

Report on the operations of the Petrol Group and Petrol d.d., Ljubljana in the first six months of 2018



August 2018

PETROL

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STATEMENT OF THE MANAGEMENT BOARD

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

- the financial report of the Petrol Group and Petrol d.d., Ljubljana for the first six months of 2018 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 six months of 2018 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 six months of 2018 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 and Worker Director

INTRODUCTORY NOTES

The report on the operations of the Petrol Group and Petrol, d.d., Ljubljana, Dunajska 50, in the first six months of 2018 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 six months of 2018 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 accordance with IFRS, investments in subsidiaries, jointly controlled entities and associates are carried at historical cost in the separate financial statements.

The report on the operations in the first six months of 2018 has been published on the website of Petrol d.d., Ljubljana (<http://www.petrol.si>), and is available on demand at the registered office of Petrol d.d., Ljubljana, Dunajska cesta 50, 1000 Ljubljana, every working day between 8 am and 3 pm.

The Company's Supervisory Board discussed the report on the operations of the Petrol Group and Petrol d.d., Ljubljana in the first six months of 2018 at its meeting held on 23 August 2018.

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 Stebemak, 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

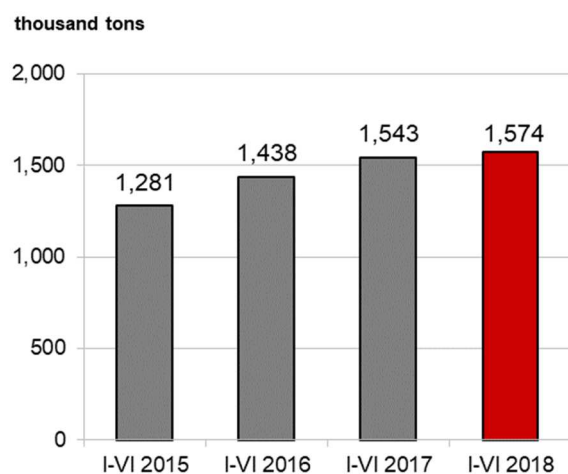
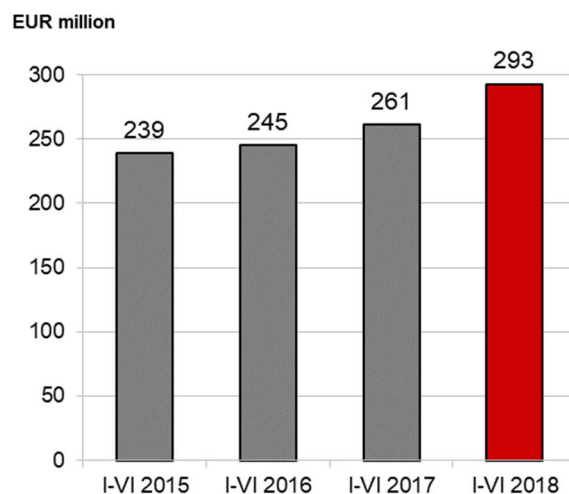
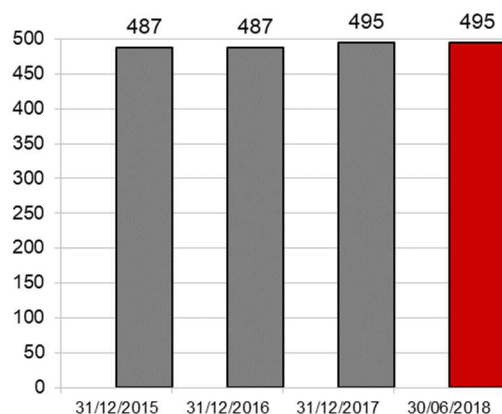
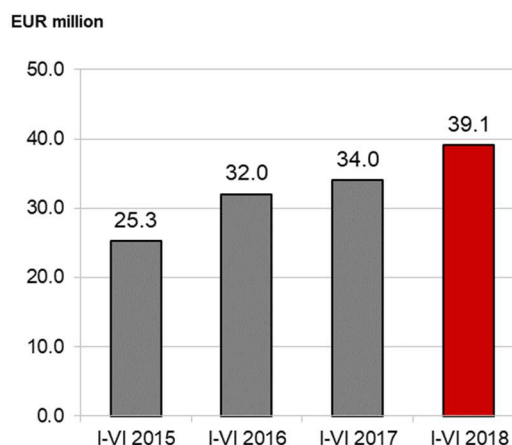
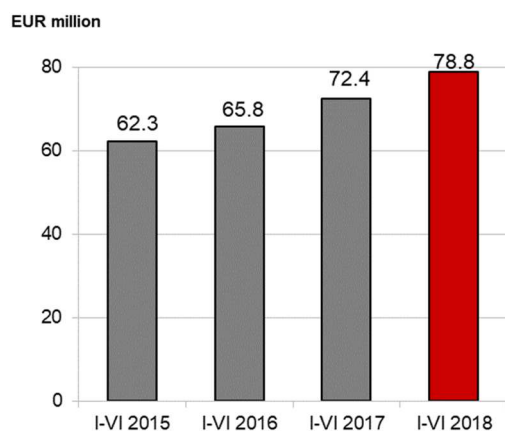
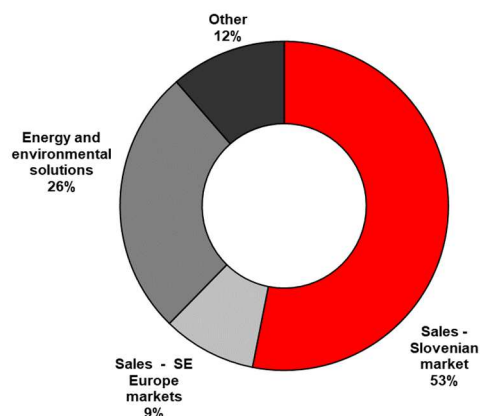
The Petrol Group	Unit	I-VI 2018	I-VI 2017	Index 2018 / 2017
Sales revenues	EUR million	2,436.4	2,152.9	113
Adjusted gross profit ¹	EUR million	209.4	190.4	110
Operating profit	EUR million	53.9	48.9	110
Net profit	EUR million	39.1	34.0	115
EBITDA	EUR million	78.8	72.4	109
Non-current (long-term) assets as at period end	EUR million	826.9	808.7	102
Earnings per share	EUR	19.0	16.5	115
Net debt / Equity		0.4	0.6	65
Net debt / EBITDA ²		1.6	2.3	69

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

² Calculated on an annual level

The Petrol Group	Unit	I-VI 2018	I-VI 2017	Index 2018 / 2017
Volume of petroleum products sold	thousand tons	1,573.9	1,543.3	102
Volume of liquefied petroleum gas sold	thousand tons	77.2	72.5	106
Volume of natural gas sold	thousand MWh	11,083.1	704.8	-
Heat sold	thousand MWh	84.6	82.8	102
Revenue from the sale of merchandise	EUR million	292.8	261.3	112
Number of service stations as at period end ¹		495	495	100

¹ Number of service stations for the year 2017 as at 31 December 2017.

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 six months of 2018


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 demanding 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 six months of 2018 stood at EUR 2.4 billion, a year-on-year increase of 13 percent, which was mainly due to higher oil prices. Adjusted gross profit totalled EUR 209.4 million or 10 percent more than in the first six months of 2017, with EBITDA amounting to EUR 78.8 million or 9 percent more than in the first six months of 2017.

Figure 7: EBITDA broken down by activity

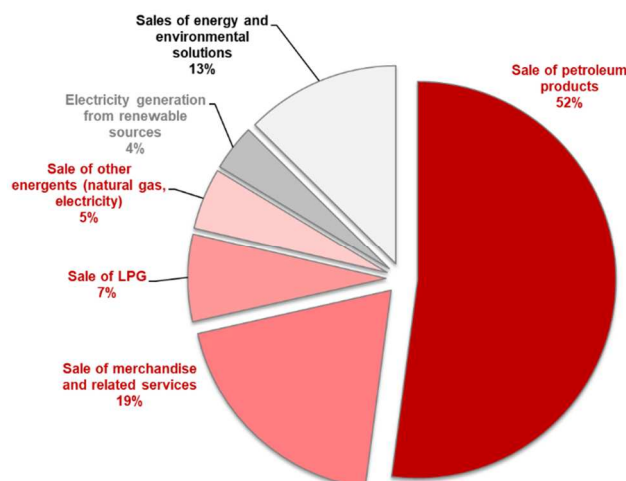
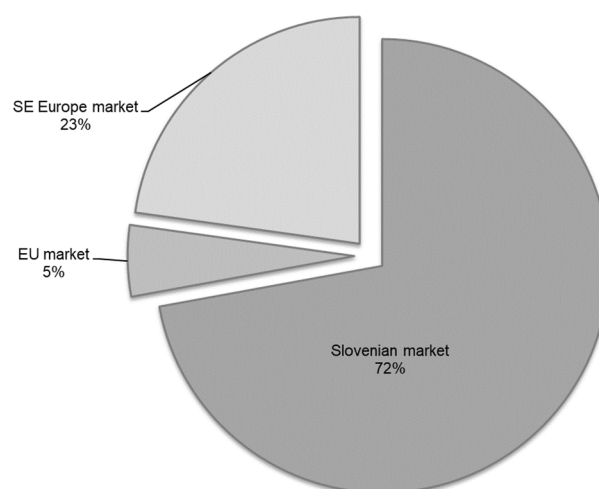


Figure 8: EBITDA broken down by market



Pre-tax profit totalled EUR 47.7 million or 18 percent more than in the first six months of 2017, with net profit for the period amounting to EUR 39.1 million, up 15 percent year-on-year.

In the first six months of 2018, the Petrol Group sold 1,573.9 thousand tons of petroleum products¹, up 2 percent from the same period of 2017. In Slovenia, the six-month sales of petroleum products stood at 787.6 thousand tons, accounting for 50 percent of the Petrol Group's total sales. In the same period, the Group sold 360.2 thousand tons of petroleum products in SEE markets, representing 23 percent of the Petrol Group's total sales, and 426.1 thousand tons in EU markets, which represented 27 percent of the Group's total sales.

In the first six months of 2018, 41 percent of petroleum product sales were generated in the retail market and 59 percent in the wholesale market. At the end of June 2018, the Petrol Group's retail network consisted of 495 service stations, of which 317 were in Slovenia, 105 in Croatia, 39 in Bosnia and Herzegovina, 12 in Serbia, 11 in Montenegro and 11 in Kosovo.

During this period, EUR 292.8 million was generated in revenue from the sale of merchandise, an increase of 12 percent compared to the same period of the previous year.

In the first six months of 2018, the Petrol Group sold 77.1 thousand tons of liquefied petroleum gas, a year-on-year increase of 6 percent, and 11.1 TWh of natural gas.

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 six months of 2018 broken down by type of activity:

- A. Sales, consisting of petroleum product sales, liquefied petroleum gas sales, natural gas sales and trading, electricity sales and trading, merchandise sales and sale of services
- B. Energy and environmental solutions
- C. Production of renewable electricity

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

A. SALES

Sales of petroleum products

In the first six months of 2018, the Petrol Group sold 1,573.9 thousand tons of petroleum products, a year-on-year increase of 2 percent.

In this period, 787.6 thousand tons of petroleum products were sold in Slovenia, which was 5 percent more than in the same period of 2017. Of this quantity, liquid fuels accounted for 750.9 thousand tons and other petroleum products for 36.7 thousand tons. Motor fuel sales (petrol and diesel fuel) were up 4 percent compared to the previous year's figures for this period.

