<br>2016 | 30 September<br>2015 | 30 September<br>2016 | 30 September<br>2015 |
| Net profit (in EUR)                                     | 57,208,616           | 48,492,022           | 38,719,371           | 32,040,698           |
| Number of shares issued                                 | 2,086,301            | 2,086,301            | 2,086,301            | 2,086,301            |
| Number of own shares at the beginning of the period     | 24,703               | 24,703               | 24,703               | 24,703               |
| Number of own shares at the end of the period           | 24,703               | 24,703               | 24,703               | 24,703               |
| Weighted average number of ordinary shares issued       | 2,061,598            | 2,061,598            | 2,061,598            | 2,061,598            |
| Diluted average number of ordinary shares               | 2,061,598            | 2,061,598            | 2,061,598            | 2,061,598            |
| <b>Basic and diluted earnings per share (EUR/share)</b> | <b>27.75</b>         | <b>23.52</b>         | <b>18.78</b>         | <b>15.54</b>         |

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.

## 10. Intangible assets

### Intangible assets of the Petrol Group

| (in EUR)   | Software           | Right to use<br>concession<br>infrastructure | Goodwill           | Ongoing<br>investments | Total               |
|--|--------------------|--|--------------------|------------------------|---------------------|
| <b>Cost</b>  |                    |  |                    |                        |                     |
| <b>As at 1 January 2015</b>                        | <b>15,181,030</b>  | <b>93,066,746</b>                            | <b>106,326,905</b> | <b>2,133,952</b>       | <b>216,708,633</b>  |
| New acquisitions                                   | 17,435             | 31   | 0                  | 6,787,462              | 6,804,928           |
| Disposals/Impairments                              | (12,927)           | (120,976)                                    | 0                  | (70,474)               | (204,377)           |
| Transfer from ongoing investments                  | 1,656,134          | 4,493,481                                    | 0                  | (6,149,615)            | 0                   |
| Foreign exchange differences                       | 427                | 10,347                                       | 28,024             | (110)                  | 38,688              |
| <b>As at 30 September 2015</b>                     | <b>16,842,099</b>  | <b>97,449,629</b>                            | <b>106,354,929</b> | <b>2,701,215</b>       | <b>223,347,872</b>  |
| <b>Accumulated amortisation</b>                    |                    |  |                    |                        |                     |
| <b>As at 1 January 2015</b>                        | <b>(7,842,119)</b> | <b>(28,195,383)</b>                          | <b>0</b>           | <b>0</b>               | <b>(36,037,502)</b> |
| Amortisation                                       | (1,619,908)        | (3,008,112)                                  | 0                  | 0                      | (4,628,020)         |
| Disposals/Impairments                              | 15,827             | 26,764                                       | 0                  | 0                      | 42,591              |
| Foreign exchange differences                       | (296)              | (1,487)                                      | 0                  | 0                      | (1,783)             |
| <b>As at 30 September 2015</b>                     | <b>(9,446,496)</b> | <b>(31,178,218)</b>                          | <b>0</b>           | <b>0</b>               | <b>(40,624,715)</b> |
| <b>Net carrying amount as at 1 January 2015</b>    | <b>7,338,911</b>   | <b>64,871,363</b>                            | <b>106,326,905</b> | <b>2,133,952</b>       | <b>180,671,131</b>  |
| <b>Net carrying amount as at 30 September 2015</b> | <b>7,395,603</b>   | <b>66,271,411</b>                            | <b>106,354,929</b> | <b>2,701,215</b>       | <b>182,723,158</b>  |

| (in EUR)   | Software            | Right to use<br>concession<br>infrastructure | Goodwill           | Ongoing<br>investments | Total               |
|--|---------------------|--|--------------------|------------------------|---------------------|
| <b>Cost</b>  |                     |  |                    |                        |                     |
| <b>As at 1 January 2016</b>                        | <b>17,558,277</b>   | <b>100,766,397</b>                           | <b>106,364,856</b> | <b>2,784,983</b>       | <b>227,474,513</b>  |
| New acquisitions as a result of control obtained   | 0                   | 0  | 353,762            | 175,946                | 529,708             |
| New acquisitions                                   | 0                   | 0  | 0                  | 2,033,490              | 2,033,490           |
| Disposals/Impairments                              | (327,853)           | (59,048)                                     | 0                  | (2,176)                | (389,077)           |
| Transfer from ongoing investments                  | 1,274,758           | 2,419,744                                    | 0                  | (3,694,502)            | 0                   |
| Foreign exchange differences                       | 401                 | 123,983                                      | 210,466            | 2,558                  | 337,408             |
| <b>As at 30 September 2016</b>                     | <b>18,505,583</b>   | <b>103,251,076</b>                           | <b>106,929,084</b> | <b>1,300,299</b>       | <b>229,986,042</b>  |
| <b>Accumulated amortisation</b>                    |                     |  |                    |                        |                     |
| <b>As at 1 January 2016</b>                        | <b>(10,013,651)</b> | <b>(33,065,916)</b>                          | <b>0</b>           | <b>0</b>               | <b>(43,079,567)</b> |
| Amortisation                                       | (1,811,225)         | (3,087,606)                                  | 0                  | 0                      | (4,898,831)         |
| Disposals/Impairments                              | 93,509              | 0  | 0                  | 0                      | 93,509              |
| Foreign exchange differences                       | (738)               | (31,095)                                     | 0                  | 0                      | (31,833)            |
| <b>As at 30 September 2016</b>                     | <b>(11,732,105)</b> | <b>(36,184,617)</b>                          | <b>0</b>           | <b>0</b>               | <b>(47,916,722)</b> |
| <b>Net carrying amount as at 1 January 2016</b>    | <b>7,544,626</b>    | <b>67,700,481</b>                            | <b>106,364,856</b> | <b>2,784,983</b>       | <b>184,394,946</b>  |
| <b>Net carrying amount as at 30 September 2016</b> | <b>6,773,478</b>    | <b>67,066,459</b>                            | <b>106,929,084</b> | <b>1,300,299</b>       | <b>182,069,320</b>  |

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

| (in EUR)   | Software           | Right to use<br>concession<br>infrastructure | Goodwill          | Ongoing<br>investments | Total               |
|--|--------------------|--|-------------------|------------------------|---------------------|
| <b>Cost</b>  |                    |  |                   |                        |                     |
| <b>As at 1 January 2015</b>                          | <b>14,542,073</b>  | <b>72,057,793</b>                            | <b>85,614,936</b> | <b>2,056,000</b>       | <b>174,270,802</b>  |
| New acquisitions as a result of merger by absorption | 332,103            | 0  | 3,872,135         | 0                      | 4,204,238           |
| New acquisitions                                     | 17,355             | 0  | 0                 | 5,885,722              | 5,903,077           |
| Disposals/Impairments                                | (28,314)           | (1,362)                                      | 0                 | 0                      | (29,676)            |
| Transfer from ongoing investments                    | 1,612,544          | 3,663,817                                    | 0                 | (5,276,361)            | 0                   |
| <b>As at 30 September 2015</b>                       | <b>16,475,761</b>  | <b>75,720,248</b>                            | <b>89,487,071</b> | <b>2,665,361</b>       | <b>184,348,442</b>  |
| <b>Accumulated amortisation</b>                      |                    |  |                   |                        |                     |
| <b>As at 1 January 2015</b>                          | <b>(7,529,001)</b> | <b>(22,619,776)</b>                          | <b>0</b>          | <b>0</b>               | <b>(30,148,777)</b> |
| New acquisitions as a result of merger by absorption | (84,385)           | 0  | 0                 | 0                      | (84,385)            |
| Amortisation   | (1,593,230)        | (2,221,880)                                  | 0                 | 0                      | (3,815,110)         |
| Disposals/Impairments                                | 28,314             | 954  | 0                 | 0                      | 29,268              |
| <b>As at 30 September 2015</b>                       | <b>(9,178,302)</b> | <b>(24,840,702)</b>                          | <b>0</b>          | <b>0</b>               | <b>(34,019,004)</b> |
| <b>Net carrying amount as at 1 January 2015</b>      | <b>7,013,072</b>   | <b>49,438,017</b>                            | <b>85,614,936</b> | <b>2,056,000</b>       | <b>144,122,025</b>  |
| <b>Net carrying amount as at 30 September 2015</b>   | <b>7,297,459</b>   | <b>50,879,546</b>                            | <b>89,487,071</b> | <b>2,665,361</b>       | <b>150,329,437</b>  |

