

Report on the operations of the Petrol Group and Petrol d.d., Ljubljana in the first nine months of 2017



November 2017

PETROL

CONTENTS

INTRODUCTORY NOTES	5
HIGHLIGHTS	7
The Petrol Group's significant performance indicators	8
BUSINESS REPORT	10
Operations of the Petrol Group	11
A. SALES.....	13
Sales of petroleum products.....	13
Sales of merchandise.....	16
Sales of services	16
Sales of liquefied petroleum gas.....	16
Sales of natural gas.....	17
Sales of electricity	17
B. ENERGY AND ENVIRONMENTAL SYSTEMS	17
Natural gas distribution.....	17
Environmental solutions	17
Energy solutions.....	18
District heating	18
Electricity generation	18
C. TRADING	18
Sustainable development.....	19
Employees	19
Investments.....	20
The quality management system.....	20
Social responsibility	21
Risk management.....	22
Petrol's shares	25
Contingent increase in share capital	27
Dividends.....	27
Own shares	28
Regular participation at investors' conferences and external communication.....	28
Supervisory Board of Petrol d.d., Ljubljana	28
General Meeting resolutions	29
Credit rating	30
Events after the end of the accounting period	30
FINANCIAL REPORT	31
Financial performance of the Petrol Group and the company Petrol d.d., Ljubljana	32
Notes to the financial statements	38
Notes to individual items in the financial statements	39
APPENDIX 1: ORGANISATIONAL STRUCTURE OF THE PETROL GROUP	59

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 2017 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 consolidated companies as a whole;
- the business report of the Petrol Group and Petrol d.d., Ljubljana for the first nine months of 2017 gives a fair view of the development and results of the Company's operations and its financial position, including the description of material risks that the company Petrol d.d., Ljubljana and other consolidated companies are exposed to as a whole;
- the report of the Petrol Group and the company Petrol d.d., Ljubljana for the first nine months of 2017 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 Petrol, d.d., Ljubljana, Dunajska 50, in the first nine months of 2017 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 Petrol d.d., Ljubljana for the first nine months of 2017 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 2017 has been published on the website of Petrol d.d., Ljubljana (<http://www.petrol.eu>), 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 Petrol d.d., Ljubljana in the first nine months of 2017 at its meeting held on 16 November 2017.

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

Company name	Petrol, slovenska energetska družba, d.d., Ljubljana
Abbreviated company name	Petrol d.d., Ljubljana
Registered office	Dunajska cesta 50, 1000 Ljubljana
Telephone	(01) 47 14 234
Telefax	(01) 47 14 809
Website	http://www.petrol.si, http://www.petrol.eu
Activity code	47,301
Company registration number	5025796000
Tax number	SI 80267432
Share capital	EUR million 52.24
Number of shares	2,086,301
President of the Management board	Tomaž Berločnik
Members of the Management board	Rok Vodnik, Igor Stebernak, Ika Krevzel Panič (worker director)
President of the Supervisory board	Nada Drobne Popović

List of acronyms and explanation of financial ratio calculations

Ratio/acronym	Explanation
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

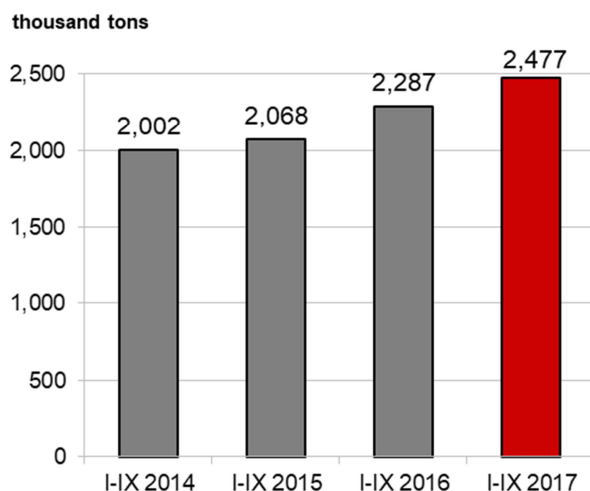
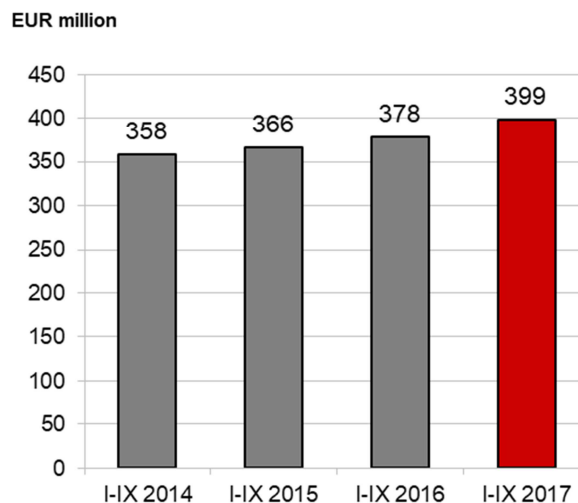
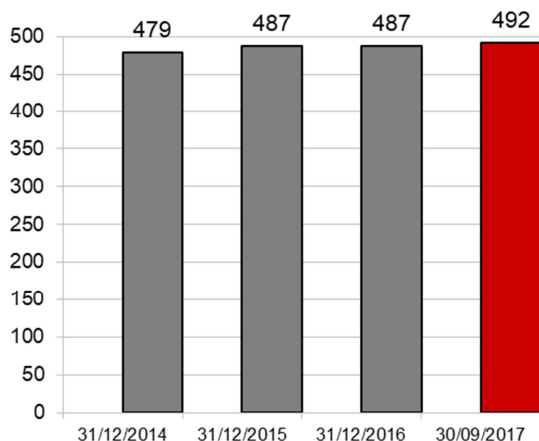
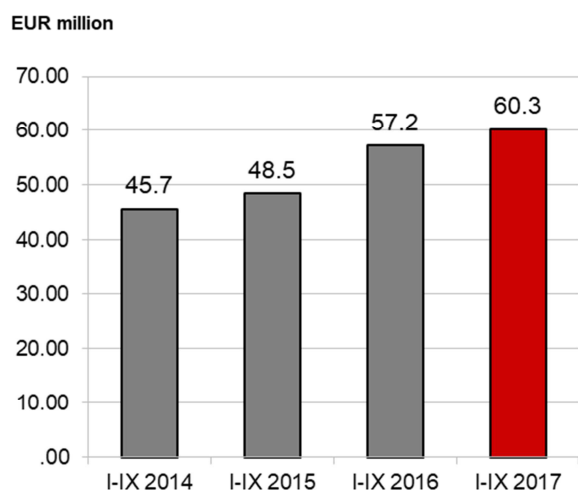
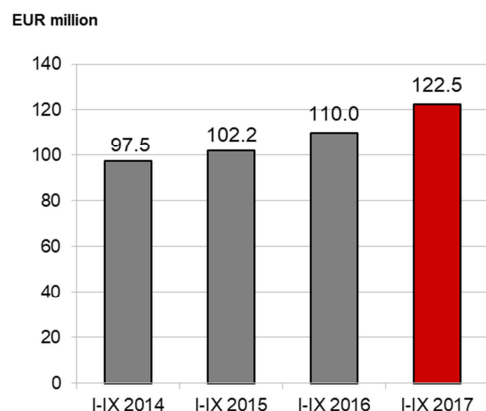
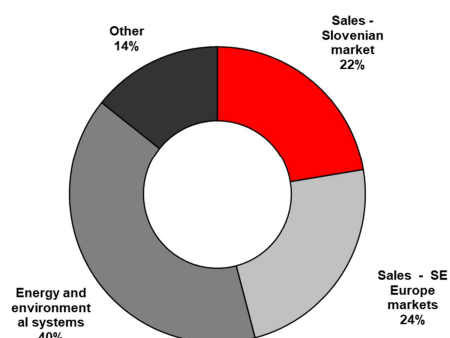
The Petrol Group	Unit	I-IX 2017	I-IX 2016	Index 2017 / 2016
Sales revenues	EUR million	3,323.6	2,709.5	123
Adjusted gross profit ¹	EUR million	311.8	282.5	110
Operating profit	EUR million	87.2	77.0	113
Net profit	EUR million	60.3	57.2	105
EBITDA	EUR million	122.5	110.0	111
Non-current (long-term) assets as at period end	EUR million	801.7	807.2	99
Earnings per share	EUR	29.2	27.8	105
Net debt / Equity		0.6	0.7	79
Net debt / EBITDA ²		2.3	2.6	86

¹Adjusted gross profit = Sales revenues - Cost of goods sold (this item is not defined in international Financial Reporting Standards)

²Calculated on an annual level

The Petrol Group	Unit	I-IX 2017	I-IX 2016	Index 2017 / 2016
Volume of petroleum products sold	thousand tons	2,476.7	2,286.6	108
Volume of liquefied petroleum gas sold	thousand tons	113.4	105.2	108
Volume of natural gas sold	thousand MWh	838.0	832.2	101
Heat sold	thousand MWh	88.4	83.4	106
Revenue from the sale of merchandise	EUR million	398.8	377.8	106
Number of service stations as at period end ¹		492	487	101

¹Number of service stations for the year 2016 as at 31 December 2016.

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 2017


BUSINESS REPORT

Operations of the Petrol Group

The Petrol Group operates in a competitive environment influenced by oil price fluctuations, US dollar exchange rate, global and domestic economic developments, and national laws governing the pricing of energy products. In Slovenia and Croatia, the economic situation is improving, but other SE Europe countries which also make up Petrol's sales market still face extremely tough economic conditions, low purchasing power and high unemployment. Although in Slovenia, where the Petrol Group sells the greater part of its petroleum products, the prices of petrol and diesel fuel at motorway and expressway service stations have been liberalised and determined by the market, the prices of petrol (less than 98 octane) and diesel fuel at other service stations remain regulated.

The Petrol Group's sales revenue for the first nine months of 2017 stood at EUR 3.3 billion, a year-on-year increase of 23 percent, which was mainly due to higher oil prices. Adjusted gross profit totalled EUR 311.8 million or 10 percent more than in the first nine months of 2016, with EBITDA amounting to EUR 122.5 million or 11 percent more than in the first nine months of 2016.

Figure 7: EBITDA broken down by activity

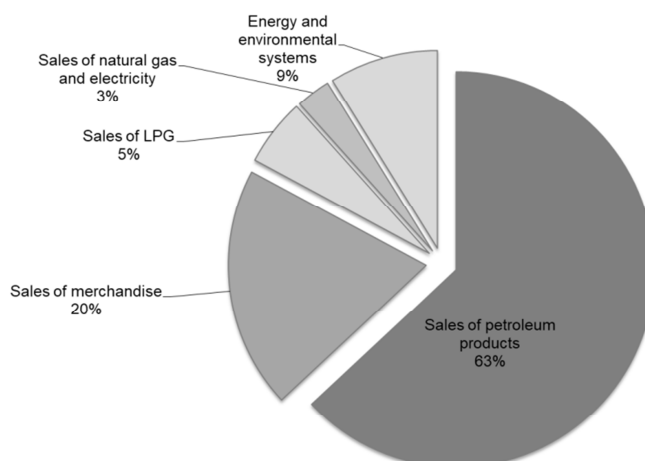
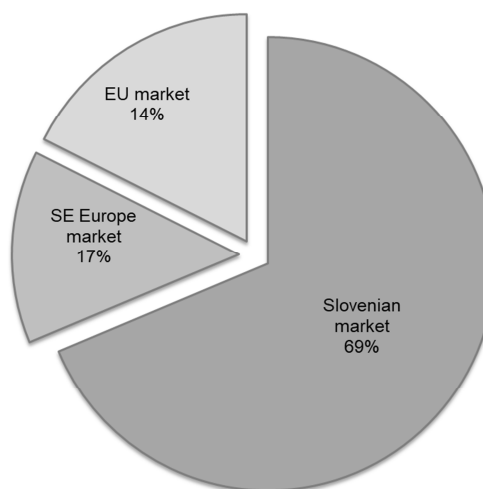


Figure 8: EBITDA broken down by market



Pre-tax profit totalled EUR 74.5 million or 3 percent more than in the first nine months of 2016, with net profit for the period amounting to EUR 60.3 million or 5 percent more than in the first nine months of 2016.

In the first nine months of 2017, the Petrol Group sold 2,476.7 thousand tons of petroleum products¹, up 8 percent from the same period of 2016. In Slovenia, the nine-month sales of petroleum products stood at 1,216.9 thousand tons, accounting for 49 percent of the Petrol Group's total sales. In the same period, the Group sold 569.1 thousand tons of petroleum products in SEE markets, representing 23 percent of the Petrol Group's total sales, and 690.7 thousand tons in EU markets, which represented 28 percent of the Group's total sales.