In SEE markets, 360.2 thousand tons of petroleum products were sold in the first six months of 2018, a year-on-year increase of 3 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 4.6 thousand tons of petroleum products.

In EU markets, 426.1 thousand tons of petroleum products were sold in the first six months of 2018, which was 4 percent less than in the same period of 2017. 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 28 February 2018, the prices of regulated motor fuels were set in accordance with the Decree Setting Prices for Petroleum Products which was in force for a period of four months beginning on 1 November 2017. On 27 February 2018, the Government of the Republic of Slovenia adopted a new Decree Setting Prices for Petroleum Product, which was in force from 1 March 2018 to 31 March 2018. The new decree did not change the pricing method.

On 29 March 2018, the Government of the Republic of Slovenia adopted a Decree on Setting Prices for Certain Petroleum Products for the period from 1 April 2018 to 30 September 2018, but the pricing method remained unchanged.

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 79 percent of the average gross margin in the EU countries (70 percent if the compulsory stocks membership fee is not taken into account) and in the case of diesel fuel to 63 percent (55 percent if the compulsory stocks membership fee is not taken into account) (own calculations based on Platt's 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 70.58 per barrel in the first six months of 2018, up 36 percent year-on-year. The average price in euros was up 22 percent. During this period, the price of Brent crude peaked on 17 May 2018, reaching USD 80.30 per barrel. Its lowest price was recorded on 13 February 2018 at USD 61.53 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 six months of 2018 in USD/barrel



SOURCE: Petrol, 2018

Figure 10: Changes in Brent Dated High oil price in the first six months of 2018 in EUR/barrel



SOURCE: Petrol, 2018

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), relations between Iran and

the United States, and also on 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 1.15 and 1.25 US dollars per euro in the first six months of 2018. The average exchange rate of the US dollar according to the exchange rate of the European Central Bank stood at 1.21 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 292.8 million in revenue from the sale of merchandise in the first six months of 2018, an increase of 12 percent compared to the same period of the previous year.

In Slovenia, EUR 261.4 million was generated in revenue from the sale of merchandise in the period under review, an increase of 13 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 31.4 million was generated in revenue from the sale of merchandise in the first six months of 2018, an increase of 8 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 six months of 2018, the Petrol Group generated EUR 17.1 million in revenue from the services related to oil and merchandise sales.

Sales of liquefied petroleum gas

In the first six months of 2018, the Petrol Group sold 77.1 thousand tons of liquefied petroleum gas, a year-on-year increase of 6 percent.

At the end of June 2018, 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.

Natural gas sales and trading

In the first six months of 2018, a considerable increase in the Petrol Group's natural gas sales to end users was recorded relative to the previous year's figure for the same period. This was the result of fully consolidating Geoplin d.o.o. natural gas sales. Through the acquisition of a majority interest in Geoplin d.o.o., the Petrol Group also began trading in natural gas in 2018.

In the first six months of 2018, the Group sold 11.1 TWh of natural gas, of which 7.4 TWh to end users and 3.7 TWh as part of trading.

Electricity sales and 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. Electricity sales to end users (businesses and households) already existing in Slovenia are now being expanded to SE Europe.

In the first six months of 2018, the Petrol Group sold 8.8 TWh of electricity: 8.0 TWh as part of trading, 588.4 thousand MWh to end users and 61.6 thousand MWh as part of energy and environmental systems.

B. ENERGY AND ENVIRONMENTAL SOLUTIONS

Energy solutions

As a strategic partner, the Petrol Group offers its customers a partnership to help them improve their energy efficiency. Energy solutions consist of an energy range offered in the following segments:

- energy solutions in the public and commercial sector (systems of energy and environmental management of buildings in the public and commercial sector, district heating and district energy systems, water supply systems, efficient lighting systems),
- energy solutions for industry and apartment buildings.

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. These models offer a significant advantage to the customers in that Petrol assumes all technical and economic risks of project implementation and management, provides the necessary funds to carry out the measures, and supplies customers with the required energy of suitable quality, guaranteeing savings in the use of energy products compared to the previous situation.

The projects of long-term heat supply, energy renovation of buildings and the reduction of electricity consumption and water losses are largely carried out using the public-private partnership model.

Heat is supplied to customers through district heating systems. In the first six months of 2018, the Group sold 84.6 thousand MWh of heat or 2 percent more than in the same period of 2017.

The companies Megaenergija d.o.o. (in April 2018) and Petrol Energetika d.o.o. (in May 2018) were merged into the parent company Petrol d.d., Ljubljana.

During this period, the Petrol Group generated EUR 16.3 million in sales revenue from energy solutions.

Environmental solutions

In the first six months of 2018, 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.

In the first six months of 2018, the Petrol Group generated EUR 2.5 million in revenue from environmental solutions.

Distribution of natural gas

In the first six months of 2018, the Petrol Group distributed 748.2 thousand MWh of natural gas.

At the end of June 2018, the Group operated 28 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. The company Rodgas AD was merged into the company Beogas AD.

C. PRODUCTION OF RENEWABLE ELECTRICITY

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. Renewable electricity is produced as planned. The company Petrol Hidroenergija d.o.o. Teslić obtained all the necessary permits and decisions, enabling it to complete the construction of the small hydroelectric plant and begin regular operation.

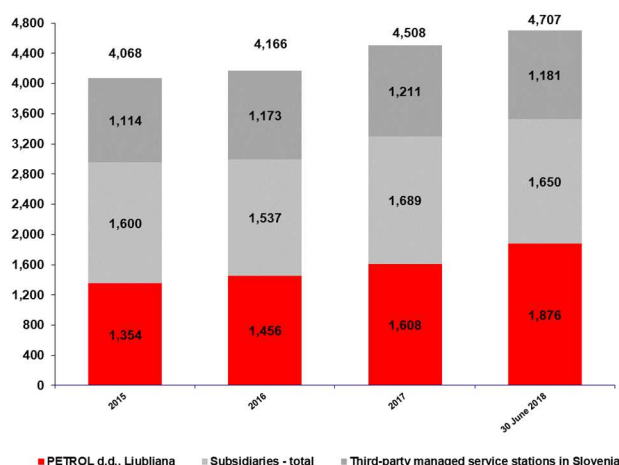
In the first six months of 2018, the Petrol Group generated EUR 4.4 million in revenue from renewable electricity production.

Sustainable development

Employees

On 30 June 2018, the Petrol Group had 4,707 employees, of which 33 percent worked for subsidiary companies abroad. The number of employees increased by 199 compared to the end of 2017.

Figure 11: Changes in the number of employees of the Petrol Group and at third-party managed service stations in the period 2015 – 2018



Employee structure

At the end of June 2018, the average age of the Petrol Group employees was 39 years. 60 percent of employees were male and 40 percent 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.

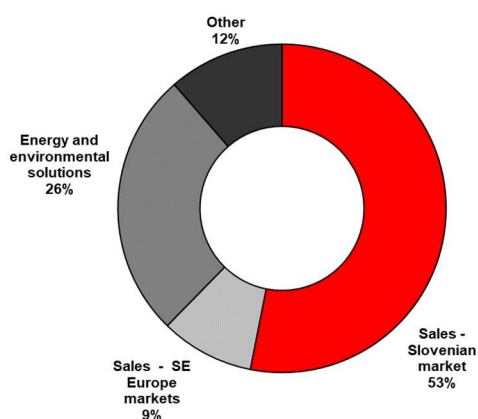
Training

In the first six months of 2018, more than 10.9 thousand employees took part in various forms of training. In all, the Petrol Group provided 61.3 thousand teaching hours of training, which represented, on average, 14 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 six months of 2018, net investments² in property, plant and equipment, intangible assets and long-term investments stood at EUR 24.3 million. Out of the above amount, 53 percent was allocated to sales in Slovenia, 9 percent to sales in SE Europe, 26 percent to energy and environmental systems, and 12 percent to the upgrading of information and other infrastructure.

Figure 12: Breakdown of the Petrol Group's investments in the first six months of 2018



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 d.o.o.	ISO 9001:2015	ISO 14001:2015	/	/	
Petrol Geoterm d.o.o.	ISO 9001:2015	/	/	/	
Beogas d.o.o.	ISO 9001:2015	/	/	/	
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 non-current 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.

Petrol d.d., Ljubljana extended its FSC accreditation until 2023.

At the company Petrol d.o.o., Zagreb, a follow-up audit of the quality management systems took place. The company also made a transition to the new edition of the ISO 14001:2015 standard, which sets out requirements for the environmental management system.

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 through the support we provide to 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 from the previous year, the most relevant and probable risks still comprise the following financial risks: price and volumetric risk, foreign exchange risk, credit risk and liquidity risk.

In addition to the main financial risks, the most relevant and probable risks include legislation and regulation risks, information system risks, business decision-making risks, interest rate risks and information risks.

Price and volumetric risk 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 Petrol Group to price and volumetric risks and to 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 volumetric 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 volumetric risks. These are managed using an assortment of limits systems defined depending on the business partner, the area of trading and the value at risk, and 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.

Transactions with derivatives are entered into only to hedge against price and volumetric risks and foreign exchange risks rather than for reasons of speculative nature.

Credit risk

The credit risk was assessed in 2017 as the third most relevant financial risk to which the Petrol Group was 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 half of 2017, the new system of limits was also being 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 11 April 2018. 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 six months of 2018, average petroleum product prices were higher year-on-year, meaning that slightly more working capital might be needed. The Group's long-term and short-term lines of credit provide us with a high level of liquidity. In the first six months of 2018, we also secured funds to repay the eurobonds falling due in June 2019.

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. Thirty-one percent of the Group's non-current financial liabilities contain a variable interest rate that is linked to

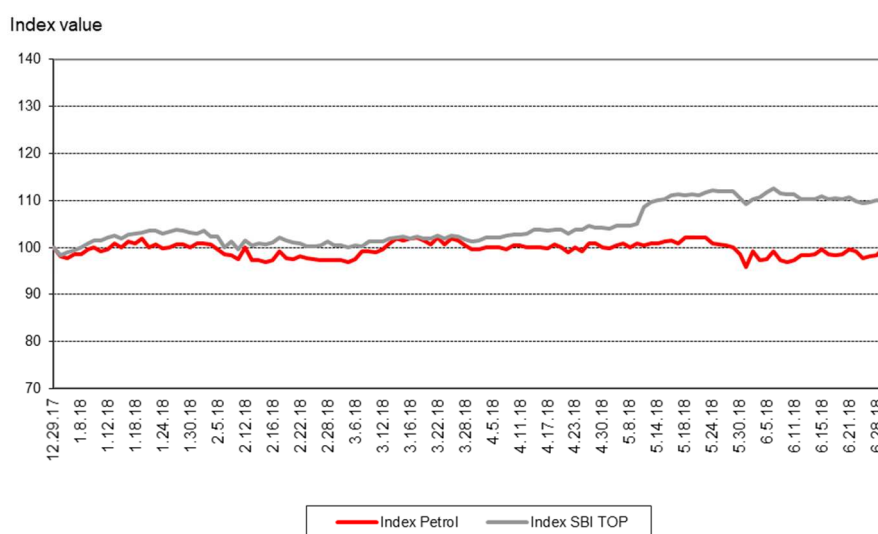
EURIBOR. The average EURIBOR rate in the first six months of 2018 was similar to the one at the end of 2017 and thus remains historically low (negative).