| (in EUR)   | Software            | Right to use<br>concession<br>infrastructure | Goodwill          | Ongoing<br>investments | Total               |
|--|---------------------|--|-------------------|------------------------|---------------------|
| <b>Cost</b>  |                     |  |                   |                        |                     |
| <b>As at 1 January 2016</b>                          | <b>17,195,771</b>   | <b>76,884,824</b>                            | <b>89,487,071</b> | <b>2,777,483</b>       | <b>186,345,149</b>  |
| New acquisitions as a result of merger by absorption | 4,638               | 0  | 0                 | 0                      | 4,638               |
| New acquisitions                                     | 0                   | 0  | 0                 | 1,614,647              | 1,614,647           |
| Disposals/Impairments                                | (327,703)           | 0  | 0                 | 0                      | (327,703)           |
| Transfer from ongoing investments                    | 999,705             | 2,279,447                                    | 0                 | (3,279,152)            | 0                   |
| <b>As at 30 September 2016</b>                       | <b>17,872,411</b>   | <b>79,164,271</b>                            | <b>89,487,071</b> | <b>1,112,978</b>       | <b>187,636,731</b>  |
| <b>Accumulated amortisation</b>                      |                     |  |                   |                        |                     |
| <b>As at 1 January 2016</b>                          | <b>(9,738,942)</b>  | <b>(26,514,722)</b>                          | <b>0</b>          | <b>0</b>               | <b>(36,253,664)</b> |
| New acquisitions as a result of merger by absorption | (4,638)             | 0  | 0                 | 0                      | (4,638)             |
| Amortisation   | (1,770,045)         | (2,323,327)                                  | 0                 | 0                      | (4,093,372)         |
| Disposals/Impairments                                | 93,359              | 0  | 0                 | 0                      | 93,359              |
| <b>As at 30 September 2016</b>                       | <b>(11,420,266)</b> | <b>(28,838,049)</b>                          | <b>0</b>          | <b>0</b>               | <b>(40,258,315)</b> |
| <b>Net carrying amount as at 1 January 2016</b>      | <b>7,456,829</b>    | <b>50,370,102</b>                            | <b>89,487,071</b> | <b>2,777,483</b>       | <b>150,091,485</b>  |
| <b>Net carrying amount as at 30 September 2016</b>   | <b>6,452,145</b>    | <b>50,326,222</b>                            | <b>89,487,071</b> | <b>1,112,978</b>       | <b>147,378,416</b>  |

## 11. Property, plant and equipment

### Property, plant and equipment of Petrol Group

| (in EUR)   | Land               | Buildings            | Plant               | Equipment            | Ongoing investments | Total                |
|--|--------------------|----------------------|---------------------|----------------------|---------------------|----------------------|
| <b>Cost</b>  |                    |                      |                     |                      |                     |                      |
| <b>As at 1 January 2015</b>                        | <b>219,902,431</b> | <b>596,237,718</b>   | <b>39,339,159</b>   | <b>177,117,817</b>   | <b>25,026,435</b>   | <b>1,057,623,560</b> |
| New acquisitions                                   | 0                  | 0                    | 0                   | 0                    | 20,876,020          | 20,876,020           |
| Disposals/Impairments                              | (92,295)           | (253,784)            | (336,256)           | (2,676,020)          | (306,066)           | (3,664,421)          |
| Transfer between assets categories                 | 0                  | 8,425,156            | (8,425,156)         | 0                    | 0                   | 0                    |
| Transfer from ongoing investments                  | 1,631,161          | 8,932,371            | 1,168,146           | 11,618,105           | (23,349,783)        | 0                    |
| Transfer to investment property                    | (12)               | (166,118)            | 0                   | 0                    | 0                   | (166,130)            |
| Transfer from investment property                  | 13,690             | 561,061              | 0                   | 0                    | 0                   | 574,751              |
| Foreign exchange differences                       | 162,624            | 314,285              | 674                 | 60,032               | 22,269              | 559,884              |
| <b>As at 30 September 2015</b>                     | <b>221,617,599</b> | <b>614,050,689</b>   | <b>31,746,567</b>   | <b>186,119,934</b>   | <b>22,268,875</b>   | <b>1,075,803,664</b> |
| <b>Accumulated depreciation</b>                    |                    |                      |                     |                      |                     |                      |
| <b>As at 1 January 2015</b>                        | <b>0</b>           | <b>(316,805,561)</b> | <b>(16,050,331)</b> | <b>(114,860,489)</b> | <b>0</b>            | <b>(447,716,380)</b> |
| Depreciation                                       | 0                  | (17,155,494)         | (1,326,772)         | (10,209,957)         | 0                   | (28,692,223)         |
| Disposals/Impairments                              | 0                  | 198,407              | 328,288             | 2,468,337            | 0                   | 2,995,032            |
| Transfer between assets categories                 | 0                  | (528,510)            | 528,510             | 0                    | 0                   | 0                    |
| Transfer to investment property                    | 0                  | 81,231               | 0                   | 0                    | 0                   | 81,231               |
| Transfer from investment property                  | 0                  | (525,179)            | 0                   | 0                    | 0                   | (525,179)            |
| Foreign exchange differences                       | 0                  | (79,106)             | (367)               | (34,184)             | 0                   | (113,657)            |
| <b>As at 30 September 2015</b>                     | <b>0</b>           | <b>(334,814,212)</b> | <b>(16,520,672)</b> | <b>(122,636,293)</b> | <b>0</b>            | <b>(473,971,176)</b> |
| <b>Net carrying amount as at 1 January 2015</b>    | <b>219,902,431</b> | <b>279,432,157</b>   | <b>23,288,828</b>   | <b>62,257,328</b>    | <b>25,026,435</b>   | <b>609,907,179</b>   |
| <b>Net carrying amount as at 30 September 2015</b> | <b>221,617,599</b> | <b>279,236,477</b>   | <b>15,225,895</b>   | <b>63,483,641</b>    | <b>22,268,875</b>   | <b>601,832,487</b>   |

| (in EUR)   | Land               | Buildings            | Plant               | Equipment            | Ongoing investments | Total                |
|--|--------------------|----------------------|---------------------|----------------------|---------------------|----------------------|
| <b>Cost</b>  |                    |                      |                     |                      |                     |                      |
| <b>As at 1 January 2016</b>                        | <b>216,889,113</b> | <b>623,589,973</b>   | <b>33,914,127</b>   | <b>187,871,229</b>   | <b>20,809,482</b>   | <b>1,083,073,924</b> |
| New acquisitions as a result of control obtained   | 52,855             | 292,691              | 0                   | 1,651,665            | 276,100             | 2,273,311            |
| New acquisitions                                   | 0                  | 0                    | 0                   | 0                    | 45,572,040          | 45,572,040           |
| Disposals/Impairments                              | (12,566,104)       | (2,915,366)          | (44,944)            | (4,599,218)          | (239,231)           | (20,364,863)         |
| Transfer from ongoing investments                  | 1,876,014          | 13,114,483           | 1,002,365           | 8,237,520            | (24,230,382)        | 0                    |
| Transfer to investment property                    | (82,527)           | (9,662,774)          | 0                   | 0                    | 0                   | (9,745,301)          |
| Transfer from investment property                  | 513,304            | 2,611,013            | 0                   | 0                    | 0                   | 3,124,317            |
| Foreign exchange differences                       | 844,353            | 1,230,592            | (1,247)             | 381,080              | 55,493              | 2,510,271            |
| <b>As at 30 September 2016</b>                     | <b>207,527,008</b> | <b>628,260,612</b>   | <b>34,870,301</b>   | <b>193,542,276</b>   | <b>42,243,502</b>   | <b>1,106,443,699</b> |
| <b>Accumulated depreciation</b>                    |                    |                      |                     |                      |                     |                      |
| <b>As at 1 January 2016</b>                        | <b>0</b>           | <b>(340,685,347)</b> | <b>(16,767,864)</b> | <b>(121,555,001)</b> | <b>0</b>            | <b>(479,008,211)</b> |
| New acquisitions as a result of control obtained   | 0                  | (75,368)             | 0                   | (850,383)            | 0                   | (925,751)            |
| Depreciation                                       | 0                  | (17,203,370)         | (1,415,230)         | (9,697,768)          | 0                   | (28,316,368)         |
| Disposals/Impairments                              | 0                  | 1,193,398            | 44,944              | 3,953,498            | 0                   | 5,191,840            |
| Transfer to investment property                    | 0                  | 4,609,731            | 0                   | 0                    | 0                   | 4,609,731            |
| Transfer from investment property                  | 0                  | (1,510,534)          | 0                   | 0                    | 0                   | (1,510,534)          |
| Foreign exchange differences                       | 0                  | (439,220)            | 1,145               | (267,092)            | 0                   | (705,167)            |
| <b>As at 30 September 2016</b>                     | <b>0</b>           | <b>(354,110,710)</b> | <b>(18,137,005)</b> | <b>(128,416,746)</b> | <b>0</b>            | <b>(500,664,460)</b> |
| <b>Net carrying amount as at 1 January 2016</b>    | <b>216,889,113</b> | <b>282,904,626</b>   | <b>17,146,263</b>   | <b>66,316,228</b>    | <b>20,809,482</b>   | <b>604,065,712</b>   |
| <b>Net carrying amount as at 30 September 2016</b> | <b>207,527,008</b> | <b>274,149,902</b>   | <b>16,733,296</b>   | <b>65,125,530</b>    | <b>42,243,502</b>   | <b>605,779,238</b>   |

