

Report on the operations of the Petrol Group and Petrol d.d., Ljubljana in the first six months of 2019



August 2019

PETROL



CONTENTS

INTRODUCTORY NOTES5

HIGHLIGHTS7

 The Petrol Group's significant performance indicators 8

BUSINESS REPORT10

 Operations of the Petrol Group11

 A. SALES.....13

 Sales of petroleum products.....13

 Sales of merchandise and related services16

 Sales of services16

 Sales of liquefied petroleum gas.....16

 Natural gas sales and trading16

 Electricity sales and trading16

 B. ENERGY AND ENVIRONMENTAL SOLUTIONS17

 C. PRODUCTION OF RENEWABLE ELECTRICITY18

 D. MOBILITY.....18

 Sustainable development.....19

 Employees19

 Investments.....20

 The quality management system.....21

 Social responsibility.....22

 Risk management.....22

 Petrol's shares24

 Contingent increase in share capital27

 Dividends.....27

 Own shares27

 Regular participation at investors' conferences and external communication.....28

 Credit rating28

 General Meeting resolutions28

 Business plan for 201931

 Events after the end of the accounting period32

FINANCIAL REPORT33

 Financial performance of the Petrol Group and the company Petrol d.d., Ljubljana34

 Notes to the financial statements40

 Notes to individual items in the financial statements43

APPENDIX 1: ORGANISATIONAL STRUCTURE OF THE PETROL GROUP63

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 Panić, 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 2019 has been drawn up in accordance with International Financial Reporting Standards as adopted by the EU 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 Petro
- I Group and Petrol d.d., Ljubljana for the first six months of 2019 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 2019 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 Panić**

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 2019 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 2019 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 2019 has been published on the website of Petrol d.d., Ljubljana (<http://www.petrol.eu>), and is available on demand at the registered office of Petrol d.d., Ljubljana, Dunajska cesta 50, 1000 Ljubljana, every working day between 8 am and 3 pm.

The Company's Supervisory Board discussed the report on the operations of the Petrol Group and Petrol d.d., Ljubljana in the first six months of 2019 at its meeting held on 29 August 2019.

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
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 2019	I-VI 2018	Index 2019 / 2018
Sales revenues	EUR million	2,726.7	2,376.1	115
Adjusted gross profit ¹	EUR million	231.9	209.4	111
Operating profit	EUR million	66.1	53.9	123
Net profit	EUR million	40.7	39.1	104
EBITDA	EUR million	98.7	78.8	125
Non-current (long-term) assets as at period end	EUR million	933.9	826.9	113
Earnings per share	EUR	19.8	19.0	104
Net debt / EBITDA ²		1.7	1.6	106

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

² EBITDA calculated on an annual level. In 2019, the introduction of IFRS 16, which also requires that lease assets and liabilities be recognised and measured also for most operating leases, as is the case with finance leases.

The Petrol Group	UNIT	I-VI 2019	I-VI 2018	Index 2019 / 2018
Volume of petroleum products sold	million tons	1.9	1.6	117
Volume of liquefied petroleum gas sold	thousand tons	90.1	77.1	117
Volume of natural gas sold	TWh	10.0	11.1	90
Revenue from the sale of merchandise	EUR million	236.7	228.2	104
Number of service stations as at period end ¹		507	500	101

¹ Number of service stations for the year 2018 as at 31 December 2018.

Figure 1: EBITDA of the Petrol Group

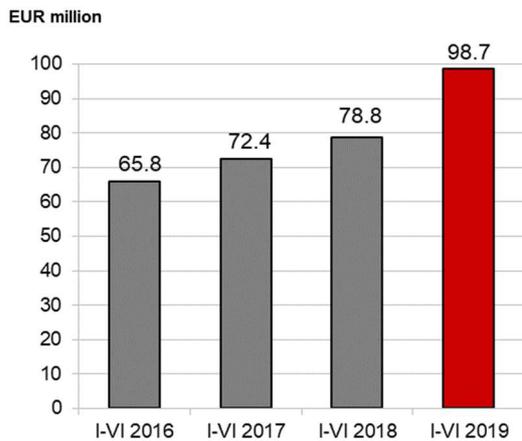


Figure 2: Net profit or loss of the Petrol group

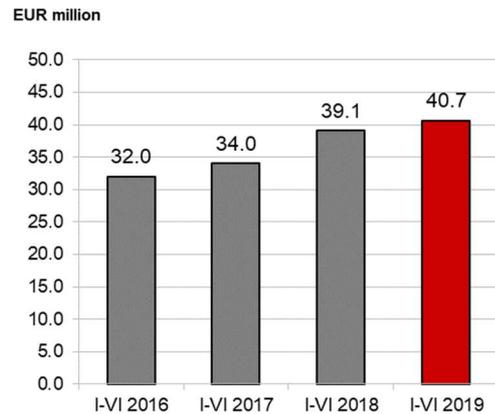


Figure 3: Increase in the number of service stations of the Petrol Group

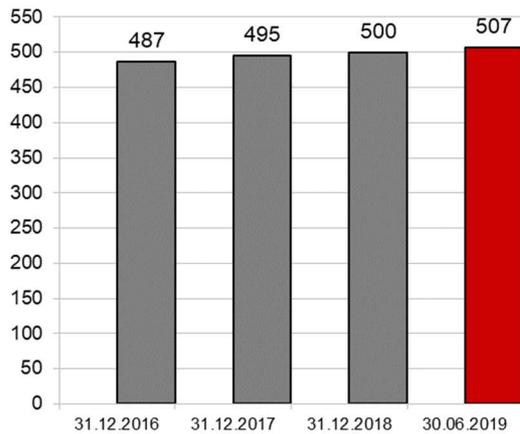


Figure 4: Volume of petroleum products sold by the Petrol Group

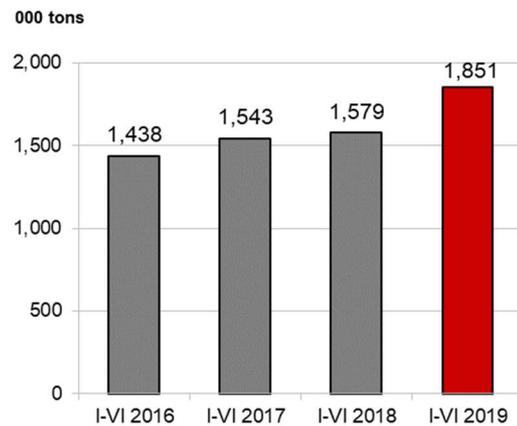


Figure 5: Number of employees in the Petrol Group

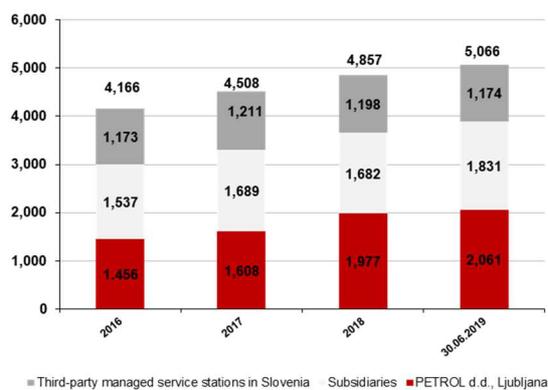
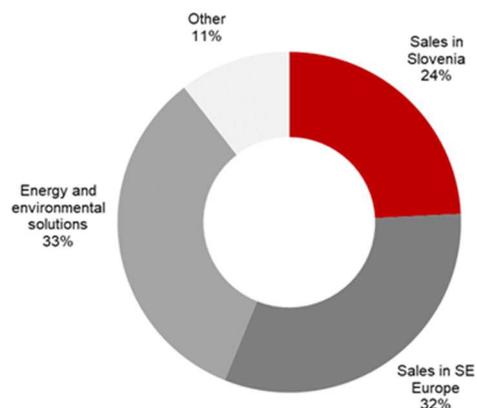


Figure 6: Breakdown of the Petrol Group's investments in the first six months of 2019



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 2019 stood at EUR 2.7 billion, a year-on-year increase of 15 percent, which was mainly the result of higher sales. Adjusted gross profit stood at EUR 231.9 million, which was 11 percent more than in the first six months of 2018. EBITDA totalled EUR 98.7 million or 25 percent more than in the first six months of 2018.

Figure 7: EBITDA broken down by activity

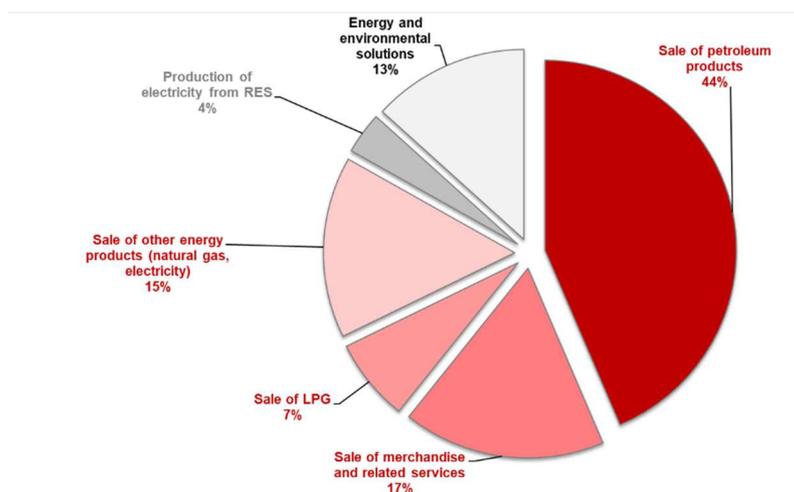
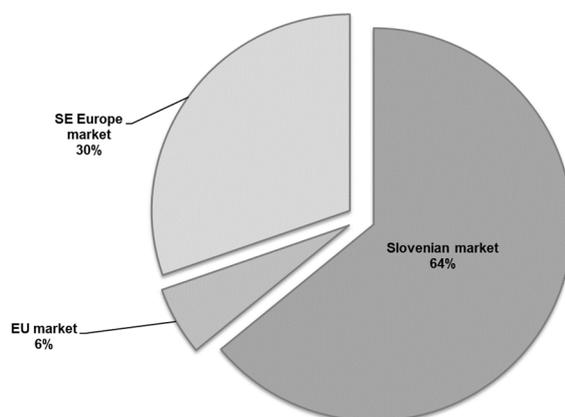


Figure 8: EBITDA broken down by market



Net profit for the first six months of 2019 totalled EUR 40.7 million and was up 4 percent year-on-year.

In the period concerned, the Petrol Group sold 1.9 million tons of petroleum products, a year-on-year increase of 17 percent. In Slovenia, the six-month sales of petroleum products stood at 846.2 thousand tons, accounting for 46 percent of the Petrol Group's total sales. In the same period, the Group sold 387.0 thousand tons of petroleum products in SEE markets, representing 21 percent of the Petrol Group's total sales, and 618.0 thousand tons in EU markets, which represented 33 percent of the Group's total sales.

At the end of June 2019, the Petrol Group's retail network consisted of 507 service stations, of which 319 were in Slovenia, 108 in Croatia, 42 in Bosnia and Herzegovina, 14 in Serbia, 13 in Montenegro and 11 in Kosovo.

In the first six months of 2019, EUR 236.7 million was generated in revenue from the sale of merchandise and related services, an increase of 4 percent compared to the same period of the previous year.

The Group sold 90.1 thousand tons of liquefied petroleum gas in the period concerned, a year-on-year increase of 17 percent.

What follows is a detailed presentation of the Petrol Group's operations in the first six months of 2019 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, consisting of energy solutions for the public and commercial sector, energy solutions for the industry and apartment buildings, and natural gas distribution
- C. Production of renewable electricity
- D. Mobility

A. SALES

In the first six months of 2019, the Petrol Group generated EUR 2.7 billion in sales revenue.

Sales of petroleum products

In the period concerned, the Petrol Group sold 1.9 million tons of petroleum products, a year-on-year increase of 17 percent.

In Slovenia, 846.2 thousand tons of petroleum products were sold in the first six months of 2019, a year-on-year increase of 7 percent. Motor fuel sales (petrol and diesel fuel) were up 7 percent compared to the previous year's figures for this period.

In SEE markets, 387.0 thousand tons of petroleum products were sold in the first six months of 2019, a year-on-year increase of 7 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 3.2 thousand tons of petroleum products.

In EU markets, 618.0 thousand tons of petroleum products were sold in the first six months of 2019, a year-on-year increase of 45 percent. The most important item 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 are determined by the market, while the prices of petrol and diesel fuel at other service stations remain regulated.

Until 31 March 2019, the prices of regulated motor fuels were set in accordance with the Decree on Setting Prices for Certain Petroleum Products which was in force from 1 October 2018 onwards. On 28 March 2019, the Government of the Republic of Slovenia adopted a new Decree on Setting Prices for Certain Petroleum Products, which shall remain in force until 30 September 2019. The pricing methods under each of the decrees remained unchanged compared to their preceding decrees.