To hedge against exposure to the interest rate risk, a portion of variable interest rates is transformed into a fixed interest rate using derivative financial instruments, thus protecting our net interest position. When deciding whether to pursue additional hedging activities, forecasts regarding interest rate changes are considered. The time of hedging and the type of instruments used to this effect are determined based on market conditions. In the first six months of 2018, we entered into a new EUR 60 million interest rate hedging contract with a maturity that matches the loan agreement with a variable interest rate and deferred drawing until the end of the second quarter of 2019, which had already been signed. 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 June 2018, share prices at the Ljubljana Stock Exchange were on average higher than at the end of 2017. 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 886.88 as at the end of June 2018 and was up 9.96 percent relative to the end of 2017 (806.52). During this period, Petrol's shares lost 0.1 percent in value. In terms of trading volume, which in the case of Petrol's shares amounted to EUR 24.7 million between January and June 2018, the shares were ranked fourth among the shares traded on the Ljubljana Stock Exchange. In terms of market capitalisation, which stood at EUR 728 million as at 30 June 2018, the shares were ranked second and accounted for 12.5 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 six months of 2018 compared to the end of 2017



In the first six months of 2018, the price of Petrol's shares ranged between EUR 335 and EUR 357 per share. Their average price for the period stood at EUR 348.26 and their price as at the end of June 2018 at EUR 349. The Petrol Group's earnings per share stood at EUR 19.03, with its book value per share amounting to EUR 334.46. Petrol d.d., Ljubljana had 24,011 shareholders as at 30 June 2018. At the end of June 2018, 550,138 shares or 26.4 percent of all shares were held by foreign legal or natural persons. Compared to the end of 2017, the number of foreign shareholders increased by 0.5 percentage points.

Figure 14: Closing price and the volume of trading in Petrol's shares in the first six months of 2018

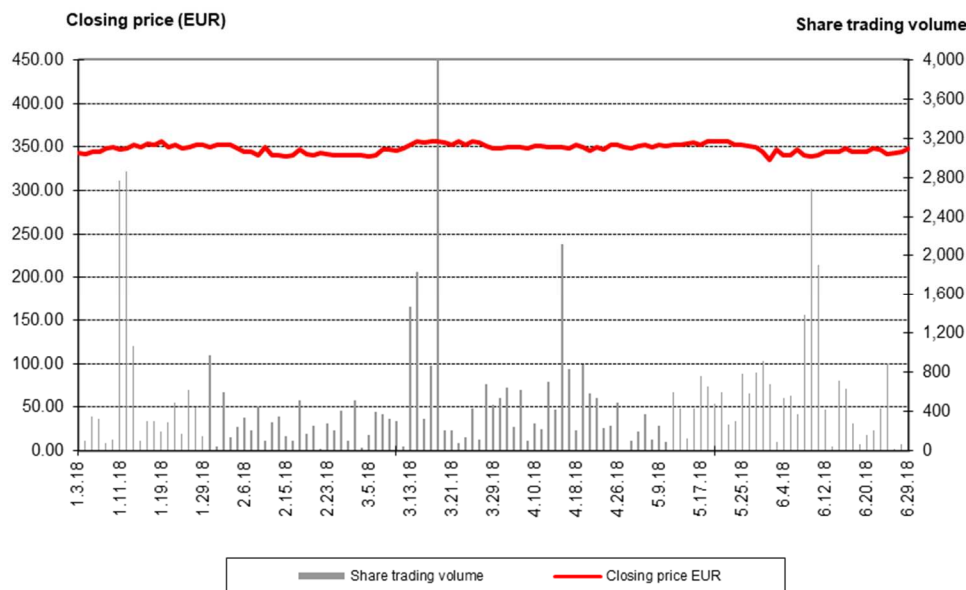


Figure 15: Ownership structure of Petrol d.d., Ljubljana as at 30 June 2018

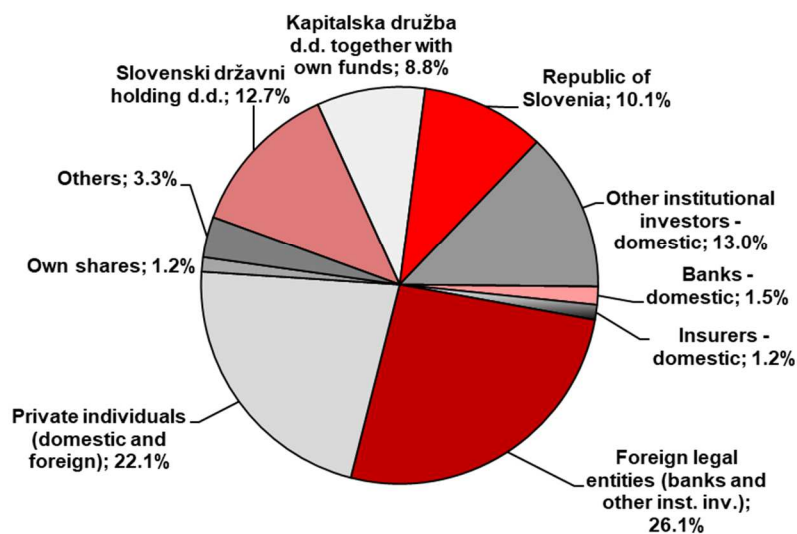


Table 3: Changes in the ownership structure of Petrol d.d., Ljubljana (comparison between 30 June 2018 and 31 December 2017)

	June 30, 2018		December 31, 2017	
	No. of Shares	in %	No. of Shares	in %
Slovenski državni holding d.d.	264,516	12.7%	264,516	12.7%
Kapitalska družba d.d. together with own funds	184,191	8.8%	184,191	8.8%
Republic of Slovenia	210,685	10.1%	210,685	0
Other institutional investors - domestic	271,118	13.0%	287,248	13.8%
Banks - domestic	30,662	1.5%	44,210	2.1%
Insurers - domestic	25,486	1.2%	25,486	1.2%
Foreign legal entities (banks and other inst. inv.)	544,835	26.1%	535,905	25.7%
Private individuals (domestic and foreign)	460,562	22.1%	441,840	21.2%
Own shares	24,703	1.2%	24,703	1.2%
Others	69,543	3.3%	67,517	3.2%
Total	2,086,301	100.0%	2,086,301	100.0%

Table 4: 10 largest shareholders of Petrol d.d., Ljubljana as at 30 June 2018

	Shareholder	Address	No. of Shares	Share in %
1	ČEŠKOSLOVENSKA OBCHODNI BANK, A.S. - FID	RADLICKA 333/150, 150 57 PRAGA 5, REPUBLIKA ČEŠKA	267,076	12.80%
2	SLOVENSKI DRŽAVNI HOLDING, D.D.	MALA ULICA 5, 1000 LJUBLJANA	264,516	12.68%
3	REPUBLIKA SLOVENIJA	GREGORČIČEVA ULICA 20, 1000 LJUBLJANA	210,685	10.10%
4	KAPITALSKA DRUŽBA, D.D.	DUNAJSKA CESTA 119, 1000 LJUBLJANA	172,639	8.27%
5	SPLITSKA BANKA D.D. - CLIENT ACCOUNT - F	DOMOVINSKOG RATA 61, 21000 SPLIT, HRVAŠKA	103,022	4.94%
6	VIZIJA HOLDING, K.D.D.	DUNAJSKA CESTA 156, 1000 LJUBLJANA	71,676	3.44%
7	VIZIJA HOLDING ENA, K.D.D.	DUNAJSKA CESTA 156, 1000 LJUBLJANA	63,620	3.05%
8	PERSPEKTIVA FT D.O.O.	DUNAJSKA CESTA 156, 1000 LJUBLJANA	36,262	1.74%
9	SOP LJUBLJANA	VOŠNJAKOVA ULICA 6, 1000 LJUBLJANA	34,496	1.65%
10	NOVA KBM D.D.	ULICA VITA KRAIGHERJA 4, 2000 MARIBOR	25,985	1.25%

Table 5: Shares owned by members of the Supervisory and Management Board as at 30 June 2018

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 Goriup	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 June 2018, 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 28th General Meeting held on 26 April 2018, Petrol d.d., Ljubljana paid 2017 gross dividends of EUR 16.00 per share in August 2018. The gross dividend per share for 2016, which was paid in 2017, stood at EUR 14.00.

Own shares

Petrol d.d., Ljubljana did not repurchase its own shares in the first six months of 2018. As at 30 June 2018, 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 June 2018 and was EUR 6 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 27th 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. In April 2018, it received a court decision according to which the procedure is now concluded and final due to the withdrawal of the lawsuit.

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 six months of 2018, several individual investor and analyst meetings were held. In March, we participated in a Ljubljana Stock Exchange webcast. In April, we were part of an investor roadshow in London organised by Zagreb-based InterCapital and the London Stock Exchange. In May, we attended a joint investors' conference in Zagreb, which was organised by Ljubljana and Zagreb Stock Exchanges, and participated in a Ljubljana Stock Exchange webcast.

General Meeting resolutions

At the 28th General Meeting of Petrol d.d., Ljubljana held on 26 April 2018, the following resolutions were adopted:

- The accumulated profit of EUR 32,985,568.00 as at 31 December 2017 shall be used in its entirety to pay gross dividends of EUR 16.00 per share (own shares excluded). The dividends are to be paid out of the net profit for 2017 and other revenue reserves. The Company shall pay the dividends on 10 August 2018 to shareholders registered with KDD – the Central Securities Clearing Corporation on 9 August 2018, as laid down in a Management Board decision.
- The Company's Management Board shall be granted discharge from liability for the year 2017.
- The Company's Supervisory Board shall be granted discharge from liability for the year 2017.
- The audit firm ERNST & YOUNG Revizija, poslovno svetovanje, d.o.o., Ljubljana shall be appointed auditor for the year 2018.

Credit rating

On 11 April 2018, 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 six months of 2018.

