annual report 2014

PETROL

Energy for life

ANNUAL REPORT OF THE PETROL GROUP AND PETROL D.D., LJUBLJANA 2014

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Published by: Petrol d.d., Ljubljana
Content and graphic design: SM Studio Marketing
Editing and production: SM Studio Marketing
Photos: Primož Korošec, arhiv Petrol d.d., Ljubljana

February 2015

VIBRANT WITH ENERGY

The 2014 financial year was characterised by energy – both in the form of various energy products that we used to successfully complement our business with and in the form of effort invested by all employees. This year's business results indicate that we invested our energy correctly, and the satisfaction of our customers gives us the energy for further activities.

Statement of the Management Board

Pursuant to Article 60a of the Companies Act, members of the Management Board and the Supervisory Board of Petrol d.d., Ljubljana represent that the Annual Report of the Petrol Group and Petrol d.d., Ljubljana for the year 2014, including the corporate governance statement, has been prepared and published in accordance with the Companies Act, Financial Instruments Market Act and International Financial Reporting Standards.

As provided in Article 110 of the Financial Instruments Market Act, members of the Management Board of Petrol d.d., Ljubljana, which comprises Tomaž Berločnik, President of the Management Board, Rok Vodnik, Member of the Management Board, Janez Živko, Member of the Management Board, and Samo Gerdin, Member of the Management Board/Worker Director, declare that to the best of their knowledge and belief:

- the financial report of the Petrol Group and Petrol d.d., Ljubljana for the year 2014 has been drawn up in accordance with International Financial Reporting Standards and gives a true and fair view of the assets and liabilities, financial position, financial performance and comprehensive income of the company Petrol d.d., Ljubljana and other companies included in the consolidation as a whole;
- the business report of the Petrol Group and Petrol d.d., Ljubljana for the year 2014 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 companies included in the consolidation are exposed to as a whole.

Ljubljana, 23 February 2015

Janez Živko
Member of the
Management Board

Tomaž Berločnik
President of the
Management Board

Rok Vodnik
Member of the
Management Board

Samo Gerdin
Member of the
Management Board, Worker Director

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BUSINESS REPORT 2014

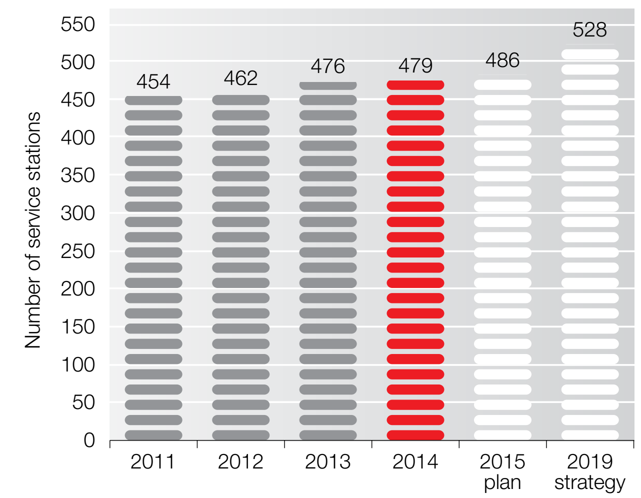
OUR WORK ENERGY GROWS JUST AS OUR BUSINESS ENERGY DOES. WE ARE SLOVENIA'S MARKET LEADERS IN PETROLEUM PRODUCT SALES. THIS PROVIDES US WITH STABLE REVENUE AND RELIABLE CASH FLOWS, MAKING IT POSSIBLE FOR US TO GROW AND DEVELOP EVEN MORE.

Business highlights of 2014

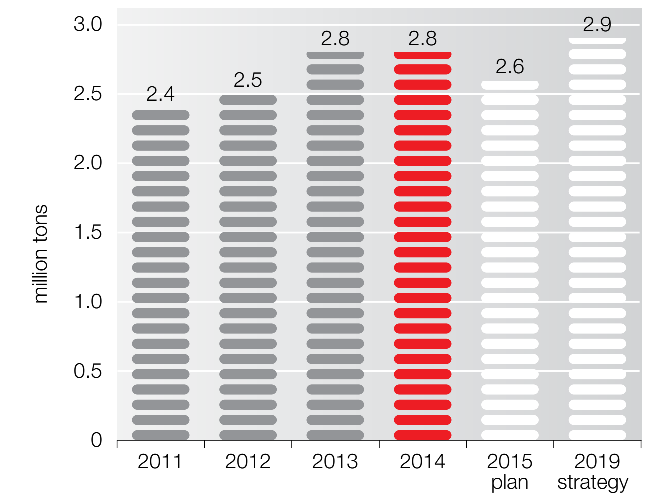
THE PETROL GROUP	UM	Results 2014	Results 2013	Index 2014 / 2013
Net sales revenue	EUR million	4,014.3	3,947.3	102
Gross profit	EUR million	339.5	337.6	101
Operating profit	EUR million	95.9	93.8	102
Net profit	EUR million	60.7	52.8	115
Equity	EUR million	503.3	467.7	108
Total assets	EUR million	1,554.0	1,617.4	96
EBITDA[1]	EUR million	138.1	133.5	103
EBITDA / Average fixed assets	%	17.1	16.5	104
EBITDA / Gross profit	%	40.7	39.6	103
Operating costs / Gross profit	%	74.3	74.0	100
Net debt / Equity[2]		1.01	1.13	89
Earnings per share[3]	EUR	29.5	25.6	115
Share price as at period end	EUR	284.0	218.0	130
Volume of petroleum products sold	million tons	2.80	2.77	101
Volume of liquefied petroleum gas sold	thousand tons	68.3	68.5	100
Volume of natural gas sold	million m^3	112.6	121.8	92
Electricity sold	TWh	8.7	4.9	178
Revenue from the sale of merchandise	EUR million	476.1	474.8	100
Investments in fixed assets	EUR million	58.5	86.1	68
Number of service stations as at period end		479	476	101
Number of employees (including at third-party managed service stations) as at period end		3,912	3,945	99

[1] EBITDA = Operating profit + Depreciation and amortisation net of depreciation of environmental fixed assets
[2] Net debt / Equity = (Non-current and current financial liabilities – Cash and cash equivalents) / Equity
[3] Earnings per share = Net profit for the year attributable to owners of the controlling company / Weighted average number of ordinary shares issued, excluding own shares

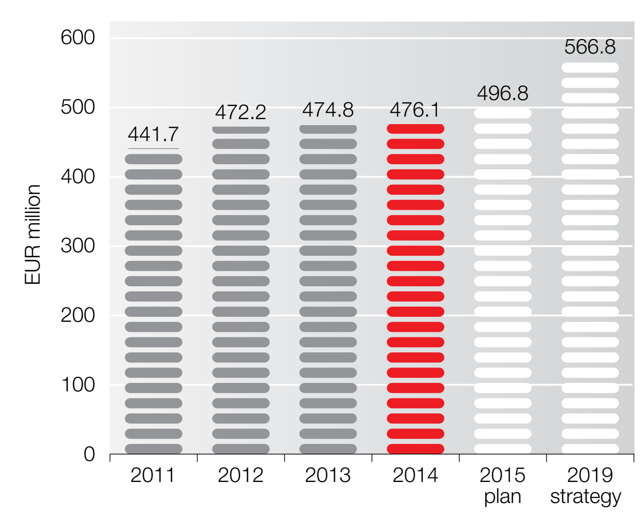
Number of service stations



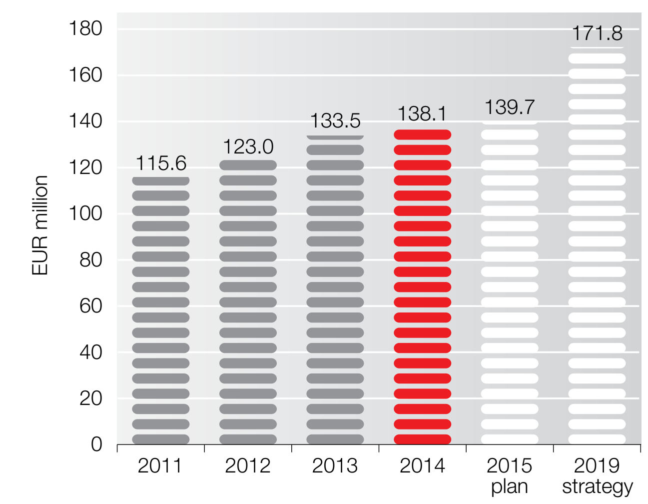
Volume of petroleum products sold



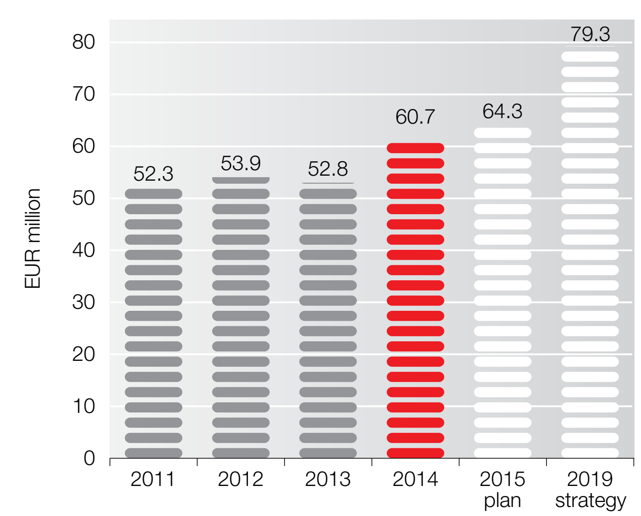
Revenue from the sale of merchandise



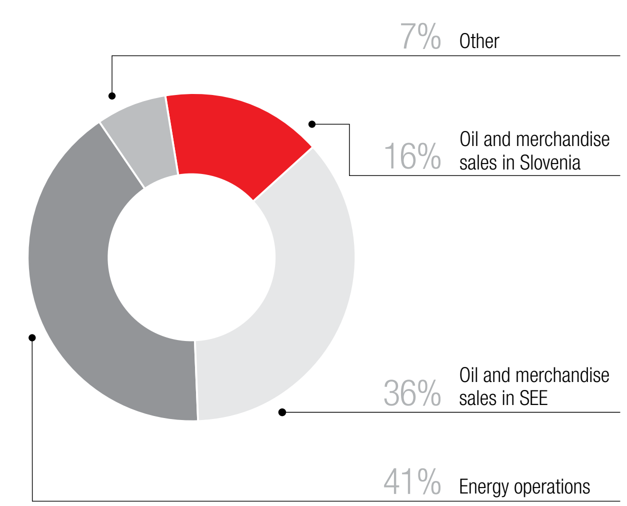
EBITDA



Net profit



Breakdown of the Petrol Group's investments in 2014



Letter from the President of the Management Board

Dear shareholders, business partners and co-workers!

The Petrol Group operates in one of the most important industries – the energy sector. Consistent with our expectations, the year 2014 was rather demanding business-wise. The still difficult economic situation and intense activity in the global oil markets required us to carefully consider our actions and react quickly. The results we achieved testify to the fact that the job was well done, thanks to all the staff of the Petrol Group. Our commitment to business excellence and the management and optimisation of all business processes will help us to keep up the good performance also in the future.

The Petrol Group is one of the largest business entities in Slovenia and plays an increasingly prominent role in the wider region. It enjoys the trust of the international financial community, which was demonstrated by the successful issuance of 5-year eurobonds worth a total of EUR 265 million.

In 2014 the Petrol Group generated EUR 4.0 billion in sales revenue, up 2 percent from 2013. Gross profit stood at EUR 339.5 million, which was 1 percent more than in the previous year. Operating profit totalled EUR 95.9 million or 2 percent more than in 2013, with net profit amounting to EUR 60.7 million, an increase of 15 percent over the year before.

The Petrol Group remains engaged primarily in the sale of petroleum products in all markets in the wider region. The Group sold 2.8 million tons of petroleum products in 2014 or 1 percent more than in 2013. In 2014 a very good sales performance was delivered in SE Europe markets, where we have been able to position ourselves as an important business partner despite demanding economic conditions. In 2014 we generated over EUR 476 million in revenue from merchandise sales. We are expanding our retail network through which we served customers at more than 479 service stations in 2014.

With comprehensive energy supply as our guiding principle, our energy operations were further expanded and developed in 2014. We invested in the construction of district heating systems, in projects promoting efficient energy consumption and in the acquisition of natural gas supply concessions. We built a dehydration plant for sludge obtained from waste treatment plants, which is then transformed into secondary fuel for cement plants. The dehydration process runs on excess heat generated in the Ihan Biogas Plant.

In 2014 we sold 8.7 TWh of electricity, 112.6 million m^3 of natural gas and 82.4 thousand MWh of heat. The sales of energy products used for heating were slightly lower than expected owing to mild winter temperatures both at the beginning and end of the year.

In 2014 we drew up the strategic business plan of the Petrol Group for 2015–2019, which is a fundamental corporate document defining the business future of the Petrol Group based on its mission, vision, values, goals and strategies. The document specifies the main operational guidelines to help us achieve long-term growth and development.

We seek to achieve business excellence in all areas of our business. We are the first company trading in petroleum products, gas and other energy products that is positioned as a sustainable, socially responsible company in Slovenia. At Petrol, we are aware of our close links to the business and social environment. We therefore foster good and productive relations with all stakeholders:

- **Shareholders** – Our shareholder policy is based on a long-term maximisation of returns for shareholders and is the guiding principle of our development strategy. Through a stable dividend policy we ensure a balanced dividend yield for shareholders and the use of free cash flows to finance the Petrol Group's investment plans. In 2014 a dividend of EUR 10.1 per share was paid for the 2013 financial year.
- **Customers** – Understanding customer requirements and meeting their expectations is our most important guiding principle for a successful long-term business performance, and we conform to the highest standards of business ethics in doing so. We build Petrol's reputation responsibly and thoughtfully everywhere we do our business. Reflecting our diverse and comprehensive range, Petrol's customer base is also varied, from large companies and organisations to individuals. We approach our customers in a systematic and responsible manner, using various organisational and communication processes to adapt our range to their needs to the extent possible. Through the integrity of our staff and the quality of our products and services, we earn the trust of our customers. Their satisfaction being one of our key competitive advantages, we have been systematically monitoring it ever since 1999.
- **Suppliers** – When selecting suppliers, the most important factors that are taken into consideration include the quality of goods and conformity with all European standards and legislation, favourable procurement conditions and the reliability of supply. We buy most petroleum products from the largest multinational oil companies and some from major global oil and petroleum products traders. Many years of continuous cooperation with competitive suppliers gives us the status of a reliable and trustworthy partner.
- **Employees** – Managing people, their knowledge and their potential is one of the key competitive advantages, which has been strategically developed at Petrol. We have devised a well thought-out recruitment policy and an effective remuneration system, we pay continuous attention to the training and development of staff, and we monitor their satisfaction. Occupational safety and health always come first, especially at workplaces that are more at risk. In 2014 we signed a first Corporate Collective Agreement, which directly regulates relations between the employer and employees, representing the foundation of equal social dialogue with employees for a successful business performance in the future.
- **Social responsibility** is perceived as a sustainable commitment to engaging with the environment in which we operate. 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 has considerable influence on our business and development. We support numerous humanitarian projects and have donated Energy for Life for the fourth consecutive year by organising the pan-Slovene blood donation campaign. Excellence is one of the core principles of our business, which manifests itself also in the support to the athletes from Team Petrol, who delighted us with superb results in 2014.

Petrol will mark the 70th anniversary of its establishment in 2015. Over the years, we made a journey from humble beginnings with only a few motor fuel dispensers at our disposal to a modern and successful energy company.

Do continue with us on our road to success.

Tomaž Berločnik, MSc
President of the Management Board

BUSINESS PERFORMANCE IN 2014

REACHING FOR ENERGY ALTERNATIVES. IN SE EUROPE, WE ARE BECOMING AN INCREASINGLY IMPORTANT ENERGY PARTNER, NOT ONLY IN PETROLEUM SALES, OUR CORE BUSINESS, BUT ALSO IN GAS SUPPLY, ELECTRICITY GENERATION AND DISTRIBUTION, EFFICIENT ENERGY CONSUMPTION AND STRATEGIC ENVIRONMENTAL PROJECTS.

Strategic orientations

Mission

At Petrol, we offer a comprehensive range of energy and environmental products as well as services, providing consumers in Slovenia and SE Europe with a service that is reliable, economical and friendly to the environment. Thanks to our broad network of service stations, drivers are offered everything they need for a safe and comfortable journey. Businesses and local communities are given a full range of energy supply options at their disposal, while households are provided with all the energy they need for their home – at their home.

Vision

To become a leader in quality and development of comprehensive energy supply and the convenience model for service stations in SE Europe, and enjoy above-average customer satisfaction.

Values

- **Respect:** Respecting fellow human beings and the environment.
- **Trust:** Building partnerships through fairness.
- **Excellence:** Aiming to be the best at what we do.
- **Creativity:** Using own ideas to make progress.
- **Courage:** Working with enthusiasm and heart.

At Petrol, we feel a strong sense of responsibility towards our employees, customers, suppliers, business partners, shareholders and the society as a whole. We meet their expectations with the help of motivated and business-oriented staff, we adhere to the fundamental legal and moral standards of the Slovene society and broader European standards, and we protect the environment.

Strategic business plan 2015–2019

The strategic business plan is a fundamental corporate document defining the business future of the Petrol Group in the period 2015–2019 based on its mission, vision, values, goals and strategies.

The Petrol Group will pursue its mission in its core areas of business, which are:

1. Oil and merchandise sales in Slovenia
2. Oil and merchandise sales in SE Europe
3. Energy operations, comprising the sale and distribution of natural and liquefied petroleum gas, heat, electricity, energy solutions and environmental solutions

Petrol will operate in Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro, Macedonia and Kosovo, as well as in EU member states (Austria, Italy, Hungary, etc.).

Main strategic orientations underpinning the Petrol Group's development:

Key strategic orientations to be pursued by the Petrol Group up to 2019 are as follows:

- High sales growth
- Increase in net profit and the profitability of operations
- Higher added value per employee
- Increased return on assets
- Long-term financial stability
- Focus on quality and business excellence
- Long-term environmental orientation and commitment
- Ensuring good working conditions

THE RETAIL NETWORK IS PLANNED TO CONSIST OF 528 SERVICE STATIONS IN 2019.

The Petrol Group's main targets for 2019 are as follows:

- Net sales revenue of EUR 4.5 billion
- EBITDA of EUR 172 million
- Net profit of EUR 79 million
- Net debt to EBITDA ratio of 2.4
- Investments in fixed assets of EUR 308 million in the period 2015–2019
- Retail network consisting of 528 service stations
- 3 million tons of petroleum products sold
- Revenue from the sale of merchandise of EUR 567 million
- 133 million m^3 of natural gas sold
- 11 TWh of electricity sold
- 199 thousand MWh of heat sold

By achieving these goals we will strengthen long-term financial stability of the Petrol Group. A shareholder policy that is based on a long-term maximisation of returns for shareholders is one of the cornerstones of Petrol's development strategy. Through a stable dividend policy we will ensure a balanced dividend yield for shareholders and the use of free cash flows to finance the Group's investment plans. This will allow for long-term growth and development of the Petrol Group, maximising its value for the owners.

Petrol as the ambassador of corporate integrity

In attaining the targets, Petrol will comply with the applicable regulations and the Corporate Integrity Guidelines. In the pursuit of our work, we will abide by high standards of business ethics and build corporate culture promoting lawful, transparent and ethical conduct and decision-making by all employees. We will raise and consolidate the awareness of the importance of compliance among employees and business partners. We will apply the zero tolerance principle to unlawful and unethical conduct of employees and business partners.

Plans for 2015

The Petrol Group operates in a competitive business environment both internationally and locally. In the international business environment, the most relevant factors influencing the Group's operations include price fluctuations in the oil market and the US dollar exchange rate, which both reflect global economic developments (mostly in the EU and in the United States, but with China and India also increasingly gaining in prominence). Petrol's local environment, on the other hand, is determined by government measures taken to regulate prices and the energy market as well as by the overall economic situation (economic growth, price growth rates, increase in consumption and production). The demanding economic conditions are expected to continue in Petrol's main sales markets (Slovenia and Croatia) in 2015.

Despite the persistence of the difficult and uncertain economic situation, the Petrol Group has set itself ambitious goals for 2015. To achieve them, the Group will pay particular attention to the streamlining of operational and supporting business processes in 2015.

The Petrol Group's main business targets for 2015:

- Net sales revenue of EUR 3.8 billion
- Net profit of EUR 64.3 million
- 2.6 million tons of petroleum products sold
- Revenue from the sale of merchandise of EUR 496.8 million
- 9.0 TWh of electricity sold
- Retail network consisting of 486 service stations
- Investments in fixed assets of EUR 64.5 million

The Petrol Group in its region

The management and governance system

Pursuant to Article 70(5) of the Companies Act (ZGD-1), Petrol d.d., Ljubljana hereby issues its corporate governance statement.

1. Reference to the applicable Corporate Governance Code

In the period 1 January 2014 to 31 December 2014, the Company was subject to the Corporate Governance Code (hereinafter: the Code) as jointly drawn up and adopted by the Ljubljana Stock Exchange, the Slovene Directors' Association and the Managers' Association of Slovenia. The Code in its revised wording was adopted on 8 December 2009 and entered into force on 1 January 2010. It is available both in Slovene and in English from the website of the Ljubljana Stock exchange at http://www.ljse.si/. The Company has not adopted a corporate governance code of its own. It is managed in accordance with the Companies Act and within the framework of the above Code. In compliance with the Code's recommendations, the Supervisory Board and the Management Board jointly drew up and, at the Supervisory Board meeting of 23 November 2010, adopted the Corporate Governance Policy of Petrol d.d., Ljubljana, which was then published via the Ljubljana Stock Exchange information system – SEOnet. The policy was updated at the Supervisory Board meetings of 12 December 2013 and 11 December 2014, and published via the Ljubljana Stock Exchange information system (the version currently in force is available at http://seonet.ljse.si/default.aspx?doc=PUBLIC_ANNOUNCEMENTS_BY_PRIME MARKET_ISSUERS&doc_id=56476) on 23 December 2013 and 13 January 2015, respectively. It is also available, in Slovene and in English, from the website of Petrol d.d., Ljubljana (www.petrol.si).

Declaration of compliance with the Code

The Company respects the Code, both its guiding principles and specific recommendations, when conducting its operations. Any significant deviations from the Code are listed and explained below.

- The Articles of Association do not mention objectives other than maximising shareholder value, but such objectives may be specified as part of changes, if any, to the Company's fundamental legal act (the Code – Corporate Governance Framework – point 1).
- Independence statements of Supervisory Board members have not been published on the Company's website, in accordance with a Supervisory Board decision (the Code – Supervisory Board – second paragraph of point 8).
- Due to a high degree of data confidentiality, the use of information technology to convene meetings and distribute Supervisory Board documents is not yet possible. It will be introduced as soon as all members of the Supervisory Board and its committees are equipped with sufficiently secure connections and protocols to prevent unauthorised access to documents (the Code – Supervisory Board – point 8.4).
- Until now, the reports of the Supervisory Board did not include the Supervisory Board's costs that were not disclosed in the Company's annual reports, but they will be included in the 2014 report of the Supervisory Board (the Code – Supervisory Board – point 8.12).
- The Supervisory Board did not specify the term of the committees (apart from an external member of the audit committee they are composed of Supervisory Board members). The terms of office of committee members who are also Supervisory Board members end when their post of Supervisory Board member expires or when they are relieved of their duties (the Code – Supervisory Board – point 13.2).
- One of the Management Board members could be entitled, under the existing employment contract, to a severance payment exceeding the fixed portion of his annual remuneration if he is to be relieved of his duties on business grounds (no-fault dismissal) in the period from 1 January 2014 to 31 January 2015 (the Code – Management Board – point 16.3).
- The Company has not drawn up an internal act or rules that would lay down additional rules on trading limitations regarding its shares in addition to legal provisions and regulations. Nevertheless, any person having access to internal information signs a special statement to keep internal information confidential. In accordance with the requirements of the Securities Market Agency, the Company keeps a list of persons with access to internal information (the Code – Transparency of Operations – point 20.3).
- The Company does not disclose in its annual report the positions held by Management Board members and Supervisory Board members in the management and supervisory bodies of non-related companies since the members are required to notify the Supervisory Board of any potential breaches of competition prohibition or instances of dependence (the Code – Transparency of Operations – point 22.5).
- The Company discloses only gross remuneration of individual Management Board and Supervisory Board members, as required by law, but not their net remuneration (the Code – Transparency of Operations – point 22.7).

2. Description of main characteristics of the Company's internal control and risk management systems in connection with the financial reporting process

The Company's management is responsible for the keeping of proper books of account, setting up and ensuring the functioning of internal controls and internal accounting control, selecting and applying accounting policies and safeguarding the Company's assets. In connection with financial reporting,

the company Petrol d.d., Ljubljana applies the COSO model[1] of risk management and an internal control system, as appropriate. With the establishment of the latter, the following three objectives are pursued:
- accuracy, reliability and completeness of financial records, and true and fair financial reporting,
- compliance with applicable laws and regulations, and
- effectiveness and efficiency of operations.

The Company's management aims to establish a control system that is both as efficient as possible as regards the prevention of undesired events and acceptable in terms of cost. It is aware that every internal control system, regardless of how well it functions, has its limitations and cannot fully prevent errors or frauds. Nevertheless, it must be configured so that it flags them as soon as possible and provides management with suitable assurance about the achievement of objectives.

Petrol therefore keeps and further improves:
- a transparent organisational structure of the parent company and the Group;
- clear and uniform accounting policies and their consistent application throughout the Petrol Group;
- an efficiently organised accounting function (functional responsibility) within individual Petrol Group companies;
- a uniform accounting and business information system of the parent company and its subsidiaries, thus boosting the efficiency of operational and control procedures;
- reporting in accordance with International Financial Reporting Standards, including all disclosures and notes that are required;
- regular internal and external audits of business processes and operations.

The Risk Management chapter of this business report presents risk management and control mechanisms relating to the assessment of specific types of risk in greater detail. It is our opinion that in 2014 the existing internal control system of the company Petrol d.d., Ljubljana and of the Petrol Group provided for efficient and successful achievement of business objectives, operation in compliance with the law, and fair and transparent reporting in all material respects.

3. Information under Article 70(6) of the Companies Act

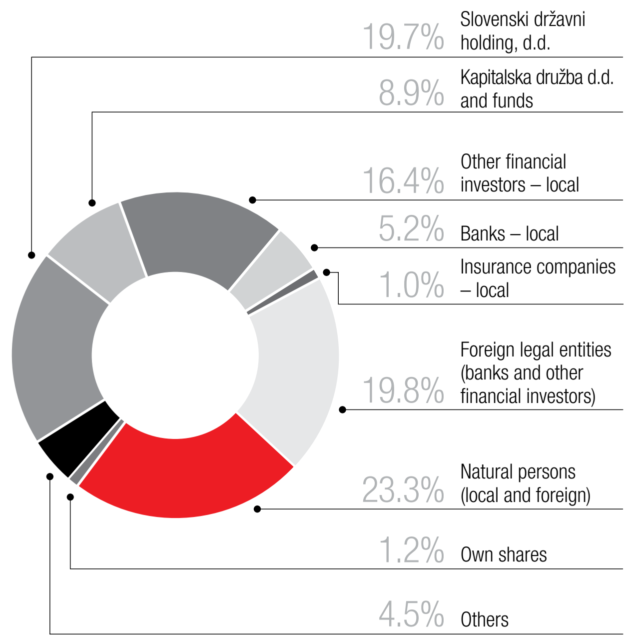
As a company bound by the Takeovers Act, Petrol d.d., Ljubljana hereby provides information on the situation as at the last day of the financial year and all the necessary explanations, in accordance with Article 70(6) of the Companies Act:

3.1. Structure of the Company's share capital

The Company has issued only ordinary registered no-par value shares, the holders of which have the right to participate in the management of the Company, the right to profit participation (dividends) and the right to a corresponding share in

1 The risk management model for companies, known as the COSO model, was designed by the Committee of Sponsoring Organizations of the Treadway Commission. Its application is recommended by all relevant international institutions and standards. Risk management and the control system are set up to measure risks by considering individual activities and regional organisation of a company in conjunction with its objectives and strategy. The risk management system consists of the following ongoing procedures:
- environment assessment and risk assessment,
- determination of control methods – establishment of a control system,
- information and communication to create a sense of ownership in employees, and
- system monitoring and implementation of improvements.

Share capital structure of Petrol d.d., Ljubljana as at 31 December 2014



other assets in the event of liquidation or bankruptcy of the Company. All shares belong to a single class and are issued in book-entry form.

3.2. Restrictions on the transfer of shares

All shares are fully transferable.

3.3. Qualifying holdings under the Takeovers Act

Pursuant to Article 77(1) of the Takeovers Act (acquiring a qualifying holding), the following information as at 31 December 2014 is provided:
- Slovenski državni holding, d.d. held 412,009 shares of Petrol d.d., Ljubljana, representing 19.75 percent of the issuer's share capital,
- Československa Obchodni Bank, a.s. – FID held 266,771 shares of Petrol d.d., Ljubljana, representing 12.79 percent of the issuer's share capital, and
- Kapitalska družba d.d. held 172,639 shares of Petrol d.d., Ljubljana, representing 8.27 percent of the issuer's share capital.

3.4. Holders of securities carrying special control rights

The Company did not issue any securities carrying special control rights.

3.5. Employee share scheme

The Company has no employee share schemes.

3.6. Restrictions on voting rights

There are no restrictions on voting rights.

3.7. Shareholder agreements potentially resulting in restrictions on the transfer of shares or voting rights

The Company is not aware of such agreements.

3.8. The Company's rules regarding:

- **Appointment and replacement of members of management or supervisory bodies:**

10 largest shareholders of Petrol d.d., Ljubljana as at 31/12/2014

	Shareholder	Address	Shares owned	Holding in %
1	Slovenski državni holding, d.d.	Mala ulica 5, 1000 Ljubljana	412,009	19.75%
2	Československa obchodni bank, a.s. - fid	Radlicka 333/150, 150 57 Praga 5	266,771	12.79%
3	Kapitalska družba, d.d.	Dunajska cesta 119, 1000 Ljubljana	172,639	8.27%
4	Vizija holding, k.d.d.	Dunajska cesta 156, 1000 Ljubljana	71,676	3.44%
5	Vizija holding ena, k.d.d.	Dunajska cesta 156, 1000 Ljubljana	63,620	3.05%
6	NLB d.d.	Trg republike 2, 1000 Ljubljana	63,183	3.03%
7	Nova KBM d.d.	Ulica Vita Kraigherja 4, 2000 Maribor	42,985	2.06%
8	Zvon ena holding d.d. - v stečaju	Slovenska ulica 17, 2000 Maribor	36,000	1.73%
9	SOP Ljubljana	Vošnjakova ulica 6, 1000 Ljubljana	25,628	1.23%
10	Petrol d.d., Ljubljana	Dunajska cesta 50, 1000 Ljubljana	24,703	1.18%

The president and other members of the Management Board are appointed and discharged by the Supervisory Board. Apart from the worker director, the Supervisory Board appoints Management Board members on the proposal of the president of the Management Board. Management Board members are appointed for a five-year term of office and may be re-appointed. On the proposal of the Human Resources and Management Board Evaluation Committee and according to its Rules of Procedure, the Supervisory Board determines general and specific criteria for selecting candidates for the president and members of the Management Board, at the same time laying down a framework for contracts concluded with Management Board members. The Supervisory Board also determines the weight of individual criteria that comprise the competence model of the president and members of the Management Board. The Human Resources and Management Board Evaluation Committee proposes to the Supervisory Board which method or a combination of methods to apply in order to find candidates for the president of the Management Board (personal invitations, job vacancy postings) and determines whether it is necessary to engage an external headhunting expert. The Human Resources and Management Board Evaluation Committee carefully checks the fulfilment of general and specific conditions required for the post of Management Board president or member and other conditions laid down in the Company's Articles of Association. The Committee also verifies the references stated in candidates' CVs and conducts interviews. It then puts together a selection of candidates for the president of the Management Board, conducts selection interviews and ranks them. The short-listed candidate or candidates for the president of the Management Board propose other Management Board members, with the Committee checking the conditions and references of the proposed candidates. The Committee then proceeds with the evaluation of the entire Management Board and negotiates with candidates on the basic elements of their contracts. The candidate or candidates for the president of the Management Board and the proposed Management Board members together present the vision of the Company's development at a Supervisory Board meeting. After carrying out selection interviews, the Supervisory Board selects and appoints the president and members of the Management Board. If the Supervisory Board determines that the candidates proposed by the candidate for the president of the Management Board (the proposed Management Board as a whole) are unsuitable, the procedure is repeated.

The Supervisory Board reappoints the Management Board within one year before the term of office has expired, but it is customary for the reappointment to take place not later than three months before the expiry. If the Company's General Meeting passes a vote of no confidence in the Management Board, the Supervisory Board, convening immediately after the General Meeting, states its opinion concerning the recall of a Management Board member. If the General Meeting does not grant the Management Board and/or Supervisory Board discharge from liability, the Supervisory Board is required to convene as soon as possible to identify the reasons for the discharge of liability not being granted. Without prejudice to the above, the Supervisory Board may recall the Management Board for reasons stipulated by law on its own discretion. The Supervisory Board is required to notify immediately the Management Board that does not fully fulfil the tasks falling under its mandate of its findings and opinions and to set the shortest deadline possible to eliminate the shortcomings determined. If the Management Board fails to achieve the expected results by the set deadline, the Supervisory Board decides whether to recall individual members of the Management Board. The Supervisory Board may appoint its members as temporary Management Board members to replace the missing or absent members of the Management Board for a period of not more than a year. Reappointment or extension of the term of office is permitted if the entire term of office is not longer than one year.

The Supervisory Board of the Company comprises nine members, of which six are elected by the Company's General Meeting with a majority vote of shareholders present and three by the Company Workers' Council. They are elected for a term of four years and may be re-elected when their term of office expires. A resolution on an early recall of the Supervisory Board members representing shareholders shall be adopted with a three-quarters majority of votes present at the General Meeting, while the conditions for the recall of the Supervisory Board members representing employees shall be determined by the Workers' Council in a general act.

- **Amendments to the Articles of Association:**

The General Meeting decides on amendments to the Articles of Association with a majority of three-quarters of share capital represented in the voting.

3.9. The powers of Management Board members, particularly in connection with own shares

The powers of Management Board members are specified below in this chapter. The Management Board, however, does not have particular powers concerning the issue or purchase of own shares.

3.10. Important agreements that enter into force, are amended or expire due to changes in the control over the Company resulting from a takeover bid

The Company is not aware of such agreements.

3.11. Agreements between the Company and the members of its management and supervisory bodies or employees which foresee compensation should such persons resign, be discharged without cause or have their employment relationship terminated due to a bid as defined in the Takeovers Act

In the event of resignation, Management Board members are not entitled to compensation, but they are entitled to it in the event of a recall and termination of their employment contract without cause.

4. Information on the workings of the General Meeting

As provided by the applicable legislation, specifically the Companies Act, the General Meeting is a body through which shareholders exercise their rights in respect of matters concerning the Company. The convening of General Meetings is governed by the Articles of Association in conformity with applicable legislation. The General Meeting is convened at the request of the Management Board, at the request of the Supervisory Board, or at the request of the Company's shareholders who collectively represent at least five percent of the Company's share capital. The party requesting the convening of a General Meeting must submit to the Management Board an agenda for the General Meeting together with an explanation and justification of the purpose and reasons for convening the General Meeting. The Management Board calls a General Meeting of the Company's shareholders one month before the meeting takes place by publishing a notice via the Ljubljana Stock Exchange information system – SEOnet – and on the Company's website. In the notice of the General Meeting, the Management Board specifies the time and place of the meeting, the bodies conducting the meeting, the agenda and proposed resolutions. At the General Meeting held on 24 April 2014, the Company's shareholders were presented with the annual report and the Supervisory Board's report on the verification of the annual report for the financial year 2013, as well as with the remuneration of the members of management and supervisory bodies. They voted on and adopted resolutions on the distribution of accumulated profit, the granting of discharge from liability to the Management Board and Supervisory Board for the year 2013 and on the appointment of an auditor to audit the Company's financial report and review its business report for 2014.

5. Information on the composition and workings of management and supervisory bodies

The company Petrol d.d., Ljubljana is managed using a two-tier system. The Company is led by the Management Board, which is supervised by the Supervisory Board. The management of the company Petrol d.d., Ljubljana is conducted in conformity with the law, Articles of Association as the Company's fundamental legal act, internal regulations, and on established and generally accepted good business practices.

Workings of the Management Board

The Management Board of Petrol d.d., Ljubljana manages the Company independently and on its own responsibility, and represents and acts on behalf of the Company. According to the Articles of Association, the Management Board is comprised of its president and other members of the Management Board and shall not have less than three and more than six members. The exact number of Management Board members, their sphere of duties and their powers are determined by a resolution adopted by the Supervisory Board at the proposal of the Management Board president. One of Management Board members is always a worker director, who only participates in decisions relating to human resources and social policy issues and does not have the power to represent the Company. In 2014 the Management Board was composed of four members. During this period, it discussed issues falling within its competence at 68 meetings. All decisions were adopted unanimously. In addition to holding formal meetings, the Management Board exercised the powers and responsibilities pertaining to its daily activities and to the General Meeting, as stipulated by the Companies Act. The activities concerning the Supervisory Board were carried out in accordance with the provisions of the Supervisory Board rules of procedure. The Management Board regularly reported to the Supervisory Board on the Company's operations and consulted it in connection with the Company's strategy, business development and risk management. Some of the Management Board's activities were also focused on collaboration with the Workers' Council and the Petrol Group's representative trade unions. Management Board members are appointed for a five-year term of office and may be re-appointed. Except for the worker director, who does not have the power to represent the Company, the Management Board president and all Management Board members represent the Company in an independent and individual capacity. Legal representatives need an approval of the Supervisory Board to acquire or dispose of their own shares, or acquire, establish or dissolve companies and business units. Approval is also required for raising or granting loans that individually exceed five percent of the Company's total capital or for other individual capital investments exceeding five percent of total capital. They also need approval to grant a power of attorney and mortgages.

Members of the Management Board of Petrol d.d., Ljubljana in 2014:

Tomaž Berločnik, President of the Management Board
Appointed for a first five-year term of office beginning on 1 February 2011 and re-appointed for a second five-year term of office beginning on 1 February 2016. Born in 1968, he holds a bachelor degree in engineering and a master's degree in business administration. Fields of responsibility:

- Procurement of petroleum products and logistics
- Process support – Legal department and Human resources, Technical development, quality and safety
- Development and point-of-sale management
- Investments and maintenance

Rok Vodnik, Member of the Management Board
Appointed for a first five-year term of office beginning on 30 August 2009 and re-appointed for a second five-year term of office beginning on 30 August 2014.
Born in 1970, he holds a bachelor degree in electrical engineering and a master's degree in business administration. Fields of responsibility:

- Sales and management of product segments
- Trading
- Energy and the environment

Janez Živko, Member of the Management Board
Appointed for a first five-year term of office beginning on 30 August 2009 and re-appointed for a second five-year term of office beginning on 30 August 2014. His term of office as a member of the Management Board ends on 28 February 2015.
Born in 1973, he holds a master's degree in business studies. Fields of responsibility:

- Business support to all areas of business within Petrol d.d., Ljubljana and the Petrol Group falling within the responsibility of the other two members
- Finance and accounting
- Controlling
- Risk management
- Information technology

Samo Gerdin, Member of the Management Board, Worker Director
Appointed by the Supervisory Board as a worker director for a five-year term of office beginning on 24 November 2010. Born in 1969, he has a bachelor degree in chemical technology. He participates in decisions relating to human resources and social policy issues, but cannot act as a legal representative.

Responsibilities and composition of the Supervisory Board

In the two-tier management system, the Supervisory Board of Petrol d.d., Ljubljana fulfils its legally mandated responsibilities, i.e. to supervise the conduct of the Company's operations (including the selection and appointment of the Management Board) and carry out tasks related to the General Meeting's powers.

Under the Articles of Association, the Supervisory Board of the company Petrol d.d., Ljubljana comprises nine members. They are elected for a term of four years and may be re-elected when their term of office expires. The Supervisory Board elects its president and deputy president from among its members. The president of the Supervisory Board is always a representative of shareholders. The president of the Supervisory Board represents the Company in relation to the Management Board, and the Supervisory Board in relation to the Management Board and third parties, unless otherwise determined for a specific case.

The Supervisory Board had the following committees in 2014:

1. the Audit Committee
2. the Human Resources and Management Board Evaluation Committee

In 2013 all members of the Supervisory Board were appointed for a four-year term of office, some of them for the first time, the others for the second time. The term of office of all Supervisory Board members will thus end in 2017. The Supervisory Board operated with all nine of its members in 2014 and its composition remained unchanged during the year.

The members of the Supervisory Board of Petrol d.d., Ljubljana in 2014 were as follows:

Tomaž Kuntarič, shareholder representative
President of the Supervisory Board
Employed in Gorenje Beteiligungsgesellschaft m.b.H.
Appointed at the 18th General Meeting of 7 April 2009 for a four-year term of office and reappointed at the 23rd General Meeting of 4 April 2013 for another term of office beginning on 7 April 2013.

Irena Prijović, shareholder representative
Deputy President of the Supervisory Board
Secretary General of the Slovene Directors' Association.
Appointed as a replacement Supervisory Board member for the remaining term of office of Tomaž Berločnik at the 20th General Meeting of 6 May 2010 and reappointed for another term of office beginning on 7 April 2013 at the 23rd General Meeting of 4 April 2013. Member of the Supervisory Board until 22 April 2013 and Deputy President of the Supervisory Board thereafter.

Igo Gruden, shareholder representative
Member of the Supervisory Board
Member of the Management Board of Probanka d.d.
Appointed for a four-year term of office beginning on 7 April 2013 at the 23rd General Meeting of 4 April 2013.

Klemen Ferjančič, shareholder representative
Member of the Supervisory Board
Employed by the company Plinovodi d.o.o.
Appointed for a four-year term of office beginning on 7 April 2013 at the 23rd General Meeting of 4 April 2013.

Matija Blažič, shareholder representative
Member of the Supervisory Board
Pensioner
Appointed for a four-year term of office beginning on 7 April 2013 at the 23rd General Meeting of 4 April 2013.

Mladen Kaliterna, shareholder representative
Member of the Supervisory Board
Chairman of the Board of the company Perspektiva d.d.
Appointed for a four-year term of office beginning on 16 July 2013 at the 23rd General Meeting of 4 April 2013.

Andrej Tomplak, employee representative
Petrol d.d., Ljubljana, Head of Primorska – Novo mesto Retail Regional Unit.
Appointed for a four-year term of office beginning on 22 February 2009 at the 4th Workers' Council meeting of 16 February 2009. Reappointed for a four-year term of office beginning on 22 February 2013 at the 3rd Workers' Council meeting of 4 February 2013.

Ika Krevzel Panić, employee representative
Petrol d.d., Ljubljana, Legal Department.
Appointed for a four-year term of office beginning on 22 February 2013 at the 3rd Workers' Council meeting of 4 February 2013.

Zoran Gračner, employee representative
Petrol d.d., Ljubljana, Energy Distribution Systems Organisational Unit.
Appointed for a four-year term of office beginning on 22 February 2013 at the 3rd Workers' Council meeting of 4 February 2013.

Analysis of business performance in 2014

The year 2014 was rather demanding business-wise. Thanks to our risk management system, we were able to react quickly and efficiently to developments in the business environment.

In 2014 we continued to employ measures to lessen the impact of the difficult economic situation on our operations, such as:

- receivables and credit exposure to customers were subjected to tighter control;
- the amount of current operating assets was optimised, while the stocks of petroleum products were kept at levels that were still sufficient for the performance of business activities;
- credit lines were maintained with a number of banks in Slovenia and abroad, enabling Petrol to keep ensuring uninterrupted liquidity to the Petrol Group.

The price of crude oil and exposure to foreign exchange risks have a significant impact on the Petrol Group's operations. In 2014 we witnessed intense activity in the oil markets. Oil prices were rather steady in the first six months of 2014, ranging from USD 102.3 to USD 115.3 per barrel. In the second half of the year, however, oil prices fell sharply and were down by more than half at the end of 2014 compared to their June peak. The average price of crude oil stood at USD 99.0 per barrel in 2014, down 9 percent year-on-year. While the petroleum product pricing model passes the greater part of price and foreign exchange exposure – or changes in the US dollar to the euro exchange rate – on to the market, the remaining exposure is monitored on a regular basis and kept at bay by entering into derivatives contracts. Also affecting the Petrol Group's operations was the mild winter, which resulted in lower sales of energy products used for heating.

Sales revenue

In 2014 the Petrol Group generated EUR 4,014.3 million in sales revenue or 2 percent more than in 2013, thanks to higher sales. Oil and merchandise sales accounted for 87 percent of the sales revenue, with energy operations representing 13 percent.

Gross profit

Gross profit from sales stood at EUR 339.5 million, up 1 percent year-on-year. Compared to the previous year's figure, the following influenced the amount of gross profit in 2014:

- an increase of 1 percent in the volume of motor fuels sold (petrol and diesel fuel),
- a decrease of 1 percent in the volume of extra light heating oil sold,
- an increase of 21 percent in the volume of heat sold,
- a decrease of 8 percent in the volume of natural gas sold,
- an increase of 78 percent in the volume of electricity sold.

In 2014 the Petrol Group's finance items included the effects of commodity swaps and foreign exchange differences, which were essentially linked to gross profit or loss generated from petroleum products. In 2014 a minimal positive net effect was observed, whereas in 2013 commodity swaps and foreign exchange differences had had a negative net effect. The gross profit adjusted for the net effect of commodity swaps and foreign exchange differences was 2 percent higher than in 2013.

Costs

The Petrol Group's operating costs totalled EUR 252.3 million in 2014, which was EUR 2.5 million or 1 percent more than in 2013.

The costs of materials totalled EUR 26.0 million in 2014, a decrease of 12 percent year-on-year. These included the costs of energy, which were down by 15 percent or EUR 3.2 million, mainly on account of lower natural gas and heat sales. Thanks to the streamlining of operations, we were also able to bring down the costs of consumables and small tools.

Sales revenue

in 000 EUR	2014	2013	14/13 Index
Oil and merchandise sales	3,483,784	3,544,892	98
Energy operations	530,519	402,431	132
Total sales revenue	4,014,303	3,947,323	102

Costs

in (EUR)	2014	2013	14/13 Index
Costs of materials	26,011,975	29,480,337	88
Costs of services	114,517,852	114,082,008	100
Labour costs	63,032,225	59,276,191	106
Depreciation and amortisation	43,703,944	41,359,433	106
Other costs	4,997,979	5,550,568	90
Operating costs	252,263,975	249,748,537	101

The costs of services totalled EUR 114.5 million in 2014 and were on a par with the year before.

- The most significant part of the costs of services were the fees charged by service station managers, which equalled EUR 28.8 million and were 1 percent higher compared to the previous year. This was due to an increase in the number of service stations and higher sales at service stations.
- The costs of transport services stood at EUR 27.6 million, an increase of 4 percent over the year before. The costs were up compared to 2013 due to higher sales to ZRSBR (offset against the increase in gross profit), longer transport routes due to glaze ice in the beginning of the year, the outsourcing of bulk goods storage (with the accompanying decrease in other cost categories – labour costs, consumables) and higher costs of biomass logistics.
- The costs of fixed-asset maintenance services decreased by 4 percent or EUR 482 thousand from 2013.
- The costs of payment transactions and bank services amounted to EUR 7.9 million, a year-on-year decrease of 3 percent.
- The costs of professional services were down 6 percent or EUR 366 thousand compared with the previous year.
- Rental costs were up 37 percent or EUR 2.1 million relative to 2013, chiefly due to the fact that the costs of renting the Ploče storage facility had been included in the cost in 2013 and that cogeneration plants were rented.
- The costs of contributions for operations at motorway service areas did not change considerably compared with the year before since the number of the service stations concerned remained unchanged.
- The costs of insurance premiums were down EUR 188 thousand or 4 percent year-on-year, thanks to more favourable insurance terms.
- Outsourcing costs dropped by EUR 1.6 million to EUR 2.5 million compared to the previous year, thanks to a different way of implementing energy projects.
- Through streamlining and optimisation we were able to reduce membership fees, by 24 percent, the costs of environmental protection services, by 12 percent, and the costs of fairs, advertising and entertainment, by 3 percent year-on-year. Fees for the building site use increased by 14 percent or EUR 203 thousand.

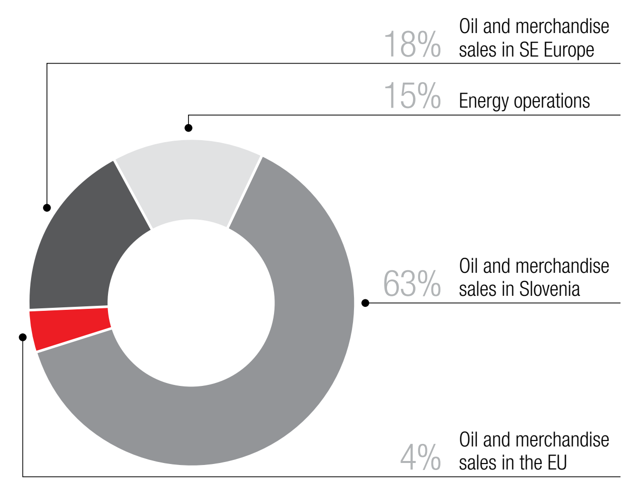
The depreciation and amortisation charge was 6 percent or EUR 2.3 million higher relative to 2013, owing predominantly to investments in information technology, environmental and energy solutions projects and new service stations.

Labour costs were up 6 percent or EUR 3.8 million, mainly due to an increase in the number of service stations (smaller service stations with fewer employees were closed down and larger service stations with more staff opened) and a different way of implementing energy projects (lower outsourcing costs).

Other costs stood at EUR 5.0 million, which was 10 percent or EUR 0.6 million less than in 2013. This was mainly the result of lower accrued litigation costs and a decrease in the costs of sponsorship and donations.

Net other operating revenue rose 45 percent year-on-year, owing in particular to the sale of surplus property. **Operating profit** totalled EUR 95.9 million in 2014, which was 2 percent more than in 2013. **EBITDA**[2] stood at EUR 138.1 million, up 3 percent from 2013.

EBITDA of the Petrol Group broken down by business activity



In 2014 the share of profit from equity accounted investees decreased by EUR 1.9 million relative to the previous year. This occurrence was the result of an increase in attributed profit from the Geoplin Group by EUR 0.6 million, a decrease in attributed profit from the company Gen-I, d.o.o. by EUR 2.2 million and a decrease in attributed profit from Petrol LPG d.o.o. by EUR 0.3 million.

2 EBITDA = Operating profit + Depreciation and amortisation net of depreciation of environmental fixed assets

Net finance expenses of the Petrol Group stood at EUR 33.4 million, which was 17 percent less than the year before. Lower than in 2013 were also net expenses arising from commodity swaps and foreign exchange differences. In 2014 the Petrol Group's allowances for operating receivables were lower by EUR 2.1 million than the year before; revenue from the elimination and collection of the allowances was lower by EUR 1.8 million.

Pre-tax profit totalled EUR 70.5 million and was 11 percent higher than in 2013. **Net profit for the year** stood at EUR 60.7 million, up 15 percent from 2013.

Statement of financial position of the Petrol Group

The most important items of **non-current assets** consisted of property, plant and equipment, intangible fixed assets and investment property, totalling EUR 803.1 million, and non-current investments in jointly controlled entities and associates of EUR 153.7 million.

Considerable attention is given to the management of **current assets**, which account for 36 percent of the Petrol Group's total assets. The amount of current operating assets affects the amount of borrowing from suppliers and banking institutions. With short-term crediting ensured both at home and abroad, we are, however, able to respond quickly to changes in the amount of these assets. Compared to the end of 2013, the amount of operating receivables as at the last day of 2014 fell by 4 percent, with the value of inventories decreasing by 28 percent year-on-year. As at the last day of the period concerned, the Petrol Group had EUR 36.0 million in working capital[3] or EUR 0.8 million less than in 2013.

All of the above affected the amount and volume of cash flows. **Cash** from operating activities totalled EUR 132.6 million in 2014, which was EUR 29.9 million less than in 2013. Own funds generated by the Petrol Group were used for investment activities, payment of dividends and repayment of loans. Other necessary funds were obtained from banks.

The net financial liabilities[4] to equity ratio **(D/E ratio)** was 1.0 as at the last day of 2014, while at the end of 2013 it had stood at 1.1. **The financial leverage ratio**[5] stood at 50 percent at the end of 2014, down from 53 percent at the end of 2013.

3 Working capital = Operating receivables + Inventories – Current operating liabilities net of liabilities arising from the acquisition of Petrol d.o.o., Beogas Invest d.o.o. and Eltec Petrol d.o.o.

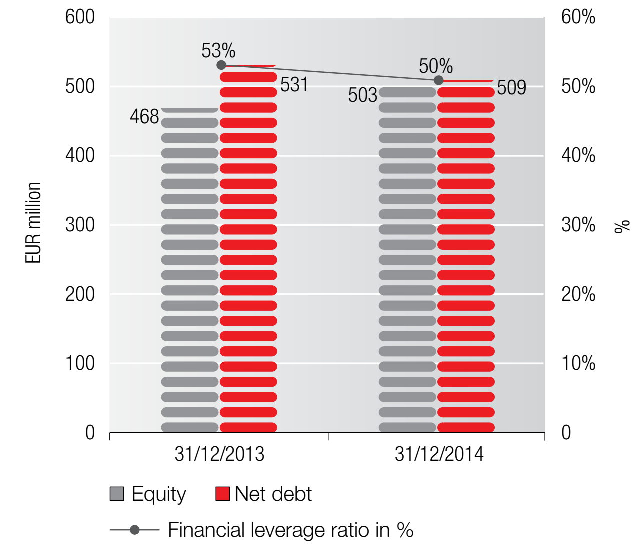
4 Net financial liabilities = Current and non-current financial liabilities less cash and cash equivalents.

5 Financial leverage = Net debt / (Equity + Net debt).

Statement of financial position of the Petrol Group

	The Petrol Group		
(in EUR)	31 December 2014	31 December 2013	14/13 Index
ASSETS			
Intangible assets, property, plant and equipment, investment property	803,126,021	807,205,944	99
Investments in jointly controlled entities and associates	153,657,756	148,507,651	103
Other non-current assets	30,984,296	35,277,030	88
Non-current (long-term) assets	987,768,073	990,990,625	100
Current assets	566,276,567	626,415,303	90
Total assets	1,554,044,641	1,617,405,928	96
EQUITY AND LIABILITIES			
Total equity	503,257,377	467,668,177	108
Financial liabilities	480,127,940	357,174,203	134
Operating liabilities	10,954,786	14,638,547	75
Other non-current liabilities	20,099,551	20,660,967	97
Non-current liabilities	511,182,277	392,473,717	130
Financial liabilities	86,951,353	243,167,684	36
Operating liabilities	436,843,900	495,155,432	88
Other current liabilities	15,809,733	18,940,918	83
Current liabilities	539,604,986	757,264,034	71
Total liabilities	1,050,787,263	1,149,737,751	91
Total equity and liabilities	1,554,044,641	1,617,405,928	96

Equity, net debt and financial leverage ratio



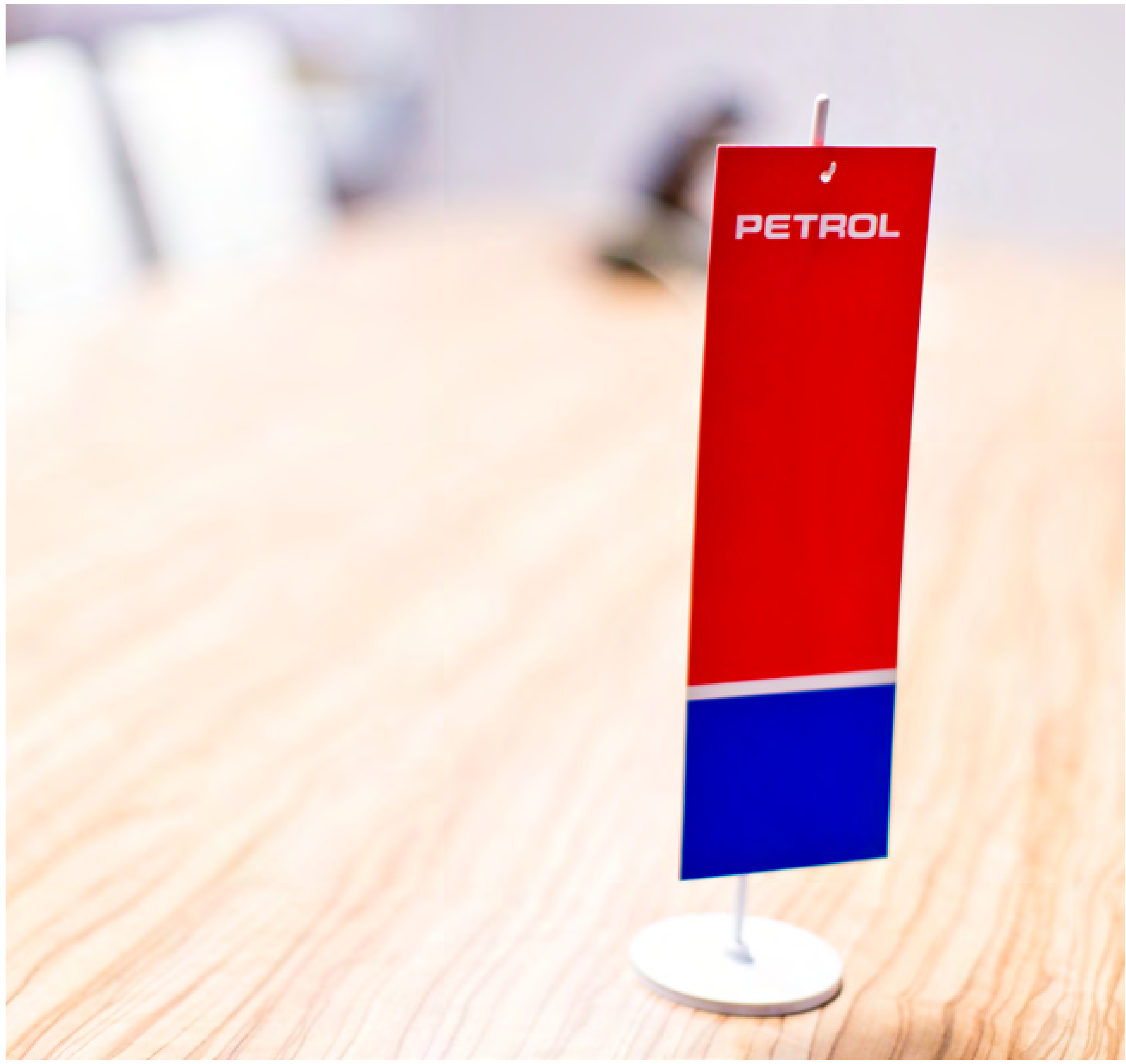
The financial position of the Petrol Group remains strong despite the considerably deteriorated operating conditions, which are reflected in rising illiquidity and over-indebtedness of companies in Slovenia and abroad as well as in the resulting weaker position of Petrol's customers. Through active daily cash flow planning and the monitoring of customers' operations, Petrol remains highly liquid and meets the criteria of the financial profession regarding short- and long-term solvency.