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 69 percent of the average gross margin in the EU countries (61 percent if the compulsory stocks membership fee is not taken into account) and in the case

of diesel fuel to 55 percent (49 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. They are set freely and are determined by the market, and can change on a daily basis. 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 66.0 per barrel in the first six months of 2019 and was down 7 percent year-on-year. The average price in euros was in line with the average for the same period of the previous year. In the period concerned, the

price of Brent crude peaked on 16 May 2019, reaching USD 74.7 per barrel. Its lowest price was recorded on 3 January 2019 at USD 53.2 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 2019 in USD/barrel



SOURCE: Petrol, 2019

Figure 10: Changes in Brent Dated High oil price in the first six months of 2019 in EUR/barrel



SOURCE: Petrol, 2019

OPEC's decision to limit oil output in cooperation with Russia caused the price of oil to rise in 2019 compared to the end of 2018. Future oil price movements will continue to depend largely on OPEC's oil output agreements, the situation in the Middle East, 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 1.11 and 1.15 US dollars per euro in the first six months of 2019. The average exchange rate of the US dollar according to the exchange rate of the European Central Bank stood at 1.13 US dollars per euro in the period concerned.

Sales of merchandise and related services

Merchandise sales consist of sales of automotive products, foodstuffs, accessories, tobacco and lottery products, coupons and cards, coffee-to-go and other merchandise. The Petrol Group generated EUR 236.7 million in revenue from the sale of merchandise and related services¹ in the first six months of 2019, an increase of 4 percent compared to the same period of the previous year.

In Slovenia, EUR 200.6 million was generated in revenue from the sale of merchandise and related services in the first six months of 2019, an increase of 2 percent compared to the same period of the previous year. The range at Petrol's points of sale is modified and expanded as we try to accommodate the needs of our service station customers by quickly adapting the range.

In SE Europe markets, EUR 36.0 million was generated in revenue from the sale of merchandise in the first six months of 2019, an increase of 15 percent compared to the same period of the previous year. The best results were achieved in tobacco and food sales.

Sales of services

Services consist of revenue from storage and petroleum-product handling services, renting of business premises and hospitality facilities, transport, carwash services, revenue from Petrol Club cards, and other services. In the first six months of 2019, the Petrol Group generated EUR 18.0 million in revenue from the services related to oil and merchandise sales.

Sales of liquefied petroleum gas

In the first six months of 2019, the Petrol Group sold 90.1 thousand tons of liquefied petroleum gas, a year-on-year increase of 17 percent.

At the end of June 2019, the Petrol Group operated 5 LPG supply concessions in Slovenia. In addition, the company Petrol 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 2019, the Petrol Group sold 10.0 TWh of natural gas or 10 percent less than in the same period of the previous year. Of this quantity, 7.3 TWh were sold to end users and 2.7 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

¹In accordance with the new accounting standard IFRS 15, the Petrol Group changed the method of presenting revenue from the sale of goods sold by the Group on behalf of third parties. Under the new standard, only the fee that the Group is entitled to receive in return for the sale of goods on behalf of third parties is presented in sales revenue.

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

In the first six months of 2019, the Petrol Group sold 12.3 TWh of electricity, a year-on-year increase of 41 percent.

B. ENERGY AND ENVIRONMENTAL SOLUTIONS

In the first six months of 2019, the Petrol Group generated EUR 33.6 million in revenue from the sale of energy and environmental solutions.

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

- energy solutions for 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 the industry and apartment buildings,
- natural gas distribution.

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.

In the first six months of 2019, the Petrol Group sold 92.5 thousand MWh of heat, a year-on-year increase of 9 percent.

In the field of industry, we have been developing various business models tailored to the needs of the customer and the customer's technological processes. Our experts prepare solutions for steam and heat, natural gas, industrial gases and compressed air, water, cooling systems and industrial waste treatment plants. We are setting up projects in the field of efficient lighting in industrial buildings. Industrial customers are included in our virtual power plant.

In addition to industrial users, we are developing solutions for commonhold unit owners and managers in the field of energy-saving renovation, control and management of boiler rooms and the installation of heat cost allocators in apartment buildings.

At the end of June 2019, the Group operated 29 natural gas supply concessions in Slovenia. In Serbia, it supplied natural gas to the municipalities of Bačka Topola and Pećinci as well as to three Belgrade municipalities. At the end of 2018, the Petrol Group also established itself in Croatia where its company Zagorski metalac d.o.o. distributes natural gas in certain municipalities of the Zagorje-Krapina County and the Zagreb County.

In the first six months of 2019, the Petrol Group distributed 597.1 thousand MWh of natural gas.

C. PRODUCTION OF RENEWABLE ELECTRICITY

In the first six months of 2019, the Petrol Group generated EUR 4.5 million in sales revenue in the area of renewable electricity production.

Rapid development of the global energy system is fuelled by growing energy needs as well as by environmental requirements linked to climate change. Recognising this, we also produce electricity from renewable sources – wind, water and sun, with wind power becoming increasingly important in the European energy market.

As a key element in the future development of the Petrol Group, renewable electricity production has a strategic place in Petrol's decision to become a modern energy company. It helps us secure own long-term sources for the purpose of selling electricity, while keeping us prepared for new trends in the area of transport. At Petrol, we see enormous potential for the development of renewable electricity production in SE Europe. By developing our own production capacity, we pursue the strategic orientation of becoming a visible regional provider of comprehensive energy and environmental solutions, and a partner in the development of the circular economy for transition to the low carbon society.

The Petrol Group has been involved in electricity production since 2003, when electricity was produced at smaller production plants (photovoltaics, micro cogeneration, biogas plants).

We produce hydroelectric power in Bosnia and Herzegovina, where electricity is produced at four small hydroelectric plants on rivers Jezernica and Kozica. In 2018 we launched electricity production at the small hydroelectric power plant Jeleč (4.9 MW of output, 15 thousand MWh of annual production).

In Croatia, we started producing wind electricity at Glunča power plant in the Šibenik area in 2017 (20.7 MW of rated output, 50 thousand MWh of annual production).

D. MOBILITY

Mobility is comprised of two segments:

- E-mobility – setting up, managing and maintaining infrastructure for the charging of electric vehicles, and provision of the charging service,
- Mobility services – "vehicle as a service" and new types of mobility such as car sharing, transport on demand and more dynamic forms of alternative transport, aggregation and optimisation of passenger transport.

As part of e-mobility, we provide services related to the setting up, management and maintenance of infrastructure for the charging of electric vehicles as well as services linked to the very performance and billing of the charging service, and also customer care. These services and solutions are offered also to companies and municipalities. At the end of June 2019, we managed and provided the charging service at more than 120 charging points in

Slovenia and Croatia. In the first six months, over 180 MWh of electricity were delivered at the charging points. Considering publicly available records on the number of registered electric vehicles on Slovene roads, more than 80 percent of EV users used Petrol payment cards to charge their vehicles. In 2018 we began to actively expand the network of charging points for electric vehicles also in Croatia, a process that continued in the first half of 2019.

In the area of mobility services, we develop services related to new concepts and types of mobility such as "vehicle as a service", car sharing and dynamic forms of alternative transport to complement existing regular scheduled bus transport and other services. The "vehicle as a service" business model, which we already offer commercially, consists of providing to the customer all services related to the use of a vehicle and fleet management in return for a fixed monthly fee. We have conducted several successful marketing campaigns thanks to which we were able to increase the fleet of electric vehicles that we lease out.

To develop services, we join forces with domestic and foreign partners. In 2019 we were involved in three international projects for which we also obtained EU grants.

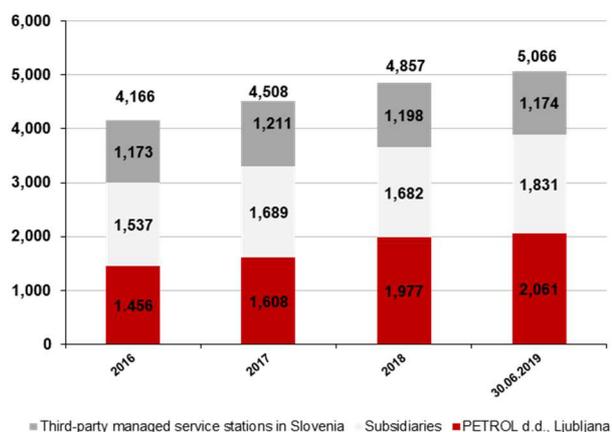
Sustainable development

Sustainability principles have a prominent place in the Petrol Group's development strategy. Our aim is to do business in such a way that it positively affects the economic and social fabric, while striving to protect the environment. In June 2019 we published a fourth Sustainability Report of the Petrol Group².

Employees

On 30 June 2019, the Petrol Group had 5,066 employees, of which 34 percent worked for subsidiary companies abroad. As the Group expanded its business, the number of employees increased by 209 compared to the end of 2018.

Figure 11: Changes in the number of employees of the Petrol Group and at third-party managed service stations in the period 2016 – 2019



² https://www.petrol.eu/binaries/content/assets/skupina-petrol-eng/2019/publications/tp-2018_eng.pdf

Employee structure

At the end of June 2019, the average age of the Petrol Group employees was 39 years. 59 percent of employees were male and 41 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.

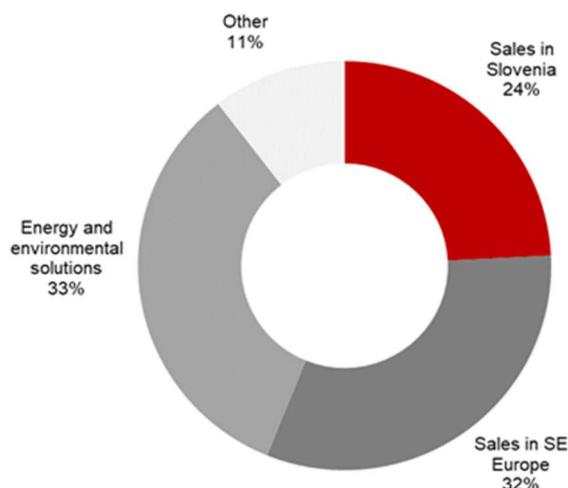
Training

In the first six months of 2019, the Petrol Group provided close to 72 thousand teaching hours of training, which represented, on average, 15 teaching hours of training per employee in the period concerned. Organised as part of the Petrol Group is Petrol Academy. Its main goal is 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 2019, net investments³ in property, plant and equipment, intangible assets and long-term investments stood at EUR 30.9 million. Out of the above amount, 24 percent was allocated to sales in Slovenia, 32 percent to sales in SE Europe, 33 percent to energy and environmental solutions, and 11 percent to the upgrading of information and other infrastructure.

Figure 12: Breakdown of the Petrol Group’s investments in the first six months of 2019



³Net investments in fixed assets = Investments in fixed assets – Disposal of non-current assets.

The quality management system

The Petrol Group’s operations are based on the implementation of strict quality standards. Since 1997, we have been constantly upgrading and expanding the Group’s quality management system. In addition to the certified quality management system, environmental management system and energy management system, the comprehensive quality management system incorporates the requirements of the HACCP food safety management system, of the OHSAS occupational health and safety system and of the ISO 27001 information security system.

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 : 2005 SIST EN ISO/IEC 17020 : 2012	ISCC,AEO*** RC*, FSC**
Petrol d.o.o.	ISO 9001: 2015	ISO 14001: 2015	/	/	ADR/RID/ADN -I-PTR****
Petrol Geo 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

*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.

***The AEO certificate is issued by the Customs Administration of the Republic of Slovenia which also carries out control and inspects AEO certificate holders. The certificate allows for easier admittance to customs simplifications, fewer physical and document-based controls, priority treatment in case of control, a possibility to request a specific place for such controls and a possibility of prior notification. To obtain an AEO certificate, several conditions and criteria need to be met: compliance with security and safety standards, appropriate records to demonstrate compliance with customs requirements, a reliable system of keeping commercial and transport records for control purposes, and proof of financial solvency.

****Certificate to carry out an in-house inspection service for the performance of pressure receptacle inspections in accordance with Directive 2010/35/EU. Petrol d.o.o. is an IS body under the authority of the notified body Bureau Veritas Italia for the purpose of carrying out periodic inspections of pressure receptacles defined in accordance with chapter 6.2 of ADR/RID/ADN.

In January 2019, a first recertification audit of the ISO 50001 energy management system was conducted at Petrol d.d., Ljubljana, which revealed that the system is suitably maintained and compliant with the standard's requirements. The ISO 50001 certificate was then renewed for three years. In April 2019, an integrated surveillance audit of the quality management system and of the environmental management system (ISO 9001 and 14001) was performed at Petrol d.d., Ljubljana.

At the company Petrol d.o.o., Beograd, an ISO 9001, ISO 14001 and ISO 18001 certification audit was conducted in respect of the process Sale of Industrial Equipment, Engineering and Project Management. At the company Beogas d.o.o., a recertification audit of the (ISO 9001) quality management system took place. In May 2019, a surveillance audit of the quality and environmental management systems took place at the company Petrol d.o.o., Zagreb. The audits were passed successfully and did not identify any non-compliance issues.

Social responsibility

Caring for social and environmental issues has been part of the Petrol's operations for a number of years. The demands and challenges of our time are addressed based on a long-term growth strategy and a strong awareness that supporting the environment in which we operate significantly affects our operations and development. For many years we have been helping wider social and local communities achieve a dynamic lifestyle and better quality of life. 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, we aim 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 the results of the 2017 risk assessment, the most relevant and probable risks 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 with an assortment of limits systems defined depending on the business partner, the area of trading and the value at risk, and with appropriate processes in place to monitor and control these risks.