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.	
		1-6 2018	1-6 2017	1-6 2018	1-6 2017
Sales revenue		2,436,399,938	2,152,890,437	1,912,090,932	1,786,750,923
- of which excise duty		541,592,938	527,099,161	368,237,901	372,331,577
Cost of goods sold		(2,226,955,329)	(1,962,477,572)	(1,745,912,325)	(1,646,762,075)
Costs of materials	3	(14,545,239)	(15,379,708)	(12,710,687)	(8,470,414)
Costs of services	4	(72,311,686)	(64,135,067)	(59,581,409)	(51,752,762)
Labour costs	5	(43,426,367)	(35,868,625)	(31,431,950)	(24,574,553)
Depreciation and amortisation	6	(25,247,284)	(24,146,005)	(17,896,170)	(15,893,796)
Other costs	7	(3,758,786)	(4,243,183)	(2,589,711)	(2,257,435)
Operating costs		(159,289,362)	(143,772,588)	(124,209,926)	(102,948,959)
Other revenue	2	3,956,008	2,461,311	1,178,476	1,837,792
Other expenses		(206,094)	(214,005)	(36,496)	(10,290)
Operating profit		53,905,161	48,887,583	43,110,662	38,867,390
Share of profit or loss of equity accounted investees		536,871	499,542	-	-
Finance income from dividends paid by subsidiaries, associates and jointly controlled entities		-	-	976,930	951,047
Other finance income	8	35,177,263	20,085,756	29,839,971	16,587,023
Other finance expenses	8	(41,921,599)	(28,984,300)	(33,276,199)	(24,023,859)
Net finance expense		(6,744,336)	(8,898,544)	(3,436,228)	(7,436,836)
Profit before tax		47,697,696	40,488,581	40,651,364	32,381,601
Tax expense		(9,469,184)	(3,460,806)	(7,291,588)	(3,035,822)
Deferred tax		898,484	(2,992,908)	591,752	(2,990,623)
Corporate income tax		(8,570,700)	(6,453,714)	(6,699,836)	(6,026,445)
Net profit for the period		39,126,996	34,034,867	33,951,528	26,355,156
Net profit for the period attributable to:					
Owners of the controlling company		39,368,175	33,869,618	33,951,528	26,355,156
Non-controlling interest		(241,179)	165,249	-	-
Basic and diluted earnings per share	9	19.03	16.51	16.47	12.78

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.	
	1-6 2018	1-6 2017	1-6 2018	1-6 2017
Net profit for the period	39,126,996	34,034,867	33,951,528	26,355,156
Other comprehensive income to be recognised in the statement of profit or loss in the future				
Change due to merger by absorption	-	-	30,873,288	0
Effective portion of changes in the fair value of cash flow variability hedging	(518,617)	163,016	(304,952)	(53,743)
Change in deferred taxes	120,199	(28,805)	81,739	10,211
Foreign exchange differences	1,334,978	3,647,071	-	-
Total other comprehensive income to be recognised in the statement of profit or loss in the future	936,560	3,781,282	30,650,075	(43,532)
Other comprehensive income not to be recognised in the statement of profit or loss in the future				
Unrealised actuarial gains and losses	0	0	0	0
Attribution of changes in the equity of subsidiaries	0	0	-	-
Attribution of changes in the equity of associates	0	0	-	-
recognised in the statement of profit or loss in the future	0	0	0	0
Total other comprehensive income after tax	936,560	3,781,282	30,650,075	(43,532)
Total comprehensive income for the period	40,063,556	37,816,149	64,601,603	26,311,624
Total comprehensive income attributable to:				
Owners of the controlling company	40,301,978	37,625,071	64,601,603	26,311,624
Non-controlling interest	(238,422)	191,078	-	-

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

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

		The Petrol Group		Petrol d.d.	
(in EUR)	Note	30 June 2018	31 December 2017	30 June 2018	31 December 2017
ASSETS					
Non-current (long-term) assets					
Intangible assets	10	187,017,870	186,185,049	163,230,718	153,693,903
Property, plant and equipment	11	623,052,813	620,459,508	341,419,985	312,657,480
Investment property		16,779,404	16,750,344	16,258,182	16,211,085
Investments in subsidiaries	12	-	-	329,679,900	329,225,470
Investments in jointly controlled entities	13	2,032,100	1,755,182	1,501,934	1,219,000
Investments in associates	14	50,733,755	62,444,322	21,726,406	21,726,406
Financial assets at fair value through other comprehensive income	15	11,111,662	11,173,565	1,627,589	1,689,491
Financial receivables		17,435,729	32,651,760	12,696,518	6,362,867
Operating receivables		4,813,207	3,275,362	4,803,788	3,239,145
Deferred tax assets		9,957,957	8,977,390	6,404,922	5,468,333
		922,934,497	943,672,482	899,349,942	851,493,180
Current assets					
Inventories	16	174,028,235	159,748,956	135,457,858	117,265,435
Financial receivables	17	12,038,988	29,754,766	10,905,906	15,018,789
Operating receivables	18	421,587,072	441,456,308	325,792,199	293,516,557
Corporate income tax assets		333,049	108,824	0	0
Financial assets at fair value through profit or loss	19	5,830,344	1,661,550	5,830,344	1,661,550
Prepayments and other assets	20	33,944,515	34,377,552	19,900,839	21,218,283
Cash and cash equivalents		83,244,956	45,492,821	30,445,377	23,651,242
		731,007,159	712,600,777	528,332,522	472,331,856
Total assets		1,653,941,656	1,656,273,259	1,427,682,464	1,323,825,036
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		4,708,359	4,708,359	2,604,670	2,604,670
Own shares		(4,708,359)	(4,708,359)	(2,604,670)	(2,604,670)
Other revenue reserves		218,917,153	214,915,535	246,383,463	216,667,051
Fair value reserve		(764,083)	(832,522)	39,295,125	39,295,125
Hedging reserve		(438,335)	(39,917)	(392,000)	(168,787)
Foreign exchange differences		(4,721,048)	(6,053,269)	-	-
Retained earnings		255,224,302	247,992,625	33,951,528	32,136,498
		663,438,306	651,202,769	514,220,362	482,912,133
Non-controlling interest		34,342,684	50,664,385	-	-
Total equity		697,780,990	701,867,154	514,220,362	482,912,133
Non-current liabilities					
Provisions for employee post-employment and other long-term benefits		7,108,057	7,104,156	6,400,949	6,100,872
Other provisions		36,332,819	38,687,918	14,520,273	14,119,496
Long-term deferred revenue		7,029,417	6,376,773	6,446,538	6,328,758
Financial liabilities	21	144,075,207	357,485,819	121,408,125	306,280,056
Operating liabilities		1,145,739	1,217,562	851,559	923,382
Deferred tax liabilities		3,789,712	3,800,572	0	0
		199,480,951	414,672,800	149,627,444	333,752,564
Current liabilities					
Financial liabilities	21	217,932,403	62,860,637	310,874,720	134,723,206
Operating liabilities	22	506,390,004	450,518,749	433,644,702	356,672,760
Corporate income tax liabilities		3,597,635	3,460,394	3,443,549	3,778,471
Other liabilities	23	28,759,673	22,893,525	15,871,686	11,985,901
		756,679,715	539,733,305	763,834,658	507,160,338
Total liabilities		956,160,666	954,406,105	913,462,102	840,912,903
Total equity and liabilities		1,653,941,656	1,656,273,259	1,427,682,464	1,323,825,036

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 2017	52,240,977	80,991,385	61,987,955	2,604,670	(2,604,670)	191,876,506	(585,653)	41,909	(10,295,581)	220,392,308	596,649,806	(980,113)	595,669,693
Dividend payments for 2016						(7,026,283)				(21,836,089)	(28,862,372)		(28,862,372)
Increase/(decrease) in non-controlling interest											0	(7,762)	(7,762)
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										33,869,618	33,869,618	165,249	34,034,867
Other changes in other comprehensive income								134,211	3,621,242		3,755,453	25,829	3,781,282
Total changes in total comprehensive income	0	0	0	0	0	0	0	134,211	3,621,242	33,869,618	37,625,071	191,078	37,816,149
As at 30 June 2017	52,240,977	80,991,385	61,987,955	2,604,670	(2,604,670)	184,850,223	(585,653)	176,120	(6,674,339)	232,425,837	605,412,505	(796,797)	604,615,708
As at 31 December 2017	52,240,977	80,991,385	61,987,955	4,708,359	(4,708,359)	214,915,535	(832,522)	(39,917)	(6,053,269)	247,992,625	651,202,769	50,664,385	701,867,154
Adjustment on adoption of IFRS 15						(307,807)					(307,807)		(307,807)
As at 1 January 2018	52,240,977	80,991,385	61,987,955	4,708,359	(4,708,359)	214,607,728	(832,522)	(39,917)	(6,053,269)	247,992,625	650,894,962	50,664,385	701,559,347
Dividend payments for 2017						(849,070)				(32,136,498)	(32,985,568)		(32,985,568)
Increase/(decrease) in non-controlling interest						5,158,495	68,439				5,226,934	(16,083,279)	(10,856,345)
Transactions with owners	0	0	0	0	0	4,309,425	68,439	0	0	(32,136,498)	(27,758,634)	(16,083,279)	(43,841,913)
Net profit for the period										39,368,175	39,368,175	(241,179)	39,126,996
Other changes in other comprehensive income								(398,418)	1,332,221		933,803	2,757	936,560
Total changes in total comprehensive income	0	0	0	0	0	0	0	(398,418)	1,332,221	39,368,175	40,301,978	(238,422)	40,063,556
As at 30 June 2018	52,240,977	80,991,385	61,987,955	4,708,359	(4,708,359)	218,917,153	(764,083)	(438,335)	(4,721,048)	255,224,302	663,438,306	34,342,684	697,780,990

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 2017	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	191,556,836	39,295,125		21,836,089	447,670,296
Dividend payments for 2016						(7,026,283)			(21,836,089)	(28,862,372)
Transactions with owners	0	0	0	0	0	(7,026,283)	0	0	(21,836,089)	(28,862,372)
Net profit for the period									26,355,156	26,355,156
Other changes in comprehensive income								(43,532)		(43,532)
Total changes in total comprehensive income	0	0	0	0	0	0	0	(43,532)	26,355,156	26,311,624
As at 30 June 2017	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	184,530,553	39,295,125	(43,532)	26,355,156	445,119,548
As at 31 December 2017	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	216,667,051	39,295,125	(168,787)	32,136,498	482,912,133
Adjustment on adoption of IFRS 15						(307,807)				(307,807)
As at 1 January 2018	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	216,359,244	39,295,125	(168,787)	32,136,498	482,604,326
Dividend payments for 2017						(849,070)			(32,136,498)	(32,985,568)
Transactions with owners	0	0	0	0	0	(849,070)	0	0	(32,136,498)	(32,985,568)
Net profit for the period									33,951,528	33,951,528
Other changes in other comprehensive income						30,873,289		(223,213)		30,650,076
Total changes in total comprehensive income	0	0	0	0	0	30,873,289	0	(223,213)	33,951,528	64,601,604
As at 30 June 2018	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	246,383,463	39,295,125	(392,000)	33,951,528	514,220,362

