Intereuropa®
Global Logistics Service

Annual Report

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Intereuropa | Annual Report

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There is no mercy in today's business world. Competitive advantages move from one company to another rapidly. It happens suddenly and without a warning. Fierce competition can occur just on the other side of the road, in a neighbouring country or at an opposite part of the world. If you are not ready, you are in for hard times.

The key factor which can additionally strengthen the company's competitive advantages is appropriate logistics services. Our customers are becoming more and more aware of that. And of course, we are too. That is why we were able to set up an integral system which guarantees the most optimal logistics solutions and whose size enables us to provide a complete service.

However, size alone is not sufficient nowadays. You have to be small at the same time. This means you have to be quick, swift, flexible and inventive in all areas of operations. This is where our success is hidden - a perfect harmony of small units consisting of skilled and educated people. Thus we are able to constantly develop innovative solutions for our customers and partners and help them seize the opportunities they come across.

The more efficient we are, the more efficient our customers will be.

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Key achievements in 2003 in figures

Profit and loss account

in thousands of SIT

	2000	2001	2002	2003	03/02
Net sales revenues	33,202,643	36,541,749	43,088,381	45,117,517	105
Profit/loss before interest, taxes and depreciation (EBITDA)	3,293,119	3,879,670	4,201,397	5,387,823	128
Profit/loss from ordinary activity	1,621,469	4,655,204	7,332,274	3,744,847	51
Net profit / loss	2,015,147	4,050,845	5,393,181	2,941,018	55
Added value	8,521,786	10,190,468	11,939,054	12,576,880	105
Net earnings per share (in SIT)	238	547	624	362	58
Gross dividend per share (in SIT)	140	160	200	220	110

Balance sheet

in thousands of SIT

	2000	2001	2002	2003	03/02
Total assets	39,383,498	44,507,963	54,309,623	57,376,997	106
Fixed assets	25,058,404	30,532,688	38,054,925	41,102,995	108
Current assets	13,649,841	13,501,413	15,776,927	15,346,339	97
Capital	23,593,204	27,872,975	35,436,395	35,820,375	101
Average capital*	21,227,285	23,683,714	28,922,224	34,126,106	118
Financial and operating liabilities	13,512,704	13,812,747	12,507,710	16,445,135	131

* Capital does not include net profit of the business year.

Employees

per hours paid

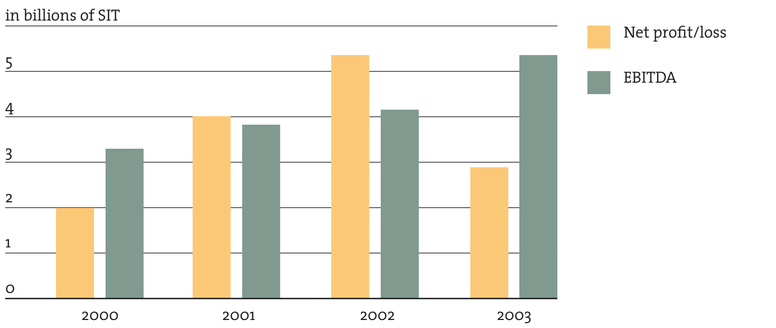
	2000	2001	2002	2003	03/02
Average number of employees	2,016	2,035	2,422	2,372	98
Number of employees in subsidiaries	541	582	1,094	1,213	111

Performance indicators

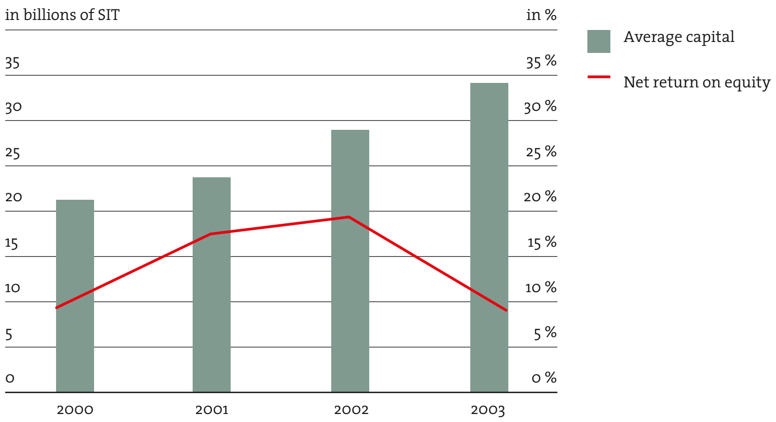
	2000	2001	2002	2003	03/02
Net return on equity	9.8 %	17.5 %	18.9 %	8.8 %	47
Net return on assets	5.8 %	9.9%	11.1 %	5.4 %	49
Productivity (in thousands of SIT)	16.474	17.957	18.248	19.476	107
Net return on revenues	5.8 %	10.2 %	10.7 %	6.3 %	58

Net return on equity: net profit/average capital
Net return on assets: net profit/average assets
Productivity: net sales revenues and other operating revenues/number of employees
Net return on revenues: net profit/revenues

Movements of net profit/loss and EBITDA in the period from 2000 to 2003



Movements of net return on equity and average capital in the period 2000-2003



Interview with the president of the management board

For Intereuropa, 2003 was an extremely successful year. How would you assess your achievements in the previous year?

In 2003, we completed our preparations related to Slovenia's joining the European Union. We wanted to face this important milestone fully prepared and I am convinced that we shall succeed. However, several small steps were necessary before we could take the big one. And not all were pleasant.

In the last year we managed to construct and complete the required logistics infrastructure. The project was completed by merging STTC Maribor with Intereuropa which was the last step towards increased capacities and the possibility to optimise and align the process of logistics in Slovenia with European requirements. By this we completed the development of logistics terminals which form the necessary logistics infrastructure through which Intereuropa is able to dispatch all types of goods and shipments to all parts of the world and vice versa.

This was also the period in which we managed to train and re-qualify the majority of customs intermediaries into logistics experts, as we accelerated the activities of our internal school of business logistics in order to maintain the fluctuation of skilled and trained staff. We must be aware that logistics require different and more complex skills, know-how and competence of employees.

Unfortunately, last year we also made the final assessment of the loss of work and revenues upon entry into the European Union, resulting from the fact that customs clearance shall no longer be necessary in the exchange of goods. Thus most of the employees will be made redundant as of 1 May 2004, as they shall no longer be required after accession to the European Union. We tried to resolve this problem as smoothly as possible, applying so-called "soft methods" which include consensual termination of employment relationship, non-extension of work contracts with those employed for a limited period of time and we also stopped hiring students.

Regrettably, we could not avoid the fact that we had to officially establish a significant number of redundant employees who will be dismissed in May, pursuant to the applicable Collective Agreement and legal provisions. We tried to offer our employees the most we could and help them by giving them severance pay and other types of compensations as well as assistance in searching for new employment.

Figures are the best indicators of achievements and quality of work performed. Do they match your expectations?

We have established that last year, we succeeded in implementing the mid-term development plan which serves as the underlying document for directing the operations of the entire Group. Data show that the plan of net sales revenues was slightly surpassed (the index was 101) and that, compared to the previous year, net sales revenues grew by 5%. It was furthermore assessed that net profits also exceeded the planned level by the index of 135. Therefore, I must say that we are satisfied with last year's operations, as the most important goal was achieved - growth compared to the previous year.

We are also proud of another success, namely, that we prepared realistic plans and did not try to achieve the impossible. As the goals were set extremely realistically, their completion is a great achievement and any surpluses only confirm a successful business year.

Let me add that our price per share grew constantly and, in my opinion, satisfactorily last year, although it was not able to keep up with the fast growth in the prices of shares issued by certain other Slovenian companies and listed on the stock exchange in the last quarter of 2003. I guess this is not due to poor operations of Intereuropa; the reasons must be found elsewhere, also in the fact that investors at the Ljubljana Stock Exchange do not always react in line with an individual company's operating results but are sometimes influenced by other motives and information. We also noted a constant tendency of decrease in the number of shareholders, namely, individuals. Without doubt, the most significant change was the sale of an important stake, as much as 13.63%, held by SOD (the Slovene Compensation Company) to Luka Koper. Thus, Luka Koper entered the list of Intereuropa's shareholders and in January 2004 became the largest shareholder in our company.

Recently, the Management Board passed the development plan of the Intereuropa Group until 2006. How would you asses the implementation of the plan until today?

As mentioned before, last year was proof that our operations are improving and that the goals of the development plan are easily achieved and even slightly exceeded.

Also in 2004, we expect that the goals set in the development plan will be achieved. I would like to add here that lower growth rates were foreseen for 2004 and 2005 and consequently also reduced returns on equity and assets, which is mainly due to the previously mentioned accession of Slovenia to the European Union and the resulting loss of revenues from customs clearance.

It was highlighted in the mid-term development plan that these were average rates for the period of five years and I must say that last year's results and operating plans for 2004 are fully in compliance with these plans.

Some changes can be noticed in your sector in the recent year. How did recent global developments influence your operations, considering the fact that you are a global provider of logistics services?

Even though we have the appropriate capacities to provide global services and we do provide such services, our operations are still focused on the exchange of goods between Slovenia and the countries in which our daughter companies are located. The exchange of goods with Croatia is especially important for us, as we hold the position of the leading logistics services provider in this country, and the same level of importance is attributed to the exchange of goods with Bosnia and Herzegovina as well as Serbia and Montenegro.

The general political and global economic situation only impacts our operations if it involves changed volumes of traded goods. Last year, there were no significant changes in this area.

Nevertheless, there is another fairly important parameter, namely, currency fluctuations which primarily influence those transactions in which our prices directly or indirectly depend on foreign currency. At the moment, our prices depend on the Euro which is a stable currency in these last years and is strengthening further. Therefore currency-related issues did not have a major impact on our operations. The case is quite the opposite with the US Dollar, whose value decreased considerably in relation to the Euro as well as other European currencies. This primarily influenced our segment of sea-freight services, i.e. the flow of goods through Luka Koper or other ports in which we are present. Let me state the example of our daughter company Interagent in which physical indicators grew while financial indicators fell, meaning that we performed more work for less money.