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

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. Changes and updates to the risk management system undertaken in the past three years were further advanced in 2019 as a new information system was introduced. The new system has already been deployed within the parent company, with other Group companies following as scheduled.

In conjunction with the introduction of the new information system, the system of limits for operations involving natural persons was updated as previously announced.

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.

At the end of June, we repaid all obligations under the eurobonds, in total EUR 203 million.

In the first six months of 2019, average petroleum product prices were somewhat lower year-on-year, meaning that slightly less working capital might be needed. The Group's long-term and short-term lines of credit provide us with a high level of liquidity.

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

The Petrol Group is capable of meeting all of its outstanding liabilities at any given moment. The Group's successful operations in particular are a guarantee for the Group's long-term solvency and boost its equity capital.

Interest rate risk

The Petrol Group regularly monitors its exposure to the interest rate risk. 88.3 percent of the Group's non-current financial liabilities contain a variable interest rate that is linked to EURIBOR. In the first six months of 2019, the average EURIBOR rate was comparable to the one at the end of 2018 and thus remains historically low (negative).

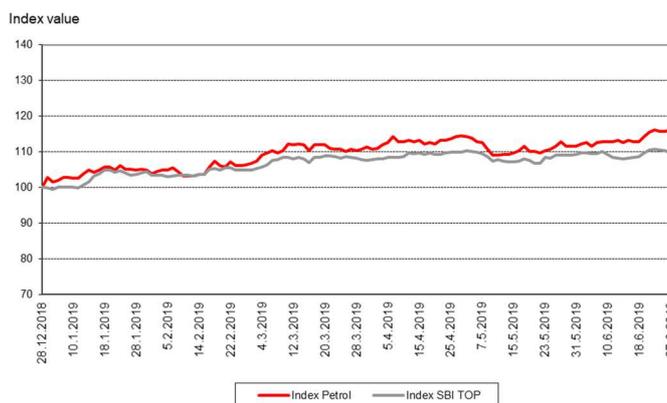
To hedge against exposure to the interest rate risk, a portion of variable interest rates is transformed into a fixed interest rate using derivative financial instruments, thus protecting our net interest position. When deciding whether to pursue additional hedging activities, forecasts regarding interest 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 2019, no additional interest rate hedging contracts were concluded.

Petrol's shares

At the end of June 2019, share prices at the Ljubljana Stock Exchange were on average higher than at the end of 2018. 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 881.59 as at the end of June 2019 and was up 9.5 percent relative to the end of 2018 (805.06). During this period, Petrol's shares gained 15.2 percent in value. In terms of trading volume, which in the case of Petrol's shares amounted to EUR 11.3 million between January and June, the shares were ranked fourth among the shares traded on the Ljubljana Stock Exchange. In terms of market capitalisation, which stood at EUR 744.8 million as at 30 June 2019, the shares were ranked third and accounted for 11.0 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 2019 compared to the end of 2018



In the first six months of 2019, the price of Petrol's shares ranged between EUR 315 and EUR 360 per share. Their average price for the period stood at EUR 339.64 and their price as at the end of June 2019 at EUR 357.00. The Petrol Group's earnings per share stood at EUR 19.78, with its book value per share amounting to EUR 357.82. Petrol d.d., Ljubljana had 23,260 shareholders as at 30 June 2019. At the end of June 2019, 553,173 shares or 26.5 percent of all shares were held by foreign legal or natural persons. Compared to the end of 2018, the number of foreign shareholders increased by 0.2 percentage points.

Figure 14: Closing price and the volume of trading in Petrol's shares in the first six months of 2019

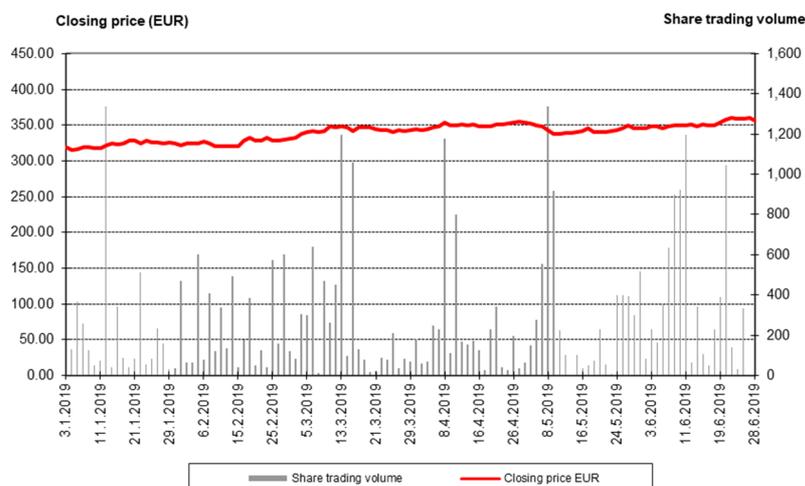


Figure 15: Ownership structure of Petrol d.d., Ljubljana as at 30 June 2019

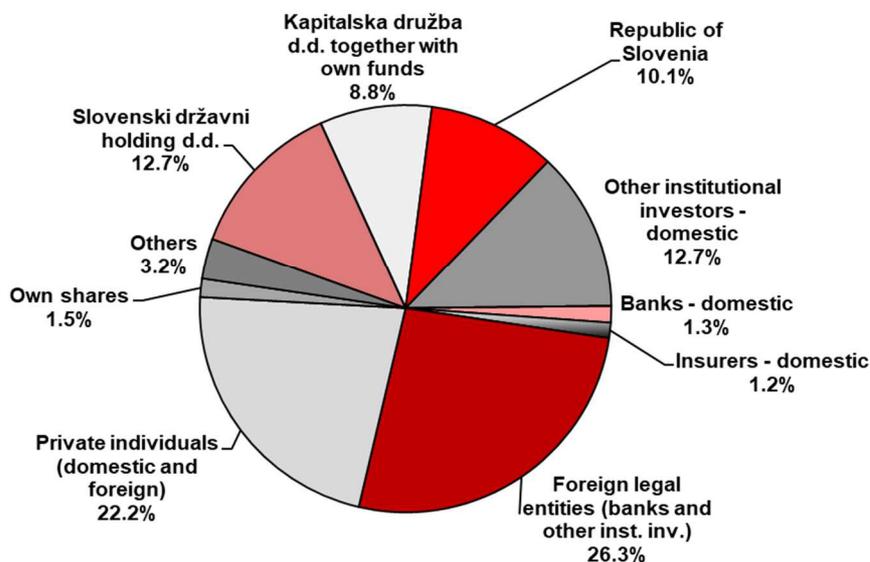


Table 3: Changes in the ownership structure of Petrol d.d., Ljubljana (comparison between 30 June 2019 and 31 December 2018)

	June 30, 2019		December 31, 2018	
	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	183,880	8.8%	184,136	8.8%
Republic of Slovenia	210,689	10.1%	210,689	10.1%
Other institutional investors - domestic	264,549	12.7%	266,666	12.8%
Banks - domestic	27,415	1.3%	30,214	1.4%
Insurers - domestic	25,486	1.2%	25,486	1.2%
Foreign legal entities (banks and other inst. inv.)	548,633	26.3%	543,030	26.0%
Private individuals (domestic and foreign)	463,240	22.2%	463,792	22.2%
Own shares	30,723	1.5%	30,723	1.5%
Others	67,170	3.2%	67,049	3.2%
Skupaj	2,086,301	100.0%	2,086,301	100.0%

Table 4: 10 largest shareholders of Petrol d.d., Ljubljana as at 30 June 2019

	Shareholder	Address	No. of Shares	Share in %
1	ČEŠKOSLOVENSKA OBCHODNI BANK, A.S. - FID	RADLICKA 333/150, 150 57 PRAGA 5, REPUBLIKA ČEŠKA	266,726	12.78%
2	SLOVENSKI DRŽAVNI HOLDING, D.D.	MALA ULICA 5, 1000 LJUBLJANA	264,516	12.68%
3	REPUBLIKA SLOVENIJA	GREGORČIČEVA ULICA 20, 1000 LJUBLJANA	210,689	10.10%
4	KAPITALSKA DRUŽBA, D.D.	DUNAJSKA CESTA 119, 1000 LJUBLJANA	172,639	8.27%
5	OTP BANKA D.D. - CLIENT ACCOUNT - FIDUCI	DOMOVINSKOG RATA 61, 21000 SPLIT, HRVAŠKA	109,651	5.26%
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	32,342	1.55%
10	CITIBANK N.A. - FIDUCIARNI RAČUN	CITIBANK CENTRE, CANADA SQUARE, CANARY W, E14 5LB, LONDON, VELIKA BRITANJA	28,961	1.39%

Table 5: Shares owned by members of the Supervisory and Management Board as at 30 June 2019

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. Sergij 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		270	0.0129%
1. Tomaž Berločnik	Management Board President	0	0.0000%
2. Igor Stebernak	Management Board Member	0	0.0000%
3. Rok Vodnik	Management Board Member	270	0.0129%
4. Ika Krezzel Panič	Management Board Member/Worker Director	0	0.0000%

Contingent increase in share capital

In the period up to 30 June 2019, 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 29th General Meeting held on 18 April 2019, Petrol d.d., Ljubljana paid 2018 gross dividends of EUR 18.00 per share in August 2019. The gross dividend per share for 2017, which was paid in 2018, stood at EUR 16.00.

Own shares

Petrol d.d., Ljubljana did not repurchase its own shares in the first six months of 2019. As at 30 June 2019, there were 30,723 own shares, representing 1.5 percent of its registered share capital. This includes 24,703 own shares that were acquired by Petrol d.d., Ljubljana in the period 1997 to 1999. Their total cost equalled EUR 2.6 million as at 30 June 2019 and was EUR 6.2 million lower than their market value on that date. The remaining 6,020 shares are the shares that are considered as own shares which were held by the subsidiary Geoplin d.o.o. Ljubljana at the time it was incorporated in the Petrol Group.

Own shares of Petrol d.d., Ljubljana, in total 36,142 (without the shares of Geoplin d.o.o. Ljubljana), were purchased between 1997 and 1999. The Company may acquire these 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 plus 6,020 own shares of Geoplin d.o.o. Ljubljana, in total 30,723 own shares), 10 percent of the Company's share capital (208,630 shares). In 2018 and 2019, Petrol d.d., Ljubljana did not adopt a programme to prepare a policy for creating own shares.

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. We regularly attend investors' conferences that are organised each year by stock exchanges, banks and brokerage companies. There were several individual meetings with investors and analysts in the first six months of 2019. In March, we participated in a Ljubljana Stock Exchange webcast. In April, we attended an investors' conference organised by the Ljubljana Stock Exchange and the Zagreb Stock Exchange in New York as well as 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.

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.

General Meeting resolutions

At the 29th General Meeting of Petrol d.d., Ljubljana held on 18 April 2019, the following resolutions were adopted:

- Accumulated profit of EUR 49,769,123 as at 31 December 2018 shall be used as follows:
 - o accumulated profit of EUR 37,553,418 shall be distributed as dividend payments, with gross dividends amounting to EUR 18.00 per share (taking into account the total number of shares issued, i.e. without excluding own shares);
 - o the remaining accumulated profit of EUR 12,215,705 and any amounts linked to own shares arising on the date the dividends are paid and amounts resulting from rounding off dividend payments shall be transferred to other revenue reserves.

The Company shall pay out dividends on 9 August 2019 to shareholders registered with KDD – the Central Securities Clearing Corporation on 8 August 2019.