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

| (in EUR)   | Land               | Buildings            | Equipment            | Ongoing investments | Total                |
|--|--------------------|----------------------|----------------------|---------------------|----------------------|
| <b>Cost</b>  |                    |                      |                      |                     |                      |
| <b>As at 1 January 2015</b>                          | <b>115,656,507</b> | <b>462,082,217</b>   | <b>151,350,681</b>   | <b>18,170,031</b>   | <b>747,259,436</b>   |
| New acquisitions as a result of merger by absorption | 447,040            | 1,372,652            | 12,042,322           | 0                   | 13,862,014           |
| New acquisitions                                     | 0                  | 0                    | 7,398                | 9,682,846           | 9,690,244            |
| Disposals/Impairments                                | (92,295)           | (74,697)             | (2,100,551)          | (302,384)           | (2,569,927)          |
| Transfer from ongoing investments                    | 837,850            | 6,018,421            | 9,590,173            | (16,446,444)        | 0                    |
| Transfer to investment property                      | (12)               | (166,117)            | 0                    | 0                   | (166,129)            |
| Transfer from investment property                    | 13,690             | 561,061              | 0                    | 0                   | 574,751              |
| <b>As at 30 September 2015</b>                       | <b>116,862,780</b> | <b>469,793,537</b>   | <b>170,890,023</b>   | <b>11,104,049</b>   | <b>768,650,389</b>   |
| <b>Accumulated depreciation</b>                      |                    |                      |                      |                     |                      |
| <b>As at 1 January 2015</b>                          | <b>0</b>           | <b>(306,530,749)</b> | <b>(110,918,237)</b> | <b>0</b>            | <b>(417,448,986)</b> |
| New acquisitions as a result of merger by absorption | 0                  | (461,488)            | (3,495,705)          | 0                   | (3,957,193)          |
| Depreciation   | 0                  | (11,677,829)         | (7,755,591)          | 0                   | (19,433,420)         |
| Disposals/Impairments                                | 0                  | 62,521               | 1,960,885            | 0                   | 2,023,406            |
| Transfer to investment property                      | 0                  | 81,231               | 0                    | 0                   | 81,231               |
| Transfer from investment property                    | 0                  | (525,179)            | 0                    | 0                   | (525,179)            |
| <b>As at 30 September 2015</b>                       | <b>0</b>           | <b>(319,051,493)</b> | <b>(120,208,648)</b> | <b>0</b>            | <b>(439,260,141)</b> |
| <b>Net carrying amount as at 1 January 2015</b>      | <b>115,656,507</b> | <b>155,551,468</b>   | <b>40,432,444</b>    | <b>18,170,031</b>   | <b>329,810,450</b>   |
| <b>Net carrying amount as at 30 September 2015</b>   | <b>116,862,780</b> | <b>150,742,044</b>   | <b>50,681,375</b>    | <b>11,104,049</b>   | <b>329,390,248</b>   |

| (in EUR)   | Land               | Buildings            | Equipment            | Ongoing investments | Total                |
|--|--------------------|----------------------|----------------------|---------------------|----------------------|
| <b>Cost</b>  |                    |                      |                      |                     |                      |
| <b>As at 1 January 2016</b>                          | <b>112,235,559</b> | <b>471,001,295</b>   | <b>169,633,896</b>   | <b>15,900,194</b>   | <b>768,770,944</b>   |
| New acquisitions as a result of merger by absorption | 0                  | 4,962                | 1,620,367            | 27,437              | 1,652,766            |
| New acquisitions                                     | 0                  | 0                    | 0                    | 11,606,051          | 11,606,051           |
| Disposals/Impairments                                | (12,088,306)       | (644,194)            | (3,817,337)          | (239,231)           | (16,789,068)         |
| Transfer from ongoing investments                    | 666,413            | 9,338,127            | 6,027,046            | (16,031,586)        | 0                    |
| Transfer to investment property                      | (82,527)           | (7,827,464)          | 0                    | 0                   | (7,909,991)          |
| Transfer from investment property                    | 513,304            | 2,451,389            | 0                    | 0                   | 2,964,693            |
| <b>As at 30 September 2016</b>                       | <b>101,244,443</b> | <b>474,324,114</b>   | <b>173,463,972</b>   | <b>11,262,865</b>   | <b>760,295,393</b>   |
| <b>Accumulated depreciation</b>                      |                    |                      |                      |                     |                      |
| <b>As at 1 January 2016</b>                          | <b>0</b>           | <b>(322,982,864)</b> | <b>(118,839,077)</b> | <b>0</b>            | <b>(441,821,941)</b> |
| New acquisitions as a result of merger by absorption | 0                  | (1,459)              | (1,301,613)          | 0                   | (1,303,072)          |
| Depreciation   | 0                  | (11,437,705)         | (7,164,781)          | 0                   | (18,602,486)         |
| Disposals/Impairments                                | 0                  | 337,590              | 3,218,620            | 0                   | 3,556,210            |
| Transfer to investment property                      | 0                  | 3,523,813            | 0                    | 0                   | 3,523,813            |
| Transfer from investment property                    | 0                  | (1,449,572)          | 0                    | 0                   | (1,449,572)          |
| <b>As at 30 September 2016</b>                       | <b>0</b>           | <b>(332,010,197)</b> | <b>(124,086,851)</b> | <b>0</b>            | <b>(456,097,048)</b> |
| <b>Net carrying amount as at 1 January 2016</b>      | <b>112,235,559</b> | <b>148,018,431</b>   | <b>50,794,819</b>    | <b>15,900,194</b>   | <b>326,949,002</b>   |
| <b>Net carrying amount as at 30 September 2016</b>   | <b>101,244,443</b> | <b>142,313,917</b>   | <b>49,377,121</b>    | <b>11,262,865</b>   | <b>304,198,345</b>   |

## 12. Investment in subsidiaries

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

| (in EUR)                  | Petrol d.d.        |                    |
|---------------------------|--------------------|--------------------|
|                           | 30 September 2016  | 30 September 2015  |
| <b>As at 1 January</b>    | <b>286,097,454</b> | <b>284,269,540</b> |
| New acquisitions          | 9,659,623          | 15,110,162         |
| Merger by absorption      | (755,579)          | (6,824,403)        |
| <b>As at 30 September</b> | <b>295,001,498</b> | <b>292,555,299</b> |

## 13. Investments in jointly controlled entities

| (in EUR)  | The Petrol Group  |                   | Petrol d.d.       |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 30 September 2016 | 30 September 2015 | 30 September 2016 | 30 September 2015 |
| <b>As at 1 January</b>  | <b>50,451,020</b> | <b>50,064,833</b> | <b>2,512,140</b>  | <b>4,081,683</b>  |
| Attributed profit   | 78,406            | 2,427,462         | 0                 | 0                 |
| Dividends received  | (2,150,000)       | (1,900,000)       | 0                 | 0                 |
| New acquisitions  | 0                 | 1                 | 0                 | 1                 |
| Attribution of changes in the equity of jointly controlled entities | 0                 | 8,956             | 0                 | 0                 |
| <b>As at 30 September</b>   | <b>48,379,426</b> | <b>50,601,252</b> | <b>2,512,140</b>  | <b>4,081,684</b>  |

## 14. Investments in associates

| (in EUR)                                       | The Petrol Group   |                    | Petrol d.d.       |                   |
|--|--------------------|--------------------|-------------------|-------------------|
|  | 30 September 2016  | 30 September 2015  | 30 September 2016 | 30 September 2015 |
| <b>As at 1 January</b>                         | <b>117,494,379</b> | <b>103,592,923</b> | <b>53,206,341</b> | <b>53,206,341</b> |
| Attributed profit                              | 4,076,413          | 5,576,318          | 0                 | 0                 |
| Dividends received                             | (3,215,883)        | (2,698,578)        | 0                 | 0                 |
| New acquisitions                               | 2,500              | 11,299,997         | 0                 | 0                 |
| Disposals                                      | (399,899)          | 0                  | (353,801)         | 0                 |
| Attributed changes in the equity of associates | (23,647)           | 0                  | 0                 | 0                 |
| <b>As at 30 September</b>                      | <b>117,933,863</b> | <b>117,770,660</b> | <b>52,852,540</b> | <b>53,206,341</b> |