Several mergers took place. Can you tell us something about Intereuropa's strategic alliances?

Already in 2002 as well as in 2003, the European logistics scene split up for a little while. Two global corporations active in Europe - Schenker and Danzas, which are at the same time our long-term partners - decided to enter the logistics markets on which Intereuropa is active, i.e. the territory of south-eastern Europe. Schenker purchased a competitive company Intertrans Ljubljana and thereby covered the white spot in Slovenia while at the same time continued with the establishment of its subsidiaries in Croatia, Bosnia and Herzegovina and Serbia. This of course terminated the partnership with our company.

The situation was similar with our second previous partner - the company Danzas - which was acquired by German Post and merged with DHL. It shall be active in this part of Europe. This also terminated our partnership with Danzas.

We responded by finding new partners in the countries concerned. We focused on the leading local providers who cover a sufficient part of a certain European region and are capable of servicing our goods flows as well as guarantee the flow of goods in the opposite direction, and who showed no ambitions of establishing their own networks in those areas covered by our company. We were thus able to restructure our partner network, especially in Germany, and are consequently able to cover an important part of Europe: Italy, Portugal, France and Switzerland, which is satisfactory compensation for our previous partnership with Danzas.

Another last year's achievement that I would like to underline is the successful implementation of the vision of setting up our own network in central Europe, i.e. our neighbouring countries. We reinforced our network by purchasing the Vienna forwarding company Schneider&Pecklar, by establishing our own subsidiary in Troisdorf whose activities are above all transport and on agency aimed at selling its own transportation capacities and renting trucks. The activity of the company we acquired last year in Lyon will be the same.

Another acquisition was completed last year, namely in Uzghorod, the Ukraine, which will serve as support to our railway transportation activity. We also plan to develop road transport activities by means of this company, primarily on the territory of the former Soviet Union.

By this you already started answering my next question. Where do you plan to invest your assets in the future?

With these capital investments we achieved the planned level of investments last year in the field of investments in real property as well as equipment. The investment cycle in Croatia was completed last year, which brought us important additional warehousing and terminal capacities in Rijeka, Zagreb and Zadar.

I would like to mention another investment, namely our new information system by which we modernised some of our supporting services. This year we plan to introduce SAP also in the other supporting functions as well as invest in new information support for logistics. This will be our major investment in 2004. We know that modern logistics include efficient traceability of shipments as our customers want to know at any time where their shipment is currently located; and none of this is possible without large investments in information support, including the training of our employees.

A good company has satisfied employees, partners and customers...Which mechanisms do you use and what are your indicators in this area?

Customer satisfaction is stated in our mission as the most important goal. It is constantly measured. The results of these measurements show that our customers were extremely satisfied with us also last year, as the number of placed orders increased.

We also measure the satisfaction of our employees which, nevertheless, was not really stimulating last year, primarily due to the above-mentioned problems with customs services. Such events shake the foundations of the entire company, even though it did not result from inadequate business decisions but from the inevitable entry into the European Union. We put all our efforts into minimising the consequences of this stressful situation but it was simply impossible to satisfy everybody. I have been in Intereuropa since 1969 and believe me, it is not easy to dismiss somebody I hired back in 1974. It is therefore perfectly natural and to be expected that employee satisfaction would decrease. Nevertheless, I am still pleased to find out that the level of satisfaction in our employees is still slightly above the Slovenian average.

Being a large company, you cannot avoid relationships with local communities. How would you describe your co-operation with these?

Intereuropa's network is widely spread, as we have 42 business units in 42 large and small Slovenian towns and 34 units in Croatian towns, which is why it would not be appropriate to characterise us as a company from Koper.

As regards investments into local environments, the specific and wide-spread nature of our activity - selling transport and logistics services - must not be forgotten. Our customers are also quite specific, as they are in most cases other companies.

As regards investments into local communities, we distinguish two approaches. One is sponsorship, where we expect our investment to bring results in one way or another, either by improved visibility or a better reputation of the company. I must admit that it is extremely difficult to measure these effects. We sponsored the construction of the sports hall Bonifika in Koper, we sponsor all water sports of Obala, and so on and so on. We decided to spread our sponsoring activities widely so as to cover as many local communities as possible. Of course, this means less money per sponsored person. Nevertheless, as much as 80% of the assets earmarked for sponsoring activities were given to Obala. The other is donations, aimed at helping local communities in need of certain funds or equipment to upgrade or expand their operations. Thus we bought equipment and instruments for hospitals and health institutions and helped in the purchase of an ambulance.

In view of the fact that the company posted profit at the end of the year 2003 the Management Board must have already prepared a proposal of profit distribution. Can you share it with us?

We shall continue with the established dividend policy according to which we allocate approximately 50% of generated profit to dividends. This means that the shareholders can expect about the same amount of dividend per share as last year. Part of the profit will also be distributed among the members of the Management Board and Supervisory Board as those involved in the generation of such profits while part of the profit shall not be distributed and shall be earmarked for development.

In this annual report, you have made numerous disclosures. Do you have no secrets?

Of course we do. According to our internal acts certain data are classified as confidential and treated as business secrets, which is why they are not disclosed. All actual disclosures have been approved by the Management Board which also allowed their publication, thereby assuming full responsibility for all data disclosed.

Presentation of the management board

Jože Kranjc
President of the Management Board

Radovan Vrabec
Deputy President of the Management Board
Finance, Accounting, Internal Auditing, Controlling and Informatics

Milan Jelenc M. Sc.
Vice President of the Management Board
Logistics and Strategic Marketing

Milan Kurelič
Vice President of the Management Board
Land Transport

Vladimir Petravič
Member of the Management Board
Executive for Human Resources

Report of the Supervisory Board

Pursuant to Article 256 of the Companies Act, the Management Board of Intereuropa sent the following documents to be examined and approved by Supervisory Board members:
- the 2003 Annual Report with the Auditor's Report;
- proposal on the distribution of balance-sheet profit.

In compliance with Article 274 a of the Companies Act and Items 7.3 and 7.4 of the Articles of Association of Intereuropa, the Supervisory Board reviewed the documents it received and now submits the following **report on the findings of that review** to the General Meeting of Shareholders of Intereuropa.

Work of the Supervisory Board in the business year

In 2003, the Supervisory Board met at seven regular sessions. It consisted of seven members. The General Meeting of Shareholders of Intereuropa d.d., held on 4 July 2003 elected the following new members of the Supervisory Board as the term of office of the previous members expired:
- Jože Lenič, M. Sc.
- Tadej Tufek, M. Sc.
- Prof. Livij Jakomin, Ph. D.
- Drago Naberšnik

The term of office of the workers' representatives on the Supervisory Board, Zoran Klampfer, Ivanka Parovel and Marina Rus, expired on 3 December 2003. On 4 December 2003, the workers' council re-elected Zoran Klampfer and Marina Rus and appointed a new member, Maksimiljan Babič to represent them on the Supervisory Board. At the first constitutional session of the newly established Supervisory Board, the members elected from among themselves the new Chairman of the Supervisory Board, Prof. Livij Jakomin, PhD, and the new Deputy Chairman, Zoran Klampfer. As a result of this new composition, the members first acknowledged the provisions of the Articles of Association of Intereuropa d.d. relating to the Supervisory Board, the Rules of Procedure of the Supervisory Board, the network organisation of the Group and the basic orientations stated in the Development Plan of the Intereuropa Group until 2006: corporate vision, development goals, and strategies for achieving development goals. At the same time, they also acknowledged the Annual Plan of operations in 2003.

In 2003, the Supervisory Board constantly followed the company's operations and business results achieved and adopted resolutions on the basis of proposals in compliance with relevant legal provisions and the company's Articles of Association. The Management Board prepared quality quarterly and semi-annual reports as well as planning documents for the Supervisory Board, thereby informing it of the issues concerning the operations of the company and its subsidiaries.

The strengthened role of the Group in new markets is proof of successful implementation of the company's business policy and a confirmation for the guidelines determined in Intereuropa's Development Plan until 2006. The Supervisory Board fully supported the prepared planning documents for 2004 and was submitted the development plan by product.

Special attention was put on the strategy and preparations of Intereuropa for Slovenia's entry into the European Union. Intereuropa is changing from a classical forwarder and road transport company into a successful logistics company providing a comprehensive range of logistics services. The efforts and measures adopted by the company which has been taking care of its personnel restructuring for several years - in terms of raising the level of education by attracting new know-how in the field of logistics - have been assessed as extremely positive.

The Supervisory Board also paid special attention to the employees who will no longer be required by the controlling company Intereuropa d.d. after we join the European Union. The Management Board was asked to give special treatment to those employees who shall no longer be required after 1 May 2004. The Supervisory Board was informed of the programme of resolving redundant employees for business reasons and personnel restructuring in order to re-qualify them and train them for performing the comprehensive logistics activity. Appropriate provisions for severance pay and re-qualification of redundant employees were established.

After reviewing the report, the Supervisory Board approved the acquisition of the company Skladiščno Transportni In Trgovinski Center, public limited company, Maribor (hereinafter: STTC d.d.) as the acquired company with the company Intereuropa as the acquirer. It estimated that this acquisition would improve economic results and result in better synergy effects. The Supervisory Board gave its approval to the appointment of Mr Albert Bevčič, MSc, as the takeover auditor.

Upon the acquisition of the company STTC d.d., the Supervisory Board and the Management Board prepared a joint proposal for the General Meeting of Shareholders to increase the equity of Intereuropa d.d. by issuing additional preference shares and arrange for the necessary amendments and supplements to the company's Articles of Association.