In the first nine months of 2017, 41 percent of petroleum product sales were generated in the retail market and 59 percent in the wholesale market. At the end of September 2017, the Petrol Group's retail network consisted of 492 service stations, of which 316 were in Slovenia, 106 in Croatia, 37 in Bosnia and Herzegovina, 11 in Serbia, 11 in Montenegro and 11 in Kosovo.

During this period, EUR 398.8 million was generated in revenue from the sale of merchandise, an increase of 6 percent compared to the same period of the previous year.

In the same period, we sold 113.4 thousand tons of liquefied petroleum gas, a year-on-year increase of 8 percent, and 838.0 thousand MWh of natural gas or 1 percent more than in the same period of the previous year.

Good performance was also achieved in electricity and heat sales.

What follows is a detailed presentation of the Petrol Group's operations in the first nine months of 2017 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 and sale of services
- B. Energy and environmental systems, consisting of natural gas distribution, energy solutions, environmental solutions, district heating, electricity generation and biomass production
- C. Electricity trading

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

A. SALES

Sales of petroleum products

In the first nine months of 2017, the Petrol Group sold 2,476.7 thousand tons of petroleum products, a year-on-year increase of 8 percent.

In this period, 1,216.9 thousand tons of petroleum products were sold in Slovenia, which was 7 percent more than in the same period of 2016. Of this quantity, liquid fuels accounted for 1,162.3 thousand tons and other petroleum products for 54.6 thousand tons. Motor fuel sales (petrol and diesel fuel) were up 7 percent compared to the previous year's figures for this period.

In SEE markets, 569.1 thousand tons of petroleum products were sold in the first nine months of 2017, a year-on-year increase of 2 percent. 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 8.1 thousand tons of petroleum products.

In EU markets, 690.7 thousand tons of petroleum products were sold in the first nine months of 2017, which was 16 percent more than in the same period of 2016. The most important commodity sold in EU markets is diesel fuel.

Key impacts on operations

Fuel pricing in Slovenia

The prices of petrol and diesel fuel at motorway and expressway service stations have been liberalised and determined by the market, while the prices of petrol and diesel fuel at other service stations remain regulated.

Until 30 June 2017, the prices of regulated motor fuels had been set in accordance with the Decree Setting Prices for Petroleum Products, which was in force from 9 November 2016 to 30 June 2017. On 29 June 2017, the Government of the Republic of Slovenia adopted a new Decree Setting Prices for Petroleum Products, which was in effect from 3 July 2017 to 31 October 2017. The Decree redefined the setting of pre-duty selling prices, adding a supplement for bio-components, which are blended with mineral fuels, to the purchase price of fuel, the Agency of the Republic of Slovenia for Commodity Reserves membership fees and the distributors' margin.

On 26 October 2017, the Government of the Republic of Slovenia adopted a new Decree Setting Prices for Petroleum Product, which entered into force on 1 November 2017 and shall remain in force for a period of 4 months. The new decree did not change the pricing method.

The model-based margin is still government-regulated and stands at EUR 0.08701 per litre of NMB-95 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 determined 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 72 percent of the average gross margin in the EU countries (63 percent if the compulsory stocks membership fee is not taken into account) and in the case of diesel fuel to 58 percent (51 percent if the compulsory stocks membership fee is not taken into account) (own calculations based on Platts and Oil Bulletin data).

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 and determined by the market.

Fuel pricing in Bosnia and Herzegovina

In Bosnia and Herzegovina, the prices of petroleum products are not government-regulated and are set freely and determined by the market. The prices may change on a daily basis. 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 and determined by the market.

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 takes into account taxes, the costs of transshipment, handling, bank charges, storage, transport and distribution, as well as (excise) duties and an oil companies' gross margin. The latter 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 a 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 a maximum margin. These prices represent an unofficial basis for retail prices, which change according to market-based 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 51.84 per barrel in the first nine months of 2017, up 24 percent year-on-year. The average price in euros was also up 24 percent. During this period, the price of Brent crude peaked on 25 September 2017, reaching USD 59.27 per barrel. Its lowest price was recorded on 20 June 2017 at USD 44.28 per barrel. The prices of petrol and middle distillates followed the same trends as crude oil prices.

Figure 9: Changes in Brent Dated High oil price in the first nine months of 2017 in USD/barrel



SOURCE: Petrol, 2017

Figure 10: Changes in Brent Dated High oil price in the first nine months of 2017 in EUR/barrel



SOURCE: Petrol, 2017

OPEC reached an agreement with non-member oil producing countries to limit oil output in order to stabilise prices. Future oil price movements will continue to depend largely on OPEC's oil output agreements, the situation in the Middle East (Syria, Iran), the condition of Libya's and Nigeria's oil industry, relations between Iran and the United States concerning the nuclear treaty, the deterioration of Russian-American relations, and also economic growth expectations, US and EU oil stocks figures and demand in China.

Changes in the US dollar to the euro exchange rate

The US dollar to the euro exchange rate ranged between 1.04 and 1.21 US dollars per euro in the first nine months of 2017. The average exchange rate of the US dollar according to the exchange rate of the European Central Bank stood at 1.11 US dollars per euro in the period concerned.

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 398.8 million in revenue from the sale of merchandise in the first nine months of 2017, an increase of 6 percent compared to the same period of the previous year.

In Slovenia, EUR 351.1 million was generated in revenue from the sale of merchandise in the period under review, an increase of 4 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 accommodate the needs of our service station customers by quickly adapting the range.

In SEE markets, EUR 47.7 million was generated in revenue from the sale of merchandise in the first nine months of 2017, an increase of 15 percent compared to the same period of the previous year. 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 2017, the Petrol Group generated EUR 27.3 million in revenue from the services related to oil and merchandise sales.

Sales of liquefied petroleum gas

In the first nine months of 2017, the Petrol Group sold 113.4 thousand tons of liquefied petroleum gas, a year-on-year increase of 8 percent.

At the end of September 2017, 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 2017, the Petrol Group sold 838.0 thousand MWh of natural gas, a year-on-year increase of 1 percent.

Sales of electricity

The Petrol Group has positioned itself as an important electricity market player, which sells electricity to end users in Slovenia (businesses and households) while also expanding to SE Europe. At the end of September 2017, the Petrol Group supplied electricity to over 52 thousand households and 3 thousand businesses.

In the first nine months of 2017, the Petrol Group sold 1.1 TWh of electricity to end users.

B. ENERGY AND ENVIRONMENTAL SYSTEMS

Natural gas distribution

In the first nine months of 2017, the Petrol Group distributed 971.45 thousand MWh of natural gas.

At the end of September 2017, 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 2017, 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 and 53 small and medium waste treatment plants at its points of sale and storage facilities. 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, organic waste is processed to produce green electricity. 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 2017, the Petrol Group generated EUR 3.1 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.

Long-term contract-based supply of energy and contractually guaranteed energy and water savings (performance contracting) are the most common project implementation models in the public sector, the commercial sector and in industry. In the first nine months of 2017, the public economic service of public lighting was performed in several municipalities, accompanied by other energy solutions projects.

During this period, the Petrol Group generated EUR 15.9 million in sales revenue from energy solutions.

District heating

Heat is supplied to customers through district heating systems. In the first nine months of 2017, the Petrol Group generated EUR 4.9 million in sales revenue from district heating.

During this period, the Group sold 88.4 thousand MWh of heat (some of it as part of energy solutions) or 6 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 Vjetroelektrane Glunča d.o.o. (Croatia) was established, which is engaged in the production of wind electricity. At the end of 2016, the wind farm was completed and has been producing electricity since January 2017.

C. TRADING

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.

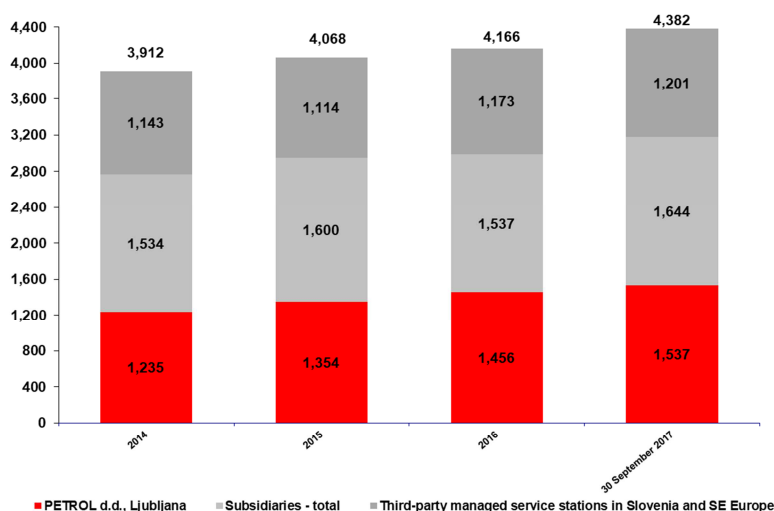
In the first nine months of 2017, the Group sold 16.2 TWh of electricity (of which 1.1 TWh to end users, 14.2 TWh as part of trading, and 79.2 thousand MWh as part of energy and environmental systems).

Sustainable development

Employees

On 30 September 2017, the Petrol Group had 4,382 employees, of which 33 percent worked for subsidiary companies abroad. The number of employees increased by 216 compared to the end of 2016.

Figure 11: Changes in the number of employees of the Petrol Group and at third-party managed service stations in the period 2014 – 2017



Employee structure

At the end of September 2017, the average age of the Petrol Group employees was 39 years. 63 percent of the employees were male and 37 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.

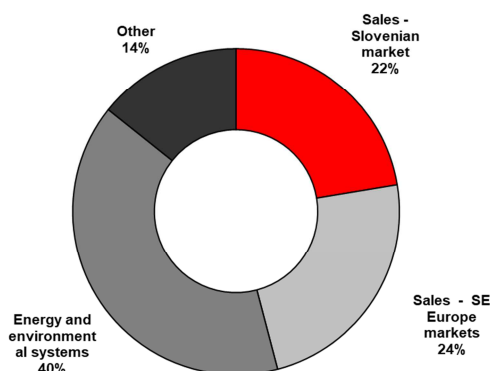
Training

In the first nine months of 2017, more than 13.4 thousand employees took part in various forms of training. In all, the Petrol Group provided in excess of 76.1 thousand teaching hours of training, which represented, on average, 18 teaching hours of training per employee in the period concerned. Organised as part of the Petrol Group is Petrol Academy. Its main goal is to provide training to all employees in a systematic and comprehensive manner. The Group carried out technical and legally required training in the period under review.

Investments

In the first nine months of 2017, net investments² in property, plant and equipment, intangible assets and long-term investments stood at EUR 43.3 million. Out of the above amount, 22 percent was allocated to sales in Slovenia, 24 percent to sales in SE Europe, 40 percent to energy and environmental systems, and 14 percent to the upgrading of information and other infrastructure.

Figure 12: Breakdown of the Petrol Group's investments in the first nine months of 2017



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 certified quality and environmental management systems, the comprehensive quality management system incorporates the requirements of the ISO 50001 energy management system, of the OHSAS 18001 occupational health and safety system, of the HACCP food safety management system and of the SIST ISO 27001 information security system.

Table 2: 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 9001:2015	ISO 14001:2015	ISO 50001:2011	SIST EN ISO/IEC 17025:2012 SIST EN ISO/IEC 17020:2012	OHSAS 18001 RC*, FSC**
Petrol Energetika d.o.o.	ISO 9001:2015	ISO 14001:2015	/	/	
Petrol d.o.o.	ISO 9001:2015	ISO 14001:2004	/	/	
Petrol Geoterm d.o.o.	ISO 9001:2008	/	/	/	
Beogas d.o.o.	ISO 9001:2008	/	/	/	
Petrol d.o.o., Beograd	ISO 9001:2008	ISO 14001:2004	/	/	OHSAS 18001

² Net investments in fixed assets = investments in fixed assets – disposal of fixed assets.

* 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 2017, a first follow-up audit of the ISO 50001 energy management system was conducted, which revealed that the system is suitably maintained and compliant with the standard's requirements.

The quality and environmental management systems of the companies Petrol d.d., Ljubljana and Petrol Energetika d.o.o. were aligned with the requirements of the new edition of the ISO 9001:2015 and ISO 14001:2015 standards. A recertification audit, which took place in April 2017, identified no non-compliance issues. Certification was thus renewed in May 2017.

In May 2017, a follow-up audit of the quality and environmental management system took place at the company Petrol d.o.o., Zagreb. The company passed the audit, which did not reveal any non-compliance issues.