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 June 2018	30 June 2017	30 June 2018	30 June 2017
Cash flows from operating activities					
Net profit		39,126,996	34,034,867	33,951,528	26,355,156
Adjustment for:					
Corporate income tax		8,570,700	6,453,714	6,699,836	6,026,445
Depreciation of property, plant and equipment and of investment property	6	21,054,335	20,523,532	14,038,277	12,792,636
Amortisation of intangible assets	6	4,192,949	3,622,473	3,857,893	3,101,159
(Gain)/loss on disposal of property, plant and equipment	2, 7	(77,965)	19,682	(177,253)	(105,569)
Impairment, write-down/(reversed impairment) of assets		(12,931)	1,595,405	0	800,000
Revenue from assets under management		(32,700)	(32,700)	(32,700)	(32,700)
Net (decrease in)/creation of provisions for long-term employee benefits		2,080	0	0	0
Net (decrease in)/creation of other provisions and long-term deferred revenue		(2,011,805)	(808,492)	32,302	(613,081)
Net goods surpluses		(701,412)	(208,084)	(736,809)	(410,685)
Net (decrease in)/creation of allowance for receivables	8	4,779,448	3,161,647	1,597,702	1,372,180
Net finance (income)/expense	8	3,306,849	5,619,088	4,207,217	5,337,570
Impairment of goodwill	8	0	489,872	0	0
Share of profit of jointly controlled entities		(168,909)	(151,036)	-	-
Share of profit of associates		(367,962)	(348,506)	-	-
Finance income from dividends received from subsidiaries		-	-	0	(60,595)
Finance income from dividends received from joint controlled entities		-	-	(175,901)	(150,000)
Finance income from dividends received from associates		-	-	(801,029)	(740,452)
Cash flow from operating activities before the changes in working capital		77,659,673	73,971,462	62,461,063	53,672,064
Net (decrease in)/creation of other liabilities	23	5,792,941	8,888,185	3,194,538	4,212,093
Net decrease in/(creation of) other assets	20	(3,458,940)	(2,848,814)	(3,092,477)	(4,860,641)
Change in inventories	16	(13,425,494)	(1,728,177)	(17,092,112)	(3,604,863)
Change in operating and other receivables	18	17,107,108	54,277,224	(10,578,816)	61,347,230
Change in operating and other liabilities	22	25,416,690	(77,220,097)	28,597,049	(84,451,435)
Cash generated from operating activities		109,091,978	55,339,783	63,489,244	26,314,448
Interest paid	8	(8,070,883)	(9,333,046)	(8,067,403)	(9,358,888)
Taxes paid		(9,285,552)	(10,718,640)	(7,799,542)	(3,616,427)
Net cash from (used in) operating activities		91,735,543	35,288,097	47,622,299	13,339,133
Cash flows from investing activities					
Payments for investments in subsidiaries	12	(16,207,279)	(411,106)	(17,727,280)	(1,700,000)
Receipts from investments in subsidiaries	12	480,000	50,000	0	0
Payments for investments in jointly controlled entities	13	(282,934)	0	(282,934)	0
Receipts from investments in associates	14	11,650,598	0	0	0
Receipts from intangible assets	10	42,383	29,208	0	0
Payments for intangible assets	10	(2,032,527)	(5,797,956)	(1,257,058)	(5,781,804)
Receipts from property, plant and equipment	11	447,923	1,127,056	457,974	726,475
Payments for property, plant and equipment	11	(31,105,591)	(23,092,612)	(25,195,142)	(11,779,171)
Receipts from financial assets at fair value through other comprehensive income	15	680,699	3,648	680,699	3,648
Payments for financial assets at fair value through other comprehensive income	15	(252,596)	(36,464)	(252,596)	(36,464)
Receipts from loans granted	17	41,482,412	1,417,010	5,961,661	10,847,205
Payments for loans granted	17	(8,471,548)	(187,669)	(7,140,475)	(14,606,711)
Interest received	8	2,049,541	1,644,927	1,375,142	1,552,867
Dividends received from subsidiaries		-	-	0	60,595
Dividends received from jointly controlled entities		150,000	150,000	150,000	150,000
Dividends received from associates		801,029	740,452	801,029	740,452
Dividends received from others		62,580	0	62,580	0
Net cash from (used in) investing activities		(505,310)	(24,363,506)	(42,366,400)	(19,822,908)
Cash flows from financing activities					
Proceeds from bonds issued	21	0	43,828,000	0	43,828,000
Payments for bonds issued	21	0	(8,508,000)	0	(8,508,000)
Proceeds from borrowings	21	205,127,087	529,426,615	374,095,615	655,027,481
Repayment of borrowings	21	(260,423,249)	(561,261,465)	(379,510,038)	(679,051,089)
Dividends paid to shareholders		(10,748)	(33,276)	(10,748)	(33,276)
Net cash from (used in) financing activities		(55,306,910)	3,451,874	(5,425,171)	11,263,117
Increase/(decrease) in cash and cash equivalents		35,923,323	14,376,465	(169,272)	4,779,342
Changes in cash and cash equivalents					
At the beginning of the year		45,492,821	26,987,969	23,651,242	12,657,723
Foreign exchange differences		63,364	176,460	-	-
Cash acquired through mergers by absorption		-	-	6,963,407	0
Cash acquired through acquisition of companies		1,765,448	22,751	-	-
Increase/(decrease)		35,923,323	14,376,465	(169,272)	4,779,342
At the end of the period		83,244,956	41,563,645	30,445,377	17,437,065

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 June 2018 and separate financial statements of the company Petrol d.d., Ljubljana for the period ended 30 June 2018. 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 13 August 2018.

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 2017.

The financial statements for the period from January – June 2018 are prepared based on the same accounting policies used for the preparation of financial statements for the year ended 31 December 2017, considering the implementation of the new standards IFRS 9 and IFRS 15.

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 at fair value through other comprehensive income.

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 solutions and production.

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 solutions 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 1-6 2017:

(in EUR)	Sales	Energy and Environmental Solutions and Production	Total	Statement of profit or loss/ Statement of financial position
Sales revenue	2,337,238,522	34,388,867	2,371,627,389	
Revenue from subsidiaries	(217,807,608)	(929,344)	(218,736,952)	
Sales revenue	2,119,430,915	33,459,522	2,152,890,437	2,152,890,437
Net profit for the year	29,162,190	4,872,677	34,034,867	34,034,867
Interest income*	1,229,007	396,012	1,625,019	1,625,019
Interest expense*	(6,985,089)	(2,250,741)	(9,235,830)	(9,235,830)
Depreciation of property, plant and equipment, depreciation of investment property, amortisation of intangible assets	(17,404,823)	(6,741,182)	(24,146,005)	(24,146,005)
Share of profit or loss of equity accounted investees	0	499,542	499,542	499,542
Total assets	1,231,294,725	236,909,076	1,468,203,801	1,468,203,801
Equity accounted investees	82,254,882	48,693,131	130,948,013	130,948,013
Property, plant and equipment, intangible assets and investment property	628,401,209	180,294,991	808,696,200	808,696,200
Other assets	520,638,634	7,920,954	528,559,588	528,559,588
Current and non-current operating and financial liabilities	686,749,410	132,135,032	818,884,442	818,884,442

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

The Group's operating segments in the period 1-6 2018:

(in EUR)	Sales	Energy and Environmental Solutions and Production	Total	Statement of profit or loss/ Statement of financial position
Sales revenue	2,650,484,286	33,102,125	2,683,586,411	
Revenue from subsidiaries	(247,081,599)	(104,874)	(247,186,473)	
Sales revenue	2,403,402,687	32,997,251	2,436,399,938	2,436,399,938
Net profit for the year	34,057,288	5,069,708	39,126,996	39,126,996
Interest income*	1,465,280	543,144	2,008,424	2,008,424
Interest expense*	(3,578,567)	(1,326,487)	(4,905,054)	(4,905,054)
Depreciation of property, plant and equipment, depreciation of investment property, amortisation of intangible assets	(17,951,148)	(7,296,136)	(25,247,284)	(25,247,284)
Share of profit or loss of equity accounted investees	0	536,871	536,871	536,871
Total assets	1,406,476,725	247,464,931	1,653,941,656	1,653,941,656
Equity accounted investees	1,232,391	51,533,464	52,765,855	52,765,855
Property, plant and equipment, intangible assets and investment property	640,506,643	186,343,444	826,850,087	826,850,087
Other assets	764,737,690	9,588,024	774,325,714	774,325,714
Current and non-current operating and financial liabilities	739,441,130	130,102,223	869,543,353	869,543,353

*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.	
	1-6 2018	1-6 2017	1-6 2018	1-6 2017
Compensation, litigation proceeds and contractual penalties received	566,413	529,529	292,967	507,260
Utilisation of environmental provisions	309,011	627,515	309,011	624,911
Gain on disposal of fixed assets	221,333	465,070	203,717	296,105
Compensation received from insurance companies	70,476	32,764	12,355	14,137
Other revenue	2,788,775	806,433	360,426	395,379
Total other revenue	3,956,008	2,461,311	1,178,476	1,837,792

3. Costs of material

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2018	1-6 2017	1-6 2018	1-6 2017
Costs of energy	10,356,916	10,622,459	9,263,450	5,156,989
Costs of consumables	3,766,504	4,346,224	3,252,455	3,114,988
Write-off of small tools	153,322	135,066	49,346	21,668
Other costs of materials	268,497	275,959	145,436	176,769
Total costs of materials	14,545,239	15,379,708	12,710,687	8,470,414

4. Costs of services

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2018	1-6 2017	1-6 2018	1-6 2017
Costs of service station managers	16,753,655	16,103,329	16,753,655	16,103,329
Costs of transport services	14,678,382	14,141,734	12,441,069	12,134,440
Costs of fixed-asset maintenance services	8,756,251	6,601,973	6,699,025	4,698,606
Lease payments	6,315,979	5,211,583	3,172,585	2,046,052
Costs of professional services	5,433,705	3,412,051	5,430,341	3,196,662
Costs of fairs, advertising and entertainment	4,151,855	3,209,049	2,943,368	2,499,856
Costs of payment transactions and bank services	4,023,083	3,548,924	2,975,380	2,605,567
Contributions for operations at motorway service areas	2,823,567	2,513,115	2,234,275	1,927,852
Costs of insurance premiums	2,024,881	1,865,210	1,311,496	1,240,325
Costs of fire protection and physical and technical security	905,892	952,848	778,772	748,298
Outsourcing costs	846,942	686,641	706,338	42,997
Costs of environmental protection services	827,991	646,545	469,403	338,110
Property management	773,169	881,834	712,319	865,593
Reimbursement of work-related costs to employees	611,538	565,623	402,804	321,636
Concession charges	549,313	509,280	376,738	329,954
Membership fees	224,869	187,984	127,396	127,209
Other costs of services	2,610,614	3,097,344	2,046,445	2,526,276
Total costs of services	72,311,686	64,135,067	59,581,409	51,752,762

5. Labour costs

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2018	1-6 2017	1-6 2018	1-6 2017
Salaries	31,279,783	25,395,218	22,552,121	17,129,633
Costs of pension insurance	2,684,428	2,542,789	2,123,730	1,994,584
Costs of other social insurance	2,851,742	2,559,860	1,706,141	1,447,184
Transport allowance	1,437,606	1,267,636	912,603	762,402
Annual leave allowance	1,271,865	1,007,229	1,008,628	774,388
Meal allowance	1,166,985	1,017,345	915,301	739,440
Supplementary pension insurance	595,211	505,875	561,323	461,066
Other allowances and reimbursements	2,138,747	1,572,673	1,652,103	1,265,856
Total labour costs	43,426,367	35,868,625	31,431,950	24,574,553

6. Depreciation and amortisation

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2018	1-6 2017	1-6 2018	1-6 2017
Amortisation of intangible assets	4,192,949	3,622,473	3,857,893	3,101,159
Depreciation of property, plant and equipment	20,515,014	19,974,315	13,516,993	12,264,928
Depreciation of investment property	539,321	549,217	521,284	527,709
Total depreciation and amortisation	25,247,284	24,146,005	17,896,170	15,893,796

7. Other costs

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2018	1-6 2017	1-6 2018	1-6 2017
Disposals/impairment of assets	130,841	2,080,157	26,464	990,536
Sponsorships and donations	1,413,863	1,074,672	1,367,165	1,028,685
Environmental charges and charges unrelated to operations	1,411,628	632,695	776,189	83,507
Other costs	802,454	455,659	419,893	154,707
Total other costs	3,758,786	4,243,183	2,589,711	2,257,435

8. Other financial income and expenses

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2018	1-6 2017	1-6 2018	1-6 2017
Foreign exchange differences	9,038,018	8,802,039	4,413,520	5,623,282
Gain on derivatives	22,684,154	9,044,433	22,937,625	9,147,369
Interest income	2,008,424	1,625,019	1,553,210	1,731,615
Allowances for receivables reversed and bad debt recovered	523,309	605,377	388,569	12,066
Other finance income	923,358	8,888	547,047	72,691
Total other finance income	35,177,263	20,085,756	29,839,971	16,587,023
Foreign exchange differences	(9,845,012)	(5,185,246)	(5,837,912)	(2,785,755)
Loss on derivatives	(21,358,608)	(12,289,163)	(19,967,949)	(12,711,984)
Interest expense	(4,905,054)	(6,689,857)	(4,939,883)	(6,651,388)
Allowance for operating receivables	(5,302,757)	(3,767,024)	(1,986,271)	(1,384,245)
Impairment of goodwill	0	(489,872)	0	0
Other finance expenses	(510,168)	(563,138)	(544,184)	(490,487)
Total other finance expenses	(41,921,599)	(28,984,300)	(33,276,199)	(24,023,859)
Net finance expense	(6,744,336)	(8,898,544)	(3,436,228)	(7,436,836)