The Supervisory Board acknowledged the acquisition of the company KP Trans, Saint Pierre de Chandieu and the takeover activities for the implementation of significant investments: the takeover of the logistics company Schneider & Peklar GmbH with its registered office in Vienna, recapitalisation of the Ukrainian company TEK Zahidtransservis (in which Intereuropa holds a 66.67 % stake) and the activities related to the establishment of Intereuropa GmbH with its registered office in Troisdorf aimed at further expansion of Intereuropa's area of operations. Furthermore, a part of the property of the company Finor, previously owned by Luka Koper, Intereuropa and Istrabenz was transferred to the new company Adriafin.

The Supervisory Board was informed of Luka Koper d.d.'s purchase of a 13.63% stake, i.e. 1,077,478 ordinary shares designated IEKG, thereby increasing its stake in Intereuropa d.d. to 15.82% and becoming Intereuropa's largest shareholder.

The Supervisory Board finds that in 2003 it had enough data, reports and information submitted in time as well as additional explanations - as required - presented at meetings, and hence that it was able to responsibly follow the company's operations during the business year. The Supervisory Board discussed the Management Board's extensive report on the company's operations and results achieved in 2003, assessed on the basis of unaudited accounting statements and notes on the accounting statements for 2003.

All members of the Supervisory Board thoroughly examined the Annual Report, the Auditor's Report, the accounting statements, the related notes as well as all the other statements. The Supervisory Board finds that the Management Board's annual report fairly reflects the events and provides comprehensive information about operations in 2003, thus upgrading information submitted during the business year.

Opinion on the Auditor's Report

The Supervisory Board reviewed the Auditor's Report for the Intereuropa Group and Intereuropa d.d. submitted by the certified auditors Ernst & Young. It finds that the certified auditors Ernst & Young in their report submitted a positive opinion without restraints regarding the accounting statements of the Intereuropa Group and Intereuropa d.d. assuring that the accounting statements truly and fairly present the financial standing of the Intereuropa Group and Intereuropa d.d. as at 31 December 2003 as well as its profit and loss account, cash flows and capital flows in 2003.

Pursuant to the second paragraph of Article 274 a of the Companies Act and the third paragraph of Item 7.4 of the Articles of Association of Intereuropa, the Supervisory Board adopted the following standpoint: the Supervisory Board does not have any comments on the accounting report prepared by the auditing company Ernst & Young.

Approval of the 2003 Annual Report

The Supervisory Board reviewed the company's operations in 2003 and the Annual Report of the Intereuropa Group and the parent company Intereuropa for the business year 2003, which is why it issued a positive opinion on the Auditor's Report and the employment of the balance-sheet profit as proposed by the Management Board. On the basis of the above mentioned documents and pursuant to the provisions of Article 274 a of the Companies Act and Items 7.4 and 7.5 of the Articles of Association of Intereuropa, the Supervisory Board unanimously approves and adopts the 2003 Annual Report of the Intereuropa Group.

Proposed distribution of balance-sheet profit

In addition to reviewing the audited Annual Report, the Supervisory Board also examined the Management Board's proposal for the distribution of the balance-sheet profit from 2003. The Supervisory Board acknowledged that the Intereuropa Group operated successfully in 2003, achieving a satisfactory growth rate and exceeding all the goals planned. The Group plans to continue its growth in 2004, especially in the areas of land transport, terminal services and air freight. Its development strategy will strengthen the role of Intereuropa as the leading supplier of logistics services in south-eastern Europe and a middle-sized supplier in Europe. In view of the positive past results and the existing vision of the future, the Supervisory Board agrees with the Management Board's proposal on the distribution of balance-sheet profit from 2003. In compliance with Article 274-a of the Companies Act and Item 7.4 of the Articles of Association of Intereuropa, the Supervisory Board proposes to the General Meeting of Shareholders of Intereuropa to adopt the following resolution, in line with the second indent of the first paragraph of Articles 282 and 282 a of the Companies Act:

1. Balance-sheet profit in the amount of SIT 12,228,272,000 shall be distributed as follows:

- the following amounts shall be allocated to dividend payouts to the holders of ordinary transferable registered shares in the gross amount of SIT 240 per share;
- a portion of undistributed net profit from 1998 in the amount of SIT 1,619,417,000;
- a portion of undistributed net profit from 1993 in the amount of SIT 277,162,000;

which totals SIT 1,896,579,000;

- a portion of undistributed revalued net profit from 1998 in the amount of SIT 64,909,000 shall be allocated to the participating interest of Management and Supervisory Boards' members in the company's profit;
- the remaining portion of the balance-sheet profit in the amount of SIT 10,266,784,000 shall remain undistributed.

2. The Management and the Supervisory Boards are issued relief for the year 2003.

Prof. Livij Jakomin, Ph.D.
Chairman of the Supervisory Board

Presentation of the supervisory board

The Supervisory Board is composed of seven members, three of whom are employees' representatives.

Livij Jakomin, Ph. D. - Chairman of the Supervisory Board
Jože Lenič, M. Sc. - shareholders' representative
Tadej Tufek, M. Sc. - shareholders' representative
Drago Naberšnik - shareholders' representative

Maksimiljan Babič - employees' representative
Zoran Klampfer - employees' representative
Marina Rus - employees' representative

Key achievements in 2003

January 2003

The registration process of acquisition of the Czech company Speka, spol. s r. o. from Prague by the Intereuropa Group was completed so that this Czech company is now wholly owned by Intereuropa.

Intereuropa participated in a joint donation - raising funds for the purchase of a modern ambulance for the Koper Health Centre.

Internal training programme was carried out in the UPS branch with the aim of improving the quality of services and increase customer satisfaction.

March 2003

The modernisation of the logistics terminal was completed and 5,500 square metres of warehousing premises were handed over to be used by Intereuropa's subsidiary A.D. Interjug-AS from Belgrade.

The third School of Business Logistics was also organised for the employees who gained new skills in the fields of logistics, law, insurance, economy and quality.

April 2003

At the Press Conference organised by our Zagreb subsidiary Intereuropa, logističke usluge, d.o.o. we presented the strategy of the Intereuropa Group in Croatia and demonstrated a modern logistics terminal.

May 2003

The Ljubljana Stock Exchange and the magazine "Gospodarski vestnik" awarded Intereuropa the prize "Portal" for best investor relationships in 2002. The prize was delivered to the President of the Management Board of Intereuropa Jože Kranjc by the Director of the Ljubljana Stock Exchange Draško Veselinovič.

The Intereuropa Group organised the 19th traditional fun and sports games called "Intereuropiada" in Novi Vinodolski in Croatia for its employees who came from different countries to compete in different sports activities at the two-day meeting.

The Intereuropa Group, together with the other members of TLG (Transport and logistics cluster) presented itself at the transport and logistics fair in Munich.

The controlling company Intereuropa d.d. and its two subsidiaries Intereuropa, logističke usluge, d.o.o., from Zagreb and Intereuropa Transport d.o.o. from Koper obtained the new certificate of ISO 9001:2000 Quality Management Standard.

June 2003

The elections committee elected new members on the workers' council of Intereuropa. Two months later, in September 2003, the members of this council elected the president and vice-president of the workers' council.

The first Manager Academy of the Intereuropa Group was completed successfully. The graduates and the leadership of the Academy presented their new ideas for projects at the celebration which was followed by the solemn awarding of diplomas.

Intereuropa also participated, as a partner, at the second European meeting of the corporation Hellmann Worldwide Logistics organised in Prague.

The company KP TRANS, d.d. Saint Pierre de Chandieu, France was taken over.

July 2003

The General Meeting of Shareholders elected new shareholders' representatives on the Supervisory Board.
At the press conference, Intereuropa presented modernised technology for following consignments which was introduced by UPS in Intereuropa's UPS branch.

Intereuropa's Rijeka branch of Intereuropa, logističke usluge, d.o.o. moved to the new warehousing and office premises. This was an important starting point for the Intereuropa Group for further development of logistics activities in this part of Croatia.

September 2003

Intereuropa's UPS branch opened a new "Express Shop" in the building Unitica in the centre of Sarajevo. At the 2nd transport and logistics fair and at the 45th hardware fair in Brno, the Czech Republic, Intereuropa had its own presentation booth within the common exhibition area of Transport and Logistics Cluster.

"Gospodarski vestnik" invited a group of Bosnian journalists to visit Intereuropa.

October 2003

At the beginning of October, Speka's first branch office outside Prague was established in Olomouc.

The top and senior managers from all countries covered by the Intereuropa Group gathered at the 6th annual conference. They discussed cost-controlling, accelerated introduction of information technology and increased productivity.

The Ministry of Economy, the Chamber of Commerce and Industry of Slovenia and the Slovene Embassy in Cairo organised a visit by a Government economic delegation to Egypt; Intereuropa participated in the common presentation of the Transport and Logistics Cluster.

November 2003

The acquisition of the company STTC d.d., Maribor by the acquirer Intereuropa d.d. was entered in the Companies Register. Together with the registration of this acquisition, equity increase related to it was also registered simultaneously.

December 2003

In December, the company Intereuropa d.d. placed three important investments for the implementation of the strategy of expanding its network to the countries of Western and Eastern Europe. These are the purchase (takeover) of the company Schneider & Peklar GmbH with its registered office in Vienna, the purchase of the company Intereuropa Transport and Spedition GmbH in Troisdorf, Germany and the acquisition plus recapitalisation of the company Zahidtransservis, Uzghorod from the Ukraine in which Intereuropa acquired a major, 66.67 % stake.

Post balance-sheet date events

Last year, the company invested its assets in the purchase of the companies KP TRANS, d.d., Saint Pierre de Chandieu, France, Schneider & Peklar GmbH, Vienna, Austria, the purchase of the company Intereuropa Transport and Spedition GmbH in Troisdorf and Zahidtransservis, Uzghorod, in the Ukraine. After the balance sheet date, the activities related to consolidation of these acquired companies were still underway.