In June 2017, Petrol Laboratory received a monitoring visit by SA in connection with its quality management system certified to the SIST EN ISO/IEC 17025 standard and applied for two new testing methods. Once approved, Petrol Laboratory will have 57 accredited testing methods. In June 2017, Forest Stewardship Council (FSC) performed a follow-up audit of wood fuel production.

As a result of the absorption of the company Eltec Petrol d.o.o., Beograd, the certificates ISO 9001, ISO 14001 and OHSAS 18001 were transferred to the company Petrol d.o.o., Beograd in June 2017.

In September 2017, a recertification audit of the quality management system took place at the company Petrol Geoterm d.o.o. The system was successfully adapted to the requirements of the new edition of the ISO 9001:2015 standards.

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. Our responsible social attitude is demonstrated by supporting a number of 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 we operate.

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, utilised 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. 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.

Trading in energy products exposes the Group 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.

As far as other foreign exchange exposures are concerned, the risk of changes in the EUR/HRK exchange rate should be mentioned. The impact of changes in the EUR/HRK exchange rate on operations of Croatian-based companies is analysed. The spread between the minimum and maximum EUR/HRK exchange rate stood at 2.6 percent in the first nine months of 2017. 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 the first nine months of 2017. 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 2017, the EUR/RSD exchange rate ranged between RSD 118.84 and RSD 124.30 per 1 euro, while the average exchange rate stood at RSD 121.41 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, throughout the Group, certain changes to the process of setting and approving credit limits applicable to legal entities in order to further improve and harmonise the credit risk management system. In the first six months of 2017, the new system of limits was also introduced at the Petrol Group's subsidiaries.

In addition, the upgrading and redesign of the limit system for operations involving natural persons is in the pipeline.

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 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 centralised control over credit insurance instruments received and centralised the collection process.

We consider that credit risks are adequately managed within the Petrol Group. Our assessment 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 20 March 2017. 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 2017, we issued 10-year PET4 notes worth EUR 11 million and 7-year PET5 notes worth EUR 32.828 million, also raising a new EUR 50 million long-term loan. In the period concerned, average petroleum product prices were higher year-on-year, meaning that slightly more 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. 27.9 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 2017 than at the end of 2016 and thus remains historically low (negative). In 2017 the Petrol Group's overall borrowing interest rate was, on average, lower than in 2016. This is the result of low EURIBOR rates and interest rate margins, which had been further reduced.

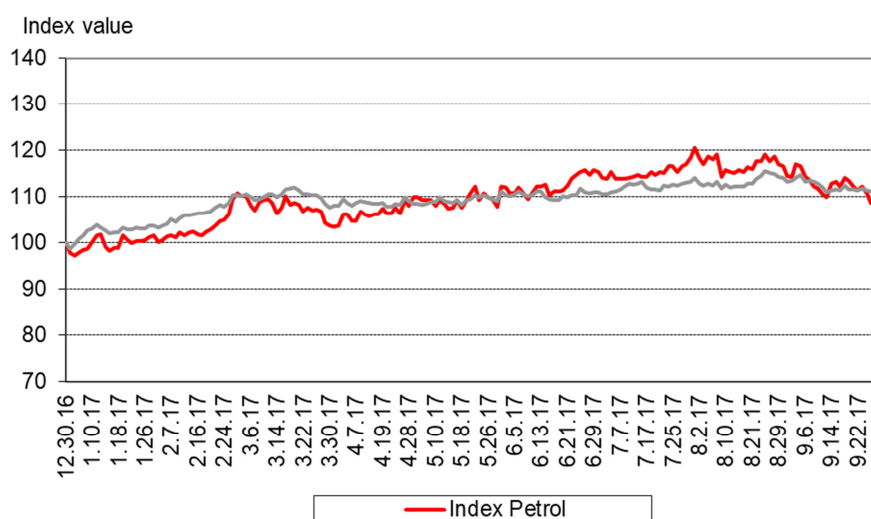
To hedge against exposure to the interest rate risk, a portion of variable interest rates is transformed into a fixed interest rate using derivative financial instruments, thus protecting our net interest position. When deciding whether to pursue additional hedging activities, forecasts regarding interest rate changes are considered. The time of hedging and the type of instruments used to this effect are determined based on market conditions. As the new PET4 notes had been issued and the new long-term loan raised, in both cases with a variable interest rate, we entered, in the first nine months of 2017, into a EUR 61 million

interest rate hedging contract with a matching maturity. All of the Petrol Group's non-current financial liabilities containing a variable interest rate are thus hedged by interest-rate swaps.

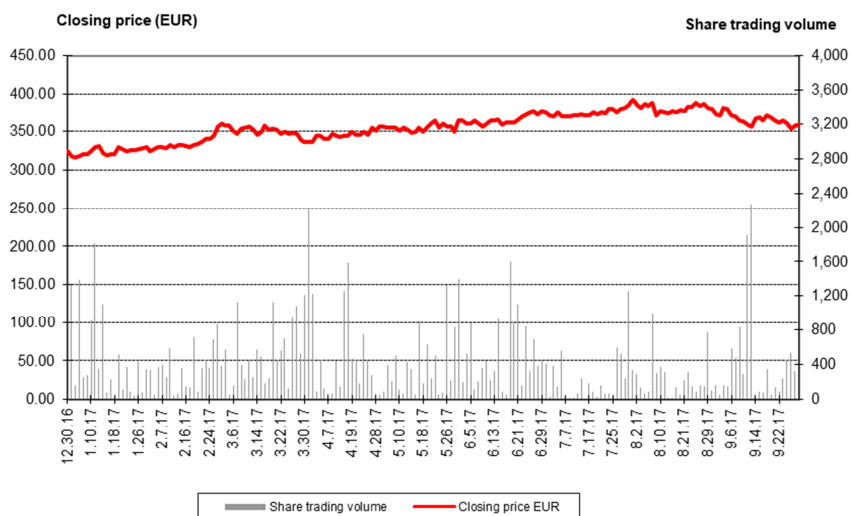
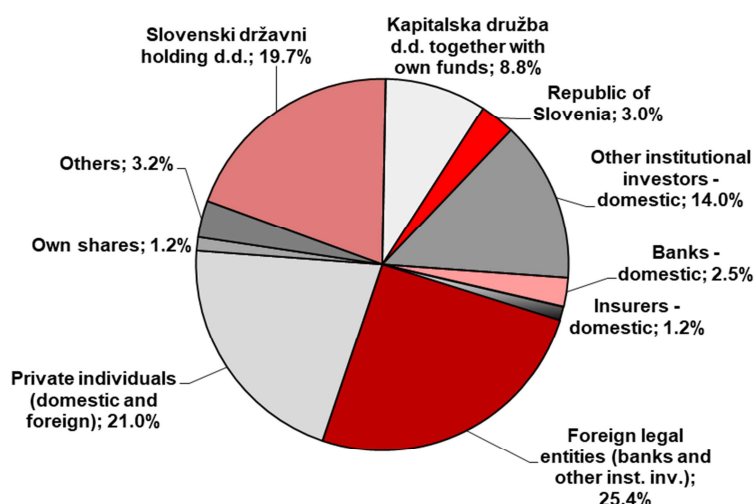
Petrol's shares

At the end of September 2017, share prices at the Ljubljana Stock Exchange were on average higher than at the end of 2016. 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 796.55 as at the end of September 2017 and was up 11 percent relative to the end of 2016 (717.59). During this period, Petrol's shares gained 10.4 percent in value. In terms of trading volume, which in the case of Petrol's shares amounted to EUR 27.4 million between January and September, the shares were ranked third among the shares traded on the Ljubljana Stock Exchange. In terms of market capitalisation, which stood at EUR 748.8 million as at 30 September 2017, the shares were ranked second and accounted for 14.2 percent of the total Slovene stock market capitalisation on the said date.

Figure 13: Base index changes for Petrol d.d., Ljubljana's closing share price and the SBITOP index in the first nine months of 2017 compared to the end of 2016



In the first nine months of 2017, the price of Petrol's shares ranged between EUR 316 and EUR 392 per share. Their average price for the period stood at EUR 355.89 and their price as at the end of September 2017 at EUR 358.90. The Petrol Group's earnings per share stood at EUR 29.24, with its book value per share amounting to EUR 301.95. Petrol d.d., Ljubljana had 24,385 shareholders as at 30 September 2017. At the end of September 2017, 534,378 shares or 25.61 percent of all shares were held by foreign legal or natural persons. Compared to the end of 2016, the number of foreign shareholders increased by 0.7 percentage points.

Figure 14: Closing price and the volume of trading in Petrol's shares in the first nine months of 2017

Figure 15: Ownership structure of Petrol d.d., Ljubljana as at 30 September 2017

Table 3: Changes in the ownership structure of Petrol d.d., Ljubljana (30 September 2017 to 31 December 2016 comparison)

	September 30, 2017		December 31, 2016	
	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	184,191	8.8%	184,852	8.9%
Republic of Slovenia	63,192	3.0%	-	-
Other institutional investors - domestic	290,939	14.0%	298,452	14.3%
Banks - domestic	51,788	2.5%	108,902	5.2%
Insurers - domestic	25,486	1.2%	25,486	1.2%
Foreign legal entities (banks and other inst. inv.)	529,693	25.4%	516,796	24.8%
Private individuals (domestic and foreign)	437,673	21.0%	445,548	21.4%
Own shares	24,703	1.2%	24,703	1.2%
Others	66,627	3.2%	69,553	3.3%
Total	2,086,301	100.0%	2,086,301	100.0%

Table 4: 10 largest shareholders of Petrol d.d., Ljubljana as at 30 September 2017

Top 10 shareholders of Petrol d.d., Ljubljana as per 30.9.2017				
	Shareholder	Address	No. of Shares	Share in %
1	SDH, D.D.	MALA ULICA 5, 1000 LJUBLJANA	412,009	19.75%
2	ČEŠKOSLOVENSKA OBCHODNI BANK, A.S. - FID	RADLICKA 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	SPLITSKA BANKA D.D. - CLIENT ACCOUNT - F	DOMOVINSKOG RATA 61, 21000 SPLIT, HRVAŠKA	99,544	4.77%
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	REPUBLIKA SLOVENIJA	GREGORČICEVA ULICA 20, 1000 LJUBLJANA	63,192	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 5: Shares owned by members of the Supervisory and Management Board as at 30 September 2017

Stanje 30.9.2017				
Name and Surname		Position	No. of shares	Share of equity
Supervisory board			88	0.0042%
Internal members			0	0.0000%
1. Zoran Gračner	Supervisory Board Member		0	0.0000%
2. Alen Mihelčič	Supervisory Board Member		0	0.0000%
3. Robert Ravnikar	Supervisory Board Member		0	0.0000%
External members			88	0.0042%
1. Nada Drobne Popović	Supervisory Board President		1	0.0000%
2. Sašo Berger	Supervisory Board Vice-president		0	0.0000%
3. Igo Gruden	Supervisory Board Member		0	0.0000%
4. Sergej Gorup	Supervisory Board Member		5	0.0002%
5. Metod Podkrižnik	Supervisory Board Member		82	0.0039%
6. Mladen Kaliterna	Supervisory Board Member		0	0.0000%
Management Board			220	0.0105%
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 2017, 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 27th General Meeting held on 10 April 2017, Petrol d.d., Ljubljana paid 2016 gross dividends of EUR 14.00 per share in August 2017. The gross dividend per share for 2015, which was paid in 2016, stood at EUR 12.60.

Own shares

Petrol d.d., Ljubljana did not repurchase its own shares in the first nine months of 2017. As at 30 September 2017, the Company held 24,703 own shares, representing 1.2 percent of its registered share capital. Their total cost equalled EUR 2.6 million as at 30 September 2017 and was EUR 6.3 million lower than their market value on that date.

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

In accordance with a resolution of the 27th General Meeting held on 10 April 2017, the Company's Management Board is authorised to acquire own shares within 36 months of the adoption of the resolution. Under this authorisation, a maximum of 208,630 own shares may be acquired, but the total percentage of the shares acquired based on this authorisation may not exceed, together with other own shares already held by the Company (24,703 own shares), 10 percent of the Company's share capital (208,630 shares). The shareholder H12 d.d. announced at the General Meeting that it intends to contest this resolution, bringing a lawsuit for its annulment in May 2017. In June 2017, Petrol filed a response to the lawsuit, but the main hearing in the present case is yet to be scheduled.

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 2017, several individual meetings were held with investors and analysts. In March we took part in investor roadshows in Vienna, Tallinn and Stockholm organised by the investment firm Wood & Company exclusively for Petrol. This was followed by Fima-organised roadshows in the United States and by a London roadshow organised by InterCapital and Goldman Sachs at the end of March.

In May, we attended a joint investors' conference in Zagreb, which was organised by Ljubljana and Zagreb Stock Exchanges. In June and September, we participated in Ljubljana Stock Exchange webcasts.