## 15. Financial assets available for sale

| (in EUR)   | The Petrol Group  |                   | Petrol d.d.       |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | 30 September 2016 | 30 September 2015 | 30 September 2016 | 30 September 2015 |
| <b>As at 1 January</b>                               | <b>1,764,945</b>  | <b>1,645,185</b>  | <b>1,685,902</b>  | <b>1,515,239</b>  |
| New acquisitions as a result of merger by absorption | 0                 | 0                 | 0                 | 50,903            |
| New acquisitions                                     | 1,163,555         | 119,760           | 1,163,555         | 119,760           |
| Disposals  | (77,512)          | 0                 | (77,512)          | 0                 |
| <b>As at 30 September</b>                            | <b>2,850,989</b>  | <b>1,764,945</b>  | <b>2,771,945</b>  | <b>1,685,902</b>  |

## 16. Inventories

| (in EUR)                   | The Petrol Group  |                   | Petrol d.d.       |                   |
|----------------------------|-------------------|-------------------|-------------------|-------------------|
|                            | 30 September 2016 | 31 December 2015  | 30 September 2016 | 31 December 2015  |
| Spare parts and materials  | 2,564,759         | 1,910,100         | 1,804,910         | 239,617           |
| Merchandise:               | 82,232,444        | 89,571,968        | 66,563,654        | 72,524,780        |
| - fuel                     | 50,280,753        | 57,125,464        | 39,830,705        | 45,604,615        |
| - other petroleum products | 4,547,751         | 3,947,003         | 3,871,776         | 3,259,146         |
| - other merchandise        | 27,403,940        | 28,499,501        | 22,861,173        | 23,661,019        |
| <b>Total inventories</b>   | <b>84,797,203</b> | <b>91,482,068</b> | <b>68,368,564</b> | <b>72,764,397</b> |

## 17. Current financial receivables

| (in EUR)                                      | The Petrol Group  |                  | Petrol d.d.       |                   |
|---|-------------------|------------------|-------------------|-------------------|
|   | 30 September 2016 | 31 December 2015 | 30 September 2016 | 31 December 2015  |
| Loans granted                                 | 7,616,207         | 10,412,971       | 19,763,072        | 14,208,283        |
| Adjustment to the value of loans granted      | (2,927,833)       | (3,491,509)      | (1,926,583)       | (2,340,002)       |
| Time deposits with banks (3 months to 1 year) | 80,017            | 704,624          | 0                 | 0                 |
| Interest receivables                          | 831,927           | 760,947          | 3,437,498         | 3,173,719         |
| Allowance for interest receivables            | (143,136)         | (143,957)        | (2,729,126)       | (2,245,159)       |
| Finance lease receivables                     | 91,573            | 82,634           | 93,296            | 84,043            |
| <b>Total current financial receivables</b>    | <b>5,548,755</b>  | <b>8,325,710</b> | <b>18,638,157</b> | <b>12,880,885</b> |

## 18. Current operating receivables

| (in EUR)  | The Petrol Group   |                    | Petrol d.d.        |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | 30 September 2016  | 31 December 2015   | 30 September 2016  | 31 December 2015   |
| Trade receivables                                       | 337,132,974        | 371,357,701        | 254,392,824        | 276,179,674        |
| Allowance for trade receivables                         | (52,114,774)       | (52,411,243)       | (29,243,139)       | (29,857,150)       |
| Operating receivables from state and other institutions | 13,103,609         | 1,600,483          | 5,819,143          | 337,816            |
| Operating interest receivables                          | 4,053,066          | 3,945,709          | 5,104,801          | 4,956,878          |
| Allowance for interest receivables                      | (2,360,027)        | (2,220,010)        | (2,190,155)        | (2,021,105)        |
| Receivables from insurance companies (loss events)      | 251,840            | 366,172            | 128,079            | 199,672            |
| Other operating receivables                             | 1,615,159          | 1,900,861          | 40,984             | 86,957             |
| Allowance for other receivables                         | (384,365)          | (384,365)          | 0                  | 0                  |
| <b>Total current operating receivables</b>              | <b>301,297,482</b> | <b>324,155,308</b> | <b>234,052,537</b> | <b>249,882,742</b> |

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

| (in EUR)   | The Petrol Group  |                  | Petrol d.d.       |                  |
|--|-------------------|------------------|-------------------|------------------|
|  | 30 September 2016 | 31 December 2015 | 30 September 2016 | 31 December 2015 |
| Assets arising from commodity swaps                                | 349,330           | 2,295,710        | 349,330           | 2,295,710        |
| Assets arising from forward contracts                              | 273,915           | 0                | 273,915           | 0                |
| <b>Total financial assets at fair value through profit or loss</b> | <b>623,245</b>    | <b>2,295,710</b> | <b>623,245</b>    | <b>2,295,710</b> |



## 20. Prepayments and other assets

| (in EUR)  | The Petrol Group  |                   | Petrol d.d.       |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 30 September 2016 | 31 December 2015  | 30 September 2016 | 31 December 2015  |
| Prepayments   | 12,460,429        | 11,755,883        | 9,033,783         | 8,387,709         |
| Prepaid subscriptions, specialised literature, etc. | 1,509,469         | 1,215,715         | 1,169,940         | 1,002,731         |
| Prepaid insurance premiums                          | 1,220,501         | 772,710           | 922,414           | 533,854           |
| Uninvoiced services and goods                       | 819,562           | 617,322           | 1,814,005         | 594,321           |
| Other deferred costs and accrued revenue            | 3,413,334         | 1,413,270         | 2,161,315         | 472,355           |
| <b>Total prepayments and other assets</b>           | <b>19,423,295</b> | <b>15,774,900</b> | <b>15,101,457</b> | <b>10,990,970</b> |

## 21. Financial liabilities

| (in EUR)  | The Petrol Group   |                    | Petrol d.d.        |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | 30 September 2016  | 31 December 2015   | 30 September 2016  | 31 December 2015   |
| <b>Current financial liabilities</b>                  |                    |                    |                    |                    |
| Bank loans  | 61,323,643         | 27,676,799         | 46,852,911         | 16,693,347         |
| Bonds issued  | 38,279,650         | 37,606,775         | 38,279,650         | 37,606,775         |
| Liabilities arising from commodity swaps              | 718,572            | 1,136,481          | 718,572            | 2,332,383          |
| Liabilities to banks arising from interest rate swaps | 646,906            | 918,893            | 0                  | 0                  |
| Liabilities to banks arising from forward contracts   | 0                  | 1,098,581          | 0                  | 1,098,581          |
| Liabilities from valuations of options                | 205,728            | 0                  | 205,728            | 0                  |
| Other loans and financial liabilities                 | 16,466,580         | 1,443,232          | 88,963,214         | 50,233,264         |
|   | <b>117,641,079</b> | <b>69,880,761</b>  | <b>175,020,075</b> | <b>107,964,350</b> |
| <b>Non-current financial liabilities</b>              |                    |                    |                    |                    |
| Bonds issued  | 269,609,665        | 290,156,311        | 269,609,665        | 290,156,311        |
| Bank loans  | 70,837,616         | 125,367,754        | 12,440,194         | 55,819,027         |
| Loans obtained from other companies                   | 12,176             | 36,915             | 0                  | 0                  |
|   | <b>340,459,457</b> | <b>415,560,980</b> | <b>282,049,859</b> | <b>345,975,338</b> |
| <b>Total financial liabilities</b>                    | <b>458,100,536</b> | <b>485,441,741</b> | <b>457,069,934</b> | <b>453,939,688</b> |

## 22. Current operating liabilities

| (in EUR)   | The Petrol Group   |                    | Petrol d.d.        |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | 30 September 2016  | 31 December 2015   | 30 September 2016  | 31 December 2015   |
| Trade liabilities  | 217,257,201        | 291,343,537        | 177,916,125        | 245,537,011        |
| Excise duty liabilities                                      | 65,167,409         | 58,784,718         | 57,288,099         | 51,848,822         |
| Value added tax liabilities                                  | 35,066,876         | 18,203,996         | 24,987,588         | 12,731,938         |
| Environment pollution charge liabilities                     | 9,947,177          | 11,085,799         | 9,845,492          | 10,986,981         |
| Liabilities to employees                                     | 7,440,703          | 6,006,327          | 5,895,126          | 4,337,163          |
| Liabilities arising from interests acquired                  | 3,271,092          | 1,521,447          | 3,267,903          | 1,518,029          |
| Import duty liabilities                                      | 2,698,823          | 7,897,791          | 0                  | 5,833,750          |
| Liabilities arising from prepayments and collaterals         | 2,433,513          | 3,945,158          | 1,418,826          | 1,570,822          |
| Other liabilities to the state and other state institutions  | 1,111,331          | 1,083,740          | 213,204            | 190,330            |
| Liabilities associated with the allocation of profit or loss | 708,308            | 627,319            | 708,308            | 627,319            |
| Social security contribution liabilities                     | 552,022            | 531,762            | 459,633            | 433,285            |
| Other liabilities  | 1,232,281          | 1,853,294          | 1,402,852          | 1,504,053          |
| <b>Total current operating and other liabilities</b>         | <b>346,886,736</b> | <b>402,884,888</b> | <b>283,403,156</b> | <b>337,119,503</b> |