A shareholder policy that is based on the long-term maximisation of returns for shareholders is still one of the cornerstones of Petrol's development strategy. Petrol's management advocates a stable long-term dividend policy, which fits best the Petrol Group's long-term development targets.

Events after the end of the accounting period

At its meeting held on 3 February 2015, the Supervisory Board of Petrol d.d., Ljubljana re-appointed Tomaž Berločnik, MSc, the incumbent president of the Petrol d.d., Ljubljana Management Board, for another five-year term of office beginning on 1 February 2016. It also appointed a new member of the Management Board, Mr Igor Stebernak, who will be in charge of finance, accounting, controlling, IT and risk management, with his five-year term of office beginning on 1 May 2015.

Janez Živko resigned as member of the Management Board effective 28 February 2015.



Petrol's shares

For investors at the Ljubljana Stock Exchange, the year 2014 was generally a successful one. At the end of the year, share prices were on average higher than at the end of 2013, and this was also reflected in the SBI TOP index, which gained 19.6 percent relative to the end of 2013.

Petrol's shares are traded on the prime market of the Ljubljana Stock Exchange (LJSE), and have been listed there since 5 May 1997. In 2014 the volume of trading in Petrol's shares at the stock exchange amounted to EUR 45.5 million, up 89 percent from 2013. Petrol's shares were again one of the most traded among those listed on the Ljubljana Stock Exchange. The shares accounted for 22.42 percent of the index as of 22 December 2014.

AT THE END OF DECEMBER 2014, THE PRICE OF PETROL'S SHARES WAS UP 30.3 PERCENT YEAR-ON-YEAR.

At the end of December 2014, the share price was up 30.3 percent year-on-year. The average price of Petrol's shares, which stood at EUR 279.22 in 2014, rose by 29 percent year-on-year. The share price ranged between EUR 215.45 and EUR 310.00 in 2014.

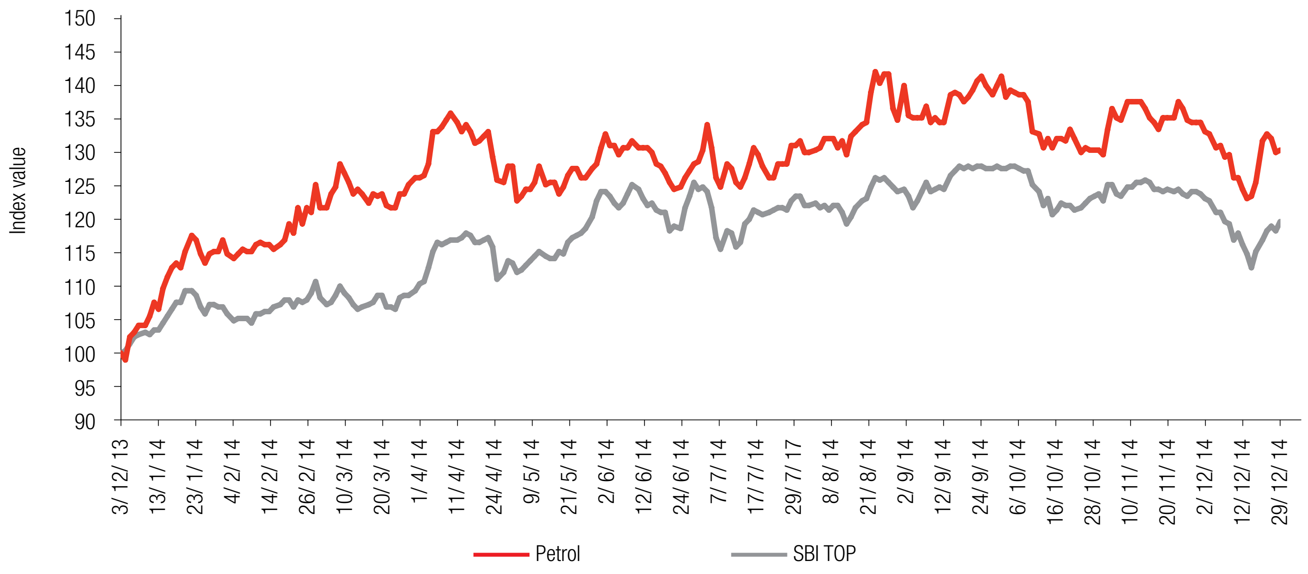
Trading volume and market capitalisation

The volume of trading in Petrol's shares at the stock exchange amounted to EUR 45.5 million in 2014 and was up 89 percent from 2013. The increase in the trading volume is the result of a higher average share price in 2014 relative to the previous year and a rise in the number of shares traded. The trading in Petrol's shares accounted for 7 percent of the LJSE total trading volume of EUR 686.3 million and 8 percent of the share trading volume.

The shares of Petrol d.d., Ljubljana were ranked fifth on the Ljubljana Stock Exchange by trading volume. On average, the monthly volume of transactions involving Petrol's shares totalled EUR 3.8 million.

The market capitalisation of Petrol d.d., Ljubljana as at the last trading day of 2014 totalled EUR 592.5 million, which accounted for 9.6 percent of the stock market's total capitalisation. Petrol d.d., Ljubljana was ranked third in terms of market capitalisation as at the last day of 2014.

Changes in Petrol's closing share price base index against the SBI TOP index in 2014 compared to the end of 2013



Petrol's share prices in the period 2013–2014 in EUR

	2014	2013
Shares outstanding	2,086,301	2,086,301
High	310.00	255.00
Low	215.45	205.00
Average price for the current year	279.22	217.02
Price as at last trading day of the current year	284.00	218.00
Price increase/decrease (as at last trading day of the year)	30.3%	-7.8%

Key financial indicators for Petrol's shares

The Petrol Group's earnings per share (EPS) for the year stood at EUR 29.46 and its cash earnings per share (CEPS) at EUR 49.94. The return per share calculated using the share price as at the end of 2014 and the share price as at the end of 2013 stood at 30.3 percent. Combined with the dividend yield of 4.6 percent, the total return per share stood at 34.9 percent in 2014.

The ratio between the shares' market price and book value as at the end of 2014 – the latter amounting to EUR 241 in the case of the Petrol Group – was 1.18 (P/BV), which was higher than at the end of 2013. The ratio between the shares' market price as at the end of 2014 and the Petrol Group's earnings per share stood at 9.64 (P/E).

Share capital structure

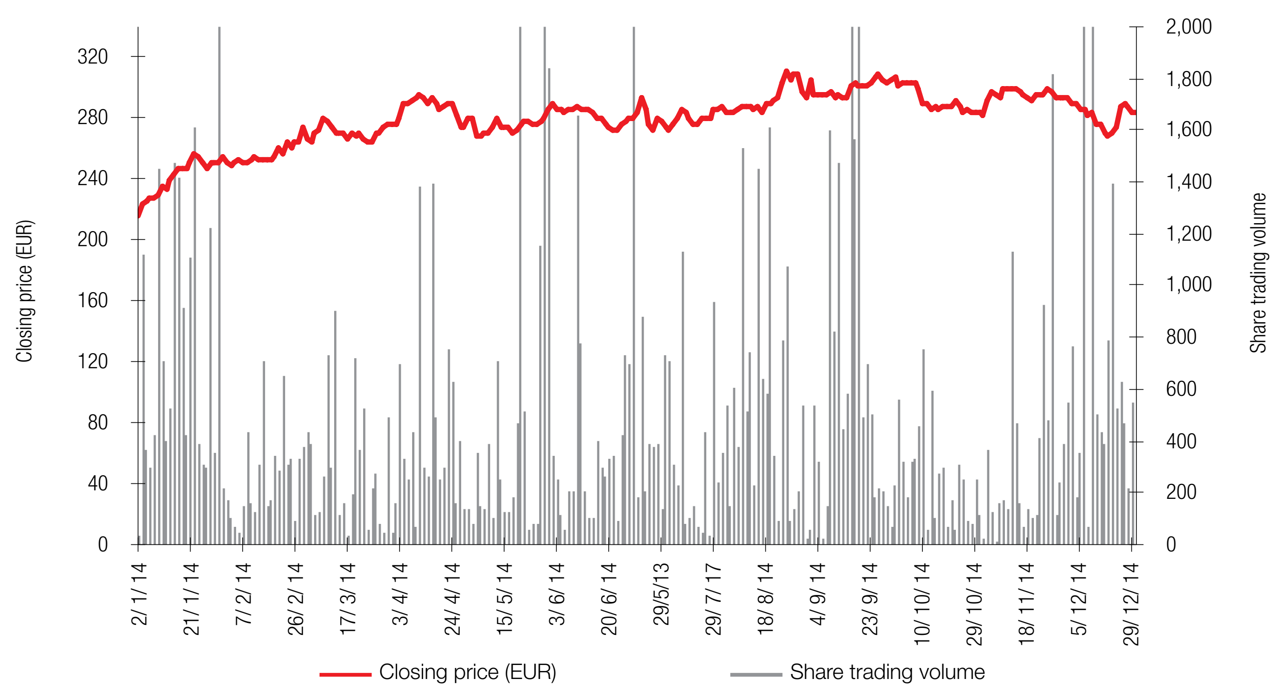
The share capital structure of Petrol d.d., Ljubljana changed slightly in 2014 compared to the end of the previous year. With 412,009 shares, Slovenian Sovereign Holding is still the largest single shareholder, followed by Československa Obchodni Bank, A.S. – fid. with 266,771 shares and Kapitalska družba d.d. with 172,639 shares. Other large single shareholders include Vizija Holding k.d.d., Vizija holding ena k.d.d., NLB d.d., Nova KBM d.d., Zvon ena holding d.d. – in bankruptcy proceedings, and SOP Ljubljana. At year-end, 417,760 shares or 20.02 percent of all shares were held by foreign legal or natural persons. The number of foreign shareholders increased by 12.5 percentage points in 2014, while the total number of shareholders decreased from 35,171 as at the end of 2013 to 34,511.

The chart presenting the share capital structure is shown in the chapter on the corporate governance of Petrol d.d., Ljubljana.

Other explanations by Petrol d.d., Ljubljana

The prospectus of the company Petrol d.d., Ljubljana, which has been prepared for the purpose of listing its shares on the stock exchange, is published on the Company's website. All changes to the prospectus are published in the Company's strategy document, annual reports of Petrol d.d., Ljubljana and its public announcements available from the Company's website www.petrol.si and the website of the Ljubljana Stock Exchange seonet.ljse.si.

Closing price and the volume of trading in Petrol's shares in 2014



Share owned by Supervisory Board and Management Board members as at 31 December 2014

Name and Surname	Position	Shares owned	Equity share
Supervisory Board		5	0.0002%
Internal members		0	0.0000%
1. Ika Krevzel Panić	Supervisory Board member	0	0.0000%
2. Zoran Gračner	Supervisory Board member	0	0.0000%
3. Andrej Tomplak	Supervisory Board member	0	0.0000%
External members		5	0.0002%
1. Tomaž Kuntarič	Supervisory Board president	0	0.0000%
2. Irena Prijović	Supervisory Board deputy president	0	0.0000%
3. Igo Gruden	Supervisory Board member	0	0.0000%
4. Matija Blažič	Supervisory Board member	0	0.0000%
5. Klemen Ferjančič	Supervisory Board member	0	0.0000%
6. Mladen Kaliterna	Supervisory Board member	5	0.0002%
Management Board		260	0.0125%
1. Tomaž Berločnik	Management Board president	0	0.0000%
2. Janez Živko	Management Board member	40	0.0019%
3. Rok Vodnik	Management Board member	220	0.0105%
4. Samo Gerdin	Management Board member/Worker director	0	0.0000%

Authorised capital

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

Contingent increase in called-up capital

The General Meeting of Petrol d.d., Ljubljana did not adopt any resolutions in 2014 regarding the contingent increase in called-up capital.

Reserves for own shares

Petrol d.d., Ljubljana did not repurchase its own shares in 2014. At year-end, the Company held 24,703 own shares, representing 1.2 percent of its registered share capital. Their total book value equalled EUR 2.6 million as at 31 December 2014 and was EUR 4.4 million lower than their market value on that date.

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

A dividend policy maximising long-term returns

A shareholder policy that is based on a long-term maximisation of returns for shareholders is one of the cornerstones of Petrol's development strategy. Petrol's management advocates a stable long-term dividend payout. This fits best with the Company's development needs as it delivers more predictable returns and long-term stability of Petrol's share price.

In accordance with a resolution of the 24th General Meeting of 24 April 2014, Petrol paid out in 2014 a gross dividend for 2013 of EUR 10.1 per share.

Overview of dividend payments 2009–2013

Period	Total dividends in accordance with General Meeting resolution	Gross dividend per share
2009	EUR 12,309,175.90	EUR 5.90
2010	EUR 15,647,257.50	EUR 7.50
2011	EUR 17,211,983.25	EUR 8.25
2012	EUR 20,863,010.00	EUR 10.00
2013	EUR 21,071,640.10	EUR 10.10

Accumulated profit

The accumulated profit of Petrol d.d., Ljubljana, as determined in accordance with the Companies Act, stood at EUR 24.29 million in 2014.

Regular participation in investors' conferences and access to information

Petrol d.d., Ljubljana continues its programme of regular cooperation with domestic and foreign investors, which consists of public announcements, individual meetings and presentations, and public roadshows.

The Company also regularly attends investors' conferences organised each year by stock exchanges, brokerage companies and banks. At the end of February 2014, Petrol thus participated in the Investors' Day @ InterCapital event in Zagreb; in March and September, it took part in an online roadshow organised by Alta; at the beginning of May, it attended a joint investors' conference in Zagreb, which was organised by Ljubljana and Zagreb Stock Exchanges; in October, Petrol participated in a conference in Stegersbach organised by the Erste Group; in November, it was present at the Winter Investment Conference of the Ljubljana Stock Exchange and, at the beginning of December, at a conference in Prague organised by the investment company Wood & Company. In addition to the above, several individual meetings were held with domestic and foreign investors.

All information relevant to shareholders, including the financial calendar, is published on the Company's website. The contact person responsible for investor relations is Ms Barbara Jama Živalič, who can be reached at investor.relations@petrol.si.

Business risks

Business risk management

All companies deal with business uncertainty, which is even more acute in the time of economic crisis. At the Petrol Group we realise this, which is why we have integrated our business risk management policy into the process of strategic business planning and of making individual operational decisions.

The Petrol Group uses a comprehensive business risk management system to continuously monitor the risks in its business environment, making sure that the Company's key risks are identified, assessed and controlled in due time. Business risk management is integrated into the entire organisational structure and all levels of the business process.

Organisationally, the risk management framework is comprised of the following levels:

- the Company's Management Board
- the Business Risk Management Committee
- risk owners (directors of organisational units)
- Risk Management (an autonomous organisational unit)
- Internal Audit

The Business Risk Management Committee held three meetings in 2014 at which it discussed the preparation of the Annual Business Risk Management Report of the Petrol Group for 2013 and supplemented the Business Risk Management Rules by including the Framework Business Risk Management Policy.

In 2014 the Petrol Group regularly monitored exposure to various types of risk and carried out activities to contain them. Through efficient responses we were able to successfully manage and reduce individual business risks.

Events in 2014 affecting business risks and business risk management

Difficult economic conditions still had a profound effect on businesses and also on the management of business risks within the Petrol Group in 2014. As a result we focused even more on the management of financial risks, most of all on the containment of credit and liquidity risks. Our customers' solvency and, by extension, the balance and quality of operating receivables were given the most attention. Liquidity and short-term solvency of Petrol Group companies was ensured through the central management and reconciliation of current cash flows and by entering into agreements with banks to increase or maintain credit lines.

In Slovenia and on foreign financial markets long-term funding was more abundant and less expensive in 2014. The Petrol Group was highly successful in obtaining long-term funding during this time. In addition to other long-term loans, we acquired the BBB- international credit rating and carried out a first international issue of eurobonds worth EUR 265 million. The financial position of the Petrol Group was thus further consolidated despite the demanding business environment.

Considering all the measures taken within the Petrol Group in connection with financial risk management, we can safely say that we are successfully adapting to changes in capital and financial markets.

Petrol's business risk model with most relevant and probable business risks

Petrol's business risk model consists, in substance, of a set of 20 business risk categories divided into two major groups: environment risks and performance risks.

At Petrol, risks are assessed every two years, with the last assessment of the Petrol Group's business risks taking place in 2013. Business risks are assessed according to two criteria: the probability of a risk (frequency of an event occurring) and the relevance of a risk (potential damage to operations), but also under the assumption that none of the risks are hedged against, as if risk hedging instruments did not exist. The risks are assessed on a 5-level scale of relevance and probability. According to the latest results of the business risk assessment, the most relevant and probable business risks comprise the following financial risks: price, credit and foreign exchange risks. To control and manage these risks, the most rigorous control system possible is required. The Company uses such a system, which is described in more detail in sections dealing with individual financial risks. In addition to the main financial risks, the most relevant and probable risks include liquidity risks, financial environment risks, economic environment risks, commercial risks, legislation and regulation risks, business and financial decision-making risks and political risks.

The chart on the following page shows the distribution of individual business risks according to the latest assessment.

Based on the assessment obtained for individual risk categories in terms of relevance and probability, risks are classified into four quadrants giving a broad indication of what kind of control system should be in place in order to control and manage them.

In 2014 individual risk categories were managed as follows:

I. ENVIRONMENT RISKS

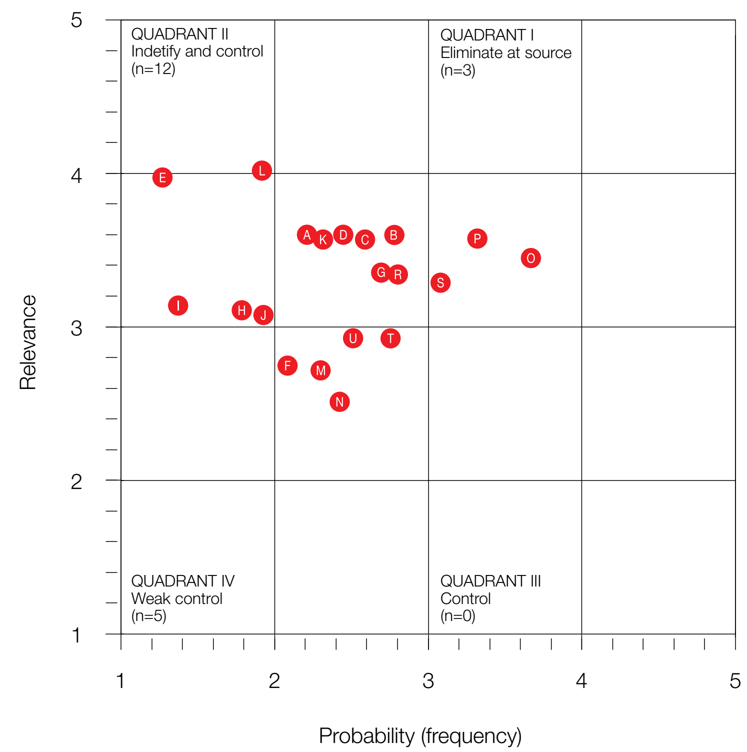
The Petrol Group hedges against external environment risks by systematically monitoring developments in the business environment and responding to them in a timely manner. The most relevant and probable business risks included in the group of external environment risks comprise financial and economic environment risks, and legislation and regulation risks. Although relevant, disaster risks, which also belong to this group, have a low probability (frequency). Political risks were assessed as medium-relevance and medium-probability risks and as such classified into the second quadrant.

Business risk categories within the Petrol Group

I. Environment risks		
I.1. Political risks	I.3. Economic environment risks	I.5. Disaster risks
I.2. Financial environment risks	I.4. Legislation and regulation risks	

II. Performance risks		
II.1. Operating risks	II.2. Management and decision-making risks	II.5. Financial risks
II.1.1. Human resources management risks	II.2.1. Management risks	II.5.1. Price risks
II.1.2. Commercial risks	II.2.2. Business and financial decision-making risks	II.5.2. Credit risks (counterparty risks)
II.1.3. Safety and protection risks	II.2.3. Strategic decision-making risks	II.5.3. Liquidity risks
II.1.4. Risks of discontinued operations	II.3. Information risks	II.5.4. Foreign exchange risks
	II.4. Risks of fraud and other illegal activities	II.5.5. Interest rate risks
		II.5.6. Financial instruments risks

Distribution of the Petrol Group's business risks according to the latest assessment



- **A** Political risks
- **B** Financial environment risks
- **C** Economic environment risks
- **D** Legislation and regulation risks
- **E** Disaster risks
- **F** Human resources management risks
- **G** Commercial risks
- **H** Safety and protection risks
- **I** Risks of discontinued operations
- **J** Management risks
- **K** Business and financial decision-making risks
- **L** Strategic decision-making risks
- **M** Information risks
- **N** Risks of fraud and other illegal activities
- **O** Price risks
- **P** Credit risks
- **R** Liquidity risks
- **S** Foreign exchange risks
- **T** Interest rate risks
- **U** Financial instruments risks

Probability (frequency) levels:
1 - Event can occur less than once every three years
2 - Event can occur at least once every three years, but no more than twice a year
3 - Event can occur more than twice a year, but no more than once a month
4 - Event can occur more than once a month, but no more than once a week
5 - Event can occur more than once a week

Relevance levels:
1 - Potential damage to operations is less than EUR 50,000
2 - Potential damage to operations is between EUR 50,000 and EUR 250,000
3 - Potential damage to operations is between EUR 250,001 and EUR 1,000,000
4 - Potential damage to operations is between EUR 1,000,001 and EUR 5,000,000
5 - Potential damage to operations is more than EUR 5,000,000

We try to identify the financial environment risks also through financial planning and simulations as well as through cooperation with the financial environment (banks, financial institutions, investors). What is more, these risks are taken into account when preparing the strategic business plan.

The economic environment risks are managed by constantly monitoring competitors and analysing operations of electricity, oil and gas companies, as well as by means of market surveys, benchmark analyses, customer satisfaction measurement, etc.

The legislation and regulation risks are managed by proactively engaging with institutions that are able to amend relevant laws. We also analyse the impact of relevant new legislative proposals or changes on the Petrol Group's operations.

II. PERFORMANCE RISKS

Performance risks include operating risks, management and decision-making risks, information risks, risks of fraud and other illegal activities, and financial risks.

II.1. Operating risks

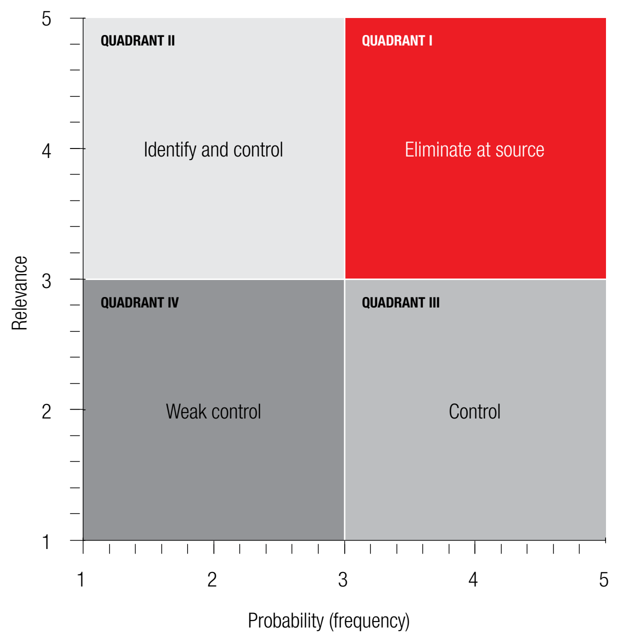
Operating risks are a category of risks that includes human resources management risks, commercial risks, safety and protection risks, and risks of discontinued operations. According to the latest assessment, commercial risks are the most relevant and probable of these risks.

Commercial risks include the risks of customer dissatisfaction, risks of limited supply sources of petroleum products and other goods, risks of ineffective alliances, risks of inefficient distribution channels, risks of low service quality or sale of poor-quality products, and risks of inefficient development of new products and services. The Petrol Group hedges against these types of business risks by regularly assessing its service stations, measuring customer satisfaction, exercising comprehensive supervision over its suppliers, controlling the quality of products, using an elaborated claims and complaints handling system, and by educating sales personnel and travelling salesmen on a regular basis.

II.2. Management and decision-making risks

Management and decision-making risks are closely connected to operating risks. They include management risks, business and financial decision-making risks and strategic

Schematic diagram of business risk management within the Petrol Group and control methods



decision-making risks. According to the latest assessment, management risks are the most relevant and probable of these risks.

The management risks are controlled through the regular measurement of organisational climate across the Petrol Group, the annual interview system and the measurement of the quality of internal services. The business and financial decision-making risks are managed by implementing and improving various organisational rules and by regularly monitoring operations and reporting to various stakeholders. The strategic decision-making risks are contained by means of a clear strategy and control over its implementation, as well as by organising annual conferences.

II.3. Information risks

According to the latest assessment, information risks are one of the least probable (frequent) and least relevant risks, but are by no means negligible. The management of risks related to ICT adequacy and security therefore represents a vital and ongoing activity in this field. Timely and complete provision of information about new business processes, products and services to all departments concerned is also important.

II.4. Risks of fraud and other illegal activities

The management of the risks of fraud and other illegal activities requires constant supervision and control despite the fact that according to the latest assessment their probability (frequency) and relevance were considered as low.

Petrol is exposed to a higher risk of fraud due to the nature of its operations, which include point of sales operations involving cash registers and the selling of petroleum products. Pursuant to Petrol's Code of Conduct and internal regulations, a zero tolerance policy to fraud has been adopted within the Petrol Group.

In charge of the comprehensive management of the risk of fraud is a task force that has over the past two years put together a fraud register (a set of descriptions of fraud which might be encountered in the performance of a business process), assessed the risk of certain acts of fraud being committed, catalogued existing preventive and remedial checks as well as actions for the containment of fraud. The responsibility to detect and investigate fraud within the Petrol Group is in the hands of Operations Control, a professional service consisting of a qualified team of investigators.

II.5. Financial risks

Financial risks feature most prominently among the business risks. The most relevant and probable financial risks include price risks, credit risks and foreign exchange risks, with liquidity risks, interest rate risks and financial instruments risks having a less prominent profile. Detailed information about exposure to individual types of financial risk and disclosures about financial instruments and risks are provided in notes to the financial statements, specifically in the Financial instruments and risks chapter.

Price and foreign exchange risks

The Petrol Group purchases petroleum products under international market conditions, pays for them mostly in US dollars and sells them in local currencies. Because the global oil market and the US dollar market constitute two of the most volatile global markets, the Petrol Group is exposed to both the price risk (changes in the prices of petroleum products) and the foreign exchange risk (changes in the EUR/USD exchange rate) while pursuing its core line of business. The petroleum product-pricing model applicable to the largest, Slovene market allows for changes in global petroleum product prices and exchange rates to be passed on to domestic selling prices. The exposure of the Petrol Group to price and foreign exchange risks is thus considerably reduced.

In supplying electricity to end customers, the parent company manages price and quantity risks by matching suppliers' terms of procurement with the terms of sale applying to customers. By managing electricity-related risks, the Company aims to keep pace with the quick expansion of this business.

The controlling company supervises and offers advice on hedging against foreign exchange risks also at the level of subsidiaries. This mainly concerns risks arising from changes in the EUR/HRK exchange rate in Croatia. For this very purpose, the impact of changes in the EUR/HRK exchange rate on operations of Croatian-based companies is analysed on a regular basis. As the spread between the minimum and maximum level of the EUR/HRK exchange rate stood at 1 percent in 2014, no forward contracts to hedge the foreign exchange risk were concluded during this period. In Croatia, the foreign exchange risk in procurement was reduced by substantially increasing the volume of procurement done in HRK in Croatia directly and by placing surplus liquidity with the parent company in euros.

Key foreign exchange rates in 2014 and 2013

Per 1 euro	As at 31/12/2013	As at 31/12/2014	Change in % (2014/2013)	Low in 2014	High in 2014	Change in % between low and high	Average for 2013	Average for 2014	Average in % (2014/2013)
USD	1.3783	1.2160	-12%	1.2097	1.3933	15%	1.3281	1.3285	0%
HRK	7.625	7.6598	0%	7.567	7.677	1%	7.5786	7.6344	1%
RSD	114.14	120.60	6%	114.50	122.75	7%	112.94	116.87	3%

the average value of courses at Bank of Slovenia exchange

Foreign exchange risks are also encountered in Serbia with regard to the EUR/RSD exchange rate. There, the procurement of petroleum products is done mostly in RSD, which enables us to largely avoid the foreign exchange risks. Certain foreign exchange risks are also incurred as a result of electricity trading in Serbia. In the first nine months of 2014, the EUR/RSD exchange rate was rather stable, ranging from RSD 116.06 to RSD 114.50 per 1 euro. In the second half of the year, a downward trend was observed, with the exchange rate dipping to RSD 122.75 per 1 euro. The spread between the minimum and maximum level of the EUR/RSD exchange rate stood at 7 percent in 2014.

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

Credit risks

The credit risk was also the most significant financial risk to which the Petrol Group was exposed in connection with the sale of goods and services to natural and legal entities in 2014. It was contained using the measures described below.

The operating receivables management system provides us with an efficient credit risk management. In 2014 we expanded the cataloguing of the sales process and, related to that, put in place additional defences to help us contain operating risks. The cataloguing enabled us to define even more the responsibility of individual players in the sales process. We keep actively pursuing the collection of receivables, we are quicker to discontinue sales on open account to defaulting customers and we accelerated the use of legal remedies to collect receivables. Particular attention is given to individual treatment of major customers or customers in relation to which outstanding receivables balances exceed EUR 250,000. We continue to attach stricter conditions to 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 (mortgages, pledges, bank guarantees, letters of credit, insurance with SID - Prva kreditna zavarovalnica d.d., Ljubljana and other insurance companies, collaterals, corporate guarantees, securities). The enforcement draft, as one of the more recent credit insurance and payment instruments, is also turning out to be an effective receivables collection instrument. In addition, a contract was concluded with HKO d.d., Zagreb to cover credit risk to which our companies in Croatia are exposed.

A great deal of work is being put into managing receivables from large customers in Slovenia and significant attention is devoted to the collection of receivables in the SE European markets, where the solvency of businesses is even worse than in Slovenia. Receivables are systematically monitored by age, region and organisational unit as well as by quality and individual customer. To monitor receivables, we use a joint computer-based receivables management application, which provides us with automated control over the exposure to individual customers and the possibility to respond immediately. Through experience, the application is being continuously improved. In addition to the above, control over credit insurance instruments received in connection with trade receivables is now organisationally centralised and done using a single computer system.

Despite the general weakening of the financial strength of our customers due to liquidity problems, decreased production and a drop in exports, we estimate that credit risks are adequately managed within the Petrol Group. Our estimate is based on the nature of our products, our market share, our large customer base, the vast range of credit insurance instruments and a higher volume of secured receivables. The Petrol Group too, however, is unable to avoid the consequences of a large number of bankruptcies, compulsory composition proceedings and personal bankruptcies.

The loans granted by Petrol d.d., Ljubljana refer mainly to the loans to subsidiaries, with the Company regularly assessing the possibility of the loans' repayment, the possibility of realising the collateral or whether the value of the collateral is still adequate as compared to the value of the investment. If Petrol d.d., Ljubljana considers that a loan is not fully collectable, an allowance is made for the uncollectable amount. Petrol d.d., Ljubljana systematically monitors the operations of Petrol Group companies, thus adequately limiting credit risk.

Liquidity risks

The financial crisis in the Slovene and global financial market resulted in a substantially increased vigilance of the banking sector when it comes to financing individuals and companies. The Petrol Group enjoys a very good credit rating with the banking community and was thus able to secure sufficient short-term and long-term funds in 2014, providing it with good-quality financing.

In 2014 we made significant progress towards securing financing sources for the Petrol Group over the long term by

EURIBOR RATES in 2014 and 2013

EURIBOR	As at 31/12/2013	As at 31/12/2014	Change in % (2014/2013)	Low in 2014	High in 2014	Change in % between low and high	Average for 2013	Average for 2014	% changes in average interest rates (2014/2013)
6-month	0.389%	0.171%	-56%	0.171%	0.444%	160%	0.336%	0.308%	-8%
3-month	0.287%	0.078%	-73%	0.078%	0.339%	335%	0.220%	0.209%	-5%
1-month	0.216%	0.018%	-92%	0.008%	0.268%	3250%	0.129%	0.101%	-22%

obtaining a credit rating. In June 2014, Standard & Poor's Ratings Services assigned us the "BBB-" long-term international credit rating and the "A-3" short-term credit rating.

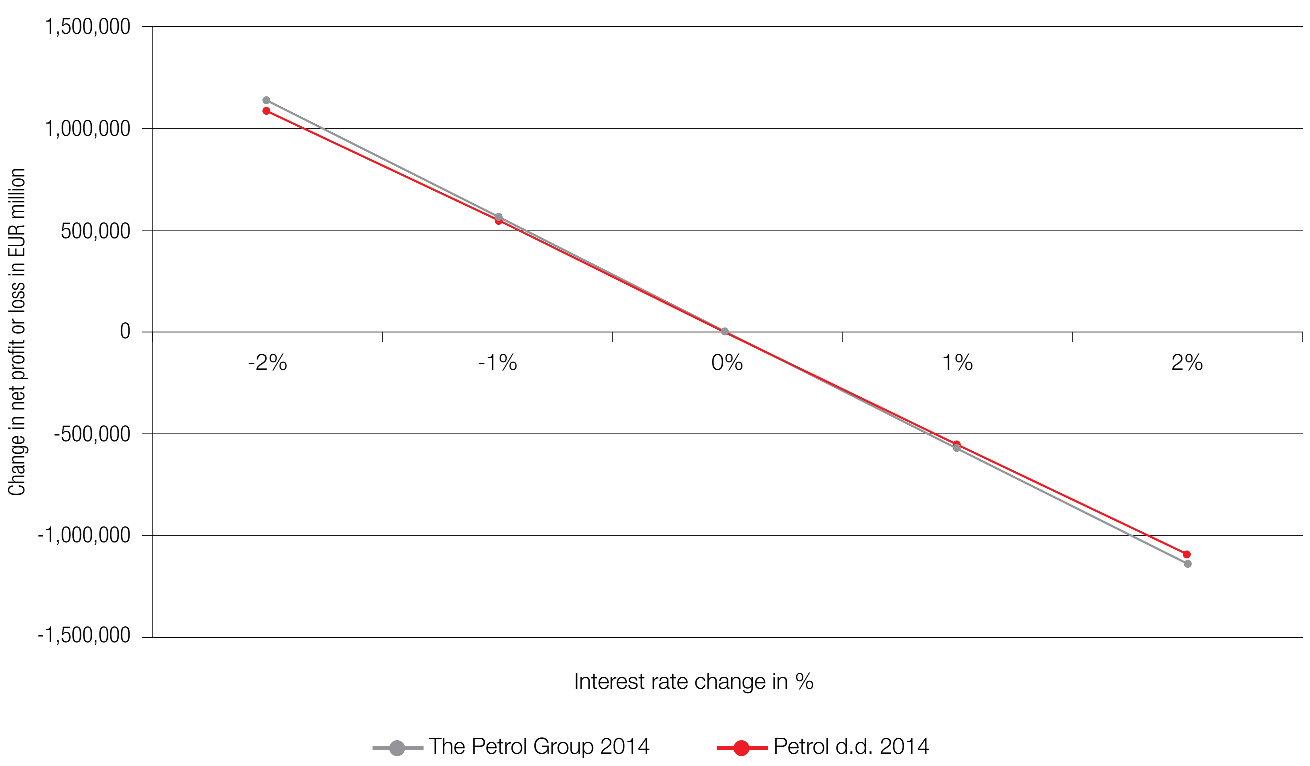
This rating made it possible for Petrol to tap the international institutional investor market, carrying out in June 2014 a very successful first international issue of corporate eurobonds in Slovenia. The issue was worth EUR 265 million, with the bonds carrying a nominal yield of 3.25 percent p.a. (the market price stood at 3.40 percent p.a.). Petrol thus satisfied its long-term funding needs in 2014 and used nearly half of the funds to repay early the long-term loans that were raised at higher interest rates in recent years. Funds were also used for the repayment of the first issue of PET1 bonds from 2009 worth EUR 50 million and the fifth issue of PEK05 commercial papers worth EUR 50 million, which was due according to the schedule. The falling due of the commercial papers in September did not require another issue to be carried out.

On 23 June 2014, the new eurobonds were admitted to the regulated market of the Irish Stock Exchange (www.ise.ie).

In 2014 the levels of petroleum product prices still required a high amount of short-term financing, which was successfully ensured. Due to the sharp decline in the price of petroleum products in the last quarter, however, less and less working capital is needed, with the acquired long-term and short-term credit lines providing us with a high level of liquidity.

Cash flow management nevertheless still requires considerable attention and prudence, especially as regards the planning of cash inflows from lay away sales, seeing that a large number of our customers have problems financing their operations due to a general increase in the number of defaults and weaker sales.

The effect of changing interest rates on net profit or loss



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 risks

The Petrol Group regularly monitors its exposure to the interest rate risk. The controlling company's long-term loans contain a variable interest rate, which is linked to EURIBOR. Both the average EURIBOR rate in 2014 and its rate at the end of 2014 were lower than at the end of 2013. EURIBOR thus still remains at historically low levels. At the end of December 2014, the Petrol Group's overall borrowing interest rate was lower than at the end of 2013. This is the result of low EURIBOR rates, the maturity of interest rate swaps with a high fixed interest rate from previous years, Petrol's very competitive and low short-term borrowing interest rates, the early repayment of long-term loans having a higher interest rate, and the new long-term borrowing at a favourable interest rate.

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. Under internal rules, the exposure to the interest rate risk is hedged up to 75 percent of the Petrol Group's net interest position. When deciding whether to pursue additional hedging activities, forecasts regarding interest rate changes are considered. The time of hedging and the type of instruments used to this effect are determined based on market conditions. In 2014 interest rate hedging contracts worth EUR 10 million were concluded in connection with the raising of additional long-term loans. We also issued fixed-coupon eurobonds worth EUR 265 million.

Internal audit

Internal Audit has operated within the controlling company's organisational structure as an independent and autonomous support function since 2002. Organisationally, it has a direct reporting line to the president of the Management Board, while functionally it reports to the Audit Committee and the Company's Supervisory Board. Internal Audit operates throughout the Petrol Group and adheres to the International Standards for the Professional Practice of Internal Auditing. The purpose of Internal Audit is to give objective assurance to the Management Board and the Audit Committee and provide advice at all levels as regards property protection, compliance with law and internal regulations, and the improvement of quality and efficiency of the Petrol Group's operations, thus helping to achieve strategic and business goals based on best practices. Internal Audit operates in accordance with the Charter and Rules Governing the Work of Internal Audit and the principles of independence, professional competence, objectivity and ethical principles as the fundamental principles of the auditing profession. Internal Audit's annual work programmes are approved by the Management Board and the Supervisory Board's Audit Committee. Internal Audit provides regular reports on its work to the Management Board and reports at least quarterly to the Supervisory Board's Audit Committee. In 2014 the Audit Committee received reports on all audits, significant findings and recommendations for improving supervisory controls and risk management within the Petrol Group, and quarterly reports on the work of Internal Audit and the implementation of recommendations.

In 2014 Internal Audit continued to carry out certain procedures to improve the quality of work:

- due to changes in the Petrol Group's operations it updated the set of departments/processes within the Petrol Group (the audit universe);
- based on the COSO methodology, it reassessed risks according to processes and organisational units of the Petrol Group, taking into account the significance of the processes and the date of the previous internal audit;
- following the new risk assessment, Internal Audit's work programme for 2015 was approved in December 2014;
- it carried out procedures to measure the efficiency of internal audits;
- it updated the working methods;
- it obtained a report of the external assessment of the quality of internal auditing, confirming its conformance with the International Standards for the Professional Practice of Internal Auditing;
- continued its programme of improving the quality of internal auditing.

The verification of the functioning of internal controls in the Petrol Group's retail network was carried out by a dedicated team of qualified experts from the Operations Control service, who, in order to prevent and detect fraud, focus primarily on the monitoring of service station, logistics and storage facility operations from the perspective of goods and finance.

Internal Audit performed 7 audits in 2014, of which 2 were extraordinary audits. All regular audits were carried out using the System Based Auditing approach to verify the integrity of financial reporting, compliance with law and internal regulations, implementation of the Petrol Group's strategy and process effectiveness. In terms of their content, the audits were focused mainly on verifying the efficiency of processes that were either new or were not subjected to an audit during the past four years. For the processes that were audited, Internal Audit gave assurance that the audited units had in place a working and efficient internal control system which they use to achieve their goals. As there was still room for improvement, numerous recommendations were provided, the implementation of which is checked on a regular basis.

In 2014, in addition to regular and extraordinary audits, Internal Audit regularly monitored the implementation of recommendations from previous and current years and, in accordance with the Management Board's instructions, took part in four Company projects related to the risk management system of the Petrol Group.

BUSINESS ACTIVITIES

WE EXPAND ENERGY. THE RANGE OF MOTOR FUELS HAS BEEN EXPANDED BY AUTOGAS AND WE THUS LAID FOUNDATIONS FOR DECREASING HARMFUL EMISSIONS INTO THE ENVIRONMENT. AUTOGAS IS ALREADY AVAILABLE AT 164 SERVICE STATIONS ALONG THE ENTIRE MOTORWAY NETWORK, IN ALL MAJOR TOWNS AND RADIAL ROADS AS WELL AS AT LOCAL SERVICE STATIONS IN SLOVENIA AND IN THE MARKETS OF SE EUROPE.

Oil and merchandise sales

Key impacts on operations

The pricing of petroleum products is chiefly subject to national pricing regulations, changes in petroleum prices on the global market and changes in the US dollar exchange rate.

Pricing of petroleum products

Slovenia
In Slovenia, fuel prices were set in accordance with the Decree Setting Prices for Petroleum Products in force from 9 October 2013 to 9 October 2014. In the Decree, the model-based margin applicable to government-regulated petroleum products was set at a fixed amount (EUR 0.08530 for a litre of petrol, EUR 0.07998 for a litre of diesel fuel and EUR 0.05265 for a litre of extra light heating oil).

In October 2014, the Government of the Republic of Slovenia adopted a new decree setting prices for petroleum products, which shall remain in force until 9 October 2015. The pricing mechanism remains unchanged, and the model-based margin applicable to government-regulated petroleum products continues to be set at a fixed amount, specifically EUR 0.08701 for a litre of petrol, EUR 0.08158 for a litre of diesel fuel and EUR 0.05370 for a litre of extra light heating oil.

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 77 percent of the average gross margin in the EU countries (68 percent if the compulsory stocks membership fee is not taken into account), in the case of diesel fuel to 64 percent (56 percent if the compulsory stocks membership fee is not taken into account) and in the case of extra light heating oil to 52 percent (43 percent if the compulsory stocks membership fee is not taken into account).

Croatia
In Croatia, the Oil and Petroleum Products Market Act was adopted on 31 January 2014, which fully liberalises the pricing of petroleum products. Before 22 February 2014, when the law entered into force, the prices of petroleum products had been set in accordance with the Rules for Determining Maximum Retail Prices of Petroleum Products. On 18 April 2014, the government adopted the Decree Changing the Amount of Excise Duty, increasing excise duty on petrol and liquefied petroleum gas for vehicle propulsion by HRK 0.20 per litre (EUR 0.026 per litre).

THE AVERAGE PRICE OF CRUDE OIL STOOD AT USD 99.0 PER BARREL IN 2014, DOWN 9 PERCENT YEAR-ON-YEAR.

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

Serbia
Since the new legislation liberalising Serbia's oil market (unregulated imports of oil and petroleum products) entered into force on 1 January 2011, the prices of petroleum products have no longer been government-regulated and are set freely in accordance with market conditions.

Montenegro
In Montenegro, the prices of petroleum products are set in accordance with the Regulation on the Method of Setting Maximum Retail Prices, which has been in force since 1 January 2011. The prices change fortnightly, provided that prices on the oil market (Platts European Marketscan) and the exchange rates of the euro and the US dollar change by more than 5 percent. In addition to market oil prices and changes in the exchange rates of the euro and the US dollar, the methodology used to calculate selling prices includes taxes, the costs of transhipment, handling, bank charges, storage, transport and distribution, as well as (excise) duties and an oil companies' margin. The overall gross margin is fixed at EUR 0.1108 for a litre of petrol, EUR 0.1119 for a litre of eurodiesel and EUR 0.0999 for a litre of extra light heating oil.

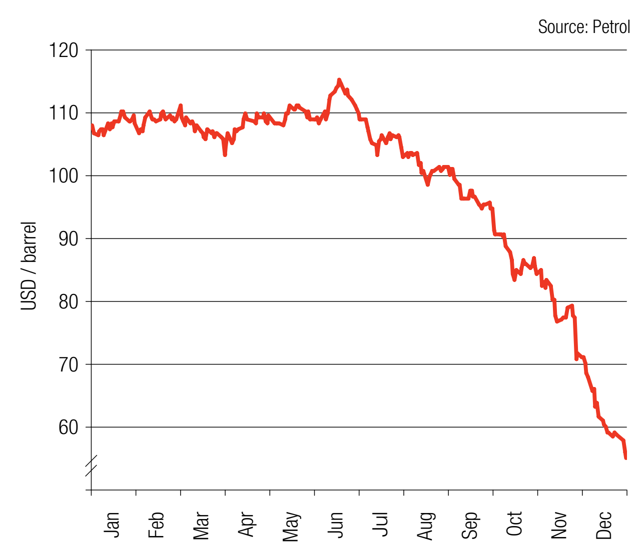
Kosovo
In Kosovo, retail and wholesale prices of petroleum products are not government-regulated. Only in the case of sales of petroleum products to government institutions and state-owned companies are prices set in accordance with the prescribed methodology, which takes into account average monthly market prices, changes in the exchange rate of the euro and the US dollar, logistics costs and the maximum margin. These prices represent an unofficial basis for retail prices, which change according to market fuel prices.

Changes in oil prices in 2014

Oil prices per barrel ranged from USD 55.0 to USD 115.3 in 2014. The average price of crude oil stood at USD 99.0 per barrel in 2014, down 9 percent year-on-year, while the average price in euros was down 10 percent. The prices of petrol and middle distillates followed the same trends as crude oil prices.

Oil prices were rather steady in the first six months of 2014, ranging from USD 102.3 to USD 115.3 per barrel. In the

Changes in Brent Dated High oil price in 2014 in USD/barrel



Changes in Brent Dated High oil price in 2014 in EUR/barrel

second half of the year, however, oil prices fell sharply and were down by more than half at the end of 2014 compared to their June peak. The main reason for such a significant drop in the price of oil lies in increased crude oil extraction and weaker economic activity in the largest economies.

US dollar exchange rate
The average exchange rate of the US dollar according to the reference exchange rate of the European Central Bank stood at 1.3 US dollars for 1 euro in 2014.

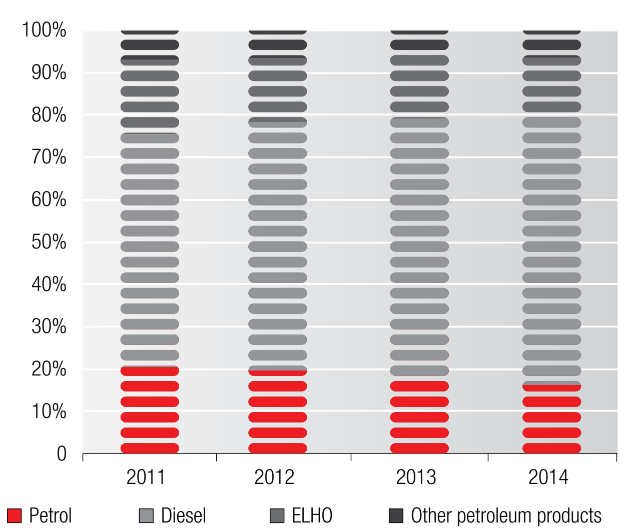
Sales performance

In Slovenia and Croatia in particular, the sales of petroleum products and of other goods and services were affected by the difficult economic situation in 2014. Our response to the demanding business environment was to bring novelties into our operations, expand the network of our service stations and extend our sales to EU markets, thus achieving good sales performance.

Sales of petroleum products
In 2014 we sold 2.8 million tons of petroleum products, an increase of 1 percent over 2013 and 4 percent more than planned. 55 percent of our sales were generated in Slovenia, 18 percent in EU markets, and the remaining 27 percent in the markets of SE Europe. Further, 45 percent of the sales were generated in retail and 55 percent in wholesale operations. The sales in Slovenia fell 2 percent relative to 2013, with the sales in the EU also declining by 2 percent year-on-year. The sales in SE Europe, however, were up 11 percent from the year before.

SE EUROPE SALES WERE UP 11 PERCENT.

Breakdown of the Petrol Group's sales of petroleum products 2011–2014

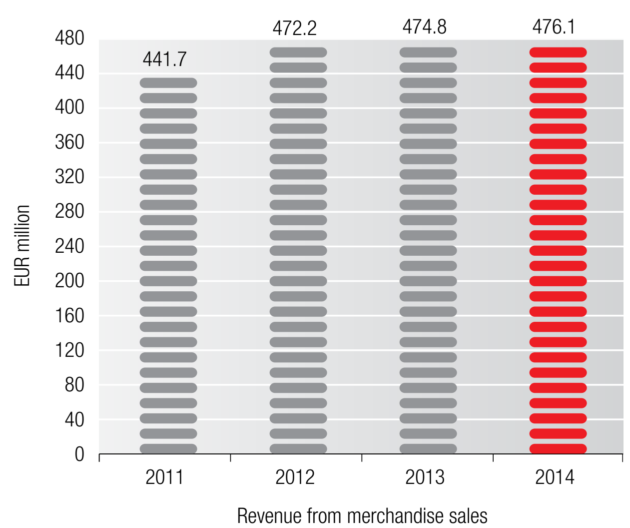


As far as individual categories of petroleum products are concerned, the Petrol Group's sales of motor fuels rose 1 percent relative to 2013, chiefly in SE Europe markets. The downward trend in motor fuel and extra light heating oil sales in Slovenia, however, continued. Slightly lower sales mainly stem from the country's economic situation, but are also the result of high retail prices as compared to the neighbouring countries. In 2014 motor fuel prices were largely higher as compared to the neighbouring countries, which was adversely reflected especially in sales at border service stations.

Changes in the fuel sales structure have considerable influence on Petrol's business results. The share of diesel in the fuel sales structure continues to increase, which is typical of recent years. This is still chiefly the result of changes in the composition of our customers' vehicle fleets and the rather high share of lorry transit through Slovenia in the overall transport. What is more, the Decree Setting Prices for Petroleum Products in place in Slovenia stipulates a lower gross margin for diesel fuel than petrol.

Merchandise
In 2014 the Petrol Group generated EUR 476.1 million in revenue from merchandise sales. This was on a par with the previous year's sales and 6 percent less than planned. Out of this amount, EUR 460.7 million was associated with oil and merchandise sales and EUR 15.4 million with energy operations (sale of wood biomass, heat pumps). Compared to 2013, sales increased in the tobacco segment, the electronic prepaid card segment and the hot beverage segment. The sales through the Petrol Club catalogue and loyalty schemes was continued and further developed. Slightly poorer sales were recorded in connection with automotive and food products compared to the previous year, a reflection in particular of changes in economic and social conditions, which are in turn translated into significant changes in customers' shopping habits. The lower-than-expected sales performance in the energy segment was mainly due

The Petrol Group's merchandise sales 2011–2014



to the mild winter. The Petrol Group still generates the bulk of its revenue from merchandise sales in Slovenia, but has been intensively working on further bettering the sales performance in the markets of SE Europe.

Sale of services
The majority of the Petrol Group's revenue from services is generated by the parent company. The Group's major revenue streams coming from services related to oil and merchandise sales include revenue generated from storing and handling petroleum products, from transport services, car washes, leasing of restaurant facilities and the Petrol Club card. New services are added to this range every year.

Supplementary range
The range at Petrol's points of sale is modified and expanded to adapt it to the needs of customers visiting our service stations. New products were added to the Fresh range, which is being introduced at several service stations, with the layout of shops adapted accordingly. In 2014 we introduced new own-brand food and beverage products, the Q energy drink and ice coffee, which were well received on the market.

We set up a new channel for merchandise sales: we started selling through the Petrol eShop, initially offering goods from Petrol Club catalogues, but we are now gradually expanding and developing the range to progressively enhance user experience.

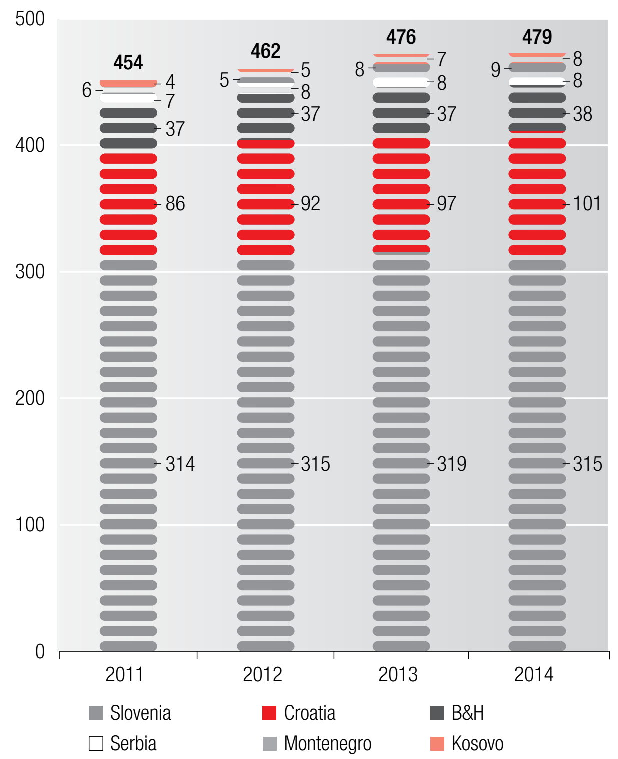
A 58-PERCENT MARKET SHARE IN TERMS OF THE NUMBER OF SERVICE STATIONS IN SLOVENIA.

Retail network of the Petrol Group
By the end of 2014, the Petrol Group's retail network grew to 479 service stations: 315 in Slovenia, 101 in Croatia, 38 in Bosnia and Herzegovina, 8 in Serbia, 8 in Kosovo and 9 in Montenegro. Complementing the services provided at service stations are 128 car washes, 141 bars and 7 TIP STOP quick-service facilities. The latter are dedicated to the maintenance of freight and passenger vehicles. There are 34 motor fuel retailers in Slovenia.

With its 315 service stations, Petrol d.d., Ljubljana has a 58-percent market share in terms of the number of service stations. Its competitive advantage consists of having a leading position as regards transit routes, with particular emphasis on motorway locations and key urban and border locations. Petrol's main competitor is the company OMV, which has a 20-percent share of the market (by the number of service stations).