Supervisory Board of Petrol d.d., Ljubljana

The Workers' Council of Petrol d.d., Ljubljana elected Zoran Gračner, Alen Mihelčič and Robert Ravnikar as Supervisory Board members representing employees for a four-year term of office beginning on 22 February 2017.

At the 27th General Meeting of Petrol d.d., Ljubljana held on 10 April 2017, the following Supervisory Board members, shareholder representatives, were appointed: Sašo Berger, Nada Drobne Popović, Igo Gruden, Sergej Goriup, Metod Podkrižnik, their term of office beginning on 11 April 2017, and Mladen Kaliterna, whose new four-year term of office began on 16 July 2017.

At the Supervisory Board meeting of 20 April 2017, Nada Drobne Popović was elected as Supervisory Board president and Sašo Berger as her deputy.

General Meeting resolutions

At the 27th General Meeting of Petrol d.d., Ljubljana held on 10 April 2017, the following resolutions were adopted:

- Accumulated profit of EUR 28,862,372.00 as at 31/12/2016 shall be used as follows:
 - EUR 28,862,372.00 shall be used to pay gross dividends of EUR 14.00 per share (own shares excluded). The dividends are to be paid out of the 2016 net profit and other revenue reserves for 2006. The Company shall pay the dividends on 11/08/2017 to shareholders registered with KDD – the Central Securities Clearing Corporation on 10/08/2017, as laid down in a Management Board decision.
- The Company's Management Board shall be granted discharge from liability for the year 2016.
- The Company's Supervisory Board shall be granted discharge from liability for the year 2016.
- The audit firm ERNST & YOUNG Revizija, poslovno svetovanje, d.o.o., Ljubljana shall be appointed auditor for the year 2017.
- Appointment of Petrol d.d., Ljubljana Supervisory Board members:
 - Sašo Berger shall be appointed as the first Supervisory Board member (shareholder representative) for a four-year term of office beginning on 11 April 2017.
 - Nada Drobne Popović shall be appointed as the second Supervisory Board member (shareholder representative) for a four-year term of office beginning on 11 April 2017.
 - Igo Gruden shall be appointed as the third Supervisory Board member (shareholder representative) for a four-year term of office beginning on 11 April 2017.
 - Sergej Goriup shall be appointed as the fourth Supervisory Board member (shareholder representative) for a four-year term of office beginning on 11 April 2017.
 - Metod Podkrižnik shall be appointed as the fifth Supervisory Board member (shareholder representative) for a four-year term of office beginning on 11 April 2017.
 - Mladen Kaliterna shall be appointed as the sixth Supervisory Board member (shareholder representative) for a four-year term of office beginning on 16 July 2017.
- The Company's Articles of Association: Changes to point 09.03 and to the first paragraph of point 09.10 of the Company's Articles of Association – in chapter IV. Company Bodies, 09.00 Management Board, point 09.03 and the first paragraph of point 09.10 shall be changed:

- Point 09.03 shall read as follows: "As a member of the Management Board, the Worker Director shall participate in decision-making only in connection with issues relating to the formulation of personnel and social policy."
 - The first paragraph of point 09.10 shall read as follows: "The President of the Management Board and any other member of the Management Board other than the Worker Director shall represent the Company independently and individually. The Worker Director shall represent the Company together with another member or president of the Management Board."
- The General Meeting authorises the Company's Management Board to acquire own shares within 36 months of the adoption of this resolution. Under this authorisation, a maximum of 208,630 own shares may be acquired, but the total percentage of the shares acquired based on this authorisation may not exceed, together with other own shares already held by the Company (24,703 own shares), 10 percent of the Company's share capital (208,630 shares). The Company may acquire own shares via transactions concluded on a regulated securities market and at a market price applicable at the time. The Company may acquire own shares also outside the regulated securities market. When acquiring shares on a regulated or unregulated securities market, the purchase price may not be lower than 50% of the share's carrying amount calculated based on the most recent publicly available audited financial statements of the Petrol Group. Similarly, the purchase price of the shares may not exceed the 12-fold value of earnings per share (EPS) calculated based on the most recent publicly available audited financial statements of the Petrol Group. Subject to a prior approval from the Supervisory Board, the Company may dispose of the own shares acquired based on this authorisation by exchanging them for interests in other companies, in line with its takeover strategy. The shareholders' pre-emptive right is excluded when the own shares acquired by the Company under this authorisation are disposed of.

Credit rating

On 20 March 2017, 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.

Events after the end of the accounting period

There were no events after the reporting date that would significantly affect the disclosed operations in the first nine months of 2017.

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 2017	1-9 2016	1-9 2017	1-9 2016
Sales revenue		3,323,567,712	2,709,502,257	2,753,464,090	2,201,065,898
- of which excise duty		831,671,571	797,008,698	577,169,891	558,772,746
Cost of goods sold		(3,011,750,841)	(2,427,011,170)	(2,522,877,239)	(1,994,187,376)
Costs of materials	3	(20,377,829)	(19,562,103)	(11,426,845)	(10,921,832)
Costs of services	4	(97,928,923)	(90,679,590)	(77,974,631)	(73,698,821)
Labour costs	5	(55,446,130)	(50,314,479)	(38,114,605)	(34,346,458)
Depreciation and amortisation	6	(36,231,335)	(34,030,417)	(23,737,064)	(23,478,332)
Other costs	7	(17,383,234)	(14,452,579)	(8,830,576)	(12,988,393)
Operating costs		(227,367,451)	(209,039,168)	(160,083,721)	(155,433,835)
Other revenue	2	2,987,146	3,774,447	2,316,639	2,834,586
Other expenses		(227,932)	(226,288)	(21,257)	(61,395)
Operating profit		87,208,634	77,000,078	72,798,512	54,217,876
Share of profit or loss of equity accounted investees		698,872	4,154,819	-	-
Finance income from dividends paid by subsidiaries, associates and jointly controlled entities		-	-	3,117,161	2,876,368
Other finance income	8	30,900,549	29,954,009	26,271,127	25,020,150
Other finance expenses	8	(44,345,998)	(38,698,101)	(41,221,522)	(33,909,403)
Net finance expense		(13,445,449)	(8,744,092)	(14,950,395)	(8,889,253)
Profit before income tax		74,462,057	72,410,805	60,965,279	48,204,991
Income tax expense		(8,380,462)	(10,502,428)	(5,955,493)	(4,590,959)
Deferred income tax		(5,803,181)	(4,699,761)	(5,794,873)	(4,894,662)
Income tax		(14,183,643)	(15,202,189)	(11,750,366)	(9,485,620)
Net profit for the period		60,278,414	57,208,616	49,214,914	38,719,371
Net profit for the period attributable to:					
Owners of the controlling company		61,605,957	57,020,390	49,214,914	38,719,371
Non-controlling interest		(1,327,543)	188,226	-	-
Basic and diluted earnings per share	9	29.24	27.75	23.87	18.78

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 2017	1-9 2016	1-9 2017	1-9 2016
Net profit for the period	60,278,414	57,208,616	49,214,914	38,719,371
Change due to merger by absorption	-	-	0	2,318,999
Effective portion of changes in the fair value of cash flow variability hedging	(223,163)	285,253	(253,793)	0
Change in deferred taxes	42,708	(70,784)	48,221	0
Foreign exchange differences	3,069,008	1,537,773	-	-
Other comprehensive income to be recognised in the statement of profit or loss in the future	2,888,553	1,752,242	(205,573)	2,318,999
Attribution of changes in the equity of associates	0	(23,647)	0	-
Total other comprehensive income to be recognised in the statement of profit or loss in the future	2,888,553	1,728,595	(205,573)	2,318,999
Other comprehensive income not to be recognised in the statement of profit or loss in the future	0	0	0	0
Attribution of changes in the equity of associates	0	0	0	0
recognised in the statement of profit or loss in the future	0	0	0	0
Total other comprehensive income after tax	2,888,553	1,728,595	(205,573)	2,318,999
Total comprehensive income for the period	63,166,967	58,937,211	49,009,342	41,038,370
Total comprehensive income attributable to:				
Owners of the controlling company	64,389,954	58,781,820	49,009,342	41,038,370
Non-controlling interest	(1,222,987)	155,391	-	-

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.	
		30 September	31 December	30 September	31 December
(in EUR)	Note	2017	2016	2017	2016
ASSETS					
Non-current (long-term) assets					
Intangible assets	10	185,392,664	181,192,672	152,948,299	147,995,289
Property, plant and equipment	11	598,102,470	605,937,761	295,363,395	306,804,517
Investment property		18,160,762	18,231,523	17,347,984	17,375,331
Investments in subsidiaries	12	0	0	293,781,344	290,581,344
Investments in jointly controlled entities	13	1,651,089	1,652,682	1,196,000	1,196,000
Investments in associates	14	126,849,559	129,686,241	52,852,540	52,852,540
Financial assets available for sale	15	2,631,632	2,598,071	2,552,588	2,519,028
Financial receivables		995,061	1,079,152	25,688,573	27,421,814
Operating receivables		2,144,239	650,916	2,134,824	643,851
Deferred tax assets		6,134,170	11,921,930	5,688,626	11,435,278
		942,061,646	952,950,948	849,554,173	858,824,991
Current assets					
Inventories	16	101,960,869	116,217,171	80,307,449	95,494,787
Financial receivables	17	5,027,238	6,922,594	14,651,961	18,452,346
Operating receivables	18	354,108,896	382,532,113	282,274,054	317,169,921
Corporate income tax assets		250,097	30,672	0	0
Financial assets at fair value through profit or loss	19	2,173,485	1,836,062	2,173,485	1,787,039
Prepayments and other assets	20	24,841,526	15,314,407	24,572,869	11,170,970
Cash and cash equivalents		33,512,233	26,987,969	14,669,667	12,657,723
		521,874,344	549,840,988	418,649,485	456,732,786
Total assets		1,463,935,990	1,502,791,936	1,268,203,658	1,315,557,777
EQUITY AND LIABILITIES					
Equity attributable to owners of the controlling company					
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		184,850,223	191,876,506	184,530,553	191,556,836
Fair value reserve		(585,653)	(585,653)	39,295,125	39,295,125
Hedging reserve		(138,546)	41,909	(205,573)	0
Foreign exchange differences		(7,331,129)	(10,295,581)	0	0
Retained earnings		260,162,176	220,392,308	49,214,914	21,836,089
		632,177,388	596,649,806	467,817,266	447,670,296
Non-controlling interest		(2,210,862)	(980,113)	0	0
Total equity		629,966,526	595,669,693	467,817,266	447,670,296
Non-current liabilities					
Provisions for employee benefits		6,447,219	6,445,205	5,524,172	5,524,172
Other provisions		3,527,117	4,318,975	3,488,077	3,488,077
Long-term deferred revenue		4,219,508	4,555,934	3,583,751	4,507,751
Financial liabilities	21	367,482,318	304,928,488	317,468,314	251,865,143
Operating liabilities		1,293,013	1,342,063	874,332	923,382
Deferred tax liabilities		4,189,655	4,168,551	0	0
		387,158,830	325,759,216	330,938,645	266,308,525
Current liabilities					
Financial liabilities	21	35,670,249	102,485,363	138,648,515	188,137,221
Operating liabilities	22	382,961,497	456,216,385	313,468,168	401,409,201
Corporate income tax liabilities		1,675,347	6,595,599	2,048,788	1,093,931
Other liabilities	23	26,503,541	16,065,680	15,282,276	10,938,604
		446,810,634	581,363,027	469,447,747	601,578,956
Total liabilities		833,969,464	907,122,243	800,386,392	867,887,481
Total equity and liabilities		1,463,935,990	1,502,791,936	1,268,203,658	1,315,557,777

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

Statement of changes in equity of the Petrol Group

(in EUR)	Called-up capital	Capital surplus	Revenue reserves				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 2016	52,240,977	80,991,385	61,987,955	2,604,670	(2,604,670)	180,794,332 (10,938,900)	206,914	(743,764)	(10,812,747)	184,604,590 (15,037,235)	549,269,642 (25,976,135)	(1,878,984)	547,390,658 (25,976,135)
Dividend payments for 2015											0	775,102	775,102
Increase/(decrease) in non-controlling interest													
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
As at 1 January 2017	52,240,977	80,991,385	61,987,955	2,604,670	(2,604,670)	191,876,506 (7,026,283)	(585,653)	41,909	(10,295,581)	220,392,308 (21,836,089)	596,649,806 (28,862,372)	(980,113)	595,669,693 (28,862,372)
Dividend payments for 2016											0	(7,762)	(7,762)
Increase/(decrease) in non-controlling interest													
Transactions with owners	0	0	0	0	0	(7,026,283)	0	0	0	(21,836,089)	(28,862,372)	(7,762)	(28,870,134)
Net profit for the period										61,605,957	61,605,957	(1,327,543)	60,278,414
Other changes in other comprehensive income								(180,455)	2,964,452		2,783,997	104,556	2,888,553
Total changes in total comprehensive income	0	0	0	0	0	0	0	(180,455)	2,964,452	61,605,957	64,389,954	(1,222,987)	63,166,967
As at 30 September 2017	52,240,977	80,991,385	61,987,955	2,604,670	(2,604,670)	184,850,223	(585,653)	(138,546)	(7,331,129)	260,162,176	632,177,388	(2,210,862)	629,966,526