## 23. Other liabilities

| (in EUR)                              | The Petrol Group     |                     | Petrol d.d.          |                     |
|---------------------------------------|----------------------|---------------------|----------------------|---------------------|
|                                       | 30 September<br>2016 | 31 December<br>2015 | 30 September<br>2016 | 31 December<br>2015 |
| Accrued annual leave expenses         | 1,697,555            | 1,680,575           | 1,146,779            | 1,078,871           |
| Accrued litigation expenses           | 973,002              | 1,569,831           | 686,686              | 848,169             |
| Accrued goods shortages               | 650,695              | 311,892             | 0                    | 311,892             |
| Accrued motorway site lease payments  | 153,534              | 119,125             | 153,534              | 119,125             |
| Accrued expenses for tanker demurrage | 138,095              | 122,510             | 138,095              | 122,510             |
| Accrued concession fee costs          | 101,273              | 211,885             | 39,965               | 188,047             |
| Other accrued costs                   | 8,675,099            | 7,546,976           | 6,009,260            | 5,096,610           |
| Deferred revenue from rebates granted | 1,698,933            | 541,245             | 1,253,331            | 167,278             |
| Deferred default interest income      | 1,437,713            | 1,425,331           | 1,424,989            | 1,424,989           |
| Deferred prepaid card revenue         | 873,569              | 1,737,719           | 847,281              | 1,684,871           |
| Deferred revenue from heating         | 0                    | 147,323             | 0                    | 0                   |
| Other deferred revenue                | 239,230              | 474,465             | 61,331               | 278,095             |
| <b>Total other liabilities</b>        | <b>16,638,698</b>    | <b>15,888,877</b>   | <b>11,761,251</b>    | <b>11,320,457</b>   |

## 24. Financial instruments and risks

This chapter presents disclosures about financial instruments and risks. Risk management is explained in the interim report, in the chapter Risk management.

### 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.

Maximum exposure to credit risk represents the carrying amount of financial assets which was the following as at 30 September 2016:

| (in EUR)   | The Petrol Group     |                     | Petrol d.d.          |                     |
|--|----------------------|---------------------|----------------------|---------------------|
|  | 30 September<br>2016 | 31 December<br>2015 | 30 September<br>2016 | 31 December<br>2015 |
| Financial assets available-for-sale                            | 2,850,989            | 1,764,945           | 2,771,945            | 1,685,902           |
| Non-current financial receivables                              | 4,773,277            | 5,509,008           | 29,962,752           | 15,794,952          |
| Non-current operating receivables                              | 228,733              | 918,241             | 221,667              | 918,240             |
| Current financial receivables                                  | 5,548,755            | 8,325,710           | 18,638,157           | 12,880,885          |
| Current operating receivables (without receivables from state) | 288,193,873          | 322,554,825         | 228,233,394          | 249,544,926         |
| Financial assets at fair value through profit or loss          | 623,245              | 2,295,710           | 623,245              | 2,295,710           |
| Cash and cash equivalents                                      | 24,228,374           | 34,350,350          | 10,145,269           | 26,994,577          |
| <b>Total assets</b>  | <b>326,447,246</b>   | <b>375,718,789</b>  | <b>290,596,429</b>   | <b>310,115,192</b>  |

The category 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                                    | 271,012,845           | 27,949,922            | 9,115,572             | 1,317,424             | 9,550,696                 | 318,946,459        |
| Interest receivables                                 | 1,467,278             | 99,982                | 65,054                | 10,958                | 82,426                    | 1,725,698          |
| Other receivables (excluding receivables from state) | 1,872,119             | 76                    | 10,473                | 0                     | 0                         | 1,882,668          |
| <b>Total as at 31 December 2015</b>                  | <b>274,352,242</b>    | <b>28,049,980</b>     | <b>9,191,099</b>      | <b>1,328,382</b>      | <b>9,633,122</b>          | <b>322,554,825</b> |
| (in EUR)   | Breakdown by maturity |                       |                       |                       |                           | Total              |
|  | Not yet due           | Up to 30 days overdue | 31 to 60 days overdue | 61 to 90 days overdue | More than 90 days overdue |                    |
| Trade receivables                                    | 251,618,083           | 14,686,212            | 6,099,657             | 1,283,447             | 11,330,801                | 285,018,200        |
| Interest receivables                                 | 1,467,372             | 132,068               | 25,615                | 8,112                 | 59,872                    | 1,693,039          |
| Other receivables (excluding receivables from state) | 1,404,251             | 25,636                | 25,035                | 26,723                | 989                       | 1,482,634          |
| <b>Total as at 30 September 2016</b>                 | <b>254,489,706</b>    | <b>14,843,916</b>     | <b>6,150,307</b>      | <b>1,318,282</b>      | <b>11,391,662</b>         | <b>288,193,873</b> |

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

| (in EUR)   | Breakdown by maturity |                       |                       |                       |                           | Total              |
|--|-----------------------|-----------------------|-----------------------|-----------------------|---------------------------|--------------------|
|  | Not yet due           | Up to 30 days overdue | 31 to 60 days overdue | 61 to 90 days overdue | More than 90 days overdue |                    |
| Trade receivables                                    | 214,258,782           | 16,796,468            | 5,411,099             | 1,612,145             | 8,244,029                 | 246,322,524        |
| Interest receivables                                 | 15,665                | 68,199                | 54,640                | 86,145                | 2,711,124                 | 2,935,773          |
| Other receivables (excluding receivables from state) | 286,629               | 0                     | 0                     | 0                     | 0                         | 286,629            |
| <b>Total as at 31 December 2015</b>                  | <b>214,561,077</b>    | <b>16,864,668</b>     | <b>5,465,740</b>      | <b>1,698,291</b>      | <b>10,955,155</b>         | <b>249,544,926</b> |
| (in EUR)   | Breakdown by maturity |                       |                       |                       |                           | Total              |
|  | Not yet due           | Up to 30 days overdue | 31 to 60 days overdue | 61 to 90 days overdue | More than 90 days overdue |                    |
| Trade receivables                                    | 203,022,882           | 9,251,446             | 3,833,053             | 1,705,465             | 7,336,839                 | 225,149,685        |
| Interest receivables                                 | 1,436,464             | 185,750               | 134,898               | 65,332                | 1,092,203                 | 2,914,646          |
| Other receivables (excluding receivables from state) | 169,063               | 0                     | 0                     | 0                     | 0                         | 169,063            |
| <b>Total as at 30 September 2016</b>                 | <b>204,628,409</b>    | <b>9,437,196</b>      | <b>3,967,951</b>      | <b>1,770,796</b>      | <b>8,429,041</b>          | <b>228,233,394</b> |

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

| (in days)                           | The Petrol Group |           | Petrol d.d. |           |
|-------------------------------------|------------------|-----------|-------------|-----------|
|                                     | 1-9 2016         | 1-12 2015 | 1-9 2016    | 1-12 2015 |
| <b>Days sales outstanding</b>       |                  |           |             |           |
| Contract days                       | 30               | 31        | 30          | 31        |
| Overdue receivables in days         | 13               | 13        | 11          | 12        |
| <b>Total days sales outstanding</b> | <b>43</b>        | <b>44</b> | <b>41</b>   | <b>43</b> |

## Liquidity risk

The Group/Company manages liquidity risks by:

- assuring adequate structural liquidity in accordance with S&P methodology;
- standardised and centralised treasury management at Group level;
- annual funding plan for the Petrol Group as well as monthly and daily planning;
- approach to banks in Slovenia and abroad is handled by the headquarters;
- cash flow planning IT application for both, parent company and all subsidiaries;
- 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 available in Slovenia and abroad. The volume enables the Group to meet all its due liabilities at any given moment. The Group/Company carefully plans their cash flows, which enables optimal liquidity management of both, surpluses or shortages.

The majority of financial liabilities arising from long-term and short-term loans are allocated in the parent company, where also the majority of revenue is generated.