Thanks to the strategic expansion of its retail network, the Petrol Group is also becoming an increasingly important energy supplier in the markets of SE Europe. In Croatia, the Petrol Group holds a 12-percent market share in terms of the number of service stations. Its major retail competitors in this market are INA, Crodux, Tifon and Lukoil Croatia. In Bosnia and Herzegovina, Petrol has just over 3 percent of the market in terms of the number of service stations. Its major retail competitors are Nestro Petrol, Energopetrol, INA and Gazprom. In Montenegro, Petrol has nearly 9 percent of the market in terms of the number of service stations, with its major competitors including EKO and Lukoil. In Serbia, the companies NIS, Lukoil, OMV, EKO, Knez Petrol and Avia have the largest retail networks.

Expansion of Petrol's service station network 2011–2014



Petrol's market share there is less than 1 percent in terms of the number of service stations. Petrol has a market share of less than 1 percent also in Kosovo, where the companies with the largest retail networks include Al Petrol, Kosova Petrol and Petrol Company.

In 2014 the autogas network grew by 7 additional service stations, making autogas available at 71 service stations in Slovenia, 61 in Croatia, 10 in Bosnia and Herzegovina, 8 in Serbia, 7 in Kosovo and 7 in Montenegro, a total of 164 service stations, at the end of 2014.

THE SECOND-LARGEST RETAIL NETWORK IN CROATIA.

Service station opening hours are adjusted to reflect seasonal traffic flows and customer needs. To streamline our operations, we closed down 3 service stations in Slovenia at locations with a considerable drop in turnover. One additional service station was closed due to a change in spatial plans.

Wholesale network of the Petrol Group

The Petrol Group sells more than half of its petroleum products on the wholesale market. Its market position enables it to provide an uninterrupted supply of motor fuels and other petroleum products, making it an important supplier to companies in the markets in which it operates. Petrol's broad network of sales representatives, appropriate technical and advisory support, and efficient logistics are the key elements for ensuring a high level of sales services and competitive advantages. In 2014 particular attention was devoted to the training of sales representatives.

Ongoing contacts with our business partners and open dialogue are a guarantee for a high level of customer satisfaction. We are aware of the fact that we are deeply embedded in the industrial sector, which is why our business decisions are taken with great care. Despite the demanding economic situation we maintain close links with our business partners and remain an important supplier of energy products and raw materials to the industrial sector. Although we were able to justify trust and either maintain or strengthen cooperation with our major customers through flexibility and reliability, we were still affected by the decline in production and the volume of work.

Procurement and logistics

Efficient procurement and logistics of petroleum products and merchandise are key factors of the Petrol Group's successful operating performance. In 2014 the main goals in this area consisted of the Petrol Group improving the procurement terms achieved in 2013 and, as far as subsidiaries are concerned, continuing the optimisation of logistics processes.

Procurement of petroleum products

Petrol buys most of its petroleum products from the largest multinational oil companies and some from major global oil and petroleum products traders. Many years of continuous cooperation with reliable and competitive suppliers give Petrol the status of a partner. In keeping with our strategy, the purchased motor fuels and middle distillates were mostly delivered by sea, as was the case in 2013.

We increased the share of procurement from local inland refineries located in SE Europe, which complement the procurement network and enhance the reliability of supply, mainly of derivatives for which there is local demand, such as fuel oil, bitumen and gas. We thus secured a price of petroleum products that was as competitive as possible and ensured optimal logistics for servicing service stations and wholesale customers.

The demand for motor fuels at our subsidiaries in Croatia and Bosnia and Herzegovina was largely met from local refineries: in Croatia from refineries in Rijeka and Sisak, in Bosnia and Herzegovina from a refinery in Bosanski Brod.

In line with Petrol's long-term financial goals, sustainable orientation and key policies, the selection of suppliers is subject to the following factors:

- compliance of all products procured with applicable European standards and regulations;
- purchase price and other terms of procurement allow for the lowest procurement and logistics costs;
- reliability of supply, which allows for lower operational stocks and thus reduced costs of stock financing.

Procurement of merchandise

In the process of merchandise management, procurement activities are a key part of the process. In 2014 procurement activities in the markets where Petrol has its service stations were carried out with the aim of managing all process elements in a way that is both as streamlined as possible and efficient to help achieve the procurement and sales results as they were planned. In the procurement of merchandise, our goal is to secure optimal procurement terms, favourable prices and payment terms. Our operational business involving suppliers is done electronically, especially in the case of the suppliers of services and virtual goods.

Our particular focus is on the selection of products from our regular range, which we adapt to the wishes and needs of consumers in the Petrol Group's markets. By offering products as part of sales campaigns, we appeal to both price-sensitive and trend-following customers. Depending on the time of the year and holidays, our range at service stations also includes seasonal goods. The range of products to be included in a sales campaign is put together in collaboration with strategic partners.

In procurement, a well-organised document flow is important. In this respect, we aim to streamline our operations through electronically supported transactions with suppliers and distributors.

The delivery of goods to the points of sale is done either directly by suppliers (newspapers, ice cream, sandwiches) or via storage facilities. In the case of virtual goods, it is done through IT applications. Regular activities in the merchandise procurement process include stock optimisation at service stations and storage facilities and the optimisation of other logistics costs.

Petroleum products and merchandise logistics

Ensuring optimal supply chains for fuel in all markets was the main guiding principle of the petroleum products logistics. We centralised the delivery network for extra light heating oil transport in Croatia. The supply of fuel to service stations and customers in Croatia, Bosnia and Herzegovina, Montenegro and Kosovo was conducted from the dispatch centre in Ljubljana, according to the procurement and logistics model. We improved the conditions of the lease contract in Ploče, Croatia, and changed the leased capacities.

Despite the significant disturbance in railway transport resulting from the damage to the infrastructure caused by glaze ice damage we provided uninterrupted supply to our service stations and customers in Slovenia as well as the customers in the EU.

We optimised the operations of the petroleum product transhipment terminal in Sermin, where the volume of cargo handled reached record levels in 2014. Throughout the year, the worked hard to sell delegated stocks to customers outside Slovenia and to the Agency of the Republic of Slovenia for Commodity Reserves, achieving good results despite the considerable drop in petroleum product prices. In bulk goods logistics, we outsourced the process to an external provider in April 2014.

Gas

Natural gas and liquefied petroleum gas are considered top-quality and cleanest fossil fuels, offering vast possibilities for use – from heating and industrial use to electricity production and vehicle propulsion. Both energy products are characterised by efficient use, low costs and mitigation of negative environmental impacts. The sale and distribution of gas have been gaining importance within the Petrol Group. Business activities involving liquefied petroleum gas are divided into several segments, i.e. gas sales through networks and gas storage tanks, autogas sales and bottled gas sales.

Sale and distribution of gas

The Petrol Group is engaged in the supply of natural and liquefied petroleum gas as well as in the construction and management of gas distribution networks. The selling prices of liquefied petroleum gas in Slovenia are determined freely. Also freely determined are the selling prices of natural gas as an energy source (supply), whereas distribution prices (network fees) are approved by the Energy Agency of the Republic of Slovenia. In Croatia, the selling prices of liquefied petroleum gas are determined freely, but they do follow a formula that is based on Platts Mediterranean LPG prices. Natural gas selling prices in Serbia are determined subject to the Serbia's Energy Agency approval. LPG prices are set freely in Serbia (based on quoted prices for Romania Bulgaria Serbia – RBS).

In 2014 the Petrol Group operated 28 gas supply concessions in Slovenia (22 for the supply of natural gas and 6 for the supply of liquefied petroleum gas) and, in Serbia, supplied natural gas to the municipalities of Bačka Topola and Pećinci as well as to three Belgrade municipalities, which was made possible by acquiring the company Beogas Invest d.o.o. To optimise natural gas operations in Serbia, the companies Petrol Gas Group d.o.o. and Beogas d.o.o. were merged on 31 December 2014. The company Petrol Plin d.o.o. has gas supply contracts in the towns of Šibenik and Rijeka. Liquefied petroleum gas is supplied to customers also through LPG storage tanks, service stations (autogas) and gas bottles.

In May 2014, we began to install Lovato autogas systems in our Tip Stop service shops. Customers were offered a top-quality autogas system at affordable prices and favourable payment terms. In 2014, 91 such systems were installed, boosting the sales of autogas in the process. In November 2014, the company Petrol LPG d.o.o. obtained all the necessary permits to start operating the Smederevo terminal. It thus gained access to LPG sources in Russia, Belarus, Ukraine and Romania. The company plans to set up a trading platform and become one of the major market players in SE Europe. In this way, Petrol ensured a stable supply to SE Europe markets over the long term.

AUTOGAS SALES WERE UP 7 PERCENT.

The volume of natural gas sold by the Petrol Group in 2014 amounted to 112.6 million m^3, a decrease of 8 percent from 2013 and 10 percent less than planned. The lower sales were mostly due to an exceptionally mild winter. The sales of liquefied petroleum gas totalled 68.3 thousand tons, which was on a par with 2013 and 8 percent less than planned. Out of this quantity, autogas, which is sold at 164 service stations, accounted for 27.8 thousand tons, up 7 percent from 2013. Petrol also sold 4.1 thousand tons of industrial gases or 18 percent more than in 2013.

Heat

Production, sale and distribution of heat

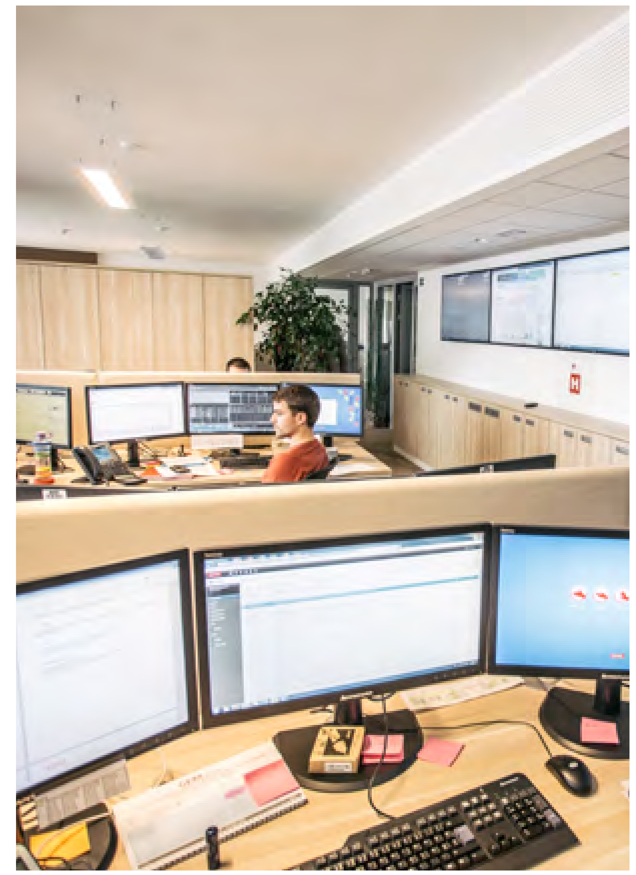
Supplying heat for heating purposes is turning into an important segment of Petrol's comprehensive energy product supply, which is done through district heating systems and heat and electricity cogeneration systems.

In 2014 we constructed new district heating systems running on wood biomass in Oplotnica, Kranjska gora, the municipality of Hoče – Slivnica, and acquired such a system in Postojna. We won a new district heating system concession in Kidričevo. Since 2014, district heat produced from fossil fuels has been supplied also to the municipalities of Kamnik, Bled and Šentilj. At the end of 2014, the Petrol Group managed 18 district heating concessions. Heat and electricity are also produced in cogeneration plants enabling simultaneous generation of electricity and heat from primary fuel energy. All cogeneration plants use natural gas as their primary fuel. As it provides substantial natural gas savings, cogeneration is one of the most important ways of reducing greenhouse gas emissions. As a result, the year 2014 saw the launch of six new micro-cogeneration units installed as part of boiler-room refurbishment in schools and other public buildings.

In 2014 the Petrol Group sold 82.4 thousand MWh of heat, which was 21 percent more than in 2013 and, mainly due to the mild winter, 14 percent less than planned.

After the installation of heat cost allocators in households in 2012, we have recorded a decrease in heat consumption in households, with other customers, in particular in the public sector, accelerating the implementation of energy-saving measures.

Electricity



Offering electricity to businesses and households consolidated Petrol's position as a major supplier of the full range of energy products across Slovenia and in the wider region.

Electricity plays an important role both in households and in all segments of the economy, and the deregulation and liberalisation of the energy market have resulted in making the electricity market more interesting for the Petrol Group. The use of electricity has been expanding since, besides its primary function of lighting in households, it is increasingly being used for heating and cooling buildings. In the future, electricity is expected to play a significant role as a new and environmentally acceptable motor fuel for various means of transport.

The production, sale and distribution of electricity were initially performed by Petrol Energetika d.o.o. Since 2010, however, supplying electricity to end customers and electricity trading in the international market has also been the domain of the parent company Petrol d.d., Ljubljana. In 2014 Petrol's companies based in Croatia, Bosnia and Herzegovina, Serbia and Montenegro were also engaged in electricity supply and trading. In 2014 the Petrol Group founded a subsidiary in Romania as part of the expansion of its activities in electricity markets. In 2015 Petrol d.d., Ljubljana will expand its presence also to the Czech Republic, Bulgaria and Slovakia.

In 2014 Petrol sold 8.7 TWh of electricity, an increase of 78 percent relative to 2013.

The Petrol Group became even more actively involved in the international wholesale electricity trading in 2014. As trading infrastructure developed and new markets emerged, it traded in all of the most important markets of Central and SE Europe in 2014. The presence in these markets and the expansion to new ones is crucial for optimising procurement channels for Petrol's end customers. At the same time, presence in various markets enables the search for new business opportunities in wholesale trading. Petrol's partners are the most renowned energy companies in Europe and around the globe.

In 2014 a considerable amount of development work was carried out, which was needed owing to the constant changes of the electricity market situation. Fast and efficient adjustment to conditions is the key to success. To help large customers manage the risks arising from long-term electricity supply contracts, we began offering them additional advanced services.

With regard to electricity supply to end customers in Slovenia, Petrol won 6,300 new household customers in 2014, up 18 percent over the year before. This means that Petrol now has 38,000 household customers. By offering the electricity-related range, we pursued Petrol's goal of comprehensive energy product supply.

38 THOUSAND HOUSEHOLD ELECTRICITY CUSTOMERS IN SLOVENIA.

Environmental solutions

In 2014 the Petrol Group operated four concessions for the public utility service of municipal wastewater treatment. The capacity of the treatment plant in Murska Sobota is 42,000 population equivalents (PE), in Sežana 6,000 PE, in Ig 6,000 PE and in Mežica 4,000 PE. Petrol also managed the industrial waste treatment plant at Vevče Paper Mill. All waste treatment plants operated well in 2014. No major failures were reported and wastewater treatment efficiency was at the excepted level. As an important member of the company Aquasystems d.o.o., Petrol d.d., Ljubljana is involved in the treatment of municipal wastewater also in the Municipality of Maribor, the capacity of which is 190,000 PE. Already in 2013 we launched the reconstruction of the treatment plant in Ig and the construction of the accompanying pressure pipeline. Due to a challenging construction and building permit acquisition process, the entire investment will be completed in 2015.

At the end of 2010, Petrol acquired Ihan Biogas Plant and thus became involved in energy production from waste. In 2014 liquid manure and organic waste were processed at the plant. Anaerobic treatment results in biogas, which is used by cogeneration engines to produce electricity. In this process, heat is produced as well. In 2013 we acquired a second biogas plant in Črnomelj, which also processes organic waste and produces green electricity. Thanks to this acquisition, we became Slovenia's biggest producer of green electricity from organic waste. Next to the Ihan Biogas Plant we constructed a dehydration plant for sludge obtained from treatment plants, which started operating in 2014. The dehydration process runs on excess heat generated in the Ihan Biogas Plant. The sludge from the treatment plants is dehydrated and transformed into secondary fuel for cement plants.

In 2014 the Petrol Group centralised the management of the entire water cycle (drinking water, waste water discharge, waste water treatment) and the management of all types of waste.

Energy solutions

As a strategic partner, the Petrol Group invests and offers a hand to its customers to help them improve their energy efficiency and the use of alternative resources. Every day more than 200 engineers and other energy experts from the Petrol Group help create success stories in Slovenia and abroad in urban energy management, the technical and economic optimisation of district energy systems and water supply systems, efficient lighting, efficient energy management in buildings and the use of geothermal energy.

WE COMPLETED THE PROJECT OF PROVIDING BLED-BASED HOTELS WITH COMPREHENSIVE ENERGY SUPPLY.

These activities relate to buildings and the optimisation of district energy and water supply systems, energy in industrial plants, comprehensive solutions for households, performance of the statutory programme for large energy suppliers, production of gas and oil and the use of geothermal energy.

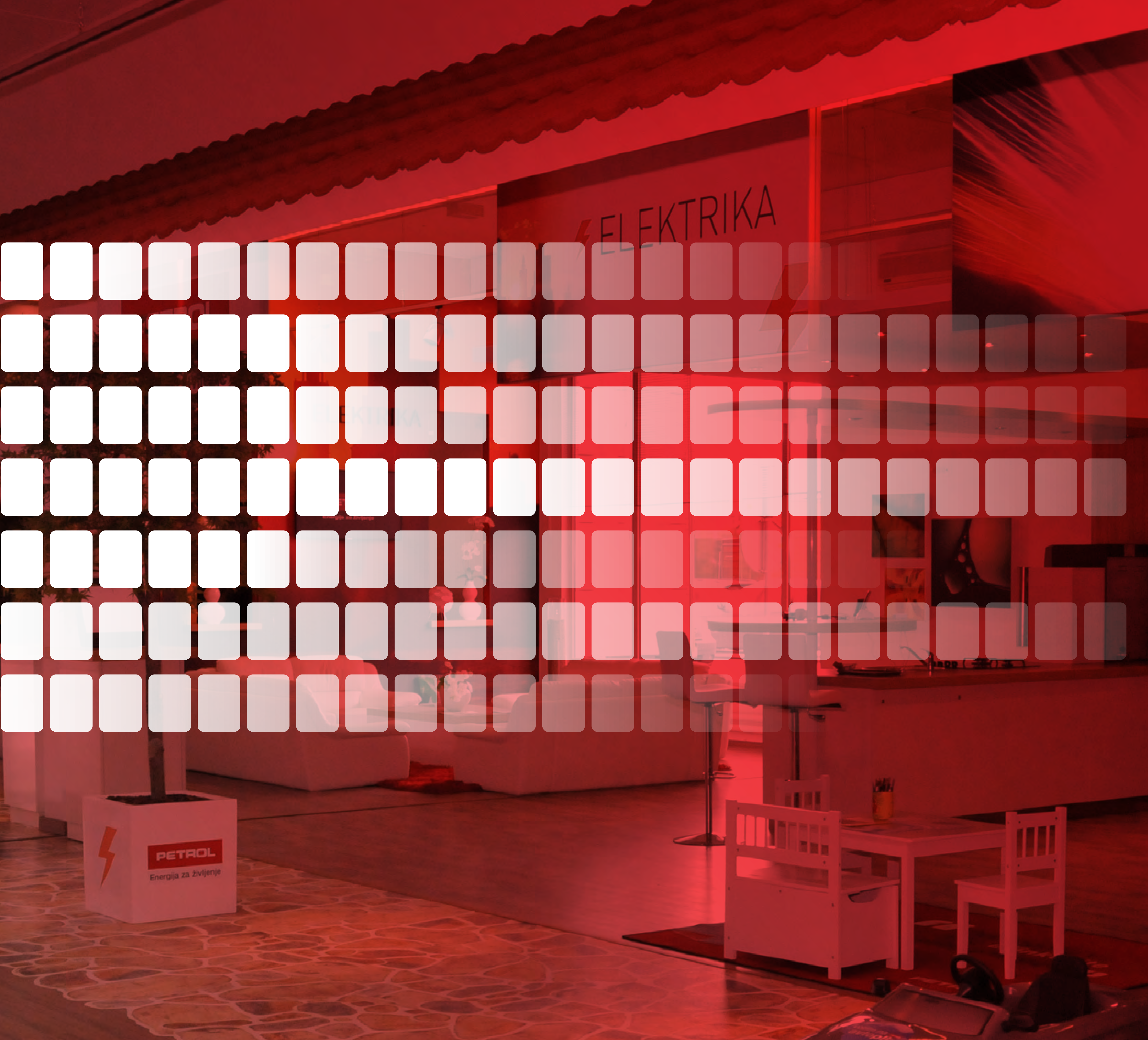
Long-term contract-based supply of energy and guaranteed savings are the most common project implementation model, requiring no start-up investment by the client, either in the public or commercial sector and industry. A significant advantage offered by such a model to customers is that Petrol assumes all technical and economic risks of project implementation and management, provides all the funds required to carry out measures and supplies the client with all the necessary energy of suitable quality, guaranteeing savings in the use of energy products compared to the previous situation.

In the field of energy solutions, the following major projects and activities were carried out in 2014:

- two projects for water supply system optimisation,
- several efficient lighting projects,
- several projects for energy management in buildings,
- performance of the programme for large energy suppliers (a statutory obligation): continuation of End-Customer Energy Savings programmes from 2012 and 2013, performance of the 2014 programme,
- production of hydrocarbons, geothermal energy and mining services: uninterrupted base gas and petroleum production was provided, permits for the use of water and consents for the existing boreholes and CPPs (central processing plants) were obtained, a consent was acquired for connection to the gas transmission network, an application was filed for IPPC environmental permits for a new CPP, the borehole in Draškovec was overhauled, a contract was won and a gas borehole in Grubišno polje was reconditioned,
- energy packages for households: we have developed new energy solutions and successfully marketed packages that include suitable equipment (heat pumps, pellet boilers, IR panels, etc.), installation and the energy product.

In the Energy Solutions Centre (CER) in Ljubljana's BTC and in Zagreb launched by Petrol and its partners in 2014, household clients are given advice on efficient energy consumption, the use of alternative heating and cooling sources, the efficient renovation of windows, insulation materials, heating and ventilation systems, the use of energy products and comprehensive building renovation.

The selling role of the centres was enhanced by a range of various events related to energy efficiency. At 9 independent technical consultations, 500 participants discussed the common energy goal of Slovenia and Croatia until 2020 regarding private and public buildings. In September 2013, Petrol d.d., Jelovica d.d. and Knauf Insulation d.o.o. established the GIZ CER, a commercial association of interest, enabling these companies to act jointly in other markets and integrate into international connections in the field of energy efficiency. A member of GIZ CER can become any company which in addition to the promotion of its own activities focuses on social responsibility and care for the environment in terms of high-quality and sustainable construction, and efficient use of energy. The CER expanded its mission of energy-efficient construction and efficient energy consumption also to Croatia.



SUSTAINABLE DEVELOPMENT

WE ARE ENERGY EFFICIENT. WE ARE PROUD TO EXPAND THE RANGE OF OUR HOUSEHOLD ENERGY PRODUCTS AND THE RANGE OF ENVIRONMENTALLY FRIENDLY AND MOST ENERGY-EFFICIENT HEATING SOLUTIONS WITHIN THE ENERGY SOLUTIONS CENTRE. THE SECOND YEAR OF OPERATION OF THE ENERGY SOLUTIONS CENTRE IN LJUBLJANA WAS SUCCESSFUL, AS WE RECORDED GROWTH IN EFFICIENT ENERGY CONSUMPTION. IN ADDITION, WE INVEST OUR ENERGY IN ENERGY EFFICIENCY TRAINING.

Sustainable development

Our ideas create progress

At Petrol, caring for the society and the environment is integrated into all aspects of its operations. When developing business processes and new products and services we always comply with all environmental regulations, introduce environmentally friendlier products and services and pay attention to efficient energy consumption. Compliance with high environmental standards requires us to conduct active and professional supervision, and make considerable financial investments. In all Petrol Group markets, we introduce and implement the best environment protection practices and thus comply with the applicable legislation.

Sustainable focus is our strategic commitment. This is extremely important given the activity and the sales range of Petrol, both for the Petrol Group and the environment in which we operate. Sustainable and socially responsible approach gives us a significant competitive advantage, enhancing the selling of products and services and the Company's reputation alike. Petrol's sustainable focus is not merely a commitment, but a generator of new ideas. It is a route on which we set new goals one after another, along with milestones, and carefully monitor our achievements.

In 2013 Petrol issued its first sustainability report to present all sustainable activities and achievements in one place. We will prepare the sustainability report of the Petrol Group again in 2015, offering a summary of how our activities left an imprint on the economic, social and natural environment. At the same time, we will illustrate our sustainable guidelines and goals that lead us to a more successful economic activity while fostering responsible attitude to the stakeholders and the environment. That way we actively contribute to the sustainable development of Slovenia and target regions. We realise that Petrol's sustainable focus is a route on which we set ever new goals and milestones, at the same time carefully monitoring our achievements.

Employees

A well thought-out recruitment policy, an effective remuneration and promotion system, care for the training and development of staff, and the monitoring of their satisfaction and commitment are the main factors of human resources management in the Petrol Group.

Staff numbers

At the end of 2014, there were 3,912 people employed within the Petrol Group, of whom 31 percent abroad. Compared with the end of 2013, the number of employees decreased by 33 or 1 percent. This was mainly due to the exclusion of the Storage and Distribution Centre in Zalog from Petrol and its transfer to an external provider for management. At the end of 2014, the average age of employees was 39 years. 66 percent of the employees were male and 34 percent were female.

The right experts at the right place

Recruiting the right experts to the right posts is the key for achieving our business goals. During the selection and recruitment process, all candidates are given equal treatment irrespective of sex or other circumstances. Through continuous training and education we provide for employees' development, while at the same time create an internal pool of human resources. The high level of qualification enables our staff to take advantage of internal vacancies and find opportunities and challenges in new areas of work within the Group.

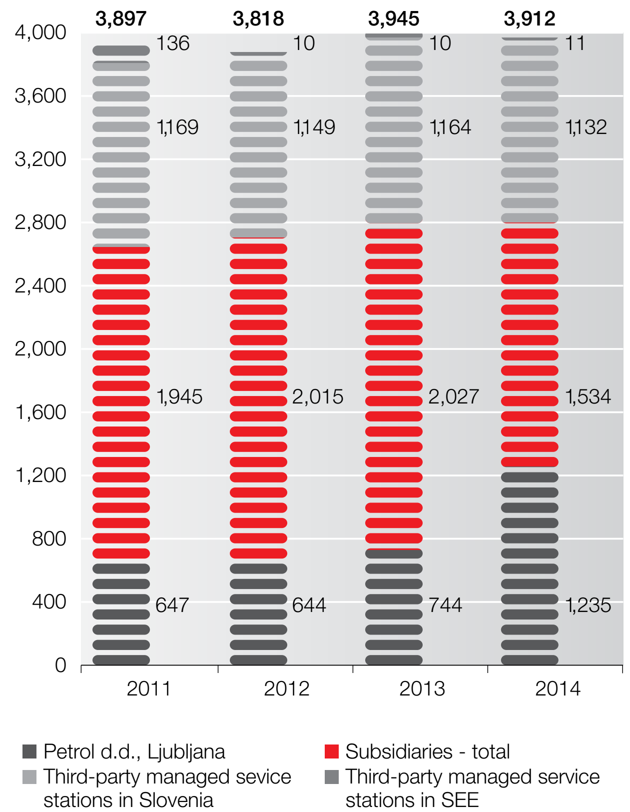
In 2014 the Petrol Group recruited 311 workers, the employment contracts of 344 employees were terminated and 613 people were transferred to new positions within the Group. The transfer of employees from Petrol Maloprodaja Slovenija, d.o.o. to Petrol d.d., Ljubljana, which took place at the end of 2014, accounted for the majority of the transfers. The Group's staff turnover rate stood at 8.8 percent and was up 0.2 percentage points compared to the previous year.

Education and training

Knowledge ensures the successful integration of individuals in business processes and creates long-term competitive potential of an organisation. Petrol is aware of the fact that knowledge is one of the Company's main competitive advantages. That is why we consider investments in employee training an investment into the future.

In 2014 the number of Petrol Group employees taking part in various forms of education and training stood at 11,802, of which 29 participated in an educational process to obtain a formal qualification. 88,307 teaching hours of training were carried out, which on average amounted to 23 teaching hours of training per employee. Organised as part of the Petrol Group is Petrol Academy, the main purpose of which

Changes in the number of employees of the Petrol Group and at third-party managed service stations in the period 2011–2014



is systematic and comprehensive training of all employees. We seek to achieve that every employee participates in some form of education and training at least once a year. With programmes being organised internally, they can be adapted to the working processes and needs of employees, enabling us to have fewer absences and lower education costs as compared to external education.

We devote a lot of attention to the transfer of knowledge among employees through internal coaching systems, both in retail and wholesale.

The second generation of young promising staff have been trained at Petrol Business Academy, in which participate lecturers from the Faculty of Economics in Ljubljana and from Petrol (members of the Management Board, directors of organisational units, directors of subsidiaries). Petrol thus has a pool of qualified staff at its disposal, who are, thanks to their interdisciplinary knowledge, ready to take on more responsible tasks. The Academy also resulted in project assignments prepared by participants in accordance with the instructions of the Management Board, which have a tangible useful value for the Petrol Group.

Managers were trained to use the new 360° tool to assess competencies. This tool was introduced in 2013. On the basis of the assessment of managerial competencies using the 360° method we designed a programme to train managers primarily in the areas concerning management by objectives and colleague development.

THE SECOND GENERATION OF PROMISING STAFF TRAINED AT PETROL BUSINESS ACADEMY.

Training of external staff and customers

In the Petrol Group, particular attention is also given to the training of external staff (students, hauliers, cleaning personnel at service stations, etc.) and customers. In 2014 various technical programmes were organised for them, which were attended by 2,563 active participants.

Occupational safety

In the Petrol Group we realise that occupational safety and health, in addition to their main purpose, also ensure the satisfaction of employees. That is why we constantly strive to reduce the level of risk arising from the performance of working processes by introducing appropriate organisational and security measures. Although the working environment is changing owing to the development and introduction of new technologies and procedures, Petrol successfully keeps up with the changes. We look for solutions that are friendlier to the health and safety of our employees.

All companies of the Petrol Group have adopted safety declarations with risk assessment. The latest findings in occupational safety and health are integrated into new processes and projects. In addition, we monitor the risks related to the occurrence of accidents and injuries. The risks are assessed periodically and, through safety measures, maintained at an acceptable level. A priority in the advancement of occupational safety and health is the reduction of risks at highly exposed workplaces and finding connections with other areas of safety, in particular fire safety, environmental protection and chemical safety.

The programme of preventive medical check-ups includes all staff. Particular attention is devoted to co-workers with reduced working capacity. Considerable attention was paid also to the theoretical and practical training of employees in occupational safety and health, workplace ergonomics, fire safety, environmental protection, safe handling of chemicals and first aid. The setting up of the occupational health and safety system – OHSAS 18001 – allowed the occupational safety and health to become part of the Group's integrated quality management system in 2003.

Remuneration

In the Petrol Group, performance orientation is a basis of the remuneration system. Salaries consist of a fixed and variable part. Collective performance, which is calculated using a performance benchmark, is an important component of variable pay. For service stations and regional retail and wholesale units, performance is calculated on a monthly basis, for corporate functions it is calculated semi-annually. The Group recognises individual performance through bonuses for exceptional achievements and through promotion.

At Petrol, the voluntary supplementary pension insurance of employees has been part of the salary policy since 2002. The scheme covers the employees of the parent company, subsidiaries and third-party managed service stations in Slovenia.

Petrol's first corporate collective agreement

The corporate collective agreement is the most important bilateral labour law act at company level, directly regulating relations between employers and employees. It represents the foundation of equal social dialogue with employees and of Petrol's future success in business. In 2014 the first corporate collective agreement was signed at Petrol.

THE FIRST CORPORATE COLLECTIVE AGREEMENT.

Organisational climate

Petrol has been measuring organisational climate and employee satisfaction on a regular basis since 2001 and has participated in the SiOK project – Slovene Organisational Climate Survey – since its inception in 2001. Based on the results of the organisational climate measurement, measures are prepared and implemented each year at all levels – the Group, individual companies and smaller organisational units. In lower performing units, these measures lead to improvement, whereas in units having an improved score or a consistently high score, they help maintain good climate. The survey covers employees working for the parent company, subsidiaries and at third-party managed service stations in Slovenia and abroad.

At Petrol, the survey has the usual high response rate, with 76 percent of employees taking part in it in 2014. All elements that were measured received a high score (on a scale of 1 to 5): organisational climate scored 3.7, management and development systems 3.6 and employee work satisfaction 3.7

Employee and family friendly enterprise

Petrol has held the "Family Friendly Enterprise" certificate since 2010. We have set ambitious goals and adopted no fewer than 19 measures to facilitate a balance between professional and family life. The measures already in place include a free day for parents of first-time school goers, gift packages upon the birth of a child, congratulations from the Management Board on personal anniversaries, prize quizzes and other benefits for employees, as well as animation programmes for employees' children participating in winter and summer sports games. We also organise week-long summer holidays with a diverse programme for our employees' children in primary school. In addition, in exceptional situations parents can bring their children to work if that is allowed by the work process.

In 2014 we paid special attention to corporate volunteerism and joined the Giving Back to Society campaign. 33 employees joined the voluntary campaign, helping paint playground equipment and fences at kindergartens, arrange the surrounding area and help senior citizens. Those who did not actively enrol in voluntary activities on the ground could donate accessories for personal hygiene to socially disadvantaged groups by depositing them in designated containers in corporate buildings.

Include.All

Petrol is aware of the importance of team diversity and it therefore joined the Include.All project as a pilot company. In 2014 we thus dealt not only with the issue of women's representation in management, but also the issue of how to identify talented individuals in the Company and enable them to develop their abilities. We will thus strive to set up mentoring and we wish to upgrade Petrol Academy with new training programmes.

High-quality free time

Petrol enables its employees to spend their free time in a quality manner. In Slovenia and Croatia it owns several holiday homes for its employees and their families to spend their holidays there. Each year, the Company organises the Petrol trip, which is always attended by a number of employees. Ahead of the New Year, we get together at the New Year's party, and "Petrol's toddlers" are visited by Santa Claus. For more than 30 years, Petrol has been promoting sports, recreation and socialising at events for employees, which are organised several times a year. Petrol's winter and summer games are also open to the children of employees. All Company events are increasingly popular with staff from Petrol's companies abroad. Socialising in an informal setting helps to affirm values and build company loyalty among the entire staff.

Customer satisfaction measurement

Customer satisfaction is one of the main factors of the Company's performance and has been regularly measured in various areas for over 15 years. Since 2010 we have been measuring transactional satisfaction at our points of sale on a regular basis (three times a year). During this time, we have obtained more than 50,000 different opinions. In 2014 we focused on implementing the results in Petrols' work processes. We have set up procedures for reporting and defining action plans and progress monitoring. The survey was further expanded to monitoring the satisfaction of Italian customers in the bilingual border zone in Slovenia, and in addition to measuring customer satisfaction in the Croatian market we introduced such measurement also in Bosnia and Herzegovina.

With the activities undertaken in 2014 we pursued our commitment: all customers who express their opinion duly expect that we listen to them and take them into account. The results of the customer satisfaction survey at Petrol's service stations show that satisfaction with a specific experience is the highest since the measurements started (index of 91). Other indicators of loyalty to Petrol's service stations were either up or at the same level as the year before. The three key indicators, i.e. willingness to revisit (93), willingness to recommend Petrol's service stations (85) and recognising the advantages of Petrol's service stations over others (81), have been on the rise since October 2012.

Brand loyalty

Petrol is aware of the fact that customers are the most important assets of a company as there is no real possibility of expanding the business without satisfied and loyal customers. That is why we have pursued a clear customer-servicing strategy. We continue rewarding customers' loyalty to Petrol by issuing the Petrol Club catalogue, which was issued five times in 2014.

FIVE ISSUES OF THE PETROL CLUB CATALOGUE IN 2014.

The catalogue offers a collection of products and services of renowned brands at favourable prices. An additional range is available to customers in the Petrol online shop, where more products are available. The members of the Petrol Club are provided additional discounts available at Petrol's service stations every month. They can redeem Golden Points for discount in electricity and natural gas as well as participate in numerous prize draws. At the end of the year, Petrol had more than 540 thousand loyal members, holders of the Petrol Club loyalty card and charge card.

An extensive Petrol Card holders base provides us with an excellent insight into the purchasing habits and a key to a quality CRM (Customer Relationship Management) system. Data collection and analysis enable us to design a better product and service range for our customers, improve marketing processes, increase the efficiency of support, enhance customer profiling and targeted advertising, and reduce costs.

Claims and complaints handling

Expectations being closely related to the quality of products and services, they are an important factor in customer satisfaction. High-quality products and services are one of our principal business commitments, and we therefore handle each case of customer dissatisfaction with great care. We are aware that an efficient claims and complaints handling system is an important factor that has a positive long-term impact on the satisfaction and loyalty of our customers and, consequently, on the Company's image and reputation.

The single claims recording and handling system comprises all communication channels so that claims are handled in one place and in a faster, more efficient and customer-friendly manner. In the Petrol Group, claims and complaints are a valuable source of information about customer satisfaction, and their efficient resolution is part of a comprehensive service that does not end with the purchase of a product or service. Claims and complaints are reviewed systematically. Based on findings, we introduce measures, which, when put into practice, improve the quality of our processes and increase the satisfaction of our customers.

Quality control

Although quality management systems used to focus mainly on improving efficiency and excellence, they now progressively incorporate an increasing number of sustainable development elements. These contain safeguards that are meant to provide an overall protection not only of the people's environment but also of the people themselves.

Continued development of the quality management system

The Petrol Group's operations are based on the implementation of strict quality standards. Since 1997, we have been constantly upgrading and expanding the Group's quality management system. In addition to the certified quality and environment management systems, the integrated quality management system incorporates the requirements of the HACCP food safety management system, the requirements of the OHSAS occupational health and safety system and the requirements of the SIST ISO 27001 information security system. In 2014 Petrol d.d., Ljubljana began to implement the requirements of the ISO 50001 energy management system. The certificate is expected to be obtained in 2015.

In 2014 recertification audits of ISO 9001 quality management systems and ISO 14001 environmental management systems took place at the companies Petrol d.d., Ljubljana, Petrol Energetika d.o.o., Petrol Tehnologija, d.o.o., Petrol Geoterm d.o.o. and Petrol d.o.o. All companies passed the audit and the validity of their certificates was extended until 2017.

In September 2014, a recertification audit of the ISO 9001 quality management system took place at the company Petrol Geoterm d.o.o. after which the validity of the certificate was extended until 2017. At the same time, procedures were launched to integrate the company's quality management system into the system of the parent company Petrol d.d., Ljubljana.

Since 2013, Petrol d.d., Ljubljana has held a Responsible Care Certificate (for its activities relating to storage, logistics and retail network of service stations in Slovenia) and

Overview of certificates and laboratory accreditations

Company	Quality management system	Environmental management system	Laboratory accreditations	Other certificates
Petrol d.d., Ljubljana	ISO 9001: 2008	ISO 14001: 2004	SIST EN ISO/IEC 17025:2005	RC* Responsible Care Program FSC** Full "Family Friendly Enterprise" Certificate
Petrol Tehnologija, d.o.o.	ISO 9001: 2008	ISO 14001: 2004	SIST EN ISO/IEC 17020:2004	
Petrol Energetika d.o.o.	ISO 9001: 2008	ISO 14001: 2004	/	
Petrol d.o.o.	ISO 9001: 2008	ISO 14001: 2004	/	
Eltec Petrol d.o.o.	ISO 9001: 2008	ISO 14001: 2004	/	
Petrol Geoterm d.o.o.	ISO 9001: 2008	/	/	
Beogas d.o.o.	ISO 9001: 2008	/	/	

*Based on the Report on the Implementation of the Responsible Care Global Charter Commitments, Petrol d.d., Ljubljana was awarded 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 right to use the initiative's logo. Responsible Care is the chemical industry's global initiative that drives continuous improvement in health, safety and environmental performance. Based on the 2014 Report on the Implementation of the Responsible Care Global Charter Commitments, the certificate and the right to use the logo were renewed until the end of 2015.

Since May 2013, Petrol d.d., Ljubljana has also held an FSC Certificate for the production of wood chips used for heat generation. The FSC Certificate, which is issued by an international NGO called the Forest Stewardship Council, promotes environmentally appropriate, socially beneficial and economically viable management of forests. In August 2014, Forest Stewardship Council (FSC) performed a first follow-up audit of wood fuel production, identifying no non-compliance issues in the process. During the audit, the scope of the certificate was extended to four more groups of products.

The business process redesign project

At the end of 2013, a new organisation of the Company was adopted based on identified and clearly specified operational processes. The reorganisation, representing the basis of the business process redesign project, resulted in a leaner and more dynamic Petrol Group.

The purpose of the business process redesign project is the compilation of an inventory of business processes, their comprehensive redesign and standardisation with a clear definition of process and business rules and roles of process stakeholders, and the establishment of the business process management system.

The goal of the business process redesign is to improve the process quality and increase the process efficiency and flexibility by focusing on the fulfilment of customer expectations – adaptability to customers' needs, greater responsiveness and proactivity, accompanied by comprehensive treatment at a single location. Concurrently with redesigning business processes we also strengthen functional responsibility.

Quality of services at service stations

The system of internal evaluation and assessment of service stations' operating quality is continuously developed as we realise that sales are subject to numerous factors that need to be considered in the assessment of the operating quality. The quality of services at Petrol's retail points of sale is monitored by means of internal control and the "random shopping" method. Survey results confirm a high level of service quality at our service stations, which now remains our competitive advantage. This system is also used for subsidiaries involved in retail sales in SE Europe.

Petrol's accredited bodies

Operating within the Petrol Group is Slovenia's leading oil laboratory, which conducts tests and analyses of fuel, lubricants and chemical products. There is also the body for the inspection of liquid flow and tyre pressure measuring devices and for the inspection of pressure equipment (as part of Petrol Tehnologija, d.o.o.).

Petrol Laboratory is accredited to and has in place a quality management system that is certified to the SIST EN ISO/IEC 17025 Standard (General requirements for the competence of testing and calibration laboratories). Although it is part of the parent company, Petrol Laboratory operates as an independent and neutral institution, also providing services to external clients. In November 2014, Petrol Laboratory successfully passed another monitoring visit aimed at establishing compliance with the requirements of the SIST EN ISO/IEC 17025 Standard, which was performed by an accreditation body. On this occasion, the range of accredited methods was extended to two additional methods. Petrol Laboratory has 60 accredited methods altogether.

The subsidiary company Petrol Tehnologija, d.o.o. has in place a quality management system that is certified to the SIST EN ISO/IEC 17020 Standard "General criteria for the operation of various types of bodies performing inspection". The company has 18 accredited test methods relating to the following areas: inspection of flow and tyre pressure measuring devices, inspection of pressure equipment, measures for the prevention of leakage of hazardous liquids from fixed reservoirs, tightness of fixed steel reservoirs, inspection of wall thickness of liquid fuel reservoirs, measurement of dielectric strength of liquid fuel reservoir insulation and measurement of noise in the natural and living environment. In April 2014, a certification body performed a follow-up audit of the company. The audit was passed and the company is now in the process of expanding its accreditation to two new methods, i.e. reservoir volumetric measurements and the inspection of devices for the level measurement of liquids in reservoirs.

Making way for fuels with additives (Q Max) in SE Europe markets

Following the introduction of the Q Max brand to all key SE Europe markets, we proceeded with the brand's consolidation in 2014. In these markets, the introduction of fuels with additives is still at an early stage. It is therefore important for Petrol to establish itself as a leading supplier of premium fuels. Through various sales promotion campaigns we informed customers of the advantages of these fuels, paying particular attention also to the training of sales personnel.

Intellectual capital – the “Great Idea” project

General global trends coupled with the need for sustainable development lead us to build our successful organic growth on dynamic and creative business operations. We never stop considering concepts for improving our operations and we approach them in a systematic manner. Innovative operations in particular represent enormous development potential that we methodically nurture and put into practice using the "Great Idea" system. We encourage creativity and innovation in employees by collecting ideas that are used to improve working processes, generate savings and enhance organisational culture. By involving all employees in our business processes, we build trust and excellence to keep developing the Company on an ongoing and sustainable basis. In 2014 the fifth internal call for "great ideas" was launched to encourage open-ended innovation. We collected 375 proposals for improvement, of which 41 were recognised as "great ideas". The employees who contributed the most original, useful and economical improvements were rewarded and saw their ideas put into practice.

41 PROPOSALS RECOGNISED AS "GREAT IDEAS".

Measuring the quality of internal services as a key contribution to business excellence

The quality of internal services is extremely important for the Petrol Group as it affects the satisfaction and loyalty of employees and, by extension, of customers, therefore bearing on the success of the entire Group. Improving our internal service quality is thus of the utmost importance. At Petrol, the quality of internal services has been measured since 2005, but has been conducted according to a new, SERVQUAL-based methodology since 2011. The implementation level of supporting processes affects both the product quality and the service quality. The sales staff and everyone in direct contact with customers have to be provided with good working conditions, appropriate training, efficient IT and technical support and last but not least help in solving their problems. In these cases, the implementers of supporting processes realise that these are our internal customers whose satisfaction with our internal services and us is equally important for an excellent service. The improvement of internal service quality is of the utmost importance. It is carried out at individual level, enabling employees to express, through an anonymous online questionnaire, the general satisfaction with the quality of the services offered by individual supporting processes and with 14 aspects of services (selected and adjusted based on the SERVQUAL model) combined into four dimensions of internal service quality: reliability, trust/knowledge, responsiveness and empathy. In September 2014, the survey "Measurement of Internal Service Quality" was carried out within the Petrol Group. This year, the survey also included the assessment of overall satisfaction with sales functions and subsidiaries. The survey covered over 1,500 employees of Petrol Group companies based in Slovenia, Croatia, Serbia, Bosnia and Herzegovina and Montenegro.

Investments

In 2014 the Petrol Group's investments focused on the expansion and consolidation of its oil and merchandise sales operations in Slovenia, expansion of its oil and merchandise sales operations in SE Europe, and the expansion of other energy-related operations both in Slovenia and in SE Europe (gas, heat, electricity, energy solutions and environmental projects).

THE PETROL GROUP INVESTED EUR 58.5 MILLION IN FIXED ASSETS IN 2014.

Oil and merchandise sales in Slovenia

In 2014 the construction of a service station in Koper, Slovenia, was launched. The process of preparing documentation and obtaining building permits for construction work scheduled to begin in 2015 was also underway. Particular attention was devoted to the refurbishment of service station shops and the introduction of the Fresh range. At service stations and storage facilities, we carried out repairs and renovations, and invested in fire safety, the protection of the environment and the security of buildings.

Oil and merchandise sales in SE Europe

In SE Europe, Petrol invested in the development of its retail network. The process of preparing documentation and obtaining building permits for construction work scheduled to begin in 2015 was also underway. At service stations, it carried out repairs and renovations, reconstructions and the refurbishment of shops. In Kosovo, the construction of a petroleum product storage facility was completed.

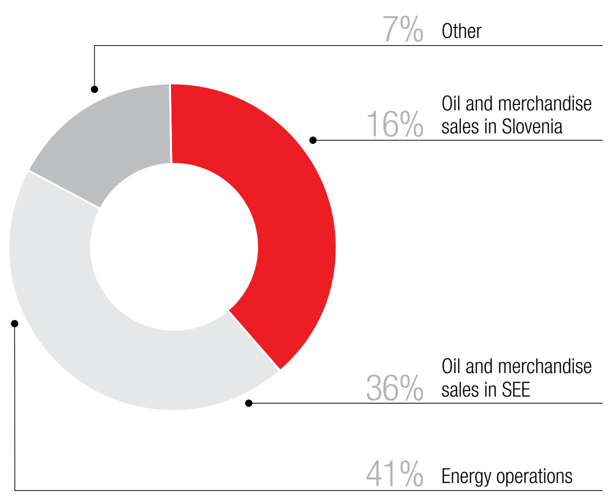
Energy operations

The development of energy operations is one of the priorities of the Petrol Group. In 2014 we constructed a sludge dehydration plant in Ihan. A significant portion of the funds was dedicated to the construction of district heating systems in Slovenia. We invested in the construction of the gas network in Slovenia and Serbia, in gas storage tanks and gas stations as well as in the LPG filling station in Croatia. Moreover, we invested in projects promoting efficient energy consumption and in the lighting projects in certain towns and business facilities. Finally, we invested in electricity and heat cogeneration projects and in the acquisition of a photovoltaic power plant in Ravne.

Information and other infrastructure

The use of modern information technologies is a major factor in successful operations. In 2014 some of the investment budget was thus again earmarked for the continued development of the information system.

Breakdown of the Petrol Group's investments in 2014



Information technology

At the Petrol Group we are aware of the advantages brought by the use of information technologies for successful operation. The year 2014 was characterised by the introduction of support for new business processes and a series of upgrades to existing solutions. In the course of work we pursue the fundamental role of IT – providing the Company with a competitive advantage by means of quality information support and offering new development opportunities.

We continued transferring good practices and business models to all Group companies. Of great help to us is the uniform information system, enabling us to introduce uniform business processes in the companies of the Petrol Group.

The information support is based on a uniform and quality technological infrastructure, which is cost-effective. In 2014 we boosted memory capacities and the speed of data transfer. We introduced a supervisory environment that we use to monitor the functioning of the system environment in real time. This provides us with a better overview and a greater chance of timely intervention.

WE PROVIDE FOR INFORMATION SECURITY.

In 2014 we devoted special attention to ensuring information security. We documented and tested the scenario for switching operations to the back-up location. We carried out appropriate training on information security and thus raised awareness of the importance of information security for safe operations of the Company.

In 2014 we introduced information support for project management and project portfolio management, providing us with greater oversight and closer supervision over all projects and thus more efficient work.

Development activities in individual segments of the information system:

- **Retail** – In 2014 we provided information support to the setting of various retail prices at points of sale. We developed support for active marketing of goods at service stations, helping sales staff to actively sell products. We introduced information support for the Fresh product range and the sale of fresh fruit and vegetables at service stations. We also supported the sales of new services (games of chance at service stations in Croatia).
- **Wholesale** – We are completing the setting up of the online shop for companies (B2B), which will be fully integrated with other parts of Petrol's information system.
- **Supply chain** – We supported the system for the automatic exchange of excise duty documents in Croatia. We upgraded support for planning operational fuel purchases and provided information support upon the change of management of the bulk goods storage.
- **Energy operations** – We upgraded the interface for data exchange with electricity distributors. In early 2015, the integration of the CTRM trading platform (Commodity Trading and Risk Management) with Petrol's information system will be completed. A system is under development for data exchange with system operators and natural gas suppliers.
- **Customer relationship management** – The central application for accessing consumer data was integrated with the marketing campaign management system. We provided support for digital labels within the loyalty system and enabled customer identification at service stations through the use of a bar code. We introduced support for a new type of prepaid cards (gift cards). Petrol eShop was upgraded with new functionalities (mass item entry).
- **Integration of new Group companies, consolidation of operations** – In 2014 we included Petrol Geoterm d.o.o. and Petrol LPG d.o.o. in Petrol's business and information system.
- **Electronic document systems** – We continued digitising paper documentation (storage documentation, HR documentation).
- **Finance and accounting** – We developed and introduced information support for monitoring the securities issued by Petrol. The central application for managing business partners was upgraded by information about collaterals.

Protection of the environment

In the Petrol Group, caring for the environment is integrated into all aspects of operations. When developing business processes and new products and services we always comply with all environmental regulations, introduce environmentally friendlier products and services and pay attention to efficient energy consumption. The environmental management system is defined through organisational acts on environmental management. The Petrol Group implements its processes in such a way that they affect the environment as little as possible. We identify the environmental aspects of our activities by taking into account the usual operating requirements and exceptional circumstances, if such exist.

Emissions into air

In the Petrol Group, caring for the quality of air is chiefly related to the efforts to reduce volatile hydrocarbons. The emissions of volatile hydrocarbons result from evaporation during decanting and storage of fuel. At Petrol, the process of decreasing the volatile hydrocarbon emissions is carried out in all three key elements of the petroleum products distribution chain: storage, transport and sales.

Petrol has installed systems at service stations and fuel storage facilities for closed loading of storage tanks. The efficiency of emission management is verified through prescribed regular monitoring of air emissions.

Water

Petrol pays a lot of attention to the efficient use of drinking, domestic and process water. It carried out several upgrades to sanitary equipment so as to decrease the consumption of drinking water. The performance of Petrol's activities involves three categories of wastewater – rainwater, process water and domestic water. Rainwater is discharged via technologically sophisticated collection systems, and the content of emissions is also successfully decreased in process wastewater owing to purification by means of state-of-the-art oil and water separators. If connection to the sewage network is not available, wastewater treatment is carried out in small plants. We have been intensively connecting sites that still use septic tanks. A system for managing small treatment plants and oil and water separators has been optimised.

Waste management

The strategy of waste management at Petrol is aimed at preventing the generation of waste and accelerating efficient separation of waste at source. Petrol's operations generate municipal waste, non-municipal waste (paper, cardboard and plastics packaging), which represents pure fractions of waste, and hazardous waste. By accelerating the separation of municipal waste, the quantity of mixed municipal waste decreases, resulting in smaller costs. In 2014 a project was in progress for installing bins for separate collection at various sites.

We prepared an information platform for monitoring environmental indicators in 2014. It will help us monitor the trends of drinking water consumption, the quality and quantity of wastewater, the type and quantity of waste and similar, enabling us to monitor and manage costs better.

Major accident prevention

In the area of major accident prevention and mitigation of their consequences within the scope of the safety management system, we continued activities in 2014 to implement prescribed systemic measures at higher-risk and minor-risk facilities as part of the tasks specified in safety reports, accident prevention schemes, and protection and rescue plans.

Fire safety and anti-explosion protection are a very important aspect of safety at Petrol. They are provided through legally prescribed measures and preventive safety measures to ensure business continuity and the safety of persons and property. In accordance with the protection and rescue plan, fire and evacuation drills were organised in October, the month of fire safety, in Petrol's office buildings attached to fuel storage facilities.

Social responsibility

In the Petrol Group, social responsibility is perceived as a lasting commitment to cooperate with the environment in which it operates. Supporting and helping our environment is interwoven with our long-term growth strategy. We demonstrate our social responsibility by supporting numerous sports, cultural, humanitarian and environmental protection projects. We have been helping wider social and local communities achieve a dynamic and healthier lifestyle and, consequently, better quality of life. Caring for social and environmental issues and helping to solve social problems is part of the Petrol Group's operations and its wider social activities.

Sponsorship

Petrol cooperates with Slovene athletes from various collective and individual sports disciplines. We sponsor clubs, associations and events all over Slovenia and, by tradition, Petrol is among the major sponsors of certain events and sports disciplines. By supporting sports events that attract wide public attention we boost our visibility and strengthen our brand.

WE WERE PROUD OF THE ACHIEVEMENTS OF TEAM PETROL ATHLETES IN 2014.

Petrol has traditionally had a strong presence in winter sports. It is the golden sponsor of the Ski Association of Slovenia, providing support to the Alpine Skiing National Team for a number of years and, since 2012, also to the biathlon team. Petrol supports World Cup Alpine skiing competitions (Golden Fox and Vitranc Cup) and it also sponsors snowboarding. Furthermore, it is a traditional sponsor of hockey clubs and certain major hockey events. In ball games, Petrol is most visible in handball, being the platinum sponsor of the Handball Association of Slovenia.

The year 2014 was marked by the Sochi Olympics and the large number of medals won by Slovenia. We are a sponsor of the Olympic Committee of Slovenia and the grand sponsor of the Slovene National Olympic Team. Together with the Olympic Committee of Slovenia and the Sport Institute of the Republic of Slovenia we are also the general sponsor of all school sports competitions and the Youth Sport event, thus promoting recreational sport among youth under the slogan "Sport Gives Me Energy for Life".

Furthermore, we devote considerable attention to sponsoring individual top and promising athletes who pursue Petrol's values and are united in Team Petrol.

Particular attention is given to automotive sport, through which we approach professionals, and we also participate in car racing events.

In addition, we take part in technical projects relating to various energy and environmental activities. Sponsorship funding is also used to support technical projects (conferences, symposia, events) organised by institutions from various fields related to Petrol' areas of work.

In the area of culture, we have been cooperating for years with the Ljubljana Festival and Lent Festival, and we support other cultural events throughout the year.

Humanitarian projects

In cooperation with the Red Cross and the Blood Transfusion Centre we carried out yet another humanitarian campaign Donate Energy for Life, which was launched in 2011. The campaign was used to encourage existing blood donors and to help win new blood donors as well as to raise the awareness of Slovenes of the importance of blood donation. The principal goal of the 2014 campaign was to mobilise the target group of young blood donors and to raise the awareness of tolerant communication. The campaign was conducted under the slogan "Do not let your blood boil, rather donate it to those that really need it".

OVER EUR 60 THOUSAND WAS ALLOCATED TO HUMANITARIAN PROJECTS SELECTED BY OUR SERVICE STATION STAFF.