9. Earnings per share

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
Net profit (in EUR)	39,126,996	34,034,867	33,951,528	26,355,156
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	30,723	24,703	24,703	24,703
Number of own shares at the end of the period	30,723	24,703	24,703	24,703
Weighted average number of ordinary shares issued	2,055,578	2,061,598	2,061,598	2,061,598
Diluted average number of ordinary shares	2,055,578	2,061,598	2,061,598	2,061,598
Basic and diluted earnings per share (EUR/share)	19.03	16.51	16.47	12.78

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	Long-term deferred expenses	Total
Cost						
As at 1 January 2017	19,571,272	104,067,778	106,509,484	1,269,770	0	231,418,304
New acquisitions as a result of control obtained	0	821	341,919	0	0	342,740
New acquisitions	0	0	0	5,797,956	0	5,797,956
Disposals/Impairments	(114,756)	(40,024)	(489,872)	0	0	(644,652)
Transfer from ongoing investments	432,626	116,596	0	(549,222)	0	0
Foreign exchange differences	2,648	132,557	277,205	3,831	0	416,241
As at 30 June 2017	19,891,790	104,277,728	106,638,736	6,522,335	0	237,330,589
Accumulated amortisation						
As at 1 January 2017	(12,253,666)	(37,971,966)	0	0	0	(50,225,632)
New acquisitions as a result of control obtained	0	(509)	0	0	0	(509)
Amortisation	(1,664,909)	(1,957,564)	0	0	0	(3,622,473)
Disposals/Impairments	115,195	10,377	0	0	0	125,572
Foreign exchange differences	(2,235)	(45,747)	0	0	0	(47,982)
As at 30 June 2017	(13,805,615)	(39,965,409)	0	0	0	(53,771,024)
Net carrying amount as at 1 January 2017	7,317,606	66,095,812	106,509,484	1,269,770	0	181,192,672
Net carrying amount as at 30 June 2017	6,086,175	64,312,319	106,638,736	6,522,335	0	183,559,565

(in EUR)	Software	Right to use concession infrastructure	Goodwill	Ongoing investments	Long-term deferred expenses	Total
Cost						
As at 1 January 2018	26,746,392	105,938,314	105,882,081	5,014,512	0	243,581,299
New acquisitions as a control obtained	0	430,428	2,589,211	0	1,115	3,020,754
New acquisitions	0	6,004	0	1,886,788	139,735	2,032,527
Disposals/Impairments	(252)	(55,038)	0	0	0	(55,290)
Transfer from ongoing investments	968,837	1,519,394	0	(2,488,231)	0	0
Foreign exchange differences	365	52,152	103,696	1,200	0	157,413
As at 30 June 2018	27,715,342	107,891,254	108,574,988	4,414,269	140,850	248,736,703
Accumulated amortisation						
As at 1 January 2018	(14,393,544)	(43,002,706)	0	0	0	(57,396,250)
New acquisitions as a control obtained	0	(121,499)	0	0	0	(121,499)
Amortisation	(1,953,650)	(2,239,299)	0	0	0	(4,192,949)
Disposals/Impairments	252	12,655	0	0	0	12,907
Foreign exchange differences	(291)	(20,751)	0	0	0	(21,042)
As at 30 June 2018	(16,347,233)	(45,371,600)	0	0	0	(61,718,833)
Net carrying amount as at 1 January 2018	12,352,848	62,935,608	105,882,081	5,014,512	0	186,185,049
Net carrying amount as at 30 June 2018	11,368,109	62,519,654	108,574,988	4,414,269	140,850	187,017,870

Intangible assets of Petrol d.d., Ljubljana

(in EUR)	Software	Right to use concession infrastructure	Goodwill	Ongoing investments	Long-term deferred expenses	Total
Cost						
As at 1 January 2017	18,958,934	81,374,984	89,138,157	1,073,527	0	190,545,602
New acquisitions	0	0	0	5,781,804	0	5,781,804
Disposals/Impairments	(107,414)	0	0	0	0	(107,414)
Transfer from ongoing investments	429,091	94,771	0	(523,862)	0	0
As at 30 June 2017	19,280,611	81,469,755	89,138,157	6,331,469	0	196,219,992
Accumulated amortisation						
As at 1 January 2017	(11,952,028)	(30,598,285)	0	0	0	(42,550,313)
Amortisation	(1,614,101)	(1,487,058)	0	0	0	(3,101,159)
Disposals/Impairments	107,414	0	0	0	0	107,414
As at 30 June 2017	(13,458,715)	(32,085,343)	0	0	0	(45,544,058)
Net carrying amount as at 1 January 2017	7,006,906	50,776,699	89,138,157	1,073,527	0	147,995,289
Net carrying amount as at 30 June 2017	5,821,896	49,384,412	89,138,157	6,331,469	0	150,675,934
Cost						
As at 1 January 2018	26,013,629	81,744,724	89,138,157	4,678,547	0	201,575,057
New acquisitions as a result of merger by absorption	696,272	16,387,437	1,298,420	60,653	1,115	18,443,897
New acquisitions	0	6,004	0	1,122,342	139,735	1,268,081
Disposals/Impairments	0	(10,388)	0	0	0	(10,388)
Transfer from ongoing investments	965,750	1,173,547	0	(2,139,297)	0	0
As at 30 June 2018	27,675,651	99,301,324	90,436,577	3,722,245	140,850	221,276,647
Accumulated amortisation						
As at 1 January 2018	(14,057,563)	(33,823,591)	0	0	0	(47,881,154)
New acquisitions as a result of merger by absorption	(333,970)	(5,972,912)	0	0	0	(6,306,882)
Amortisation	(1,946,571)	(1,911,322)	0	0	0	(3,857,893)
Disposals/Impairments	0	0	0	0	0	0
Transfer between asset categories	0	0	0	0	0	0
As at 30 June 2018	(16,338,104)	(41,707,825)	0	0	0	(58,045,929)
Net carrying amount as at 1 January 2018	11,956,066	47,921,133	89,138,157	4,678,547	0	153,693,903
Net carrying amount as at 30 June 2018	11,337,547	57,593,499	90,436,577	3,722,245	140,850	163,230,718

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 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	19,363,824	19,363,824
Disposals/Impairments	(771,740)	(1,424,226)	(665,749)	(1,541,657)	(37,332)	(4,440,704)
Transfer from ongoing investments	1,461,161	8,584,836	926,191	33,220,497	(44,192,685)	0
Transfer to investment property	(392)	(2,089,568)	0	0	0	(2,089,960)
Transfer from investment property	400,194	1,240,859	0	0	0	1,641,053
Foreign exchange differences	1,380,356	2,517,601	159	805,002	422,594	5,125,712
As at 30 June 2017	212,846,784	639,361,301	35,355,361	222,339,197	17,639,801	1,127,542,444
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	(11,082,490)	(946,644)	(7,945,181)	0	(19,974,315)
Disposals/Impairments	0	441,226	658,388	1,418,629	0	2,518,243
Transfer to investment property	0	613,478	0	0	0	613,478
Transfer from investment property	0	(760,572)	0	0	0	(760,572)
Foreign exchange differences	0	(885,410)	(149)	(444,364)	0	(1,329,923)
As at 30 June 2017	0	(369,994,391)	(18,870,517)	(131,819,209)	0	(520,684,117)
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 June 2017	212,846,784	269,366,910	16,484,844	90,519,988	17,639,801	606,858,327

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2018	212,380,212	639,874,317	36,457,138	230,848,417	34,743,016	1,154,303,100
New acquisitions as a result of control obtained	0	0	2,022,626	67,506	0	2,090,132
New acquisitions	0	0	0	0	21,794,366	21,794,366
Disposals/Impairments	(214,630)	(414,318)	(1,181)	(1,240,648)	(18,483)	(1,889,260)
Transfer between assets categories	0	0	(38,044,843)	38,044,843	0	0
Transfer from ongoing investments	595,770	12,508,849	1,140	11,978,974	(25,084,733)	0
Transfer to investment property	(603,129)	(59,431)	0	0	0	(662,560)
Transfer from investment property	0	263,944	0	0	0	263,944
Foreign exchange differences	492,039	847,646	0	452,239	10,017	1,801,941
As at 30 June 2018	212,650,262	653,021,007	434,880	280,151,331	31,444,183	1,177,701,663
Accumulated depreciation						
As at 1 January 2018	0	(378,484,490)	(19,618,389)	(135,740,713)	0	(533,843,592)
New acquisitions as a result of control obtained	0	0	(1,054,159)	(30,973)	0	(1,085,132)
Depreciation	0	(10,997,134)	(36,801)	(9,481,079)	0	(20,515,014)
Disposals/Impairments	0	335,948	0	1,182,750	0	1,518,698
Transfer between assets categories	0	0	21,399,901	(21,399,901)	0	0
Transfer to investment property	0	2,322	0	0	0	2,322
Transfer from investment property	0	(172,087)	0	0	0	(172,087)
Foreign exchange differences	0	(355,574)	0	(198,471)	0	(554,045)
As at 30 June 2018	0	(389,671,015)	690,552	(165,668,387)	0	(554,648,850)
Net carrying amount as at 1 January 2018	212,380,212	261,389,827	16,838,749	95,107,704	34,743,016	620,459,508
Net carrying amount as at 30 June 2018	212,650,262	263,349,992	1,125,432	114,482,944	31,444,183	623,052,813

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

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2017	106,043,536	476,160,386	0	171,338,303	9,594,422	763,136,647
New acquisitions	0	0	0	0	9,182,333	9,182,333
Disposals/Impairments	(503,910)	(424,576)	0	(1,154,291)	(37,332)	(2,120,109)
Transfer from ongoing investments	858,719	6,731,041	0	3,935,034	(11,524,794)	0
Transfer to investment property	(392)	(2,089,568)	0	0	0	(2,089,960)
Transfer from investment property	400,194	1,221,607	0	0	0	1,621,801
As at 30 June 2017	106,798,147	481,598,890	0	174,119,046	7,214,629	769,730,712
Accumulated depreciation						
As at 1 January 2017	0	(334,960,876)	0	(121,371,254)	0	(456,332,130)
Depreciation	0	(7,375,864)	0	(4,889,064)	0	(12,264,928)
Disposals/Impairments	0	388,341	0	1,110,859	0	1,499,200
Transfer to investment property	0	613,478	0	0	0	613,478
Transfer from investment property	0	(752,471)	0	0	0	(752,471)
As at 30 June 2017	0	(342,087,392)	0	(125,149,459)	0	(467,236,851)
Net carrying amount as at 1 January 2017	106,043,536	141,199,510	0	49,967,049	9,594,422	306,804,517
Net carrying amount as at 30 June 2017	106,798,147	139,511,498	0	48,969,587	7,214,629	302,493,861
Cost						
As at 1 January 2018	104,270,519	479,686,715	0	176,240,824	23,106,434	783,304,492
New acquisitions as a result of merger by absorption	485,433	20,055,806	38,044,843	29,111	1,121,632	59,736,825
New acquisitions	0	0	0	0	17,743,094	17,743,094
Disposals/Impairments	(214,478)	(344,194)	0	(819,189)	(18,483)	(1,396,344)
Transfer between asset categories	0	0	(38,044,843)	38,044,843	0	0
Transfer from ongoing investments	145,835	6,663,988	0	9,024,001	(15,833,824)	0
Transfer to investment property	(603,129)	(59,431)	0	0	0	(662,560)
Transfer from investment property	0	263,944	0	0	0	263,944
As at 30 June 2018	104,084,180	506,266,828	0	222,519,590	26,118,853	858,989,451
Accumulated depreciation						
As at 1 January 2018	0	(345,512,369)	0	(125,134,643)	0	(470,647,012)
New acquisitions as a result of merger by absorption	0	(12,933,776)	(21,399,901)	(17,642)	0	(34,351,319)
Depreciation	0	(7,256,758)	0	(6,260,235)	0	(13,516,993)
Disposals/Impairments	0	324,307	0	791,316	0	1,115,623
Transfer between asset categories	0	0	21,399,901	(21,399,901)	0	0
Transfer to investment property	0	2,322	0	0	0	2,322
Transfer from investment property	0	(172,087)	0	0	0	(172,087)
As at 30 June 2018	0	(365,548,361)	0	(152,021,105)	0	(517,569,466)
Net carrying amount as at 1 January 2018	104,270,519	134,174,346	0	51,106,181	23,106,434	312,657,480
Net carrying amount as at 30 June 2018	104,084,180	140,718,467	0	70,498,485	26,118,853	341,419,985