The Group's liabilities as at 31 December 2015 by maturity:

| (in EUR)  | Carrying amount of liabilities | Liability          | Contractual cash flows |                   |                    |                   |
|---|--------------------------------|--------------------|------------------------|-------------------|--------------------|-------------------|
|   |                                |                    | 0 to 6 months          | 6 to 12 months    | 1 to 5 years       | More than 5 years |
| Non-current financial liabilities   | 415,560,980                    | 448,070,554        | 0                      | 0                 | 432,127,211        | 15,943,343        |
| Non-current operating liabilities (excluding other liabilities)   | 0                              | 0                  | 0                      | 0                 | 0                  | 0                 |
| Current financial liabilities   | 69,880,761                     | 81,628,872         | 27,719,576             | 53,909,297        | 0                  | 0                 |
| Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments) | 295,345,597                    | 295,345,597        | 294,055,447            | 1,290,150         | 0                  | 0                 |
| <b>As at 31 December 2015</b>   | <b>780,787,338</b>             | <b>825,045,023</b> | <b>321,775,023</b>     | <b>55,199,447</b> | <b>432,127,211</b> | <b>15,943,343</b> |

The Group's liabilities as at 30 September 2016 by maturity:

| (in EUR)   | Carrying amount of liabilities | Liability          | Contractual cash flows |                   |                    |                   |
|--|--------------------------------|--------------------|------------------------|-------------------|--------------------|-------------------|
|  |                                |                    | 0 to 6 months          | 6 to 12 months    | 1 to 5 years       | More than 5 years |
| Non-current financial liabilities  | 340,459,457                    | 361,534,295        | 0                      | 0                 | 360,084,434        | 1,449,861         |
| Non-current operating liabilities (without other liabilities)                        | 24,000                         | 24,000             | 0                      | 0                 | 0                  | 24,000            |
| Current financial liabilities  | 117,641,079                    | 129,993,476        | 109,791,310            | 20,202,166        | 0                  | 0                 |
| Current operating liabilities (without liabilities to state, employees and advances) | 222,468,882                    | 222,468,882        | 221,558,742            | 910,140           | 0                  | 0                 |
| <b>As at 30 September 2016</b>   | <b>680,593,418</b>             | <b>714,020,653</b> | <b>331,350,052</b>     | <b>21,112,306</b> | <b>360,084,434</b> | <b>1,473,861</b>  |

### The Company's liabilities as at 31 December 2015 by maturity:

| (in EUR)   | Carrying amount of liabilities | Liability          | Contractual cash flows |                   |                    |                   |
|--|--------------------------------|--------------------|------------------------|-------------------|--------------------|-------------------|
|  |                                |                    | 0 to 6 months          | 6 to 12 months    | 1 to 5 years       | More than 5 years |
| Non-current financial liabilities  | 345,975,338                    | 374,805,094        | 0                      | 0                 | 372,896,724        | 1,908,370         |
| Non-current operating liabilities (without other liabilities)                        | 0                              | 0                  | 0                      | 0                 | 0                  | 0                 |
| Current financial liabilities  | 107,964,350                    | 121,476,905        | 34,977,149             | 86,499,756        | 0                  | 0                 |
| Current operating liabilities (without liabilities to state, employees and advances) | 249,186,412                    | 249,186,412        | 247,124,948            | 2,061,464         | 0                  | 0                 |
| <b>As at 31 December 2015</b>  | <b>703,126,100</b>             | <b>745,468,412</b> | <b>282,102,097</b>     | <b>88,561,220</b> | <b>372,896,724</b> | <b>1,908,370</b>  |

### The Company's liabilities as at 30 September 2016 by maturity:

| (in EUR)   | Carrying amount of liabilities | Liability          | Contractual cash flows |                   |                    |                   |
|--|--------------------------------|--------------------|------------------------|-------------------|--------------------|-------------------|
|  |                                |                    | 0 to 6 months          | 6 to 12 months    | 1 to 5 years       | More than 5 years |
| Non-current financial liabilities  | 282,049,859                    | 300,903,444        | 0                      | 0                 | 300,903,444        | 0                 |
| Non-current operating liabilities (without other liabilities)                        | 24,000                         | 24,000             | 0                      | 0                 | 0                  | 24,000            |
| Current financial liabilities  | 175,020,075                    | 184,281,172        | 171,124,545            | 13,156,628        | 0                  | 0                 |
| Current operating liabilities (without liabilities to state, employees and advances) | 183,295,188                    | 183,295,188        | 182,786,186            | 509,002           | 0                  | 0                 |
| <b>As at 30 September 2016</b>   | <b>640,389,122</b>             | <b>668,503,804</b> | <b>353,910,731</b>     | <b>13,665,630</b> | <b>300,903,444</b> | <b>24,000</b>     |

### Foreign exchange risk

The Group/Company is most exposed to the EUR/USD foreign exchange risk – in terms of value and volatility, as it purchases petroleum products in US dollars and sells in local currencies.

Hedging is performed in accordance with the Group's commodity and foreign exchange risk policies prepared on the basis of the Decree Setting Prices for Petroleum Products. The EUR/USD exchange rate is fixed at the rate recognised under the Decree Setting Prices for Petroleum Products and consequently the margin is secured. The Group/Company predominantly uses forward contracts to hedge EUR/USD risk.

Given that forward contracts for hedging against foreign exchange risks are entered into with first-class Slovene banks, the Group/Company considers the counterparty default risk as minimal.

The Group is exposed to foreign exchange risks also due to its presence in South-eastern Europe. The risk arises from sales in local currencies (HRK, BAM, RSD and MKD) in these markets. Given low volatility of above mentioned currencies towards EUR, relatively low exposures and illiquid local currency markets, the cost of hedging exceeds the risk. The Group is therefore not exposed to significant risks in this area.

The Group/Company regularly evaluates potential losses from currency changes in accordance with the VaR method.

In 2016 the Group/Company was also exposed to certain other currencies (RON, HUF), which were hedged by currency forwards.

Exposure to the exchange rates on other markets where the Group/Company is present with its companies is either smaller or their rates against the euro are significantly less volatile. We estimate that the change in the exchange rate would not have a significant impact on the operating profit.

## **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, banks or suppliers of goods. The Group/Company considers the counterparty default risk as minimal.

## **Interest rate risk**

The source of interest rate risk is funding with floating interest rate, mostly euribor based. Interest rate risk is hedged in accordance with the Group's interest risk policy.

In 2015 we redefined the limits of exposure to interest rate risk. They take into account the risk of changes in euribor over the next year and cumulative over the next five years.

We use following instruments to hedge cash flow against interest rate risk:

- The Group/Company charges floating (euribor based) interest rate on overdue receivables,
- Interest rate swaps and
- Funding with fixed interest rate.

The Company/Group applies hedge accounting where the effects of the interest rate risk are recognized directly in equity.

Partners are first-class Slovene banks, therefore the Group/Company estimates that the counterparty default risk is minimal.

## **Capital Adequacy Management**

The main purpose of capital adequacy management is to ensure financial stability, solvency and maximizing shareholder value. One of the instruments is dividend pay-out policy.

In June 2014 Petrol was rated investment grade (BBB-) by S&P followed by successful inaugural Eurobond issuance in the amount of EUR 265 million, which also proves our financial stability. On 24 June 2016, Standard & Poor's Ratings Services affirmed the „BBB-“ long-term credit rating and the „A-3“ short-term credit rating of Petrol d.d., Ljubljana.

## Carrying amount and fair value of financial instruments

| (in EUR)   | The Petrol Group     |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 30 September 2016    |                      | 31 December 2015     |                      |
|  | Carrying amount      | Fair value           | Carrying amount      | Fair value           |
| <b>Non-derivative financial assets at fair value</b>   |                      |                      |                      |                      |
| Financial assets available-for-sale  | 2,850,989            | 2,850,989            | 1,764,945            | 1,764,945            |
| <b>Non-derivative financial assets at amortised cost</b>   |                      |                      |                      |                      |
| Financial receivables  | 10,322,032           | 10,322,032           | 13,834,718           | 13,834,718           |
| Operating receivables (without receivables from state and long term receivables)                                     | 288,193,873          | 288,193,873          | 322,554,825          | 322,554,825          |
| Cash, cash equivalents and corporate income tax assets   | 24,323,172           | 24,323,172           | 34,595,395           | 34,595,395           |
| <b>Total non-derivative financial assets</b>   | <b>325,690,066</b>   | <b>325,690,066</b>   | <b>372,749,883</b>   | <b>372,749,883</b>   |
| <b>Non-derivative financial liabilities at amortised cost</b>  |                      |                      |                      |                      |
| Bank loans and other financial liabilities (without derivative fin.instr.),  | (456,529,330)        | (456,529,330)        | (482,287,786)        | (482,287,786)        |
| Operating liabilities (without other long term liabilities, short term liabilities to state, employees and advances) | (222,468,882)        | (222,468,882)        | (295,345,597)        | (295,345,597)        |
| <b>Total non-derivative financial liabilities</b>  | <b>(678,998,212)</b> | <b>(678,998,212)</b> | <b>(777,633,383)</b> | <b>(777,633,383)</b> |
| <b>Derivative financial instruments at fair value</b>  |                      |                      |                      |                      |
| Derivative financial instruments (assets)  | 623,245              | 623,245              | 2,295,710            | 2,295,710            |
| Derivative financial instruments (liabilities)   | (1,571,206)          | (1,571,206)          | (3,153,955)          | (3,153,955)          |
| <b>Total derivative financial instruments</b>  | <b>(947,961)</b>     | <b>(947,961)</b>     | <b>(858,245)</b>     | <b>(858,245)</b>     |