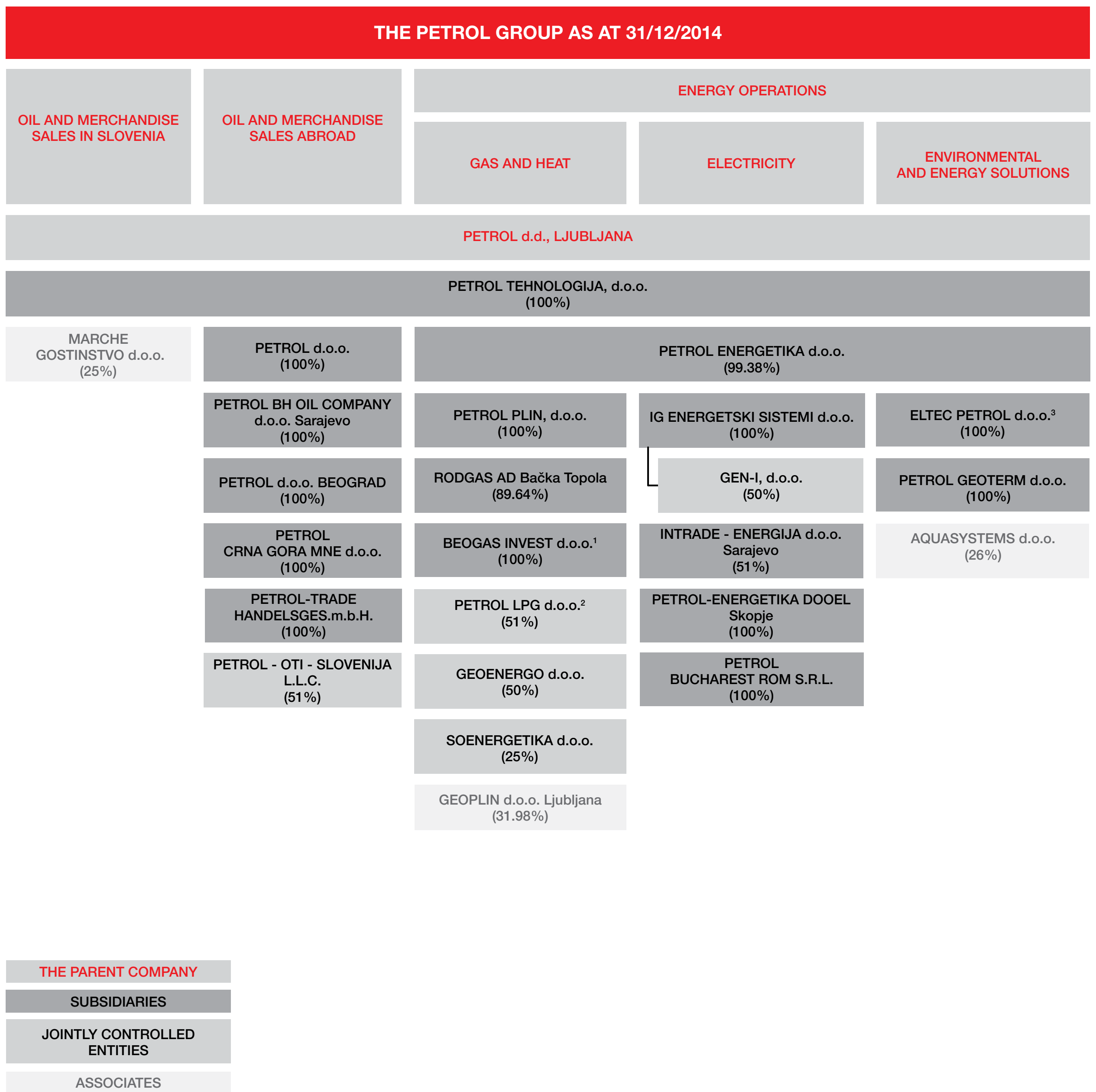
Humanitarian projects operated by non-profit organisations were supported through donations. At the end of the year, we organised the fourth Our Energy Connects campaign as part of which the funds earmarked for business gifts were given to charity instead. The staff of all service stations across Slovenia were asked to find and propose a humanitarian project in their vicinity. Instead of buying business gifts, EUR 200 was allocated to each of the projects (EUR 60,000 altogether). In addition to service stations, donations were also raised by staff working in office buildings.

A series of national, but most importantly international awards is a testament to the quality and success of our socially responsible activities and other communication projects. In 2014 we received the national Prizma award for excellence in internal communication and the Finance daily award for the best annual report in the category of communication.

THE PETROL GROUP

ENERGY CONNECTS US.
WE HELP ATHLETES ACHIEVE TOP RESULTS. FOR THE FOURTH YEAR RUNNING, WE PARTICIPATED IN THE PAN-SLOVENE BLOOD DONATION CAMPAIGN GIVE ENERGY FOR LIFE, WHICH MADE IT POSSIBLE TO WIN NEARLY 10,000 NEW BLOOD DONORS IN THE PAST YEAR.

Companies in the Petrol Group



[1] Beogas Invest d.o.o. has the subsidiaries Beogas d.o.o. and Domingas d.o.o.
[2] Petrol LPG d.o.o. Beograd has the subsidiary Tigar Petrol d.o.o.
[3] Eltec Petrol d.o.o. has the subsidiaries Eltec Petrol Hrvatska d.o.o. and Eltec Petrol d.o.o. Beograd.

The parent company

PETROL, SLOVENSKA ENERGETSKA DRUŽBA, D.D., LJUBLJANA

Management Board: Tomaž Berločnik – President, Rok Vodnik – Member, Janez Živko – Member, Samo Gerdin – Member, Worker Director
E-mail: petrol.pr@petrol.si

Petrol d.d., Ljubljana was formally established on 5 June 1945 as a subsidiary of the state-owned company Jugopetrol. Before being transformed into a private joint-stock company in 1997, Petrol had operated under a variety of different organisational forms.

The parent company's principal activity is trading in petroleum products and selling other merchandise and services. With its 315 service stations, it has a 58-percent share of the Slovene retail market in petroleum products. It generates the greater part of the Group's revenue and profits.

The Company ended the year 2014 with sales revenue of EUR 3.3 billion, up 1 percent on 2013. It generated 75 percent of its sales revenue through petroleum product sales, 13 percent through merchandise sales, and 12 percent through the sale of natural gas, electricity, heat and services.

Petrol d.d., Ljubljana's sales revenue consisted of the sale of:
- 2.5 million tons of petroleum products, up 3 percent relative to 2013,
- 26.1 million m^3 of natural gas, down 5 percent relative to 2013,
- 7.4 TWh of electricity, up 80 percent relative to 2013,
- 23.1 thousand MWh of heat, up 34 percent relative to 2013,
- merchandise totalling EUR 431.8 million, up 1 percent relative to 2013.

Gross profit stood at EUR 249.0 million, which was on a par with the previous year. Operating costs totalled EUR 179.9 million or 2 percent more than in 2013. The costs of materials amounted to EUR 11.7 million or 16 percent more year-on-year, which was due mainly to the higher costs of consumables. The costs of services stood at EUR 106.1 million and were down 1 percent from 2013, thanks to a decrease in property management costs (Petrol Maloprodaja Slovenija d.o.o.'s merger into the parent company effective 1 October 2014 and the resulting increase in labour costs). Labour costs amounted to EUR 30.7 million and were up 14 percent year-on-year, primarily on account of the merger of Petrol Maloprodaja Slovenija d.o.o. into the parent company effective 1 October 2014 (with property management costs falling as a result). The depreciation and amortisation charge totalled EUR 29.3 million, an increase of 6 percent relative to 2013. This was due predominantly to investments in environmental and energy solutions projects and in information technology.

Operating profit totalled EUR 74.8 million or 4 percent less than in 2013.

Net finance income stood at EUR –30.2 million, which was EUR 12.9 million more than in 2013, thanks in particular to a EUR 15.2 million increase in the positive net effect of derivatives relative to 2013 and a EUR 4.3 million decrease in allowances for receivables.

Pre-tax profit stood at EUR 48.5 million, up 24 percent on 2013, with the net profit of Petrol d.d., Ljubljana for the year 2014 totalling EUR 41.1 million or 36 percent more than in 2013.

Total assets of Petrol d.d., Ljubljana amounted to EUR 1,345.4 million as at 31 December 2014 and were down 3 percent from 2013. Non-current assets stood at EUR 868.5 million, down 2 percent year-on-year, with current assets amounting to EUR 476.9 million or 5 percent less as compared to 31 December 2013.

The equity of Petrol d.d., Ljubljana as at 31 December 2014 equalled EUR 419.8 million, which was 5 percent more than at the end of 2013.

Subsidiaries

PETROL D.O.O.

President of the Management Board: Boris Antolovič
Member of the Management Board: Jozo Kalem, David Korošec (until 9 July 2014)
Supervisory Board: Janez Živko (President), Miha Kirn, Marinko Dizdar (since 8 September 2014)
E-mail: boris.antolovic@petrol.si, jozo.kalem@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The company is engaged in the sale of oil derivatives, petroleum products and other merchandise in Croatia. In 2014 Petrol d.o.o. sold 578.5 thousand tons of oil derivatives, up 24 percent from 2013. Revenue from the sale of oil and petroleum products totalled EUR 606.3 million, with revenue from the sale of merchandise amounting to EUR 36.0 million, revenue from the sale of electricity to EUR 21.6 million and revenue from the sale of services to EUR 2.4 million. In 2014 the company generated EUR 666.3 million in net sales revenue, up 16 percent on the previous year. The company's operating profit stood at EUR 9.5 million in 2014, up 131 percent year-on-year. Its net profit for 2014 totalled EUR 4.9 million, up 171 percent on the previous year. Petrol d.o.o. operated 101 service stations at the end of 2014.

Its equity totalled EUR 86.7 million as at 31 December 2014.

PETROL BH OIL COMPANY D.O.O.

General Manager: Uroš Bider
E-mail: uros.bider@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The company's principal activities comprise wholesale and retail trade in liquid and gaseous fuels and similar products. In 2014 it sold 191.9 thousand tons of petroleum products, up 15 percent on 2013. In 2014, the company generated EUR 201.7 million in revenue from the sale of oil and petroleum products, EUR 20.4 million in revenue from the sale of electricity, EUR 6.5 million in revenue from the sale of merchandise and EUR 0.3 million in revenue from the sale of services. Its total net sales revenue thus stood at EUR 229.0 million, up 15 percent on the previous year. The company's operating profit stood at EUR 4.3 million in 2014, up 72 percent year-on-year. Its 2014 net profit totalled EUR 2.7 million, a considerable improvement on the previous year, when the company had posted a loss of EUR 363.0 thousand. Petrol BH Oil Company d.o.o. Sarajevo operated 38 service stations at the end of 2014.

Its equity totalled EUR 43.4 million as at 31 December 2014.

PETROL D.O.O. BEOGRAD

General Manager: Aljoša Višnar until 19 June 2014, Željko Bjelan representing the company jointly with another manager since 15 April 2014, but in an autonomous capacity since 20 June 2014
E-mail: zeljko.bjelan@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The company's principal activity is the sale of petroleum products and other merchandise in Serbia. The volume of petroleum products sold in 2014 totalled 12.9 thousand tons, a decrease of 21 percent on the previous year. Revenue from the sale of oil and petroleum products totalled EUR 16.6 million, with revenue from the sale of merchandise amounting to EUR 1.1 million, revenue from the sale of services to EUR 47.3 thousand and revenue from the sale of electricity to EUR 56.8 million. In 2014 Petrol d.o.o. Beograd generated a total of EUR 74.6 million in net sales revenue. Its 2014 net profit totalled EUR 249.2 thousand, a considerable improvement on the previous year, when the company had posted a loss of EUR 1.1 million. At the end of 2014, Petrol d.o.o. Beograd operated 8 service stations.

Its equity totalled EUR 18.4 million as at 31 December 2014.

PETROL CRNA GORA MNE D.O.O.

Executive Director: Dean Krivec
E-mail: dean.krivec@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The company's principal activity is the sale of petroleum products and gas in the territory of Montenegro. It was formed when the company Petrol Crna Gora d.o.o. was legally and formally merged into the company Petrol Bonus d.o.o. in July 2012. The merger resulted in a new company called Petrol Crna Gora MNE d.o.o. In 2014 the company sold 25.6 thousand tons of oil and petroleum products, which was 21 percent more than in 2013. Revenue from the sale of oil and petroleum products totalled EUR 31.9 million, with revenue from the sale of merchandise amounting to EUR 1.5 million, revenue from the sale of services to EUR 76.9 thousand and revenue from the sale of electricity to EUR 3.7 million. In 2014 the company generated EUR 37.2 million in net sales revenue, up 22 percent on the previous year. Its operations in 2014 generated a net profit of EUR 400.6 thousand, an increase of 148 percent from the year before. Petrol Crna Gora MNE d.o.o. operated 9 service stations at the end of 2014.

Its equity totalled EUR 17.2 million as at 31 December 2014.

PETROL ENERGETIKA D.O.O.

General Manager: Mojca Kert
E-mail: mojca.kert@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 99.3844%

Petrol Energetika d.o.o. developed and put into practice a competitive multi-energy and utility business model, which combines, in a technological, economic and environmental sense, the provision of comprehensive energy services. The company has been ensuring strategic and comprehensive energy and energy services supply to industry customers and consumers in integrated economic areas and beyond for many years. In recent years, the company expanded its operations to include the performance of the public economic services of heat and natural gas supply and distribution in the Carinthia region municipalities and in the municipality of Hrastnik, as well as the management of third-party financing projects across Slovenia. By bringing together energy and public utility services, the company optimises its operating costs, ensures growth and development, and provides its customers with competitive, comprehensive and reliable energy supply while also taking into account the environment. The four pillars of its operations are electricity, natural gas and heat, renewable energy sources and comprehensive water management.

At the end of 2014, the company held 5 natural gas distribution concessions, 3 heat supply and distribution concessions, 2 concessions for the supply of heat from wood biomass fired boilers and 1 chimney sweeping concession. In 2014 Petrol Energetika d.o.o. sold 753.7 thousand MWh of electricity, of which 43.3 thousand MWh were generated by the company itself, and distributed 317.9 thousand MWh of electricity. The company sold and distributed 86.6 million Sm^3 and 53.3 million Sm^3 of natural gas, respectively. As regards heat operations, the company sold 42.9 thousand MWh of heat in the period concerned. In 2014 it generated EUR 89.8 million in net sales revenue and a net profit of EUR 3.3 million. The net profit attributable to the company Petrol d.d., Ljubljana totalled EUR 3.2 million.

The company's equity totalled EUR 34.5 million as at 31 December 2014.

ELTEC PETROL D.O.O.

General Manager: Jože Torkar
E-mail: joze.torkar@eltec-petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%
(a 25.1-percent interest acquired on 22 October 2014)

By acquiring the company El-Tec Mulej d.o.o., Bled, the Petrol Group expanded its operations in the field of energy and environmental solutions delivery. In October 2014, Petrol d.d., Ljubljana acquired the remaining interest in Eltec Petrol d.o.o., thus becoming its sole owner. Eltec Petrol d.o.o. and its subsidiaries[6] market top-quality products and comprehensive system solutions in the areas of district energy, lighting efficiency, water distribution systems and energy management in buildings. The company operates in Slovenia, Austria, Italy and SE Europe markets. In 2014 the Eltec Petrol Group generated EUR 17.4 million in net sales revenue. Its net profit for 2014 totalled EUR 469.9 thousand. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 544.2 thousand.

The group's equity totalled EUR 4.9 million as at 31 December 2014.

PETROL PLIN D.O.O.

General Manager: Matjaž Burger
E-mail: matjaz.burger@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The company is engaged in the storage, distribution and sale of liquefied petroleum gas. In 2014 it sold 32.6 thousand tons of liquefied petroleum gas, which was 9 percent more than in 2013. Its net sales revenue thus stood at EUR 25.4 million, up 2 percent on the previous year. The company's net profit for 2014 totalled EUR 1.0 million.

Its equity totalled EUR 6.1 million as at 31 December 2014.

BEOGAS INVEST D.O.O.

Supervisory Board: Janez Grošelj, Primož Kramer, Ratko Stanivukovič
General Manager: Željko Bjelan
E-mail: zeljko.bjelan@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 91.85%, since 30 October 2014 100%

In April 2012, Petrol d.d., Ljubljana acquired an 85-percent interest in the company Beogas Invest d.o.o., which is the sole owner of the companies Beogas d.o.o and Domingas d.o.o. Together with its two subsidiaries, Beogas Invest d.o.o. is engaged in financing, planning and constructing distribution pipelines, and also distributes natural gas in three Belgrade municipalities, i.e. Čukarica, Palilula and

6 Subsidiary are Eltec Petrol Hrvatska d.o.o. and Eltec Petrol d.o.o. Belgrade.

Voždovac. Beogas d.o.o. is the owner of 213 km of the gas distribution network and 8,456 active gas connections, through which it sold 12.2 million Sm^3 of natural gas in 2014. In 2014 the group generated EUR 5.3 million in net sales revenue, with its net profit for 2014 totalling EUR 28.5 thousand. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 47.4 thousand.

The company's equity totalled EUR 8.4 million as at 31 December 2014.

RODGAS AD BAČKA TOPOLA

Supervisory Board: Matjaž Burger (President), Primož Kramer, Željko Bjelan
Executive Director: Milan Dragosavac
E-mail: matjaz.burger@petrol.si, primoz.kramer@petrol.si, zeljko.bjelan@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 89.64%

The company's activities consist of gas distribution via a gas network in Serbia. Petrol d.d., Ljubljana entered the natural gas distribution market in the Republic of Serbia by acquiring the local distributor. Thanks to the country's favourable position in the region, its big development potential and economic growth, this market represents an interesting opportunity for the expansion of Petrol's gas operations. Rodgas AD Bačka Topola distributes natural gas via a gas network measuring 149.5 km.

In 2014 the company sold 9.0 million Sm^3 of natural gas to household and industry customers, up 2 percent on the previous year. 1,150 households and 129 businesses were connected to the network at the end of the year. The company generated EUR 3.5 million in net sales revenue in 2014, up 3 percent on the previous year. Its 2014 net profit totalled EUR 120.6 thousand, of which EUR 108.1 thousand was attributable to Petrol d.d., Ljubljana.

The company's equity totalled EUR 1.7 million as at 31 December 2014.

PETROL GAS GROUP, D.O.O.

Board of Directors: Matjaž Burger, Janez Grošelj, Milan Dragosavac
E-mail: matjaz.burger@petrol.si, janez.groselj@petrol.si, milan.dragosavac@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

Petrol Gas Group, d.o.o. manages the Pećinci concession obtained by Petrol d.d., Ljubljana via a public call for tenders, which was then transferred to the company Rodgas AD. The construction of the gas distribution network in Pećinci and in the new Šimanovci business zone was completed in the first half of 2011. In May 2011, the pipeline became operational and the companies Petrol d.d., Ljubljana and Srbijagas signed a letter regarding the possibility of future cooperation between the companies. In 2014 the company generated EUR 131.8 thousand in net sales revenue, an increase of 18 percent relative to the year 2013, ending the year with a net profit of EUR 34.9 thousand.

Its equity totalled EUR 3.7 million as at 31 December 2014.

The company was merged into the company Beogas Invest d.o.o. on 31 December 2014.

PETROL GEOTERM D.O.O.

General Manager: Miran Jug
E-mail: miran.jug@petrol.si, petrol-geoterm@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

On 10 May 2013, Petrol d.d., Ljubljana became the full owner of the Lendava-based company Nafta Geoterm d.o.o. The company changed its name from Nafta Geoterm d.o.o. to Petrol Geoterm d.o.o. on 16 October 2013. The company is engaged in mining, processing and transport of natural gas as well as in the management and development of geothermal district heating systems. In 2014 it generated EUR 3.9 million in net sales revenue, its net profit for the year amounting to EUR 267.2 thousand.

The company's equity totalled EUR 3.4 million as at 31 December 2014.

IG ENERGETSKI SISTEMI D.O.O.

General Manager: Tomaž Berločnik
E-mail: tomaz.berlocnik@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The single most important investment of IG energetski sistemi d.o.o. (IGES) is a 50-percent interest in GEN-I. The GEN-I Group trades in electricity in Slovenia and in the EU and SE Europe markets. Furthermore, it sells electricity to end customers in Slovenia and Croatia, and supplies households with natural gas. In 2014 the GEN-I Group generated EUR 1.4 billion in net sales revenue, its net profit for 2014 totalling EUR 5.2 million. The net profit attributable to IGES d.o.o. amounted to EUR 2.6 million. In 2014 the IGES Group generated a net profit of EUR 2.6 million.

The group's equity totalled EUR 29.6 million as at 31 December 2014.

PETROL MALOPRODAJA SLOVENIJA, D.O.O.

General Manager: Roman Dobnikar
E-mail: roman.dobnikar@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

Petrol Maloprodaja Slovenija, d.o.o. is organisationally responsible for the retail sale of petroleum products, merchandise and services at service stations in Slovenia. The service stations and the merchandise are the property of Petrol d.d., Ljubljana. In 2014 the company generated a total of EUR 10.5 million in net sales revenue. This revenue consists of fees charged to Petrol d.d., Ljubljana in connection with sales performed at the service stations managed by Petrol Maloprodaja Slovenija d.o.o. The company ended the year with a net profit of EUR 42.

Its equity totalled EUR 12.8 million as at 30 September 2014.

The company was merged into the parent company Petrol d.d., Ljubljana on 30 September 2014. The merger was entered in the Companies Register on 30 December 2014.

PETROL TEHNOLOGIJA, D.O.O.

General Manager: Andraž Lipolt
E-mail: andraz.lipolt@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

The company's activities comprise maintenance of property, technological equipment and storage tanks, maintenance and construction of technological installations, maintenance and testing of gas storage tank tightness, inspection of measuring devices, and environmental and equipment measurements. The company has its own agencies for the purchasing of spare parts, installations and equipment, and also services and oversees transport units, an activity that expanded rapidly in the past year. Petrol Tehnologija, d.o.o. provides its services to both the Petrol Group and external customers. In 2014 it generated EUR 6.5 million in net sales revenue, up 9 percent on the previous year. The company's net profit stood at EUR 470.4 thousand, which was on a par with the year 2013.

Its equity totalled EUR 2.3 million as at 31 December 2014.

PETROL-TRADE HANDELSGES.M.B.H.

General Manager: Marko Malgaj
E-mail: malgaj@petrol-trade.at
Ownership interest of Petrol d.d., Ljubljana: 100%

Petrol-Trade Handelsges.m.b.H. sells petroleum products in Austria and in the neighbouring countries. In 2014 the company purchased and sold 106.2 thousand tons of petroleum products, of which 103.0 thousand tons were sold outside the Petrol Group. This was 40 percent more than in 2013.

In 2014 Petrol-Trade Handelsges.m.b.H. generated a total of EUR 100.0 million in net sales revenue, its 2014 net profit amounting to EUR 106.2 thousand.

The company's equity totalled EUR 1.7 million as at 31 December 2014.

INTRADE ENERGIJA D.O.O. SARAJEVO

General Manager: Emir Avdić
E-mail: emir.avdic@intrade.co.ba
Ownership interest of Petrol d.d., Ljubljana: 51%

Intrade energija d.o.o. Sarajevo became a subsidiary of Petrol d.d., Ljubljana when the company IG Investicijski inženiring, d.o.o., was merged into Petrol d.d., Ljubljana. The company is engaged in electricity trading and distribution. In 2014 it generated EUR 1.3 million in net sales revenue, its net profit or loss for 2014 totalling EUR -178.5 thousand. The net profit or loss attributable to Petrol d.d., Ljubljana amounted to EUR -91.1 thousand.

The company's equity totalled EUR -5.9 million as at 31 December 2014.

PETROL-ENERGETIKA DOOEL SKOPJE

General Manager: Gorazd Skubin
E-mail: gorazd.skubin@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

In October 2010, Petrol d.d., Ljubljana established the company Petrol-Energetika DOOEL Skopje, which is engaged in electricity trading. The company has a valid electricity trading licence.

Its equity totalled EUR 76.1 thousand as at 31 December 2014.

PETROL BUCHAREST ROM S.R.L.

General Manager: Gorazd Skubin
E-mail: gorazd.skubin@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 100%

In December 2014, Petrol d.d., Ljubljana established the company Petrol Bucharest ROM S.R.L., which is engaged in electricity trading, production, transport and distribution.

Its equity totalled EUR 10 thousand as at 31 December 2014.

Jointly controlled entities

PETROL-OTI-SLOVENIJA L.L.C.

Board of directors: Tomaž Berločnik, Nazmi Bytyqi, Stanislav Marn
Executive Director: Jože Smolič until 14 September 2014, Stanislav Marn since 15 September 2014
E-mail: stanislav.marn@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 51%

The company's principal activity is the sale of petroleum products in the territory of Kosovo. In 2014 it sold 12.7 thousand tons of oil and petroleum products, which was 3 percent more than in 2013. Its net sales revenue stood at EUR 16.1 million, on a par with the previous year. The company's net profit or loss for 2014 totalled EUR -87.9 thousand, with the net profit or loss attributable to Petrol d.d., Ljubljana amounting to EUR -44.8 thousand. At the end of 2014, the company operated 8 service stations.

Its equity totalled EUR 14.9 million as at 31 December 2014.

PETROL LPG D.O.O. BEOGRAD

Supervisory Board: Janez Grošelj (President), Zoran Maksimovič, Matjaž Burger
General Manager: Čedomir Kocić until 10 February 2014, Bojan Kocić since 11 February 2014
E-mail: matjaz.burger@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 51%

Petrol LPG d.o.o. was established on 20 February 2013. Through its Serbian subsidiary[7], it is engaged in the sale of liquefied petroleum gas. In 2014 it sold 28.0 thousand tons of LPG, generating EUR 23.0 million in net sales revenue. The company's net profit or loss for 2014 totalled EUR -254.8 thousand. The net profit or loss attributable to Petrol d.d., Ljubljana stood at EUR -130.0 thousand.

The company's equity totalled EUR 3.5 million as at 31 December 2014.

GEOENERGO D.O.O.

General Managers: Dušan Stopar, Miha Valentinčič
Supervisory Board: Robert Serec, Gregor Plevel, Barbara Jama Živalič, Marta Svoljšak Jerman
E-mail: miha.valentincic@petrol.si
Ownership interest of Petrol d.d., Ljubljana: 50%

The company holds concession rights for the extraction of mineral resources, crude oil, natural gas and gas condensate in the area of the Mura depression. In 2014 it produced 378.4 tons of oil and gas condensate and 2.7 million m^3 of natural gas. It has a long-term contract with the company Ascent Slovenia Limited on joint operations aimed at developing oil and gas fields Dolina and Petišovci near Lendava. Two new boreholes that were successfully developed in 2011 will begin trial operation as soon as suitable processing and transport infrastructure is in place to carry natural gas to the transmission network or there is a new customer at the site who will be able to accept the available gas produced. The company's net profit for 2014 stood at EUR 49.0 thousand. The net profit attributable to Petrol d.d., Ljubljana amounted to EUR 24.3 thousand.

The company's equity totalled EUR 191.0 thousand as at 31 December 2014.

SOENERGETIKA D.O.O.

General Manager: Aleš Ažman
E-mail: ales.azman@elektro-gorenjska.si
Ownership interest of Petrol d.d., Ljubljana: 25%

The company's principal activity is the production of electricity in thermal power plants and nuclear power plants. Its net profit for 2014 totalled EUR 698.2 thousand, with the net profit attributable to Petrol d.d., Ljubljana amounting to EUR 174.5 thousand.

The company's equity totalled EUR 1.8 million as at 31 December 2014.

7 Tigar Petrol d.o.o.

Associates

Aquasystems d.o.o.

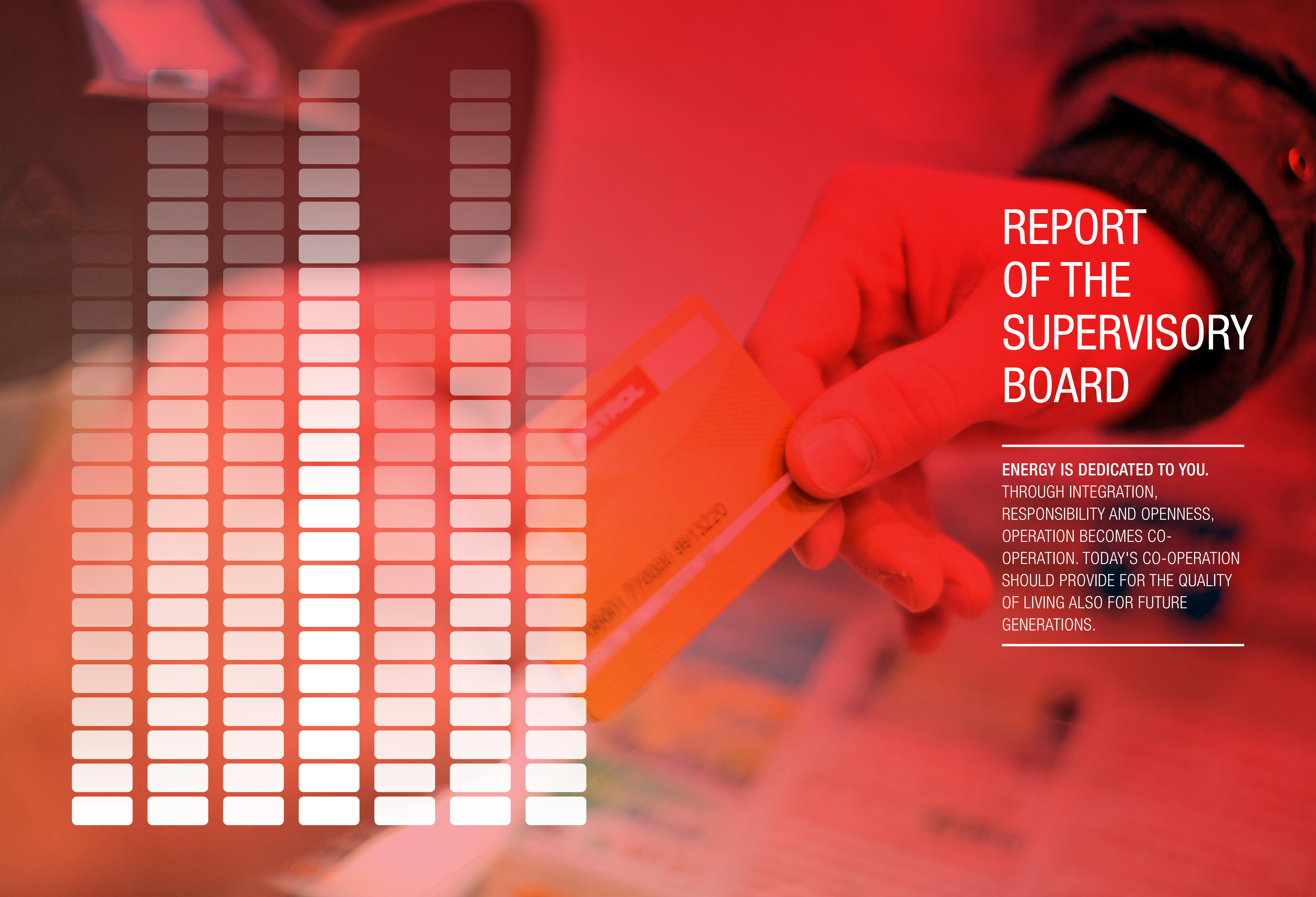
Activities: Construction and operation of industrial and municipal water treatment plants – the central waste treatment plant in Maribor
Ownership interest of Petrol d.d., Ljubljana: 26%

Geoplin d.o.o. Ljubljana

Activities: Trading and wholesale of natural gas
Ownership interest of Petrol d.d., Ljubljana: 31.9779%

Marche Gostinstvo d.o.o.

Activities: Preparation of food and beverages, sale of merchandise and other services
Ownership interest of Petrol d.d., Ljubljana: 25%



REPORT OF THE SUPERVISORY BOARD

ENERGY IS DEDICATED TO YOU. THROUGH INTEGRATION, RESPONSIBILITY AND OPENNESS, OPERATION BECOMES CO-OPERATION. TODAY'S CO-OPERATION SHOULD PROVIDE FOR THE QUALITY OF LIVING ALSO FOR FUTURE GENERATIONS.

Successful operations and efficient supervision

There were no changes in the Supervisory Board's composition in 2014. As from the inaugural meeting held on 22 April 2013, I have fulfilled the function of Supervisory Board president, with Irena Prijović as my deputy. In 2014 the Supervisory and Management Boards of Petrol d.d., Ljubljana devoted their attention to substantive matters within their remit. Through frank dialogue, they developed interpersonal relationships, thus strengthening their mutual trust.

The members of the Supervisory Board carried out their work professionally, focusing on the effective performance of their functions, including within the committees. All members of the Supervisory Board regularly attended the meetings and the majority of resolutions were passed unanimously. Supervisory Board members thoroughly prepared themselves for the topics discussed, gave constructive proposals based on expert and comprehensive verbal and written information obtained from the Management Board, and adopted decisions competently, in line with the Rules of Procedure, internal regulations and legal powers. The Supervisory Board informed stakeholders on a regular basis. If events occurred that were relevant, I, as the President of the Supervisory Board, issued public statements for the investors and the media immediately after the meetings, always ready to provide additional information. In compliance with the Corporate Governance Code, the Supervisory Board discloses in this report the costs incurred in connection with its work, which had not been disclosed in the annual report. These costs totalled EUR 13,439.20.

In 2014 the Supervisory Board held ten meetings. The most important topics discussed at the Supervisory Board's meetings in 2014 were associated with the monitoring of the Company's operations and its development. The Supervisory Board and the Management Board focused their efforts on determining strategies and on identifying and managing business risks. This was important for the successful future operations of the Company and the Petrol Group.

The most important topics discussed at the Supervisory Board's meetings in 2014

At the sixth meeting held on 13 March 2014, the Supervisory Board approved the audited Annual Report of the Petrol Group and Petrol d.d., Ljubljana for the year 2013, the proposal for the allocation of accumulated profit and the convocation of the 24th General Meeting of 24 April 2014, which comprised the proposal for the appointment of auditors for the 2014 annual report.

At the seventh meeting held on 8 May 2014, the Supervisory Board discussed the matter of filling Management Board positions after 30 August, when the terms of office of Management Board members Janez Živko and Rok Vodnik ended. At the meeting, the Supervisory Board re-appointed both members for another five-year term of office beginning on 30 August 2014.

The eighth meeting held on 15 May 2014 focused, in addition to quarterly results, on bringing the Supervisory Board up-to-date with the Management Board's intention to secure long-term funding in 2014 by means of eurobonds. The Supervisory Board gave its approval to the Management Board at the tenth meeting of 18 June 2014 (in total, the eurobond issue was worth EUR 265 million in nominal terms).

To discuss strategic and other issues related to the Company's operations, the Supervisory Board decided to call at least two meetings not foreseen in the financial calendar in 2014. One of the meetings, the ninth, took place on 10 June 2014. At this meeting, the Supervisory Board, which was assisted by an external expert, carried out a part of the procedures to assess its effectiveness and efficiency, discussed strategic issues together with the Management Board, and was informed on the progress of the eurobond issuance. At the tenth meeting of 18 June 2014, the Supervisory Board formally authorised the Management Board to issue the eurobonds.

At the eleventh meeting held on 28 August 2014, the Supervisory Board was briefed on the Report on the Operations of the Petrol Group and Petrol d.d., Ljubljana in the First Six Months of 2014, and it also adopted the Action Plan of the Supervisory Board of Petrol d.d., Ljubljana including proposals for improvement and actions to enhance the efficiency of its work.

The twelfth and thirteenth meeting held on 10 and 24 October 2014, respectively, were informal meetings which, too, were not part of the financial calendar, but still had quite a few substantive items on their agendas, including, in particular, the review of Petrol Maloprodaja Slovenija d.o.o.'s merger into the absorbing company Petrol d.d., Ljubljana and the Management Board's presentation of additional possibilities for consolidating the financial strength of the Petrol Group.

At the fourteenth meeting of 20 November 2014 the Supervisory Board, in addition to discussing the nine-month results, adopted the 2015 financial calendar.

At the fifteenth meeting of 11 December 2014 the Supervisory Board approved the Petrol Group's Business Plan and Key Targets for 2015 and the Petrol Group's Strategic Business Plan 2015–2019. Together with the Management Board it also updated the Corporate Governance Policy of Petrol d.d., Ljubljana (the updated version of 11 December 2014 is published on the website of Petrol d.d., Ljubljana and the website of the Ljubljana Stock Exchange – SEOnet). After being informed of the resignation of Management Board member Janez Živko effective 28 February 2015, the Supervisory Board instructed its Human Resources and Management Board Evaluation Committee to prepare the procedure for the selection of a new Management Board member.

The Supervisory Board also dealt with the reports of the Human Resources and Management Board Evaluation Committee, the reports of the Audit Committee and, in this context, the reports of Internal Audit and the Business Risk Management Committee as well as other relevant issues within their competence.

Work of the Supervisory Board's committees

The Audit Committee met eight times in 2014. The first two meetings in the financial year were devoted to preparing the basis for the Supervisory Board's approval of the annual report (a discussion with the KPMG auditors). The Committee discussed the audited annual report and submitted a proposal for its approval to the Supervisory Board (after the incorporation of changes proposed by the Committee). It also dealt with the topics related to the Supervisory Board and the annual General Meeting of Shareholders (proposing the auditors for auditing the 2014 annual report).

At the other meetings, the Audit Committee discussed the quarterly reports on the operations of the Petrol Group and Petrol d.d., Ljubljana (in May, August and November) and dealt with the standard and other issues, such as:

- briefing on the progress of the preliminary audit of the 2014 annual report;
- the Audit Committee's work programme for 2015;
- the annual review of the competencies and tasks of the Audit Committee and of its effectiveness in the years 2013 and 2014;
- the management of credit, foreign exchange and price risks;
- risk management in the Petrol Group by quarter;
- work of the Business Risk Management Committee;
- briefing on the progress and results of the external assessment of Internal Audit's work (measures were adopted as a follow-up to the action plan);
- reports of Internal Audit and the 2015 Internal Audit work programme;
- contracts with external auditors and other topics falling within the competence of the Audit Committee.

The Human Resources and Management Board Evaluation Committee met ten times in the financial year 2014. It discussed the appointment of Management Board members (the term of office of two Management Board members ended on 30 August 2014 and a Management Board member stepped down effective 28 February 2015) and the Management Board's remuneration. The Committee did not assess its own efficiency in 2014. The action plan adopted by the Supervisory Board at its eleventh meeting on 28 August 2014 also includes activities and tasks pertaining to both Supervisory Board committees.

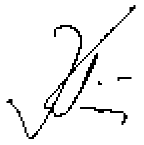
Assessment of the Petrol Group's operations in 2014

In spite of the demanding economic situation, the Petrol Group's economic position is strong and places Petrol among leading Slovene companies. Petrol's operations are focused on achieving long-term growth and thus stable return for shareholders. Despite the demanding business conditions, it achieved good business results in 2014. The Petrol Group's sales revenue stood at EUR 4.0 billion, up 2 percent on the year before. Gross profit stood at EUR 339.5 million, up 1 percent year-on-year. Operating profit totalled EUR 95.9 million or 2 percent more than in 2013, with net profit amounting to EUR 60.7 million, a year-on-year increase of 15 percent. The Petrol Group sold 2.8 million tons of petroleum products in 2014 or 1 percent more than in 2013. Merchandise sales stood at EUR 476.1 million, which was on a par with the previous year's figure. Electricity sales were up 78 percent year-on-year and stood at 8.7 TWh. The sales of energy products used for heating were slightly lower than planned owing to the mild winter.

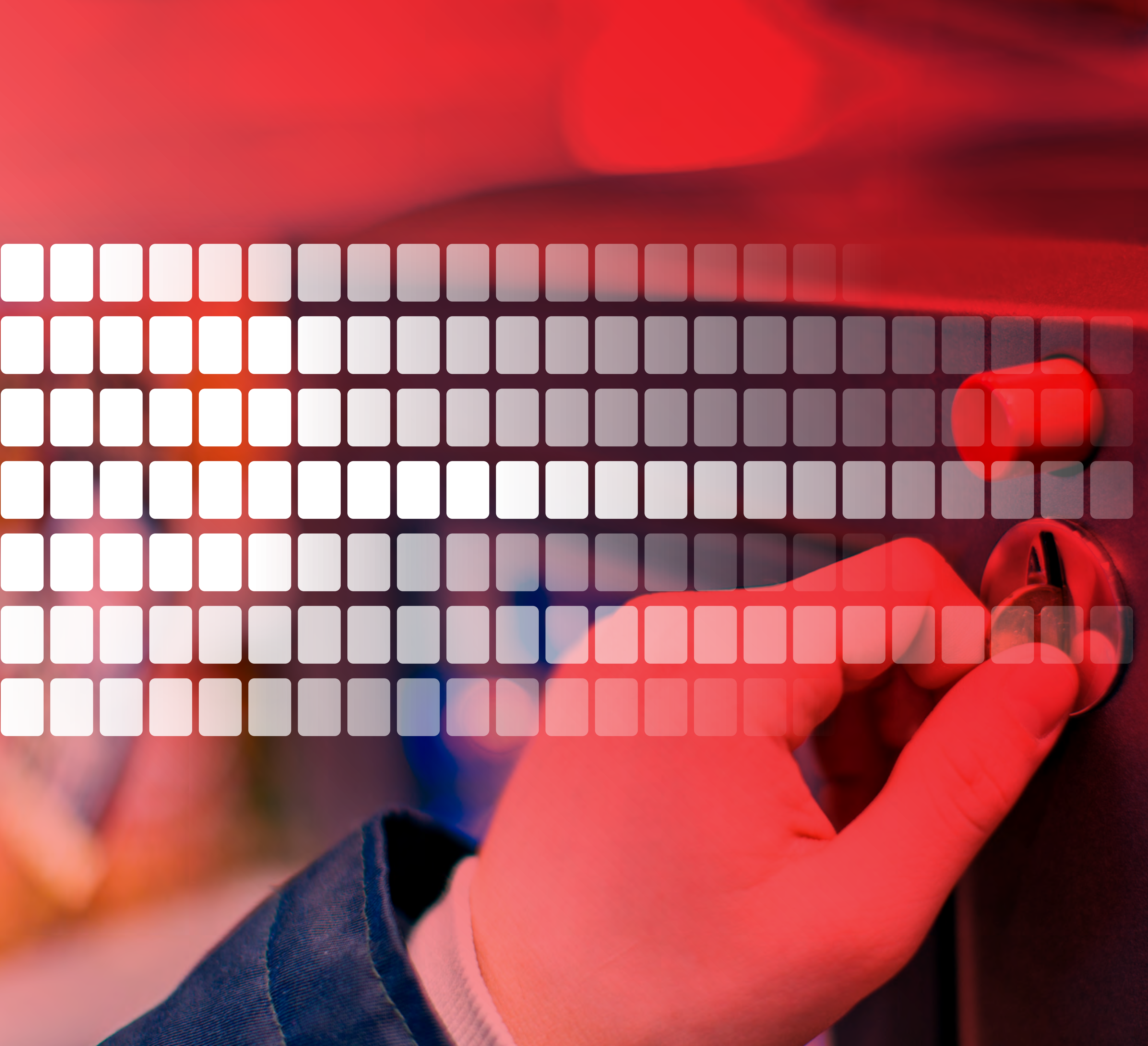
Approval of the 2014 annual report

At its eighteenth meeting held on 12 March 2015, the Supervisory Board discussed the audited Annual Report of the Petrol Group and Petrol d.d., Ljubljana for 2014. On the basis of the verification of the 2014 Annual Report of the Petrol Group and Petrol d.d., Ljubljana, the financial statements and notes thereto, the verification of the Management Board's proposal on the allocation of accumulated profit, and the certified auditor's report, the Supervisory Board approved the audited Annual Report of the Petrol Group and Petrol d.d., Ljubljana for 2014.

Ljubljana, 12 March 2015



Tomaž Kuntarič
President of the Supervisory Board



FINANCIAL REPORT 2014

ALL IS ENERGY. RESPONSIBLE OPERATIONS YIELDED GOOD RESULTS, AND THIS IS WHAT DRIVES US FORWARD ON OUR JOURNEY. WE ENTER THE YEAR 2015 BRIMMING WITH ENERGY AND READY TO TAKE ON NEW CHALLENGES.

Annual Report of the Petrol Group and Petrol d.d., Ljubljana 2014 – Financial Report

Contents

Statement of Management's Responsibility

The Company's management is responsible for the preparation of the financial statements, together with the accounting policies and notes, of the Petrol Group and the company Petrol d.d., Ljubljana for the year 2014, which give, to the best of its knowledge and belief, 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 and any other companies included in the consolidated financial statements are exposed to as a whole.

The management confirms that appropriate accounting policies have been applied consistently in the preparation of the financial statements, that accounting estimates were prepared based on the principles of fair value, prudence and sound management and that the financial statements give a true and fair view of the Company's financial position and the results of its operations in the year 2014.

The management is also responsible for appropriate accounting and for taking adequate measures to protect the Company's property and other assets, and confirms that the financial statements, together with the notes thereto, have been prepared on the going concern assumption and in accordance with applicable legislation and International Financial Reporting Standards as adopted by the European Union.

The Company's management accepts and approves the financial statements, together with the accounting policies and notes, of the Petrol Group and the company Petrol d.d., Ljubljana for the year 2014.

The tax authorities may inspect the Company's operations at any time within the period of five years following the year in which the tax was due. This may result in additional tax liabilities, interest on late payment and penalties arising from the corporate income tax and other taxes and duties. The Company's management is not aware of any circumstances, which may give rise to any material liabilities in this regard.

Tomaž Berločnik
President of the
Management Board

Rok Vodnik
Member of the
Management Board

Janez Živko
Member of the
Management Board

Samo Gerdin
Worker Director

Petrol d.d., Ljubljana, Dunajska c. 50, 1527 Ljubljana, Slovenia

Ljubljana, 23 February 2015

Building a better working world

This is a translation of the original report in Slovene language

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Petrol d.d., Ljubljana

Report on the Financial Statements
We have audited the accompanying separate financial statements of Petrol d.d., Ljubljana and the consolidated financial statements of Petrol Group which comprise the separate and consolidated statement of financial position as at December 31, 2014, and the separate and consolidated income statement, separate and consolidated statement of comprehensive income, separate and consolidated statement of cash flows, separate and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these separate and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the separate and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the separate and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the separate and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the separate and consolidated financial statements present fairly, in all material respects, the financial position of Petrol d.d., Ljubljana and Petrol Group., as of December 31, 2014, and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other matter
The separate and consolidated financial statements as at December 31, 2013 were audited by other auditor, which issued unqualified opinions on February 17, 2014.

Report on Other Legal and Regulatory Requirements
Management is also responsible for preparing the business report in accordance with the Slovenian Companies Act. Our responsibility is to assess whether the business report is consistent with the audited separate and consolidated financial statements. Our work regarding the business report is performed in accordance with ISA 720, and restricted to assessing whether the business report is consistent with the audited separate and consolidated financial statements and does not include reviewing other information originated from non-audited financial records.

The business report is consistent with the audited separate and consolidated financial statements.

Ljubljana, February 23, 2015

ERNST & YOUNG
Revizija, poslovno svetovanje d.o.o., Ljubljana 1

Sanja Košir Nikašinović
Director
Ernst & Young d.o.o.
Dunajska 111, Ljubljana

Lidija Šinkovec
Certified Auditor

Družba je članica Ernst & Young Global Limited.

Financial Statements of the Petrol Group and Petrol d.d., Ljubljana

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

		The Petrol Group		Petrol d.d.	
(in EUR)	Note	2014	2013	2014	2013
Sales revenue	6.3	4,014,302,791	3,947,322,954	3,281,032,265	3,236,550,674
- of which excise duty		961,719,065	909,132,054	679,957,665	676,065,809
Cost of goods sold		(3,674,840,248)	(3,609,758,155)	(3,032,017,472)	(2,986,689,010)
Gross profit		**339,462,543**	**337,564,799**	**249,014,793**	**249,861,664**
Costs of materials	6.4	(26,011,975)	(29,480,337)	(11,660,380)	(10,055,952)
Costs of services	6.5	(114,517,852)	(114,082,008)	(106,107,612)	(107,371,476)
Labour costs	6.6	(63,032,225)	(59,276,191)	(30,743,573)	(26,901,192)
Depreciation and amortisation	6.7	(43,703,944)	(41,359,433)	(29,331,251)	(27,685,043)
Other costs	6.8	(4,997,979)	(5,550,568)	(2,086,809)	(4,100,380)
Operating costs		**(252,263,975)**	**(249,748,537)**	**(179,929,626)**	**(176,114,043)**
Other revenue	6.3	9,407,012	6,117,194	6,002,333	4,172,543
Other expenses	6.9	(753,470)	(140,790)	(333,122)	(44,808)
Operating profit		**95,852,110**	**93,792,666**	**74,754,379**	**77,875,356**
Share of profit or loss of equity accounted investees	6.10	8,028,406	9,904,245	0	0
Finance income from dividends paid by subsidiaries, associates and jointly controlled entities	6.10	0	0	3,937,971	4,350,808
Other finance income	6.11	40,361,428	45,839,081	36,041,632	35,569,148
Other finance expenses	6.11	(73,723,742)	(86,185,074)	(66,256,230)	(78,638,508)
Net finance expense		**(33,362,314)**	**(40,345,993)**	**(30,214,598)**	**(43,069,360)**
Profit before tax		**70,518,202**	**63,350,918**	**48,477,752**	**39,156,804**
Tax expense	6.12	(3,908,943)	(7,504,247)	(3,156,628)	(6,524,244)
Deferred tax	6.12	(5,883,671)	(3,082,901)	(4,215,287)	(2,437,101)
Corporate income tax		**(9,792,614)**	**(10,587,148)**	**(7,371,915)**	**(8,961,345)**
Net profit for the year		**60,725,588**	**52,763,770**	**41,105,838**	**30,195,459**
Net profit for the year attributable to:					
Owners of the controlling company		60,854,114	52,760,594	41,105,838	30,195,459
Non-controlling interest		(128,526)	3,176	0	0
Basic and diluted earnings per share	6.13	29.46	25.59	19.94	14.65

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

		The Petrol Group		Petrol d.d.	
(in EUR)	Note	2014	2013	2014	2013 (restated)
Net profit for the year		**60,725,588**	**52,763,770**	**41,105,838**	**30,195,459**
Attribution of changes in the equity of associates		521,271	103,994	0	0
Change due to merger by absorption	6.14	0	0	0	53,452,160
Effective portion of changes in the fair value of cash flow variability hedging	6.14	434,271	3,878,790	895,862	3,261,361
Change in deferred taxes		(104,289)	(630,114)	(152,297)	(443,591)
Foreign exchange differences		(2,618,027)	(1,458,790)	0	0
Other comprehensive income to be recognised in the statement of profit or loss in the future		**(1,766,774)**	**1,893,880**	**743,565**	**56,269,932**
Unrealised actuarial gains and losses		193,629	0	226,210	0
Other comprehensive income not to be recognised in the statement of profit or loss in the future		**193,629**	**0**	**226,210**	**0**
Total other comprehensive income after tax		**(1,573,145)**	**1,893,880**	**969,775**	**56,269,932**
Total comprehensive income for the year		**59,152,443**	**54,657,650**	**42,075,613**	**86,465,390**
Total comprehensive income attributable to:					
Owners of the controlling company		59,327,728	54,674,310	42,075,613	86,465,390
Non-controlling interest		(175,285)	(16,660)	0	0

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 31 December 2014	The Petrol Group 31 December 2013	Petrol d.d. 31 December 2014	Petrol d.d. 31 December 2013 (restated)	Petrol d.d. 1 January 2013 (restated)
ASSETS						
Non-current (long-term) assets						
Intangible assets	6.15	180,671,131	176,258,529	144,122,025	141,120,875	55,206,057
Property, plant and equipment	6.16	609,907,179	618,597,466	329,810,450	327,985,005	279,932,420
Investment property	6.17	12,547,711	12,349,949	12,327,117	12,157,881	12,650,319
Investments in subsidiaries	6.18	0	0	284,269,540	293,746,174	364,715,239
Investments in jointly controlled entities	6.19	50,064,833	47,660,111	4,081,683	3,929,948	3,169,990
Investments in associates	6.20	103,592,923	100,847,540	53,206,341	53,206,341	53,206,341
Available-for-sale financial assets	6.21	1,645,185	1,666,159	1,515,239	1,536,212	6,358,078
Financial receivables	6.22	8,102,547	7,049,936	18,231,198	23,433,149	17,163,277
Operating receivables	6.23	541,446	1,399,606	541,446	1,399,606	520,264
Deferred tax assets	6.12	20,695,118	25,161,329	20,403,975	25,106,275	27,929,718
		987,768,073	**990,990,625**	**868,509,014**	**883,621,466**	**820,851,703**
Current assets						
Inventories	6.24	109,352,065	152,374,390	92,921,897	131,176,426	138,925,514
Financial receivables	6.25	17,031,567	15,745,516	16,947,847	14,234,319	9,161,730
Operating receivables	6.26	361,230,011	376,545,501	301,361,931	289,939,480	266,206,461
Corporate income tax assets	6.12	232,305	117,679	0	0	6,948,127
Financial assets at fair value through profit or loss	6.27	5,258,757	1,588,030	5,258,757	1,588,030	1,602,079
Prepayments and other assets	6.28	14,598,481	10,301,458	7,845,358	6,733,681	5,233,564
Cash and cash equivalents	6.29	58,573,381	69,742,729	52,592,296	56,407,034	28,813,254
		566,276,567	**626,415,303**	**476,928,084**	**500,078,970**	**456,890,729**
Total assets		**1,554,044,641**	**1,617,405,928**	**1,345,437,099**	**1,383,700,436**	**1,277,742,433**

(in EUR)	Note	The Petrol Group 31 December 2014	The Petrol Group 31 December 2013	Petrol d.d. 31 December 2014	Petrol d.d. 31 December 2013 (restated)	Petrol d.d. 1 January 2013 (restated)
EQUITY AND LIABILITIES						
Equity attributable to owners of the Petrol Group						
Called-up capital		52,240,977	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	80,991,385
Legal reserves		61,987,955	61,987,886	61,749,884	61,749,884	61,749,884
Reserves for own shares		2,604,670	2,604,670	2,604,670	2,604,670	2,604,670
Own shares		(2,604,670)	(2,604,670)	(2,604,670)	(2,604,670)	(2,604,670)
Other revenue reserves		169,324,875	155,748,074	164,637,719	149,809,212	125,145,815
Fair value reserve		759,718	89,128	40,740,061	40,513,851	0
Hedging reserve		(2,168,610)	(2,542,902)	(1,149,437)	(1,893,003)	(4,710,774)
Foreign exchange differences		(10,965,203)	(8,393,935)	0	0	0
Retained earnings		154,661,964	129,458,567	20,552,919	15,097,730	17,243,338
		506,833,061	**469,579,180**	**419,763,508**	**398,510,036**	**332,660,626**
Non-controlling interest		**(3,575,684)**	**(1,911,003)**			
Total equity	6.30	**503,257,377**	**467,668,177**	**419,763,508**	**398,510,036**	**332,660,626**
Non-current liabilities						
Provisions for employee post-employment and other long-term benefits	6.31	5,126,265	4,757,559	3,964,676	2,572,256	2,356,428
Other provisions	6.32	4,038,402	3,596,712	2,649,344	2,524,862	2,524,862
Long-term deferred revenue	6.33	6,353,879	9,227,333	6,300,910	8,793,553	10,266,047
Financial liabilities	6.34	480,127,940	357,174,203	391,416,115	254,496,730	335,108,925
Operating liabilities	6.35	10,954,786	14,638,547	10,954,786	14,638,547	15,607,535
Deferred tax liabilities	6.12	4,581,005	3,079,363	0	0	0
		511,182,277	**392,473,717**	**415,285,832**	**283,025,948**	**365,863,797**
Current liabilities						
Financial liabilities	6.34	86,951,353	243,167,684	131,580,922	280,385,392	200,204,647
Operating liabilities	6.36	436,843,900	495,155,432	366,964,381	406,005,643	372,759,060
Corporate income tax liabilities	6.12	2,025,618	5,010,189	2,057,457	5,072,648	0
Other liabilities	6.37	13,784,115	13,930,729	9,784,998	10,700,770	6,254,303
		539,604,986	**757,264,034**	**510,387,760**	**702,164,453**	**579,218,010**
Total liabilities		**1,050,787,263**	**1,149,737,751**	**925,673,592**	**985,190,401**	**945,081,807**
Total equity and liabilities		**1,554,044,641**	**1,617,405,928**	**1,345,437,099**	**1,383,700,436**	**1,277,742,433**

Accounting policies and notes are an integral part of these financial statements and should be read in conjunction with them.
As disclosed in Notes 6.19 and 6.20, the Company changed one of its accounting policies in 2014.