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 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)
Transactions with owners	0	0	0	0	0	(10,938,900)	0	0	(15,037,235)	(25,976,135)
Net profit for the period									38,719,371	38,719,371
Other changes in comprehensive income						2,318,999				2,318,999
Total changes in total comprehensive income	0	0	0	0	0	2,318,999	0	0	38,719,371	41,038,370
As at 30 September 2016	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	169,272,572	40,187,257	0	38,719,371	443,161,447
As at 1 January 2017	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	191,556,836	39,295,125	0	21,836,089	447,670,296
Dividend payments for 2016						(7,026,283)		0	(21,836,089)	(28,862,372)
Transactions with owners	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	184,530,553	39,295,125	0	0	418,807,924
Net profit for the period									49,214,914	49,214,914
Other changes in other comprehensive income								(205,573)		(205,573)
Total changes in total comprehensive income	0	0	0	0	0	0	0	(205,573)	49,214,914	49,009,342
As at 30 September 2017	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	184,530,553	39,295,125	(205,573)	49,214,914	467,817,266

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.	
	Note	30 September 2017	30 September 2016	30 September 2017	30 September 2016
Cash flows from operating activities					
Net profit		60,278,414	57,208,616	49,214,914	38,719,371
Adjustment for:					
Corporate income tax		14,183,643	15,202,189	11,750,366	9,485,620
Depreciation of property, plant and equipment and of investment property	6	30,952,165	29,131,586	19,240,157	19,384,960
Amortisation of intangible assets	6	5,279,170	4,898,831	4,496,907	4,093,372
(Gain)/loss on disposal of property, plant and equipment	2, 7	108,947	(382,568)	(19,705)	(326,512)
Impairment, write-down/(reversed impairment) of assets		13,658,088	11,568,332	6,732,004	11,568,332
Revenue from assets under management		(49,050)	(49,050)	(49,050)	(49,050)
Net (decrease in)/creation of provisions for long-term employee benefits		0	473,982	0	500,000
Net (decrease in)/creation of other provisions and long-term deferred revenue		(1,130,253)	(1,076,430)	(924,000)	(1,036,589)
Net goods surpluses		(1,008,406)	895,575	(630,346)	1,049,101
Net (decrease in)/creation of allowance for receivables	8	5,176,541	(37,709)	6,992,599	(46,056)
Net finance (income)/expense	8	8,858,001	11,122,331	8,581,177	10,879,881
Impairment of goodwill	8	491,684	0	0	0
Share of profit of jointly controlled entities		(148,407)	(78,406)	-	-
Share of profit of associates		(550,465)	(4,076,413)	-	-
Finance income from dividends received from subsidiaries		-	-	(60,595)	0
Finance income from dividends received from joint controlled entities		-	-	(150,000)	(150,000)
Finance income from dividends received from associates		-	-	(2,906,566)	(2,726,368)
Cash flow from operating activities before the changes in working capital		136,100,072	124,800,866	102,267,862	91,346,062
Net (decrease in)/creation of other liabilities	23	10,445,543	723,079	4,343,672	364,499
Net decrease in/(creation of) other assets	20	(2,282,413)	(2,950,290)	(4,834,378)	(3,452,810)
Change in inventories	16	15,477,518	5,859,732	15,817,685	3,278,400
Change in operating and other receivables	18	18,578,813	35,623,030	23,617,840	22,648,584
Change in operating and other liabilities	22	(77,385,114)	(63,393,101)	(88,125,611)	(52,315,876)
Cash generated from operating activities		100,934,419	100,663,316	53,087,071	61,868,859
Interest paid	8	(10,292,366)	(13,868,494)	(10,312,569)	(12,424,300)
Taxes paid		(13,318,423)	(4,876,586)	(4,969,354)	(3,213,959)
Net cash from (used in) operating activities		77,323,630	81,918,236	37,805,148	46,230,600
Cash flows from investing activities					
Payments for investments in subsidiaries	12	(411,106)	(39,138)	(3,200,000)	(9,659,623)
Receipts from investments in subsidiaries	12	50,000	802,352	0	27,352
Payments for investments in associates	14	0	(2,500)	0	0
Receipts from investments in associates	14	0	2,850,000	0	2,850,000
Receipts from intangible assets	10	30,362	295,568	0	0
Payments for intangible assets	10	(11,037,459)	(2,033,490)	(10,994,102)	(1,380,303)
Receipts from property, plant and equipment	11	1,348,062	4,054,985	969,288	2,059,371
Payments for property, plant and equipment	11	(33,831,623)	(54,751,725)	(16,393,990)	(20,935,053)
Receipts from financial assets available for sale	15	3,648	77,646	3,648	77,646
Payments for financial assets available for sale	15	(36,464)	(1,163,555)	(36,464)	(1,163,555)
Receipts from loans granted	17	4,639,541	7,908,933	22,422,988	26,433,665
Payments for loans granted	17	(2,730,060)	(4,221,548)	(20,052,117)	(46,577,463)
Interest received	8	2,650,071	2,827,311	2,438,451	2,696,651
Dividends received from subsidiaries		-	-	60,595	0
Dividends received from jointly controlled entities		150,000	2,150,000	150,000	150,000
Dividends received from associates		3,387,146	3,215,883	2,906,566	2,726,368
Dividends received from others		22,032	0	22,032	0
Net cash from (used in) investing activities		(35,765,850)	(38,029,278)	(21,703,105)	(42,694,943)
Cash flows from financing activities					
Proceeds from bonds issued	21	43,828,000	715,354	43,828,000	715,354
Payments for bonds issued	21	(18,860,000)	(21,262,000)	(18,860,000)	(21,262,000)
Proceeds from borrowings	21	540,169,414	533,237,105	741,979,506	741,692,165
Repayment of borrowings	21	(571,414,438)	(540,904,925)	(752,136,668)	(716,454,669)
Dividends paid to shareholders		(28,900,937)	(25,873,421)	(28,900,937)	(25,873,421)
Net cash from (used in) financing activities		(35,177,961)	(54,087,887)	(14,090,099)	(21,182,571)
Increase/(decrease) in cash and cash equivalents		6,379,819	(10,198,929)	2,011,944	(17,646,914)
Changes in cash and cash equivalents					
At the beginning of the year		26,987,969	34,350,350	12,657,723	26,994,577
Foreign exchange differences		121,694	49,284	-	-
Cash acquired through mergers by absorption		-	-	0	797,606
Cash acquired through acquisition of companies		22,751	27,669	-	-
Increase/(decrease)		6,379,819	(10,198,929)	2,011,944	(17,646,914)
At the end of the period		33,512,233	24,228,374	14,669,667	10,145,269

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. Its registered office is at Dunajska cesta 50, 1527 Ljubljana. Below we present consolidated financial statements of the Group for the period ended 30 September 2017 and separate financial statements of the company Petrol d.d., Ljubljana for the period ended 30 September 2017. The consolidated financial statements comprise the Company and its subsidiaries as well as the Group's interests in associates and jointly controlled entities (together referred to as the "Group"). A more detailed overview of the Group's structure is presented in the chapter Organisational structure of the Petrol Group.

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 6 November 2017.

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 2016.

The financial statements for the period from January – September 2017 are prepared based on the same accounting policies used for the preparation of financial statements for the year ended 31 December 2016.

b. Basis of measurement

The Group's and the Company's financial statements have been prepared on the historical cost basis except for the following assets and liabilities that are carried at fair value:

- derivative financial instruments,
- financial assets at fair value through profit or loss,
- 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

The preparation of the financial statements requires management to make estimates and judgements based on the assumptions used and reviewed that affect the reported amounts of assets, liabilities, revenue and expenses. How the estimates are produced and the related assumptions and uncertainties is disclosed in the notes to individual items.

The estimates, judgements and assumptions are reviewed on a regular basis. Because estimates are subject to subjective judgments and a degree of uncertainty, actual results

might differ from the estimates. Changes in accounting estimates, judgements and assumptions are recognised in the period in which the estimates are changed if a change affects that period only. If the change affects future periods, they are recognised in the period of the change and in any future periods.

Estimates and assumptions are mainly used in the following judgements:

- estimating the lives of depreciable assets,
- assets impairment testing,
- estimating of the fair value of assets,
- estimating of the influence in jointly controlled entities,
- estimate of provisions for litigation,
- estimate of provisions for employee post-employment and other long-term benefits,
- assessing the possibility of using deferred tax assets.

Notes to individual items in the financial statements

1. Segment reporting

In view of the fact that the financial report consists of the financial statements and accompanying notes of both the Group and the Company, only the Group's operating segments are disclosed.

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

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 substantial 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 2016:

(in EUR)	Sales	Energy and Environmental Systems	Total	Statement of profit or loss/ 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 or loss 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 investees	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.

The Group's operating segments in the period 1-9 2017:

(in EUR)	Sales	Energy and Environmental Systems	Total	Statement of profit or loss/ Statement of financial position
Sales revenue	3,620,437,807	45,047,146	3,665,484,953	
Revenue from subsidiaries	(340,542,265)	(1,374,976)	(341,917,241)	
Sales revenue	3,279,895,542	43,672,170	3,323,567,712	3,323,567,712
Net profit for the year	58,898,235	1,380,179	60,278,414	60,278,414
Interest income*	1,882,592	617,317	2,499,909	2,499,909
Interest expense*	(7,929,547)	(2,600,162)	(10,529,709)	(10,529,709)
Depreciation of property, plant and equipment, depreciation of investment property, amortisation of intangible assets	(26,051,991)	(10,179,344)	(36,231,335)	(36,231,335)
Share of profit or loss of equity accounted investees	0	698,872	698,872	698,872
Total assets	1,227,456,028	236,479,962	1,463,935,990	1,463,935,990
Equity accounted investees	80,666,865	47,833,783	128,500,648	128,500,648
Property, plant and equipment, intangible assets and investment property	619,800,780	181,855,116	801,655,896	801,655,896
Other assets	526,988,383	6,791,063	533,779,446	533,779,446
Current and non-current operating and financial liabilities	660,211,627	127,195,450	787,407,077	787,407,077

*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 2017	1-9 2016	1-9 2017	1-9 2016
Utilisation of environmental provisions	937,728	992,210	933,822	986,881
Compensation, litigation proceeds and contractual penalties received	601,698	489,314	529,425	424,835
Gain on disposal of fixed assets	486,928	585,305	313,841	440,198
Compensation received from insurance companies	56,395	275,525	17,868	116,328
Other revenue	904,397	1,432,093	521,683	866,344
Total other revenue	2,987,146	3,774,447	2,316,639	2,834,586

3. Costs of material

(in EUR)	The Petrol Group		Petrol d.d.	
	1-9 2017	1-9 2016	1-9 2017	1-9 2016
Costs of energy	13,771,268	13,279,003	6,779,275	6,165,228
Costs of consumables	5,984,039	5,627,116	4,339,689	4,429,491
Write-off of small tools	195,221	218,744	41,727	39,264
Other costs of materials	427,301	437,240	266,154	287,849
Total costs of materials	20,377,829	19,562,103	11,426,845	10,921,832

4. Costs of services

(in EUR)	The Petrol Group		Petrol d.d.	
	1-9 2017	1-9 2016	1-9 2017	1-9 2016
Costs of service station managers	24,143,805	23,162,883	24,143,805	23,162,883
Costs of transport services	21,998,656	20,558,928	18,606,853	17,558,879
Costs of fixed-asset maintenance services	10,922,057	8,677,168	7,236,224	6,344,847
Lease payments	7,977,406	7,056,117	3,104,590	2,798,773
Costs of professional services	5,537,053	5,243,772	5,164,105	4,905,973
Costs of payment transactions and bank services	5,535,262	4,995,520	4,009,460	3,707,474
Costs of fairs, advertising and entertainment	4,355,363	3,892,630	3,368,409	2,934,416
Contributions for operations at motorway service areas	4,007,121	4,028,826	3,008,573	3,007,815
Costs of insurance premiums	2,679,744	2,777,076	1,730,294	1,858,805
Costs of fire protection and physical and technical security	1,364,901	1,412,734	1,113,304	1,110,019
Fees for the building site use	1,318,688	1,327,716	1,193,691	1,212,605
Property management	1,160,135	985,797	1,144,595	1,017,094
Outsourcing costs	1,053,096	1,217,697	196,860	678,062
Costs of environmental protection services	922,285	1,008,480	494,451	624,829
Reimbursement of work-related costs to employees	753,755	658,955	432,805	325,564
Concession charges	649,380	628,563	398,992	378,648
Membership fees	255,904	247,987	167,682	162,644
Other costs of services	3,294,312	2,798,741	2,459,938	1,909,491
Total costs of services	97,928,923	90,679,590	77,974,631	73,698,821