Business Report

Company Profile

Full name	Intereuropa, Global Logistics Service, public limited company
Registered office	Vojkovo nabrežje 32, 6000 Koper
Co. reg. no.	5001684
Tax no.	56405006
Equity	SIT 8,011,377,000
Nominal share value	SIT 1,000 ordinary share, SIT 2,000 preference share
Number of issued and fully paid shares	7,902,413 ordinary shares, 54,482 preference shares
Number of employees	2,496 employees
Number of delivery vehicles	388 company-owned trucks and other delivery vehicles
Total warehousing areas	167,338 m^2 of own warehouses
Total land areas	852,000 m^2 of land and handling facilities
Membership in international organisations	FIATA, IATA, FETA, FONASBA, BIMCO, IRU
Quality certificates	the ISO 9001:2000 quality certificate for the area of logistics in the parent company and the subsidiaries Intereuropa d.o.o., Zagreb and Intereuropa Transport d.o.o. Koper.
Shares listing	Ljubljana Stock Exchange
Own branch network	Slovenia, Croatia, Bosnia and Herzegovina, Macedonia, Serbia and Montenegro, Russia, the Czech Republic, France, the Ukraine, Austria and Germany.

Presentation of activities

Intereuropa provides all logistics services, including the organisation of door-to-door delivery, air freight, sea freight and land transport, direct lines of groupage services to all European countries along with warehousing, distribution and customs clearance on internal markets.

Moreover, we organise delivery of express and carrier parcels, customs clearance, border services, road transport of goods, shipping-agency services as well as all other services required for efficient fulfilment of our customers' logistics needs.

We are gaining a reputation in the field of complex logistics projects and accept more and more comprehensive logistics meeting the demand of manufacturing and trading companies according to the principle of logistic outsourcing.

Group organisational chart

SLO	Intereuropa d.d.	Interagent d.o.o.	Interzav d.o.o.	Intereuropa Transport d.o.o.	Intereuropa IT d.o.o.	STTC d.d. Maribor*	Adriafin d.o.o. Koper	AC-Interauto d.o.o. Koper
CRO		Intereuropa, log. usluge, d.o.o., Zagreb	Intereuropa Sajam, d.o.o.					
BiH		Intereuropa RTC d.d., Sarajevo						
MAC		Intereuropa Skopje d.o.o.						
SMN		A.D. Interjug-As, Belgrade	D.P. Interpan, Novi Sad					
RUS		Intereuropa-East d.o.o., Moscow						
CZE		Speka spol. s r.o., Prague						
FRA		KP Trans d.d., Saint Pierre de Chandieu						
UKR		ZTS d.o.o., Užgorod						
AUT		Schneider & Peklar, GmbH Vienna						
GER		Intereuropa Trans. & Sped. GmbH, Troisdorf						

Controlling company

Consolidated subsidiary

Non-consolidated subsidiary

Associated company

Business Co-operation Agreement

* the company was merged with the controlling company Intereuropa d.d. on 28 November 2003

Presentation of branches and subsidiaries

Intereuropa d.d.

President of the Management Board:
Jože Kranjc
Chairman of the Supervisory Board:
Livij Jakomin, Ph.D.

The controlling (parent) company of the Group employs 1250 people and generates two thirds of the Group's net sales revenues. It has established a network of nine branches in Slovenia, covering all five business areas:

- Land transport (groupage, express transport, road and railway transport)
- Terminal services (warehousing, distribution, fairs and exhibitions logistics)
- Customs services (customs clearance, border services)
- Sea freight (sea freight, shipping agency)
- Air freight (air freight services and UPS United Parcel Service - worldwide express delivery).

From the geographical point of view the branches cover the entire territory of the Republic of Slovenia. The units of Ljubljana, Novo mesto, Celje, Maribor, Jesenice and Sežana branches provide the services of land transport, terminal and customs services for their customers while the Koper branch also provides sea freight services.

The branches Avio Brnik and UPS are reserved for air freight services. Besides logistics services, the company also provides other services, such as leasing business premises and other financial activities.

The controlling company manages its subsidiaries in the Group through its Group functions.

In 2003, it recorded SIT 29.7 billion of net sales revenues, which is 6% more than planned.

In the framework of preparations for Slovenia's entry into the European Union, an intensive process of adapting the business area of customs services to the new market situation after 1 May 2004 was carried out, which includes gradual reduction of sales and costs in this field of activity. Thus, the company's investments in fixed assets were focused on improving logistics infrastructure and expanding the Group in other areas of operations. In 2003, a total of SIT 890 million in investments was placed. The controlling company ended the year generating SIT 2.9 billion of net profit, which means an 8.8 percent net return on equity.

Intereuropa Transport d.o.o., Koper

Director: Robert Pavletič
Controlling company's stake: 100%

The second largest transporting company on the Slovenian market in the field of land transport employs 292 people.

It carried out 32,093 transports in 2003, with its own vehicles and outsourced transporting agents, which is 54% more than in the year before.

The company's investments in fixed assets in the total amount of SIT 629 million were intended for modernisation of its vehicle fleet and computer equipment.

Net sales revenues totalled SIT 7,846 million, which is 15% more than in 2002.
Due to a deteriorated situation in the transport market, falling sales prices and increasing costs, the company recorded a loss of SIT 256 million at the end of the business year.

The management of the Group appointed new management of this company in the last quarter of 2003 which prepared a development programme aimed at increasing competitiveness and cost efficiency of operations. In 2004, all activities will be focused on market expansion and internal restructuring which is why positive results are expected at the end of this year.

Interagent d.o.o., Koper

Director: Igor Kavšek
Controlling company's stake: 100%

The company is a shipping agency with 32 employees whose services complement the range of logistics services provided by the Group.

In 2003, it provided agency services for 489 ships in the port of Koper and processed 22,477 containers and 138,080 cars.

From the point of view of ships and containers it generates slightly over 20% of the market share in the port of Koper while the share in cars is as much as 70%. It earned SIT 372 million of net sales revenues, which is 5% more than planned.

Its financial results were strongly affected by the constantly falling price of the American dollar, as it was unable to follow the increase in the physical volume of operations. The company ended the year generating SIT 105 million of net profit, which increased its net return on equity to 69%. At the end of the year, its capital stood at SIT 208,240,000.

Interzav, d.o.o., Koper

Director: Boris Šafar
Members of the General Meeting of Shareholders: Vladimir Petravič, Boris Šafar, Metka Prassel
Controlling company's stake: 71.28%

The company is an insurance broker with 5 employees.

In 2003, it earned SIT 56 billion of net sales revenues, which is in line with the plan and approximately the same as the year before.

It ended the year with SIT 14.7 million of net profit and SIT 22.8 million of capital.

Intereuropa IT d.o.o., Koper

Director: Edvard Bešlagič
Controlling company's stake: 100%

The company is a provider of information technology services with 36 employees, active only in the internal market where it generated SIT 661 million in 2003.

The majority of its services related to information support were sold to the controlling company Intereuropa d.d.

It ended the year 2003 with SIT 10 million of net profit.

STTC d.d., Maribor

The company was merged with the parent company on 28 November 2003. Until that date, the parent company's stake was 90.27%.

While operating as an independent company in the period from 1 January to 28 November 2003, it earned SIT 1,385 million of net revenues from the sales of services, mainly terminal services.

It ended the period with SIT 30 million of net profit.

Intereuropa, logističke usluge, d.o.o., Zagreb

President of the Management Board: Andrija Jurgec
Supervisory board: Jože Kranjc, Vladimir Petravič, Anton Turk
Controlling company's stake: 99.94%

The company is the leading provider of logistics services in Croatia and covers all areas of the Group's operations. It is the Group's largest subsidiary with branches in Zagreb, Osijek, Rijeka, Split and Varaždin and employs 478 people.

In 2003, its net sales revenues totalled SIT 5,540 million, which is 15% more than the year before.

The majority of the Group's investments in this year were implemented in this company. These were above all the construction or purchase of warehouses and office premises in Zagreb, Rijeka, Zadar, Osijek and Slavonski Brod.

These investments totalled SIT 2,144 million.

At the end of the year the company recorded SIT 642 million of net profit and SIT 5,316 million of capital.

Intereuropa Sajam, d.o.o., Zagreb

Director: Vjekoslav Granić
Supervisory board:
Jože Kranjc, Zlatko Golub, Vladimir Petravič
Controlling company's stake: 51%

The company has 48 employees and is specialised in UPS services and fair logistics in Croatia.

In 2003, its net sales revenues totalled SIT 515 million, which is 3% above the plan.

It ended the year with SIT 102 million of net profit which represents a 24 percent net return on equity.

Intereuropa RTC d.d., Sarajevo

Director: Meho J. Bavčić
Supervisory board: Milan Jelenc, Radovan Vrabec, Narcis Džumhur
Controlling company's stake: 82.56%

The company is the leading provider of logistics services in Bosnia and Herzegovina and employs 136 people in its branches located in Sarajevo, Bihać,

Tuzla, Orašje, Mostar, Travnik and Banja Luka.
In 2003, it earned SIT 833 billion of net sales revenues. The most significant increase in sales was recorded in the field of land transport.

Improved customer services enabled the activation of additional 3,000 m² of warehousing areas and an investment in the customs terminal.

The company ended the year with SIT 49 million of net profit and SIT 1,232 million of capital.

Intereuropa Skopje d.o.o., Skopje

Director: Nebojša Cvetanovski
Supervisory board: Milan Jelenc, Suvad Keranović, Vojo Petrov
Controlling company's stake: 99.56%

One half of the company's sales revenues is generated in the field of terminal services. It has 11 employees. At the end of 2002, it opened a new logistics terminal in Skopje which further increased its share of terminal services in total sales.

In 2003, its net sales revenues totalled SIT 162 million.

The company's operations are strongly affected by the unstable political and economic situation; however, the high efficiency of its operations resulted in SIT 12 million of net profit at the end of the year.