Statement of changes in equity of the Petrol Group

			Revenue reserves										
(in EUR)	Called-up capital	Capital surplus	Legal reserves	Reserves for own shares	Own shares	Other revenue reserves	Fair value reserve	Hedging reserve	Foreign exchange differences	Retained earnings	Equity attributable to owners of the Petrol Group	Non-controlling interest	Total
As at 1 January 2013	52,240,977	80,991,385	62,001,962	2,604,670	(2,604,670)	131,103,142	(6,093)	(5,854,616)	(6,954,981)	122,017,539	435,539,315	(1,877,984)	433,661,331
Dividend payments for 2012						(3,372,642)				(17,243,338)	(20,615,980)		(20,615,980)
Transfer of a portion of 2013 net profit						15,097,730				(15,097,730)			0
Transfer of retained earnings to other reserves						12,938,309				(12,938,309)			0
Decrease in non-controlling interest						(18,465)					(18,465)	(16,359)	(34,824)
Elimination of legal reserves			(14,096)							14,096			0
Creation of legal reserves			20							(20)			0
Transactions with owners	**0**	**0**	**(14,076)**	**0**	**0**	**24,644,932**	**0**	**0**	**0**	**(45,265,301)**	**(20,634,445)**	**(16,359)**	**(20,650,804)**
Net profit for the current year										52,760,594	52,760,594	3,176	52,763,770
Other changes in other comprehensive income							95,221	3,311,714	(1,438,954)	(54,265)	1,913,716	(19,836)	1,893,880
Total changes in total comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**	**95,221**	**3,311,714**	**(1,438,954)**	**52,706,329**	**54,674,310**	**(16,660)**	**54,657,650**
As at 31 December 2013	**52,240,977**	**80,991,385**	**61,987,886**	**2,604,670**	**(2,604,670)**	**155,748,074**	**89,128**	**(2,542,902)**	**(8,393,935)**	**129,458,567**	**469,579,180**	**(1,911,003)**	**467,668,177**
As at 1 January 2014	52,240,977	80,991,385	61,987,886	2,604,670	(2,604,670)	155,748,074	89,128	(2,542,902)	(8,393,935)	129,458,567	469,579,180	(1,911,003)	467,668,177
Dividend payments for 2013						(5,724,410)				(15,097,730)	(20,822,140)		(20,822,140)
Transfer of a portion of 2014 net profit						20,552,919				(20,552,919)			0
Decrease in non-controlling interest (Note 6.1)						(1,251,707)					(1,251,707)	(1,489,395)	(2,741,102)
Creation of legal reserves			69							(69)			0
Transactions with owners	**0**	**0**	**69**	**0**	**0**	**13,576,802**	**0**	**0**	**0**	**(35,650,718)**	**(22,073,847)**	**(1,489,395)**	**(23,563,242)**
Net profit for the current year										60,854,114	60,854,114	(128,526)	60,725,588
Other changes in other comprehensive income							670,590	374,292	(2,571,268)		(1,526,386)	(46,759)	(1,573,145)
Total changes in total comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**	**670,590**	**374,292**	**(2,571,268)**	**60,854,114**	**59,327,728**	**(175,285)**	**59,152,443**
As at 31 December 2014	**52,240,977**	**80,991,385**	**61,987,955**	**2,604,670**	**(2,604,670)**	**169,324,875**	**759,718**	**(2,168,610)**	**(10,965,203)**	**154,661,964**	**506,833,061**	**(3,575,684)**	**503,257,377**

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

			Revenue reserves									
(in EUR)	Called-up capital	Capital surplus	Legal reserves	Reserves for own shares	Own shares	Other revenue reserves			Fair value reserve	Hedging reserve	Retained earnings	Total
As at 1 January 2013	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	125,145,815			73,629,197	(4,710,774)	17,243,338	406,289,822
Adjustment due to a change in accounting policy									(73,629,197)			(73,629,197)
As at 1 January 2013 (restated)	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	125,145,815			0	(4,710,774)	17,243,338	332,660,626
Dividend payments for 2012						(3,372,642)					(17,243,338)	(20,615,980)
Transactions with owners	**0**	**0**	**0**	**0**	**0**	**(3,372,642)**			**0**	**0**	**(17,243,338)**	**(20,615,980)**
Net profit for the current year											30,195,459	30,195,459
Transfer of a portion of 2013 net profit						15,097,730					(15,097,730)	0
Other changes in other comprehensive income						12,938,309			40,513,852	2,817,771		56,269,932
Total changes in total comprehensive income	**0**	**0**	**0**	**0**	**0**	**28,036,039**			**40,513,852**	**2,817,771**	**15,097,730**	**86,465,390**
As at 31 December 2013 (restated)	**52,240,977**	**80,991,385**	**61,749,884**	**2,604,670**	**(2,604,670)**	**149,809,212**			**40,513,852**	**(1,893,003)**	**15,097,730**	**398,510,036**
As at 31 December 2013 (as initially reported)	**52,240,977**	**80,991,385**	**61,749,884**	**2,604,670**	**(2,604,670)**	**149,809,212**			**114,143,049**	**(1,893,003)**	**15,097,730**	**472,139,232**
Adjustment due to a change in accounting policy									(73,629,197)			(73,629,197)
As at 31 December 2013 (restated)	**52,240,977**	**80,991,385**	**61,749,884**	**2,604,670**	**(2,604,670)**	**149,809,212**			**40,513,853**	**(1,893,003)**	**15,097,730**	**398,510,035**
As at 1 January 2014	52,240,977	80,991,385	61,749,884	2,604,670	(2,604,670)	149,809,212			40,513,853	(1,893,003)	15,097,730	398,510,035
Dividend payments for 2013						(5,724,410)					(15,097,730)	(20,822,140)
Transactions with owners	**0**	**0**	**0**	**0**	**0**	**(5,724,410)**			**0**	**0**	**(15,097,730)**	**(20,822,140)**
Net profit for the current year											41,105,838	41,105,838
Transfer of a portion of 2014 net profit						20,552,919					(20,552,919)	0
Other changes in other comprehensive income									226,210	743,565		969,775
Total changes in total comprehensive income	**0**	**0**	**0**	**0**	**0**	**20,552,919**			**226,210**	**743,565**	**20,552,919**	**42,075,613**
As at 31 December 2014	**52,240,977**	**80,991,385**	**61,749,884**	**2,604,670**	**(2,604,670)**	**164,637,720**			**40,740,061**	**(1,149,437)**	**20,552,919**	**419,763,508**
Accumulated profit for 2014						**3,737,316**					**20,552,919**	**24,290,235**

Accounting policies and notes are an integral part of these financial statements and should be read in conjunction with them.
As disclosed in Notes 6.19 and 6.20, the Company changed one of its accounting policies in 2014.

Statement of cash flows of the Petrol Group and Petrol d.d., Ljubljana

(in EUR)	Note	The Petrol Group 31 December 2014	The Petrol Group 31 December 2013	Petrol d.d. 31 December 2014	Petrol d.d. 31 December 2013
Cash flows from operating activities					
Net profit		**60,725,588**	**52,763,770**	**41,105,838**	**30,195,459**
Adjustment for:					
Corporate income tax	6.12	9,792,614	10,587,148	7,371,915	8,961,345
Depreciation of property, plant and equipment and of investment property	6.7	38,388,086	36,774,019	25,053,518	23,843,279
Amortisation of intangible assets	6.7	5,315,859	4,585,414	4,277,733	3,841,764
(Gain)/loss on disposal of property, plant and equipment	6.2, 6.8	(2,216,511)	(1,538,816)	(1,878,662)	(1,003,255)
Impairment, write-down/(reversed impairment) of assets	6.8	277,804	103,268	10,513	70,075
Revenue from assets under management	6.35	(65,400)	(65,400)	(65,400)	(65,400)
Net (decrease in)/creation of provisions for employee benefits	6.31, 6.33	565,147	(1,339)	521,502	0
Net (decrease in)/creation of other provisions and long-term deferred revenue	6.32	(2,752,982)	(1,402,105)	(2,692,608)	(1,472,494)
Net goods shortages	6.8	1,229,593	1,553,077	1,418,391	1,615,137
Net (decrease in)/creation of allowance for receivables	6.11	6,679,041	6,962,110	1,947,471	3,440,328
Net finance (income)/expense	6.11	26,593,311	21,851,143	22,888,473	21,550,139
Impairment of investments	6.11	0	7,108,951	5,776,886	14,689,943
Share of profit of jointly controlled entities	6.10	(2,510,914)	(4,920,681)	0	0
Share of profit of associates	6.10	(5,517,492)	(4,983,564)	0	0
Finance income from dividends received from subsidiaries	6.10	0	0	(494,589)	(43,355)
Finance income from dividends received from jointly controlled entities	6.10	0	0	(150,000)	(1,259,781)
Finance income from dividends received from associates	6.10	0	0	(3,293,381)	(3,047,672)
Cash flow from operating activities before changes in working capital		**136,503,744**	**129,376,995**	**101,797,599**	**101,315,512**
Net (decrease in)/creation of other liabilities	6.37	(946,465)	3,679,480	(1,328,257)	3,662,191
Net decrease in/(creation of) other assets	6.28	(1,317,210)	134,825	(1,141,311)	341,836
Change in inventories	6.24	41,622,670	5,806,580	36,825,625	6,500,637
Change in operating and other receivables	6.26	5,262,839	(29,496,073)	(12,821,523)	(6,959,175)
Change in operating and other liabilities	6.36	(48,541,976)	52,932,429	(42,939,373)	26,426,177
Cash generated from operating activities		**132,583,601**	**162,434,236**	**80,392,760**	**131,287,178**
Interest paid	6.11	(27,489,866)	(32,026,015)	(21,787,605)	(27,679,574)
Taxes paid	6.12	(6,988,369)	5,424,080	(6,171,737)	5,175,432
Net cash from (used in) operating activities		**98,105,366**	**135,832,301**	**52,433,418**	**108,783,035**

(in EUR)	Note	The Petrol Group 31 December 2014	The Petrol Group 31 December 2013	Petrol d.d. 31 December 2014	Petrol d.d. 31 December 2013
Cash flows from investing activities					
Payments for investments in subsidiaries	6.18	(921,042)	(1,419,833)	(2,431,042)	(2,533,927)
Receipts from investments in subsidiaries		0	11,209	1,474,020	1,597,273
Payments for investments in jointly controlled entities	6.20	(2,151,735)	(2,332,644)	(151,735)	(2,332,644)
Receipts from intangible assets	6.15	43,799	49,780	16,285	0
Payments for intangible assets	6.15	(10,231,410)	(5,041,694)	(6,946,254)	(4,470,953)
Receipts from property, plant and equipment	6.16	8,879,883	9,404,322	6,327,204	3,488,455
Payments for property, plant and equipment	6.16	(53,638,851)	(59,213,841)	(27,306,454)	(26,664,477)
Receipts from available-for-sale financial assets		700	3,550,595	700	3,550,595
Receipts from financial assets held for trading		0	8,297	0	8,297
Receipts from loans granted	6.22, 6.25	41,699,821	35,792,337	44,475,164	36,812,938
Payments for loans granted	6.22, 6.25	(43,769,387)	(45,165,993)	(47,290,434)	(40,427,227)
Interest received	6.11	5,698,340	6,247,550	5,350,826	5,712,632
Dividends received from subsidiaries	6.10	0	0	494,589	1,259,784
Dividends received from jointly controlled entities	6.10	2,150,000	1,443,355	150,000	43,355
Dividends received from associates	6.10	3,293,381	3,047,672	3,293,381	3,047,672
Dividends received from others	6.10	36,800	57,669	36,800	57,669
Net cash from (used in) investing activities		**(48,909,701)**	**(53,561,219)**	**(22,506,950)**	**(20,850,561)**
Cash flows from financing activities					
Proceeds from bonds issued	6.34	211,080,454	15,363	211,080,454	15,363
Proceeds from borrowings	6.34	648,007,785	869,129,021	983,633,985	907,529,984
Repayment of borrowings	6.34	(898,588,334)	(898,684,546)	(1,215,538,732)	(947,350,602)
Dividends paid to shareholders	6.30	(20,749,566)	(20,533,439)	(20,749,566)	(20,533,439)
Net cash from (used in) financing activities		**(60,249,661)**	**(50,073,601)**	**(41,573,859)**	**(60,338,694)**
Increase/(decrease) in cash and cash equivalents		(11,053,996)	32,197,481	(11,647,392)	27,593,780
Changes in cash and cash equivalents					
At the beginning of the year		**69,742,729**	**37,625,459**	**56,407,034**	**28,813,254**
Translation differences		(125,800)	(80,211)	0	0
Cash acquired through mergers by absorption		10,448	0	7,832,654	0
Increase/(decrease)		(11,053,996)	32,197,481	(11,647,392)	27,593,780
At the end of the year		**58,573,381**	**69,742,729**	**52,592,296**	**56,407,034**

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

1. 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 year ended 31 December 2014 and separate financial statements of the company Petrol d.d., Ljubljana for the year ended 31 December 2014. 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 chapter *Companies in the Petrol Group* of the business report.

2. 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 23 February 2015.

The financial statements of Petrol d.d., Ljubljana and consolidated financial statements of the Petrol Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, the interpretations of the IFRS Interpretations Committee, also adopted by the EU, and the Companies Act.

On the balance sheet date, and considering the standards adoption process in the European Union, there were no differences between the IFRS applied and the IFRS adopted by the European Union that would be reflected in the accounting policies of Petrol d.d., Ljubljana and the Petrol Group.

New standards and interpretations issued but not yet effective

The standards and interpretations disclosed below have been issued but were not yet effective up to the date of issuance of the consolidated/separate financial statements. The Group/Company intends to adopt these standards and interpretations, if applicable, in the preparation of its financial statements when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments, which includes the requirements of all phases of the IFRS 9 improvement project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The revised standard introduces new requirements for the classification and measurement of financial assets and liabilities, the recognition of their impairment, and hedge accounting. The revised IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 issued in 2009, 2010 and 2013 is permitted if an entity made a transition to IFRS before 1 February 2015. The standard has not yet been confirmed by the European Union.

The adoption of the revised IFRS 9 will have an effect on the classification and measurement of the Group's/Company's financial assets, but no impact on the classification and measurement of its financial liabilities.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity to continue applying most of its existing generally accepted accounting principles to accounting for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statements of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. The standard has not yet been confirmed by the European Union.

The Group/Company does not expect the amendments to have a material impact on the financial statements.

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on 1 July 2014.

It is not expected that this amendment would be relevant to the Group's consolidated financial statements or the Company's separate financial statements as none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual improvements 2010–2012 Cycle

These amendments are effective for annual periods beginning on 1 July 2014. They are not expected to have a material impact on the Group's consolidated financial statements or the Company's separate financial statements. The improvements include:

IFRS 2 Share-based Payment

This amendment is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

A performance condition must contain a service condition.
- A performance target must be met while the counterparty is rendering service.
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group.
- A performance condition may be a market or non-market condition.
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied

IFRS 3 Business Combinations

The amendment clarifies that following initial recognition all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 or IAS 39. The amendment is applied prospectively.

IFRS 8 Operating Segments

The amendments are applied retrospectively and clarify that:
- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and their economic characteristics (e.g. sales and gross margins) used to assess whether the segments are 'similar'.
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendment clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortisation is the difference between the gross and net carrying amounts of the asset. The amendment is applied retrospectively.

IAS 24 Related Party Disclosures

The amendment clarifies that a management entity (an entity that provides key management services to another entity) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment is applied retrospectively.

Annual improvements 2011–2013 Cycle

These amendments are effective for annual periods beginning on 1 July 2014. They are not expected to have a material impact on the Group's consolidated financial statements or the Company's separate financial statements. The improvements include:

IFRS 3 Business Combinations

The amendment clarifies for the scope exceptions within IFRS 3 that:
- Joint arrangements, not just joint ventures, are outside the scope of IFRS 3.
- This scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exception has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. They are effective for annual periods beginning on or after 1 January 2016. Early application is permitted. The amendments have not yet been confirmed by the European Union.

The amendments to IFRS 11 are not expected to have any impact on the Group's consolidated financial statements or the Company's separate financial statements.

IFRS 13 Fair Value Measurement

The amendment clarifies that the scope exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 or IAS 39. The amendment is applied prospectively.

IFRS 15 Revenue from Contracts with Customers
In May 2014, the International Accounting Standards Board issued IFRS 15, which establishes a new five-step model for the recognition of revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new standard is applicable to all entities and supersedes all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017. Early application is permitted. The standard has not yet been confirmed by the European Union.

The Group/Company is currently assessing the impact of the new standard and plans to adopt it on the required effective date.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective for annual periods beginning on or after 1 January 2016. Early application is permitted. The amendments have not yet been confirmed by the European Union.

These amendments are not expected to have any impact on the Group's consolidated financial statements or the Company's separate financial statements given that neither has used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. Following initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity).

The amendments also require that produce that grows on bearer plants will remain within the scope of IAS 41, measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016. Early application is permitted. The amendments have not yet been confirmed by the European Union.

These amendments are not expected to have any impact on the Group's consolidated financial statements or the Company's separate financial statements as neither has any bearer plants.

IAS 40 Investment Property
The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e. property, plant and equipment). The amendment clarifies that IFRS 3, and not the description of ancillary services in IAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The amendment is applied prospectively.

Amendments to IAS 27: Equity Method in Separate Financial Statements
The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS in the preparation of their financial statements and electing to change to the equity method in its separate financial statements will have to apply the amendments to IAS 27 retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016. Early application is permitted. The amendments have not yet been confirmed by the European Union.

These amendments are not expected to have any impact on the Group's consolidated financial statements or the Company's separate financial statements as the new policy does not differ from the Group's policies.

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

- derivative financial instruments,
- financial assets at fair value through profit or loss,
- available-for-sale financial assets.

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 the 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 judgement 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 the change affects that period only. If the change affects future periods, they are recognised in the period of the change and in any future periods.

Estimates and assumptions are mainly used in the following judgements:

Estimating the lives of depreciable assets (Notes 6.15 and 6.16, Policies 3.e and 3.f)
When estimating the lives of assets, the Group/Company takes into account the expected physical wear and tear, the technical and economic obsolescence as well as expected legal restrictions and other restrictions of use. In addition, the Group/Company checks the useful life of significant assets in case circumstances change and the useful life needs to be changed and depreciation charges revalued.

Asset impairment testing
Information on significant uncertainty estimates and critical judgements that were prepared by the management in the process of accounting policy implementation and which affect the amounts in the financial statements the most was used in the estimation of the value of:

- investment property (Note 6.17)
- goodwill (Note 6.15)
- investments in subsidiaries (Note 6.18)
- investments in jointly controlled entities and associates (Notes 6.19 and 6.20)
- available-for-sale financial assets (Note 6.21)
- financial receivables (Note 6.22)
- financial assets at fair value through profit or loss (Note 6.27)

Estimation of the fair value of assets (Note 6.27)
Fair value is used for financial assets measured at fair value through profit or loss and for derivatives. All other items in the financial statements represent the cost or amortised cost.

In measuring the fair value of a non-financial asset, the Group/Company must take into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group/Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, especially by applying appropriate market inputs and minimum non-market inputs.

All assets and liabilities measured and disclosed in the financial statements at fair value are classified within the fair value hierarchy based on the lowest level of input data that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) prices in active markets for similar assets and liabilities
- Level 2 – valuation techniques that are based directly or indirectly on market data
- Level 3 – valuation techniques that are not based on market data

For assets and liabilities disclosed in the financial statements in previous periods, the Group/Company determines at the end of each reporting period whether transfers have occurred between levels by re-assessing the classification of assets based on the lowest level input that is significant to the fair value measurement as a whole.

The fair value hierarchy of assets and liabilities of the Group/Company is presented in Note 7.7 whereas the guidelines for individual items in the financial statements are given in Point 3.q.

Estimation of the influence in jointly controlled entities
The Group/Company regularly checks if a change of influence has occurred in jointly controlled entities and associates, thus ensuring that the investments are appropriately treated in the financial statements. The existence of significant influence by an investor is evidenced in particular in one or more of the following ways:

- representation on the board of directors or equivalent governing body of the Group/Company investee;
- participation in policy-making processes, including participation in decisions about dividends;
- material transactions between the investor and the Group/Company investee.

Estimate of provisions for litigation (Notes 6.37 and 9)
Individual Group companies have filed several lawsuits, and the potential need for provisions is estimated for pending lawsuits. Provisions are recognised if, as a result of a past event, companies have a present legal or constructive obligation that can be estimated reliably, and if it is probable that an outflow of economic benefits will be required to settle the obligation. Contingent liabilities are not disclosed in the financial statements because their actual existence will only be confirmed by the occurrence or non-occurrence of events in unforeseeable future, which is beyond the control of Group companies. The management of a company regularly checks if an outflow of economic benefits is probable to settle contingent liabilities. If it becomes probable, the contingent consideration is restated and provisions are created for it in the financial statements as soon as the level of probability changes.

Estimate of provisions for employee post-employment and other long-term benefits (Note 6.31)
Defined post-employment and other benefit obligations include the present value of post-employment benefits on retirement and jubilee benefits. They are recognised based on an actuarial calculation approved by the management. An actuarial calculation is based on the assumptions and estimates applicable at the time of the calculation, and

these may differ from the actual assumptions due to future changes. This mainly refers to determining the discount rate, the estimate of staff turnover, the mortality estimate and the salary increase estimate. Defined benefit obligations are sensitive to changes in the said estimates because of the complexity of the actuarial calculation and the item's long-term nature.

The assumptions are detailed in Note 6.31.

Assessing the possibility of using deferred tax assets
The Group/Company recognises deferred tax assets in connection with provisions for jubilee benefits and post-employment benefits on retirement, impairment of financial assets, impairment of receivables and tax losses.

On the day the financial statements are completed, the Group/Company verifies the amount of disclosed deferred tax assets and liabilities. Deferred tax assets are recognised if it is probable that future taxable net profits will be available against which deferred tax assets can be utilised in the future. Deferred taxes are decreased by the amount for which it is no longer probable that tax breaks associated with the asset can be utilised.

e. Changes in accounting policies

In 2014 the management decided to change the accounting policy used for the valuation of associates and jointly controlled entities. Subsequent to this change, the Company has been measuring associates and jointly controlled entities using the cost model and not the previously used fair value model. In accordance with the accounting standards, the Company ensured the comparability of data by application of the change of policy retrospectively, by restating comparative information as at 1 January 2013 and 1 January 2014.

The reason for the change in the accounting policy is to ensure better comparability with other companies, as most comparable companies use the cost model. The Company's management therefore decided that the cost model was more suitable for its financial statements.

Due to the change in the accounting policy in 2014, the investments in associates and jointly controlled entities of Petrol d.d., Ljubljana decreased by EUR 70,279,987 as at 1 January 2014 (EUR 79,599,133 as at 1 January 2013), the fair value reserve in equity by EUR 64,306,189 (EUR 73,629,197 as at 1 January 2013) and deferred tax liabilities by EUR 5,973,798 (EUR 5,969,935 as at 1 January 2013). There was no impact on the cash flows or the statement of profit or loss. The disclosure is detailed in Notes 6.19 and 6.20.

3. Significant accounting policies of the Group

In these financial statements, the Group and Group companies have applied the accounting policies set out below consistently to all periods.

Except for the change of policy described in Point 2.e and the newly adopted standards and interpretation specified below, the accounting policies used herein are the same as in the previous annual report.

<u>Newly adopted standards and interpretation effective as of 1 January 2014</u>

IFRS 10 Consolidated Financial Statements
IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. IFRS 10 introduces new requirements to assess control that are different from the existing requirements in IAS 27 (2008).

Under the new single control model, an investor controls an investee when:
- it is exposed or has rights to variable returns from its involvements with the investee;
- it has the ability to affect those returns through its power over that investee; and
- there is a link between power and returns.

The new standard did not have any impact on the consolidated financial statements as the treatment of Group companies remained unchanged following the standard's adoption.

IFRS 11 Joint Arrangements
The standard supersedes IAS 31 Interests in Joint Ventures. It does not introduce substantive changes to the overall definition of an arrangement subject to joint control, although the definition of control, and therefore indirectly of joint control, has changed due to IFRS 10.

Under the new standard, arrangements are divided into two types, each having its own accounting model defined as follows:
- a joint operation is one whereby the jointly controlling parties have rights to the assets, and obligations for the liabilities, relating to the arrangement;
- a joint venture is one whereby the jointly controlling parties have rights to the net assets of the arrangement.

IFRS 11 also carved out the cases in which, although there is a separate vehicle for the joint arrangement, separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31, and are now called joint operations. Furthermore, they must now always use the equity method in their consolidated financial statements.

The amended standard did not have any impact on the Group's financial statements as the Group had already been using the equity method.

IFRS 12 Disclosure of Interests in Other Entities
The standard requires additional disclosures relating to significant judgements and assumptions made in determining the nature of interests in an entity or arrangement, interests in subsidiaries, joint arrangements and associates and unconsolidated structured entities.

The amended standard did not have a material impact on the Group's/Company's financial statements.

IAS 27 Separate Financial Statements
IAS 27 (2011) carries forward the existing disclosure requirements of IAS 27 (2008) for separate financial statements, with some minor clarifications. The existing requirements of IAS 28 (2008) and IAS 31 for separate financial statements have also been incorporated into the amended IAS 27 (2011). The standard no longer addresses the principle of control and requirements relating to the preparation of consolidated financial statements, which have been incorporated into IFRS 10, Consolidated Financial Statements.

The amended standard did not have a material impact on the Company's financial statements as its accounting policies remained unchanged.

IAS 28 Investments in Associates and Joint Ventures
Amendments to IAS 28 (2008) apply to:
- Associates and joint ventures held for sale. IFRS 5, Non-current Assets Held for Sale and Discontinued Operations applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. For any retained portion of the investment that has not been classified as held for sale, the equity method is applied until disposal of the portion held for sale. After disposal, any retained interest is accounted for using the equity method if the retained interest continues to be an associate or a joint venture.
- Changes in interests held in associates and joint ventures. The amended IAS 28 (2011) stipulates that in the case of the cessation of significant influence or joint control the retained interest in the investment does not have to be remeasured.

The amended standard did not have a material impact on the financial statements as the Group/Company does not have assets held for sale under IFRS 5 nor were there any changes in the influence over existing investments.

Amendments to IAS 32, Offsetting Financial Assets and Financial Liabilities
The amendments do not introduce new requirements for offsetting financial assets and liabilities; rather they clarify the offsetting criteria to address inconsistencies in their application.

The amendments clarify that an entity has a legally enforceable right to set-off if that right is:
- not contingent on a future event; and
- enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of one or all counterparties.

The Group/Company has duly applied the new standard in its financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27, Investment Entities
The amendments provide an exception to the consolidation requirements in IFRS 10. It requires investment entities to measure their investments in controlled entities – as well as investments in associates and jointly controlled entities – at fair value through profit or loss, rather than consolidating them.

The consolidation exemption is mandatory (i.e. not optional), with the only exception being that subsidiaries that are considered as an extension of the investment entity's investing activities must still be consolidated.

An entity qualifies as an investment entity if it meets all of the essential elements. According to these essential elements an investment entity:
- obtains funds from investors to provide those investors with investment management services;
- commits to its investors that its business purpose is to invest for returns solely from the appreciation of non-current investments and/or investment income;
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

The amendments also set out disclosure requirements for investment entities.

The amendments did not have a material impact on the financial statements as the Company does not qualify as an investment entity.

Amendments to IAS 36, Recoverable Amount Disclosures for Non-Financial Assets
The amendments clarify that recoverable amount should be disclosed only for individual assets (including goodwill) or cash-generating units for which an impairment loss was recognised or reversed during the period.

An entity is required to make the following disclosures when an impairment for individual assets (including goodwill) or cash-generating units has been recognised or reversed in the period and recoverable amount is based on fair value less costs to disposal:
- the level of IFRS 13 'Fair value hierarchy' within which the fair value measurement of the asset or cash-generating unit is fully categorised;
- for fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation techniques used and any changes in that

valuation technique together with the reason for making it;
- for fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, a description of each key assumption (i.e. assumptions to which recoverable amount is most sensitive) used in determining fair value less costs of disposal. If fair value less costs of disposal is measured using a present value technique, discount rate(s) used both in current and previous measurement should also be disclosed.

The amendments did not have a material impact on the financial statements.

Amendments to IAS 39, Novation of Derivatives and Continuation of Hedge Accounting
The amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws and regulations, when the following criteria are met:

- the novation is made as a consequence of laws or regulations;
- a clearing counterparty replaces the initial counterparty, becoming a new counterparty to the derivative instrument;
- changes to the terms of the derivative are limited to those necessary to replace the counterparty.

The amendments did not have a material impact on the financial statements.

IFRIC Interpretation 21, Levies
The Interpretations Committee was asked to consider how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. This Interpretation is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

The amendments did not have a material impact on the financial statements.

a. Basis of consolidation
The Group's consolidated financial statements comprise the financial statements of the controlling company and of its subsidiaries.

Business combinations
Business combinations are accounted for using the acquisition method as at the date of the combination, which is the same as the acquisition date or the date on which control is transferred to the Group. Control is the power to govern financial and operating policies of a company so as to obtain benefits from its activities.

The Group measures goodwill at the fair value of the consideration transferred plus the recognised amount of any non-controlling interest in the acquiree, plus the fair value of any pre-existing equity interest in the acquiree (if the business combination is achieved in stages), less the net recognised amount of the assets acquired and liabilities assumed, all measured as at the acquisition date. When the excess is negative, the effect is recognised immediately in profit or loss.

Acquisition costs, other than those associated with the issue of equity or debt securities, incurred in connection with a business combination are expensed as incurred.

Any contingent liabilities arising from business combinations are recognised at fair value as at the acquisition date. If a contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Accounting for acquisitions of non-controlling interests
The Group accounts for acquisitions of non-controlling interests that do not involve the change in control of a company as transactions with owners and therefore no goodwill is recognised. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any surpluses or the difference between the costs of additional investments and the carrying amount of assets are recognised in equity.

Subsidiaries
Subsidiaries are entities controlled by the Group. Control exists when:
- an investor is exposed or has rights to variable returns from its involvements with the investee;
- it has the ability to affect those returns through its power over that investee;
- there is a link between power and returns.

The financial statements of subsidiaries are included in the Group's consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries are aligned with the Group's policies.

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, such interest is measured at fair value at the date the control is lost. Subsequently, the interest is accounted for as an investment in an associate (using the equity method) or as an available-for-sale financial asset, depending on the level of influence retained. Changes in the parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions (i.e. transactions with owners).

Investments in associates and jointly controlled entities
Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for financial and operating decisions. Investments in associates and jointly controlled entities are initially recognised at cost, but are subsequently accounted for using the equity method. The Group's consolidated financial statements include the Group's share of the profit and loss of equity accounted jointly controlled entities, after adjustments to align the accounting policies, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses of an associate or a jointly controlled entity exceeds its interest in such an entity, the carrying amount of the Group's interest is reduced to zero and the recognition of further losses is discontinued.

Transactions eliminated from consolidated financial statements
Intra-group balances and any gains and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates (accounted for using the equity method) are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated using the same method, provided there is no evidence of impairment.

b. Foreign currency translation
Foreign currency transactions
Transactions in foreign currencies are translated to the respective functional currencies of Group companies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. Foreign exchange gains or losses are the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in a foreign currency and measured at historical cost are translated to the functional currency using the exchange rate at the date of the transaction. Foreign exchange differences are recognised in profit or loss.

Financial statements of Group companies
The Group's consolidated financial statements are presented in euros. Line items of each Group company that are included in the financial statements are translated, for the purpose of preparing consolidated financial statements, to the reporting currency as follows:

- assets and liabilities from each statement of financial position presented, including goodwill, are translated at the ECB exchange rate at the reporting date;
- revenue and expenses of foreign operations are converted to euros at exchange rates applicable at the transaction date.

Foreign exchange differences are recognised in other comprehensive income and presented under foreign exchange differences in equity. In the case of non-wholly-owned subsidiaries abroad, the relevant proportion of the foreign exchange difference is allocated to non-controlling interests. When a foreign operation is disposed of in such a way that control, significant influence or joint control is lost, the relevant cumulative amount in the translation reserve is reclassified to profit or loss as gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or jointly controlled entity that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

c. Financial instruments
Financial instruments consist of the following items:
- non-derivative financial assets,
- non-derivative financial liabilities,
- derivative financial instruments.

The impairment of financial assets is detailed in Note k1.

c1. Non-derivative financial assets
The Group has the following non-derivative financial assets: cash and cash equivalents, receivables and loans, and investments. The accounting policies for investments in jointly controlled entities and associates are presented in Point a.

The Group initially recognises loans, receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Upon initial recognition, non-derivative financial instruments of the Group are classified into one the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables, and available-for sale financial assets. Their classification depends on the purpose for which an instrument was acquired.

Financial assets at fair value through profit or loss
A financial asset is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group is able to manage such financial assets and make purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

The Group's financial assets measured at fair value through profit or loss mainly consist of unrealised derivative financial instruments assessed on the reporting date.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or that are not classified as loans and receivables or as financial assets at fair value through profit or loss.

They are measured at fair value, except for impairment losses and foreign exchange differences, provided that the fair value can be determined and that the resulting gains or losses are recognised directly in comprehensive income and presented in the fair value reserve until such assets are derecognised. When an available-for-sale financial asset is derecognised, the cumulative gain or loss in other comprehensive income for the period is transferred to profit or loss.

If the fair value cannot be measured reliably because the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, the Company measures the financial asset at cost. If the financial asset is carried at cost, that fact is disclosed.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Depending on their maturity, they are classified as current financial assets (maturity of up to 12 months from the date of the statement of financial position) or non-current financial assets (maturity of more than 12 months from the date of the statement of financial position). Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances, bank deposits with maturities of three months or less, and other current and highly liquid investments with original maturities of three months or less.

c2. Non-derivative financial liabilities
The Group's non-derivative financial liabilities consist of debt securities issued and loans received. The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date, or when the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Non-derivative financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Depending on their maturity, they are classified as current financial liabilities (maturity of up to 12 months from the date of the statement of financial position) or non-current financial liabilities (maturity of more than 12 months from the date of the statement of financial position).

c3. Derivative financial instruments
Derivative financial instruments are initially recognised at fair value. Attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

- When a derivative is designated as a hedging instrument in the hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in comprehensive income for the period and presented in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised directly in profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting or the hedging instrument is sold, terminated or exercised, then the Group is expected to discontinue hedge accounting. The cumulative gain or loss recognised in other comprehensive income remains presented in the hedging reserve as long as the forecast transaction does not affect profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases, the amount recognised in other comprehensive income is transferred to profit or loss in the same period in which the hedged item affects profit or loss.
- The effects of other derivatives not designated as a hedging instrument in the hedge of the variability in cash flows or not attributable to a particular risk associated with a recognised asset or liability are recognised in profit or loss.

The Group has the following derivative financial instruments:

Forward contracts
The Group purchases petroleum products in US dollars, but sells them primarily in euros. Because purchases and sales are made in different currencies, mismatches occur between purchase and selling prices that are hedged against using forward contracts.

The fair value of outstanding forward contracts at the date of the statement of financial position is determined by means of publicly available information about the value of forward contracts in a regulated market on the reporting date for all outstanding contracts. Gains and losses are recognised in profit or loss as other finance income or expense.

Commodity swaps
When petroleum products and electricity are purchased or sold, mismatches occur between purchase and selling prices that are hedged against using commodity swaps.

The fair value of outstanding commodity swaps at the date of the statement of financial position is determined using publicly available information about the market value of commodity swaps at the date of the statement of financial position as issued by relevant institutions. Gains and losses are recognised in profit or loss as other finance income or expense.

Interest rate swaps and collars
Interest rates on loans received are exposed to a risk of interest rate fluctuations which is hedged against using interest rate swaps and collars. The fair value of outstanding interest rate swaps and collars at the date of the statement of financial position is determined by discounting future cash flows arising as a result of a variable interest rate (interest proceeds from a swap) and a fixed interest rate (payment of interest on a swap). When an interest rate swap is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a recognised asset or liability or a forecast transaction, the effective portion of the gain or loss on the instrument is recognised directly in comprehensive income. The ineffective portion of the gain or loss on the instrument is recognised in profit or loss as other finance income or expense.

d. Equity
Called-up capital
The called-up capital of the controlling company Petrol d.d. takes the form of share capital, the amount of which is defined in the Company's articles of association. It is registered with the Court and paid up by owners. Dividends on ordinary shares are recognised as a liability in the period in which they were approved by the General Meeting.

Legal reserves
Legal reserves comprise shares of profit from previous years that have been retained for a dedicated purpose, mainly for offsetting eventual future losses. When created, they are recognised by the body responsible for the preparation of the annual report or by means of a resolution of this body.

The revaluation reserve represents the attribution of changes in the equity of associates and jointly controlled entities accounted for using the equity method.

The fair value reserve comprises the effects of valuing available-for-sale financial assets at fair value.

The hedging reserve comprises the effect of changes in the fair value of derivative financial instruments designated as effective in hedging against the variability in cash flows.

Reserves for own shares
If the parent company or its subsidiaries acquire an ownership interest in the parent company, the amount paid, including transaction costs less tax, is deducted from total equity in the form of own shares until such shares are cancelled, reissued or sold. If own shares are later sold or reissued, the consideration received is included in capital surplus net of transaction costs and related tax effects.

e. Intangible assets
Goodwill
The Group's goodwill is the result of business combinations. For the measurement of goodwill upon initial recognition, see Point a.

Goodwill is measured at cost less any accumulated impairment losses. In the case of equity accounted investments, the carrying amount of goodwill is included in the carrying amount of the investment, but the impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investment.

Right to use concession infrastructure
The Group recognises an intangible non-current asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. An intangible non-current asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value upon initial recognition. Subsequent to initial recognition, the intangible non-current asset is measured at cost less accumulated amortisation and any accumulated impairment losses. The life of the right is linked to the duration of the concession agreement.

Development of software solutions
Development of software solutions involves the design and production of new or substantially improved software applications. The Group capitalises the costs of developing software solutions to the extent that the following conditions are met: the costs can be measured reliably, the development of a software solution is technically and commercially feasible, future economic benefits are probable, the Group has sufficient resources to complete development and intends to use the software solution. The capitalised costs of developing software solutions include direct labour costs and other costs that are directly attributable to preparing the asset for its intended use.

Other intangible assets
Other intangible fixed assets with finite useful lives are carried at cost less accumulated amortisation and accumulated

impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Borrowing costs directly attributable to the acquisition or production of a qualifying asset are recognised as part of the cost of that asset. Intangible fixed assets are subsequently measured using the cost model. In addition to goodwill and rights arising from concessions for the construction of gas networks and distribution of natural gas, which are described below, the Group's intangible fixed assets comprise mostly software. Other than goodwill, the Group does not have intangible assets with unidentifiable useful lives.

Subsequent expenditure
Subsequent expenditure relating to intangible assets is recognised in the carrying amount of that asset if it is probable that the future economic benefits embodied within the part of this asset will flow to the Group and the cost can be measured reliably. All other expenditure is recognised in profit or loss as incurred.

Amortisation
Amortisation is calculated on a straight-line basis, taking into account the useful life of intangible fixed assets. Amortisation begins when the asset is available for use.

Estimated useful lives for the current and comparative years:

(in %)	2014	2013
Right to use concession infrastructure	2.00-20.00%	2.00-20.00%
Computer software	10.00-33.33%	10.00-33.33%

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

The impairment of assets is explained in more detail in Point k2.

f. Property, plant and equipment
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, with the exception of land, which is measured at cost less accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Parts of an item of property, plant and equipment having different useful lives are accounted for as separate items of property, plant and equipment. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are recognised as part of the cost of that asset. Items of property, plant and equipment are subsequently measured using the cost model.

Subsequent expenditure
Subsequent expenditure relating to property, plant and equipment is recognised in the carrying amount of that asset if it is probable that the future economic benefits embodied within the part of this asset will flow to the Group and the cost can be measured reliably. All other expenditure (e.g. day-to-day servicing) is recognised in profit or loss as incurred.

Depreciation
Depreciation is calculated on a straight-line basis, taking into account the useful life of each part (component) of an item of property, plant and equipment. Leased assets are depreciated by taking into account the lease term and their useful lives. Land is not depreciated. Depreciation begins when the asset is available for use. Construction work in progress is not depreciated.

Estimated useful lives for the current and comparative periods are as follows:

(in %)	2014	2013
Buildings:		
Buildings at service stations	2.50-10.00%	2.50-10.00%
Above-ground and underground reservoirs	2.85-50.00%	2.85-50.00%
Underground service paths at service stations	5.00-14.30%	5.00-14.30%
Other buildings	1.43-50.00%	1.43-50.00%
Equipment:		
Mechanical and electronic equipment for maintenance of other equipment	10.00-25.00%	10.00-25.00%
Gas station equipment	3.33 - 20.00%	3.33 - 20.00%
Pumping equipment at service stations	5.00-25.00%	5.00-25.00%
Motor vehicles	10.00-25.00%	10.00-25.00%
Freight cars, rail tankers	25.00%	25.00%
Computer hardware	15.00-25.00%	15.00-25.00%
Office equipment, furniture	6.70-16.10%	6.70-16.10%
Small tools:	**33.33%**	**33.33%**
Environmental fixed assets:	**4.00-25.00%**	**4.00-25.00%**

Residual values and useful lives of an asset are reviewed annually and adjusted if appropriate.

Gains and losses on disposal or elimination are determined by comparing the proceeds from disposal with the carrying amount. Gains and losses on disposal are recognised in profit or loss. Available-for-sale items of property, plant and equipment are presented separately from other assets and are not depreciated in the year of the disposal.

The impairment of assets is explained in more detail in Point k2.

Environmental fixed assets
Environmental tangible fixed assets acquired under the scheme for the creation and use of revenue deferred for the purpose of environmental rehabilitation are carried and presented separately. More information about deferred revenue relating to environmental fixed assets is available in Point l.

g. Investment property
Investment property is property held by the Group either to earn rental income or for capital appreciation or for both. It is measured at cost less accumulated depreciation and accumulated impairment losses. Investment property is measured using the cost model. The depreciation method and rates are the same as for other tangible assets. The impairment of assets is explained in more detail in Point k2.

h. Leased assets
A lease is classified as a finance lease when under the terms of the lease substantially all the risks and rewards of ownership are transferred to the lessee. Other leases are treated as operating leases, in which case the leased assets (the entity acting as a lessee) or non-current financial receivables (the entity acting as a lessor) are not recognised in the Group's statement of financial position.

Finance lease
· The Group as a lessor
Amounts due from lessees in a finance lease are treated as receivables and amount to the value of the investment leased out. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the leased out asset.
· The Group as a lessee
Assets acquired under a finance lease are carried at the lower of fair value or minimum payments up to the end of the lease less accumulated depreciation and impairment losses. Finance lease expenses are recognised using the effective interest rate method.

Operating lease
In the statement of profit or loss, rental income earned under an operating lease is recognised either as cost (leased assets) or income (leased out assets) on a straight-line basis.

i. Assets held for disposal or disposal group
Assets held for disposal or a disposal group comprising assets and liabilities that are expected to be recovered primarily through sale are classified as assets and liabilities held for sale. Immediately before classification as held for sale, the assets held for disposal or a disposal group are remeasured. Non-current assets or a disposal group are accordingly measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on the reclassification of assets as assets held for sale, and subsequent losses and gains on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale or distribution, intangible assets and property, plant and equipment are no longer amortised or depreciated. When investments are classified as assets held for sale or distribution, they are no longer equity accounted.

j. Inventories
Inventories of merchandise and materials are measured at the lower of cost and net realisable value.

The cost is made up of the purchase price, import duties and direct costs of purchase. Any discounts are subtracted from the purchase price. Direct costs of purchase include transportation costs, costs of loading, transhipment and unloading, transport insurance costs, goods tracking costs, costs of agency arrangements, other similar costs incurred before initial storage and borne by the purchaser as well as non-refundable duties (excise duty). Discounts on purchase prices include discounts indicated on invoices and subsequently obtained discounts relating to a specific purchase.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The Group checks the net realisable value of inventories at the statement of financial position date. When this value is lower than their carrying amount, inventories are impaired. Damaged, expired and unusable inventories are written off regularly during the year on an item by item basis.

The method of assessing the use of inventories is based on the first-in first-out principle (FIFO). The FIFO method assumes that the items of inventories that are purchased or produced first are also the first to be sold.

k. Impairment
k1. Financial assets
A financial asset is impaired if objective evidence indicates that one or more loss events have occurred that had a negative effect on the estimated future cash flows of that asset and this can be measured reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group for which the Group granted its approval, indications that a debtor will enter bankruptcy, and the disappearance of an active market for an instrument. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Impairment of receivables and of loans granted
The Group considers evidence of impairment for receivables individually or collectively. All significant receivables are assessed individually for specific impairment. If it is assessed that the carrying amount of receivables exceeds their fair value, i.e. the collectible amount, the receivables are impaired. Receivables for which it is assumed they will not be settled by the original date of payment or up to their full amount are deemed doubtful; should court proceedings be initiated, they are deemed disputed.

Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics. Receivables are grouped together by age. In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

According to the categorisation of the statement of profit or loss laid down by the Companies Act, the creation and reversal of allowances as well as written-off receivables subsequently collected fall under operating revenue or expenses. The Group/Company deems the categorisation of these items as either finance income or expense to be more appropriate, since operating receivables are carried as non-derivative financial assets.

The Group evaluates evidence about the impairment of loans individually for each significant loan.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its net carrying amount and the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment of available-for-sale financial assets
Impairment losses on available-for-sale financial assets are recognised by transferring any cumulative loss that has been previously recognised in other comprehensive income for the period and presented in the fair value reserve to profit or loss. Any subsequent increase in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income for the period or in the fair value reserve.

k2. Non-financial assets
The Group reviews at each reporting date the carrying amounts of significant non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing the asset's value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use and are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The impairment of an asset or a cash generating unit is recognised if its carrying amount exceeds its recoverable amount. Impairment is recognised in profit or loss. Impairment losses recognised in respect of a cash generating unit are allocated so as to first reduce the carrying amount of any goodwill allocated to the unit, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss on goodwill is not reversed. For other assets, impairment losses recognised in prior periods are assessed at the end of the reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed to the extent that the asset's increased carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation if no impairment loss had been recognised in previous years.

Goodwill that forms part of the carrying amount of an equity accounted investment in an associate or jointly controlled entity is not recognised separately and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

l. Provisions
Provision are recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Significant provisions include:

Provisions for employee post-employment and other long-term benefits
Pursuant to the law, the collective agreement and the internal rules, the Group is obligated to pay its employees jubilee benefits and post-employment benefits on retirement, for which it has established long-term provisions. Other obligations related to employee post-employment benefits do not exist.

The provisions amount to estimated future payments for post-employment benefits on retirement and jubilee benefits discounted to the end of the reporting period. The calculation is made separately for each employee by taking into account the costs of post-employment benefits on retirement and the costs of all expected jubilee benefits until retirement. The calculation using the projected unit credit method is performed by a certified actuary. Post-employment benefits on retirement and jubilee benefits are charged against the provisions created.

Labour costs and costs of interest are recognised in the statement of profit or loss, whereas the adjustment of post-employment benefits or unrealised actuarial gains or losses on post-employment benefits are recognised in other comprehensive income.

Provisions for employee post-employment and other long-term benefits at third-party managed service stations
The business cooperation agreements entered into by Group companies with service station managers stipulate that the rights of employees at third-party managed service stations to jubilee benefits and post-employment benefits on retirement are equal to the rights of Group company employees. The contractual obligation of Group companies to reimburse the costs arising from such rights to service station managers represents a basis for the recognition of long-term provisions. The provisions amount to estimated future payments for post-employment benefits on retirement and jubilee benefits discounted to the end of the reporting period. The obligation is calculated separately for each employee at a third-party managed service station by estimating the costs of post-employment benefits on retirement and the costs of all expected jubilee benefits until retirement. The calculation using the projected unit credit method is performed by a certified actuary. Reimbursed costs arising from post-employment benefits on retirement and jubilee benefits are charged against the provisions created.

Labour costs and costs of interest are recognised in the statement of profit or loss, whereas the adjustment of post-employment benefits or unrealised actuarial gains or losses on post-employment benefits are recognised in other comprehensive income.

m. Long-term deferred revenue
Government and other subsidies received to cover costs are recognised strictly as revenue over the periods in which the costs that they are intended to compensate are incurred. Other revenue is recognised when it can be reasonably expected it will result in receipts.

Long-term deferred revenue
Long-term deferred revenue comprises deferred revenue from funds granted for the environmental rehabilitation of service stations, road tankers, storage facilities and the clean-up of the bitumen dump at Pesniški Dvor. Environmental assets, presented as part of the Group's property, plant and equipment items, were approved by means of a decision of the Ministry of the Environment and Spatial Planning as part of the ownership transformation of the company Petrol d.d., Ljubljana and were recognised as such in the opening financial statements of Petrol d.d., Ljubljana as at 1 January 1993 that were prepared in accordance with the regulations governing the ownership transformation of companies. Deferred revenue is moved to revenue in proportion to the depreciation of environmental fixed assets and the funds used for the clean-up of the bitumen dump at Pesniški Dvor. A portion of deferred revenue attributable to the period under 12 months is moved to current deferred revenue.

n. Recognition of revenue
Sales revenue is recognised at the fair value of the consideration received or receivable, net of returns and discounts, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, there is certainty about the recovery of receivables, the associated costs and possible return of goods, and there is no continuing involvement by the Group with the goods sold.

Revenue is recognised as follows:

Sale of goods
A sale of goods is recognised when the Group delivers goods to a customer, the customer accepts the goods, and the collectability of the related receivables is reasonably assured.

When the duties paid upon the purchase of goods and services are not recoverable, they are recognised as part of the cost of the goods and, as such, charged upon their sale. Sales revenue therefore also comprises excise duties charged when making a sale while at the same time these also form part of the cost of the goods sold.

Sale of services
A sale of services is recognised in the accounting period in which the services are rendered, by reference to the completion of the transaction assessed on the basis of the actual service provided as a proportion of total services to be provided.

For long-term projects, the revenue from services rendered is recognised based on the stage of completion as at the balance sheet date. Under this method, the revenue is recognised in the accounting period in which the services are rendered.

Loyalty scheme
The Group offers Petrol Club card holders certain discounts on their purchases at the service stations or on the supply of gas and electricity, based on the points collected from their previous purchases. As some of the discounts can be used in the following year, the Group defers them to match its revenue with the expenses incurred to generate the revenue.

o. Finance income and expenses
Finance income comprises interest income on financial assets, gains on the disposal of available-for-sale financial assets, written-off or impaired receivables subsequently collected, changes in the fair value of financial assets at fair value through profit or loss, foreign exchange gains and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues using the effective interest method.

Finance expenses comprise borrowing costs (unless capitalised), foreign exchange losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, allowances for receivables and losses on hedging instruments that are recognised in profit or loss. Borrowing costs are recognised in profit or loss using the effective interest method.

p. Taxes
Taxes comprise current tax and deferred tax liabilities. Taxes are recognised in profit or loss except to the extent that they relate to business combinations or items recognised directly in other comprehensive income.

Current tax liabilities are based on the taxable profit for the year. Taxable profit differs from the net profit reported in the statement of profit or loss as it excludes revenue and expense items taxable or deductible in other years and other items that are never subject to taxation or deduction. The Group's current tax liabilities are calculated using the tax rates effective on the reporting date.

Deferred tax is reported in its entirety using the statement of financial position liability method for temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements of Group companies. Deferred tax is determined using the tax rates (and laws) that are expected to apply when a deferred tax asset is realised or a deferred tax liability is settled.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised in the future.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

q. Determination of fair value

A number of the Group's accounting policies require the determination of fair value of both financial and non-financial assets and liabilities, either for measurement of individual assets (measurement method or business combination) or for additional fair value disclosure.

Fair value is the amount for which an asset could be sold or a liability exchanged between knowledgeable, willing parties in an arm's length transaction. The Group determines the fair value of financial instruments by taking into account the following fair value hierarchy:

- Level 1 comprises quoted prices in active markets for identical assets or liabilities;
- Level 2 comprises values other than quoted prices included within Level 1 that are observable either directly (prices for identical or similar assets or liabilities in markets that are less active or inactive) or indirectly (e.g. values derived from quoted prices in an active market, based on interest rates and yield curves, implied volatilities and credit spreads);
- Level 3 comprises inputs for the asset or liability that are not based on observable market data. Unobservable inputs need to reflect the assumptions that market participants would use when determining a price for the asset or liability, including risk assumptions.

The Group uses quoted prices as the basis for the fair value of financial instruments. If a financial instrument is not quoted on a regulated market or the market is considered as inactive, the Group uses Level 2 and Level 3 inputs to determine the fair value of a financial instrument. Where applicable, further information about the assumptions made when determining fair values is disclosed in the notes specific to that asset or liability of the Group.

The methods of determining the fair values of individual groups of assets for measurement or reporting purposes are described below.

Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use or eventual sale of the assets.

Property, plant and equipment
The fair value of property, plant and equipment is the same as their market value. The market value of property is the estimated amount for which a property could be sold on the date of valuation and after proper marketing. The market value of equipment is based on market prices for similar items.

Investment property
The value of investment property is assessed by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks is included in the property valuation based on discounted net annual cash flows.

Inventories
The fair value of inventories acquired in business combinations is determined based on their expected selling price in the ordinary course of business less the estimated costs of sale.

Financial assets at fair value through profit or loss and available-for-sale financial assets
The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to the above fair value hierarchy for financial instruments. If their fair value cannot be measured reliably because the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, the Group measures the financial asset at cost.

Receivables and loans granted
The fair value of receivables and loans is calculated as the present value of future cash flows, discounted at the market rate of interest at the end of the reporting period. The estimate takes into account the credit risk associated with these financial assets.

Non-derivative financial liabilities
Fair value is calculated, for reporting purposes, based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Derivative financial instruments
- The fair value of forward contracts equals their market price at the reporting date.
- The fair value of interest rate swaps at the reporting date is assessed by discounting future cash flows arising from the variable interest rate (interest received from a swap) and the fixed interest rate (interest paid under a swap).
- The fair value of commodity swaps equals their market price at the reporting date.

r. Earnings per share

The Group presents basic and diluted earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares during the period. Diluted earnings per share are calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares during the period for the effects of all potential ordinary shares, which comprise convertible bonds and share options granted to employees. Because the Group has no convertible bonds or share options granted to employees, its basic earnings per share are the same as its diluted earnings per share.

s. Operating segments

An operating segment is a component of the Group that engages in business activities from which it earns revenue and incurs expenses that relate to transactions with any of the Group's other components. Segments differ from one another in terms of risks and returns. Their results are reviewed regularly by the management to make decisions about resources to be allocated to a segment and assess the Group's performance.

In the preparation and presentation of the financial statements, the Group uses the following segments:
- oil and merchandise sales,
- energy operations.

t. Statement of cash flows

The section of the statement of cash flows referring to operating activities has been prepared using the indirect method based on data derived from the statements of financial position as at 31/12/2013 and 31/12/2014 and data derived from the statement of profit or loss for the period January to December 2014. Default interest paid and received in connection with operating receivables is allocated to cash flows from operating activities. Interest on loans, and dividends paid and received are allocated to cash flows from financing activities.

4. Significant accounting policies of the Company

The Company has applied the accounting policies set out below consistently to all periods presented herein.

a. Foreign currency translation

Transactions in foreign currencies are translated to the functional currency at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. Foreign exchange gains or losses are the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items denominated in a foreign currency and measured at historical cost are translated to the functional currency using the exchange rate at the date of the transaction. Foreign exchange differences are recognised in profit or loss.

b. Investments in subsidiaries

In the Company's financial statements, investments in subsidiaries are accounted for at cost. The Company recognises income from an investment only to the extent that it originates from a distribution of accumulated profits of the investee arising after the date of acquisition.

The impairment of financial assets is detailed in Note k1.

c. Investments in associates and jointly controlled entities

The Company measures investments in associates and jointly controlled entities as available-for-sale financial assets. They are measured at fair value, and the resulting gains or losses are recognised directly in other comprehensive income and presented in the fair value reserve, except for impairment losses. When an investment is derecognised, the cumulative gain or loss in other comprehensive income for the period is transferred to profit or loss.

The impairment of financial assets is detailed in Note k1.

d. Financial instruments

Financial instruments consist of the following items:

- non-derivative financial assets,
- non-derivative financial liabilities,
- derivative financial instruments.

The impairment of financial assets is detailed in Note k1.

d1. Non-derivative financial assets
The Company has the following non-derivative financial assets: cash and cash equivalents, receivables and loans, and investments. The accounting policies for investments in subsidiaries, jointly controlled entities and associates are presented in Points b and c.

The Company initially recognises loans, receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Upon initial recognition, non-derivative financial instruments of the Company are classified into one the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables, and available-for sale financial assets. Their classification depends on the purpose for which an instrument was acquired.

Financial assets at fair value through profit or loss
A financial asset is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company is able to manage such assets and make purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

The Company's financial assets measured at fair value through profit or loss mainly consist of unrealised derivative financial instruments assessed on the reporting date.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Depending on their maturity, they are classified as current financial assets (maturity of up to 12 months from the date of the statement of financial position) or non-current financial assets (maturity of more than 12 months from the date of the statement of financial position). Loans and receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or that are not classified as loans and receivables or as financial assets at fair value through profit or loss. The Company measures investments in associates and jointly controlled entities as available-for-sale financial assets.