- The Company's Management Board shall be granted discharge from liability for the year 2018.
- The Company's Supervisory Board shall be granted discharge from liability for the year 2018.
- The audit firm ERNST & YOUNG Revizija, poslovno svetovanje, d.o.o., Dunajska cesta 111, Ljubljana, shall be appointed auditor of the Company for 2019, 2020 and 2021.
- The Company's Articles of Association shall be amended as follows:
 - o owing to changes introduced as regards the Company's activities, the following shall be added to Clause 03.01. of the Articles of Association:
 - 08.120 Operation of gravel and sand pits, mining of clays and kaolin
 - 08.910 Mining of chemical and fertiliser minerals
 - 08.930 Extraction of salt
 - 08.990 Other mining and quarrying n.e.c.
 - 09.900 Support activities for other mining and quarrying
 - 49.310 Urban and suburban passenger land transport
 - 49.320 Taxi operation
 - 49.391 Interurban and other road passenger transport;
 - o due to the expiry of a five-year period, the provisions pertaining to the authorised capital of the Company shall be deleted, namely the title 07A.00. AUTHORISED CAPITAL and Clauses 07A.01., 07A.02. and 07A.03;
 - o the provisions of Clause 09.04. shall be extended by adding a new sentence at the end of the Clause, reading as follows: "A member of the Management Board shall hold at least a bachelor's or master's degree from a relevant university (Bologna 2nd Cycle Degree), and shall have five years of appropriate work experience in managerial positions and suitable knowledge and organisational skills to manage the company. Further, the member shall demonstrate professional and personal integrity."
 - o a new second paragraph shall be added to Clause 10.13., which reads as follows: "A member of the Supervisory Board may resign from the position of Member of the Supervisory Board prior to the expiry of the term of office for which he/she has been appointed. However, the resignation shall not be given at an inappropriate time, and is subject to a 90 days' notice period. In the case the resignation is given at an inappropriate time, the member of the Supervisory Board shall be liable to the company for any damage caused to it, despite the fact that the 90 days' notice period has been observed."
 - o Clause 10.14. shall be amended to read: "In return for their work, the members of the Supervisory Board shall be entitled to receive basic remuneration for duties performed, attendance fees and reimbursement of costs in connection with their work for the Supervisory Board. The exact amounts of payments shall be determined in a resolution adopted by the General Meeting."
 - o Clause 10.15. shall be deleted; the previous Clause 10.16. shall be renumbered to 10.15.
- The following remuneration is set by the General Meeting for the members of the Supervisory Board in return for their work:
 1. The members of the Supervisory Board shall be entitled to receive attendance fees for their attendance at Supervisory Board's meetings. Each member shall receive a gross amount of EUR 275.00 for each meeting attended. The members of a Supervisory Board Committee shall be entitled to receive attendance fees for their

attendance at Committee meetings. Each member of the Committee shall receive 80 percent of the fee for attendance at the Supervisory Board's meetings. The fee for attendance at a correspondence meeting amounts to 80 percent of the regular attendance fee. Notwithstanding the foregoing and the number of their attendances at meetings, in each financial year a member of the Supervisory Board shall be entitled to receive the total amount of attendance fees not exceeding 50 percent of the basic remuneration paid on an annual basis for performing the duties of Member of the Supervisory Board. In each financial year, a member of the Supervisory Board who is also a member of a Supervisory Board Committee or Committees shall be entitled to receive, notwithstanding the foregoing and the number of their attendances at the meetings of the Supervisory Board and of the Committees, the total amount of attendance fees not exceeding 75 percent of the basic remuneration paid on an annual basis for performing the duties of Member of the Supervisory Board.

2. In addition to attendance fees, the members of the Supervisory Board shall be entitled to receive basic remuneration for performing their duties; each member shall be entitled to receive a gross annual amount of EUR 14,000.00. Further, the President of the Supervisory Board shall also be entitled to receive an additional amount of 50 percent of the basic remuneration paid for performing the duties of Member of the Supervisory Board. The Vice President / Deputy President of the Supervisory Board shall be entitled to receive an additional amount of 10 percent of the basic remuneration paid for performing the duties of Member of the Supervisory Board. The members of a Supervisory Board Committee shall be entitled to receive an additional amount for performing their duties; each member of the Committee shall receive 25 percent of the basic remuneration paid for performing the duties of Member of the Supervisory Board. The president of a Committee shall be entitled to receive an additional amount of 37.5 percent of the basic remuneration paid for performing the duties of Member of the Supervisory Board. In each financial year, a member of a Supervisory Board Committee shall be entitled to receive, notwithstanding the foregoing and the number of committees of which they are a member or president, the total amount of additional fees not exceeding 50 percent of the basic remuneration paid on an annual basis for performing the duties of Member of the Supervisory Board. If the term of office of a member of the Supervisory Board is shorter than the financial year, the member of a Supervisory Board Committee shall be entitled to receive, notwithstanding the foregoing and the number of committees of which they are a member or president, the total amount of additional payments not exceeding 50 percent of the basic remuneration paid for performing the duties of Member of the Supervisory Board, taking into account the eligible payments for the period of their term of office in the relevant financial year.
3. The members of the Supervisory Board and the members of a Supervisory Board Committee shall receive basic remuneration and additional payments for performing their duties in the form of proportional monthly fees to which they are entitled as long as they perform their duties. The monthly fee shall amount to one-twelfth of the abovementioned annual payments.
4. Limits on the amount of total payments of attendance fees or additional payments to the members of the Supervisory Board shall in no way affect their statutory responsibilities and their duty to participate actively in all meetings of the Supervisory Board and the Committees of which they are members.
5. The members of the Supervisory Board shall be entitled to receive a refund of travel and accommodation costs in connection with their work for the Supervisor Board. The

amounts refunded shall be defined in accordance with the regulations governing the reimbursement of costs in connection with work and other income not included in the tax base (allowances for travel and overnight stays during business trips). The amount to which a member of the Supervisory Board is entitled in accordance with the above-mentioned regulations shall be calculated as a gross amount in such a way that the net amount represents the actual travel expenses refunded. Mileage expenses shall be calculated using the table of distances between places, posted on the website of AMZS, the national automobile association. Accommodation costs will be refunded only if the distance of a Supervisory Board member's and/or a Supervisory Board Committee member's permanent or temporary residence is at least 100 kilometres away from the location of the Board's or Committee's work, provided it is not possible for the member to return home owing to the lack of suitable scheduled public means of transport, or for other objective reasons.

As from the date of adopting this Resolution, the resolution on the amounts of attendance fees, adopted at the General Meeting of 7 April 2009, and the resolution on monthly payments for the performance of duties, adopted at the General Meeting of 19 May 2011, shall cease to apply.

Business plan for 2019

The Petrol Group has set ambitious goals for 2019. To achieve them, it will pay particular attention to the optimisation of operational and supporting business processes in 2019.

At the Petrol Group, we realise that despite careful preparation, informed business decisions, quick response to changes and an efficient risk management system external factors may arise in the business environment which are beyond our direct control and may pose a risk or a threat when it comes to meeting our targets. In 2019 these factors include:

- sales in the EU market, the extremely volatility of which might keep us from reaching our sales targets,
- the impact of the Act Regulating the Construction, Operation and Management of the Second Track of the Divača-Koper Railway Line, which foresees two new duties in order to finance the construction: a charge on transshipment in the freight port of Koper to be paid by the transshipment operator and an additional charge to the toll paid by the toll-paying entities, which would mean higher costs for the Petrol Group,
- proposal amending the Minimum Wage Act, which redefines the minimum wage by excluding allowances (including the length of service allowance), the job performance bonus and the business performance bonus, which might bring up labour costs.

The Petrol Group's main business targets for 2019:

- Sales revenue of EUR 5.6 billion
- Adjusted gross profit of EUR 475 million
- EBITDA of EUR 186.4 million
- Net profit of EUR 96.7 million
- Net debt to equity ratio of 0.4
- Net debt to EBITDA ratio of 1.8 (or 2.1 if IFRS 16 is taken into account)
- Financial leverage ratio of 29 percent

- 3.3 million tons of petroleum products sold
- Revenue from merchandise sales and related services of EUR 609.1 million – a figure in accordance with IAS 18 which is no longer in effect (or EUR 481.6 million if IFRS 15 is taken into account)
- Retail network consisting of 515 service stations
- Investments in fixed assets of EUR 101 million

Considering its six-month results, the Petrol Group is successfully delivering on its 2019 targets.

As from 1 March and as laid down in the Act Regulating the Construction, Operation and Management of the Second Track of the Divača-Koper Railway Line, the charge on transshipment in the freight port of Koper is now levied and paid by transshipment operators. In addition, an additional charge to the toll paid by toll-paying entities is levied from the beginning of 2019, which means higher costs for the Petrol Group.

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 2019.

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 2019	1-6 2018	1-6 2019	1-6 2018
Sales revenue		2,726,683,763	2,376,136,587	2,129,797,986	1,851,827,581
- of which excise duty		542,769,333	541,592,938	351,706,099	368,237,901
Cost of goods sold		(2,494,761,681)	(2,166,691,978)	(1,956,988,667)	(1,685,648,974)
Costs of materials	3	(15,068,313)	(14,545,239)	(12,758,691)	(12,710,687)
Costs of services	4	(67,384,119)	(70,826,883)	(57,355,707)	(58,858,473)
Labour costs	5	(48,149,575)	(43,426,367)	(34,898,329)	(31,431,950)
Depreciation and amortisation	6	(32,934,751)	(25,247,284)	(22,305,340)	(17,896,170)
Other costs	7	(7,180,688)	(5,243,589)	(5,101,185)	(3,312,647)
Operating costs		(170,717,446)	(159,289,362)	(132,419,251)	(124,209,926)
Other revenue	2	5,071,606	3,956,008	1,413,967	1,178,476
Other expenses		(196,593)	(206,094)	(10,865)	(36,496)
Operating profit		66,079,649	53,905,161	41,793,168	43,110,662
Share of profit or loss of equity accounted investees		519,737	536,871	-	-
Finance income from dividends paid by subsidiaries, associates and jointly controlled entities		-	-	908,716	976,930
Other finance income	8	50,237,317	35,177,263	46,643,668	29,839,971
Other finance expenses	8	(68,356,984)	(41,921,599)	(66,814,472)	(33,276,199)
Net finance expense		(18,119,667)	(6,744,336)	(20,170,804)	(3,436,228)
Profit before tax		48,479,719	47,697,696	22,531,081	40,651,364
Tax expense		(6,653,827)	(9,469,184)	(3,419,351)	(7,291,588)
Deferred tax		(1,164,910)	898,484	(4,992)	591,752
Corporate income tax		(7,818,737)	(8,570,700)	(3,424,343)	(6,699,836)
Net profit for the period		40,660,982	39,126,996	19,106,738	33,951,528
Net profit for the period attributable to:					
Owners of the controlling company		38,697,382	39,368,175	19,106,738	33,951,528
Non-controlling interest		1,963,600	(241,179)	-	-
Basic and diluted earnings per share	9	19.78	19.03	9.27	16.47

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 2019	1-6 2018	1-6 2019	1-6 2018
Net profit for the period	40,660,982	39,126,996	19,106,738	33,951,528
Other comprehensive income to be recognised in the statement of profit or loss in the future				
Change due to merger by absorption	-	-	0	30,873,288
Effective portion of changes in the fair value of cash flow variability hedging	(5,625,383)	(518,617)	(5,396,657)	(304,952)
Change in deferred taxes	1,066,536	120,199	1,025,365	81,739
Foreign exchange differences	592,039	1,334,978	-	-
Total other comprehensive income to be recognised in the statement of profit or loss in the future	(3,966,808)	936,560	(4,371,292)	30,650,075
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	-	-
Total other comprehensive income not to be recognised in the statement of profit or loss in the future	0	0	0	0
Total other comprehensive income after tax	(3,966,808)	936,560	(4,371,292)	30,650,075
Total comprehensive income for the period	36,694,174	40,063,556	14,735,445	64,601,603
Total comprehensive income attributable to:				
Owners of the controlling company	34,708,914	40,301,978	14,735,445	64,601,603
Non-controlling interest	1,985,260	(238,422)	-	-

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

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

(in EUR)	Note	The Petrol Group		Petrol d.d.	
		30 June 2019	31 December 2018	30 June 2019	31 December 2018
ASSETS					
Non-current (long-term) assets					
Intangible assets	10	188,187,525	188,070,862	161,276,112	161,073,945
Right to use of leased assets	11	69,764,888	0	38,906,234	0
Property, plant and equipment	12	658,967,291	653,341,473	367,902,075	366,662,451
Investment property		17,001,413	17,348,836	16,516,265	16,845,651
Investments in subsidiaries	13	-	-	342,249,481	326,416,061
Investments in jointly controlled entities	14	1,768,780	1,774,437	1,347,380	1,347,380
Investments in associates	15	50,534,765	50,917,836	27,364,454	27,364,454
Financial assets at fair value through other comprehensive income	16	9,168,566	9,168,566	1,374,993	1,374,993
Financial receivables		1,881,165	1,466,432	22,149,269	13,605,479
Operating receivables		7,387,827	6,737,751	7,366,299	6,715,315
Deferred tax assets		9,846,171	9,117,237	7,590,949	6,570,576
		1,014,508,391	937,943,430	994,043,510	927,976,305
Current assets					
Inventories	17	150,037,508	138,449,703	109,000,204	101,436,745
Contract assets		1,415,965	2,278,452	2,453,540	2,056,160
Financial receivables	18	7,469,408	8,697,496	7,499,996	10,205,902
Operating receivables	19	448,615,809	531,677,349	306,196,205	388,715,450
Corporate income tax assets		2,750,387	331,528	3,277,681	0
Financial assets at fair value through profit or loss	20	1,920,426	2,626,490	1,920,426	2,626,490
Prepayments and other assets	21	40,277,170	50,070,501	22,832,142	33,777,606
Cash and cash equivalents		88,587,448	58,740,743	51,298,730	28,986,973
		741,074,121	792,872,262	504,478,924	567,805,326
Total assets		1,755,582,512	1,730,815,692	1,498,522,434	1,495,781,631
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	4,708,359	4,708,359
Own shares		(4,708,359)	(4,708,359)	(2,604,670)	(2,604,670)
Other revenue reserves		283,076,653	269,059,392	308,975,832	295,680,118
Fair value reserve		(652,810)	(512,238)	39,525,529	39,525,529
Hedging reserve		(5,308,122)	(749,275)	(4,992,376)	(621,084)
Foreign exchange differences		(4,676,487)	(5,246,866)	-	-
Retained earnings		238,705,309	257,220,109	19,106,738	50,296,118
		706,364,860	714,991,439	559,701,657	581,966,615
Non-controlling interest		40,148,903	32,486,625	-	-
Total equity		746,513,763	747,478,064	559,701,657	581,966,615
Non-current liabilities					
Provisions for employee post-employment and other long-term benefits		7,683,961	7,685,139	6,838,798	6,838,798
Other provisions		32,067,727	33,433,896	14,956,523	14,599,875
Long-term deferred revenue		20,129,539	19,524,265	15,593,343	15,092,684
Financial liabilities	22	300,104,892	144,505,616	292,462,094	121,460,476
Long-term lease liabilities		63,372,363	24,107	36,168,743	0
Operating liabilities		1,008,217	1,152,162	857,982	857,982
Deferred tax liabilities		1,883,236	1,197,216	0	0
		426,249,935	207,522,401	366,877,483	158,849,815
Current liabilities					
Financial liabilities	22	36,117,299	212,350,212	125,035,642	302,739,319
Current lease liabilities		7,339,728	0	3,338,297	0
Operating liabilities	23	502,106,501	523,858,709	420,903,211	431,668,916
Corporate income tax liabilities		881,402	8,873,559	0	8,059,847
Contract liabilities		13,999,381	5,892,691	12,040,636	3,218,350
Other liabilities	24	22,374,503	24,840,056	10,625,507	9,278,768
		582,818,814	775,815,227	571,943,294	754,965,201
Total liabilities		1,009,068,749	983,337,628	938,820,777	913,815,016
Total equity and liabilities		1,755,582,512	1,730,815,692	1,498,522,434	1,495,781,631