The growth and return rates are expected to increase further, once the economy of the country is stable.

Intereuropa - East d.o.o., Moscow

Director: Alan Bubnič
Controlling company's stake: 100%

The Moscow company employs 4 people and is primarily engaged in road transport.

It is preparing to change its location in Moscow and invest in additional warehouses in order to be able to attack the market more aggressively.
In 2003, it earned SIT 423 billion of net sales revenues, and SIT 5 million of net profit.

A.D. Interjug-AS, Belgrade

Director: Dragoslav Jerinić
Management board: Jože Kranjc, Radovan Vrabec, Pero Simeunović
Supervisory board: Milan Jelenc, Ksenija Dariž, Milorad Tešić
Controlling company's stake: 66.14%

The company has 85 employees and generates revenues mainly by the sales of customs services and land transport.

This year, it invested in new warehousing capacities.

Warehouses with a total area of 5,000 m² were put into service in Dobanovci near Belgrade, which is expected to result in high growth rates of sales in the next year.

Speka spol. s r.o., Prague

Director: Petr Levy
Procurator: Igor Jošt
Controlling company's stake: 100%

The company employs 34 people and generates most of its sales revenues with land transport.

In 2003, it earned SIT 624 billion of net sales revenues.

After losing a major deal with its largest client, the results deteriorated significantly, which is why at the end of the year it established and started up a new unit in Olomouc in order to guarantee better results in 2004.

It ended the year 2003 with SIT 55 million of net loss.

A short history of the company

Intereuropa was established as a limited liability company in 1947 in the so-called "zone B" of the then Free Trieste Territory. At the beginning it had only three employees; however, their number increased over the years, as did the volume of various services provided.

Efficient work and firm vision resulted in a constantly increasing volume of operations and changes in the organisational structure.

The most significant growth was recorded in the period from 1965 to 1990, when subsidiaries were established in all major towns of the then SFR Yugoslavia.

After the disintegration of Yugoslavia in 1990, the subsidiaries outside Slovenia were restructured into limited liability companies.

The company was privatised in 1995.

Intereuropa's shares have been quoted on the Ljubljana Stock Exchange since 1998.

At the end of the nineties of the previous century, Intereuropa started expanding its network in the markets of South-Eastern Europe again by connecting its previous companies into a group as well as acquiring new companies.

At the moment Intereuropa is transforming from a customs clearance agent and provider of road transport services into a global logistics provider with an integral range of services.

Mission, business vision and values

Mission

The mission of the Intereuropa Group is to optimally meet the demand for logistics services to the complete satisfaction of our customers, whom we guarantee reliability, speed, security and competitive prices.

Business vision

Our business vision is to maintain our position as the leading logistics provider in South-Eastern Europe and to become a medium-sized provider in Europe generally.

Values

Professional approach to customers
Our activities seek to offer the best solution to the logistics needs of all customers on the basis of our advanced logistics know-how.

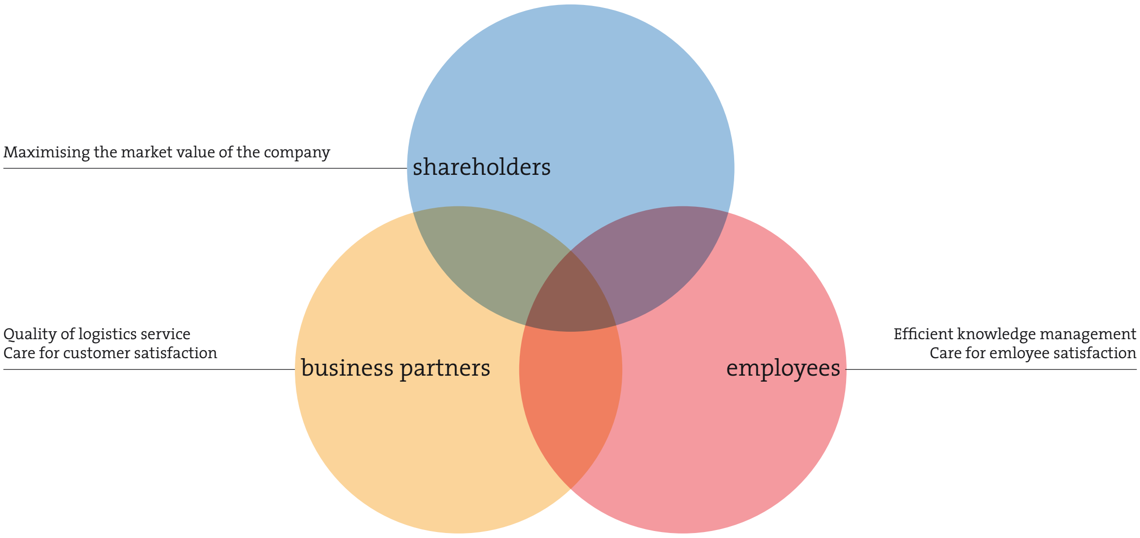
Flexibility
Our services are fast and customised to our customers' wishes. They are carried out through inventive operations and organisation.

Responsibility
We are distinguished by our high level of responsibility for the obligations we undertake, our agreements as well as the social and natural environments.

Teamwork and respect among colleagues
The quality of our services is the result of the work of both individuals and our excellent teams. We appreciate knowledge, experience and the different views of our colleagues.

Development strategy up to 2006

The Intereuropa Group's development strategies are defined in the Development Plan up to year 2006. Our development goals are based on constant growth in the satisfaction of all participants in the business process



Basic development goals:

- 10% net return on capital
- 7% annual increase in sales revenues; and
- 4% annual increase in added value per employee.

Development goals are achieved by implementing development strategies defined in the Development Plan, namely:

Market strategy:

- Further strengthening of competitive position on existing markets
- Further strengthening of competitive position on new markets

The **market strategy** defines priority activities for strengthening the market position on existing markets and expansion to new markets both in terms of geographic and product situation. In terms of geographic position, new markets are available in Central and Western Europe, while as far as products are concerned, new services have to be developed and the range of integral logistics services has to be modernised.

The strategy of Intereuropa's preparations for the EU:

- Adapting the business area of customs services
- Adapting the new organisation of freight forwarding in Slovenia

The activities of market strategy overlap with the **strategy of Intereuropa's preparations for entry into the European Union** which foresees significant reduction in the sales of customs services in 2004, which is planned to be replaced primarily by increased land transport and expansion to new markets, defined in the market strategy.

Strategy of process development:

- Focus on the quality of logistics services
- Development of processes and units of the Group

The strategy of process development is crucial for achieving satisfaction of all those participating in the business process. Strategic activities foresee modernisation of logistics infrastructure, investments in modern information technologies, introduction of innovations and maintenance of the Group's quality systems.

Strategy of staff development:

- Human resources management development
- Efficient knowledge management
- Improvement of employee satisfaction
- Strengthening the concept of a learning company

The strategy of staff development highlights efficient knowledge management, employee satisfaction and the concept of a learning company. The values adopted by Intereuropa and its model of remuneration, based on target-oriented management, were developed with the aim of improving employee satisfaction. Systematic staff development is ensured by the transfer of knowledge within the Group and functional training at all levels.

Financial strategy:

- Maximising the company's value
- Management and supervision of the Group's operations
- Increasing the company's market value

Financial effects of the operations, which result from all activities, are regulated by the **financial strategy** which covers investments, costs controlling, transparent dividend policy and accurate information submitted to the shareholders. The basic guideline is maximisation of the company's value.

Economic situation in 2003

The operations of the Intereuropa Group in 2003 were in line with economic trends in Slovenia, the countries of Central and South-Eastern Europe and the rest of the world.

Slovenia

In 2003 Slovenia's trade with underdeveloped countries exceeded its trade with developed countries, the surplus of the former covering half the deficit of the latter. The trade deficit is still above last year's level. Compared to the respective period in 2002, exports in the first nine months of 2003 rose by 2.5% and imports by 5.8%. As regards trade with EU member countries, the largest fall in the first ten months of the year was recorded in exports to France (down by 15.9%) and the highest rise - in addition to Luxemburg and Ireland, which was negligible - in exports to Spain (up by 34.6%). In imports, however, the increase is mostly due to smaller economies of the EU, i.e. Ireland, Sweden and Portugal, whereas the greatest decrease was recorded in Spain (32%), resulting in EUR 70 million of deficit in the first nine months. The largest deficit was due to Italy and France. In autumn industrial production grew quickly, exceeding the respective last year's figure by 1.0% in the January-November 2003 period. A slowdown in inflation continued, whereas seasonal price increases were the major cause of a rise in consumer prices. In 2003 inflation was 5.6% higher than the year before. In addition to construction and retail trade, the traffic industry improved as well. The Statistical Office of the Republic of Slovenia published the first data on gross domestic product in the third quarter of this year. Year-on-year comparison (same quarter in 2003 and 2002) shows that in real terms GDP slightly grew. In the third quarter of 2003 it rose by 2.3% in real terms and in the first three quarters of 2003 it exceeded the 2002 figure by 2.2%. The increase in GDP since the third quarter of 2002 and until the third quarter of 2003 was characterised by improved domestic consumption, sizable increase in gross investments and a moderate rise in household and state consumption.

Croatia

In Croatia gross domestic product was in the third quarter of 2003 3.9% higher than in the same period the year before. Compared to the first nine months of 2002 total imports and exports of the Republic of Croatia in the January - November 2003 period rose by 8.7% and 11.6% respectively, while inflation in 2003 rose by 2.1% over 2002. In the first eleven months of 2003 industrial production increased by 4.3% compared to the same period in 2002.

Bosnia and Herzegovina

In Bosnia and Herzegovina industrial production in the first eleven months of 2003 by 4.5% exceeded the respective 2002 figure. In 2003 the average inflation in that country rose by 0.1% and in the Republic of Serbia by 2.1%. In this period imports grew by 4.0% and exports by as much as 14.8%, whereas gross domestic product was estimated to have increased by 2.5%.