They are measured at fair value, except for impairment losses and foreign exchange differences, provided that the fair value can be determined and that the resulting gains or losses are recognised directly in comprehensive income and presented in the fair value reserve until such assets are derecognised. When an available-for-sale financial asset is derecognised, the cumulative gain or loss in other comprehensive income for the period is transferred to profit or loss.

If the fair value cannot be measured reliably because the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, the Company measures the financial asset at cost. If the financial asset is carried at cost, that fact is disclosed.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances, bank deposits with maturities of three months or less, and other current and highly liquid investments with original maturities of three months or less.

d2. Non-derivative financial liabilities
The Company's non-derivative financial liabilities consist of debt securities issued and loans. The Company initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Non-derivative financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Depending on their maturity, they are classified as current financial liabilities (maturity of up to 12 months from the date of the statement of financial position) or non-current financial liabilities (maturity of more than 12 months from the date of the statement of financial position).

d3. Derivative financial instruments
Derivative financial instruments are initially recognised at fair value. Attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

- When a derivative is designated as a hedging instrument in the hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in comprehensive income for the period and presented in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised directly in profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting or the hedging instrument is sold, terminated or exercised, then the Company is expected to discontinue hedge accounting. The cumulative gain or loss recognised in other comprehensive income remains presented in the hedging reserve as long as the forecast transaction does not affect profit or loss. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases, the amount recognised in other comprehensive income is transferred to profit or loss in the same period in which the hedged item affects profit or loss.
- The effects of other derivatives not designated as a hedging instrument in the hedge of the variability in cash flows or not attributable to a particular risk associated with a recognised asset or liability are recognised in profit or loss.

The Company has the following derivative financial instruments:

Forward contracts
The Company purchases petroleum products in US dollars, but sells them primarily in euros. Because purchases and sales are made in different currencies, mismatches occur between purchase and selling prices that are hedged against using forward contracts.

The fair value of forward contracts at the date of the statement of financial position is determined by means of publicly available information about the value of forward contracts in a regulated market on the reporting date for all outstanding contracts. Gains and losses are recognised in profit or loss as other finance income or expense.

Commodity swaps
When petroleum products and electricity are purchased or sold, mismatches occur between purchase and selling prices that are hedged against using commodity swaps.

The fair value of outstanding commodity swaps at the date of the statement of financial position is determined using publicly available information about the market value of commodity swaps at the date of the statement of financial position as issued by relevant institutions. Gains and losses are recognised in profit or loss as other finance income or expense.

Interest rate swaps and collars
Interest rates on loans received are exposed to a risk of interest rate fluctuations which is hedged against using interest rate swaps and collars. The fair value of outstanding interest rate swaps and collars at the date of the statement of financial position is determined by discounting future cash flows arising as a result of a variable interest rate (interest proceeds from a swap) and a fixed interest rate (payment of interest on a swap). When an interest rate swap is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a recognised asset or liability or a forecast transaction, the effective portion of the gain or loss on the instrument is recognised directly in comprehensive income. The ineffective portion of the gain or loss on the instrument is recognised in profit or loss as other finance income or expense.

e. Equity
Called-up capital
The called-up capital of the company Petrol d.d., Ljubljana takes the form of share capital, the amount of which is defined in the Company's articles of association. It is registered with the Court and paid up by owners. Dividends on ordinary shares are recognised as a liability in the period in which they were approved by the General Meeting.

Legal reserves
Legal reserves comprise shares of profit from previous years that have been retained for a dedicated purpose, mainly for offsetting eventual future losses.

The fair value reserve comprises the effects of valuing available-for-sale financial assets at fair value and the effect of absorbing the company Instalacija d.o.o. in 2013.

The hedging reserve comprises the effect of changes in the fair value of derivative financial instruments designated as effective in hedging against the variability in cash flows.

Reserves for own shares
If the Company acquires an ownership interest, the amount paid, including transaction costs less tax, is deducted from total equity in the form of own shares until such shares are cancelled, reissued or sold. If own shares are later sold or reissued, the consideration received is included in capital surplus net of transaction costs and related tax effects.

f. Intangible assets
Goodwill
Goodwill arising on the acquisition of a subsidiary by the Company is determined by adopting the value of goodwill that had been recognised at the Group level as a result of this business combination. As the acquisition takes place, the difference between the net assets of the acquired company plus goodwill recognised at the Group level and the investment in the acquiree is determined. The difference is recognised in equity in such a way that equity components which are not eliminated by the Group when consolidating the subsidiary but exist in its records before the business combination takes place are recognised in other revenue reserves, with the remaining difference being recognised in the fair value reserve.

Goodwill is measured at cost less any accumulated impairment losses.

Right to use concession infrastructure
The Company recognises an intangible non-current asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure. An intangible non-current asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value upon initial recognition. Subsequent to initial recognition, the intangible non-current asset is measured at cost less accumulated amortisation and any accumulated impairment losses. The life of the right is linked to the duration of the concession agreement.

Development of software solutions
Development of software solutions involves the design and production of new or substantially improved software applications. The Company capitalises the costs of developing software solutions to the extent that the following conditions are met: the costs can be measured reliably, the development of a software solution is technically and commercially feasible, future economic benefits are probable, the Company has sufficient resources to complete development and intends to use the software solution. The capitalised costs of developing software solutions include direct labour costs and other costs that are directly attributable to preparing the asset for its intended use.

Other intangible assets
Other intangible fixed assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Borrowing costs directly attributable to the acquisition or production of a qualifying asset are recognised as part of the cost of that asset. Intangible fixed assets are subsequently measured using the cost model. In addition to goodwill and rights arising from concessions for the construction of gas networks and distribution of natural gas, which are described below, intangible fixed assets comprise mostly software.

Subsequent expenditure
Subsequent expenditure relating to intangible assets is recognised in the carrying amount of that asset if it is probable that the future economic benefits embodied within the part of this asset will flow to the Company and the cost can be measured reliably. All other expenditure is recognised in profit or loss as incurred.

Amortisation
Amortisation is calculated on a straight-line basis, taking into account the useful life of intangible fixed assets. Amortisation begins when the asset is available for use.

Estimated useful lives for the current and comparative years are as follows:

(in %)	2014	2013
Right to use concession infrastructure	2.00-20.00%	2.00-20.00%
Computer software	10.00-33.33%	10.00-33.33%

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

The impairment of assets is explained in more detail in Point k2.

g. Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, with the exception of land, which is measured at cost less accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Parts of an item of property, plant and equipment having different useful lives are accounted for as separate items of property, plant and equipment. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are recognised as part of the cost of that asset. Items of property, plant and equipment are subsequently measured using the cost model.

Subsequent expenditure
Subsequent expenditure relating to property, plant and equipment is recognised in the carrying amount of that asset if it is probable that the future economic benefits embodied within the part of this asset will flow to the Company and the cost can be measured reliably. All other expenditure (e.g. day-to-day servicing) is recognised in profit or loss as incurred.

Depreciation
Depreciation is calculated on a straight-line basis, taking into account the useful life of each part (component) of an item of property, plant and equipment. Leased assets are depreciated by taking into account the lease term and their useful lives. Land is not depreciated. Depreciation begins when the asset is available for use. Construction work in progress is not depreciated.

Estimated useful lives for the current and comparative periods are as follows:

(in %)	2014	2013
Buildings:		
Buildings at service stations	2.50-10.00%	2.50-10.00%
Above-ground and underground reservoirs	2.85-50.00%	2.85-50.00%
Underground service paths at service stations	5.00-14.30%	5.00-14.30%
Other buildings	1.43-50.00%	1.43-50.00%
Equipment:		
Mechanical and electronic equipment for maintenance of other equipment	10.00-25.00%	10.00-25.00%
Gas station equipment	3.33 - 20.00%	3.33 - 20.00%
Pumping equipment at service stations	5.00-25.00%	5.00-25.00%
Motor vehicles	10.00-25.00%	10.00-25.00%
Freight cars, rail tankers	25.00%	25.00%
Computer hardware	15.00-25.00%	15.00-25.00%
Office equipment, furniture	6.70-16.10%	6.70-16.10%
Small tools:	**33.33%**	**33.33%**
Environmental fixed assets:	**4.00-25.00%**	**4.00-25.00%**

Residual values and useful lives of an asset are reviewed annually and adjusted if appropriate.

Gains and losses on disposal or elimination are determined by comparing the proceeds from disposal with the carrying amount. Gains and losses on disposal are recognised in profit or loss. Available-for-sale items of property, plant and equipment are presented separately from other assets and are not depreciated in the year of the disposal.

The impairment of assets is explained in more detail in Point k2.

Environmental fixed assets
Environmental tangible fixed assets acquired under the scheme for the creation and use of revenue deferred for the purpose of environmental rehabilitation are carried and presented separately. More information about deferred revenue relating to environmental fixed assets is available in Point m.

h. Investment property

Investment property is property held by the Company either to earn rental income or for capital appreciation or for both. It is measured at cost less accumulated depreciation and accumulated impairment losses. Investment property is measured using the cost model. The depreciation method and rates are the same as for other tangible assets. The impairment of assets is explained in more detail in Point k2.

i. Leased assets

A lease is classified as a finance lease when under the terms of the lease substantially all the risks and rewards of ownership are transferred to the lessee. Other leases are treated as operating leases, in which case the leased assets (the entity acting as a lessee) or non-current financial receivables (the entity acting as a lessor) are not recognised in the Company's statement of financial position.

Finance lease
The Company acts only as a lessor. Amounts due from lessees in a finance lease are treated as receivables and amount to the value of the investment leased out. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the leased out asset.

Operating lease
In the statement of profit or loss, rental income earned under an operating lease is recognised either as cost (leased assets) or income (leased out assets) on a straight-line basis.

j. Inventories

Inventories of merchandise and materials are measured at the lower of cost and net realisable value.

The cost is made up of the purchase price, import duties and direct costs of purchase. Any discounts are subtracted from the purchase price. Direct costs of purchase include transportation costs, costs of loading, transhipment and unloading, transport insurance costs, goods tracking costs, costs of agency arrangements, other similar costs incurred before initial storage and borne by the purchaser as well as non-refundable duties. Discounts on purchase prices include discounts indicated on invoices and subsequently obtained discounts relating to a specific purchase.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The Company checks the net realisable value of inventories at the statement of financial position date. When this value is lower than their carrying amount, inventories are impaired. Damaged, expired and unusable inventories are written off regularly during the year on an item by item basis.

The method of assessing the use of inventories is based on the first-in first-out principle (FIFO). The FIFO method assumes that the items of inventories that are purchased or produced first are also the first to be sold.

k. Impairment

k1. Financial assets

A financial asset is impaired if objective evidence indicates that one or more loss events have occurred that had a negative effect on the estimated future cash flows of that asset and this can be measured reliably.

Objective evidence that financial assets are impaired include default or delinquency by a debtor, restructuring of an amount due to the Company for which the Company granted its approval, indications that a debtor will enter bankruptcy, and the disappearance of an active market for an instrument. In addition, for an investment in an equity security, a significant (more than 20%) or prolonged (longer than 9 months) decline in its fair value below its cost is objective evidence of impairment.

Impairment of receivables and of loans granted
The Company considers evidence of impairment for receivables individually or collectively. All significant receivables are assessed individually for specific impairment. If it is assessed that the carrying amount of receivables exceeds their fair value, i.e. the collectible amount, the receivables are impaired. Receivables for which it is assumed they will not be settled by the original date of payment or up to their full amount are deemed doubtful; should court proceedings be initiated, they are deemed disputed.

Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics. Receivables are grouped together by age. In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

According to the categorisation of the statement of profit or loss laid down by the Companies Act, the creation and reversal of allowances as well as written-off receivables subsequently collected fall under operating revenue or expenses. The Group/Company deems the categorisation of these items as either finance income or expense to be more appropriate, since operating receivables are carried as non-derivative financial assets.

The Company evaluates evidence about the impairment of loans individually for each significant loan.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its net carrying amount and the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment of available-for-sale financial assets
Impairment losses on available-for-sale financial assets are recognised by transferring any cumulative loss that has been previously recognised in other comprehensive income for the period and presented in the fair value reserve to profit or loss. Any subsequent increase in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income for the period or in the fair value reserve.

Impairment of investments in subsidiaries
If a loss made by a subsidiary requires the investment to be impaired, the impairment loss is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows.

k2. Non-financial assets
The Company reviews at each reporting date the carrying amounts of significant non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing the asset's value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use and are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The impairment of an asset or a cash generating unit is recognised if its carrying amount exceeds its recoverable amount. Impairment is recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at the end of the reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed to the extent that the asset's increased carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation if no impairment loss had been recognised in previous years.

l. Provisions
Provisions are recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Significant provisions include:

Provisions for employee post-employment and other long-term benefits
Pursuant to the law, the collective agreement and internal rules, the Company is obligated to pay its employees jubilee benefits and post-employment benefits on retirement, for which it has established long-term provisions. Other obligations related to employee post-employment benefits do not exist. The provisions amount to estimated future payments for post-employment benefits on retirement and jubilee benefits discounted to the end of the reporting period. The calculation is made separately for each employee by taking into account the costs of post-employment benefits on retirement and the costs of all expected jubilee benefits until retirement. The calculation using the projected unit credit method is performed by a certified actuary. Post-employment benefits on retirement and jubilee benefits are charged against the provisions created.

Labour costs and costs of interest are recognised in the statement of profit or loss, whereas the adjustment of post-employment benefits or unrealised actuarial gains or losses on post-employment benefits are recognised in other comprehensive income.

Provisions for employee post-employment and other long-term benefits at third-party managed service stations
The business cooperation agreements entered into by the Company with service station managers stipulate that the rights of employees at third-party managed service stations to jubilee benefits and post-employment benefits on retirement are equal to the rights of the Company's employees. The contractual obligation of the Company to reimburse the costs arising from such rights to employees at third-party managed service stations represents the basis for recognition of long-term provisions. The provisions amount to estimated future payments for post-employment benefits on retirement and jubilee benefits discounted to the end of the reporting period. The obligation is calculated separately for each employee at a third-party managed service station by estimating the costs of post-employment benefits on retirement and the costs of all expected jubilee benefits until retirement. The calculation using the projected unit credit method is performed by a certified actuary. Reimbursed costs arising from post-employment benefits on retirement and jubilee benefits are charged against the provisions created.

Labour costs and costs of interest are recognised in the statement of profit or loss, whereas the adjustment of post-employment benefits or unrealised actuarial gains or losses on post-employment benefits are recognised in other comprehensive income.

m. Long-term deferred revenue
Government and other subsidies received to cover costs are recognised strictly as revenue over the periods in which the costs that they are intended to compensate are incurred. Other revenue is recognised when it can be reasonably expected it will result in receipts.

Long-term deferred revenue
Long-term deferred revenue comprises deferred revenue from funds granted for the environmental rehabilitation of service stations, road tankers, storage facilities and the clean-up of the bitumen dump at Pesniški Dvor. Environmental assets, presented as part of the Company's property, plant and equipment items, were approved by means of a decision of the Ministry of the Environment and Spatial Planning as part of the ownership transformation of the company Petrol d.d., Ljubljana and were recognised as such in the opening financial statements of Petrol d.d., Ljubljana as at 1 January 1993 that were prepared in accordance with the regulations governing the ownership transformation of companies. Deferred revenue is restated under revenue in proportion to the depreciation of environmental fixed assets and the funds used for the clean-up of the dump at Pesniški Dvor. A portion of deferred revenue attributable to the period under 12 months is moved to current deferred revenue.

n. Recognition of revenue
Sales revenue is recognised at the fair value of the consideration received or receivable, net of returns and discounts, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, there is certainty about the recovery of receivables, the associated costs and possible return of goods, and there is no continuing involvement by the Company with the goods sold.

Revenue is recognised as follows:

Sale of goods
A sale of goods is recognised when the Company delivers goods to a customer, the customer accepts the goods, and the collectability of the related receivables is reasonably assured.

When the duties paid upon the purchase of goods and services are not recoverable, they are recognised as part of the cost of the goods and, as such, charged upon their sale. Sales revenue therefore also comprises excise duties charged when making a sale while at the same time these also form part of the cost of the goods sold.

Sale of services
A sale of services is recognised in the accounting period in which the services are rendered, by reference to the completion of the transaction assessed on the basis of the actual service provided as a proportion of total services to be provided.

Loyalty scheme
The Company offers Petrol Club card holders certain discounts on their purchases at the service stations or on the supply of gas and electricity, based on the points collected from their previous purchases. As some of the discounts can be used in the following year, the Company defers them to match its revenue with the expenses incurred to generate the revenue.

o. Finance income and expenses
Finance income comprises interest income on financial assets, gains on the disposal of available-for-sale financial assets, written-off or impaired receivables subsequently collected, changes in the fair value of financial assets at fair value through profit or loss, foreign exchange gains and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues using the effective interest method.

Dividend income is recognised in the Company's statement of profit or loss on the date that a shareholder's right to receive payment is established. If the fair value of net assets acquired in a merger by absorption exceeds the carrying amount of the investment in the absorbed company, the difference is carried as finance income for the period in which the absorption took place.

Finance expenses comprise borrowing costs (unless capitalised), foreign exchange losses, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, allowances for receivables and losses on hedging instruments that are recognised in profit or loss. Borrowing costs are recognised in profit or loss using the effective interest method.

p. Taxes

Taxes comprise current tax and deferred tax liabilities. Taxes are recognised in profit or loss except to the extent that they relate to business combinations or items recognised directly in other comprehensive income.

Current tax liabilities are based on the taxable profit for the year. Taxable profit differs from the net profit reported in the statement of profit or loss as it excludes revenue and expense items taxable or deductible in other years and other items that are never subject to taxation or deduction. The Company's current tax liabilities are calculated using the tax rates effective on the reporting date.

Deferred tax is accounted for in its entirety using the statement of financial position liability method for temporary differences between the tax base of assets and liabilities and their carrying amounts in the Company's financial statements. Deferred tax is determined using the tax rates (and laws) that are expected to apply when a deferred tax asset is realised or a deferred tax liability is settled.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which they can be utilised in the future.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

q. Determination of fair value

A number of the Company's accounting policies require the determination of fair value of both financial and non-financial assets and liabilities, either for measurement of individual assets (measurement method or business combination) or for additional fair value disclosure.

Fair value is the amount for which an asset could be sold or a liability exchanged between knowledgeable, willing parties in an arm's length transaction. The Company determines the fair value of financial instruments by taking into account the following fair value hierarchy:

- Level 1 comprises quoted prices in active markets for identical assets or liabilities;
- Level 2 comprises values other than quoted prices included within Level 1 that are observable either directly (prices for identical or similar assets or liabilities in markets that are less active or inactive) or indirectly (e.g. values derived from quoted prices in an active market, based on interest rates and yield curves, implied volatilities and credit spreads);
- Level 3 comprises inputs for the asset or liability that are not based on observable market data. Unobservable inputs need to reflect the assumptions that market participants would use when determining a price for the asset or liability, including risk assumptions.

The Company uses quoted prices as the basis for the fair value of financial instruments. If a financial instrument is not quoted on a regulated market or the market is considered as inactive, the Company uses Level 2 and Level 3 inputs to determine the fair value of a financial instrument. Where applicable, further information about the assumptions made when determining fair values is disclosed in the notes specific to that asset or liability of the Company.

The methods of determining the fair values of individual groups of assets for measurement or reporting purposes are described below.

Intangible assets
The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Property, plant and equipment
The fair value of property, plant and equipment recognised as a result of business combinations is the same as their market value. The market value of property is the estimated amount for which a property could be sold on the date of valuation and after proper marketing. The market value of equipment is based on market prices for similar items.

Investment property
The value of investment property is assessed by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks is included in the property valuation based on discounted net annual cash flows.

Inventories
The fair value of inventories acquired in business combinations is determined based on their expected selling price in the ordinary course of business less the estimated costs of sale.

Financial assets at fair value through profit or loss and available-for-sale financial assets
The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to the above fair value hierarchy for financial instruments. If the fair value cannot be measured reliably because the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, the Company measures the financial asset at cost.

Investments in associates and jointly controlled entities
The fair value of investments in associates and jointly controlled entities is determined by reference to the above fair value hierarchy for financial instruments. The methods of determining the value of and input assumptions for each investment are specifically presented in disclosures.

Receivables and loans granted
The fair value of receivables and loans is calculated as the present value of future cash flows, discounted at the market rate of interest at the end of the reporting period. The estimate takes into account the credit risk associated with these financial assets.

Non-derivative financial liabilities
Fair value is calculated, for reporting purposes, based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Derivative financial instruments

- The fair value of forward contracts equals their market price at the reporting date.
- The fair value of interest rate swaps at the reporting date is assessed by discounting future cash flows arising from the variable interest rate (interest received from a swap) and the fixed interest rate (interest paid under a swap).
- The fair value of commodity swaps equals their market price at the reporting date.

r. Earnings per share

The Company presents basic and diluted earnings per share for its ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares during the period. Diluted earnings per share are calculated by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares during the period for the effects of all potential ordinary shares, which comprise convertible bonds and share options granted to employees. Because the Company has no convertible bonds or share options granted to employees, its basic earnings per share are the same as its diluted earnings per share.

s. Statement of cash flows

The section of the statement of cash flows referring to operating activities has been prepared using the indirect method based on data derived from the statements of financial position as at 31/12/2013 and 31/12/2014 and data derived from the statement of profit or loss for the period January to December 2014. Default interest paid and received in connection with operating receivables is allocated to cash flows from operating activities. Interest on loans, and dividends paid and received are allocated to cash flows from financing activities.

5. Segment reporting

The financial report consisting of the financial statements of both the Group and the Company as well as of the accompanying notes, 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 revenue and incurs expenses that relate to transactions with any of the Group's other components. The 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 uses the following segments in the preparation and presentation of the financial statements:

- oil and merchandise sales,
- energy operations.

Oil and merchandise sales consist of:

- sales of oil and petroleum products,
- sales of merchandise.

The sale of merchandise consists of selling automotive products, foodstuffs, accessories, tobacco and lottery products, coupons, cards, Petrol Club merchandise, raw materials and chemical products.

Energy operations consist of:

- the gas and heat segment,
- generation, sale and distribution of electricity,
- environmental and energy solutions.

The Group's operating segments in 2013:

(in EUR)	Oil and merchandise sales	Energy operations	Total	Statement of profit or loss/Statement of financial position
Sales revenue	3,970,204,339	466,082,002	4,436,286,341	
Revenue from subsidiaries	(425,312,114)	(63,651,273)	(488,963,387)	
Sales revenue	3,544,892,225	402,430,729	3,947,322,954	3,947,322,954
Net profit for the year	43,463,443	9,300,327	52,763,770	52,763,770
Interest income*	4,831,462	2,353,189	7,184,651	7,184,651
Interest expense*	(18,836,068)	(9,174,208)	(28,010,276)	(28,010,276)
Depreciation of property, plant and equipment, depreciation of investment property, amortisation of intangible assets	32,328,632	9,030,801	41,359,433	41,359,433
Share of profit of equity accounted investees	(55,898)	9,960,143	9,904,245	9,904,245
Total assets	1,254,827,459	362,578,469	1,617,405,928	1,617,405,928
Equity accounted investees	3,211,735	145,295,916	148,507,651	148,507,651
Property, plant and equipment, intangible assets and investment property	639,476,905	167,729,039	807,205,944	807,205,944
Other assets	612,138,818	49,553,515	661,692,333	661,692,333
Current and non-current operating and financial liabilities	996,957,190	113,178,676	1,110,135,866	1,110,135,866

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

The Group's operating segments in 2014:

(in EUR)	Oil and merchandise sales	Energy operations	Total	Statement of profit or loss/Statement of financial position
Sales revenue	3,922,092,908	622,315,823	4,544,408,731	
Revenue from subsidiaries	(438,308,691)	(91,797,249)	(530,105,940)	
Sales revenue	3,483,784,217	530,518,574	4,014,302,791	4,014,302,791
Net profit for the year	51,034,255	9,691,333	60,725,588	60,725,588
Interest income*	3,866,238	2,010,688	5,876,926	5,876,926
Interest expense*	(18,998,187)	(9,880,258)	(28,878,445)	(28,878,445)
Depreciation of property, plant and equipment, depreciation of investment property, amortisation of intangible assets	32,749,683	10,954,261	43,703,944	43,703,944
Share of profit of equity accounted investees	(13,358)	8,041,764	8,028,406	8,028,406
Total assets	1,167,266,138	386,778,503	1,554,044,641	1,554,044,641
Equity accounted investees	3,195,399	150,462,357	153,657,756	153,657,756
Property, plant and equipment, intangible assets and investment property	626,241,454	176,884,567	803,126,021	803,126,021
Other assets	537,829,286	59,431,578	597,260,864	597,260,864
Current and non-current operating and financial liabilities	880,647,556	134,230,423	1,014,877,979	1,014,877,979

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

Additional information about geographic areas in which the Group operates:

	Sales		Total assets		Capital expenditure	
(in EUR)	2014	2013	2014	2013	2014	2013
Slovenia	2,414,615,106	2,527,952,943	829,892,267	924,081,688	29,186,882	34,218,195
Croatia	599,092,116	545,049,534	205,905,245	197,099,600	7,241,581	7,377,752
Bosnia and Herzegovina	219,708,582	214,043,526	75,512,844	78,286,614	2,655,748	2,897,278
Montenegro	42,550,228	33,723,534	14,624,320	12,334,413	514,330	456,479
Serbia	60,957,647	31,964,258	20,950,867	11,534,173	736,831	432,666
Austria	292,850,232	327,752,051	100,651,297	119,875,610	3,539,854	4,436,429
Other countries	384,528,880	266,837,108	132,160,833	97,595,914	4,648,028	3,611,888
	4,014,302,791	**3,947,322,954**	**1,379,697,673**	**1,440,808,012**	**48,523,254**	**53,430,688**
Jointly controlled entities			50,064,833	47,660,111		
Associates			103,592,923	100,847,540		
Unallocated assets			20,689,212	28,090,265		
Total assets			**1,554,044,641**	**1,617,405,928**		

For the purpose of presenting geographic areas, revenue generated in a particular area is determined based on the geographic location of customers, whereas the assets are determined based on the geographic location of assets.

Unallocated assets refer mainly to deferred tax assets.

6. Notes to individual items in the financial statements

6.1 Business combinations

EKOEN ENA D.O.O.

In 2014 Petrol d.d., Ljubljana entered into a contract to acquire the 100-percent interest in the company EKOEN ENA d.o.o., which was then absorbed into the Company. EKOEN ENA d.o.o. was struck off the Slovene Companies Register on 30/12/2014.

The company is engaged in wood biomass heating.

The carrying amounts of assets and liabilities of the acquired company are not substantially different from fair values, and have been considered as such in the first consolidation.

The company's statement of financial position as at the day the Group acquired controlling influence is as follows:

(in EUR)	Fair value	Carrying amount
Cash and cash equivalents	10,448	10,448
Property, plant and equipment	820,498	820,498
Operating receivables	45,169	45,169
Assets	**876,115**	**876,115**
Long-term deferred revenue	324,445	324,445
Financial liabilities	494,686	494,686
Operating liabilities	7,898	7,898
Liabilities	**827,029**	**827,029**
Net assets upon acquisition	**49,086**	**49,086**
Amount paid	398,000	
Goodwill	348,914	
Amount paid	398,000	
Cash and cash equivalents	10,448	
Net payment	387,552	

Goodwill arises mainly from long-term heat supply contracts with customers.

In the three months following the company's acquisition, the resulting revenue and net profit of the Group stood at EUR 135,604 and EUR 4,036, respectively. If the acquisition had taken place on 01/01/2014, the Group's revenue would have been EUR 127,451 higher and its profit EUR 2,620 higher.

6.2 Changes within the Group

In 2014 Petrol d.d., Ljubljana absorbed the company Petrol Maloprodaja Slovenija d.o.o., striking it off the Slovene Companies Register on 30/12/2014.

The merger by absorption did not have any impact on the Petrol Group as the company had been fully owned by the Group. The difference of EUR 1,450,940 between the investment and net assets of the acquired company as recognised by Petrol d.d., Ljubljana was reversed and recognised as other finance income.

The company Beogas d.o.o. (the subsidiary of Beogast Invest d.o.o.) absorbed the company Petrol Gas Group d.o.o. in 2014, striking it off the Serbian Companies Register on 31/12/2014.

The merger by absorption did not have any impact on the Petrol Group as the company had been fully owned by the Group.

In 2014 the Petrol Group established the company Petrol Bucharest ROM S.R.L.

6.3 Revenue

Sales revenue by type of goods

	The Petrol Group		Petrol d.d.	
(in EUR)	2014	2013	2014	2013
Revenue from the sale of merchandise	3,925,845,833	3,857,435,612	3,223,899,622	3,186,657,536
- of which excise duty	961,719,065	909,132,054	679,957,665	676,065,809
Revenue from the sale of services	86,585,048	88,315,563	57,132,643	49,893,138
Revenue from the sale of products	1,871,910	1,571,779	0	0
Total revenue	**4,014,302,791**	**3,947,322,954**	**3,281,032,265**	**3,236,550,674**

Other revenue

	The Petrol Group		Petrol d.d.	
(in EUR)	2014	2013	2014	2013
Gain on disposal of fixed assets	2,768,660	1,698,667	2,112,121	1,134,708
Utilisation of environmental provisions	1,474,909	1,612,326	1,474,909	1,612,326
Compensation, litigation proceeds and contractual penalties received	1,756,700	469,931	387,029	324,527
Cash discounts and rebates received	304,487	336,433	170,402	114,480
Compensation received from insurance companies	454,735	225,457	94,371	72,209
Payment of court fees	144,256	230,120	104,862	203,588
Reversal of accrued costs, expenses	43,706	190,832	1,044,148	172,830
Other revenue	2,459,559	1,353,428	614,491	537,875
Total other revenue	**9,407,012**	**6,117,194**	**6,002,333**	**4,172,543**

6.4 Costs of materials

	The Petrol Group		Petrol d.d.	
(in EUR)	2014	2013	2014	2013
Costs of energy	18,527,579	21,708,700	6,129,360	6,206,124
Costs of consumables	6,578,391	6,699,598	5,139,320	3,401,359
Write-off of small tools	275,404	377,508	27,895	33,335
Other costs of materials	630,601	694,531	363,805	415,134
Total costs of materials	**26,011,975**	**29,480,337**	**11,660,380**	**10,055,952**

6.5 Costs of services

	The Petrol Group		Petrol d.d.	
(in EUR)	2014	2013	2014	2013
Costs of service station managers	28,838,838	28,581,013	29,106,297	28,510,452
Costs of transport services	27,615,095	26,632,524	24,831,504	23,539,269
Costs of fixed-asset maintenance services	10,789,604	11,271,397	10,311,338	10,292,647
Costs of payment transactions and bank services	7,941,101	8,179,991	5,902,186	6,248,586
Costs of professional services	6,102,072	6,468,095	4,186,790	3,605,463
Lease payments	7,650,155	5,575,338	3,180,907	3,640,800
Contributions for operations at motorway service areas	4,996,272	5,026,022	3,858,041	3,880,160
Costs of insurance premiums	4,122,543	4,310,480	3,044,287	3,194,023
Outsourcing costs	2,487,040	4,115,553	6,671	1,927
Costs of fairs, advertising and entertainment	3,900,285	4,005,026	2,908,848	2,914,236
Costs of environmental protection services	1,461,344	1,663,669	989,958	1,239,985
Costs of fire protection and physical and technical security	1,723,107	1,654,222	1,323,147	1,298,012
Fees for the building site use	1,681,505	1,478,831	1,529,244	1,311,032
Concession charges	937,621	926,276	540,074	527,133
Reimbursement of work-related costs to employees	854,306	838,637	316,001	316,887
Membership fees	383,205	506,999	209,441	262,702
Property management	362,908	362,980	11,401,571	14,304,532
Other costs of services	2,670,851	2,484,955	2,461,307	2,283,630
Total costs of services	**114,517,852**	**114,082,008**	**106,107,612**	**107,371,476**

The Petrol Group
The costs of professional services include the cost of services performed by the auditors of the annual report of EUR 148,905 (2013: EUR 168,500). Auditing services comprise the fee for the auditing of the annual report of EUR 148,905 (2013: EUR 168,500). In 2014 no non-audit services were provided, and neither were in 2013.

Petrol d.d., Ljubljana
The costs of professional services include the cost of services performed by the auditors of the annual report of EUR 49,150 (2013: EUR 52,850). Auditing services comprise the fee for the auditing of the annual report of EUR 49,150 (2013: EUR 52,850). In 2014 no non-audit services were provided, and neither were in 2013.

6.6 Labour costs

	The Petrol Group		Petrol d.d.	
(in EUR)	2014	2013	2014	2013
Salaries	45,428,531	42,558,944	22,333,399	19,966,112
Costs of pension insurance	3,802,086	3,912,000	2,136,939	1,967,305
Costs of other insurance	4,598,772	4,487,911	1,778,440	1,622,015
Transport allowance	2,374,577	2,391,969	867,442	716,185
Meal allowance	1,839,808	1,721,978	820,501	633,862
Annual leave allowance	1,609,716	1,577,236	792,117	656,175
Supplementary pension insurance	963,020	929,063	638,265	568,776
Other allowances and reimbursements	2,415,715	1,697,090	1,376,470	770,762
Total labour costs	**63,032,225**	**59,276,191**	**30,743,573**	**26,901,192**

Number of employees by formal education level as at 31/12/2013:

	The Petrol Group			Petrol d.d.		
	Group employees	Employees at third-party managed service stations	Total	Company employees	Employees at third-party managed service stations	Total
Level I	10	5	15	4	5	9
Level II	51	32	83	14	32	46
Level III	103	9	112	4	9	13
Level IV	696	383	1,079	82	379	461
Level V	1,173	635	1,808	249	631	880
Level VI	189	52	241	77	51	128
Level VII	504	58	562	276	57	333
Level VII/2	42	0	42	35	0	35
Level VIII	3	0	3	3	0	3
Total	**2,771**	**1,174**	**3,945**	**744**	**1,164**	**1,908**

Number of employees by formal education level as at 31/12/2014:

	The Petrol Group			Petrol d.d.		
	Group employees	Employees at third-party managed service stations	Total	Company employees	Employees at third-party managed service stations	Total
Level I	8	3	11	2	3	5
Level II	40	24	64	23	24	47
Level III	96	9	105	4	9	13
Level IV	675	362	1,037	218	358	576
Level V	1,169	633	1,802	522	628	1,150
Level VI	204	53	257	102	52	154
Level VII	529	59	588	324	58	382
Level VII/2	45	0	45	37	0	37
Level VIII	3	0	3	3	0	3
Total	**2,769**	**1,143**	**3,912**	**1,235**	**1,132**	**2,367**

6.7 Depreciation and amortisation

	The Petrol Group		Petrol d.d.	
(in EUR)	2014	2013	2014	2013
Amortisation of intangible assets	5,315,859	4,585,414	4,277,733	3,841,764
Depreciation of property, plant and equipment	37,635,642	36,000,170	24,272,549	23,040,904
Depreciation of investment property	752,443	773,849	780,970	802,375
Total depreciation and amortisation	**43,703,944**	**41,359,433**	**29,331,251**	**27,685,043**

6.8 Other costs

	The Petrol Group		Petrol d.d.	
(in EUR)	2014	2013	2014	2013
Impairment/write-down of assets	277,804	103,268	10,513	70,075
Sponsorships and donations	1,392,051	1,715,465	1,153,821	1,438,564
Environmental charges and charges unrelated to operations	978,069	1,085,158	155,666	356,128
Loss on sale/disposal of property, plant and equipment	552,148	159,851	233,460	131,453
Other costs	1,797,907	2,486,826	533,349	2,104,159
Total other costs	**4,997,979**	**5,550,568**	**2,086,809**	**4,100,380**

6.9 Other expenses

Other expenses relate chiefly to complaints, duties and other expenses.

6.10 Interests and dividends

Shares of profit or loss of equity accounted investees of the Petrol Group

	The Petrol Group	
(in EUR)	2014	2013
Geoplin d.o.o. Ljubljana	4,687,458	4,123,742
Aquasystems d.o.o.	721,892	699,212
Marche Gostinstvo d.o.o.	108,142	160,610
Total profit of associates	**5,517,492**	**4,983,564**
Gen-I, d.o.o.	2,672,448	4,864,583
Soenergetika d.o.o.	174,650	171,625
Geoenergo d.o.o.	23,795	5,495
Total profit of jointly controlled entities	**2,870,893**	**5,041,703**
Petrol LPG d.o.o. Beograd	(214,684)	100,981
Petrol - OTI - Slovenija L.L.C.	(141,205)	(183,666)
Petrol Slovenia Tirana Wholesale Sh.A.	(4,090)	(38,337)
Total loss of jointly controlled entities	**(359,979)**	**(121,022)**
Total net finance income from interests	**8,028,406**	**9,904,245**

Finance income from dividends of subsidiaries, associates and jointly controlled entities of Petrol d.d., Ljubljana

	Petrol d.d.	
(in EUR)	2014	2013
Petrol-Trade G.m.b.H.	123,923	259,781
Cypet Oils	370,667	0
Petrol Tehnologija d.o.o.	0	1,000,000
Total subsidiaries	**494,590**	**1,259,781**
Geoplin d.o.o. Ljubljana	2,748,683	2,364,780
Aquasystems d.o.o.	389,985	519,980
Marche Gostinstvo d.o.o.	154,713	162,912
Total associates	**3,293,381**	**3,047,672**
Soenergetika d.o.o.	150,000	43,355
Total jointly controlled entities	**150,000**	**43,355**
Total finance income from interests	**3,937,971**	**4,350,808**

6.11 Other finance income and expenses

	The Petrol Group		Petrol d.d.	
(in EUR)	2014	2013	2014	2013
Foreign exchange differences	11,013,118	18,692,190	7,382,907	16,398,355
Gain on derivatives	20,949,377	12,434,790	20,759,733	12,305,360
Interest income	5,876,926	7,184,651	5,212,993	5,517,813
Allowances for receivables reversed and bad debt recovered	2,138,921	3,967,598	741,178	49,968
Absorption of companies	0	0	1,450,940	0
Other finance income	383,086	3,559,852	493,881	1,297,652
Total other finance income	**40,361,428**	**45,839,081**	**36,041,632**	**35,569,148**
Foreign exchange differences	(20,408,499)	(18,211,680)	(16,138,606)	(14,960,894)
Loss on derivatives	(13,553,975)	(20,505,823)	(13,067,901)	(19,804,317)
Interest expense	(28,878,445)	(28,010,276)	(26,626,280)	(24,212,059)
Allowance for operating receivables	(8,817,963)	(10,929,708)	(2,688,648)	(3,490,296)
Allowance for financial receivables	0	0	(5,100,000)	0
Impairment of investments and of goodwill	0	(7,108,951)	(676,886)	(14,689,943)
Other finance expenses	(2,064,860)	(1,418,636)	(1,957,909)	(1,480,999)
Total other finance expenses	**(73,723,742)**	**(86,185,074)**	**(66,256,230)**	**(78,638,508)**
Net finance expense	**(33,362,314)**	**(40,345,993)**	**(30,214,598)**	**(43,069,360)**

6.12 Corporate income tax

	The Petrol Group		Petrol d.d.	
(in EUR)	2014	2013	2014	2013
Tax expense	(3,908,943)	(7,504,247)	(3,156,628)	(6,524,244)
Deferred tax	(5,883,671)	(3,082,901)	(4,215,287)	(2,437,101)
Taxes	**(9,792,614)**	**(10,587,148)**	**(7,371,915)**	**(8,961,345)**

	The Petrol Group		Petrol d.d.	
(in EUR)	2014	2013	2014	2013
Profit before tax	70,518,202	63,350,918	48,477,752	39,156,804
Tax at effective tax rate	11,988,094	10,769,656	8,241,218	6,656,657
Tax effect of untaxed revenue	(7,292,796)	(7,422,636)	(6,533,191)	(5,657,949)
Tax effect of expenses not deducted on tax assessment	5,311,105	7,157,709	5,663,888	7,962,638
Effect of higher/(lower) tax rates for companies abroad	(213,789)	82,419	0	0
Taxes	**9,792,614**	**10,587,148**	**7,371,915**	**8,961,345**
Effective tax rate	13.89%	16.71%	15.21%	22.89%

The Group had EUR 232,305 (2013: EUR 117,679) and EUR 2,025,618 (2013: EUR 5,010,189) in corporate income tax assets and liabilities, respectively, as at 31/12/2014. The Group does not offset the assets and liabilities as they represent a receivable from or a liability to different tax administrations.

In Slovenia, the effective corporate income tax rate stood at 17 percent in 2014 (in 2013: 17 percent), whereas the Group's tax rates ranged from 9 to 25 percent.

Changes in deferred taxes of the Petrol Group
Deferred tax assets

(in EUR)	Investments	Provisions	Allowance for receivables	Inventories	Tax loss	Other	Total
As at 1 January 2013	**3,399,994**	**638,177**	**2,714,230**	**72,515**	**24,025,980**	**913,686**	**31,764,581**
(Charged)/credited to the statement of profit or loss	(2,221,206)	112,538	1,172,338	(26,430)	(1,737,489)	(398,147)	(3,098,396)
Credited to other comprehensive income	74,757	0	0	0	0	0	74,757
Charged to other comprehensive income	(642,327)	0	0	0	0	0	(642,327)
New acquisitions as a result of takeovers	0	21,363	0	0	0	0	21,363
Disposal as a result of a company sale	0	(974)	(2,142)	0	0	80	(3,036)
Foreign exchange differences	(2,060)	(328)	(25)	0	(23,248)	(1,017)	(26,678)
As at 31 December 2013	**609,158**	**770,776**	**3,884,401**	**46,085**	**22,265,243**	**514,602**	**28,090,265**
Netting							(2,928,936)
Total net receivables as at 31 December 2013							**25,161,329**
(Charged)/credited to the statement of profit or loss	(31,106)	39,566	317,483	1,143	(6,177,350)	(99,886)	(5,950,150)
Credited to other comprehensive income	120,958	0	0	0	0	0	120,958
Charged to other comprehensive income	(180,937)	0	0	0	0	0	(180,937)
Foreign exchange differences	(1,035)	(187)	(239)	0	(3,746)	(8,190)	(13,397)
As at 31 December 2014	**517,038**	**810,155**	**4,201,645**	**47,228**	**16,084,147**	**406,526**	**22,066,739**
Netting							(1,371,621)
Total net receivables as at 31 December 2014							**20,695,118**

Deferred tax liabilities

(in EUR)	Investments	Fixed assets	Other	Total
As at 1 January 2013	**0**	**6,000,260**	**0**	**6,000,260**
Charged/(credited) to the statement of profit or loss	0	(15,495)	0	(15,495)
Charged to other comprehensive income	8,278	54,265	0	62,543
Translation differences	0	(39,009)	0	(39,009)
As at 31 December 2013	**8,278**	**6,000,021**	**0**	**6,008,299**
Netting				(2,928,936)
Total net liabilities as at 31 December 2013				**3,079,363**
Charged/(credited) to the statement of profit or loss	0	(67,683)	1,203	(66,480)
Charged to other comprehensive income	44,310	0	0	44,310
Translation differences	0	(33,503)	0	(33,503)
As at 31 December 2014	**52,588**	**5,898,835**	**1,203**	**5,952,626**
Netting				(1,371,621)
Total net liabilities as at 31 December 2014				**4,581,005**

Changes in deferred taxes of Petrol d.d., Ljubljana

Deferred tax assets

(in EUR)	Investments	Provisions	Allowance for receivables	Tax loss	Other	Total
As at 1 January 2013	**3,113,540**	**433,762**	**2,497,258**	**21,205,545**	**679,612**	**27,929,718**
(Charged)/credited to the statement of profit or loss	(2,282,227)	66,701	1,173,316	(999,716)	(395,175)	(2,437,101)
Credited to other comprehensive income	47,794	0	0	0	0	47,794
Charged to other comprehensive income	(491,386)	0	0	0	0	(491,386)
New acquisitions as a result of takeovers	0	18,588	0	0	38,659	57,247
As at 31 December 2013	**387,723**	**519,050**	**3,670,576**	**20,205,829**	**323,096**	**25,106,275**
Netting						0
Total net receivables as at 31 December 2013						**25,106,275**
New acquisitions as a result of merger by absorption	0	124,636	0	0	1,903	126,539
(Charged)/credited to the statement of profit or loss	0	44,761	295,955	(4,482,991)	(73,012)	(4,215,287)
Credited to other comprehensive income	0	0	0	0	0	0
Charged to other comprehensive income	(152,298)	0	0	0	0	(152,298)
As at 31 December 2014	**235,427**	**688,446**	**3,966,533**	**15,722,838**	**251,987**	**20,865,231**
Netting						(461,256)
Total net receivables as at 31 December 2014						**20,403,975**

Deferred tax liabilities

(in EUR)	Fixed assets	Total
As at 1 January 2013 (restated)	**0**	**0**
Credited to other comprehensive income	0	0
Charged to other comprehensive income	0	0
As at 31 December 2013 (restated)	**0**	**0**
Netting		0
Total net liabilities as at 31 December 2013		**0**
Credited to other comprehensive income	0	0
Charged to other comprehensive income	0	0
New acquisitions as a result of merger by absorption	461,256	461,256
As at 31 December 2014	**461,256**	**461,256**
Netting		(461,256)
Total net liabilities as at 31 December 2014		**0**

6.13 Earnings per share

	The Petrol Group		Petrol d.d.	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Net profit (in EUR)	60,725,588	52,763,770	41,105,838	30,195,459
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 year	24,703	24,703	24,703	24,703
Number of own shares at the end of the year	24,703	24,703	24,703	24,703
Weighted average number of ordinary shares issued	2,061,598	2,061,598	2,061,598	2,061,598
Diluted average number of ordinary shares	2,061,598	2,061,598	2,061,598	2,061,598
Basic and diluted earnings per share (EUR/share)	**29.46**	**25.59**	**19.94**	**14.65**

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, meaning the basic and diluted earnings per share are identical.

6.14 Changes in other comprehensive income

The Petrol Group

The amount of attributed changes in the equity of associates increased by EUR 521,271 (in 2013: EUR 103,994) and decreased by EUR 44,311 (in 2013: EUR 8,773), which corresponds to the deferred tax effect. The change is due to the attribution of changes in the equity of associates in accordance with the equity method, resulting in higher revaluation reserve.

The effective portion of changes in the fair value of the cash flow variability hedging instrument increased by EUR 434,271 (in 2013: EUR 3,878,790), but was reduced by the deferred tax effect of EUR 59,979 (in 2013: EUR 567,076). The change relates to interest rate swap hedging and boosts the hedging reserve.

Unrealised actuarial gains and losses relate to provisions for post-employment benefits on retirement.

Petrol d.d., Ljubljana

The effective portion of changes in the fair value of the cash flow variability hedging instrument increased by EUR 895,862 (in 2013: EUR 3,261,361), but was reduced by the deferred tax effect of EUR 152,297 (in 2013: EUR 443,590). The change relates to interest rate swap hedging and boosts the hedging reserve.

Unrealised actuarial gains and losses relate to provisions for post-employment benefits on retirement.

6.15 Intangible assets

Intangible assets of the Petrol Group

(in EUR)	Software	Right to use concession infrastructure	Goodwill	Ongoing investments	Total
Cost					
As at 1 January 2013	**8,996,859**	**83,128,631**	**111,583,568**	**3,409,531**	**207,118,590**
New acquisitions as a result of takeovers	0	3,718	0	300	4,018
New acquisitions	0	0	0	5,041,694	5,041,694
Disposals	(27,243)	(33,309)	(207,015)	0	(267,567)
Impairments	0	0	(4,607,811)	0	(4,607,811)
Transfer from ongoing investments	1,952,876	4,767,576	0	(6,720,452)	0
Foreign exchange differences	(3,051)	(37,483)	0	(155)	(40,689)
As at 31 December 2013	**10,919,441**	**87,829,133**	**106,768,742**	**1,730,918**	**207,248,235**
Accumulated amortisation					
As at 1 January 2013	**(5,475,687)**	**(20,950,013)**	**0**	**0**	**(26,425,701)**
Amortisation	(1,124,783)	(3,460,631)	0	0	(4,585,414)
Disposals	10,771	0	0	0	10,771
Foreign exchange differences	1,076	9,562	0	0	10,638
As at 31 December 2013	**(6,588,623)**	**(24,401,082)**	**0**	**0**	**(30,989,706)**
Net carrying amount as at 1 January 2013	**3,521,171**	**62,178,618**	**111,583,568**	**3,409,531**	**180,692,889**
Net carrying amount as at 31 December 2013	**4,330,818**	**63,428,051**	**106,768,742**	**1,730,918**	**176,258,529**

(in EUR)	Software	Right to use concession infrastructure	Goodwill	Ongoing investments	Total
Cost					
As at 1 January 2014	**10,919,441**	**87,829,133**	**106,768,742**	**1,730,918**	**207,248,235**
New acquisitions	0	0	348,914	10,231,410	10,580,324
Disposals	(242,831)	(57,454)	0	0	(300,285)
Transfer from ongoing investments	4,506,959	5,317,396	0	(9,824,355)	0
Foreign exchange differences	(2,539)	(22,329)	(790,751)	(4,021)	(819,640)
As at 31 December 2014	**15,181,030**	**93,066,746**	**106,326,905**	**2,133,952**	**216,708,633**
Accumulated amortisation					
As at 1 January 2014	**(6,588,623)**	**(24,401,082)**	**0**	**0**	**(30,989,706)**
Amortisation	(1,493,584)	(3,822,275)	0	0	(5,315,859)
Disposals	234,763	21,723	0	0	256,486
Foreign exchange differences	5,325	6,251	0	0	11,576
As at 31 December 2014	**(7,842,119)**	**(28,195,383)**	**0**	**0**	**(36,037,502)**
Net carrying amount as at 1 January 2014	**4,330,817**	**63,428,051**	**106,768,742**	**1,730,918**	**176,258,529**
Net carrying amount as at 31 December 2014	**7,338,911**	**64,871,363**	**106,326,905**	**2,133,952**	**180,671,131**

All intangible assets presented herein are owned by the Group and are pledged.

5 percent of all intangible assets in use on 31/12/2014 were fully amortised (as compared to 3 percent as at 31/12/2013).

Goodwill

Goodwill structure presented by business combination from which it originates is as follows:

(in EUR)	The Petrol Group 31 December 2014	The Petrol Group 31 December 2013
Instalacija d.o.o., Koper[1]	85,266,022	85,266,022
Euro-Petrol d.o.o.[2]	12,423,621	13,151,422
El-TEC Mulej d.o.o.[3]	3,872,135	3,872,135
Petrol Bonus d.o.o.[4]	2,550,725	2,550,725
Petrol-Jadranplin d.o.o.[5]	735,020	789,404
Petrol Toplarna Hrastnik d.o.o.[6]	704,068	704,068
EKOEN ENA d.o.o.[7]	348,914	0
Petrol-Butan d.o.o.[8]	275,054	275,054
Sagax d.o.o. Beograd	151,346	159,911
Total goodwill	**106,326,905**	**106,768,742**

1 Instalacija d.o.o. was merged into Petrol d.d., Ljubljana in 2013.
2 Euro-Petrol d.o.o. was renamed Petrol d.o.o.
3 El-TEC Mulej d.o.o. was renamed Eltec Petrol d.o.o.
4 Petrol Bonus d.o.o. was renamed Petrol Crna gora MNE d.o.o.
5 Petrol-Jadranplin d.o.o. was renamed Petrol Plin d.o.o.
6 Petrol Toplarna Hrastnik d.o.o. was merged into Petrol Energetika d.o.o. in 2009.
7 EKOEN ENA d.o.o. was merged into Petrol d.d., Ljubljana in 2014.
8 Petrol-Butan d.o.o. was merged into Petrol Plin d.o.o. in 2012.

The increase in goodwill in 2014 is the result of the business combination with the company EKOEN ENA d.o.o. amounting to EUR 348,914, as described in Note 6.1.

The goodwill of Euro-Petrol d.o.o., Petrol-Jadranplin d.o.o., Petrol-Butan d.o.o. and Sagax d.o.o. Beograd decreased in 2014 due to the adjustment of foreign exchange differences totalling EUR 790,751.

On 31/12/2014, goodwill was tested for impairment, but no need for impairment was identified (EUR 4,607,811 in 2013).

The recoverable amount of acquired assets was assessed at the aggregate level of the acquired companies, except for goodwill arising from the acquisition of the 49-percent interest in the company Euro-Petrol d.o.o., the 100-percent interest in the company Petrol Toplarna Hrastnik d.o.o., the 100-percent interest in the company Instalacija d.o.o. and the 100-percent interest in the company Petrol-Butan d.o.o. Because status changes took place in all companies, goodwill was tested at the level of the cash-generating unit which was directly related to the assets acquired during the acquisition of the companies.

Goodwill was tested for impairment using the method of present value of expected free cash flows, which are based on five-year financial plans of cash-generating units (in the case of Euro-Petrol d.o.o. and Petrol Bonus d.o.o., nine-year financial plans of cash-generating units were used). All assumptions used in the calculation of net cash flows are based on experience with the companies' operations and reasonably expected operations in the future. Valuation techniques take into account the required rates of return before taxes ranging from 7.52 to 12.77 percent (in 2013 from 7.26 to 11.8 percent). In the case of the goodwill of Instalacija d.o.o., the required rate of return before taxes stood at 7.52 percent (2013: 7.26 percent), whereas in the case of Euro-Petrol d.o.o. the rate was 10.84 percent (2013: 10.58 percent). The annual growth rate of remaining free cash flows (the residual value) applicable to all goodwill stood at 2 percent (in 2013, 0 to 2 percent).

A reasonable change in the discount rate before taxes or the growth rate of remaining free cash flows would not result in the impairment of goodwill.

As the estimated value determined using the above assumptions exceeds the carrying amount, there is no need for impairment.

Overview of items exceeding 5 percent of net carrying amount as at 31/12/2014 (in EUR)

(in EUR)	The Petrol Group 31 December 2014	The Petrol Group 31 December 2013
Right to use natural gas distribution infrastructure in the municipality of Domžale	10,297,138	10,809,109
Right to use natural gas distribution infrastructure in the municipality of Slovenske Konjice	4,818,061	4,944,293
Right to use wastewater treatment infrastructure in the municipality of Murska Sobota	3,783,202	4,222,497
Right to use natural gas distribution infrastructure in the municipality of Slovenska Bistrica	3,776,301	3,943,504

Intangible assets of Petrol d.d., Ljubljana

(in EUR)	Software	Right to use concession infrastructure	Goodwill	Ongoing investments	Total
Cost					
As at 1 January 2013	**8,535,540**	**65,535,730**	**0**	**3,328,512**	**77,399,782**
New acquisitions as a result of merger by absorption	85,055	0	87,357,465	0	87,442,520
New acquisitions	0	0	0	4,470,959	4,470,959
Disposals	(7,068)	0	0	0	(7,068)
Impairments	0	0	(2,091,443)	0	(2,091,443)
Transfer from ongoing investments	1,856,441	4,294,160	0	(6,150,601)	0
As at 31 December 2013	**10,469,968**	**69,829,890**	**85,266,022**	**1,648,870**	**167,214,750**
Accumulated amortisation					
As at 1 January 2013	**(5,174,594)**	**(17,019,131)**	**0**	**0**	**(22,193,725)**
New acquisitions as a result of merger by absorption	(65,449)	0	0	0	(65,449)
Amortisation	(1,076,474)	(2,765,290)	0	0	(3,841,764)
Disposals	7,063	0	0	0	7,063
As at 31 December 2013	**(6,309,454)**	**(19,784,421)**	**0**	**0**	**(26,093,875)**
Net carrying amount as at 1 January 2013	**3,360,946**	**48,516,599**	**0**	**3,328,512**	**55,206,057**
Net carrying amount as at 31 December 2013	**4,160,514**	**50,045,469**	**85,266,022**	**1,648,870**	**141,120,875**

(in EUR)	Software	Right to use concession infrastructure	Goodwill	Ongoing investments	Total
Cost					
As at 1 January 2014	**10,469,968**	**69,829,890**	**85,266,022**	**1,648,870**	**167,214,750**
New acquisitions	0	0	348,914	6,946,254	7,295,168
Disposals	(201,107)	(38,009)	0	0	(239,116)
Transfer from ongoing investments	4,273,212	2,265,912	0	(6,539,124)	0
As at 31 December 2014	**14,542,073**	**72,057,793**	**85,614,936**	**2,056,000**	**174,270,802**
Accumulated amortisation					
As at 1 January 2014	**(6,309,454)**	**(19,784,421)**	**0**	**0**	**(26,093,875)**
Amortisation	(1,420,655)	(2,857,078)	0	0	(4,277,733)
Disposals	201,108	21,723	0	0	222,831
As at 31 December 2014	**(7,529,001)**	**(22,619,776)**	**0**	**0**	**(30,148,777)**
Net carrying amount as at 1 January 2014	**4,160,514**	**50,045,469**	**85,266,022**	**1,648,870**	**141,120,875**
Net carrying amount as at 31 December 2014	**7,013,072**	**49,438,017**	**85,614,936**	**2,056,000**	**144,122,025**

All intangible assets presented herein are owned by the Company and are pledged.