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 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
As at 1 January 2019	52,240,977	80,991,385	61,987,955	4,708,359	(4,708,359)	269,059,392	(512,238)	(749,275)	(5,246,866)	257,220,109	714,991,439	32,486,625	747,478,064
Dividend payments for 2018										(37,000,404)	(37,000,404)		(37,000,404)
Transfer of retained earnings to other reserves						20,211,778				(20,211,778)	0		0
Increase/(decrease) in non-controlling interest						(6,194,517)	(140,572)				(6,335,089)	5,677,018	(658,071)
Transactions with owners	0	0	0	0	0	14,017,261	(140,572)	0	0	(57,212,182)	(43,335,493)	5,677,018	(37,658,475)
Net profit for the period										38,697,382	38,697,382	1,963,600	40,660,982
Other changes in other comprehensive income								(4,558,847)	570,379		(3,988,468)	21,660	(3,966,808)
Total changes in total comprehensive income	0	0	0	0	0	0	0	(4,558,847)	570,379	38,697,382	34,708,914	1,985,260	36,694,174
As at 30 June 2019	52,240,977	80,991,385	61,987,955	4,708,359	(4,708,359)	283,076,653	(652,810)	(5,308,122)	(4,676,487)	238,705,309	706,364,860	40,148,903	746,513,763

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 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 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
As at 1 January 2019	52,240,977	80,991,385	61,749,884	4,708,359	(2,604,670)	295,680,118	39,525,529	(621,084)	50,296,118	581,966,615
Dividend payments for 2018									(37,000,404)	(37,000,404)
Transfer of retained earnings to other reserves						13,295,714			(13,295,714)	0
Transactions with owners	0	0	0	0	0	13,295,714	0	0	(50,296,118)	(37,000,404)
Net profit for the period									19,106,738	19,106,738
Other changes in other comprehensive income								(4,371,292)		(4,371,292)
Total changes in total comprehensive income	0	0	0	0	0	0	0	(4,371,292)	19,106,738	14,735,446
As at 30 June 2019	52,240,977	80,991,385	61,749,884	4,708,359	(2,604,670)	308,975,832	39,525,529	(4,992,376)	19,106,738	559,701,657

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)	Note	The Petrol Group		Petrol d.d.	
		30 June 2019	30 June 2018	30 June 2019	30 June 2018
Cash flows from operating activities					
Net profit		40,660,982	39,126,996	19,106,738	33,951,528
Adjustment for:					
Corporate income tax		7,818,737	8,570,700	3,424,343	6,699,836
Depreciation of property, plant and equipment and of investment property	6	28,139,924	21,054,335	18,128,192	14,038,277
Amortisation of intangible assets	6	4,794,827	4,192,949	4,177,148	3,857,893
(Gain)/loss on disposal of property, plant and equipment	2, 7	(121,140)	(77,965)	(100,002)	(177,253)
Impairment, write-down/(reversed impairment) of assets		0	(12,931)	0	0
Revenue from assets under management		(32,438)	(32,700)	(32,438)	(32,700)
Net (decrease in)/creation of provisions for long-term employee benefits		(1,844)	2,080	0	0
Net (decrease in)/creation of other provisions and long-term deferred revenue		(766,504)	(2,011,805)	857,307	32,302
Net goods surpluses		(230,505)	(701,412)	(218,105)	(736,809)
Net (decrease in)/creation of allowance for receivables	8	(3,976,972)	4,779,448	(2,288,749)	1,597,702
Net finance (income)/expense	8	5,666,984	3,306,849	5,474,420	4,207,217
Share of profit of jointly controlled entities		(144,092)	(168,909)	-	-
Share of profit of associates		(375,645)	(367,962)	-	-
Finance income from dividends received from joint controlled entities		-	-	(150,000)	(175,901)
Finance income from dividends received from associates		-	-	(758,716)	(801,029)
Cash flow from operating activities before the changes in working capital		81,432,314	77,659,673	47,620,138	62,461,063
Net (decrease in)/creation of other liabilities	24	(2,477,492)	5,792,941	1,346,740	3,194,538
Net decrease in/(creation of) other assets	21	(1,512,337)	(3,458,940)	(826,987)	(3,092,477)
Change in inventories	17	(11,306,804)	(13,425,494)	(7,345,353)	(17,092,112)
Change in operating and other receivables and contract assets	19	101,210,996	17,107,108	100,592,338	(10,578,816)
Change in operating and other liabilities and contract liabilities	23	(41,890,060)	25,416,690	(33,844,565)	28,597,049
Cash generated from operating activities		125,456,617	109,091,978	107,542,311	63,489,244
Interest paid	8	(9,872,332)	(8,070,883)	(9,741,334)	(8,067,403)
Taxes paid		(16,978,691)	(9,285,552)	(14,723,570)	(7,799,542)
Net cash from (used in) operating activities		98,605,594	91,735,543	83,077,407	47,622,299
Cash flows from investing activities					
Payments for investments in subsidiaries	13	(700,435)	(16,207,279)	(16,333,279)	(17,727,280)
Receipts from investments in subsidiaries	13	0	480,000	0	0
Payments for investments in jointly controlled entities	13	0	(282,934)	0	(282,934)
Receipts from investments in associates	14	0	11,650,598	0	0
Receipts from intangible assets	10	0	42,383	0	0
Payments for intangible assets	10	(3,484,079)	(2,032,527)	(2,991,513)	(1,257,058)
Payments for lease liabilities	11	(940,114)	0	(117,029)	0
Receipts from property, plant and equipment	12	906,747	447,923	798,197	457,974
Payments for property, plant and equipment	12	(42,828,685)	(31,105,591)	(29,243,288)	(25,195,142)
Receipts from investment property		5,767	0	5,767	0
Receipts from financial assets at fair value through other comprehensive income	15	0	680,699	0	680,699
Payments for financial assets at fair value through other comprehensive income	15	0	(252,596)	0	(252,596)
Receipts from loans granted	18	3,263,221	41,482,412	20,486,959	5,961,661
Payments for loans granted	18	(2,475,032)	(8,471,548)	(26,235,779)	(7,140,475)
Interest received	8	1,552,817	2,049,541	746,941	1,375,142
Dividends received from jointly controlled entities		150,000	150,000	150,000	150,000
Dividends received from associates		758,716	801,029	758,716	801,029
Dividends received from others		60,399	62,580	60,399	62,580
Net cash from (used in) investing activities		(43,730,678)	(505,310)	(51,913,909)	(42,366,400)
Cash flows from financing activities					
Payments for bonds issued	22	(203,524,000)	0	(203,524,000)	0
Proceeds from borrowings	22	389,487,824	205,127,087	580,881,343	374,095,615
Repayment of borrowings	22	(211,030,443)	(260,423,249)	(386,208,175)	(379,510,038)
Dividends paid to shareholders		(909)	(10,748)	(909)	(10,748)
Net cash from (used in) financing activities		(25,067,528)	(55,306,910)	(8,851,741)	(5,425,171)
Increase/(decrease) in cash and cash equivalents		29,807,388	35,923,323	22,311,757	(169,272)
Changes in cash and cash equivalents					
At the beginning of the year		58,740,743	45,492,821	28,986,973	23,651,242
Foreign exchange differences		39,317	63,364	-	-
Cash acquired through mergers by absorption		-	-	0	6,963,407
Cash acquired through acquisition of companies		0	1,765,448	-	-
Increase/(decrease)		29,807,388	35,923,323	22,311,757	(169,272)
At the end of the period		88,587,448	83,244,956	51,298,730	30,445,377

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 2019 and separate financial statements of the company Petrol d.d., Ljubljana for the period ended 30 June 2019. 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 21 August 2019.

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 2018.

The financial statements for the period from January – June 2019 are prepared based on the same accounting policies used for the preparation of financial statements for the year ended 31 December 2018, considering the implementation of the new standard IFRS 16.

b. Basis of measurement

The Group’s and the Company’s financial statements have been prepared on the historical cost basis except for the financial instruments that are carried at fair value or amortised cost.

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:

- determining the amount of revenue and the timing of satisfaction of performance obligations,
- 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.

e. Changes in accounting policies

IFRS 16 - Leases

In 2019 the Group supplemented the applicable accounting policies and the treatment of events, together with their presentation in the financial statements, to align them with the requirements of IFRS 16, entered into force on 1 January 2019.

IFRS 16 replaces IAS 17 – Leases and requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases. In the statement of financial position of the lessee leased assets are disclosed within fixed assets or as right to use of leased assets in connection with the lease liabilities. Value of the right of use of leased assets transfers through depreciation to expenses, interest expenses from leases increased financial expenses of the period. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases. Lessor accounting is substantially unchanged from accounting under IAS 17.

The Group reviewed and analysed its lease contracts for which the lease terms exceed one year. The Group used the value of the lease and the length of the lease term to assess the value of the right-to-use of leased assets and lease liabilities and recognised them in the statements of financial position as at 1 January 2019. The value of the right-to-use assets and liabilities to make lease payments are assessed by discounting future cash flows over the lease term. Cash flows are discounted at the interest rates achieved by Group companies in financing long-term leases. The depreciation charge is calculated using depreciation rates estimated by taking into account the remaining term of the lease.

The effects of the adoption of IFRS 16 on the statement of financial position of the company Petrol d.d., Ljubljana and the Petrol Group as ta 1 January 2019

(in EUR)	The Petrol Group			Petrol d.d.		
	1 January 2019	IFRS 16	31 December 2018	1 January 2019	IFRS 15	31 December 2018
ASSETS						
Non-current (long-term) assets						
Investments in associates	74,117,027	74,117,027	0	41,328,797	41,328,797	0
	74,117,027	74,117,027	0	41,328,797	41,328,797	0
Total assets	74,117,027	74,117,027	0	41,328,797	41,328,797	0
EQUITY AND LIABILITIES						
Non-current liabilities						
Long-term lease liabilities	65,923,796	65,923,796		37,791,190	37,791,190	
	65,923,796	65,923,796	0	37,791,190	37,791,190	0
Current liabilities						
Current lease liabilities	8,193,231	8,193,231		3,537,607	3,537,607	
	8,193,231	8,193,231	0	3,537,607	3,537,607	0
Total liabilities	74,117,027	74,117,027	0	41,328,797	41,328,797	0
Total equity and liabilities	74,117,027	74,117,027	0	41,328,797	41,328,797	0

The effects of the adoption of IFRS 16 on the statement of profit and loss of the company Petrol d.d., Ljubljana and the Petrol Group for the period of 1 January to 30 June 2019

(in EUR)	The Petrol Group MSRP 16	Petrol d.d. MSRP 16
Depreciation of right of use assets	5,382,389	2,629,977
Leasee payments	(6,208,737)	(3,081,581)
Operating profit	826,348	451,604
Other finance expenses	1,701,515	1,022,127
Profit before tax	(875,167)	(570,523)

Comparative information in the statement of financial position as at 31 December 2018 and in the statement of profit or loss for the period of 1 January to 30 June 2019 were not restated upon the introduction of IFRS 16.

IFRS 15 – Revenue from contracts with customers

In 2018 the Group implemented IFRS 15 – Revenue from contracts with customers. Because of the impact of IFRS 15 – Revenue from contracts with customers the Group decreased the amount of revenue from the sale of goods and the cost of goods sold for the period of 1 January to 30 June 2018 as reported in the Report on the operations of the Petrol Group and the company Petrol d.d., Ljubljana in the first three months of 2018 on 25 August 2018 for 60,263,351 EUR.

The effects of the adoption of IFRS 15 on comparative financial data reported for the period of 1 January to 30 June 2018

(in EUR)	The Petrol Group		Petrol d.d.	
	Amended	Published	Amended	Published
Sales revenue	2,376,136,587	2,436,399,938	1,851,827,581	1,912,090,932
- of which excise duty	541,592,938	541,592,938	368,237,901	368,237,901
Cost of goods sold	(2,166,691,978)	(2,226,955,329)	(1,685,648,974)	(1,745,912,325)
Operating costs	(159,289,362)	(159,289,362)	(124,209,926)	(124,209,926)
Operating profit	53,905,161	53,905,161	43,110,662	43,110,662
Profit before tax	47,697,696	47,697,696	40,651,364	40,651,364

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 services and production.