5. Labour costs

(in EUR)	The Petrol Group		Petrol d.d.	
	1-9 2017	1-9 2016	1-9 2017	1-9 2016
Salaries	39,969,737	35,900,525	27,254,973	24,217,858
Costs of pension insurance	3,767,660	3,022,077	2,926,095	2,351,875
Costs of other social insurance	3,882,757	3,618,438	2,198,582	1,927,411
Transport allowance	1,905,983	1,841,022	1,133,654	1,116,468
Annual leave allowance	1,524,922	1,298,593	1,127,307	962,145
Meal allowance	1,519,278	1,538,711	1,101,832	1,054,306
Supplementary pension insurance	764,406	720,811	696,789	655,018
Other allowances and reimbursements	2,111,387	2,374,302	1,675,373	2,061,375
Total labour costs	55,446,130	50,314,479	38,114,605	34,346,458

6. Depreciation and amortisation

(in EUR)	The Petrol Group		Petrol d.d.	
	1-9 2017	1-9 2016	1-9 2017	1-9 2016
Amortisation of intangible assets	5,279,170	4,898,831	4,496,907	4,093,372
Depreciation of property, plant and equipment	30,105,302	28,316,368	18,425,558	18,602,486
Depreciation of investment property	846,863	815,218	814,599	782,474
Total depreciation and amortisation	36,231,335	34,030,417	23,737,064	23,478,332

7. Other costs

(in EUR)	The Petrol Group		Petrol d.d.	
	1-9 2017	1-9 2016	1-9 2017	1-9 2016
Disposals/impairment of assets	14,253,963	11,771,069	7,026,140	11,682,018
Sponsorships and donations	1,535,140	1,158,045	1,431,682	1,082,254
Environmental charges and charges unrelated to operations	893,555	770,840	94,887	5,460
Other costs	700,576	752,625	277,867	218,661
Total other costs	17,383,234	14,452,579	8,830,576	12,988,393

8. Other financial income and expenses

(in EUR)	The Petrol Group		Petrol d.d.	
	1-9 2017	1-9 2016	1-9 2017	1-9 2016
Foreign exchange differences	13,016,682	10,955,504	8,594,769	7,739,398
Gain on derivatives	14,318,421	12,373,393	14,981,175	12,013,023
Interest income	2,499,909	2,865,779	2,543,398	2,455,652
Allowances for receivables reversed and bad debt recovered	1,026,928	709,006	15,218	176,217
Other finance income	38,609	3,050,327	136,567	2,635,860
Total other finance income	30,900,549	29,954,009	26,271,127	25,020,150
Foreign exchange differences	(7,693,927)	(7,938,003)	(3,991,249)	(5,235,306)
Loss on derivatives	(18,560,397)	(13,380,233)	(18,961,314)	(12,572,541)
Interest expense	(10,529,709)	(14,083,270)	(10,478,678)	(13,370,619)
Allowance for operating receivables	(6,203,469)	(671,297)	(3,707,816)	(130,194)
Allowances for financial receivables	0	0	(3,300,000)	0
Impairment of goodwill	(491,686)	0	0	0
Other finance expenses	(866,810)	(2,625,298)	(782,465)	(2,600,743)
Total other finance expenses	(44,345,998)	(38,698,101)	(41,221,522)	(33,909,403)
Net finance expense	(13,445,449)	(8,744,092)	(14,950,395)	(8,889,253)

9. Earnings per share

(in EUR)	The Petrol Group		Petrol d.d.	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
Net profit (in EUR)	60,278,414	57,208,616	49,214,914	38,719,371
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
Basic and diluted earnings per share (EUR/share)	29.24	27.75	23.87	18.78

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 concession infrastructure	Goodwill	Ongoing investments	Total
Cost					
As at 1 January 2016	17,558,277	100,766,397	106,364,856	2,784,983	227,474,513
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
As at 30 September 2016	18,505,583	103,251,076	106,929,084	1,300,299	229,986,042
Accumulated amortisation					
As at 1 January 2016	(10,013,651)	(33,065,916)	0	0	(43,079,567)
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)
As at 30 September 2016	(11,732,105)	(36,184,617)	0	0	(47,916,722)
Net carrying amount as at 1 January 2016	7,544,626	67,700,481	106,364,856	2,784,983	184,394,946
Net carrying amount as at 30 September 2016	6,773,478	67,066,459	106,929,084	1,300,299	182,069,320

(in EUR)	Software	Right to use concession infrastructure	Goodwill	Ongoing investments	Total
Cost					
As at 1 January 2017	19,571,272	104,067,778	106,509,484	1,269,770	231,418,304
New acquisitions as a control obtained	0	821	342,255	0	343,076
New acquisitions	0	0	0	11,037,459	11,037,459
Disposals/Impairments	(1,673,888)	(40,046)	(491,686)	0	(2,205,620)
Transfer from ongoing investments	1,114,554	260,041	0	(1,374,595)	0
Foreign exchange differences	4,491	57,772	121,872	1,722	185,857
As at 30 September 2017	19,016,429	104,346,366	106,481,925	10,934,356	240,779,076
Accumulated amortisation					
As at 1 January 2017	(12,253,666)	(37,971,966)	0	0	(50,225,632)
New acquisitions as a control obtained	0	(509)	0	0	(509)
Amortisation	(2,149,458)	(3,129,712)	0	0	(5,279,170)
Disposals/Impairments	129,001	10,387	0	0	139,388
Foreign exchange differences	(3,095)	(17,394)	0	0	(20,489)
As at 30 September 2017	(14,277,218)	(41,109,194)	0	0	(55,386,412)
Net carrying amount as at 1 January 2017	7,317,606	66,095,812	106,509,484	1,269,770	181,192,672
Net carrying amount as at 30 September 2017	4,739,211	63,237,172	106,481,925	10,934,356	185,392,664

Intangible assets of Petrol d.d., Ljubljana

(in EUR)	Software	Right to use concession infrastructure	Goodwill	Ongoing investments	Total
Cost					
As at 1 January 2016	17,195,771	76,884,824	89,487,071	2,777,483	186,345,149
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	(327,703)	0	0	0	(327,703)
Transfer from ongoing investments	999,705	2,279,447	0	(3,279,152)	0
As at 30 September 2016	17,872,411	79,164,271	89,487,071	1,112,978	187,636,731
Accumulated amortisation					
As at 1 January 2016	(9,738,942)	(26,514,722)	0	0	(36,253,664)
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	93,359	0	0	0	93,359
As at 30 September 2016	(11,420,266)	(28,838,049)	0	0	(40,258,315)
Net carrying amount as at 1 January 2016	7,456,829	50,370,102	89,487,071	2,777,483	150,091,485
Net carrying amount as at 30 September 2016	6,452,145	50,326,222	89,487,071	1,112,978	147,378,416

(in EUR)	Software	Right to use concession infrastructure	Goodwill	Ongoing investments	Total
Cost					
As at 1 January 2017	18,958,934	81,374,984	89,138,157	1,073,527	190,545,602
New acquisitions	0	0	0	10,994,102	10,994,102
Disposals/Impairments	(1,665,326)	0	0	0	(1,665,326)
Transfer from ongoing investments	1,097,780	233,918	0	(1,331,698)	0
As at 30 September 2017	18,391,388	81,608,902	89,138,157	10,735,931	199,874,378
Accumulated amortisation					
As at 1 January 2017	(11,952,028)	(30,598,285)	0	0	(42,550,313)
Amortisation	(2,074,697)	(2,422,210)	0	0	(4,496,907)
Disposals/Impairments	121,141	0	0	0	121,141
As at 30 September 2017	(13,905,584)	(33,020,495)	0	0	(46,926,079)
Net carrying amount as at 1 January 2017	7,006,906	50,776,699	89,138,157	1,073,527	147,995,289
Net carrying amount as at 30 September 2017	4,485,804	48,588,407	89,138,157	10,735,931	152,948,299

11. Property, plant and equipment

Property, plant and equipment of the Petrol Group

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2016	216,889,113	623,589,973	33,914,127	187,871,229	20,809,482	1,083,073,924
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
As at 30 September 2016	207,527,008	628,260,612	34,870,301	193,542,276	42,243,502	1,106,443,699
Accumulated depreciation						
As at 1 January 2016	0	(340,685,347)	(16,767,864)	(121,555,001)	0	(479,008,211)
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)
As at 30 September 2016	0	(354,110,710)	(18,137,005)	(128,416,746)	0	(500,664,460)
Net carrying amount as at 1 January 2016	216,889,113	282,904,626	17,146,263	66,316,228	20,809,482	604,065,712
Net carrying amount as at 30 September 2016	207,527,008	274,149,902	16,733,296	65,125,530	42,243,502	605,779,238

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2017	210,223,392	630,442,717	35,094,760	189,822,550	42,083,400	1,107,666,819
New acquisitions as a result of control obtained	153,813	89,082	0	32,805	0	275,700
New acquisitions	0	0	0	0	33,311,207	33,311,207
Disposals/Impairments	(2,923,804)	(10,926,371)	(659,913)	(2,911,434)	(40,929)	(17,462,451)
Transfer from ongoing investments	2,489,619	11,667,803	956,976	36,218,142	(51,332,540)	0
Transfer to investment property	(392)	(2,708,058)	0	0	0	(2,708,450)
Transfer from investment property	477,897	1,240,859	0	0	0	1,718,756
Foreign exchange differences	904,661	2,272,770	1,020	263,297	526,168	3,967,916
As at 30 September 2017	211,325,186	632,078,802	35,392,843	223,425,360	24,547,306	1,126,769,497
Accumulated depreciation						
As at 1 January 2017	0	(358,316,182)	(18,582,112)	(124,830,764)	0	(501,729,058)
New acquisitions as a result of control obtained	0	(4,441)	0	(17,529)	0	(21,970)
Depreciation	0	(16,953,488)	(1,409,247)	(11,742,567)	0	(30,105,302)
Disposals/Impairments	0	452,287	659,203	2,779,442	0	3,890,932
Transfer to investment property	0	974,167	0	0	0	974,167
Transfer from investment property	0	(760,572)	0	0	0	(760,572)
Foreign exchange differences	0	(670,649)	(947)	(243,628)	0	(915,224)
As at 30 September 2017	0	(375,278,878)	(19,333,103)	(134,055,046)	0	(528,667,027)
Net carrying amount as at 1 January 2017	210,223,392	272,126,535	16,512,648	64,991,786	42,083,400	605,937,761
Net carrying amount as at 30 September 2017	211,325,186	256,799,924	16,059,740	89,370,314	24,547,306	598,102,470

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

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
Cost					
As at 1 January 2016	112,235,559	471,001,295	169,633,896	15,900,194	768,770,944
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
As at 30 September 2016	101,244,443	474,324,114	173,463,972	11,262,865	760,295,393
Accumulated depreciation					
As at 1 January 2016	0	(322,982,864)	(118,839,077)	0	(441,821,941)
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)
As at 30 September 2016	0	(332,010,197)	(124,086,851)	0	(456,097,048)
Net carrying amount as at 1 January 2016	112,235,559	148,018,431	50,794,819	15,900,194	326,949,002
Net carrying amount as at 30 September 2016	101,244,443	142,313,917	49,377,121	11,262,865	304,198,345

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
Cost					
As at 1 January 2017	106,043,536	476,160,386	171,338,303	9,594,422	763,136,647
New acquisitions	0	0	0	13,909,090	13,909,090
Disposals/Impairments	(1,515,273)	(4,935,439)	(2,426,114)	(40,929)	(8,917,755)
Transfer from ongoing investments	892,818	7,949,828	6,058,223	(14,900,869)	0
Transfer to investment property	(392)	(2,708,058)	0	0	(2,708,450)
Transfer from investment property	477,897	1,221,607	0	0	1,699,504
As at 30 September 2017	105,898,586	477,688,324	174,970,412	8,561,714	767,119,036
Accumulated depreciation					
As at 1 January 2017	0	(334,960,876)	(121,371,254)	0	(456,332,130)
Depreciation	0	(11,030,353)	(7,395,205)	0	(18,425,558)
Disposals/Impairments	0	399,397	2,380,955	0	2,780,352
Transfer to investment property	0	974,166	0	0	974,166
Transfer from investment property	0	(752,471)	0	0	(752,471)
As at 30 September 2017	0	(345,370,137)	(126,385,504)	0	(471,755,641)
Net carrying amount as at 1 January 2017	106,043,536	141,199,510	49,967,049	9,594,422	306,804,517
Net carrying amount as at 30 September 2017	105,898,586	132,318,187	48,584,908	8,561,714	295,363,395