3 percent of all intangible assets in use on 31/12/2014 were fully amortised (as compared to 3 percent as at 31/12/2013).

Goodwill

In 2013 goodwill of EUR 85,266,022 was generated as a result of the absorption of Instalacija d.o.o. The difference of EUR 53,452,160 between the net assets of the acquired company, including goodwill, and the investment was recognised in the financial statements of Petrol d.d., Ljubljana in 2013, specifically in retained earnings, at EUR 12,938,309, and in the fair value reserve, at EUR 40,513,851.

On 31/12/2014, goodwill was tested for impairment as explained in the disclosure relating to the Group.

Overview of items exceeding 5 percent of net carrying amount as at 31/12/2014 (in EUR)

	Petrol d.d.	
(in EUR)	31 December 2014	31 December 2013
Right to use natural gas distribution infrastructure in the municipality of Domžale	10,297,138	10,809,109
Right to use natural gas distribution infrastructure in the municipality of Slovenske Konjice	4,818,061	4,944,293
Right to use wastewater treatment infrastructure in the municipality of Murska Sobota	3,783,202	4,222,497
Right to use natural gas distribution infrastructure in the municipality of Slovenska Bistrica	3,776,301	3,943,504

6.16 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 2013	**210,117,344**	**571,317,104**	**36,477,246**	**161,605,380**	**32,568,502**	**1,012,085,576**
New acquisitions as a result of takeovers	1,130,733	1,982,538	0	713,620	1,150	3,828,041
New acquisitions	0	0	0	0	48,388,994	48,388,994
Disposals	(718,084)	(4,569,921)	(170,692)	(15,888,721)	(1,364,998)	(22,712,416)
Disposal as a result of a company sale	0	0	0	(87,996)	0	(87,996)
Transfer between asset categories	0	0	179,483	(179,483)	0	0
Transfer from ongoing investments	7,393,170	25,295,991	1,573,369	24,262,564	(58,525,094)	0
Transfer to investment property	0	(498,721)	0	0	0	(498,721)
Transfer from investment property	0	65,951	0	0	0	65,951
Foreign exchange differences	(704,557)	(1,113,926)	(58,508)	(262,178)	(26,620)	(2,165,789)
As at 31 December 2013	**217,218,606**	**592,479,016**	**38,000,898**	**170,163,186**	**21,041,934**	**1,038,903,640**
Accumulated depreciation						
As at 1 January 2013	**0**	**(275,628,306)**	**(13,029,048)**	**(109,589,878)**	**0**	**(398,247,231)**
Depreciation	0	(22,861,379)	(1,859,666)	(11,279,125)	0	(36,000,170)
Disposals	0	524,175	169,964	12,613,955	0	13,308,094
Transfer between asset categories	0	0	(170,294)	170,294	0	0
Transfer to investment property	0	152,072	0	0	0	152,072
Transfer from investment property	0	(29,241)	0	0	0	(29,241)
Disposal as a result of a company sale	0	0	0	69,610	0	69,610
Foreign exchange differences	0	285,586	3,224	151,883	0	440,693
As at 31 December 2013	**0**	**(297,557,093)**	**(14,885,820)**	**(107,863,261)**	**0**	**(420,306,173)**
Net carrying amount as at 1 January 2013	**210,117,344**	**295,688,798**	**23,448,198**	**52,015,502**	**32,568,502**	**613,838,345**
Net carrying amount as at 31 December 2013	**217,218,606**	**294,921,923**	**23,115,078**	**62,299,925**	**21,041,934**	**618,597,466**

(in EUR)	Land	Buildings	Plant	Equipment	Ongoing investments	Total
Cost						
As at 1 January 2014	**217,218,606**	**592,479,016**	**38,000,898**	**170,163,186**	**21,041,934**	**1,038,903,640**
New acquisitions as a result of takeovers	0	755,302	0	65,196	0	820,498
New acquisitions	0	0	0	0	38,291,844	38,291,844
Disposals	(3,475,096)	(6,941,372)	(757,879)	(6,631,520)	(840,627)	(18,646,494)
Transfer from ongoing investments	6,486,719	10,530,242	2,568,045	13,768,193	(33,353,199)	0
Transfer to investment property	0	(7,081,142)	0	0	0	(7,081,142)
Transfer from investment property	597,010	7,908,152	0	0	0	8,505,162
Impairments	(206,991)	(12,225)	0	0	0	(219,216)
Foreign exchange differences	(717,817)	(1,400,255)	(471,905)	(247,238)	(113,517)	(2,950,732)
As at 31 December 2014	**219,902,431**	**596,237,718**	**39,339,159**	**177,117,817**	**25,026,435**	**1,057,623,560**
Accumulated depreciation						
As at 1 January 2014	**0**	**(297,557,093)**	**(14,885,820)**	**(107,863,261)**	**0**	**(420,306,173)**
Depreciation	0	(22,969,994)	(1,892,915)	(12,772,733)	0	(37,635,642)
Disposals	0	5,646,729	702,742	5,633,043	0	11,982,514
Transfer from investment property	0	2,555,503	0	0	0	2,555,503
Disposal as a result of a company sale	0	(4,929,729)	0	0	0	(4,929,729)
Foreign exchange differences	0	449,023	25,662	142,462	0	617,147
As at 31 December 2014	**0**	**(316,805,561)**	**(16,050,331)**	**(114,860,489)**	**0**	**(447,716,380)**
Net carrying amount as at 1 January 2014	**217,218,606**	**294,921,923**	**23,115,078**	**62,299,925**	**21,041,934**	**618,597,466**
Net carrying amount as at 31 December 2014	**219,902,431**	**279,432,157**	**23,288,828**	**62,257,328**	**25,026,435**	**609,907,179**

38 percent of all items of property, plant and equipment in use on 31/12/2014 were fully depreciated (as compared to 33 percent as at 31/12/2013).

Items of property, plant and equipment pledged as security

The Group's items of property, plant and equipment are pledged, except for certain assets acquired through acquisition of other companies. The cost of assets pledged as security stood at EUR 1,876,421 as at 31/12/2014 (EUR 1,779,701 as at 31/12/2013), with their net carrying amount totalling EUR 1,362,050 (EUR 1,316,742 as at 31/12/2013). The assets are mortgaged.

Assets held under finance lease

The cost of equipment held under finance lease stood at EUR 229,978 as at 31/12/2014 (EUR 229,978 as at 31/12/2013), with its net carrying amount totalling EUR 40,149 (EUR 71,182 as at 31/12/2013). The cost of property held under finance lease stood at EUR 7,282,294 as at 31/12/2014 (EUR 8,248,066 as at 31/12/2013), with its net carrying amount totalling EUR 4,879,220 (EUR 5,838,828 as at 31/12/2013).

Acquisitions as a result of takeover of companies in 2014

(in EUR)	Gradbeni objekti	Oprema	Skupaj
EKOEN ENA d.o.o.	755,302	65,196	820,498
New acquisitions as a result of takeovers	**755,302**	**65,196**	**820,498**

Overview of groups of investments in property, plant and equipment in 2014 including investments in excess of EUR 1,200,000

(in EUR)	2014
Acquisition and construction of service stations	10,952,639
District heating in Bled	2,701,598
District heating in Kamnik	2,031,024
Wood biomass district heating in Kranjska Gora	1,820,149
Sludge dehydration plant	1,704,690

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

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
Cost					
As at 1 January 2013	**100,211,622**	**369,197,089**	**120,897,814**	**17,660,999**	**607,967,524**
New acquisitions as a result of takeovers	9,577,755	74,779,200	18,349,664	1,282,163	103,988,782
New acquisitions	0	0	0	28,618,857	28,618,857
Disposals / Impairment	(342,623)	(1,263,897)	(12,068,380)	(1,361,497)	(15,036,397)
Transfer from ongoing investments	936,359	15,434,605	17,796,863	(34,167,827)	0
Transfer to investment property	0	(498,721)	0	0	(498,721)
Transfer from investment property	0	65,951	0	0	65,951
As at 31 December 2013	**110,383,113**	**457,714,227**	**144,975,961**	**12,032,695**	**725,105,996**
Accumulated depreciation					
As at 1 January 2013	**0**	**(232,933,288)**	**(95,101,816)**	**0**	**(328,035,104)**
New acquisitions as a result of takeovers	0	(42,746,205)	(14,936,825)	0	(57,683,030)
Depreciation	0	(16,102,039)	(6,938,865)	0	(23,040,904)
Disposals	0	377,061	11,138,153	0	11,515,214
Transfer to investment property	0	152,074	0	0	152,074
Transfer from investment property	0	(29,241)	0	0	(29,241)
As at 31 December 2013	**0**	**(291,281,638)**	**(105,839,353)**	**0**	**(397,120,991)**
Net carrying amount as at 1 January 2013	**100,211,622**	**136,263,801**	**25,795,998**	**17,660,999**	**279,932,420**
Net carrying amount as at 31 December 2013	**110,383,113**	**166,432,589**	**39,136,608**	**12,032,695**	**327,985,005**

(in EUR)	Land	Buildings	Equipment	Ongoing investments	Total
Cost					
As at 1 January 2014	**110,383,113**	**457,714,227**	**144,975,961**	**12,032,695**	**725,105,996**
New acquisitions as a result of takeovers	5,069,773	3,701,524	1,314,790	0	10,086,087
New acquisitions	0	0	0	25,119,471	25,119,471
Disposals / Impairment	(2,829,903)	(5,768,738)	(5,055,566)	(821,931)	(14,476,138)
Transfer from ongoing investments	2,436,514	5,608,194	10,115,496	(18,160,204)	0
Transfer to investment property	0	(7,081,142)	0	0	(7,081,142)
Transfer from investment property	597,010	7,908,152	0	0	8,505,162
As at 31 December 2014	**115,656,507**	**462,082,217**	**151,350,681**	**18,170,031**	**747,259,436**
Accumulated depreciation					
As at 1 January 2014	**0**	**(291,281,638)**	**(105,839,353)**	**0**	**(397,120,991)**
New acquisitions as a result of takeovers	0	(2,464,751)	(1,244,066)	0	(3,708,817)
Depreciation	0	(15,891,218)	(8,381,331)	0	(24,272,549)
Disposals	0	5,481,084	4,546,513	0	10,027,597
Transfer to investment property	0	2,555,503	0	0	2,555,503
Transfer from investment property	0	(4,929,729)	0	0	(4,929,729)
As at 31 December 2014	**0**	**(306,530,749)**	**(110,918,237)**	**0**	**(417,448,986)**
Net carrying amount as at 1 January 2014	**110,383,113**	**166,432,589**	**39,136,608**	**12,032,695**	**327,985,005**
Net carrying amount as at 31 December 2014	**115,656,507**	**155,551,468**	**40,432,444**	**18,170,031**	**329,810,450**

29 percent of all items of property, plant and equipment in use on 31/12/2014 were fully depreciated (as compared to 28 percent as at 31/12/2013).

Items of property, plant and equipment pledged as security

All items of property, plant and equipment of the Company are pledged. The Company has no property, plant and equipment under finance lease.

Overview of groups of investments in property, plant and equipment in 2014 including investments in excess of EUR 1,200,000

(in EUR)	2014
District heating in Bled	2,701,598
District heating in Kamnik	2,031,024
Wood biomass district heating in Kranjska Gora	1,820,149
Sludge dehydration plant	1,704,690

6.17 Investment property

Investment property comprises buildings (storage facilities, car washes, bars) being leased out by the Group/Company.

	The Petrol Group	Petrol d.d.
	Investment property	Investment property
Cost		
As at 1 January 2013	**26,387,713**	**26,797,190**
Transfer to property, plant and equipment	(65,951)	(65,951)
Transfer from property, plant and equipment	498,721	498,721
As at 31 December 2013	**26,820,483**	**27,229,960**
Accumulated depreciation		
As at 1 January 2013	**(13,573,853)**	**(14,146,872)**
Depreciation	(773,849)	(802,375)
Transfer to property, plant and equipment	29,241	29,241
Transfer from property, plant and equipment	(152,072)	(152,072)
As at 31 December 2013	**(14,470,533)**	**(15,072,078)**
Net carrying amount as at 1 January 2013	**12,813,860**	**12,650,318**
Net carrying amount as at 31 December 2013	**12,349,949**	**12,157,881**

	The Petrol Group	Petrol d.d.
	Investment property	Investment property
Cost		
As at 1 January 2014	**26,820,483**	**27,229,960**
Transfer to property, plant and equipment	(8,505,162)	(8,505,162)
Transfer from property, plant and equipment	7,081,142	7,081,142
As at 31 December 2014	**25,396,463**	**25,805,940**
Accumulated depreciation		
As at 1 January 2014	**(14,470,533)**	**(15,072,078)**
Depreciation	(752,443)	(780,970)
Transfer to property, plant and equipment	4,929,729	4,929,729
Transfer from property, plant and equipment	(2,555,503)	(2,555,503)
As at 31 December 2014	**(12,848,752)**	**(13,478,822)**
Net carrying amount as at 1 January 2014	**12,349,949**	**12,157,881**
Net carrying amount as at 31 December 2014	**12,547,711**	**12,327,117**

The Petrol Group

In 2014 revenue generated by the Group from investment property totalled EUR 2,615,413 (2013: EUR 2,525,206). According to the Group's estimates, the fair value of investment property stood at EUR 30,946,380 as at 31/12/2014 (EUR 30,387,729 as at 31/12/2013). The Group estimates the fair value using the method of capitalising normalised cash flows, with cash flows comprising chiefly lease payments for leased investment property. Projected growth and discount rates equal 0.05 percent (2013: 0.05 percent) and 9.19 percent (2013: 9.20 percent), respectively.

Petrol d.d., Ljubljana

In 2014 revenue generated by the Company from investment property totalled EUR 2,602,496 (2013: EUR 2,478,973). According to the Company's estimates, the fair value of investment property stood at EUR 31,319,939 as at 31/12/2014 (EUR 30,479,818 as at 31/12/2013). The Company estimates the fair value using the method of capitalising normalised cash flows, with cash flows comprising chiefly lease payments for leased investment property. Projected growth and discount rates equal 0.05 percent (2013: 0.05 percent) and 9.10 percent (2013: 9.10 percent), respectively.

6.18 Investments in subsidiaries

The Petrol Group

In the preparation of the Group's financial statements, investments in subsidiaries are eliminated on consolidation. A more detailed overview of the Group's structure is presented in chapter *Companies in the Petrol Group of the business report.*

Petrol d.d., Ljubljana

Information about direct subsidiaries as at 31/12/2014

The directly-owned subsidiaries of Petrol d.d., Ljubljana are as follows:

Name of subsidiary	Address of subsidiary	Ownership interest	Equity as at 31/12/2014	Statement of net profit or loss for 2014
Slovenia				
IGES d.o.o.	Dunajska c. 50, Ljubljana,Slovenia	100%	48,697,719	1,948,434
Petrol Energetika d.o.o.	Koroška c. 14, Ravne na Koroškem, Slovenia	99.38%	34,537,652	3,259,111
Petrol Maloprodaja Slovenija, d.o.o.[1]	Dunajska c. 50, Ljubljana, Slovenia	-	-	42
Eltec Petrol d.o.o.[2]	Pot na Lisice 7, Bled, Slovenia	100%	4,700,539	399,067
Petrol Skladiščenje d.o.o.	Zaloška 259, Ljubljana - Polje, Slovenia	100%	816,760	1,395
Petrol Tehnologija, d.o.o.	Zaloška 259, Ljubljana - Polje, Slovenia	100%	2,281,506	470,362
Petrol Geoterm d.o.o.	Mlinska ulica 5, Lendava, Slovenia	100%	3,388,090	267,162
Croatia				
Petrol d.o.o.	Oreškovićeva 6H, Zagreb, Croatia	100%	86,680,201	4,915,722
Petrol Plin d.o.o.	Put Bioca 15, Šibenik, Croatia	100%	6,059,477	951,330
Serbia				
Petrol d.o.o. Beograd	Ulica Patrijarha Dimitrija 12v, Belgrade, Serbia	100%	18,449,698	249,242
Petrol Gas Group, d.o.o.[3]	Maršala Tita 61, Bačka Topola, Serbia	-	3,695,950	34,882
Rodgas AD Bačka Topola	Maršala Tita 61, Bačka Topola, Serbia	89.64%	1,653,501	120,584
Beogas Invest d.o.o.[4]	Ulica Patrijarha Dimitrija 12v, Belgrade, Serbia	100%	6,933,937	(475,890)
Montenegro				
Petrol Crna gora MNE d.o.o.	Svetlane Kane Radević br. 3, Podgorica, Montenegro	100%	17,245,852	400,577
Other countries				
Petrol BH Oil Company d.o.o. Sarajevo	Tešanjska 24 a, Sarajevo, Bosnia and Herzegovina	100%	43,432,291	2,689,576
Intrade energija d.o.o. Sarajevo	Ulica Zmaja od Bosne broj 44, Sarajevo, Bosnia and Herzegovina	51%	(5,901,262)	(178,538)
Petrol-Trade Handelsges.m.b.H.	Elisabethstrasse 10 Top 4 u.5, Vienna, Austria	100%	1.667.263	106.180
Petrol-Energetika DOOEL Skopje	Belasica br. 2, Skopje, Macedonia	100%	76,139	10,608
Petrol Bucharest ROM S.R.L.[5]	22 Emanoil Porumbaru St., Office no. 6, Sector 1, Bucharest, Romania	100%	10,000	-
Cypet Oils Ltd.[6]	Ariadne House, Office 52, 333 28th October Street, Limassol, Cyprus	100%	38,639	(6,516)

1 Petrol Maloprodaja Slovenija d.o.o. was merged into Petrol d.d., Ljubljana in December 2014.
2 Eltec Petrol d.o.o. became fully owned by Petrol d.d., Ljubljana following the acquisition of the remaining interest in October 2014.
3 Petrol Gas Group, d.o.o. was merged into the company Beogas d.o.o. in December 2014.
4 Beogas Invest d.o.o. became fully owned by Petrol d.d., Ljubljana following the acquisition of the remaining interest in October 2014.
5 Petrol Bucharest ROM S.R.L. was established in December 2014.
6 Cypet Oils Ltd. is in the process of liquidation.

Information about indirect subsidiaries as at 31/12/2014

The companies Eltec Petrol d.o.o., IGES d.o.o. and Beogas Invest d.o.o. are the controlling companies of the Eltec Petrol Group, the IGES Group and the Beogas Invest Group, respectively. The subsidiaries from these groups are presented in the table below.

Name of subsidiary	Address of subsidiary	Ownership interest	Equity as at 31/12/2014	Statement of profit or loss for 2014
The Eltec Petrol Group				
Eltec Petrol Hrvatska d.o.o.	Vranovina 30, Zagreb, Croatia	100%	108,527	1,749
Eltec Petrol d.o.o. Beograd	Ulica Patrijarha Dimitrija 12v, Belgrade, Serbia	100%	444,642	51,679
The IGES Group				
VITALES d.o.o. Nova Bila, Travnik[1]	Nova Bila b.b., Travnik, Bosnia and Herzegovina	100%	0	0
VITALES d.o.o. Bihač[1]	Naselje Ripač b.b., Bihač, Bosnia and Herzegovina	100%	0	0
Vitales energie biomasse Italia s.r.l.[2]	Via del San Michele 340, Gorizia, Italy	-	0	0
The Beogas Invest Group				
Beogas d.o.o.	Patrijarha Dimitrija 12v, Belgrade, Serbia	100%	11,651,488	519,290
Domingas d.o.o.	Patrijarha Dimitrija 12v, Belgrade, Serbia	100%	(147,344)	(14,919)

1 The company is in bankruptcy proceedings.
2 The company has been liquidated.

Balance of investments in subsidiaries

(in EUR)	Petrol d.d. 31 December 2014	Petrol d.d. 31 December 2013
Petrol d.o.o.	130,910,000	130,910,000
Petrol BH Oil Company d.o.o.	34,537,990	34,537,990
Petrol d.o.o. Beograd	32,324,792	30,824,792
IGES d.o.o.	21,299,475	21,299,475
Petrol Crna gora MNE d.o.o.	19,396,000	19,396,000
Petrol Energetika d.o.o.	13,538,900	13,538,900
Petrol Maloprodaja Slovenija, d.o.o.	0	11,344,738
Beogas Invest d.o.o.	9,349,084	8,303,000
Eltec Petrol d.o.o.	6,824,404	5,111,478
Petrol Plin d.o.o.	5,182,607	5,182,607
Petrol Gas Group, d.o.o.	4,600,000	4,850,000
Rodgas AD Bačka Topola	2,604,000	2,604,000
Cypet Oils Ltd.	0	2,150,906
Petrol Geoterm d.o.o.	1,968,928	1,968,928
Petrol Skladiščenje d.o.o.	794,951	794,951
Petrol Tehnologija, d.o.o.	755,579	755,579
Petrol-Trade Handelsges.m.b.H.	147,830	147,830
Petrol-Energetika DOOEL Skopje	25,000	25,000
Petrol Bucharest Rom. S.r.l.	10,000	0
Intrade - energija d.o.o. Sarajevo	0	0
Total investments in subsidiaries	**284,269,540**	**293,746,174**

Changes in investments in subsidiaries

	Petrol d.d.	
(in EUR)	31 December 2014	31 December 2013
As at 1 January	293,746,174	364,715,239
New acquisitions	4,269,009	2,533,928
Merger by absorption	(11,344,738)	(64,841,413)
Impairment	(676,886)	(8,546,745)
Disposals	(1,724,021)	(114,834)
As at 31 December	**284,269,540**	**293,746,174**

Major new acquisitions of investments in subsidiaries were as follows in 2014:
- the acquisition of the remaining 25.1-percent interest in Eltec Petrol d.o.o. totalling EUR 1,712,925;
- the capital increase of Petrol d.o.o., Beograd totalling EUR 1,500,000;
- the acquisition of the remaining 8.15-percent interest in Beogas Invest d.o.o. totalling EUR 1,046,084.

The disposal of EUR 1,474,020 relates to the decrease in the nominal capital of Cypet Oils Ltd. When testing assets for impairment, the Company determined that the carrying amount of the investment in Cypet Oils Ltd. exceeded the investments' fair value and value in use, prompting the Company to impair the investments by EUR 676,886.

Merger by absorption relates exclusively to the merger of Petrol Maloprodaja d.o.o. into the Company. In 2013 the merger by absorption item related exclusively to the merger of Instalacija d.o.o. into the Company.

6.19 Investments in jointly controlled entities

The Group measures investments in jointly controlled entities using the equity method, while the Company measures them at cost. More information about the Group's accounting treatment of investments in jointly controlled entities is provided in chapter Significant accounting policies of the Group in Note 3a. More information about the Company's accounting treatment of investments in jointly controlled entities is provided in chapter Significant accounting policies of the Company in Note 4c. A more detailed overview of the Group's structure is presented in chapter *Companies in the Petrol Group* of the business report.

Information about jointly controlled entities as at 31/12/2014

			Ownership and voting rights	
Name of jointly controlled entity	Address of jointly controlled entity	Business activities	31 December 2014	31 December 2013
Slovenia				
GEN-I, d.o.o.[1]	Vrbina 17, Krško, Slovenia	Electricity trading and sale	50%	50%
Geoenergo d.o.o.	Mlinska ulica 5, Lendava, Slovenia	Extraction of natural gas, oil and gas condensate	50%	50%
Soenergetika d.o.o.	Stara cesta 3, Kranj, Slovenia	Electricity, gas and steam supply	25%	25%
Other countries				
Petrol - OTI - Slovenija L.L.C.	Zona Industriale, Fushte Kosove	Retail sale and wholesale of liquid and gaseous fuel and similar products	51%	51%
Petrol Slovenia Tirana Wholesale Sh.A.[2]	Deshmoret e 4 Shkurtit Pll.26, Tirana, Albania	Wholesale of liquid, gaseous and similar fuels	55%	55%
Petrol Slovenia Tirana Distribution Sh.p.k[2]	Deshmoret e 4 Shkurtit Pll.26, Tirana, Albania	Retail sale of liquid and gaseous fuel	55%	55%
Petrol LPG d.o.o. Beograd	Patrijarha Dimitrija 12v, Belgrade, Serbia	Sale of liquefied petroleum gas	51%	51%

1 Gen-I, d.o.o. is directly owned by IGES d.o.o.
2 The company is in the process of liquidation.

Balance of investments in jointly controlled entities

	The Petrol Group		Petrol d.d.		
(in EUR)	31 December 2014	31 December 2013	31 December 2014	31 December 2013 (restated)	1 January 2013 (restated)
Gen-I, d.o.o.	45,089,535	42,417,087	0	0	0
Petrol LPG d.o.o., Beograd	1,817,662	2,140,270	2,057,948	2,057,948	0
Petrol-Oti-Slovenija L.L.C.	1,578,444	1,567,916	827,735	676,000	1,973,990
Petrol Slovenia Tirana Wholesale Sh.A.	1,080,756	1,084,846	986,000	986,000	986,000
Soenergetika d.o.o.	451,682	427,032	210,000	210,000	210,000
Geoenergo d.o.o.	46,754	22,960	0	0	0
Total investments in jointly controlled entities	**50,064,833**	**47,660,111**	**4,081,683**	**3,929,948**	**3,169,990**

The Petrol Group

Changes in investments in jointly controlled entities

	The Petrol Group	
(in EUR)	31 December 2014	31 December 2013
As at 1 January	**47,660,111**	**41,931,824**
Attributed profit	2,510,924	4,920,681
Dividends received	(2,150,000)	(1,443,355)
New acquisitions	2,151,735	2,332,644
Attribution of changes in the equity of jointly controlled entities	(107,937)	(81,683)
As at 31 December	**50,064,833**	**47,660,111**

In conformity with the equity method, the Group received attributable profit of EUR 2,510,924 in 2014. From this amount, dividends on retained earnings, which stood at EUR 2,150,000, were deducted. These items are explained in more detail in Note 6.10.

By increasing the capital of the companies Gen-I, d.o.o. and Petrol-Oti-Slovenija L.L.C. in 2014, the Group increased its interest in the companies by EUR 2,000,000 and EUR 151,735, respectively.

Significant amounts from the financial statements of jointly controlled entities

2013

(in EUR)	Assets	Liabilities (debt)	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
The GEN-I Group	245,607,528	188,909,250	1,280,708,089	9,747,610	4,873,805
Petrol Slovenia Tirana Wholesale Sh.A.	2,296,966	37,530	10,855	(1,871)	(1,029)
Petrol - OTI - Slovenija L.L.C.	22,532,830	7,414,910	16,088,581	(377,854)	(192,706)
Soenergetika d.o.o.	6,045,552	4,337,420	4,267,811	679,005	169,751
Geoenergo d.o.o.	456,898	313,892	393,615	10,989	5,495
Petrol LPG d.o.o.	8,145,343	4,003,954	10,837,746	198,002	100,981

2014

(in EUR)	Assets	Liabilities (debt)	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
The GEN-I Group	257,390,414	198,565,311	1,358,287,373	5,224,285	2,612,143
Petrol Slovenia Tirana Wholesale Sh.A.	2,296,966	0	1,557	(4,718)	(2,595)
Petrol - OTI - Slovenija L.L.C.	20,060,782	5,184,258	16,294,726	(87,871)	(44,814)
Soenergetika d.o.o.	5,360,530	3,553,847	3,880,104	698,196	174,549
Geoenergo d.o.o.	364,677	174,083	1,035,092	48,564	24,282
Petrol LPG d.o.o.	8,940,066	5,413,483	22,962,762	(254,830)	(129,963)

Petrol d.d., Ljubljana

Changes in investments in jointly controlled entities

(in EUR)	Petrol d.d. 31 December 2014	31 December 2013 (restated)
As at 1 January	**3,929,948**	**3,169,990**
New acquisitions	151,735	2,332,645
Impairment (effect on the statement of profit or loss)	0	(1,572,687)
As at 31 December	**4,081,683**	**3,929,948**

By increasing the capital of the company Petrol-Oti-Slovenija L.L.C. in 2014, the Company increased its interest in the company by EUR 151,735.

In 2014 the management decided to change the accounting policy used for the valuation of jointly controlled entities. Subsequent to this change, the Company has been measuring associates and jointly controlled entities using the cost model and not the previously used fair value model. In accordance with the accounting standards, the Company ensured the comparability of data by application of the change of policy retrospectively, effective from 1 January 2014. More information is available in Point 2.e

6.20 Investments in associates

The Group measures investments in associates using the equity method, while the Company measures them at cost. More information about the accounting treatment of investments in associates is given in Note 3a (the Group) and Note 4c (the Company). A more detailed overview of the Group's structure is presented in chapter *Companies in the Petrol Group* of the business report.

Information about associates as at 31/12/2014

Name of associate	Address of associate	Business activities	Ownership and voting rights 31 December 2014	31 December 2013
Slovenia				
Geoplin d.o.o. Ljubljana	Cesta Ljubljanske brigade 11, Ljubljana, Slovenia	Sale and transport of natural gas	31.98%	31.98%
Aquasystems d.o.o.	Dupleška 330,Maribor,Slovenia	Construction and operation of industrial and municipal water treatment plants	26%	26%
Marche d.o.o.	Notranjska c. 71, Logatec, Slovenia	Preparation of food and beverages, sale of merchandise and other services	25%	25%
Bio goriva d.o.o. - in bankruptcy proceedings	Grajski trg 21, Rače, Slovenia	Manufacturing, trading and services	25%	25%

Balance of investments in associates

(in EUR)	The Petrol Group 31 December 2014	31 December 2013	Petrol d.d. 31 December 2014	31 December 2013 (restated)	1 January 2013 (restated)
Geoplin d.o.o. Ljubljana	100,794,859	98,334,812	51,761,512	51,761,512	51,761,512
Aquasystems d.o.o.	2,308,622	1,976,715	1,091,028	1,091,028	1,091,028
Marche Gostinstvo d.o.o.	489,442	536,013	353,801	353,801	353,801
Bio goriva d.o.o.	0	0	0	0	0
Total investments in associates	**103,592,923**	**100,847,540**	**53,206,341**	**53,206,341**	**53,206,341**

The Petrol Group

Changes in investments in associates

(in EUR)	The Petrol Group 31 December 2014	31 December 2013
As at 1 January	**100,847,540**	**98,807,655**
Attributed profit/loss	5,517,492	4,983,564
Dividends received	(3,293,381)	(3,047,672)
Attributed changes in the equity of associates	521,271	103,994
As at 31 December	**103,592,923**	**100,847,540**

The Group did not increase its existing interests or make new investments in associates in 2014.

In 2014, in conformity with the equity method, the Petrol Group attributed the corresponding share of 2014 profits or losses to its investments, in total EUR 5,517,492, deducting from the investments the dividends received of EUR 3,293,381. These items are explained in more detail in Note 6.10.

In accordance with the equity method, the Group recognised its share of the fair value reserve of the associate Geoplin d.o.o., increasing the value of the investment by EUR 521,272 as a result.

Significant amounts from the financial statements of associates

2013

(in EUR)	Assets	Liabilities	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
The Geoplin Group	480,142,390	185,097,275	364,287,860	12,133,600	3,880,070
Aquasystems, d.o.o.	23,072,669	16,891,116	7,893,819	2,689,808	699,350
Marche Gostinstvo, d.o.o.	3,497,350	1,343,270	11,392,250	641,850	160,463
Bio goriva d.o.o.	18,852,831	23,104,535	3,398,899	(2,244,546)	(561,137)

2014

(in EUR)	Assets	Liabilities	Revenue	Net profit or loss	Net profit or loss attributable to the Petrol Group
The Geoplin Group	485,243,980	183,306,440	399,217,710	13,288,100	4,249,255
Aquasystems, d.o.o.	23,044,951	15,864,463	7,933,201	2,776,507	721,892
Marche Gostinstvo, d.o.o.	3,395,250	1,405,790	11,350,890	431,300	107,825

Petrol d.d., Ljubljana
Changes in investments in associates

(in EUR)	Petrol d.d. 31 December 2014	31 December (restarted)
As at 1 January	**53,206,341**	**53,206,341**
As at 31 December	**53,206,341**	**53,206,341**

The Company did not increase its existing interests or make new investments in associates in 2014.

In 2014 the management decided to change the accounting policy used for the valuation of associates. Subsequent to this change, the Company has been measuring associates and jointly controlled entities using the cost model and not the previously used fair value model. In accordance with the accounting standards, the Company ensured the comparability of data by application of the change of policy retrospectively, effective from 1 January 2014. More information is available in Point 2.e

6.21 Available-for-sale financial assets

Available-for-sale financial assets stand for investments in shares and interests of companies and banks as well as investments in mutual funds and bonds. Since the majority of available-for-sale financial assets are the assets of Petrol d.d., Ljubljana, a joint disclosure for the Group and the Company is presented.

Balance of available-for-sale financial assets

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Shares of companies	1,168,150	1,189,124	1,089,107	1,110,081
Shares of banks	235,841	235,841	235,841	235,841
Interests in companies	238,291	238,291	190,291	190,291
Bonds and other assets	2,903	2,903	0	0
Total available-for-sale financial assets	**1,645,185**	**1,666,159**	**1,515,239**	**1,536,212**

Changes in available-for-sale financial assets

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
As at 1 January	**1,666,159**	**6,488,024**	**1,536,212**	**6,358,078**
Disposals	0	(4,821,865)	0	(4,821,865)
Impairment (effect on the statement of profit or loss)	(20,973)	0	(20,973)	0
As at 31 December	**1,645,185**	**1,666,159**	**1,515,239**	**1,536,212**

The Petrol Group and Petrol d.d., Ljubljana

Available-for-sale financial assets of the Group/Company are carried at cost since their fair values cannot be reliably measured due to significant variability in the range of reasonable fair value estimates.

6.22 Non-current financial receivables

Balance of non-current financial receivables

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Loans and other financial receivables	7,861,337	7,049,936	17,989,988	23,433,149
Finance lease receivables	241,210	0	241,210	0
Total non-current financial receivables	**8,102,547**	**7,049,936**	**18,231,198**	**23,433,149**

The Petrol Group

The most significant item of the Group's non-current financial receivables is a loan granted to the jointly controlled entity Petrol-Oti-Slovenija L.L.C of EUR 3,476,788. The second most significant item refers to a loan of EUR 2,327,940 (EUR 2,069,280 as at 31/12/2013) arising from the sale of shares and loans for goods delivered totalling EUR 849,074 (EUR 829,856 as at 31/12/2013).

Changes in non-current financial receivables

	The Petrol Group	
(in EUR)	31 December 2014	31 December 2013
Receivables as at 1 January	**7,049,936**	**4,072,743**
New loans	2,573,812	6,438,820
Loans repaid	(193,530)	(1,755,791)
Transfer to current financial receivables	(1,326,758)	(1,701,922)
Foreign exchange differences	(913)	(3,914)
Receivables as at 31 December	**8,102,547**	**7,049,936**

Petrol d.d., Ljubljana

Non-current financial receivables of EUR 18,231,198 comprise non-current financial receivables from Group companies totalling EUR 14,560,394 and non-current financial receivables from others equalling EUR 3,670,804 (EUR 3,098,903 as at 31/12/2013). Significant non-current financial receivables from others include a loan of EUR 2,327,940 (EUR 2,069,280 as at 31/12/2013) arising from the sale of shares and loans for goods delivered totalling EUR 849,074 (EUR 829,856 as at 31/12/2013). Non-current financial receivables from Group companies are presented in the table below.

	Petrol d.d.	
(in EUR)	31 December 2014	31 December 2013
Non-current financial receivables from Group companies		
Intrade Energija d.o.o.	2,331,537	8,453,950
Eltec Petrol d.o.o.	5,178,100	5,734,300
Petrol-Oti-Slovenija L.L.C.	3,476,788	2,747,033
Petrol Energetika d.o.o.	2,899,890	2,599,884
Petrol Plin d.o.o.	312,500	437,500
IGES d.o.o.	361,579	361,579
Total	**14,560,394**	**20,334,246**

Changes in non-current financial receivables

	Petrol d.d.	
(in EUR)	31 December 2014	31 December 2013
Receivables as at 1 January	**23,433,149**	**17,163,277**
New acquisitions as a result of merger by absorption	0	13,171,896
New loans	3,213,740	8,116,888
Loans repaid	(103,216)	(10,337,836)
Impairment	(5,100,000)	0
Transfer to current financial receivables	(3,212,475)	(4,681,076)
Receivables as at 31 December	**18,231,198**	**23,433,149**

Due to a change in the estimated value of collaterals for loans to subsidiaries, allowances were made for the loans in the amount of EUR 5,100,000 in 2014.

6.23 Non-current operating receivables

Since the majority of non-current operating receivables consists of the receivables due to Petrol d.d., Ljubljana, a joint disclosure for the Group and the Company is presented.

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Receivables from companies	1,426,404	1,426,404	1,426,404	1,426,404
Allowance for receivables from companies	(1,426,404)	(1,426,404)	(1,426,404)	(1,426,404)
Receivables from municipalities	104,288	184,304	104,288	184,304
Other receivables	437,158	1,215,302	437,158	1,215,302
Total non-current operating receivables	**541,446**	**1,399,606**	**541,446**	**1,399,606**

The Petrol Group and Petrol d.d., Ljubljana

Non-current operating receivables from companies of EUR 1,426,404 consist of receivables from the jointly controlled entity Geoenergo d.o.o. The receivables stem from assets allocated over the long term for the restructuring of the company Nafta Lendava, d.o.o. that Petrol d.d., Ljubljana was obliged to provide under an agreement concluded with the Government of the Republic of Slovenia. Because the repayment of the non-current operating receivables is contingent on the generation and distribution of profit of the company Geoenergo d.o.o., an allowance was made for the entire receivable.

6.24 Inventories

(in EUR)	The Petrol Group 31 December 2014	The Petrol Group 31 December 2013	Petrol d.d. 31 December 2014	Petrol d.d. 31 December 2013
Spare parts and materials inventories	2,028,565	2,212,365	68,758	88,319
Merchandise:	107,323,500	150,162,025	92,853,139	131,088,107
- fuel	74,862,663	118,184,463	65,274,704	103,424,277
- other petroleum products	4,988,681	5,503,696	4,409,398	4,920,310
- other merchandise	27,472,156	26,473,866	23,169,037	22,743,520
Total inventories	**109,352,065**	**152,374,390**	**92,921,897**	**131,176,426**

The Petrol Group and Petrol d.d., Ljubljana

The Group/Company has no inventories pledged as security for liabilities.

After checking the value of merchandise inventories as at 31/12/2014, the Group/Company determined that the net realisable value of inventories was higher than the cost of merchandise, which is why it did not impair their value in 2014.

6.25 Current financial receivables

(in EUR)	The Petrol Group 31 December 2014	The Petrol Group 31 December 2013	Petrol d.d. 31 December 2014	Petrol d.d. 31 December 2013
Loans granted	15,315,350	12,098,570	16,770,575	11,429,977
Adjustment to the value of loans granted	(754,793)	(855,510)	(2,088,019)	(2,091,589)
Time deposits with banks (3 months to 1 year)	1,731,165	4,032,638	1,000,000	3,490,287
Interest receivables	711,567	475,551	2,699,549	2,524,487
Allowance for interest receivables	(48,758)	(31,708)	(1,511,294)	(1,144,818)
Finance lease receivables	77,036	25,975	77,036	25,975
Total current financial receivables	**17,031,567**	**15,745,516**	**16,947,847**	**14,234,319**

The Petrol Group

In addition to the loans of EUR 7,911,735 granted by Petrol d.d., Ljubljana to others (for explanation, see the disclosure relating to the Company) and the loan of EUR 2,740,000 to the jointly controlled entity Petrol LPG d.o.o., the loans granted include short-term loans of EUR 4,663,615 (EUR 6,083,910 as at 31/12/2013) granted to other companies, mainly in connection with the payment of goods delivered.

Petrol d.d., Ljubljana

Short-term loans to companies of EUR 16,770,575 include the short-term portion of loans to companies totalling EUR 8,858,840 and short-term loans to others equalling EUR 7,911,735 (EUR 3,206,209 as at 31/12/2013). Short-term loans to Group companies are presented below.

(in EUR)	Petrol d.d. 31 December 2014	Petrol d.d. 31 December 2013
Loans to Group companies		
Intrade Energija d.o.o.	4,521,445	3,499,032
Petrol LPG d.o.o.	2,740,000	1,740,000
Petrol Energetika d.o.o.	916,195	1,081,644
Eltec Petrol d.o.o.	556,200	556,200
Petrol Plin d.o.o.	125,000	176,013
Petrol-Oti-Slovenija L.L.C.	0	996,879
Petrol Geoterm d.o.o.	0	174,000
Total	**8,858,840**	**8,223,768**

Short-term loans to others of EUR 7,911,734 refer to a loan arising from the sale of financial instruments of EUR 5,500,000, loans to companies for the payment of goods delivered of EUR 1,426,316 (EUR 1,475,166 as at 31/12/2013), loans to road hauliers for the purchase of vehicles of EUR 176,248 (EUR 209,083 as at 31/12/2013) and other loans of EUR 809,170 (EUR 745,901 as at 31/12/2013).

6.26 Current operating receivables

(in EUR)	The Petrol Group 31 December 2014	The Petrol Group 31 December 2013	Petrol d.d. 31 December 2014	Petrol d.d. 31 December 2013
Trade receivables	398,251,441	401,340,661	318,434,469	300,193,633
Allowance for trade receivables	(51,373,243)	(47,394,331)	(28,578,110)	(27,701,515)
Operating receivables from state and other institutions	11,507,436	18,699,595	8,831,085	13,374,052
Operating interest receivables	3,162,386	3,282,419	4,098,807	3,871,702
Allowance for interest receivables	(1,845,585)	(1,919,460)	(1,573,442)	(1,452,559)
Receivables from insurance companies (loss events)	178,862	312,256	100,510	103,847
Other operating receivables	1,733,079	2,377,271	48,612	1,550,320
Allowance for other receivables	(384,365)	(152,910)	0	0
Total current operating receivables	**361,230,011**	**376,545,501**	**301,361,931**	**289,939,480**

6.27 Financial assets at fair value through profit or loss

Since all financial assets at fair value through profit or loss belong to Petrol d.d., Ljubljana, a joint disclosure for the Group and the Company is presented.

(in EUR)	The Petrol Group 31 December 2014	The Petrol Group 31 December 2013	Petrol d.d. 31 December 2014	Petrol d.d. 31 December 2013
Financial assets under management	1,576,330	1,434,401	1,576,330	1,434,401
Assets arising from commodity swaps	1,183,574	153,629	1,183,574	153,629
Assets arising from forward contracts	2,498,853	0	2,498,853	0
Total financial assets at fair value through profit or loss	**5,258,757**	**1,588,030**	**5,258,757**	**1,588,030**

The Petrol Group and Petrol d.d., Ljubljana

Financial assets under management totalling EUR 1,576,330 comprise cash invested in financial instruments to generate returns while ensuring acceptable dispersion of risk under the contract on the management of financial instruments. Financial assets as at 31/12/2014 were valued at the market prices of the financial instruments included in the portfolio.

Financial assets arising from commodity swaps of EUR 1,183,574 represent the fair values of outstanding commodity swap contracts for the purchase of petroleum products as at 31/12/2014. All of the above financial assets arising from derivative financial instruments should be considered in conjunction with outstanding contracts disclosed under financial liabilities in Note 6.34.

6.28 Prepayments and other assets

(in EUR)	The Petrol Group 31 December 2014	The Petrol Group 31 December 2013	Petrol d.d. 31 December 2014	Petrol d.d. 31 December 2013
Prepayments	9,475,572	6,490,678	3,872,254	3,901,888
Uninvoiced services and goods	2,122,931	568,150	2,088,742	770,947
Prepaid insurance premiums	836,395	747,999	549,851	522,266
Prepaid subscriptions, specialised literature, etc.	454,876	810,959	404,021	801,060
Uninvoiced natural gas and LPG	0	510,306	0	510,306
Other deferred costs and accrued revenue	1,708,707	1,173,366	930,490	227,214
Total prepayments and other assets	**14,598,481**	**10,301,458**	**7,845,358**	**6,733,681**

6.29 Cash and cash equivalents

(in EUR)	The Petrol Group 31 December 2014	The Petrol Group 31 December 2013	Petrol d.d. 31 December 2014	Petrol d.d. 31 December 2013
Cash	219,435	196,943	0	0
Cash in banks	14,713,344	25,976,136	7,734,836	17,027,806
Short-term deposits (up to 3 months)	43,640,602	43,569,650	44,857,460	39,379,228
Total cash and cash equivalents	**58,573,381**	**69,742,729**	**52,592,296**	**56,407,034**

6.30 Equity

Called-up capital

The Company's share capital totals EUR 52,240,977 and is divided into 2,086,301 ordinary shares with a nominal value of EUR 25.04. All the shares have been paid up in full. All 2,086,301 ordinary shares (designated PETG) are listed on the Ljubljana Stock Exchange. The quoted share price as at 31/12/2014 was EUR 284 per share (EUR 218 as at 31/12/2013) and the book value of a share as at 31/12/2014 was EUR 241.22 (EUR 224.16 as at 31/12/2013).

Authorised capital

At the 20th General Meeting of Petrol d.d., Ljubljana of 6 May 2010 a resolution on the proposed amendment to the Articles of Association was adopted which authorises the Management Board to increase, with the approval of the Supervisory Board and without an additional resolution of the General Meeting, the share capital of the Company within five years of the entry of this amendment in the Register of Companies up to the amount of one half of the share capital as at the date of the adoption of this resolution, which totals EUR 26,120,488.5 in nominal terms, by issuing new shares as consideration (authorised capital).

Capital surplus

Capital surplus may be used under conditions and for the purposes stipulated by law. In 2014 there were no changes in capital surplus.

Revenue reserves

- Legal reserves and other revenue reserves

Legal and other revenue reserves comprise shares of profit from previous years that have been retained for a dedicated purpose, mainly for offsetting eventual future losses. Acting on the proposal from the Company's Management Board made upon the approval of the annual report, the Company's Supervisory Board used the net profit to create other revenue reserves of EUR 20,552,918, in accordance with Article 230 of the Companies Act, and to pay out dividends totalling EUR 5,724,410.

- Own shares and reserves for own shares

If the parent company or its subsidiaries acquire an ownership interest in the parent company, the amount paid, including transaction costs less tax, is deducted from total equity in the form of own shares until such shares are cancelled, reissued or sold. If own shares are later sold or reissued, the consideration received is included in equity net of transaction costs and related tax effects.

Purchases and disposals of own shares

	Number of shares	Cost (in EUR)*
Total purchases 1997–1999	**36,142**	**3,640,782**
Disposal by year		
Payment of bonuses in 1997	(1,144)	(104,848)
Payment of bonuses in 1998	(1,092)	(98,136)
Payment of bonuses in 1999	(715)	(62,189)
Payment of bonuses in 2000	(1,287)	(119,609)
Payment of bonuses in 2001	(1,122)	(95,252)
Payment of bonuses in 2002	(1,830)	(158,256)
Payment of bonuses in 2003	(1,603)	(138,625)
Payment of bonuses in 2004	(1,044)	(90,284)
Payment of bonuses in 2005	(144)	(15,183)
Payment of bonuses in 2006	(403)	(42,492)
Payment of bonuses in 2007	(731)	(77,077)
Payment of bonuses in 2008	(324)	(34,162)
Total disposals 1997–2013	**(11,439)**	**(1,036,113)**
Own shares as at 31/ 12/ 2014	**24,703**	**2,604,670**

*Amounts converted from SIT into EUR at the parity exchange rate of 239.64.

In 2014 the number of own shares remained unchanged. As at 31/12/2014, the Company held 24,703 own shares. The market value of repurchased own shares totalled EUR 7,015,652 on the above date (EUR 5,385,254 as at 31/12/2013).

Other reserves

Other reserves consist of revaluation reserves (the Group), the fair value reserve and the hedging reserve. Changes in these reserves that took place in 2014 are explained in more detail in Note 6.14.

The fair value reserve refers to the reserves of EUR 40,513,851 resulting from the absorption of Instalacija d.o.o. (see Note 6.15 for explanation) and to unrealised actuarial gains and losses from the actuarial calculation of post-employment benefits on retirement totalling EUR 226,209.

Accumulated profit

Allocation of accumulated profit for 2013

At the 24th General Meeting of the joint-stock company Petrol d.d., Ljubljana held on 24/04/2014, the shareholders adopted the following resolution on the allocation of accumulated profit:

As proposed by the Management Board and the Supervisory Board, the accumulated profit for the financial year 2013 of EUR 20,863,010.00 is to be allocated in accordance with the provisions of Articles 230, 282 and 293 of the Companies Act (ZGD-1) as follows:

- payment of gross dividends of EUR 10.10 per share or the total of EUR 20,822,139.8 (own shares excluded);
- allocation of the remaining accumulated profit of EUR 40,870.2 to other revenue reserves.

The dividends are to be paid out of the 2013 net profit and other revenue reserves.
In 2014 the Company paid out dividends for the year 2013 of EUR 20,714,689 and dividends from the previous years of EUR 34,870.

Accumulated profit for 2014

(in EUR)	Petrol d.d. 31 December 2014	Petrol d.d. 31 December 2013
Compulsory allocation of net profit		
Net profit	41,105,838	30,195,459
Net profit after compulsory allocation	41,105,838	30,195,459
Creation of other revenue reserves	20,552,919	15,097,730
Determination of accumulated profit		
Net profit	20,552,919	15,097,730
Other revenue reserves	3,737,316	5,765,281
Accumulated profit	**24,290,235**	**20,863,010**

Acting on the proposal from the Company's Management Board made upon the approval of the annual report, the Company's Supervisory Board used the net profit to create other revenue reserves in accordance with Article 230 of the Companies Act.

Final dividends for the year ended 31/12/2014 have not yet been proposed and confirmed by owners at a General Meeting, which is why they have not been recorded as liabilities in these financial statements.

6.31 Provisions for employee post-employment and other long-term benefits

Provisions for employee post-employment and other long-term benefits comprise provisions for post-employment benefits on retirement and jubilee benefits. The provisions amount to estimated future payments for post-employment benefits on retirement and jubilee benefits discounted to the end of the reporting period. The calculation is made separately for each employee by taking into account the costs of post-employment benefits on retirement and the costs of all expected jubilee benefits until retirement.

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Post-employment benefits on retirement	2,980,376	2,680,898	2,223,570	1,535,302
Jubilee benefits	2,145,889	2,076,661	1,741,106	1,036,954
Total provisions	**5,126,265**	**4,757,559**	**3,964,676**	**2,572,256**

The Petrol Group

Changes in provisions for employee post-employment and other long-term benefits

	The Petrol Group		
(in EUR)	Post-employment benefits	Jubilee benefits	Total
As at 1 January 2013	**2,569,148**	**2,061,274**	**4,630,422**
New acquisitions as a result of merger by absorption	123,134	21,647	144,781
Reversed as a result of a company sale	(9,386)	(5,047)	(14,433)
Current service cost	54,206	178,636	232,842
Post-employment benefits paid	(54,206)	(178,636)	(232,842)
Reversal	(1,339)	0	(1,339)
Foreign exchange differences	(659)	(1,213)	(1,872)
As at 31 December 2013	**2,680,898**	**2,076,661**	**4,757,559**
Current service cost	477,131	170,781	647,912
Costs of interest	141,774	127,572	269,346
Post-employment benefits paid	(212,921)	(218,796)	(431,717)
Actuarial surplus	(53,230)	0	(53,230)
Reversal	(52,099)	(8,735)	(60,834)
Foreign exchange differences	(1,177)	(1,594)	(2,771)
As at 31 December 2014	**2,980,376**	**2,145,889**	**5,126,265**

The calculation of the provisions for employee post-employment and other long-term benefits is based on the actuarial calculation which relied on the following assumptions:

- a 2.88-percent annual discount rate for companies in Slovenia based on the data on the yield of 10-year government bonds of the Republic of Slovenia, a 3.64-percent rate for companies in Croatia, a 6.5-percent rate for companies in the Federation of Bosnia and Herzegovina and a 7.5-percent rate for companies in Serbia;
- the currently valid amount of post-employment and jubilee benefits specified in internal acts;
- staff turnover, primarily depending on their age;
- mortality based on the most recent mortality tables for the local population.

The companies in Slovenia are assumed to increase average salaries in the Republic of Slovenia in line with the annual inflation (IMAD Autumn Forecast for 2014), after 2017 by 2 percentage points and as of 2017 by an additional 0.5 percentage point of real growth. Employee salaries are assumed to increase in line with the annual inflation, by 0.5 percentage point for promotion and by a long-term service bonus. Salary increases or increases in the amounts determining the final payment to employees in companies abroad take into account the long-term projection of the International Monetary Fund of October 2014 (the rates as of 2018 being: Croatia 2.5 percentage points, Serbia 4.0 percentage points, Federation of Bosnia and Herzegovina 2.1 percentage points) increased by real growth (Federation of Bosnia and Herzegovina 1 percentage point, Serbia 0.5 percentage point).

Sensitivity analysis

(in EUR)	Discount rate		Salary increase		Staff turnover	
Change in	Percentage point		Percentage point		Percentage point	
Change by	0.5	-0.5	0.5	-0.5	0.5	-0.5
Effect on the balance of provisions for employee post-employment and other long-term benefits (in EUR)	**(227,636)**	**249,462**	**247,181**	**(229,528)**	**(238,134)**	**259,324**

Petrol d.d., Ljubljana

Changes in provisions for employee post-employment and other long-term benefits

	Petrol d.d.		
(in EUR)	Post-employment benefits	Jubilee benefits	Total
As at 1 January 2013	**1,349,174**	**1,007,254**	**2,356,428**
New acquisitions as a result of merger by absorption	186,128	29,700	215,828
Current service cost	6,289	102,384	108,673
Post-employment benefits paid	(6,289)	(102,384)	(108,673)
As at 31 December 2013	**1,535,302**	**1,036,954**	**2,572,256**
New acquisitions as a result of merger by absorption	445,072	652,056	1,097,128
Current service cost	390,079	59,477	449,556
Costs of interest	102,129	107,214	209,343
Post-employment benefits paid	(163,202)	(114,594)	(277,796)
Actuarial surplus	(85,811)	0	(85,811)
As at 31 December 2014	**2,223,569**	**1,741,107**	**3,964,676**

The calculation of the provisions for employee post-employment and other long-term benefits is based on the actuarial calculation which relied on the following assumptions:

- a 2.88-percent annual discount rate based on the data on the yield of 10-year government bonds of the Republic of Slovenia;
- the currently valid amount of post-employment and jubilee benefits specified in internal acts;
- staff turnover, primarily depending on their age;
- mortality based on the most recent mortality tables for the local population.

As for salary increases, average salaries in the Republic of Slovenia are assumed to increase in line with the annual inflation (IMAD Autumn Forecast for 2014), after 2017 by 2 percentage points and as of 2017 by an additional 0.5 percentage point of real growth. Employee salaries are assumed to increase in line with the annual inflation, by 0.5 percentage point for promotion and by a long-term service bonus.

Sensitivity analysis

(in EUR)	Discount rate		Salary increase		Staff turnover	
Change in	Percentage point		Percentage point		Percentage point	
Change by	0.5	-0.5	0.5	-0.5	0.5	-0.5
Effect on the balance of provisions for employee post-employment and other long-term benefits (in EUR)	**(128,336)**	**140,425**	**136,625**	**(128,766)**	**(134,137)**	**145,818**

6.32 Other provisions

(in EUR)	The Petrol Group 31 December 2014	The Petrol Group 31 December 2013	Petrol d.d. 31 December 2014	Petrol d.d. 31 December 2013
Provisions for employee post-employment and other long-term benefits at third-party managed service stations	2,649,345	2,524,862	2,649,344	2,524,862
Other provisions	1,389,057	1,071,850	0	0
Total provisions	**4,038,402**	**3,596,712**	**2,649,344**	**2,524,862**

The Petrol Group and Petrol d.d., Ljubljana

Other provisions comprise mainly provisions for employee post-employment and other long-term benefits relating to employees at third-party managed service stations of the Petrol Group. The provisions amount to estimated future payments for post-employment benefits on retirement and jubilee benefits discounted to the end of the reporting period. The calculation is made separately for each employee by taking into account the costs of post-employment benefits on retirement and the costs of all expected jubilee benefits until retirement.

Changes in provisions for employee post-employment and other long-term benefits at third-party managed service stations

(in EUR)	Post-employment benefits	Jubilee benefits	Total
As at 1 January 2013	**1,056,676**	**1,468,186**	**2,524,862**
Current service cost	60,101	144,707	108,673
Post-employment benefits paid	(60,101)	(144,707)	(108,673)
As at 31 December 2013	**1,056,676**	**1,468,186**	**2,524,862**
Current service cost	403,778	231,482	635,260
Costs of interest	(52,240)	(83,126)	(135,366)
Post-employment benefits paid	(100,055)	(134,958)	(235,013)
Actuarial surplus	(140,399)	0	(140,399)
As at 31 December 2014	**1,167,760**	**1,481,584**	**2,649,344**

The calculation of the provisions for employee post-employment and other long-term benefits is based on the actuarial calculation which relied on the following assumptions:

- a 2.88-percent annual discount rate based on the data on the yield of 10-year government bonds of the Republic of Slovenia;
- the currently valid amount of post-employment and jubilee benefits specified in internal acts;
- staff turnover, primarily depending on their age;
- mortality based on the most recent mortality tables for the local population.