Sales consist of:

- sales of petroleum products,
- sales of merchandise and services,
- sales of liquefied petroleum gas (LPG),
- sales of and trading in electricity and natural gas,
- mobility.

Energy and environmental services and production consist of:

- energy and environmental solutions for the public and the commercial sector,
- energy solutions and industry and apartment buildings,
- distribution of natural gas,
- production of electricity from renewable sources.

The Group's operating segments in the period 1 January - 30 June 2018:

(in EUR)	Sales	Energy and Environmental Solutions and Production	Total	Statement of profit or loss/ Statement of financial position
Sales revenue	2,590,220,935	33,102,125	2,623,323,060	
Revenue from subsidiaries	(247,081,599)	(104,874)	(247,186,473)	
Sales revenue	2,343,139,336	32,997,251	2,376,136,587	2,376,136,587
Net profit for the period	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.

The Group's operating segments in the period 1 January - 30 June 2019:

(in EUR)	Sales	Energy and Environmental Solutions and Production	Total	Statement of profit or loss/ Statement of financial position
Sales revenue	2,920,391,406	38,102,513	2,958,493,919	
Revenue from subsidiaries	(231,800,145)	(10,011)	(231,810,156)	
Sales revenue	2,688,591,260	38,092,503	2,726,683,763	2,726,683,763
Net profit for the period	32,869,924	7,791,058	40,660,982	40,660,982
Interest income*	1,302,961	483,861	1,786,822	1,786,822
Interest expense*	(4,755,704)	(1,766,055)	(6,521,759)	(6,521,759)
Depreciation of property, plant and equipment, depreciation of investment property, amortisation of intangible assets	(24,805,331)	(8,129,420)	(32,934,751)	(32,934,751)
Share of profit or loss of equity accounted investees	0	519,737	519,737	519,737
Total assets	1,478,193,546	277,388,966	1,755,582,512	1,755,582,512
Equity accounted investees	1,077,839	51,225,706	52,303,545	52,303,545
Property, plant and equipment, intangible assets and investment property	718,082,893	215,838,224	933,921,117	933,921,117
Other assets	759,032,815	10,325,035	769,357,850	769,357,850
Current and non-current operating and financial liabilities	766,257,666	143,791,334	910,049,000	910,049,000

*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 2019	1-6 2018	1-6 2019	1-6 2018
Utilisation of environmental provisions	299,558	309,011	299,558	309,011
Gain on disposal of fixed assets	143,474	221,333	120,172	203,717
Compensation, litigation proceeds and contractual penalties	138,031	566,413	78,026	292,967
Compensation received from insurance companies	21,494	70,476	9,034	12,355
Other revenue	4,469,049	2,788,775	907,177	360,426
Total other revenue	5,071,606	3,956,008	1,413,967	1,178,476

3. Costs of material

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2019	1-6 2018	1-6 2019	1-6 2018
Costs of energy	11,357,373	10,356,916	9,994,790	9,263,450
Costs of consumables	3,163,697	3,766,504	2,519,822	3,252,455
Write-off of small tools	189,817	153,322	40,089	49,346
Other costs of materials	357,426	268,497	203,990	145,436
Total costs of materials	15,068,313	14,545,239	12,758,691	12,710,687

4. Costs of services

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2019	1-6 2018	1-6 2019	1-6 2018
Costs of service station managers	17,635,282	16,753,655	17,635,282	16,753,655
Costs of transport services	14,489,582	14,678,382	12,245,578	12,441,069
Costs of fixed-asset maintenance services	9,562,218	8,756,251	7,477,957	6,699,025
Costs of payment transactions and bank services	5,176,616	4,023,083	4,068,840	2,975,380
Costs of professional services	4,855,793	5,433,705	4,303,850	5,430,341
Costs of fairs, advertising and entertainment	3,685,886	4,151,855	2,377,877	2,943,368
Outsourcing costs	2,511,544	846,942	2,368,669	706,338
Lease payments	2,090,372	8,204,056	1,977,635	5,060,662
Costs of insurance premiums	2,007,994	2,024,881	1,252,382	1,311,496
Costs of fire protection and physical and technical security	850,180	905,892	703,088	778,772
Costs of environmental protection services	825,367	827,991	502,970	469,403
Property management	808,888	773,169	706,201	712,319
Reimbursement of work-related costs to employees	799,512	611,538	513,200	402,804
Membership fees	198,057	224,869	117,820	127,396
Other costs of services	1,886,828	2,610,614	1,104,358	2,046,445
Total costs of services	67,384,119	70,826,883	57,355,707	58,858,473

5. Labour costs

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2019	1-6 2018	1-6 2019	1-6 2018
Salaries	35,708,620	31,279,783	25,680,628	22,552,121
Costs of pension insurance	2,913,734	2,684,428	2,335,326	2,123,730
Costs of other social insurance	3,331,906	2,851,742	2,071,013	1,706,141
Transport allowance	1,625,517	1,437,606	1,055,282	912,603
Annual leave allowance	1,428,986	1,271,865	1,150,754	1,008,628
Meal allowance	1,308,260	1,166,985	1,027,592	915,301
Supplementary pension insurance	673,300	595,211	644,202	561,323
Other allowances and reimbursements	1,159,252	2,138,747	933,532	1,652,103
Total labour costs	48,149,575	43,426,367	34,898,329	31,431,950

6. Depreciation and amortisation

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2019	1-6 2018	1-6 2019	1-6 2018
Amortisation of intangible assets	4,794,827	4,192,949	4,177,148	3,857,893
Depreciation of property, plant and equipment	22,285,630	20,515,014	15,044,347	13,516,993
Depreciation of right to use of leased assets	5,292,003	0	2,539,591	0
Depreciation of investment property	562,291	539,321	544,254	521,284
Total depreciation and amortisation	32,934,751	25,247,284	22,305,340	17,896,170

7. Other costs

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2019	1-6 2018	1-6 2019	1-6 2018
Environmental charges and charges unrelated to operations	4,553,433	2,896,431	3,009,987	1,499,125
Sponsorships and donations	1,686,149	1,413,863	1,645,765	1,367,165
Disposals/impairment of assets	22,334	130,841	20,170	26,464
Other costs	918,772	802,454	425,263	419,893
Total other costs	7,180,688	5,243,589	5,101,185	3,312,647

8. Other financial income and expenses

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2019	1-6 2018	1-6 2019	1-6 2018
Gain on derivatives	34,566,987	22,684,154	34,618,082	22,937,625
Foreign exchange differences	9,238,716	9,038,018	8,349,479	4,413,520
Allowances for receivables reversed and bad debt recovered	4,548,267	523,309	2,288,749	388,569
Interest income	1,786,822	2,008,424	1,244,771	1,553,210
Other finance income	96,525	923,358	142,587	547,047
Total other finance income	50,237,317	35,177,263	46,643,668	29,839,971
Loss on derivatives	(50,090,937)	(21,358,608)	(50,731,594)	(19,967,949)
Foreign exchange differences	(10,144,421)	(9,845,012)	(9,221,100)	(5,837,912)
Interest expense	(6,521,759)	(4,905,054)	(6,031,064)	(4,939,883)
Allowance for operating receivables	(571,295)	(5,302,757)	0	(1,986,271)
Other finance expenses	(1,028,572)	(510,168)	(830,714)	(544,184)
Total other finance expenses	(68,356,984)	(41,921,599)	(66,814,472)	(33,276,199)
Net finance expense	(18,119,667)	(6,744,336)	(20,170,804)	(3,436,228)

9. Earnings per share

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Net profit (in EUR)	40,660,982	39,126,996	19,106,738	33,951,528
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	30,723	24,703	24,703
Number of own shares at the end of the period	30,723	30,723	24,703	24,703
Weighted average number of ordinary shares issued	2,055,578	2,055,578	2,061,598	2,061,598
Diluted average number of ordinary shares	2,055,578	2,055,578	2,061,598	2,061,598
Basic and diluted earnings per share (EUR/share)	19.78	19.03	9.27	16.47

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)	Right to use concession		Goodwill	Ongoing investments	Long-term deferred expenses	Total
	Software	infrastructure				
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 result of 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 result of 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
(in EUR)						
Cost						
As at 1 January 2019	32,430,709	110,894,186	108,042,233	3,141,403	148,628	254,657,159
New acquisitions	0	13,085	0	3,315,417	155,577	3,484,079
Disposals/Impairments	(1,096)	(385,482)	0	0	0	(386,578)
Transfer between asset categories	1,271	2,167,293	0	151,235	(1,002)	2,318,797
Transfer from ongoing investments	538,689	366,001	0	(904,690)	0	0
Foreign exchange differences	733	12,570	31,570	1,372	0	46,245
As at 30 June 2019	32,970,306	113,067,653	108,073,803	5,704,737	303,203	260,119,702
Accumulated amortisation						
As at 1 January 2019	(19,001,884)	(47,584,413)	0	0	0	(66,586,297)
Amortisation	(2,429,893)	(2,364,934)	0	0	0	(4,794,827)
Disposals/Impairments	1,096	385,482	0	0	0	386,578
Transfer between asset categories	(1,271)	(929,711)	0	0	0	(930,982)
Foreign exchange differences	(574)	(6,075)	0	0	0	(6,649)
As at 30 June 2019	(21,432,526)	(50,499,651)	0	0	0	(71,932,177)
Net carrying amount as at 1 January 2019	13,428,825	63,309,773	108,042,233	3,141,403	148,628	188,070,862
Net carrying amount as at 30 June 2019	11,537,780	62,568,002	108,073,803	5,704,737	303,203	188,187,525

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 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)
Impairments	0	0	0	0	0	0
Transfer between asset categories	0	0	0	0	0	0
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
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
	Programska oprema	Pravica do uporabe koncesijske infrastrukture	Dobro ime	Investicije v teku	Dolgoročno odloženi stroški	Skupaj
Cost						
As at 1 January 2019	30,989,916	101,925,472	87,712,518	2,481,083	148,626	223,257,615
New acquisitions as a result of merger by absorption	0	0	0	0	0	0
New acquisitions	0	297	0	2,835,623	155,579	2,991,499
Disposals/Impairments	0	0	0	0	(1,002)	(1,002)
Impairments	0	0	0	0	0	0
Transfer between asset categories	1,271	2,167,293	0	151,235	0	2,319,799
Transfer from ongoing investments	534,659	285,184	0	(819,843)	0	0
As at 30 June 2019	31,525,846	104,378,246	87,712,518	4,648,098	303,203	228,567,911
Accumulated amortisation						
As at 1 January 2019	(18,613,326)	(43,570,344)	0	0	0	(62,183,670)
New acquisitions as a result of merger by absorption	0	0	0	0	0	0
Amortisation	(2,200,519)	(1,976,629)	0	0	0	(4,177,148)
Disposals/Impairments	0	0	0	0	0	0
Impairments	0	0	0	0	0	0
Transfer between asset categories	(1,271)	(929,711)	0	0	0	(930,982)
As at 30 June 2019	(20,815,116)	(46,476,684)	0	0	0	(67,291,800)
Net carrying amount as at 1 January 2019	12,376,590	58,355,128	87,712,518	2,481,083	148,626	161,073,945
Net carrying amount as at 30 June 2019	10,710,730	57,901,563	87,712,518	4,648,098	303,203	161,276,112

11. Right to use of leased assets

Right to use of leased assets of the Petrol Group

(in EUR)	Right of use of leased land	Right of use of leased buildings	Right of use of leased equipment	Total
Cost				
As at 31 December 2018	0	0	0	0
Adjustment on adoption of IFRS 16	47,028,681	22,782,507	4,305,590	74,116,778
As at 1 January 2019	47,028,681	22,782,507	4,305,590	74,116,778
New acquisitions	0	823,083	117,030	940,113
As at 30 June 2019	47,028,681	23,605,590	4,422,620	75,056,891
Accumulated depreciation				
As at 1 January 2019	0	0	0	0
Depreciation	(2,083,818)	(2,391,367)	(816,818)	(5,292,003)
As at 30 June 2019	(2,083,818)	(2,391,367)	(816,818)	(5,292,003)
Net carrying amount as at 1 January 2019	47,028,681	22,782,507	4,305,590	74,116,778
Net carrying amount as at 30 June 2019	44,944,863	21,214,223	3,605,802	69,764,888

Right to use of leased assets of Petrol d.d., Ljubljana

(in EUR)	Right of use of leased land	Right of use of leased buildings	Right of use of leased equipment	Total
Cost				
As at 31 December 2018	0	0	0	0
Adjustment on adoption of IFRS 16	36,451,863	1,013,117	3,863,817	41,328,797
As at 1 January 2019	36,451,863	1,013,117	3,863,817	41,328,797
New acquisitions	0	0	117,029	117,029
As at 30 June 2019	36,451,863	1,013,117	3,980,846	41,445,826
Accumulated depreciation				
As at 1 January 2019	0	0	0	0
Depreciation	(1,651,276)	(151,700)	(736,616)	(2,539,592)
As at 30 June 2019	(1,651,276)	(151,700)	(736,616)	(2,539,592)
Net carrying amount as at 1 January 2019	36,451,863	1,013,117	3,863,817	41,328,797
Net carrying amount as at 30 June 2019	34,800,587	861,417	3,244,230	38,906,234