Macedonia

According to estimates gross domestic product in Macedonia in 2003 rose by 2.8% compared to the 2002 figure. Inflation was somewhat lower, averaging 1.7% in 2003. In comparison to the first eleven months of 2002 imports and exports in the respective period in 2003 grew by 19.2% and 15% respectively. In the abovementioned period industrial production improved by 3%.

Serbia and Montenegro

Compared to the first eleven months of 2002, the macroeconomic indicators recorded in Serbia and Montenegro in the respective period in 2003 were as follows: gross domestic product grew by 2.0%, industrial production decreased by 2.5% and inflation went up by 11.3%. A 12.9% and a 14.7% growth was recorded in exports and imports respectively.

Russia

According to estimates, Russia's gross domestic product in 2003 increased by 6.7% over 2002. In the first eleven months of 2003 inflation increased by 13.6% compared to the respective period in 2002. In the January - November 2003 period imports were 24.9% higher than in the same period the year before and exports grew by as much as 22.6%. In the first eleven months of 2003, industrial production increased as well, i.e. by 6.9% compared to the respective period in 2002.

Czech Republic

In the Czech Republic inflation is decreasing. In the first eleven months of 2003 it was 0.0% compared to the same period in 2002. In the period between January and November 2003 gross domestic product rose by 2.9% and industrial production (compared to the first eleven months of 2002) by 5.7%. In the same period of 2003 exports of the Czech Republic increased by 20.8% and imports by 23.3%.

Marketing and sales

Sales results in 2003

Overall sales

In 2003 the Intereuropa Group generated SIT 45,117 million in net sales revenues, exceeding the plans by 1% and the revenues from 2002 by 5%. The realised sales of the parent company and its subsidiaries are estimated to be successful.

Structure of net sales revenue in 2003 by business area

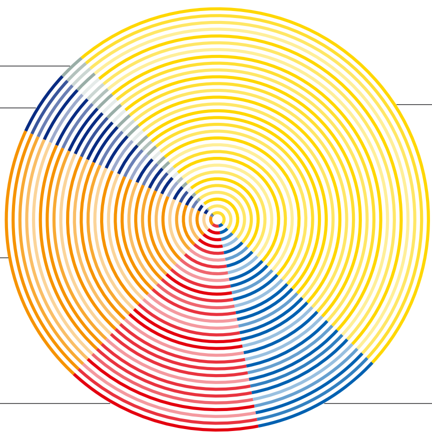
in thousands of SIT

Business area	Year 2003	Share	Plan 2003	Share	Year 2002	Share	ind. 03/plan	ind. 03/02
Land transport	20,237,468	45%	20,616,652	46%	18,850,024	44%	98	107
Terminal services	4,400,766	10%	4,134,840	9%	3,880,778	9%	106	113
Customs services	8,116,583	18%	7,704,748	17%	8,284,921	19%	105	98
Sea freight	9,114,869	20%	9,336,108	21%	8,924,748	21%	98	102
Air freight	2,361,795	5%	2,210,740	5%	2,170,949	5%	107	109
Other services	886,036	2%	859,343	2%	976,961	2%	103	91
Intereuropa Group	**45,117,517**	**100%**	**44,862,432**	**100%**	**43,088,381**	**100%**	**101**	**105**

The Group monitors sales results by individual business segment, the so called “business areas”.

Land transport accounted for almost one half of net sales revenues of the Intereuropa Group in 2003, while sea freight, customs services and terminal services represented one fifth, 18% and one tenth respectively.

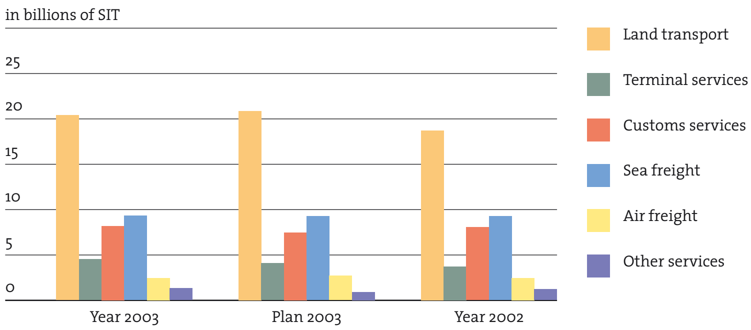
Structure of net sales revenue in 2003 by business area



The Development plan for the period until 2006 sets out a new division of products among five business areas: land transport, terminal services, sea freight, customs services and air freight. The Group provides other services as well. Branch offices of the parent company carry out activities in all business areas.

In 2003 land transport generated 7% more revenues than in 2002. Terminal services grew by 13%, exceeding the plan by 6%. Revenues from customs services were 2% higher than the year before and 5% above the planned level. Compared to 2002, Intereuropa recorded a 2% growth in sea freight. Air freight services increased by 9% in comparison with the year before and were 7% higher than planned. Revenues from other services exceeded the plan by 3%

Operating revenues of the Intereuropa Group in 2003 compared to 2002 and the plans



Sales by business area

Land transport

Compared to the 2002 figure revenues from land transport in 2003 rose by 7%. The share of land transport in total revenues of the Group in 2003 was 45%. At the consolidated level groupage and express transport were the products contributing most to revenue increase. According to its business results in express transport, Intereuropa d.d. ranks among the leading providers of transport services in South-Eastern Europe and among the major providers in the territory of the former Yugoslavia thanks to the product Intereuropa Express.

Intereuropa's subsidiaries in Croatia, Bosnia and Herzegovina, Serbia, Montenegro and Macedonia recorded considerable growth in operating revenues.

Intereuropa Express

Although this product faces fierce competition in Slovenia and abroad, the sales results in Slovenia, Bosnia and Herzegovina and Croatia improved compared to 2002. In Slovenia this was also thanks to various cost-cutting measures, sales activities and reorganisation of domestic cartage within the Intereuropa Express departments.

In Bosnia and Herzegovina a 128% increase was recorded in the sales of the product Intereuropa Express. This was caused by a considerable rise in international groupage and new logistics business of an intragroup associated company.

Only an associated company in the Czech Republic generated lower sales than in 2002, which was due to the loss of a major client.

Plans for 2004: After Slovenia's accession to the European Union, it will be possible to expand operations and introduce the product Intereuropa Express into neighbouring countries (Italy, Austria and Hungary), which would become the domestic market for this product. The key activities in 2004 will be aimed at further optimisation of the delivery network in Slovenia (with an emphasis on cost cutting, improved usage of all available vehicles) and additional development of the domestic distribution network in Serbia and Bosnia and Herzegovina. A lot of attention will be devoted to further product computerisation (customer-friendly Internet services, electronic connection with customers, product computerisation in Croatia, etc.).

Groupage

The sales of this product by the parent company and all other Group members increased.

The key factor of success was especially further improvement of daily groupage truck/wagon shipments between Slovene terminals, the terminals of Intereuropa's associated companies and the terminals in countries which are Slovenia's major partners in international trade (Milan, Munich, Vienna). The company's European partners saw the network of Intereuropa's companies in the Balkans (and a well-structured domestic network for LCL distribution) as a competitive advantage in obtaining new goods.

Plans for 2004: The key activities in 2004 will be aimed at developing export groupage lines and increasing the frequency of dispatch to all major economic centres in Europe (in existing and future new members of the European Union). A lot of effort will be devoted to improving productivity by further introduction and development of the swap body system (WAB) and product computerisation (electronic data exchange with major European partners, etc.).

In 2004 the company plans to introduce new quality aspects of the groupage product: connecting Slovene terminals to the European network for express LCL transport of an established European "door-to-door" service provider within a guaranteed time of 24-72 hours.

Intereuropa will concentrate also on setting up a partner network and introducing new groupage lines between associated companies.

Full loads - Organisation of road and intermodal transport

The product's sales grew by 3% compared to 2002.

Due to stronger competition in Slovenia and in the countries of the former Yugoslavia, Intereuropa's branch offices and associated companies - which act only as agents - could not be competitive (with cheaper road transport providers) in the eyes of the holders of goods.

Since so called part loads represent the major part of transported shipments in 2004, activities will focus on improving the synergies between the groupage transport and part loads. The combination of the two can significantly increase the frequency of shipments on individual lines and improve competitiveness. In 2004 Intereuropa will devote more effort to better use of vehicles (to/from destination), transporting goods between groupage terminals of its associated companies.

Full loads - Railway transport organisation

Railway transport organisation is a product accounting for 1.5% of total sales at the Group level. In 2003 the sales generated by the Group in Slovenia remained at the 2002 level, whereas the results of associated companies abroad is below the 2002 figure. This is mainly the result of the failure of an associated company in Croatia to close a major deal. The potential of railway transport organisation in 2004 lies mainly in more active marketing of full train loads through traffic corridor X and individual goods flows through traffic corridor V. The sales of the product are expected to grow especially in other countries of the former Yugoslavia, where more effort will be devoted to training expert staff.

Terminal services

The business area of terminal services combines warehousing and distribution services, fairs and exhibitions logistics and logistic solutions.

In 2003 the Group exceeded the planned level by 6%. Its activities focused on increasing productivity, specialisation and combining of goods flows in individual logistic centres. Gradual introduction of a redesigned information system improves goods traceability in warehouses and enables quicker response, which is of crucial importance in the development of delivery based on the just-in-time principle.

Intereuropa has also correctly assessed the trends and guidelines and successfully included them in its plans. The company still aims at increasing (as much as possible) the speed of goods turnover in warehouses and optimising the use of the Group's warehousing capacities.

Intereuropa's activities concentrate on landing new customers, who are offered a comprehensive range of logistics services in the territory of the former Yugoslavia and Eastern Europe. Acquired knowledge is passed on to the Group's subsidiaries.