| (in EUR)   | Petrol d.d.          |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 30 September 2016    |                      | 31 December 2015     |                      |
|  | Carrying amount      | Fair value           | Carrying amount      | Fair value           |
| <b>Non-derivative financial assets at fair value</b>   |                      |                      |                      |                      |
| Financial assets available-for-sale  | 2,771,945            | 2,771,945            | 1,685,902            | 1,685,902            |
| <b>Non-derivative financial assets at amortised cost</b>   |                      |                      |                      |                      |
| Financial receivables  | 48,600,909           | 48,600,909           | 28,675,837           | 28,675,837           |
| Operating receivables (without receivables from state and long term receivables)                                     | 228,233,394          | 228,233,394          | 249,544,926          | 249,544,926          |
| Cash, cash equivalents and corporate income tax assets   | 10,145,269           | 10,145,269           | 26,994,577           | 26,994,577           |
| <b>Total non-derivative financial assets</b>   | <b>289,751,517</b>   | <b>289,751,517</b>   | <b>306,901,242</b>   | <b>306,901,242</b>   |
| <b>Non-derivative financial liabilities at amortised cost</b>  |                      |                      |                      |                      |
| Bank loans and other financial liabilities (without derivative fin.instr.),  | (456,145,634)        | (456,145,634)        | (450,508,724)        | (450,508,724)        |
| Operating liabilities (without other long term liabilities, short term liabilities to state, employees and advances) | (183,295,188)        | (183,295,188)        | (249,186,412)        | (249,186,412)        |
| <b>Total non-derivative financial liabilities</b>  | <b>(639,440,822)</b> | <b>(639,440,822)</b> | <b>(699,695,136)</b> | <b>(699,695,136)</b> |
| <b>Derivative financial instruments at fair value</b>  |                      |                      |                      |                      |
| Derivative financial instruments (assets)  | 623,245              | 623,245              | 2,295,710            | 2,295,710            |
| Derivative financial instruments (liabilities)   | (924,300)            | (924,300)            | (3,430,964)          | (3,430,964)          |
| <b>Total derivative financial instruments</b>  | <b>(301,055)</b>     | <b>(301,055)</b>     | <b>(1,135,254)</b>   | <b>(1,135,254)</b>   |

## 25. Related party transactions

| (in EUR)  | The Petrol Group |            | Petrol d.d. |             |
|---|------------------|------------|-------------|-------------|
|   | 1-9 2016         | 1-9 2015   | 1-9 2016    | 1-9 2015    |
| <b>Sales revenue:</b>   |                  |            |             |             |
| Subsidiaries  | -                | -          | 208,785,969 | 241,252,026 |
| Jointly controlled entities   | 19,022,295       | 7,084,203  | 18,439,758  | 6,461,754   |
| Associates  | 28,430           | 1,141,814  | 28,430      | 1,135,356   |
| <b>Cost of goods sold:</b>  |                  |            |             |             |
| Subsidiaries  | -                | -          | 20,443,958  | 25,654,919  |
| Jointly controlled entities   | 40,357,387       | 15,107,928 | 18,502,725  | 7,169,191   |
| Associates  | 13,569,389       | 19,218,101 | 107,224     | 2,035       |
| <b>Cost of materials:</b>   |                  |            |             |             |
| Subsidiaries  | -                | -          | 1,038,164   | 1,489,043   |
| Jointly controlled entities   | 132,164          | 440,235    | 130,951     | 2,607       |
| Associates  | 133,290          | 228,305    | 25,397      | 122,393     |
| <b>Cost of services:</b>  |                  |            |             |             |
| Subsidiaries  | -                | -          | 902,668     | 3,116,323   |
| Jointly controlled entities   | 0                | 2          | 0           | 0           |
| Associates  | 0                | 20,153     | 0           | 19,857      |
| <b>Other costs:</b>   |                  |            |             |             |
| Subsidiaries  | -                | -          | 4           | 92,243      |
| Jointly controlled entities   | 6                | 446        | 0           | 0           |
| Associates  | 0                | 0          | 0           | 0           |
| <b>Other revenues:</b>  |                  |            |             |             |
| Subsidiaries  | -                | -          | 0           | 0           |
| Jointly controlled entities   | 0                | 0          | 0           | 0           |
| Associates  | 0                | 12,076     | 0           | 0           |
| <b>Other expenses</b>   |                  |            |             |             |
| Subsidiaries  | -                | -          | 0           | 0           |
| Jointly controlled entities   | 0                | 0          | 0           | 0           |
| Associates  | 0                | 0          | 0           | 0           |
| <b>Finance income from interests in Group companies:</b>              |                  |            |             |             |
| Subsidiaries  | -                | -          | 0           | 102,571     |
| Jointly controlled entities   | 143,545          | 2,522,961  | 150,000     | 150,000     |
| Associates  | 4,172,841        | 5,576,318  | 2,726,368   | 2,298,990   |
| <b>Finance expenses for interests in Group companies:</b>             |                  |            |             |             |
| Subsidiaries  | -                | -          | 0           | 0           |
| Jointly controlled entities   | 65,139           | 95,499     | 0           | 0           |
| Associates  | 96,428           | 0          | 0           | 0           |
| <b>Finance income from interest:</b>                                  |                  |            |             |             |
| Subsidiaries  | -                | -          | 768,248     | 217,367     |
| Jointly controlled entities   | 146,515          | 243,706    | 146,515     | 243,706     |
| Associates  | 0                | 0          | 0           | 0           |
| <b>Finance expenses due to impairment of investments and goodwill</b> |                  |            |             |             |
| Subsidiaries  | -                | -          | 0           | 0           |
| Jointly controlled entities   | 0                | 0          | 0           | 0           |
|   | 0                | 0          | 0           | 0           |
| <b>Finance expenses for interest:</b>                                 |                  |            |             |             |
| Subsidiaries  | -                | -          | 1,059,541   | 1,106,807   |
| Jointly controlled entities   | 0                | 0          | 0           | 0           |
| Associates  | 23,599           | 12,674     | 21,052      | 12,674      |



| (in EUR)                                       | The Petrol Group     |                     | Petrol d.d.          |                     |
|--|----------------------|---------------------|----------------------|---------------------|
|  | 30 September<br>2016 | 31 December<br>2015 | 30 September<br>2016 | 31 December<br>2015 |
| <b>Investments in Group companies:</b>         |                      |                     |                      |                     |
| Subsidiaries                                   | -                    | -                   | 295,001,498          | 286,097,454         |
| Jointly controlled entities                    | 48,379,426           | 50,451,020          | 2,512,140            | 2,512,140           |
| Associates                                     | 117,933,863          | 117,494,379         | 52,852,540           | 53,206,341          |
| <b>Non-current financial receivables:</b>      |                      |                     |                      |                     |
| Subsidiaries                                   | -                    | -                   | 25,192,773           | 10,495,956          |
| Jointly controlled entities                    | 0                    | 3,890,309           | 0                    | 3,890,309           |
| Associates                                     | 0                    | 0                   | 0                    | 0                   |
| <b>Current operating receivables:</b>          |                      |                     |                      |                     |
| Subsidiaries                                   | -                    | -                   | 25,605,426           | 24,771,942          |
| Jointly controlled entities                    | 3,087,911            | 4,396,983           | 3,011,359            | 4,293,538           |
| Associates                                     | 3,473                | 288,336             | 3,473                | 288,336             |
| <b>Current financial receivables:</b>          |                      |                     |                      |                     |
| Subsidiaries                                   | -                    | -                   | 13,754,875           | 6,371,220           |
| Jointly controlled entities                    | 0                    | 541,000             | 0                    | 541,000             |
| Associates                                     | 0                    | 0                   | 0                    | 0                   |
| <b>Short-term deposits (up to 3 months):</b>   |                      |                     |                      |                     |
| Subsidiaries                                   | -                    | -                   | 1,022,316            | 909,636             |
| Jointly controlled entities                    | 0                    | 0                   | 0                    | 0                   |
| Associates                                     | 0                    | 0                   | 0                    | 0                   |
| <b>Short-term deferred costs and expenses:</b> |                      |                     |                      |                     |
| Subsidiaries                                   | -                    | -                   | 232                  | 0                   |
| Jointly controlled entities                    | 0                    | 0                   | 0                    | 0                   |
| Associates                                     | 0                    | 0                   | 0                    | 0                   |
| <b>Accrued revenue:</b>                        |                      |                     |                      |                     |
| Subsidiaries                                   | -                    | -                   | 1,150,699            | 0                   |
| Jointly controlled entities                    | 0                    | 0                   | 0                    | 0                   |
| Associates                                     | 0                    | 0                   | 0                    | 0                   |
| <b>Current financial liabilities:</b>          |                      |                     |                      |                     |
| Subsidiaries                                   | -                    | -                   | 72,610,599           | 48,815,819          |
| Jointly controlled entities                    | 1,271,910            | 1,308,445           | 1,271,910            | 1,308,445           |
| Associates                                     | 15,001,738           | 0                   | 15,001,738           | 0                   |
| <b>Non-current operating liabilities</b>       |                      |                     |                      |                     |
| Subsidiaries                                   | -                    | -                   | 0                    | 0                   |
| Jointly controlled entities                    | 0                    | 0                   | 0                    | 0                   |
| Associates                                     | 0                    | 0                   | 0                    | 0                   |
| <b>Current operating liabilities:</b>          |                      |                     |                      |                     |
| Subsidiaries                                   | -                    | -                   | 2,377,376            | 4,914,580           |
| Jointly controlled entities                    | 10,669,683           | 5,100,994           | 4,100,903            | 4,238,983           |
| Associates                                     | 764,618              | 6,339,325           | 20,731               | 61,402              |