12. 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 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
Cost						
As at 1 January 2019	211,730,212	684,932,935	4,204,588	293,200,053	41,543,233	1,235,611,021
New acquisitions	0	0	0	0	29,837,955	29,837,955
Disposals/Impairments	(562,890)	(1,867,392)	(108,317)	(1,338,751)	0	(3,877,350)
Transfer between assets categories	0	0	0	(2,169,393)	(151,235)	(2,320,628)
Transfer from ongoing investments	3,871,314	17,124,779	46,445	9,712,363	(30,754,901)	0
Transfer to investment property	0	(1,103)	0	197	(214,796)	(215,702)
Foreign exchange differences	159,426	383,744	538	132,538	21,727	697,973
As at 30 June 2019	215,198,062	700,572,963	4,143,254	299,537,007	40,281,983	1,259,733,269
Accumulated depreciation						
As at 1 January 2019	0	(410,973,941)	(1,908,901)	(169,386,706)	0	(582,269,548)
Depreciation	0	(11,621,413)	(82,644)	(10,581,573)	0	(22,285,630)
Disposals/Impairments	0	1,796,341	107,228	1,188,174	0	3,091,743
Transfer between assets categories	0	(5,373)	0	933,252	0	927,879
Foreign exchange differences	0	(160,642)	(411)	(69,369)	0	(230,422)
As at 30 June 2019	0	(420,965,028)	(1,884,728)	(177,916,222)	0	(600,765,978)
Net carrying amount as at 1 January 2019	211,730,212	273,958,994	2,295,687	123,813,347	41,543,233	653,341,473
Net carrying amount as at 30 June 2019	215,198,062	279,607,935	2,258,526	121,620,785	40,281,983	658,967,291

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

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
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
Cost						
As at 1 January 2019	104,358,050	519,362,112	0	238,043,271	34,074,420	895,837,853
New acquisitions	0	0	0	0	18,590,617	18,590,617
Disposals/Impairments	(562,890)	(1,857,166)	0	(871,254)	0	(3,291,310)
Transfer between asset categories	0	0	0	(2,169,393)	(151,235)	(2,320,628)
Transfer from ongoing investments	34,157	11,931,317	0	7,873,595	(19,839,069)	0
Transfer to investment property	0	(1,103)	0	197	(214,796)	(215,702)
As at 30 June 2019	103,829,317	529,435,160	0	242,876,416	32,459,937	908,600,830
Accumulated depreciation						
As at 1 January 2019	0	(372,918,438)	0	(156,256,964)	0	(529,175,402)
Depreciation	0	(7,656,848)	0	(7,387,499)	0	(15,044,347)
Disposals/Impairments	0	1,796,341	0	796,774	0	2,593,115
Transfer between asset categories	0	(5,373)	0	933,252	0	927,879
As at 30 June 2019	0	(378,784,318)	0	(161,914,437)	0	(540,698,755)
Net carrying amount as at 1 January 2019	104,358,050	146,443,674	0	81,786,307	34,074,420	366,662,451
Net carrying amount as at 30 June 2019	103,829,317	150,650,842	0	80,961,979	32,459,937	367,902,075

13. Investment in subsidiaries

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

(in EUR)	Petrol d.d.	
	2019	2018
As at 1 January	326,416,061	329,225,470
New acquisitions	15,833,420	17,507,280
Merger by absorption	0	(17,052,850)
As at 30 June	342,249,481	329,679,900

14. Investments in jointly controlled entities

(in EUR)	The Petrol Group		Petrol d.d.	
	2019	2018	2019	2018
As at 1 January	1,774,437	1,755,182	1,347,380	1,219,000
Attributed profit/loss	144,092	168,909	0	0
Dividends received	(150,000)	(175,901)	0	0
New acquisitions	0	282,934	0	282,934
Foreign exchange differences	251	976	0	0
As at 30 June	1,768,780	2,032,100	1,347,380	1,501,934

15. Investments in associates

(in EUR)	The Petrol Group		Petrol d.d.	
	2019	2018	2019	2018
As at 1 January	50,917,836	62,444,322	27,364,454	21,726,406
Attributed profit/loss	375,645	367,962	0	0
Dividends received	(758,716)	(801,029)	0	0
Disposals	0	(11,277,500)	0	0
As at 30 June	50,534,765	50,733,755	27,364,454	21,726,406

16. Financial assets at fair value through comprehensive income

(in EUR)	The Petrol Group		Petrol d.d.	
	2019	2018	2019	2018
As at 1 January	9,168,566	11,173,565	1,374,993	1,689,491
New acquisitions as a result of merger by absorption				
New acquisitions	0	418,065	0	418,065
Disposals	0	(314,497)	0	(314,497)
Impairment	0	(165,470)	0	(165,470)
As at 30 June	9,168,566	11,111,662	1,374,993	1,627,589

17. Inventories

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Spare parts and materials inventories	2,964,809	2,239,389	2,597,061	1,741,223
Merchandise:	147,072,699	136,210,314	106,403,143	99,695,522
- fuel	97,861,030	85,266,737	78,373,136	66,739,475
- other petroleum products	900,499	5,361,863	58,507	4,639,806
- other mercandise	48,311,170	45,581,714	27,971,500	28,316,241
Total inventories	150,037,508	138,449,703	109,000,204	101,436,745

18. Current financial receivables

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Loans granted	9,532,912	11,621,027	7,072,126	16,629,949
Adjustment to the value of loans granted	(2,397,085)	(3,138,789)	0	(6,762,852)
Time deposits with banks (3 months to 1 year)	181,432	183,995	0	0
Interest receivables	1,673,006	1,317,478	5,537,614	5,056,199
Allowance for interest receivables	(1,520,857)	(1,286,215)	(5,109,744)	(4,717,394)
Total current financial receivables	7,469,408	8,697,496	7,499,996	10,205,902

19. Current operating receivables

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Trade receivables	480,107,273	569,041,841	322,981,170	415,151,223
Allowance for trade receivables	(51,842,142)	(55,253,217)	(32,852,627)	(34,377,869)
Operating receivables from state and other institutions	4,725,547	9,983,836	181,066	339,968
Operating interest receivables	2,605,993	5,251,106	3,803,452	6,188,670
Allowance for interest receivables	(1,895,995)	(2,726,493)	(1,854,384)	(2,704,962)
Receivables from insurance companies (loss events)	436,580	324,323	312,532	92,276
Other operating receivables	14,884,918	5,440,318	13,646,996	4,026,144
Allowance for other receivables	(406,365)	(384,365)	(22,000)	0
Total current operating receivables	448,615,809	531,677,349	306,196,205	388,715,450

20. Financial assets at fair value through profit or loss

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Assets arising from commodity swaps	1,754,600	2,382,203	1,754,600	2,382,203
Assets arising from forward contracts	165,825	244,287	165,825	244,287
Total financial assets at fair value through profit or loss	1,920,426	2,626,490	1,920,426	2,626,490

21. Prepayments and other assets

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Prepayments	28,435,922	39,748,406	19,067,986	30,840,437
Prepaid subscriptions, specialised literature, etc.	1,289,376	1,555,820	1,190,717	1,430,733
Prepaid insurance premiums	89,048	555,305	25,822	359,659
Other deferred costs	10,462,824	8,210,970	2,547,617	1,146,777
Total prepayments and other assets	40,277,170	50,070,501	22,832,142	33,777,606

22. Financial liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Current financial liabilities				
Bank loans	26,503,961	402,394	24,330,403	296,625
Liabilities to banks arising from interest rate swaps	6,550,122	2,867,337	6,163,428	2,710,325
Liabilities to banks arising from commodity swaps	723,037	0	723,037	0
Liabilities to banks arising from forward contracts	476,848	616,807	476,848	616,807
Bonds issued	62,249	206,857,478	62,249	206,857,478
Other liabilities arising from financial instruments	0	0	2,568,846	2,568,846
Other loans and financial liabilities	1,801,082	1,606,196	90,710,831	89,689,238
	36,117,299	212,350,212	125,035,642	302,739,319
Non-current financial liabilities				
Bank loans	256,314,364	100,718,823	205,671,566	49,673,683
Bonds issued	43,790,528	43,786,793	43,790,528	43,786,793
Loans obtained from other companies	0	0	43,000,000	28,000,000
	300,104,892	144,505,616	292,462,094	121,460,476
Total financial liabilities	336,222,191	356,855,828	417,497,736	424,199,795

23. Current operating liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Trade liabilities	351,231,930	407,201,206	300,190,879	346,793,608
Excise duty liabilities	62,648,675	57,636,007	53,781,773	51,082,952
Liabilities associated with the allocation of profit or loss	37,890,947	625,605	37,625,521	625,605
Value added tax liabilities	19,709,885	31,793,780	7,066,337	12,741,461
Liabilities to employees	10,087,443	10,108,460	8,188,257	8,688,969
Environment pollution charge liabilities	9,091,754	8,975,111	8,518,917	8,611,245
Other liabilities to the state and other state institutions	4,638,084	2,240,534	2,615,253	383,722
Import duty liabilities	2,304,037	1,709,763	0	0
Liabilities arising from interests acquired	810,552	810,000	560,000	560,000
Social security contribution liabilities	182,554	767,499	0	677,781
Other liabilities	3,510,640	1,990,744	2,356,274	1,503,573
Total current operating and other liabilities	502,106,501	523,858,709	420,903,211	431,668,916

24. Other liabilities

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Accrued annual leave expenses	2,695,911	2,687,064	1,870,638	1,870,638
Accrued expenses for tanker demurrage	773,462	477,282	773,462	477,282
Accrued concession fee costs	177,620	188,282	177,620	186,738
Accrued motorway site lease payments	141,994	109,149	141,994	109,149
Other accrued costs	16,095,154	17,982,282	4,747,599	3,385,600
Other deferred revenue	2,490,362	3,395,997	2,914,194	3,249,361
Total other liabilities	22,374,503	24,840,056	10,625,507	9,278,768

25. Financial instruments and risks

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

Credit risk

The Group/Company continued to actively monitor the balances of trade receivables and to apply strict terms on which sales on open account are approved, requiring an adequate range of high-quality collaterals.

Maximum exposure to credit risk represents the carrying amount of financial assets which was the following as at 30 June 2019:

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Financial assets at fair value through other comprehensive income	9,168,566	9,168,566	1,374,993	1,374,993
Non-current financial receivables	1,881,165	1,466,432	22,149,269	13,605,479
Non-current operating receivables	7,387,827	6,737,751	7,366,299	6,715,315
Current financial receivables	7,469,408	8,697,496	7,499,996	10,205,902
Current operating receivables (excluding receivables from the state)	443,890,262	521,693,513	306,015,139	388,375,482
Financial assets at fair value through profit or loss	1,920,426	2,626,490	1,920,426	2,626,490
Cash and cash equivalents	88,587,448	58,740,743	51,298,730	28,986,973
Total assets	560,305,102	609,130,991	397,624,852	451,890,634

The category that was most exposed to credit risk on the reporting date were current 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	467,697,073	31,379,210	8,446,834	1,198,627	5,066,880	513,788,624
Interest receivables	2,245,808	178,708	25,851	10,926	63,320	2,524,613
Other receivables (excluding receivables from the state)	5,320,690	16,822	16,559	10,825	15,380	5,380,276
Total as at 31 December 2018	475,263,571	31,574,740	8,489,244	1,220,378	5,145,580	521,693,513
(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	373,027,157	33,057,809	12,133,228	4,621,147	5,425,790	428,265,131
Interest receivables	40,298	36,885	24,274	8,228	600,313	709,998
Other receivables (excluding receivables from the state)	13,161,332	312,545	9,009	0	1,432,247	14,915,133
Total as at 30 June 2019	386,228,787	33,407,239	12,166,511	4,629,375	7,458,350	443,890,262

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	344,367,890	20,474,089	7,127,831	622,434	8,181,110	380,773,354
Interest receivables	1,930,051	160,590	11,378	0	1,381,689	3,483,708
Other receivables (excluding receivables from the state)	4,118,420	0	0	0	0	4,118,420
Total as at 31 December 2018	350,416,361	20,634,679	7,139,209	622,434	9,562,799	388,375,482
(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	246,334,025	22,075,489	8,842,678	2,225,489	10,650,862	290,128,543
Interest receivables	0	0	0	0	1,949,068	1,949,068
Other receivables (excluding receivables from the state)	12,219,919	276,353	9,471	0	1,431,785	13,937,528
Total as at 30 June 2019	258,553,944	22,351,842	8,852,149	2,225,489	14,031,715	306,015,139

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

(in days)	The Petrol Group		Petrol d.d.	
	1-6 2019	1-12 2018	1-6 2019	1-12 2018
Days sales outstanding				
Contract days	28	31	25	28
Overdue receivables in days	7	7	6	7
Total days sales outstanding	35	38	31	35

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 and business plan;
- ensuring adequate structural liquidity in accordance with S&P methodology;
- standardised and centralised treasury management at Group level;
- annual planning of funds by the Petrol Group as well as monthly and daily planning;
- unified approach to banks in Slovenia and abroad;
- computer-assisted system for the management of cash flows of the parent company and all its subsidiaries;
- centralised collection of available cash through cash pooling.