12. Investment in subsidiaries

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

(in EUR)	Petrol d.d.	
	30 September 2017	30 September 2016
As at 1 January	290,581,344	286,097,454
New acquisitions	3,200,000	9,659,623
Merger by absorption	0	(755,579)
As at 30 September	293,781,344	295,001,498

13. Investments in jointly controlled entities

(in EUR)	The Petrol Group		Petrol d.d.	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
As at 1 January	1,652,682	50,451,020	1,196,000	2,512,140
Attributed profit/loss	148,407	78,406	0	0
Dividends received	(150,000)	(2,150,000)	0	0
As at 30 September	1,651,089	48,379,426	1,196,000	2,512,140

14. Investments in associates

(in EUR)	The Petrol Group		Petrol d.d.	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
As at 1 January	129,686,241	117,494,379	52,852,540	53,206,341
Attributed profit/loss	550,465	4,076,413	0	0
Dividends received	(3,387,147)	(3,215,883)	0	0
New acquisitions	0	2,500	0	0
Disposals	0	(399,899)	0	(353,801)
Attributed changes in the equity of associates	0	(23,647)	0	0
As at 30 September	126,849,559	117,933,863	52,852,540	52,852,540

15. Financial assets available for sale

(in EUR)	The Petrol Group		Petrol d.d.	
	30 September 2017	30 September 2016	30 September 2017	30 September 2016
As at 1 January	2,598,071	1,764,945	2,519,028	1,685,902
New acquisitions	36,464	1,163,555	36,464	1,163,555
Disposals	(2,903)	(77,512)	(2,903)	(77,512)
As at 30 September	2,631,632	2,850,989	2,552,588	2,771,945

16. Inventories

(in EUR)	The Petrol Group		Petrol d.d.	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Spare parts and materials inventories	2,586,051	2,377,970	2,065,871	1,690,395
Merchandise:	99,374,818	113,839,201	78,241,578	93,804,392
- fuel	63,600,724	79,838,753	47,965,952	65,896,850
- other petroleum products	4,491,605	4,787,441	3,779,197	4,106,104
- other merchandise	31,282,489	29,213,007	26,496,429	23,801,438
Total inventories	101,960,869	116,217,171	80,307,449	95,494,787

17. Current financial receivables

(in EUR)	The Petrol Group		Petrol d.d.	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Loans granted	10,038,715	11,886,653	22,467,581	22,607,878
Adjustment for loans granted	(5,472,026)	(5,469,993)	(8,270,442)	(4,480,523)
Bank deposits (3 months to 1 year)	260,300	260,192	0	0
Interest receivables	1,084,530	1,009,532	4,186,931	3,702,422
Allowance for interest receivables	(1,054,404)	(858,505)	(3,822,374)	(3,472,146)
Finance lease receivables	90,265	94,715	90,265	94,715
Bank receivables arising from interest rate swaps	79,858	0	0	0
Total current financial receivables	5,027,238	6,922,594	14,651,961	18,452,346

18. Current operating receivables

(in EUR)	The Petrol Group		Petrol d.d.	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Trade receivables	402,860,511	426,258,672	310,165,825	341,939,337
Allowance for trade receivables	(54,974,550)	(50,680,784)	(31,554,507)	(28,464,056)
Operating receivables from state and other institutions	3,105,888	4,278,940	334,929	353,131
Operating interest receivables	4,593,831	4,328,195	5,668,300	5,423,304
Allowance for interest receivables	(2,736,481)	(2,445,571)	(2,584,250)	(2,310,446)
Receivables from insurance companies (loss events)	249,077	230,802	148,574	171,681
Other operating receivables	1,394,985	946,224	95,183	56,970
Allowance for other receivables	(384,365)	(384,365)	0	0
Total current operating receivables	354,108,896	382,532,113	282,274,054	317,169,921

19. Financial assets at fair value through profit or loss

(in EUR)	The Petrol Group		Petrol d.d.	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Assets arising from commodity swaps	1,195,745	1,110,122	1,195,745	1,110,122
Assets arising from forward contracts	977,740	676,917	977,740	676,917
Other assets	0	49,023	0	0
Total financial assets at fair value through profit or loss	2,173,485	1,836,062	2,173,485	1,787,039

20. Prepayments and other assets

(in EUR)	The Petrol Group		Petrol d.d.	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Prepayments	18,184,515	10,950,578	17,337,049	8,769,527
Prepaid subscriptions, specialised literature, etc.	2,022,767	1,478,962	1,704,653	918,964
Uninvoiced services and goods	1,294,957	636,935	3,375,600	609,507
Prepaid insurance premiums	1,269,061	756,607	930,765	527,592
Other deferred costs and accrued revenue	2,070,226	1,491,325	1,224,802	345,380
Total prepayments and other assets	24,841,526	15,314,407	24,572,869	11,170,970

21. Financial liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Current financial liabilities				
Bonds issued	32,269,307	33,013,863	32,269,307	33,013,863
Bank loans	376,685	58,855,967	215,247	55,012,640
Liabilities arising from commodity swaps	938,648	94,738	938,648	94,738
Liabilities to banks arising from interest rate swaps	253,793	0	253,793	0
Liabilities to banks arising from forward contracts	63,799	24,432	63,799	24,432
Other liabilities from financial instruments	0	0	2,568,846	2,568,846
Other loans and financial liabilities	1,768,017	10,496,363	102,338,875	97,422,702
	35,670,249	102,485,363	138,648,515	188,137,221
Non-current financial liabilities				
Bonds issued	267,553,734	241,915,076	267,553,734	241,915,076
Bank loans	99,928,584	63,013,412	49,914,580	9,950,067
	367,482,318	304,928,488	317,468,314	251,865,143
Total financial liabilities	403,152,567	407,413,851	456,116,829	440,002,364

22. Current operating liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Trade liabilities	262,618,768	349,231,923	217,481,127	313,844,825
Excise duty liabilities	69,018,335	64,588,054	59,370,899	57,143,816
Value added tax liabilities	22,025,177	16,569,741	13,721,870	9,877,291
Environment pollution charge liabilities	10,475,816	10,706,855	10,397,188	10,575,247
Liabilities to employees	8,685,100	7,002,140	6,948,588	5,610,535
Import duty liabilities	2,688,419	1,956,618	2,812	7,764
Liabilities arising from prepayments and collaterals	2,594,536	2,431,640	1,979,609	1,456,672
Other liabilities to the state and other state institutions	1,512,575	1,041,033	206,142	199,060
Social security contribution liabilities	668,159	563,350	495,079	470,652
Liabilities associated with the allocation of profit or loss	636,975	667,711	636,975	667,711
Other liabilities	2,037,637	1,457,320	2,227,879	1,555,628
Total current operating and other liabilities	382,961,497	456,216,385	313,468,168	401,409,201

23. Other liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Accrued goods shortages	1,948,209	187,712	750,842	187,712
Accrued annual leave expenses	1,813,971	1,810,185	1,159,440	1,159,440
Accrued litigation expenses	924,445	926,097	708,013	644,546
Accrued expenses for tanker demurrage	297,191	120,319	297,191	120,319
Accrued costs for uninvoiced goods	236,882	114,531	0	0
Accrued motorway site lease payments	152,169	115,987	152,169	115,987
Accrued concession fee costs	152,160	253,617	43,464	181,264
Other accrued costs	15,096,796	8,078,921	7,581,519	4,660,247
Deferred revenue from rebates granted	2,293,178	354,372	1,767,859	125,018
Deferred default interest income	1,586,642	1,593,632	1,586,642	1,586,642
Deferred prepaid card revenue	1,243,253	1,968,129	1,122,810	1,878,879
Deferred revenue from heating	9,902	87,202	0	0
Other deferred revenue	748,743	454,976	112,327	278,549
Total other liabilities	26,503,541	16,065,680	15,282,276	10,938,604

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*.

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.

Credit risk

Maximum exposure to credit risk represents the carrying amount of financial assets which was the following as at 30 September 2017:

(in EUR)	The Petrol Group		Petrol d.d.	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Financial assets available for sale	2,631,632	2,598,071	2,552,588	2,519,028
Non-current financial receivables	995,061	1,079,152	25,688,573	27,421,814
Non-current operating receivables	2,144,239	650,916	2,134,824	643,851
Current financial receivables	5,027,238	6,922,594	14,651,961	18,452,346
Current operating receivables (excluding receivables from the state)	351,003,008	378,253,173	281,939,125	316,816,790
Financial assets at fair value through profit or loss	2,173,485	1,836,062	2,173,485	1,787,039
Cash and cash equivalents	33,512,233	26,987,969	14,669,667	12,657,723
Total assets	397,486,896	418,327,937	343,810,223	380,298,591

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	329,814,579	30,703,365	6,810,275	1,228,235	7,021,434	375,577,888
Interest receivables	1,630,156	113,632	52,163	30,430	56,243	1,882,624
Other receivables (without receivables from state)	724,863	39,031	16,316	3,247	9,204	792,661
Total as at 31 December 2016	332,169,598	30,856,028	6,878,754	1,261,912	7,086,881	378,253,173
(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	316,123,675	15,155,173	7,692,139	1,003,152	7,911,822	347,885,961
Interest receivables	1,632,120	155,274	20,589	8,817	40,550	1,857,350
Other receivables (without receivables from state)	1,189,208	47,117	10,362	8,638	4,372	1,259,697
Total as at 30 September 2017	318,945,003	15,357,564	7,723,090	1,020,607	7,956,744	351,003,008

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

(in EUR)	Not yet due	Up to 30 days overdue	Breakdown by maturity			Total
			31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	
Trade receivables	277,909,877	21,127,205	5,204,968	1,971,169	7,262,062	313,475,281
Interest receivables	2,214	74,029	46,958	55,285	2,934,371	3,112,858
Other receivables (without receivables from state)	228,651	0	0	0	0	228,651
Total as at 31 December 2016	278,140,742	21,201,234	5,251,926	2,026,454	10,196,434	316,816,790

(in EUR)	Not yet due	Up to 30 days overdue	Breakdown by maturity			Total
			31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	
Trade receivables	257,634,364	8,956,943	4,562,592	660,278	6,797,142	278,611,318
Interest receivables	1,598,518	126,984	48,886	0	1,309,662	3,084,050
Other receivables (without receivables from state)	243,757	0	0	0	0	243,757
Total as at 30 September 2017	259,476,639	9,083,927	4,611,478	660,278	8,106,803	281,939,125

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

(in days)	The Petrol Group		Petrol d.d.	
	1-9 2017	1-12 2016	1-9 2017	1-12 2016
Days sales outstanding				
Contract days	29	30	28	30
Overdue receivables in days	9	12	8	10
Total days sales outstanding	38	42	36	40

Liquidity risk

The Group/Company successfully manages liquidity risks according to Standard & Poor's guidelines.

The Group/Company manages liquidity risks through:

- deleveraging (measured as the net debt to EBITDA ratio) as laid down in the strategy;
- ensuring adequate structural liquidity in accordance with S&P methodology;
- standardised and centralised treasury management at Group level;
- annual funding for the Petrol Group as well as monthly and daily planning;
- unified approach to banks in Slovenia and abroad is handled by the headquarters;
- cash flow planning IT application for the 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 also in 2017, which enables optimal liquidity management of both, surpluses or shortages.