12. Investment in subsidiaries

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

(in EUR)	Petrol d.d.	
	30 June 2018	30 June 2017
As at 1 January	329,225,470	290,581,344
New acquisitions	17,507,280	1,700,000
Merger by absorption	(17,052,850)	0
As at 30 June	329,679,900	292,281,344

13. Investments in jointly controlled entities

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
As at 1 January	1,755,182	1,652,682	1,219,000	1,196,000
Attributed profit/loss	168,909	151,036	0	0
Dividends received	(175,901)	(150,000)	0	0
New acquisitions	282,934	0	282,934	0
Foreign exchange differences	976	0	0	0
As at 30 June	2,032,100	1,653,718	1,501,934	1,196,000

14. Investments in associates

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
As at 1 January	62,444,322	129,686,241	21,726,406	52,852,540
Attributed profit/loss	367,962	348,506	0	0
Dividends received	(801,029)	(740,452)	0	0
Disposals	(11,277,500)	0	0	0
As at 30 June	50,733,755	129,294,295	21,726,406	52,852,540

15. Financial assets at fair value through comprehensive income

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2018	30 June 2017	30 June 2018	30 June 2017
As at 1 January	11,173,565	2,598,071	1,689,491	2,519,028
New acquisitions	418,065	36,463	418,065	36,464
Disposals	(314,497)	(2,903)	(314,497)	(2,903)
Impairment	(165,470)	0	(165,470)	0
As at 30 June	11,111,662	2,631,632	1,627,589	2,552,588

16. Inventories

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Spare parts and materials inventories	2,988,218	2,362,733	2,383,640	1,896,790
Merchandise:	171,040,017	157,386,223	133,074,218	115,368,645
- fuel	119,736,586	100,594,442	99,554,436	86,478,396
- other petroleum products	5,703,003	5,357,876	4,973,190	4,303,093
- other merchandise	45,600,428	51,433,905	28,546,592	24,587,156
Total inventories	174,028,235	159,748,956	135,457,858	117,265,435

17. Current financial receivables

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Loans granted	9,624,153	22,025,288	16,258,384	20,004,800
Adjustment to the value of loans granted	(2,906,556)	(3,095,684)	(5,863,946)	(5,430,283)
Time deposits with banks (3 months to 1 year)	5,194,480	10,541,500	0	0
Interest receivables	1,285,744	1,157,199	4,785,647	4,397,792
Allowance for interest receivables	(1,188,040)	(1,105,221)	(4,303,386)	(4,029,003)
Finance lease receivables	29,207	75,482	29,207	75,482
Bank receivables arising from interest rate swaps	0	156,202	0	0
Total current financial receivables	12,038,988	29,754,766	10,905,906	15,018,789

18. Current operating receivables

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Trade receivables	467,546,089	481,578,064	353,899,137	318,916,206
Allowance for trade receivables	(55,025,736)	(50,602,952)	(34,607,636)	(32,059,730)
Operating receivables from state and other institutions	2,831,294	3,962,504	411,951	376,081
Operating interest receivables	5,756,223	5,505,191	6,843,396	6,288,440
Allowance for interest receivables	(3,186,602)	(2,849,598)	(3,162,875)	(2,676,168)
Receivables from insurance companies (loss events)	264,327	371,155	55,123	198,302
Other operating receivables	3,785,842	3,876,309	2,353,103	2,473,426
Allowance for other receivables	(384,365)	(384,365)	0	0
Total current operating receivables	421,587,072	441,456,308	325,792,199	293,516,557

19. Financial assets at fair value through profit or loss

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Assets arising from commodity swaps	4,910,140	1,661,550	4,910,140	1,661,550
Assets arising from forward contracts	920,204	0	920,204	0
Total financial assets at fair value through profit or loss	5,830,344	1,661,550	5,830,344	1,661,550

20. Prepayments and other assets

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Prepayments	23,250,132	27,188,684	12,685,782	17,209,798
Prepaid subscriptions, specialised literature, etc.	2,257,391	1,432,884	2,186,641	1,248,633
Uninvoiced services and goods	1,231,643	1,226,748	1,114,464	982,477
Prepaid insurance premiums	362,639	832,266	268,901	565,048
Other deferred costs and accrued revenue	6,842,710	3,696,970	3,645,051	1,212,327
Total prepayments and other assets	33,944,515	34,377,552	19,900,839	21,218,283

21. Financial liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Current financial liabilities				
Bonds issued	213,354,992	3,878,327	213,354,992	3,878,327
Liabilities to banks arising from interest rate swaps	1,364,609	178,999	1,307,359	178,999
Bank loans	743,041	54,455,711	200,529	54,092,750
Liabilities to banks arising from commodity swaps	677,359	1,729,801	677,359	1,635,792
Liabilities to banks arising from forward contracts	2,146	845,458	2,146	845,458
Other liabilities arising from financial instruments	0	0	2,568,846	2,568,846
Other loans and financial liabilities	1,790,256	1,772,341	92,763,489	71,523,033
	217,932,403	62,860,637	310,874,720	134,723,206
Non-current financial liabilities				
Bank loans	100,292,234	100,958,089	49,625,152	49,752,326
Bonds issued	43,782,973	256,527,730	43,782,973	256,527,730
Loans obtained from other companies	0	0	28,000,000	0
	144,075,207	357,485,819	121,408,125	306,280,056
Total financial liabilities	362,007,610	420,346,456	432,282,845	441,003,262

22. Current operating liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Trade liabilities	361,195,733	338,710,484	313,923,668	269,513,648
Excise duty liabilities	64,109,275	60,837,074	54,881,672	53,207,020
Liabilities associated with the allocation of profit or loss	34,372,482	634,630	33,612,085	634,630
Value added tax liabilities	17,482,219	22,062,303	8,566,910	11,792,071
Environment pollution charge liabilities	10,487,362	10,140,301	10,291,067	9,638,883
Liabilities to employees	8,696,112	8,834,803	7,028,568	7,179,922
Liabilities arising from prepayments and collaterals	2,929,958	2,331,190	1,810,235	1,681,815
Import duty liabilities	1,851,211	2,240,607	0	7,701
Other liabilities to the state and other state institutions	1,701,197	1,908,983	178,127	194,538
Social security contribution liabilities	780,480	669,887	617,859	536,744
Liabilities arising from interests acquired	0	220,000	0	220,000
Other liabilities	2,783,975	1,928,487	2,734,511	2,065,788
Total current operating and other liabilities	506,390,004	450,518,749	433,644,702	356,672,760

23. Other liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Accrued annual leave expenses	2,006,987	2,003,527	1,340,100	1,211,614
Accrued expenses for tanker demurrage	345,560	194,800	345,560	194,800
Accrued motorway site lease payments	143,585	115,869	143,585	115,869
Accrued concession fee costs	122,005	194,857	122,005	186,871
Other accrued costs	19,792,779	14,939,585	8,050,885	5,513,531
Deferred revenue from rebates granted	1,763,733	598,611	1,540,342	282,016
Deferred default interest income	2,114,977	2,114,977	2,114,977	2,114,977
Deferred prepaid card revenue	1,395,914	1,406,305	1,270,030	1,280,609
Other deferred revenue	1,074,133	1,324,994	944,202	1,085,614
Total other liabilities	28,759,673	22,893,525	15,871,686	11,985,901

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 June 2018:

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Financial assets at fair value through other comprehensive income	11,111,662	11,173,565	1,627,589	1,689,491
Non-current financial receivables	17,435,729	32,651,760	12,696,518	6,362,867
Non-current operating receivables	4,813,207	3,275,362	4,803,788	3,239,145
Current financial receivables	12,038,988	29,754,766	10,905,906	15,018,789
Current operating receivables (excluding receivables from the state)	418,755,778	437,493,804	325,380,248	293,140,476
Financial assets at fair value through profit or loss	5,830,344	1,661,550	5,830,344	1,661,550
Cash and cash equivalents	83,244,956	45,492,821	30,445,377	23,651,242
Total assets	553,230,664	561,503,628	391,689,770	344,763,560

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	373,747,330	47,319,698	6,003,575	673,908	3,230,601	430,975,112
Interest receivables	2,433,590	130,230	32,415	4,048	55,310	2,655,593
Other receivables (excluding receivables from the state)	3,827,842	23,467	10,521	767	502	3,863,099
Total as at 31 December 2017	380,008,762	47,473,395	6,046,511	678,723	3,286,413	437,493,804
(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	382,598,407	19,227,367	6,225,531	1,490,881	2,978,167	412,520,353
Interest receivables	2,315,496	107,184	82,585	6,672	57,684	2,569,621
Other receivables (excluding receivables from the state)	3,612,978	33,330	15,037	3,458	1,001	3,665,804
Total as at 30 June 2018	388,526,881	19,367,881	6,323,153	1,501,011	3,036,852	418,755,778

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

(in EUR)	Breakdown by maturity					Total
	Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	
Trade receivables	249,618,785	25,959,059	3,578,435	829,530	6,870,666	286,856,476
Interest receivables	12,700	85,487	17,302	0	3,496,783	3,612,272
Other receivables (excluding receivables from the state)	2,671,728	0	0	0	0	2,671,728
Total as at 31 December 2017	252,303,213	26,044,546	3,595,737	829,531	10,367,449	293,140,476

(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	293,345,253	11,730,909	4,531,175	644,356	9,039,808	319,291,501
Interest receivables	45,744	74,501	63,635	0	3,496,642	3,680,521
Other receivables (excluding receivables from the state)	2,408,226	0	0	0	0	2,408,226
Total as at 30 June 2018	295,799,223	11,805,410	4,594,810	644,356	12,536,450	325,380,248

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

(in days)	The Petrol Group		Petrol d.d.	
	1-6 2018	1-12 2017	1-6 2018	1-12 2017
Days sales outstanding				
Contract days	32	30	30	28
Overdue receivables in days	8	9	17	8
Total days sales outstanding	40	39	37	36

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 2018, 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 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	357,485,819	371,470,330	0	0	325,407,925	46,062,405
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	62,860,637	72,001,674	71,641,369	360,305	0	0
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	341,493,601	341,493,601	340,514,158	979,443	0	0
As at 31 December 2017	761,864,057	784,989,605	412,155,527	1,339,748	325,431,925	46,062,405

The Group's liabilities as at 30 June 2018 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	144,075,207	150,098,517	0	0	115,550,941	34,547,576
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	217,932,403	226,961,115	4,626,458	222,334,657	0	0
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	398,352,190	398,352,190	397,507,495	844,695	0	0
As at 30 June 2018	760,383,800	775,435,822	402,133,953	223,179,352	115,574,941	34,547,576

The Company's liabilities as at 31 December 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	306,280,056	318,331,345	0	0	272,979,607	45,351,738
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	134,723,206	143,544,979	113,671,723	29,873,256	0	0
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	272,434,066	272,434,066	271,642,539	791,527	0	0
As at 31 December 2017	713,461,328	734,334,390	385,314,262	30,664,783	273,003,607	45,351,738

The Company's liabilities as at 30 June 2018 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	121,408,125	125,822,768	0	0	91,985,859	33,836,909
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	310,874,720	319,578,876	94,037,732	225,541,144	0	0
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	350,270,264	350,270,264	350,060,506	209,758	0	0
As at 30 June 2018	782,577,109	795,695,908	444,098,238	225,750,902	92,009,859	33,836,909

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 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 Southeastern 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 six months of 2018, 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 is exposed to price and volumetric risks deriving from energy commodities. The Group/Company manages price and volumetric risks primarily by aligning purchases and sales of energy commodities in terms of quantities as well as purchase and sales conditions, thus securing its margin. Potential residual mismatches are hedged with derivative financial instruments. Depending on the business model for each energy commodity, appropriate limit systems are in place that limit exposure to price and volumetric risks.