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

In addition, the Group/Company has credit lines at its disposal both in Slovenia and abroad, the size of which enables the Group to meet all its due liabilities at any given moment.

In the first six months of 2019 the Group/Company again focused strongly on the planning of cash flows. Successful planning of cash flows enabled it to anticipate any liquidity surpluses or shortages in time and manage them optimally.

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

The Group's liabilities as at 31 December 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	144,529,723	149,961,322	0	0	104,211,813	45,749,509
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	212,350,212	217,733,091	217,369,377	363,714	0	0
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	410,627,555	410,627,555	410,284,870	342,685	0	0
As at 31 December 2018	767,531,490	778,345,968	627,654,247	706,399	104,235,813	45,749,509

The Group's liabilities as at 30 June 2019 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	300,104,892	308,215,621	0	0	274,262,111	33,953,510
Long term lease liabilities	63,372,363	55,588,834	0	0	24,692,334	30,896,500
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	36,117,299	38,498,657	11,359,793	27,138,864	0	0
Current lease liabilities	7,339,728	6,884,347	3,425,790	3,458,557	0	0
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	393,444,069	393,444,069	392,498,743	945,326	0	0
As at 30 June 2019	800,402,351	802,655,528	407,284,326	31,542,747	298,978,445	64,850,010

The Company's liabilities as at 31 December 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	121,460,476	125,602,672	0	0	80,843,765	44,758,907
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	302,739,319	307,802,934	253,437,324	54,365,611	0	0
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	349,482,786	349,482,786	349,417,777	65,009	0	0
As at 31 December 2018	773,706,581	782,912,392	602,855,101	54,430,620	80,867,765	44,758,907

The Company's liabilities as at 30 June 2019 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	292,462,094	299,607,976	0	0	266,322,220	33,285,755
Long term lease liabilities	36,168,743	37,099,371	0	0	10,019,676	27,079,695
Non-current operating liabilities (excluding other liabilities)	24,000	24,000	0	0	24,000	0
Current financial liabilities	125,035,642	127,092,444	100,281,362	26,811,082	0	0
Current lease liabilities	3,338,297	3,316,712	1,638,342	1,678,370	0	0
Current operating liabilities (excluding liabilities to the state, employees and arising from advance payments)	340,732,674	340,732,674	340,253,753	478,921	0	0
As at 30 June 2019	797,761,450	807,873,177	442,173,458	28,968,373	276,365,896	60,365,450

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 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 thus fixed at the rate recognised under the Decree on Setting Prices for Certain Petroleum Products and the internal rules, and the margin is secured. The hedging instruments used in this case are forward contracts entered into with banks.

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

The Group is exposed to foreign exchange risks also due to its presence in South-eastern Europe. Considering the low volatility of local currency exchange rates in South-eastern markets and the relatively low exposure, the Group/Company believes it is not exposed to significant risks in this area. To control these risks, we rely on natural hedging to the largest possible extent.

In the first six months of 2019, 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 and volumetric 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 2019, 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 uses hedge accounting on interest rate swaps. Hedged items and hedging instruments represent an effective hedging relationship, which is why interest rate risk hedging outcomes are recognised directly in equity. In the case of interest rate swaps where an effective hedging relationship does not exist, the effect of interest rate swaps is recognised in the statement of profit or loss.

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.

Testifying to our financial stability are the »BBB-« credit rating received from S&P at the end of June 2014 and the successful international issuance of eurobonds worth a total 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, also reaffirming the »stable« credit rating outlook.

In the first six months of 2019 the Petrol Group continued to pursue its strategic orientation to drive down financial debt to levels outlined in the strategic plan.

Carrying amount and fair value of financial instruments

(in EUR)	The Petrol Group			
	30 June 2019		31 December 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-derivative financial assets at fair value				
Financial assets at fair value through other comprehensive income	9,168,566	9,168,566	9,168,566	9,168,566
Non-derivative financial assets at amortised cost				
Financial receivables (excluding derivative financial instruments)	9,350,573	9,350,573	10,163,928	10,163,928
Operating receivables (excluding receivables from the state)	451,278,089	451,278,089	528,431,264	528,431,264
Cash and cash equivalents	88,587,448	88,587,448	58,740,743	58,740,743
Total non-derivative financial assets	558,384,676	558,384,676	606,504,501	606,504,501
Non-derivative financial liabilities at amortised cost				
Bank loans and other financial liabilities (excluding derivative fin.instr.)	(328,472,184)	(328,472,184)	(353,395,791)	(353,395,791)
Lease liabilities	(70,712,091)	(70,712,091)	0	0
Operating liabilities (excluding other non-current liabilities and current liabilities to the state, employees and arising from advance payments)	(393,468,069)	(393,468,069)	(410,651,555)	(410,651,555)
Total non-derivative financial liabilities	(792,652,344)	(792,652,344)	(764,047,346)	(764,047,346)
Derivative financial instruments at fair value				
Derivative financial instruments (assets)	1,920,426	1,920,426	2,626,490	2,626,490
Derivative financial instruments (liabilities)	(7,750,007)	(7,750,007)	(3,484,144)	(3,484,144)
Total derivative financial instruments	(5,829,581)	(5,829,581)	(857,654)	(857,654)

(in EUR)	Petrol d.d.			
	30 June 2019		31 December 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Non-derivative financial assets at fair value				
Financial assets at fair value through other comprehensive income	1,374,993	1,374,993	1,374,993	1,374,993
Non-derivative financial assets at amortised cost				
Financial receivables (excluding derivative financial instruments)	29,649,264	29,649,264	23,811,381	23,811,381
Operating receivables (excluding receivables from the state)	313,381,438	313,381,438	395,090,797	395,090,797
Cash and cash equivalents	51,298,730	51,298,730	28,986,973	28,986,973
Total non-derivative financial assets	395,704,425	395,704,425	449,264,144	449,264,144
Non-derivative financial liabilities at amortised cost				
Bank loans and other financial liabilities (excluding derivative fin.instr.)	(407,565,577)	(407,565,577)	(418,303,817)	(418,303,817)
Lease liabilities	(39,507,040)	(39,507,040)	0	0
Operating liabilities (excluding other non-current liabilities and current liabilities to the state, employees and arising from advance payments)	(340,756,674)	(340,756,674)	(349,506,786)	(349,506,786)
Total non-derivative financial liabilities	(787,829,291)	(787,829,291)	(767,810,603)	(767,810,603)
Derivative financial instruments at fair value				
Derivative financial instruments (assets)	1,920,426	1,920,426	2,626,490	2,626,490
Derivative financial instruments (liabilities)	(9,932,159)	(9,932,159)	(5,895,978)	(5,895,978)
Total derivative financial instruments	(8,011,733)	(8,011,733)	(3,269,488)	(3,269,488)

26. Related party transactions

(in EUR)	The Petrol Group		Petrol d.d.	
	1-6 2019	1-6 2018	1-6 2019	1-6 2018
Sales revenue:				
Subsidiaries	-	-	159,651,037	149,914,885
Jointly controlled entities	468,314	659,567	24,835	41,610
Associates	9,720	161,650	9,720	161,650
Cost of goods sold:				
Subsidiaries	-	-	22,077,391	38,525,454
Jointly controlled entities	103,703	200,656	0	0
Associates	0	0	0	0
Cost of materials:				
Subsidiaries	-	-	169,482	635,130
Jointly controlled entities	1,878	2,619	576	898
Associates	0	0	0	0
Cost of services:				
Subsidiaries	-	-	400,072	997,565
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Other costs:				
Subsidiaries	-	-	0	5,001
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Finance income from interests in Group companies:				
Subsidiaries	-	-	0	0
Jointly controlled entities	144,092	168,909	150,000	175,901
Associates	375,645	367,962	758,716	801,029
Finance income from interest:				
Subsidiaries	-	-	144,550	264,029
Jointly controlled entities	249	0	249	0
Associates	12	0	12	0
Gain of derivatives:				
Subsidiaries	-	-	245,504	677,572
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Other finance income:				
Subsidiaries	-	-	82,188	92,075
Jointly controlled entities	0	0	0	0
Associates	890	890	890	890
Finance expenses for interest:				
Subsidiaries	-	-	511,306	336,773
Jointly controlled entities	72	0	72	0
Associates	0	0	0	0
Loss on derivatives:				
Subsidiaries	-	-	850,865	126,032
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0

(in EUR)	The Petrol Group		Petrol d.d.	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Investments in Group companies:				
Subsidiaries	-	-	342,249,481	326,416,061
Jointly controlled entities	1,768,780	1,774,437	1,347,380	1,347,380
Associates	50,534,765	50,917,836	27,364,454	27,364,454
Non-current financial receivables:				
Subsidiaries	-	-	20,119,699	12,070,000
Jointly controlled entities	850,000	428,994	1,005,000	583,994
Associates	0	0	0	0
Current operating receivables:				
Subsidiaries	-	-	1,067,015	0
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Current operating receivables:				
Subsidiaries	-	-	23,175,791	28,862,210
Jointly controlled entities	459,287	535,081	405,202	373,664
Associates	825	29,341	825	29,341
Current financial receivables:				
Subsidiaries	-	-	6,193,855	9,472,676
Jointly controlled entities	200,000	486,006	200,000	486,006
Associates	0	0	0	0
Non-current financial liabilities:				
Subsidiaries	-	-	43,000,000	28,000,000
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Current financial liabilities:				
Subsidiaries	-	-	91,791,491	90,769,896
Jointly controlled entities	1,396,922	1,396,922	1,396,922	1,396,922
Associates	0	0	0	0
Current operating liabilities:				
Subsidiaries	-	-	3,716,005	9,607,492
Jointly controlled entities	37,233	25,659	610	342
Associates	0	0	0	0
Current accrued costs and expenses:				
Subsidiaries	-	-	247,781	0
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0
Current accrued costs and expenses:				
Subsidiaries	-	-	1,675	0
Jointly controlled entities	0	0	0	0
Associates	0	0	0	0

27. Contingent liabilities

Contingent liabilities for guarantees issued

(in EUR)	Petrol d.d.		Petrol d.d.	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
Guarantee issued to:	Value of guarantee issued		Guarantee amount used	
Petrol d.o.o.	109,751,531	120,910,250	63,758,163	71,860,596
Geoplin d.o.o. Ljubljana	28,000,000	28,000,000	4,477,064	6,680,330
Petrol d.o.o. Beograd	7,701,341	8,087,219	1,462,620	1,082,199
Petrol BH Oil Company d.o.o. Sarajevo	6,766,948	7,613,560	501,924	243,673
Petrol Crna Gora MNE d.o.o.	3,630,000	3,630,000	233,636	225,171
Petrol Trade Handelsgesellschaft m.b.H.	3,000,000	3,000,000	1,800,000	1,800,000
Aquasystems d.o.o.	911,309	911,309	911,309	911,309
Petrol - Energetika Dooel Skopje	0	1,000,000	0	0
Petrol Oti Slovenia LLC	0	500,000	0	181,895
Total	159,761,129	173,652,338	73,144,716	82,985,173
Other guarantees	7,272,686	14,134,206	7,272,686	14,134,206
Bills of exchange issued as security	14,400,103	5,453,593	14,400,103	5,453,593
Total contingent liabilities for guarantees issued	181,433,918	193,240,137	94,817,505	102,572,972

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

Contingent liabilities for lawsuits

The total value of lawsuits against the Company as defendant and debtor totals EUR 33,496,235. 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 long-term provisions, which stood at EUR 10,307,056 as at 30 June 2019.

The total value of lawsuits against the Group as defendant and debtor totals EUR 33,730,929. 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 long-term provisions, which stood at EUR 10,531,721 as at 30 June 2019.

28. 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 2019.

APPENDIX 1: ORGANISATIONAL STRUCTURE OF THE PETROL GROUP

The Petrol Group as at 30 June 2019	SALES	ENERGY AND ENVIRONMENTAL SOLUTIONS	PRODUCTION OF RENEWABLE ELECTRICITY
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%)	✓		
BEOGAS 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 (99.7518%)			✓
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%)	✓		
PETROL GEO d.o.o. (100%)		✓	
EKOEN d.o.o. (100%)		✓	
EKOEN GG d.o.o. (100%)		✓	
EKOEN S d.o.o. (100%)		✓	
ZAGORSKI METALAC d.o.o. (56%)		✓	
MBILLS d.o.o. (91.06%)	✓		
GEOPLIN d.o.o. Ljubljana (73.9387%)	✓		
GEOCOM d.o.o. (100%)	✓		
GEOPLIN D.O.O., Zagreb (100%)	✓		
GEOPLIN D.O.O. Beograd (100%)	✓		
ZAGORSKI METALAC d.o.o. (25%)	✓		
Jointly controlled entities			
PETROL OTI SLOVENIJA L.L.C. (51%)	✓		
PETROL - OTI - TERMINAL L.L.C. (100%)	✓		
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 (29.6985%)		✓	
AQUASYSTEMS d.o.o. (26%)		✓	