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

The Group's liabilities as at 31 December 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	304,928,488	323,487,074	0	0	323,487,074	0
Non-current operating liabilities (without other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	102,485,363	111,113,099	75,544,574	35,568,525	0	0
Current operating liabilities (without liabilities to state, employees and advances)	351,356,954	351,356,954	350,514,241	842,713	0	0
As at 31 December 2016	758,794,805	785,981,127	426,058,815	36,411,238	323,511,074	0

The Group's liabilities as at 30 September 2017 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	367,482,318	382,009,416	0	0	336,700,894	45,308,522
Non-current operating liabilities (without other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	35,670,249	47,604,275	40,220,413	7,383,862	0	0
Current operating liabilities (without liabilities to state, employees and advances)	265,293,380	265,293,380	262,115,986	3,177,394	0	0
As at 30 September 2017	668,469,947	694,931,071	302,336,399	10,561,256	336,724,894	45,308,522

The Company's liabilities as at 31 December 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	251,865,143	267,846,687	0	0	267,846,687	0
Non-current operating liabilities (without other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	188,137,221	196,385,051	120,556,098	75,828,953	0	0
Current operating liabilities (without liabilities to state, employees and advances)	316,068,164	316,068,164	314,614,470	1,453,694	0	0
As at 31 December 2016	756,094,528	780,323,902	435,170,568	77,282,647	267,870,687	0

The Company's liabilities as at 30 September 2017 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	317,468,314	330,062,189	0	0	284,753,667	45,308,522
Non-current operating liabilities (without other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	138,648,515	149,887,568	137,284,341	12,603,227	0	0
Current operating liabilities (without liabilities to state, employees and advances)	220,345,981	220,345,981	220,222,426	123,555	0	0
As at 30 September 2017	676,486,810	700,319,738	357,506,767	12,726,782	284,777,667	45,308,522

Foreign exchange risk

As far as foreign exchange risks are concerned, the Group/Company is mostly exposed to the risk of changes in the EUR/USD exchange rate. Petroleum products are generally purchased in US dollars and sold in local currencies. For government-regulated fuels, hedging is performed in accordance with the Group's price and foreign exchange risk management policies prepared on the basis of the Decree Setting Prices for certain Petroleum Products, whereas for fuels with market-determined prices, internal Rules on the Pricing of Mineral Fuels are used.

Foreign exchange hedging is used to hedge against the exposure to changes in the EUR/USD exchange rate. The EUR/USD exchange rate is fixed at the rate recognised under the Decree Setting Prices for certain Petroleum Products and the internal rules, and the

margin is thus secured. The Group/Company predominantly uses forward contracts to hedge the 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. Considering the low volatility of local currency exchange rates in South-eastern markets and the relatively low exposure, the Group/Company believes it is not exposed to significant risks in this area. To control these risks, we rely on natural hedging to the largest possible extent.

In the first nine months of 2017, the Group/Company was also exposed to certain other currencies (RON, HUF), which were hedged using derivative financial instruments.

The Group/Company regularly monitors its open currency position and sensitivity based on the VaR method for all currencies to which it is exposed.

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 risks are loans with a floating interest rate that are mostly Euribor based.

In the first nine months of 2017, the Group/Company continued to monitor the limit corresponding to changes in net interest expense.

The exposure to interest rate risks is hedged using the following instruments:

- partly through ongoing operations, the Group's/Company's interest rate on operating receivables being Euribor-based,
- interest rate swaps and
- funding with a fixed interest rate.

The Group/Company 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 the best possible financial stability, solvency and maximum shareholder value. The Group/Company achieves this also through stable 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. On 20 March 2017, Standard & Poor's Ratings Services reaffirmed the „BBB-“ long-term credit rating and the „A-3“ short-term credit rating of Petrol d.d., Ljubljana, and the “stable” credit rating outlook was also reaffirmed.

The Petrol Group continued to implement the strategic directions in the first nine months of 2017 to keep indebtedness in line with the strategic plan.

Carrying amount and fair value of financial instruments

(in EUR)	The Petrol Group			
	30 September 2017 Carrying amount	Fair value	31 December 2016 Carrying amount	Fair value
Non-derivative financial assets at fair value				
Financial assets available for sale	2,631,632	2,631,632	2,598,071	2,598,071
Non-derivative financial assets at amortised cost				
Financial receivables	6,022,299	6,022,299	8,001,746	8,001,746
Operating receivables (without receivables from state)	353,147,247	353,147,247	378,904,089	378,904,089
Cash and cash equivalents	33,512,233	33,512,233	26,987,969	26,987,969
Total non-derivative financial assets	395,313,411	395,313,411	416,491,875	416,491,875
Non-derivative financial liabilities at amortised cost				
Bank loans and other financial liabilities (without derivative fin.instr.),	(401,896,327)	(401,896,327)	(407,294,681)	(407,294,681)
Operating liabilities (without other long term liabilities, short term liabilities to state, employees and advances)	(265,317,380)	(265,317,380)	(351,380,954)	(351,380,954)
Total non-derivative financial liabilities	(667,213,707)	(667,213,707)	(758,675,635)	(758,675,635)
Derivative financial instruments at fair value				
Derivative financial instruments (assets)	2,253,343	2,253,343	1,836,062	1,836,062
Derivative financial instruments (liabilities)	(1,256,240)	(1,256,240)	(119,170)	(119,170)
Total derivative financial instruments	997,103	997,103	1,716,892	1,716,892

(in EUR)	Petrol d.d.			
	30 September 2017 Carrying amount	Fair value	31 December 2016 Carrying amount	Fair value
Non-derivative financial assets at fair value				
Financial assets available for sale	2,552,588	2,552,588	2,519,028	2,519,028
Non-derivative financial assets at amortised cost				
Financial receivables	40,340,534	40,340,534	45,874,160	45,874,160
Operating receivables (without receivables from state)	284,073,949	284,073,949	317,460,641	317,460,641
Cash and cash equivalents	14,669,667	14,669,667	12,657,723	12,657,723
Total non-derivative financial assets	341,636,738	341,636,738	378,511,552	378,511,552
Non-derivative financial liabilities at amortised cost				
Bank loans and other financial liabilities (without derivative fin.instr.),	(452,291,743)	(452,291,743)	(437,314,348)	(437,314,348)
Operating liabilities (without other long term liabilities, short term liabilities to state, employees and advances)	(220,369,981)	(220,369,981)	(316,092,164)	(316,092,164)
Total non-derivative financial liabilities	(672,661,724)	(672,661,724)	(753,406,512)	(753,406,512)
Derivative financial instruments at fair value				
Derivative financial instruments (assets)	2,173,485	2,173,485	1,787,039	1,787,039
Derivative financial instruments (liabilities)	(3,825,086)	(3,825,086)	(2,688,016)	(2,688,016)
Total derivative financial instruments	(1,651,601)	(1,651,601)	(900,977)	(900,977)

25. Related party transactions

(in EUR)	The Petrol Group		Petrol d.d.	
	1-9 2017	1-9 2016	1-9 2017	1-9 2016
Sales revenue:				
Subsidiaries	-	-	211,355,077	208,785,969
Jointly controlled entities	745,319	19,022,295	61,523	18,439,758
Associates	40,654	28,430	40,654	28,430
Cost of goods sold:				
Subsidiaries	-	-	33,683,526	20,443,958
Jointly controlled entities	97,532	40,357,387	0	18,502,725
Associates	13,420,401	13,569,389	40,086	107,224
Cost of materials:				
Subsidiaries	-	-	1,069,591	1,038,164
Jointly controlled entities	3,527	132,164	1,564	130,951
Associates	227,529	133,290	0	25,397
Cost of services:				
Subsidiaries	-	-	873,230	902,668
Jointly controlled entities	0	0	0	0
Associates	40	0	40	0
Other costs:				
Subsidiaries	-	-	21	4
Jointly controlled entities	253	6	0	0
Associates	0	0	0	0
Finance income from interests in Group companies:				
Subsidiaries	-	-	60,595	0
Jointly controlled entities	148,407	143,545	150,000	150,000
Associates	550,465	4,172,841	2,906,566	2,726,368
Finance expenses for interests in Group companies:				
Subsidiaries	-	-	0	0
Jointly controlled entities	0	65,139	0	0
Associates	0	96,428	0	0
Finance income from interest:				
Subsidiaries	-	-	640,962	768,248
Jointly controlled entities	0	146,515	0	146,515
Associates	0	0	0	0
Gain of derivatives:				
Subsidiaries	-	-	753,053	0
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Other finance income:				
Subsidiaries	-	-	97,959	0
Jointly controlled entities	0	0	0	0
Associates	2,706	0	2,076	0
Finance expenses due to impairment of goodwill:				
Subsidiaries	491,686	0	0	0
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Finance expenses for interest:				
Subsidiaries	-	-	512,363	1,059,541
Jointly controlled entities	244	0	244	0
Associates	8,848	23,599	8,848	21,052
Loss on derivatives:				
Subsidiaries	-	-	677,262	0
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Allowance for financial receivables:				
Subsidiaries	-	-	3,300,000	0
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0

(in EUR)	The Petrol Group		Petrol d.d.	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Investments in Group companies:				
Subsidiaries	-	-	293,781,344	290,581,344
Jointly controlled entities	1,651,089	1,652,682	1,196,000	1,196,000
Associates	126,849,559	129,686,241	52,852,540	52,852,540
Non-current financial receivables:				
Subsidiaries	-	-	24,696,747	26,345,830
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Current operating receivables:				
Subsidiaries	-	-	30,994,566	33,536,819
Jointly controlled entities	405,539	484,760	293,339	363,359
Associates	4,472	12,555	4,472	12,555
Current financial receivables:				
Subsidiaries	-	-	10,832,123	13,034,171
Jointly controlled entities	1,070,000	1,070,000	1,070,000	1,070,000
Associates	0	0	0	0
Short-term deposits (up to 3 months):				
Subsidiaries	-	-	475,223	1,047,644
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Current accrued revenue:				
Subsidiaries	-	-		0
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Current financial liabilities:				
Subsidiaries	-	-	103,251,422	89,607,113
Jointly controlled entities	1,571,938	1,271,910	1,571,938	1,271,910
Associates	0	9,000,164	0	9,000,164
Current operating liabilities:				
Subsidiaries	-	-	4,122,581	7,980,150
Jointly controlled entities	23,785	13,727	1,163	1,215
Associates	1,800,820	4,728,836	8,639	38,165
Current accrued costs and expenses:				
Subsidiaries	-	-	580,241	0
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0

26. Contingent liabilities

Contingent liabilities for guarantees issued

(in EUR)	Petrol d.d.		Petrol d.d.	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Guarantee issued to:	Value of guarantee issued		Guarantee amount used	
Petrol d.o.o.	110,770,511	126,966,937	69,089,205	67,725,299
Petrol d.o.o. Beograd	8,521,223	14,493,528	1,000,000	1,500,000
Petrol Bucharest Rom SRL	4,500,000	4,000,000	0	885,936
Petrol BH Oil Company d.o.o.	4,443,551	7,270,484	3,067,751	2,844,647
Petrol-Trade Handelsges.m.b.H.	3,000,000	3,000,000	2,250,000	2,250,000
Petrol Cma Gora MNE d.o.o.	1,720,000	1,720,000	210,213	106,509
Aquasystems d.o.o.	911,309	911,309	911,309	911,309
Petrol Geoterm d.o.o.	132,490	132,490	132,490	132,490
Petrol Energetika d.o.o.	50,000	8,250,000	0	0
Petrol Plin d.o.o.	0	4,525,207	0	337,579
Eltec Petrol d.o.o., Beograd	0	360,000	0	3,915
Total	134,049,084	171,629,955	76,660,968	76,697,684
Other guarantees	7,597,112	7,311,126	7,597,112	7,311,126
Bills of exchange issued as security	3,550,733	2,483,522	3,550,733	2,483,522
Total contingent liabilities for guarantees issued	145,196,929	181,424,603	87,808,813	86,492,332

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 33,155,062. 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 708,013 as at 30 September 2017.

The total value of lawsuits against the Group as defendant and debtor totals EUR 37,032,299. 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 924,445 as at 30 September 2017.

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 2017.

APPENDIX 1: ORGANISATIONAL STRUCTURE OF THE PETROL GROUP

The Petrol Group as at 30 September 2017	Sales	Energy and environmental systems	Trading
The parent company			
PETROL d.d., LJUBLJANA	✓	✓	✓
Subsidiaries			
PETROL d.o.o. (100%)	✓	✓	✓
DUBROVNIK PLIN 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 ENERGETIKA, d.o.o. (99.38%)	✓	✓	
RODGAS AD Bačka Topola (100%)	✓	✓	
PETROL GEOTERM d.o.o. (100%)	✓	✓	
BEOGAS INVEST d.o.o. Beograd (100%)	✓	✓	
BEOGAS AD Beograd (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%)	✓		
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%)		✓	
VJETROELEKTRANE GLUNČA d.o.o. (100%)		✓	
IG ENERGETSKI SISTEMI d.o.o. (100%)			✓
GEN-EL d.o.o. (25%) (Associate)			✓
EKOPUR d.o.o. (100%)	✓	✓	
GEOPLIN d.o.o., Ljubljana (7.39%) (Associate)	✓	✓	
PLINHOLD d.o.o., Ljubljana (7.39%) (Associate)		✓	
Jointly controlled entities			
PETROL OTI SLOVENIJA L.L.C. (51%)	✓		
GEOENERGO d.o.o. (50%)		✓	
SOENERGETIKA d.o.o. (25%)		✓	
Associates			
GEOPLIN d.o.o. Ljubljana (33.32%)	✓	✓	
PLINHOLD d.o.o. Ljubljana (33.32%)		✓	
AQUASYSTEMS d.o.o. (26%)		✓	