Main goals

As regards terminal services the company in 2003 focused on streamlining, cost control and work procedures. This was achieved by work process management in warehousing, in which the transfer of knowledge and warehousing technology, acquired in the framework of PILOT BT project, was of great assistance. At the same time the company aimed at electronic data exchange with target customers and made sure that a uniform policy was implemented for the supervision of approved suppliers of warehousing equipment.

In the past year Intereuropa upgraded its information network, extending it to the Group's warehouses which have so far not been updated. Thus, the transfer of technology was carried out in the warehouses in Celje, Maribor, Dravograd and Sežana.

In fairs and exhibitions logistics, the focus was on subsidiaries in Croatia (Intereuropa Sajam d.o.o., Zagreb), and Serbia and Montenegro (A. D. Interjug - AS, Belgrade).

Development of logistics centres

In Europe a trend has been established of eliminating logistics activities from industry and concentrating warehousing capacities in logistics centres. In Slovenia this has only just begun. For Intereuropa this meant gradual delimitation of warehousing capacities into two groups:

- through-put warehouses for groupage and domestic distribution by the centres in Ljubljana and Maribor;
- logistics centres within which more specialised warehouses have been set up for individual groups of goods or customers; major logistics centres are located in Koper, Jesenice, Ljubljana, the region of Celje and Maribor, Zagreb and Sarajevo. The HACCP system for cooling and subcooling (temperature regime) was introduced in the Maribor cold storage and the company further specialised in the storage of foodstuffs in air-conditioned warehouses (temperature regime) in Dravograd and Ljubljana.

Increase in warehousing capacities

The company successfully concentrated its investments. In Slovenia this was reflected in the lease of warehousing capacities at Ptuj, whereby the company's available capacity increased by 5,340 m^2. In

Croatia, Intereuropa constructed warehouses covering 2,000 m^2, in addition to which it started using 2,160 m^2 of warehousing area in Rijeka and built additional warehouses in Zadar. In Serbia and Montenegro an important step was taken as a decree was issued on granting customs warehouse status to a warehouse in Dobanovci.

Plans for 2004

- Redesign the information system used for warehouse management
- Optimise the use of terminal capacities
- Renovate and construct new infrastructural facilities
- Set up logistics project teams for more aggressive marketing and sales of comprehensive logistics solutions
- Obtain and implement comprehensive logistics solutions needed by key customers
- Adopt a group-based approach to key customers
- Offer professional assistance in the transfer of knowledge, technology and uniform standards

Air freight

Invoiced sales arising from air freight services exceeded the plan by 7% and the respective 2002 figure by 9%.

In 2003 Intereuropa carried out also some of the planned activities, which considerably improved efficiency and enabled faster provision of services. The branch office raised the quality of operations at all levels, since it is aware that this is a priority task, which provides the company's customers fast, safe, economic, reliable and environment-friendly logistics. By introducing active sales and consolidating connections with foreign partners, Intereuropa became even more recognisable in the market, which was, in light of the threat of global terrorism, especially important in the USA. At the same time the company deepened its range of air transit services in South-Eastern Europe, i.e. on the line foreign country - Brnik - South-Eastern Europe (having in mind particularly Sarajevo, Skopje, Belgrade and Tiran), heavily supported by trucking capacities. The efficient truck groupage network has already been used by Adria Airways and has also attracted the interest of foreign air carriers.

Special attention was devoted to the branch office Brnik, which will on 1 May 2004 become one of the major points of entry to Slovenia. This should naturally be used as the basis for the development of import/export customs clearance for the EU countries and as a starting point in the connection between the airport and the southern border of Slovenia with the EU.

UPS - United Parcel Service

For the third consecutive year Intereuropa's UPS (worldwide express delivery) boomed. In this period the company succeeded in developing a modern competitive international express mail service of very high quality. Intereuropa's decision and financial investment proved to be correct and justified, as the company's market share increased, especially in the republics of the former Yugoslavia.

Naturally, this product has not been fully developed yet. The company's aim is to become the leading UPS provider in this part of the world. As the volume of operations increased, so did the warehousing capacities - by 200%. In addition to the one in Zagreb, Intereuropa opened an Express Shop also in Ljubljana, which deals with collection of late shipments.

The company has intensified its activities in this industry also in Slovenia, especially by opening additional courier lines between the regions of Dolenjska and Štajerska. Among the major projects implemented last year were the creation of programs for shipment tracing, completion of the branch office reorganisation, upgrading of the commercial department and an increase in the volume of marketing activities.

Customs services

With regards to customs services the year 2003 was fruitful. All financial goals were achieved, restructuring was realised and reorganisation carried out. The year 2003 presented a turning point for the company. Not only in terms of business results but also due to extensive preparatory activities for Slovenia's accession to the European Union.

In the past, customs services accounted for a considerable share in revenues, which is why the company had to prepare well for the anticipated loss in income. For that purpose Intereuropa already in 2002 adopted the necessary measures, which were implemented in 2003.

Status analysis

On the basis of customer analysis, additionally upgraded by the analysis of goods flows, a revenue simulation was prepared in 2003 for each branch office separately and each organisational unit within a branch office.
Immediately afterwards the company organised working meetings, attended by directors of branch offices and executive directors of key business areas, at which the possibilities of increasing the revenues from land transport, terminal services and sea freight were studied.

These meetings lead to well-considered findings and guidelines for further action in the abovementioned business areas. To the directors of branch offices all findings provide a basis for staff restructuring and sales activities. The Management Board, having been informed of all findings, passed the relevant restructuring measures.

Sales activities

On the basis of the abovementioned analyses every branch office prepared a detailed plan of active sales of the Group's comprehensive services. These plans are promptly updated according to market developments, which provides short response time and improved competitiveness.

The employees dealing with customs services regularly monitor and process data included in instructions on customs clearance, which are then - for the purpose of sales activities - forwarded to competent persons in other business areas, especially land transport.

Plans for 2004

In 2004 the company continues with the restructuring activities set out in 2003. Preparatory activities for operating in the EU conditions, i.e. staff training and development of IT solutions, have been intensified. These activities have to be carried out by 1 May 2004.
In the second half of 2004 the company will devote all efforts to process redesign, whereby customs services (so far the major service) will become supporting services to other business areas which will deal with non-European goods.

Sea freight

The business area of sea freight combines the following subproducts: conventional cargo, containers, RO-RO traffic and shipping-agency.

In spite of the correct assessment of trends and guidelines, which the company successfully incorporated in its plans, the Group's performance in 2003 was slightly below the planned level. Invoiced sales rose by 2% compared to 2002. Subproducts were influenced by the depreciation of the American dollar and the constant, yet too slow sales increase in Croatia. Although the ferry lines were shorter, RO-RO traffic increased, which was the consequence of favourable impacts in the car market.

The company's activities focused primarily on boosting sales activities and transferring knowledge to subsidiaries within the Group, with an emphasis on the companies in Rijeka and Ploče.

Main goals

Intereuropa's basic goal is to keep its market share in Slovenia, and to improve the company's market position in Croatia, thus gaining a substantial competitive advantage. The company is still looking for the most suitable solution for shipping-agency services.

As in 2003, the volume of timber transhipped is expected to considerably increase also in 2004. At the same time a rise has been recorded in container transhipment, which was predicted last year. This proves that the company was successful in obtaining new customers.

Development and investments

Modern business strategies are based on free movement of goods, people, services, information and capital as well as on internationalisation of operations. As the time needed for development of products and their useful life are becoming shorter, and due to the expansion of e-business, the influence of logistics on final production costs is much greater. Global logistics centres respond to globalisation trends by developing services with greater value added, by comprehensive logistics solutions as well as by standardisation of processes and IT support.

The growth and development of Intereuropa is being brought in line with global trends in logistics markets in accordance with its development strategy, which was defined in the Development plan for the period until 2006. Therefore the company's investments went mainly for the expansion of logistics infrastructure, IT upgrading and staff training, which enables the company to provide quality logistics services. At the same time, Intereuropa achieved the set strategic goals by developing its range of services, assuming the logistics function of individual companies and adopting a group-based approach to customers and suppliers.

New services

Research findings provide an incentive for the development of logistics services

In view of the approaching EU membership of Slovenia, companies have to quickly adapt to the environment. In order to prepare for changed market conditions, Intereuropa conducted market research to establish how Slovene companies are prepared for accession to the EU. The research findings revealed some interesting facts and indicated the possibilities for further improvement of logistics services and for more efficient action on the international logistics market.

Upgrading the range of logistics services

For some years Intereuropa has been improving **land transport** services. In order to shorten transport time through the traffic corridors V and X, the company, together with Slovenske železnice (Slovene Railway Company), introduced a direct full train - its main advantage being as few shunting stations as possible. Intereuropa participates in the transfer of goods through the traffic corridor X, i.e. on the Bologna-Ljubljana line, by the East-West Rail Shuttle train. In land transport the company accelerated shipments on some groupage lines. For **air freight** Intereuropa founded a centre for overseas countries in Ljubljana, to which large shipments have already been dispatched from Croatia and Bosnia and Herzegovina. An important novelty in **terminal services** is the gradual redesign of the "Skladko" information system in Intereuropa's warehouses.

Information system supporting products

In 2003 the management reached a uniform decision to support the logistics service processes by IT, so that the company's services would remain competitive on the EU market, in which Intereuropa will soon participate. For that purpose the Group's management adopted a project for selecting the most favourable supplier of IT solutions, who would meet the requirements with regards to efficiency and connectability with the SAP system as well as with the systems of the company's partners and customers. The second phase of the project includes the implementation of the selected solution with all necessary changes and training of employees.

Introduction of new control points

Every company within the Group performs various measurements to establish how well it operates. The company's profit, customer satisfaction and process efficiency are inter-related. Measurements are a very important element in work processes, since they help determine the level of efficiency. They are carried out at control points within processes for individual logistic services. The results obtained at control points indicate the efficiency of a certain process, whereas the data are compared to those about customer satisfaction.