## 26. Contingent liabilities

### Contingent liabilities for guarantees issued

| (in EUR)  | Petrol d.d.                      |                     | Petrol d.d.                  |                     |
|---|----------------------------------|---------------------|------------------------------|---------------------|
|   | 30 September<br>2016             | 31 December<br>2015 | 30 September<br>2016         | 31 December<br>2015 |
| Guarantee issued to:                                      | <b>Value of guarantee issued</b> |                     | <b>Guarantee amount used</b> |                     |
| Petrol d.o.o.   | 127,134,818                      | 130,320,738         | 75,069,115                   | 75,350,412          |
| Petrol BH Oil Company d.o.o.                              | 37,270,484                       | 37,763,456          | 16,819,498                   | 21,842,573          |
| Petrol d.o.o., Beograd                                    | 9,975,530                        | 10,286,923          | 1,500,000                    | 1,570,000           |
| Petrol Energetika d.o.o.                                  | 9,574,646                        | 10,874,646          | 1,324,646                    | 7,772,678           |
| Petrol Plin d.o.o.  | 4,551,942                        | 4,478,817           | 37,275                       | 701,370             |
| Petrol-Trade Handelsges.m.b.H.                            | 3,000,000                        | 25,200,000          | 2,250,000                    | 2,750,000           |
| Petrol Bucharest Rom SRL                                  | 4,000,000                        | 0                   | 56,474                       | 0                   |
| Petrol Crna Gora MNE d.o.o.                               | 2,380,000                        | 10,880,000          | 154,488                      | 2,036,550           |
| Petrol Geoterm d.o.o.                                     | 132,490                          | 796,954             | 132,490                      | 224,086             |
| Aquasystems d.o.o.  | 911,309                          | 911,309             | 911,309                      | 911,309             |
| Eltec Petrol d.o.o., Beograd                              | 360,000                          | 360,000             | 37,378                       | 27,229              |
| Petrol Tehnologija d.o.o.                                 | 0                                | 100,000             | 0                            | 0                   |
| Eltec Petrol Hrvatska d.o.o.                              | 0                                | 96,884              | 0                            | 78,505              |
| <b>Total</b>  | <b>199,291,219</b>               | <b>232,069,727</b>  | <b>98,292,673</b>            | <b>113,264,712</b>  |
| Other guarantees  | 10,133,874                       | 16,190,445          | 10,133,874                   | 16,190,445          |
| Bills of exchange issued as security                      | 2,356,473                        | 2,373,804           | 2,356,473                    | 2,373,804           |
| <b>Total contingent liabilities for guarantees issued</b> | <b>211,781,567</b>               | <b>250,633,976</b>  | <b>110,783,021</b>           | <b>131,828,961</b>  |

The value of a guarantee issued represents the maximum value of the guarantee issued, whereas the guarantee amount used represents a value corresponding to a company's liability for which the guarantee has been issued.

### Contingent liabilities for lawsuits

The total value of lawsuits against the Company as defendant and debtor totals EUR 34,718,167. The Company's management estimates that there is a possibility that some of these lawsuits will be lost. As a result, the Company set aside short-term provisions, which stood at EUR 686,686 as at 30 September 2016.

The total value of lawsuits against the Group as defendant and debtor totals EUR 36,004,484. The Group's management estimates that there is a possibility that some of these lawsuits will be lost. As a result, the Group set aside short-term provisions, which stood at EUR 973,002 as at 30 September 2016.

## 27. Events after the reporting date

There were no events after the reporting date that would significantly affect the financial statements for the first nine months of year 2016.

**APPENDIX 1: ORGANISATIONAL STRUCTURE OF THE PETROL GROUP**

| The Petrol Group as at 30 September 2016        | Sales | Energy and environmental systems |
|---|-------|----------------------------------|
| <b>The parent company</b>                       |       |                                  |
| PETROL d.d., LJUBLJANA                          | ✓     | ✓                                |
| <b>Subsidiaries</b>                             |       |                                  |
| PETROL d.o.o. (100%)                            | ✓     | ✓                                |
| PETROL BH OIL COMPANY d.o.o. Sarajevo (100%)    | ✓     | ✓                                |
| PETROL d.o.o. BEOGRAD (100%)                    | ✓     |                                  |
| PETROL CRNA GORA MNE d.o.o. (100%)              | ✓     |                                  |
| PETROL-TRADE HANDELSGES.m.b.H. (100%)           | ✓     |                                  |
| PETROL PLIN d.o.o. (100%)                       | ✓     |                                  |
| PETROL ENERGETIKA d.o.o. (99.38%)               | ✓     | ✓                                |
| RODGAS AD Bačka Topola (89.64%)                 | ✓     | ✓                                |
| PETROL GEOTERM d.o.o. (100%)                    | ✓     | ✓                                |
| ENERGETIKA ČRNOMELJ (100%)                      |       | ✓                                |
| BEOGAS INVEST d.o.o. (100%)                     | ✓     | ✓                                |
| BEOGAS AD (100%)                                | ✓     | ✓                                |
| DOMINGAS d.o.o. (100%)                          | ✓     | ✓                                |
| PETROL LPG d.o.o. Beograd (51%)                 | ✓     |                                  |
| TIGAR PETROL d.o.o. (100%)                      | ✓     |                                  |
| PETROL LPG HIB d.o.o. (100%)                    | ✓     |                                  |
| ELTEC PETROL d.o.o. Beograd (100%)              |       | ✓                                |
| INTRADE ENERGIJA d.o.o. Sarajevo (51%)          |       | ✓                                |
| PETROL-ENERGETIKA DOOEL Skopje (100%)           | ✓     |                                  |
| PETROL BUCHAREST ROM S.R.L. (100%)              | ✓     |                                  |
| PETROL PRAHA CZ S.R.O. (100%)                   | ✓     |                                  |
| PETROL TRADE SLOVENIJA L.L.C. (100%)            | ✓     |                                  |
| PETROL HIDROENERGIJA d.o.o. Teslić (80%)        |       | ✓                                |
| VJETROELEKTRARNE GLUNČA d.o.o. (100%)           |       | ✓                                |
| IG ENERGETSKI SISTEMI d.o.o. (100%)             | ✓     |                                  |
| GEN-I, d.o.o. (50%) (Jointly controlled entity) | ✓     |                                  |
| GEN-EL, d.o.o. (25%) (Associate)                | ✓     |                                  |
| EKOPUR d.o.o. (100%)                            | ✓     | ✓                                |
| GEOPLIN d.o.o., Ljubljana (7.0%) (Associate)    | ✓     | ✓                                |
| <b>Jointly controlled entities</b>              |       |                                  |
| PETROL - OTI - SLOVENIJA L.L.C. (51%)           | ✓     |                                  |
| GEOENERGO d.o.o. (50%)                          |       | ✓                                |
| SOENERGETIKA d.o.o. (25%)                       |       | ✓                                |
| <b>Associates</b>                               |       |                                  |
| GEOPLIN d.o.o. Ljubljana (31.98%)               | ✓     | ✓                                |
| AQUASYSTEMS d.o.o. (26%)                        |       | ✓                                |