The Group/Company hedges energy commodity prices primarily by using commodity swaps (variable to fixed price swap). Partners in this area include global financial institutions and banks or suppliers of goods. 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 six months of 2018, 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" for interest rate swaps, where hedged items and hedging derivatives form effective hedge relationship, therefore the effects of interest rate

swaps are recognized directly in equity. In the case of interest rate swaps where the effective hedge relationship is not formed, the effect of interest rate swaps is recognized in the income statement.

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 11 April 2018 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 six months of 2018 to keep indebtedness in line with the strategic plan.

Carrying amount and fair value of financial instruments

(in EUR)	The Petrol Group			
	30 June 2018 Carrying amount	Fair value	31 December 2017 Carrying amount	Fair value
Non-derivative financial assets at fair value				
Financial assets at fair value through other comprehensive income	11,111,662	11,111,662	11,173,565	11,173,565
Non-derivative financial assets at amortised cost				
Financial receivables (excluding derivative financial instruments)	29,474,717	29,474,717	62,250,324	62,250,324
Operating receivables (excluding receivables from the state)	423,568,985	423,568,985	440,769,166	440,769,166
Cash and cash equivalents	83,244,956	83,244,956	45,492,821	45,492,821
Total non-derivative financial assets	547,400,320	547,400,320	559,685,876	559,685,876
Non-derivative financial liabilities at amortised cost				
Bank loans and other financial liabilities (excluding derivative fin.instr.),	(359,963,496)	(359,963,496)	(417,592,198)	(417,592,198)
Operating liabilities (excluding other non-current liabilities and current liabilities to the state, employees and arising from advance payments)	(398,376,190)	(398,376,190)	(341,517,601)	(341,517,601)
Total non-derivative financial liabilities	(758,339,686)	(758,339,686)	(759,109,799)	(759,109,799)
Derivative financial instruments at fair value				
Derivative financial instruments (assets)	5,830,344	5,830,344	1,817,752	1,817,752
Derivative financial instruments (liabilities)	(2,044,114)	(2,044,114)	(2,754,258)	(2,754,258)
Total derivative financial instruments	3,786,230	3,786,230	(936,506)	(936,506)

(in EUR)	Petrol d.d.			
	30 June 2018 Carrying amount	Fair value	31 December 2017 Carrying amount	Fair value
Non-derivative financial assets at fair value				
Financial assets at fair value through other comprehensive income	1,627,589	1,627,589	1,689,491	1,689,491
Non-derivative financial assets at amortised cost				
Financial receivables (excluding derivative financial instruments)	23,602,424	23,602,424	21,381,656	21,381,656
Operating receivables (excluding receivables from the state)	330,184,036	330,184,036	296,379,621	296,379,621
Cash and cash equivalents	30,445,377	30,445,377	23,651,242	23,651,242
Total non-derivative financial assets	385,859,426	385,859,426	343,102,010	343,102,010
Non-derivative financial liabilities at amortised cost				
Bank loans and other financial liabilities (excluding derivative fin.instr.),	(427,727,135)	(427,727,135)	(435,774,167)	(435,774,167)
Operating liabilities (excluding other non-current liabilities and current liabilities to the state, employees and arising from advance payments)	(350,294,264)	(350,294,264)	(272,458,066)	(272,458,066)
Total non-derivative financial liabilities	(778,021,399)	(778,021,399)	(708,232,233)	(708,232,233)
Derivative financial instruments at fair value				
Derivative financial instruments (assets)	5,830,344	5,830,344	1,661,550	1,661,550
Derivative financial instruments (liabilities)	(4,555,710)	(4,555,710)	(5,229,095)	(5,229,095)
Total derivative financial instruments	1,274,634	1,274,634	(3,567,545)	(3,567,545)

25. Related party transactions

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2018	1-6 2017	1-6 2018	1-6 2017
Sales revenue:				
Subsidiaries	-	-	149,914,885	130,120,283
Jointly controlled entities	659,567	544,806	41,610	41,437
Associates	161,650	32,587	161,650	32,587
Cost of goods sold:				
Subsidiaries	-	-	38,525,454	24,376,744
Jointly controlled entities	200,656	66,956	0	0
Associates	0	11,310,762	0	22,923
Cost of materials:				
Subsidiaries	-	-	635,130	721,723
Jointly controlled entities	2,619	2,705	898	856
Associates	0	205,537	0	0
Cost of services:				
Subsidiaries	-	-	997,565	764,556
Jointly controlled entities	0	0	0	0
Associates	0	40	0	40
Other costs:				
Subsidiaries	-	-	5,001	0
Jointly controlled entities	0	253	0	0
Associates	0	0	0	0
Finance income from interests in Group companies:				
Subsidiaries	-	-	0	60,595
Jointly controlled entities	168,909	151,036	175,901	150,000
Associates	367,962	348,506	801,029	740,452
Finance income from interest:				
Subsidiaries	-	-	264,029	518,189
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Gain of derivatives:				
Subsidiaries	-	-	677,572	189,338
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Other finance income:				
Subsidiaries	-	-	92,075	63,803
Jointly controlled entities	0	0	0	0
Associates	890	1,384	890	1,384
Finance expenses due to impairment of goodwill:				
Subsidiaries	0	489,872	0	0
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Finance expenses for interest:				
Subsidiaries	-	-	336,773	342,724
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Loss on derivatives:				
Subsidiaries	-	-	126,032	482,699
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Investments in Group companies:				
Subsidiaries	-	-	329,679,900	329,225,470
Jointly controlled entities	2,032,100	1,755,182	1,501,934	1,219,000
Associates	50,733,755	62,444,322	21,726,406	21,726,406
Non-current financial receivables:				
Subsidiaries	-	-	11,185,918	4,805,918
Jointly controlled entities	428,994	428,994	583,994	583,994
Associates	0	0	0	0
Current operating receivables:				
Subsidiaries	-	-	40,981,952	21,351,402
Jointly controlled entities	476,994	438,342	336,599	313,222
Associates	32,589	654	32,589	654
Current financial receivables:				
Subsidiaries	-	-	9,244,064	12,037,946
Jointly controlled entities	686,740	486,006	686,740	486,006
Associates	0	0	0	0
Short-term deposits (up to 3 months):				
Subsidiaries	-	-	13,361	219,533
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Non-current financial liabilities:				
Subsidiaries	-	-	28,000,000	0
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Current financial liabilities:				
Subsidiaries	-	-	93,672,540	72,432,083
Jointly controlled entities	1,571,939	0	1,571,939	0
Associates	0	0	0	0
Current operating liabilities:				
Subsidiaries	-	-	9,136,939	9,305,163
Jointly controlled entities	62,316	46,505	965	1,513
Associates	0	0	0	0
Current accrued costs and expenses:				
Subsidiaries	-	-	343,257	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 June 2018	31 December 2017	30 June 2018	31 December 2017
Guarantee issued to:	Value of guarantee issued		Guarantee amount used	
Petrol d.o.o.	113,483,076	116,685,484	73,452,982	68,065,716
Geoplin d.o.o. Ljubljana	28,000,000	28,000,000	10,776,610	0
Petrol d.o.o. Beograd	8,505,567	8,504,298	1,936,517	1,500,000
Petrol BH Oil Company d.o.o. Sarajevo	7,613,560	10,681,312	1,265,860	36,646
Petrol Trade Handelsgesellschaft m.b.H.	3,000,000	3,000,000	1,800,000	2,250,000
Petrol Bucharest ROM S.R.L.	1,000,000	4,500,000	0	0
Petrol - Energetika Dooel Skopje	1,000,000	1,000,000	0	0
Aquasystems d.o.o.	911,309	911,309	911,309	911,309
Petrol Crna Gora MNE d.o.o.	790,000	790,000	344,512	161,299
Petrol Oti Slovenia LLC	500,000	0	214,786	0
Petrol Geoterm d.o.o.	0	132,490	0	132,490
Petrol Energetika, d.o.o.	0	50,000	0	0
Total	164,803,512	174,254,893	90,702,576	73,057,460
Other guarantees	11,497,210	15,183,739	11,497,210	15,183,739
Bills of exchange issued as security	5,136,367	4,693,627	5,136,367	4,693,627
Guarantee statement	31,259	0	31,259	0
Total contingent liabilities for guarantees issued	181,468,348	189,438,632	107,367,412	88,241,199

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 31,440,660. 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 9,746,585 as at 30 June 2018.

The total value of lawsuits against the Group as defendant and debtor totals EUR 35,378,278. 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 9,952,451 as at 30 June 2018.

27. Events after the reporting date

There were no events after the reporting date that would significantly affect the financial statements for the first six months of year 2018.

APPENDIX 1: ORGANISATIONAL STRUCTURE OF THE PETROL GROUP

The Petrol Group as at 30 June 2018	Sales	Energy and environmental solutions	Electricity generation from renewable sources
The parent company			
PETROL d.d., LJUBLJANA	✓	✓	✓
Subsidiaries			
PETROL d.o.o. (100 %)	✓	✓	
DUBROVNIK PLIN d.o.o. (100 %)	✓		
PETROL JAVNA RASVJETA 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 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 %)	✓		
MBILLS d.o.o. (76 %)	✓		
GEOPLIN d.o.o. Ljubljana (62.74 %)	✓		
GEOCOM d.o.o. (100 %)	✓		
GEOPLIN D.O.O., Zagreb (100 %)	✓		
GEOPLIN D.O.O. Beograd (100 %)	✓		
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 %)		✓	
VJETROELEKTRANA DAZLINA d.o.o. (50 %)			✓
VJETROELEKTRANA LJUBAČ d.o.o. (50 %)			✓
SOENERGETIKA d.o.o. (25 %)		✓	
Associates			
PLINHOLD d.o.o. Ljubljana (22.31 %)		✓	
AQUASYSTEMS d.o.o. (26 %)		✓	