As for salary increases, average salaries in the Republic of Slovenia are assumed to increase in line with the annual inflation (IMAD Autumn Forecast for 2014), after 2017 by 2 percentage points and as of 2017 by an additional 0.5 percentage point of real growth. Employee salaries are assumed to increase in line with the annual inflation, by 0.5 percentage point for promotion and by a long-term service bonus.

Sensitivity analysis

(in EUR)	Discount rate		Salary increase		Staff turnover	
Change in	Percentage point		Percentage point		Percentage point	
Change by	0.5	-0.5	0.5	-0.5	0.5	-0.5
Effect on the balance of provisions for employee post-employment and other long-term benefits (in EUR)	**(66,827)**	**73,840**	**75,323**	**(69,617)**	**(69,923)**	**76,809**

6.33 Long-term deferred revenue

(in EUR)	The Petrol Group 31 December 2014	The Petrol Group 31 December 2013	Petrol d.d. 31 December 2014	Petrol d.d. 31 December 2013
Long-term deferred revenue from environmental assets	5,014,629	6,490,127	5,014,629	6,490,127
Long-term deferred revenue from gas connections	0	2,675,054	0	2,241,274
Long-term deferred revenue from grants	38,213	42,782	38,213	42,782
Other long-term deferred revenue	1,301,037	19,370	1,248,067	19,370
Total	**6,353,879**	**9,227,333**	**6,300,910**	**8,793,553**

Long-term deferred revenue comprises deferred revenue of Petrol d.d., Ljubljana from funds granted for the environmental rehabilitation of service stations, road tankers, storage facilities and the clean-up of the bitumen dump at Pesniški Dvor. Environmental assets were approved by means of a decision of the Ministry of the Environment and Spatial Planning as part of the ownership transformation of the company Petrol d.d., Ljubljana and were recognised as such in the opening financial statements of Petrol d.d., Ljubljana as at 1 January 1993 that were prepared in accordance with the regulations governing the ownership transformation of companies.

The Petrol Group

Changes in deferred revenue

(in EUR)	Long-term deferred revenue from environmental assets	Long-term deferred revenue from gas connections	Long-term deferred revenue from grants	Other long-term deferred revenue	Total
As at 1 January 2013	**8,102,453**	**2,696,850**	**57,740**	**2,856**	**10,859,899**
Increase	0	235,444	0	19,370	254,814
Decrease	(1,612,326)	(257,240)	(14,958)	(2,856)	(1,887,380)
As at 31 December 2013	**6,490,127**	**2,675,054**	**42,782**	**19,370**	**9,227,333**
New acquisitions as a result of takeovers	0	0	0	324,445	324,445
Increase	0	0	0	1,248,733	1,248,733
Decrease	(1,475,498)	(2,675,054)	(4,569)	(291,511)	(4,446,632)
As at 31 December 2014	**5,014,629**	**0**	**38,213**	**1,301,037**	**6,353,879**

Long-term deferred revenue from environmental assets decreased by EUR 1,475,498 during the year, in line with the depreciation charge on environmental assets.

Petrol d.d., Ljubljana

Changes in deferred revenue

(in EUR)	Long-term deferred revenue from environmental assets	Long-term deferred revenue from gas connections	Long-term deferred revenue from grants	Other long-term deferred revenue	Total
As at 1 January 2013	**7,958,538**	**2,249,769**	**57,741**	**0**	**10,266,048**
New acquisitions as a result of merger by absorption	143,916	0	0	0	143,916
Increase	0	225,806	0	19,370	245,176
Decrease	(1,612,326)	(234,301)	(14,959)	0	(1,861,586)
As at 31 December 2013	**6,490,128**	**2,241,274**	**42,782**	**19,370**	**8,793,553**
Increase	0	0	0	1,503,735	1,503,735
Decrease	(1,475,499)	(2,241,274)	(4,569)	(275,036)	(3,996,378)
As at 31 December 2014	**5,014,629**	**0**	**38,213**	**1,248,069**	**6,300,910**

Long-term deferred revenue from environmental assets is explained in the note pertaining to the Group.

6.34 Financial liabilities

(in EUR)	The Petrol Group 31 December 2014	The Petrol Group 31 December 2013	Petrol d.d. 31 December 2014	Petrol d.d. 31 December 2013
Current financial liabilities				
Bank loans	72,955,798	118,553,994	58,924,604	108,318,321
Commercial papers issued	0	55,564,320	0	55,564,320
Liabilities to banks arising from interest rate swaps	2,643,349	3,147,251	1,384,864	2,280,726
Liabilities to banks arising from forward contracts	95,475	1,103,610	95,475	1,103,610
Liabilities arising from commodity swaps	4,386,473	338,584	4,386,473	325,817
Finance lease liabilities	681,809	754,812	39,176	64,568
Bonds issued	4,696,152	50,000,000	4,696,152	50,000,000
Other loans and financial liabilities	1,492,297	13,705,113	62,054,178	62,728,030
	86,951,353	**243,167,684**	**131,580,922**	**280,385,392**
Non-current financial liabilities				
Bank loans	154,026,859	291,111,549	67,329,985	191,452,185
Bonds issued	324,036,736	62,956,395	324,036,736	62,956,395
Finance lease liabilities	1,773,504	2,715,198	49,394	88,150
Loans obtained from other companies	290,841	391,061	0	0
	480,127,940	**357,174,203**	**391,416,115**	**254,496,730**
Total financial liabilities	**567,079,293**	**600,341,887**	**522,997,037**	**534,882,122**

The Petrol Group

Financial liabilities are not covered by securities in rem, except for liabilities arising from finance leases that the Group acquired as a result of business combinations.

In 2014 the average interest rate on short-term and long-term funding sources (including interest rate hedging) stood at 4.13 percent p.a. (2013: 4.52 percent p.a.).

Derivative financial instruments

Liabilities to banks arising from interest rate swaps totalling EUR 2,643,349 relate to the estimated fair values of outstanding interest rate risk hedging contracts as at 31/12/2014. Liabilities arising from forward contracts for the purchase of US dollars, which stood at EUR 95,475, represent the fair values of outstanding forward contracts as at 31/12/2014. Liabilities arising from commodity swaps totalling EUR 4,386,473 represent the fair values of outstanding commodity swap contracts for the purchase of petroleum products as at 31/12/2014. These financial liabilities arising from derivative financial instruments should be considered in conjunction with the outstanding contracts disclosed under financial receivables in Note 6.27.

Bonds issued

Bond liabilities refer to two lots of bonds issued by Petrol d.d., Ljubljana and listed on the Ljubljana Stock Exchange as PET2 and PET3 bonds, and to eurobonds issued by Petrol d.d., Ljubljana.

Petrol d.d., Ljubljana issued the eurobonds on 16/06/2014 at the total nominal value of EUR 265,000,000. The bond maturity date is 24/06/2019. The interest rate on the bonds is fixed, i.e. 3.25 percent p.a. Interest is accrued annually in arrears. The nominal value of the principal falls due in full and in a single amount upon the maturity of the bond on 24/06/2019. The bonds are listed on the Irish Stock Exchange.

In 2011 Petrol d.d., Ljubljana issued PET2 bonds at the total nominal value of EUR 33,000,000. The entire bond issue contains 33,000 denominations of EUR 1,000. The bond maturity date is 20/12/2016. The interest rate on the bonds is fixed, i.e. 6.75 percent p.a. Interest is accrued annually in arrears. The nominal value of the principal falls due in full and in a single amount upon the maturity of the bond on 20/12/2016. In 2012 the Company had the bonds admitted to trading on the Ljubljana Stock Exchange. The PET2 bond liabilities stood at EUR 32,922,201 as at 31/12/2014.

In 2012 Petrol d.d., Ljubljana issued PET3 bonds at the total nominal value of EUR 30,158,000. The entire bond issue contains 30,158 denominations of EUR 1,000. The bond maturity date is 07/12/2017. The interest rate on the bonds is fixed, i.e. 6.00 percent p.a. Interest is accrued annually in arrears. The nominal value of the principal falls due in full and in a single amount upon the maturity of the bond on 07/12/2017. The PET3 bond liabilities stood at EUR 30,087,590 as at 31/12/2014.

Finance lease

Out of the total amount of finance lease liabilities, which stood at EUR 2,455,313 (EUR 3,470,010 as at 31/12/2013), the amount of EUR 2,283,200 (EUR 3,240,283 as at 31/12/2013) relates to the finance lease liabilities of the company Petrol d.o.o. The finance lease concerns certain service stations. Over the next years, the Group's interest expense arising from the finance lease will amount to EUR 225,036. Minimum finance lease payments of Petrol d.o.o. totalled EUR 2,519,157 (EUR 3,670,928 as at 31/12/2013), with the net present value of lease payments totalling EUR 2,294,121 as at 31/12/2014 (EUR 3,240,283 as at 31/12/2013).

Other loans

Other short-term loans consist mainly of a loan from the jointly controlled entity Petrol Slovenia Tirana Wholesale Sh.A. of EUR 1,271,910.

Petrol d.d., Ljubljana

In 2014 the average interest rate on short-term and long-term funding sources (including interest rate hedging) stood at 4.13 percent p.a. (2013: 4.52 percent p.a.).

The Company's liabilities arising from derivative financial instruments and bonds are explained in more detail in the note pertaining to the Group.

Other loans obtained by the Company relate mainly to loans from Group companies amounting to EUR 61,935,483, as shown in the table below.

(in EUR)	Petrol d.d. 31 December 2014	Petrol d.d. 31 December 2013
Petrol d.o.o.	31,200,520	11,119,609
Petrol BH Oil Company d.o.o. Sarajevo	16,153,506	17,395,912
Petrol-Trade Handelsges.m.b.H.	5,804,321	2,545,670
Petrol Energetika d.o.o.	4,378,423	5,141,465
Petrol Crna gora MNE d.o.o.	1,760,288	4,041,055
Petrol Tehnologija d.o.o.	1,337,292	935,320
Petrol Slovenia Tirana Wholesale Sh. A	1,271,910	1,271,910
Petrol Skladiščenje d.o.o.	29,222	0
Geoplin d.o.o.	0	10,032,274
Petrol Maloprodaja Slovenija d.o.o.	0	8,070,974
Cypet Oils Ltd.	0	1,830,485
Total	**61,935,483**	**62,384,673**

6.35 Non-current operating liabilities

Since the majority of non-current operating liabilities consists of the liabilities of Petrol d.d., Ljubljana, a joint disclosure for the Group and the Company is presented.

(in EUR)	The Petrol Group 31 December 2014	The Petrol Group 31 December 2013	Petrol d.d. 31 December 2014	Petrol d.d. 31 December 2013
Liabilities arising from interests acquired	9,859,204	13,477,565	9,859,204	13,477,565
Liabilities arising from assets received for administration	1,095,582	1,160,982	1,095,582	1,160,982
Total non-current operating liabilities	**10,954,786**	**14,638,547**	**10,954,786**	**14,638,547**

The Petrol Group and Petrol d.d., Ljubljana

Liabilities arising from acquired interests in companies of EUR 9,859,204 refer exclusively to the long-term portion of the purchase price for the 49-percent interest in the company Euro-Petrol d.o.o. (the liability disclosed falls due in 2016, in accordance with the payment schedule).

Non-current operating liabilities of the Group/Company of EUR 1,095,582 relate to property, plant and equipment received for administration from municipalities under concession agreements. Liabilities are reduced in line with the depreciation of the assets received.

6.36 Current operating liabilities

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Trade liabilities	313,429,484	378,907,580	266,118,812	308,837,833
Excise duty liabilities	61,623,080	51,623,887	54,792,172	45,699,196
Value added tax liabilities	26,030,157	22,592,245	16,687,805	15,009,545
Import duty liabilities	11,211,057	13,990,548	8,076,621	12,652,878
Environment pollution charge liabilities	10,311,656	13,937,013	10,242,806	13,435,026
Liabilities to employees	5,765,258	5,783,156	4,020,187	3,068,745
Liabilities arising from prepayments and collaterals	2,509,162	1,857,536	1,844,576	1,502,835
Liabilities arising from interests acquired	2,235,967	3,000,000	2,235,967	3,250,000
Other liabilities to the state and other state institutions	904,977	534,384	474,024	152,142
Liabilities associated with the allocation of profit or loss	554,885	502,218	554,885	502,218
Social security contribution liabilities	510,625	529,033	401,802	280,011
Other liabilities	1,757,592	1,897,832	1,514,724	1,615,215
Total current operating and other liabilities	**436,843,900**	**495,155,432**	**366,964,381**	**406,005,643**

6.37 Other liabilities

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Other accrued costs	4,832,237	3,647,186	3,326,041	2,289,803
Accrued annual leave expenses	1,673,400	1,886,230	1,116,902	1,084,434
Deferred prepaid card revenue	1,560,517	1,172,351	1,555,863	1,172,351
Accrued litigation expenses	1,852,186	1,938,344	888,541	1,763,612
Deferred default interest income	895,197	839,929	895,197	839,929
Deferred revenue from rebates granted	688,011	454,001	483,494	454,001
Accrued goods shortages	311,892	516,684	311,892	516,684
Accrued costs for uninvoiced goods	283,545	1,682,052	247,815	1,615,516
Deferred revenue from heating	225,913	198,683	0	0
Accrued expenses for tanker demurrage	224,553	180,745	224,553	180,745
Accrued concession fee costs	217,410	165,109	205,906	153,416
Accrued motorway site lease payments	111,870	115,920	111,870	114,655
Other deferred revenue	907,384	1,133,495	416,931	515,624
Total other liabilities	**13,784,115**	**13,930,729**	**9,784,998**	**10,700,770**

7. Financial instruments and risk management

This chapter presents disclosures about financial instruments and risks. Risk management is explained in the business risks section of the business report.

7.1 Credit risk

In 2014 the economic and financial crisis continued in Slovenia and globally, which was strongly reflected in the collection of trade receivables, from legal and natural persons. This led the Group/Company to monitor even more closely the balance of trade receivables and tighten the terms on which sales on open account are approved by requiring a considerably wider range of high-quality collaterals.

The carrying amount of financial assets has maximum exposure to credit risks and was the following as at 31/12/2014:

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2014	31 December 2013	31 December 2014	31.december 2013
Available-for-sale financial assets	1,645,185	1,666,159	1,515,239	1,536,212
Non-current financial receivables	8,102,547	7,049,936	18,231,198	23,433,149
Non-current operating receivables	541,446	1,399,606	541,446	1,399,606
Current financial receivables	17,031,567	15,745,516	16,947,847	14,234,319
Current operating receivables	349,722,575	357,845,906	292,530,846	276,565,428
Financial assets at fair value through profit or loss	5,258,757	1,588,030	5,258,757	1,588,030
Cash and cash equivalents	58,573,381	69,742,729	52,592,296	56,407,034
Total assets	**440,875,458**	**455,037,882**	**387,617,629**	**375,163,778**

The item that was most exposed to credit risk on the reporting date were current operating receivables. Compared to the end of 2013, they decreased, in nominal terms, by 2.3 percent in relation to the Group and increased by 5.8 percent in relation to the Company. The decrease in the case of the Group is mainly the result of lower petroleum product prices, whereas the increase in the case of the Company stems primarily from higher sales or rather invoiced sales in the last quarter and the resulting increase in outstanding receivables.

Financial assets at fair value through profit or loss consist mainly of derivative financial instruments and assets under management.

The Group's current operating receivables by maturity

	Breakdown by maturity					
(in EUR)	Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	Total
Trade receivables	280,978,132	42,517,591	10,088,713	658,226	19,703,668	**353,946,330**
Interest receivables	1,024,040	145,900	93,049	92,421	7,549	**1,362,959**
Other receivables	2,536,617	0	0	0	0	**2,536,617**
Total as at 31 December 2013	**284,538,789**	**42,663,491**	**10,181,762**	**750,647**	**19,711,217**	**357,845,906**

	Breakdown by maturity					
(in EUR)	Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	Total
Trade receivables	281,860,385	37,060,476	10,372,634	1,388,953	16,195,750	**346,878,198**
Interest receivables	957,639	155,664	95,243	7,820	100,435	**1,316,801**
Other receivables	1,470,631	34,933	6,595	8,024	7,393	**1,527,576**
Total as at 31 December 2014	**284,288,655**	**37,251,073**	**10,474,472**	**1,404,797**	**16,303,578**	**349,722,575**

The Company's current operating receivables by maturity

(in EUR)	Breakdown by maturity Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	Total
Trade receivables	226,688,976	23,625,645	5,997,634	141	16,179,720	**272,492,118**
Interest receivables	872,206	93,642	145,504	30,975	1,276,816	**2,419,143**
Other receivables	1,654,169	0	0	0	0	**1,654,169**
Total as at 31 December 2013	**229,215,351**	**23,719,287**	**6,143,138**	**31,116**	**17,456,536**	**276,565,428**

(in EUR)	Breakdown by maturity Not yet due	Up to 30 days overdue	31 to 60 days overdue	61 to 90 days overdue	More than 90 days overdue	Total
Trade receivables	248,236,548	21,641,767	6,456,579	0	13,521,463	**289,856,359**
Interest receivables	921,703	114,268	53,678	0	1,435,716	**2,525,365**
Other receivables	149,124	0	0	0	0	**149,124**
Total as at 31 December 2014	**249,307,375**	**21,756,035**	**6,510,257**	**0**	**14,957,179**	**292,530,850**

Changes in allowances for current operating receivables of the Group

(in EUR)	Allowance for current operating receivables	Allowance for current interest receivables	Total
As at 1 January 2013	(42,653,537)	(1,679,878)	**(44,333,415)**
Net changes in allowances affecting profit or loss	(6,765,833)	(52,696)	**(6,818,529)**
Changes in allowances not affecting profit or loss	(1,276,681)	(198,114)	**(1,474,795)**
Reversal of allowances for receivables	3,069,071	5,664	**3,074,735**
New acquisitions as a result of takeovers	(37,649)	0	**(37,649)**
Disposal as a result of a company sale	14,277	1,639	**15,916**
Foreign exchange differences	103,111	3,925	**107,036**
As at 31 December 2013	**(47,547,241)**	**(1,919,460)**	**(49,466,701)**

(in EUR)	Allowance for current operating receivables	Allowance for current interest receivables	Total
As at 1 January 2014	(47,547,241)	(1,919,460)	**(49,466,701)**
Net changes in allowances affecting profit or loss	(6,937,263)	264,884	**(6,672,379)**
Changes in allowances not affecting profit or loss	331,898	(295,817)	**36,081**
Reversal of allowances for receivables	2,281,705	103,592	**2,385,297**
Disposal as a result of a company sale	(1,091)	0	**(1,091)**
Foreign exchange differences	114,384	1,216	**115,600**
As at 31 December 2014	**(51,757,608)**	**(1,845,585)**	**(53,603,193)**

Changes in allowances for current operating receivables of the Company

(in EUR)	Allowance for current operating receivables	Allowance for current interest receivables	Total
As at 1 January 2013	(25,525,701)	(1,313,181)	**(26,838,882)**
New acquisitions as a result of merger by absorption	(1,648,155)	0	**(1,648,155)**
Net changes in allowances affecting profit or loss	(3,146,288)	53,436	**(3,092,852)**
Changes in allowances not affecting profit or loss	0	(198,114)	**(198,114)**
Write-downs	2,618,629	5,300	**2,623,929**
As at 31 December 2013	**(27,701,515)**	**(1,452,559)**	**(29,154,074)**

(in EUR)	Allowance for current operating receivables	Allowance for current interest receivables	Total
As at 1 January 2014	(27,701,515)	(1,452,559)	**(29,154,074)**
New acquisitions as a result of merger by absorption	0	0	**0**
Net changes in allowances affecting profit or loss	(1,836,869)	95,954	**(1,740,915)**
Changes in allowances not affecting profit or loss	0	(228,586)	**(228,586)**
Write-downs	1,007,768	11,749	**1,019,517**
Reversal of allowances for receivables	(47,494)	0	**(47,494)**
As at 31 December 2014	**(28,578,110)**	**(1,573,442)**	**(30,151,552)**

Collateralisation of receivables

(in EUR)	The Petrol Group 31 December 2014	The Petrol Group 31 December 2013	Petrol d.d. 31 December 2014	Petrol d.d. 31 December 2013
Current trade receivables	398,251,441	401,340,661	318,434,469	300,193,633
Allowances	(51,373,243)	(47,394,331)	(28,578,110)	(27,701,515)
Current trade receivables including allowances	346,878,198	353,946,330	289,856,359	272,492,118
Overdue current trade receivables	115,689,755	120,362,529	70,197,919	73,504,655
Share of overdue receivables in outstanding receivables	29%	30%	22%	24%
Current operating receivables over EUR 25,000 secured with high-quality collaterals	**167,556,989**	**164,727,541**	**128,273,587**	**123,678,614**

Only high-quality collaterals are included in the overview of collaterals. Bills of exchange and promissory notes are excluded because they have a lower level of collectability.

The receivable from the Group's and the Company's largest single customer stood at EUR 10,132,168 as at 31/12/2014 (the entity is a public corporation), accounting for 2.9 percent of the Group's trade receivables and 3.5 percent of the Company's trade receivables.

The receivables mainly relate to receivables from domestic and foreign customers arising from the wholesale of goods and services and the sale of goods to the holders (natural persons) of the Petrol Club card. The structure of wholesale and retail customers (natural persons) is diversified, meaning there is no significant exposure to a single customer. The Company had 23,575 active customers (legal persons) as at 31/12/2014. The Group/Company has in place a computerised system of grades, ratings and blocks, enabling it to constantly monitor its customers.

The Group/Company improves the system for the monitoring of credit risks on a yearly basis. In 2014 the Group/Company continued to attach stricter conditions to approving the amount of exposure (limits) to individual buyers and required customers to provide a broader range of credit insurance instruments (insurance with insurance companies, bank guarantees, letters of credit, mortgages, pledges, collaterals, corporate guarantees, surety bonds, enforcement drafts).

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

	The Petrol Group		Petrol d.d.	
(v dnevih)	2014	2013	2014	2013
Days sales outstanding				
Contract days	34	34	29	32
Overdue receivables in days	14	16	13	14
Total days sales outstanding	**48**	**50**	**46**	**47**

In spite of the difficult economic conditions, the Group succeeded in reducing the number of days the receivables were overdue, with the Group/Company even managing to reduce the number of days sales outstanding. Commodity loans granted to buyers in order to reschedule the settlement of receivables are largely secured (usually through mortgages, but also through receivable assignment agreements, guarantor's undertakings and enforcement drafts). Receivables from commodity loans are not taken into account in days sales outstanding.

The loans granted by the Company refer mainly to the loans to subsidiaries, with the Company regularly assessing the possibility of the loans' repayment, the possibility of realising the collateral or whether the value of the collateral is still adequate as compared to the value of the investment. If the Company considers that a loan is not fully collectable, an allowance is made for the uncollectable amount. The Company systematically monitors the operations of Group companies, thus adequately limiting credit risk.

7.2 Liquidity risk

The Group/Company successfully manages liquidity risks, and the system itself remained virtually unchanged in 2014. However, as the number of subsidiaries in the Petrol Group increased, this area became more demanding to manage.

The Group/Company manages liquidity risks through:

- standardised and centralised treasury management at Group level,
- joint approach to banks in Slovenia and abroad,
- computer-assisted system for the management of cash flows of the parent company and all its subsidiaries,
- centralised collection of available cash through cash pooling.

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

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

By issuing eurobonds in 2014, the Group/Company secured long-term sources of funding and improved the structure of its borrowing sources.

In 2014 the Group/Company again focused strongly on the planning of cash flows, in particular as regards cash inflows from lay away sales, which tend to be extremely unpredictable in the time of crisis. 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 those of the parent company, which also generates the majority of revenue.

The Group's liabilities by maturity

(in EUR)	Carrying amount of liabilities	Liability	Contractual cash flows 0 to 6 months	6 to 12 months	1 to 5 years	More than 5 years
Non-current financial liabilities	357,174,203	384,790,893	0	0	345,709,523	39,081,371
Non-current operating liabilities	14,638,547	14,638,547	0	0	13,477,565	1,160,982
Current financial liabilities	243,167,684	260,204,187	190,977,727	69,226,461	0	0
Current operating liabilities	384,307,630	384,307,630	374,671,333	9,636,297	0	0
As at 31 December 2013	**999,288,064**	**1,043,941,258**	**565,649,060**	**78,862,758**	**359,187,088**	**40,242,353**

Current financial liabilities include derivative financial instruments totalling EUR 4,589,445.

(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	480,127,940	528,459,023	0	0	497,671,917	30,787,107
Non-current operating liabilities	10,954,786	10,954,786	0	0	9,859,204	1,095,582
Current financial liabilities	86,951,353	103,429,469	65,242,590	38,186,879	0	0
Current operating liabilities	317,977,928	317,977,928	315,730,938	2,246,990	0	0
As at 31 December 2014	**896,012,007**	**960,821,206**	**380,973,528**	**40,433,869**	**507,531,121**	**31,882,689**

Current financial liabilities include derivative financial instruments totalling EUR 7,125,297.

The Company's liabilities 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	254,496,730	270,473,197	0	0	265,554,761	4,918,436
Non-current operating liabilities	14,638,547	14,638,547	0	0	13,477,565	1,160,982
Current financial liabilities	280,385,392	296,751,849	206,660,718	90,091,131	0	0
Current operating liabilities	314,205,267	314,205,267	311,522,843	2,682,424	0	0
As at 31 December 2013	**863,725,935**	**896,068,860**	**518,183,561**	**92,773,555**	**279,032,326**	**6,079,418**

Current financial liabilities include derivative financial instruments totalling EUR 3,710,153.

(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	391,416,115	433,534,105	0	0	430,029,904	3,504,201
Non-current operating liabilities	10,954,786	10,954,786	0	0	9,859,204	1,095,582
Current financial liabilities	131,580,922	148,778,707	66,384,836	82,393,871	0	0
Current operating liabilities	270,424,388	270,424,388	268,532,397	1,891,991	0	0
As at 31 December 2014	**804,376,211**	**863,691,985**	**334,917,233**	**84,285,862**	**439,889,108**	**4,599,783**

Current financial liabilities include derivative financial instruments totalling EUR 5,866,812.

7.3 Foreign exchange risk

	The Petrol Group									Petrol d.d.		
	31 December 2013									31 December 2013		
(in EUR)	EUR	USD	HRK	BAM	RSD			CHF	Skupaj	EUR	USD	Skupaj
Current operating receivables	268,921,800	239,673	54,012,421	31,417,885	3,254,127			0	357,845,906	276,292,271	273,157	276,565,428
Non-current operating receivables	1,398,752	0	854	0	0			0	1,399,606	1,399,606	0	1,399,606
Current financial receivables	12,038,978	0	3,531,318	0	175,220			0	15,745,516	14,234,319	0	14,234,319
Non-current financial receivables	7,048,231	0	1,705	0	0			0	7,049,936	23,433,149	0	23,433,149
Non-current operating liabilities	(14,638,547)	0	0	0	0			0	(14,638,547)	(14,638,547)	0	(14,638,547)
Current operating liabilities	(142,611,452)	(187,530,050)	(41,880,465)	(8,356,395)	(3,929,268)			0	(384,307,630)	(139,454,366)	(174,750,900)	(314,205,266)
Non-current financial liabilities	(353,455,062)	0	(3,668,921)	0	(50,220)			0	(357,174,203)	(254,496,730)	0	(254,496,730)
Current financial liabilities	(241,214,703)	0	(1,951,211)	0	(1,770)			0	(243,167,684)	(279,134,362)	(1,251,030)	(280,385,392)
Exposure of the statement of financial position	**(462,512,003)**	**(187,290,377)**	**10,045,701**	**23,061,490**	**(551,911)**			**0**	**(617,247,100)**	**(372,364,660)**	**(175,728,773)**	**(548,093,433)**

	The Petrol Group									Petrol d.d.		
	31 December 2014									31 December 2014		
(in EUR)	EUR	USD	HRK	BAM	RSD			MKD	Skupaj	EUR	USD	Skupaj
Current operating receivables	267,328,595	422,573	43,501,668	27,451,012	10,800,105			218,622	349,722,575	292,116,784	414,066	292,530,850
Non-current operating receivables	540,401	0	1,045	0	0			0	541,446	541,446	0	541,446
Current financial receivables	12,711,995	0	4,319,572	0	0			0	17,031,567	16,947,847	0	16,947,847
Non-current financial receivables	7,828,757	0	273,790	0	0			0	8,102,547	18,231,198	0	18,231,198
Non-current operating liabilities	(10,954,786)	0	0	0	0			0	(10,954,786)	(10,954,786)	0	(10,954,786)
Current operating liabilities	(135,235,398)	(140,264,185)	(36,267,439)	(2,810,313)	(3,400,593)			0	(317,977,928)	(132,020,263)	(140,248,701)	(272,268,964)
Non-current financial liabilities	(478,273,333)	0	(1,832,837)	(21,770)	0			0	(480,127,940)	(391,416,115)	0	(391,416,115)
Current financial liabilities	(79,670,002)	(4,386,473)	(2,843,002)	0	(51,876)			0	(86,951,353)	(127,194,449)	(4,386,473)	(131,580,922)
Exposure of the statement of financial position	**(415,723,771)**	**(144,228,085)**	**7,152,797**	**24,618,929**	**7,347,636**			**218,622**	**(520,613,872)**	**(333,748,338)**	**(144,221,108)**	**(477,969,446)**

The Group/Company is exposed to the EUR/USD foreign exchange risk as it purchases petroleum products in US dollars, while sales in the domestic and foreign markets are made in local currencies.

The nominal value of forward contracts entered into by the Group/Company to hedge the EUR/USD exchange rate stood at EUR 139,344,979 as at 31/12/2014 (EUR 149,338,392 as at 31/12/2013).

The following exchange rates prevailed in 2014 and 2013:

Per 1 euro	31 December 2014	31 December 2013
USD	1.2160	1.3783
HRK	7.6598	7.6250
BAM	1.9558	1.9558
RSD	120.6000	114.1400

Hedging is performed in accordance with the Group's rules for the management of price and foreign exchange risks prepared on the basis of the Decree Setting Prices for Petroleum Products. 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 Setting Prices for Petroleum Products and the margin is maintained. The hedging instruments used in this case are forward contracts entered into with banks.

The effect of forward contracts:

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Unrealised loss	(95,475)	(1,103,610)	(95,475)	(1,103,610)
Unrealised gain	2,498,852	0	2,498,852	0
Realised loss	(2,634,399)	(11,531,911)	(2,634,399)	(11,531,911)
Realised gain	10,833,256	7,316,808	10,833,256	7,316,808
Total effect of forward contracts	**10,602,234**	**(5,318,713)**	**10,602,234**	**(5,318,713)**

The effects of forward contracts should be considered together with foreign exchange differences arising on the purchasing of oil and petroleum products. The total effect of forward contracts and foreign exchange differences was as follows: revenue of EUR 1,206,854 (2013: expenses of EUR 4,838,203) for the Group and expenses of EUR 1,846,536 (2013: expenses of EUR 3,881,252) for the Company.

Considering that forward contracts for hedging against foreign exchange risks are entered into with first-class Slovene banks, the Group/Company estimates that the counterparty default risk is nil.

The Group is exposed to foreign exchange risks also in dealing with subsidiaries in SE Europe. The risk incurred is a risk of changes in the EUR/HRK exchange rate arising from the sales of euro-denominated goods in Croatia. Considering that due to an illiquid market the cost of hedging against changes in the above exchange rates would be excessive and that the above items represent only a small part of the Group's operations, the Group/Company believes it is not exposed to significant risks in this area.

The Group/Company does not perform sensitivity analyses for changes in the EUR/USD exchange rate given that in the Slovene market, which is the most exposed, a decree is in force that allows for changes in the exchange rates to be passed on to retail prices. Retail prices change every 14 days, and the Group/Company uses forward contracts to hedge against exchange rate changes that are reflected in price changes.

The Group/Company does not perform sensitivity analyses for changes in other exchange rates (EUR/HRK, EUR/RSD and EUR/MKD) as it estimates the exposure to be minimal and the changes would not have a material impact on profit or loss.

7.4 Price risk

The Group/Company hedges petroleum product prices primarily by using commodity swaps (variable to fixed price swap). Partners in this area include global financial institutions and banks or suppliers of goods, which is why the Group/Company estimates that the counterparty default risk is nil.

The effect of commodity swaps:

	The Petrol Group		Petrol d.d.	
(v EUR)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Unrealised loss	(4,386,473)	(338,584)	(4,386,473)	(325,817)
Unrealised gain	1,183,574	153,628	1,183,574	153,628
Realised loss	(4,521,655)	(4,303,153)	(4,502,186)	(4,170,434)
Realised gain	6,433,066	4,963,567	6,244,051	4,834,924
Total effect of commodity swaps	**(1,291,488)**	**475,458**	**(1,461,034)**	**492,301**

Because commodity swaps are not designated as a hedging instrument in a hedge of the variability in cash flows attributable to a recognised asset or liability, gains and losses are recognised directly in other finance income and expenses. Taking into account the higher margin resulting from the commodity swaps used, the Group/Company generated a net realised gain on commodity swaps of EUR 133,207 in 2014 (2013: a gain of EUR 138,030).

The Group does not perform sensitivity analyses for changes in the prices of petroleum products given that decrees are in force in its major markets (Slovenia and Croatia) that allow for changes in the prices of petroleum products to be passed on to retail prices, which change fortnightly.

7.5 Interest rate risk

In the financing of capital investments and current operations, interest rate risks are incurred as the Group/Company enters into long-term loan agreements based on Euribor, which changes on a daily basis. Loan agreements associated with short-term funding have a fixed nominal interest rate, but they too are being progressively adapted to changes in Euribor.

Interest rate hedging is conducted in accordance with the Group's policy for hedging against business risks as laid down in the rules on business risk management and instructions for hedging against interest rate risks of the Petrol Group.

Cash flow hedging is performed as follows:
- partly through current operations (the Group's/Company's interest rate on operating receivables being Euribor-based);
- partly through financial markets (the interest rate on bank deposits being Euribor-based);
- partly through forward markets by entering into interest rate swaps;
- partly through fixed-interest financing.

Hedging through the use of derivatives is aimed at achieving a fixed interest rate and, consequently, constant cash flows (cash flow hedging) equivalent to the fixed interest rate plus an interest margin. The Group/Company therefore recognises the value of the hedging instrument designated as effective directly in equity.

To hedge against interest rate risks, the Group/Company uses multiple financial instruments, of which most frequently the interest rate swap. It also uses certain derivative instruments that are based on interest rate swaps (collars, interest rate swaps with triggers, interest rate swaps with a cancellation option).

Because partners in this area include first-class Slovene and foreign banks, the Group/Company estimates that the counterparty default risk is nil.

Interest rate swaps by maturity

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
6 months or less	10,000,000	0	10,000,000	0
6 to 12 months	30,000,000	46,666,666	30,000,000	46,666,666
1 to 5 years	98,542,737	140,192,310	54,888,889	95,000,000
More than 5 years	0	0	0	0
Total interest rate swaps	**138,542,737**	**186,858,976**	**94,888,889**	**141,666,666**

The effect of interest rate swaps

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Unrealised loss on effective transactions	435,802	3,875,035	895,863	3,261,361
Realised loss	(1,915,908)	(3,163,729)	(1,449,368)	(2,672,545)
Realised gain	0	0	0	0
Total effect of interest rate swaps	**(1,480,106)**	**711,306**	**(553,505)**	**588,816**

The Group's/Company's exposure to the risk of changing interest rates was as follows:

Financial instruments with a fixed interest rate

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Financial receivables	0	0	0	0
Financial liabilities	(333,158,000)	(169,158,000)	(333,158,000)	(169,158,000)
Net financial instruments with a fixed interest rate	**(333,158,000)**	**(169,158,000)**	**(333,158,000)**	**(169,158,000)**

Financial instruments with a variable interest rate

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Financial receivables	25,134,114	22,795,452	35,179,045	37,667,468
Financial liabilities	(233,921,293)	(431,183,887)	(189,839,037)	(365,724,122)
Net financial instruments with a variable interest rate	**(208,787,179)**	**(408,388,435)**	**(154,659,992)**	**(328,056,654)**

Value of financial liabilities hedged using interest rate swaps

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Interest rate swaps	151,876,070	186,858,976	94,888,889	141,666,666
Total interest rate swaps	**151,876,070**	**186,858,976**	**94,888,889**	**141,666,666**

A change in the interest rate by 100 or 200 basis points on the reporting date would have increased (decreased) net profit or loss by amounts indicated below. Cash flow sensitivity analysis in the case of instruments with a variable interest rate assumes that all variables, in particular foreign exchange rates, remain unchanged. In performing the calculation, the value of receivables (liabilities) with variable interest rates is further decreased by the total amount of interest rate swaps. The analysis was prepared in the same manner for both years.

Change in profit or loss in the case of an increase by 100 or 200 bp

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Cash flow variability (net) – 100 bp	(569,111)	(2,215,295)	(597,711)	(1,863,900)
Cash flow variability (net) – 200 bp	(1,138,222)	(4,430,589)	(1,195,422)	(3,727,800)

Change in profit or loss in the case of a decrease by 100 or 200 bp

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Cash flow variability (net) – 100 bp	569,111	2,215,295	597,711	1,863,900
Cash flow variability (net) – 200 bp	1,138,222	4,430,589	1,195,422	3,727,800

7.6 Equity management

The main purpose of equity management is to ensure capital adequacy, the best possible financial stability, and long-term solvency for the purpose of financing operations and achieving maximum shareholder value. The Group/Company achieves this also through the policy of stable dividend payout to the Company's owners.

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. Thanks to the long-term funds obtained, we have been able to improve significantly our capital structure and the financing of our long-term investments with long-term funding sources.

In 2014 the Petrol Group continued to pursue its strategic orientation to drive down financial debt, improving the net debt to equity ratio through good operating performance.

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2014	31 December 2013	31 December 2014	31 December 2013 (restated)
Non-current financial liabilities	480,127,940	357,174,203	391,416,115	254,496,730
Current financial liabilities	86,951,353	243,167,684	131,580,922	280,385,392
Total financial liabilities	567,079,293	600,341,887	522,997,037	534,882,122
Total equity	503,257,377	467,668,177	419,763,507	398,510,035
Debt/equity	**1.13**	**1.28**	**1.25**	**1.34**
Cash and cash equivalents	58,573,381	69,742,729	52,592,296	56,407,034
Net financial liabilities	508,505,912	530,599,158	470,404,741	478,475,088
Net debt/equity	**1.01**	**1.13**	**1.12**	**1.20**

7.7 Carrying amount and fair value of financial instruments

The Petrol Group

	The Petrol Group			
	31 December 2014		31 December 2013	
(in EUR)	Carrying amount	Fair value	Carrying amount	Fair value
Non-derivative financial assets at fair value				
Available-for-sale financial assets	1,645,185	1,645,185	1,666,159	1,666,159
Non-derivative financial assets at amortised cost				
Financial receivables	25,134,114	25,134,114	22,795,452	22,795,452
Operating receivables	349,722,575	349,722,575	357,845,906	357,845,906
Cash, cash equivalents and corporate income tax assets	58,805,686	58,805,686	69,860,408	69,860,408
Total non-derivative financial assets	**435,307,560**	**435,307,560**	**452,167,925**	**452,167,925**
Non-derivative financial liabilities at amortised cost				
Bank loans and other financial liabilities	(559,953,996)	(559,953,996)	(595,752,442)	(595,752,442)
Operating liabilities	(327,837,132)	(327,837,132)	(397,785,195)	(397,785,195)
Total non-derivative financial liabilities	**(887,791,128)**	**(887,791,128)**	**(993,537,637)**	**(993,537,637)**
Derivative financial instruments at fair value				
Derivative financial instruments (assets)	3,682,428	3,682,428	153,625	153,625
Derivative financial instruments (liabilities)	(7,125,297)	(7,125,297)	(4,589,445)	(4,589,445)
Total derivative financial instruments	**(3,442,869)**	**(3,442,869)**	**1,943,798**	**1,943,798**

Petrol d.d., Ljubljana

	Petrol d.d.			
	31 December 2014		31 December 2013	
(in EUR)	Carrying amount	Fair value	Carrying amount	Fair value
Non-derivative financial assets at fair value				
Available-for-sale financial assets	1,515,239	1,515,239	1,536,213	1,536,213
Non-derivative financial assets at amortised cost				
Financial receivables	35,179,045	35,179,045	37,667,468	37,667,468
Operating receivables	292,530,850	292,530,850	276,565,428	276,565,428
Cash, cash equivalents and corporate income tax assets	52,592,296	52,592,296	56,407,034	56,407,034
Total non-derivative financial assets	**381,817,430**	**381,817,430**	**372,176,143**	**372,176,143**
Non-derivative financial liabilities at amortised cost				
Bank loans and other financial liabilities	(517,130,225)	(517,130,225)	(531,171,968)	(531,171,968)
Operating liabilities	(280,283,592)	(280,283,592)	(327,682,832)	(327,682,832)
Total non-derivative financial liabilities	**(797,413,817)**	**(797,413,817)**	**(858,854,800)**	**(858,854,800)**
Derivative financial instruments at fair value				
Derivative financial instruments (assets)	3,682,427	3,682,427	153,629	153,629
Derivative financial instruments (liabilities)	(5,866,812)	(5,866,812)	(3,710,154)	(3,710,154)
Total derivative financial instruments	**(2,184,385)**	**(2,184,385)**	**(3,556,525)**	**(3,556,525)**

Presentation of financial assets and liabilities disclosed at fair value according to the fair value hierarchy

The Petrol Group

Fair value of assets

	31 December 2014				31 December 2013			
(in EUR)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	5,258,757	0	0	5,258,757	1,588,030	0	0	1,588,030
Total assets at fair value	**5,258,757**	**0**	**0**	**5,258,757**	**1,588,030**	**0**	**0**	**1,588,030**
Investment property	0	0	12,547,711	12,547,711	0	0	12,349,949	12,349,949
Available-for-sale financial assets	0	0	1,645,185	1,645,185	0	0	1,666,159	1,666,159
Non-current financial receivables	0	0	8,102,547	8,102,547	0	0	7,049,936	7,049,936
Current financial receivables	0	0	17,031,567	17,031,567	0	0	15,745,516	15,745,516
Non-current operating receivables	0	0	541,446	541,446	0	0	1,399,606	1,399,606
Current operating receivables	0	0	349,722,575	349,722,575	0	0	357,845,906	357,845,906
Cash and cash equivalents	0	0	58,573,381	58,573,381	0	0	69,742,729	69,742,729
Total assets with fair value disclosure	**0**	**0**	**448,164,412**	**448,164,412**	**0**	**0**	**465,799,801**	**465,799,801**
Total assets	**5,258,757**	**0**	**448,164,412**	**453,423,169**	**1,588,030**	**0**	**465,799,801**	**467,387,831**

Fair value of liabilities

	31 December 2014				31 December 2013			
(in EUR)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss	(7,125,297)	0	0	(7,125,297)	(4,589,445)	0	0	(4,589,445)
Total liabilities at fair value	**(7,125,297)**	**0**	**0**	**(7,125,297)**	**(4,589,445)**	**0**	**0**	**(4,589,445)**
Non-current financial liabilities	0	0	(480,127,940)	(480,127,940)	0	0	(357,174,203)	(357,174,203)
Current financial liabilities	0	0	(79,826,056)	(79,826,056)	0	0	(238,578,239)	(238,578,239)
Non-current operating liabilities	0	0	(9,859,204)	(9,859,204)	0	0	(13,477,565)	(13,477,565)
Current operating liabilities	0	0	(317,977,928)	(317,977,928)	0	0	(384,307,630)	(384,307,630)
Total liabilities with fair value disclosure	**0**	**0**	**(887,791,128)**	**(887,791,128)**	**0**	**0**	**(993,537,637)**	**(993,537,637)**
Total liabilities	**(7,125,297)**	**0**	**(887,791,128)**	**(894,916,425)**	**(4,589,445)**	**0**	**(993,537,637)**	**(998,127,082)**

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Fair value of assets

	31 December 2014				31 December 2013			
(in EUR)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	5,258,757	0	0	5,258,757	1,588,030	0	0	1,588,030
Total assets at fair value	**5,258,757**	**0**	**0**	**5,258,757**	**1,588,030**	**0**	**0**	**1,588,030**
Investment property	0	0	12,327,117	12,327,117	0	0	12,157,881	12,157,881
Available-for-sale financial assets	0	0	1,515,239	1,515,239	0	0	1,536,212	1,536,212
Investments in subsidiaries	0	0	284,269,540	284,269,540	0	0	293,746,174	293,746,174
Non-current financial receivables	0	0	18,231,198	18,231,198	0	0	23,433,149	23,433,149
Current financial receivables	0	0	16,947,847	16,947,847	0	0	14,234,319	14,234,319
Non-current operating receivables	0	0	541,446	541,446	0	0	1,399,606	1,399,606
Current operating receivables	0	0	292,530,850	292,530,850	0	0	276,565,428	276,565,428
Cash and cash equivalents	0	0	52,592,296	52,592,296	0	0	56,407,034	56,407,034
Total assets with fair value disclosure	**0**	**0**	**678,955,533**	**678,955,533**	**0**	**0**	**679,479,803**	**679,479,803**
Total assets	**5,258,757**	**0**	**678,955,533**	**684,214,289**	**1,588,030**	**0**	**679,479,803**	**681,067,833**

Fair value of liabilities

	31 December 2014				31 December 2013			
(in EUR)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss	(5,866,812)	0	0	(5,866,812)	(3,710,154)	0	0	(3,710,154)
Total liabilities at fair value	**(5,866,812)**	**0**	**0**	**(5,866,812)**	**(3,710,154)**	**0**	**0**	**(3,710,154)**
Non-current financial liabilities	0	0	(391,416,115)	(391,416,115)	0	0	(254,496,730)	(254,496,730)
Current financial liabilities	0	0	(125,714,110)	(125,714,110)	0	0	(276,675,238)	(276,675,238)
Non-current operating liabilities	0	0	(9,859,204)	(9,859,204)	0	0	(13,477,565)	(13,477,565)
Current operating liabilities	0	0	(270,424,388)	(270,424,388)	0	0	(314,205,267)	(314,205,267)
Total liabilities with fair value disclosure	**0**	**0**	**(797,413,818)**	**(797,413,818)**	**0**	**0**	**(858,854,800)**	**(858,854,800)**
Total liabilities	**(5,866,812)**	**0**	**(797,413,818)**	**(803,280,630)**	**(3,710,154)**	**0**	**(858,854,800)**	**(862,564,954)**

8. Related party transactions

Petrol d.d., Ljubljana is a joint-stock company listed on the Ljubljana Stock Exchange. The ownership structure as at 31/12/2014 is presented in chapter *The Management and Governance System* in the business report.

All of the Group/Company related party transactions were carried out based on the market conditions applicable to transactions with unrelated parties.

Companies in the Petrol Group

	The Petrol Group		Petrol d.d.	
(in EUR)	2014	2013	2014	2013
Sales revenue:				
Subsidiaries	0	0	374,509,371	270,922,149
Jointly controlled entities	4,827,008	5,323,529	3,766,996	4,934,734
Associates	1,485,519	1,588,761	1,485,519	1,588,761
Cost of goods sold:				
Subsidiaries	0	0	28,316,325	139,214,874
Jointly controlled entities	16,582,730	31,982,099	4,720,836	4,563,852
Associates	30,620,677	42,487,256	12,192	3,035,846
Costs of materials:				
Subsidiaries	0	0	1,742,932	1,841,338
Jointly controlled entities	630,586	399,708	743	719
Associates	72,417	19,034	21,815	19,034
Costs of services:				
Subsidiaries	0	0	15,542,423	18,410,240
Jointly controlled entities	173	0	0	0
Associates	31,151	52,330	30,600	50,135
Other costs:				
Subsidiaries	0	0	117,072	137,369
Jointly controlled entities	0	3,805	0	3,805
Associates	0	741	0	254
Finance income from interests in Group companies:				
Subsidiaries	0	0	494,590	1,259,781
Jointly controlled entities	2,870,882	5,142,684	150,000	43,355
Associates	6,315,820	4,983,564	3,293,381	3,047,672
Finance expenses for interests in Group companies:				
Jointly controlled entities	359,968	222,003	0	0
Finance income from interest:				
Subsidiaries	0	0	1,063,019	837,613
Jointly controlled entities	307,374	196,465	307,374	196,465
Finance expenses due to impairment of investments in goodwill:				
Subsidiaries	0	4,607,811	676,886	10,638,188
Jointly controlled entities	0	0	0	1,572,687
Finance expenses for interest:				
Subsidiaries	0	0	2,949,293	343,378
Jointly controlled entities	44,783	70,000	0	0
Associates	529,503	271,196	521,199	255,068

	The Petrol Group		Petrol d.d.	
(in EUR)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Investments in Group companies:				
Subsidiaries	0	0	2,894,269,540	293,746,174
Jointly controlled entities	50,064,833	47,660,111	4,081,683	5,820,277
Associates	104,391,251	100,847,540	53,206,341	121,596,000
Non-current financial receivables:				
Subsidiaries	0	0	11,083,606	17,587,213
Jointly controlled entities	3,476,788	2,747,033	3,476,788	2,747,033
Current operating receivables:				
Subsidiaries	0	0	54,394,007	37,619,174
Jointly controlled entities	1,237,293	1,002,500	166,454	922,799
Associates	189,440	248,442	189,440	248,442
Current financial receivables:				
Subsidiaries	0	0	0	5,275,014
Jointly controlled entities	3,014,802	4,808,451	3,014,802	2,808,451
Short-term deposits (up to 3 months):				
Subsidiaries	0	0	2,237,047	1,309,514
Accrued revenue:				
Subsidiaries	0	0	0	325,709
Current financial liabilities:				
Subsidiaries	0	0	60,663,572	51,080,490
Jointly controlled entities	1,271,910	3,277,855	1,271,910	1,271,910
Associates	0	10,032,274	0	10,032,274
Current operating liabilities:				
Subsidiaries	0	0	5,277,452	22,953,055
Jointly controlled entities	1,933,480	8,913,728	784,699	497,005
Associates	8,507,897	13,084,979	36,138	11,988

Remuneration of Supervisory Board members of Petrol d.d., Ljubljana

(in EUR)	Remuneration for duties performed	Meeting fees	Total
Tomaž Kuntarič	14,400	8,019	22,419
Irena Prijović	12,000	7,343	19,343
Andrej Tomplak	12,000	8,168	20,168
Igo Gruden	12,000	8,168	20,168
Mladen Kaliterna	12,000	7,343	19,343
Matija Blažič	12,000	3,878	15,878
Klemen Ferjančič	12,000	8,168	20,168
Zoran Gračner	12,000	7,343	19,343
Ika Krevzel Panić	12,000	7,343	19,343
Total:	**110,400**	**65,769**	**176,169**

Remuneration of Management Board members of Petrol d.d., Ljubljana

2014

Fixed pay	Fixed pay	Variable pay	Costs reimbursed	Benefits - insurance premiums	Other receipts and benefits	Total
Tomaž Berločnik, MSc, President of the Management Board	198,000	94,710	901	16,598	7,356	**317,564**
Rok Vodnik, MSc, Member of the Management Board	168,000	80,360	926	14,094	5,701	**269,081**
Janez Živko, MBA, Member of the Management Board	168,000	80,360	899	6,692	11,129	**267,080**
Samo Gerdin, Member of the Management Board, Worker Director	79,110	14,118	1,385	141	2,564	**97,317**
Total:	**613,110**	**269,548**	**4,110**	**37,524**	**26,750**	**951,043**

2013

(in EUR)	Fixed pay	Variable pay	Costs reimbursed	Benefits - insurance premiums	Other receipts and benefits	Total
Tomaž Berločnik, MSc, President of the Management Board	193,050	97,515	874	16,601	9,926	**317,965**
Rok Vodnik, MSc, Member of the Management Board	163,800	82,740	869	13,609	7,692	**268,710**
Janez Živko, MBA, Member of the Management Board	163,800	82,740	702	6,700	13,637	**267,579**
Samo Gerdin, Member of the Management Board, Worker Director	75,158	14,586	1,241	220	1,646	**92,852**
Total:	**595,808**	**277,581**	**3,686**	**37,130**	**32,900**	**947,106**

Other receipts and benefits relate to annual leave allowances, the Christmas bonus and use of company vehicles.

Total remuneration paid in 2014 by the Company and the Group to the members of the Workers' Council stood at EUR 9,216 and EUR 14,669 respectively.

The Company and the Group had no receivables from or liabilities to Supervisory Board members as at 31/12/2014.

The Company and the Group had no receivables from or liabilities to Management Board members as at 31/12/2014, except for liabilities arising from December salaries payable in January 2015.

9. Contingent liabilities

Contingent liabilities for guarantees issued

Maximum contingent liabilities of Petrol d.d., Ljubljana for guarantees issued stood at EUR 240,465,498 as at 31/12/2014 (2013: EUR 252,669,101) and were as follows:

	Petrol d.d.		Petrol d.d.	
(in EUR)	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Guarantee issued to:	**Value of guarantee issued**		**Guarantee amount used**	
Petrol d.o.o.	125,578,502	139,210,930	85,120,150	90,678,115
Petrol-Trade Handelsges.m.b.H.	25,389,441	64,536,524	2,750,000	14,483,736
Petrol Energetika d.o.o.	10,824,646	14,028,007	7,669,309	11,594,008
Bio goriva d.o.o.	5,406,000	5,406,000	436,000	436,000
Petrol BH Oil Company d.o.o.	35,930,986	4,857,273	28,695,802	3,715,310
Petrol d.o.o., Beograd	6,934,837	3,674,064	3,769,000	2,500,000
Petrol Crna Gora MNE	8,500,000	2,450,000	6,514,751	109,566
Petrol Plin d.o.o.	2,063,827	1,896,120	1,330,947	1,617,310
Petrol-Oti-Slovenija L.L.C.	1,200,000	1,200,000	0	1,078,457
Petrol LPG d.o.o.	1,000,000	0	916,618	0
Beogas Invest d.o.o.	0	1,129,412	0	1,129,412
Aquasystems d.o.o.	911,309	911,309	911,309	911,309
Eltec Petrol Hrvatska d.o.o.	96,631	97,030	89,683	48,515
Eltec Petrol d.o.o., Beograd	529,885	0	434,316	0
Eltec Petrol d.o.o.	93,152	0	93,152	0
Petrol Geoterm d.o.o.	746,954	0	298,781	0
Petrol Tehnologija d.o.o.	50,000	50,000	0	33,141
Total	**225,256,170**	**239,446,669**	**139,029,818**	**128,334,879**
Other guarantees	15,209,328	13,222,432	15,209,328	13,222,432
Bills of exchange issued as security	5,404,161	46,283,729	5,404,161	46,283,729
Total contingent liabilities for guarantees issued	**245,869,659**	**298,952,830**	**159,643,307**	**187,841,040**

The value of guarantee issued represents the maximum value of the guarantee issued, whereas the guarantee amount used represents a value corresponding to a company's liability as reported on 31 December 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 12,074,332. Interest on overdue amounts arising from claims stood at EUR 1,827,206 as at 31/12/2014. The Company's management estimates that there is a possibility that some of these lawsuits will be lost. As a result, the Company set aside short-term provisions, which stood at EUR 769,466 as at 31/12/2014 compared to EUR 1,485,911 as at 31/12/2013. In addition, the Company created short-term provisions for interest on overdue amounts arising from claims, which totalled EUR 119,075 as at 31/12/2014 compared to EUR 277,621 as at 31/12/2013.

The total value of lawsuits against the Group as defendant and debtor totals EUR 16,514,321. Interest on overdue amounts arising from claims stood at EUR 1,829,915 as at 31/12/2014. The Group's management estimates that there is a possibility that some of these lawsuits will be lost. As a result, the Group set aside short-term provisions, which stood at EUR 919,981 as at 31/12/2014 compared to EUR 1,657,861 as at 31/12/2013. In addition, the Group created short-term provisions for interest on overdue amounts arising from claims, which totalled EUR 121,784 as at 31/12/2014 compared to EUR 280,483 as at 31/12/2013.

Inventories owned by other entities

The Group's and the Company's inventories as at 31/12/2014 included commodity reserve stocks of the Republic of Slovenia totalling EUR 84,067,601 (EUR 130,484,613 as at 31/12/2013). The Company's and the Group's inventories as at 31/12/2014 also included goods delivered on consignment totalling EUR 31,867,678 (EUR 42,838,791 as at 31/12/2013) and EUR 32,538,996 (EUR 43,322,133 as at 31/12/2013), respectively. The goods delivered on consignment are carried at cost, while the commodity reserve stocks are carried at calculated prices.

10. Events after the reporting date

There were no events after the reporting date that would significantly affect the financial statements for 2014 presented herein.

PETROL

Energija za življenje