Investments in fixed assets

In the Intereuropa Group, we invested SIT 4.7 billion in fixed assets in 2003. About 80% of investments were carried out in subsidiaries.

Investments in fixed assets

in millions of SIT

	Share	2003
Warehouses, business premises	9 %	439
Trucks and cars	17 %	820
Information technology	8 %	359
Other	14 %	656
Investments in progress	52 %	2.454
Investments in fixed assets	**100 %**	**4.728**

The major share of these investments were placed in Croatia where we purchased and constructed a new logistics infrastructure and modern equipment, thus establishing better conditions for an expanded range of higher quality logistics services. This is especially important because of the coming changes in Slovenia and will enable us to compensate for the loss in revenues in 2004 by earning more in other countries. The most significant part of investments has not yet been completed at the end of the year, which is why they are disclosed under a separate item.

Long-term financial investments

At the end of 2003 the value of investments totalled SIT 5,599 million. They increased by 24% in 2003.

As much as 99% of the Group's long-term financial investments were placed by the parent company Intereuropa d.d. Excluding investments in the members of the Group, other significant investments were placed by Intereuropa d.d. in the purchase of four foreign companies (SIT 1.1 billion) in the second half of 2003:

- KP Trans S.A., Saint Pierre de Chandieu, France
- Zahidtransservis, Uzghorod, Ukraine
- Schneider & Peklar GmbH, Vienna, Austria
- Intereuropa GmbH, Troisdorf, Germany.

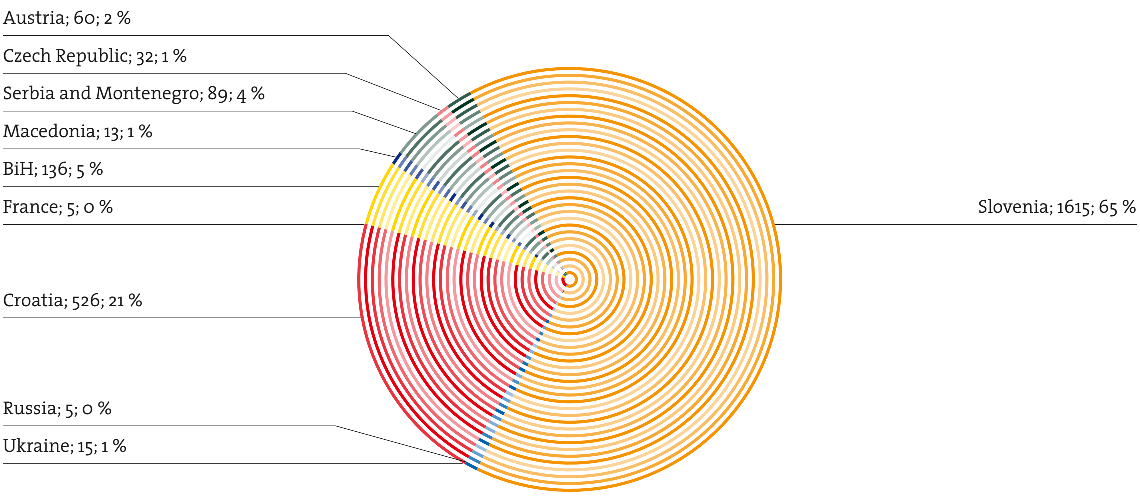
Human resources management

Employee structure

The Intereuropa Group consists of the employees in the controlling company Intereuropa d.d. (1250) and the associated companies in Slovenia and abroad (1246). In 2003 the number of employees in the Intereuropa Group did not change significantly compared to the previous year. At the end of the year 80 new employees joined the Group with the purchase of companies in the Ukraine, France and Austria.

The increased number of employees recorded by the controlling company in 2003 was merely the result of the transfer of employees from the subsidiary STTC d.d., Maribor into the controlling company and not the establishment of new employment relationships. At the same time the process of adapting the number of employees to the changed situation upon entry into the European Union has been underway for several years, which will result in a reduction of the number of employees in the controlling company in 2004.

Emloyees by country (number of employees, percent)



Movements in the number of emloyees

Responsible implementation of changes

In 2003, activities in human resources management were focused on preparations for the changes in operations brought by Slovenia's entry into the European Union.

When the Accession Treaty was signed in April 2003 in Athens, Slovenia and of course also Intereuropa started with the final stage of adaptation to the new situation. There will no longer be any administrative customs barriers for the flow of goods in the EU Member States. Intereuropa will thus lose an important share of income generated by border services and customs clearance and will be forced to cancel certain activities.

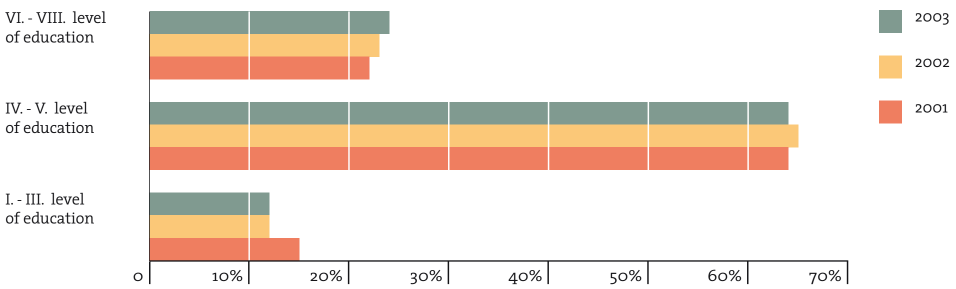
The "Analysis of the situation from the point of view of Slovenia's accession to the European Union" was carried out with the aim to assess all possibilities of generating income in view of the previous management of the flow of goods and simulate the operations of the branches in 2004. It was established that we will not be able to keep all employees working in customs services, other services and back offices.

Therefore, the Management Board of the company considered all the stated justifications and reasons and found out that a large number of employees will have to be made redundant. In 2003, adequate solutions were found for 153 employees applying so-called soft methods, i.e. by retirements, purchase of the remaining years until retirement, compensation provided by the Employment Service until retirement, financial assistance for older employees and disabled persons in the cases where employment relationships were terminated upon agreement with the employee, and re-qualifications. At the same time we limited students' work and employment relationships concluded for a limited period of time.

Despite the active approach, we could not completely avoid establishing redundancies, so that the relationships of 134 employees had to be terminated from our part, with the right to notice period and severance pay according to the sector collective agreement, which turned out to be more favourable for the employees than the Employment Relationship Act. These employees were offered the possibility to join the programme of new career development assistance prepared in co-operation with the Employment Agency during the notice period.

Also in 2003, the company continued restructuring the knowledge of its employees by organising the third School of Business Logistics in Slovenia and the first such programme in Croatia. A total of 52 employees participated in this programme. We also continued with the training of employees in the field of foreign languages and computer skills, which has been organised for several consecutive years (on average 150 employees per year). In the last two years, more than 100 employees have acquired the skills required for efficient sales (salespersons) and management of sales and key customers (managers).

Education structure - comparison by year



Spreading of knowledge and corporate culture

With the aim to achieve the mid-term development objectives, SIT 96.3 million or 0.2% of sales revenues were allocated to training and education in 2003. The actual amount spent for training and education was SIT 57.7 million or approximately 11 hours per employee. The employees were trained and acquired skills in the fields of logistics, communication and management of sales, foreign languages, computer skills, safety at work, handling of hazardous goods and chemicals, introduction of quality in business processes, etc. Introductory seminars were organised for new employees with the purpose of informing them about the organisation, vision and corporate culture, instructing them about safety at work and the use of computer applications which support our quality system, etc.
As the focus in 2003 was put on restructuring, we were not able to achieve the planned development objective - to increase the number of training hours per employee to at least 20 hours. Therefore, we intend to promote programmes for obtaining new skills in the controlling company and the subsidiaries also in the future, focusing on professional domains and the areas of management and relationships between the employees, with the aim to increase the transfer of knowledge within the Group.

In the framework of the system of staff development, introduced in 2001, priority was given to detection and evaluation of promising staff and direction of their career development. Last year, 31 employees were included in the evaluation process (a total of 80 until present). At the same time, the first group of employees who were previously identified and evaluated as promising completed the Intereuropa Group's Academy. This Academy emphasised team and project work as well as drafting of business plans. At the presentation, the graduates and the mentors informed the management of the company about the results of their work.

The education structure is continuously improving on the basis of new employments and gives financial support for obtaining a higher level of education to employees with great development potential. We have increased the share of employees with education level VII and simultaneously reduced the share of those with lower levels of education or without any education at all. Last year, 14 employees finished their studies financed by Intereuropa and we have at present 39 concluded agreements on education.

Safety at work

Caring for health and work climate

We are perfectly aware that the level of education itself is not enough - the employees have to be healthy and satisfied, which is why we care about our employees' well-being both at work and in their free time.

In 2002 we conducted a survey on the organisational climate and employee satisfaction, on the basis of which we organised workshops at the level of individual units in 2003, with the aim to present the managers and the employees detailed results of the survey and adopt action plans for improving satisfaction and set a target value to be achieved in the next evaluation period.

Special attention is put on safety and health at work and persons in charge of this area are additionally rewarded. The main goal in relation to ensuring safe and healthy work in the past year, which was achieved by co-operation with persons in charge of care and supervision of health and safety at work, was improvement of working conditions. This was achieved by adaptation of individual work areas and purchase of modern work equipment (trucks, fork-lifts, computer monitors, etc.) which helped reduce injuries at work and excessive load or damage to health at the workplace. We took care of the inspections of the work environment and conducted examinations and tests of individual parts of work equipment that might be harmful or cause injury or disease to employees. In co-operation with an authorised doctor and individual occupational medicine experts, we sent as many as 22% of employees to previously determined, targeted, scheduled and preventive medical examinations. We also trained our employees for health and safety at work in different programmes. With all the abovementioned activities we were able to reduce injuries at work in 2003 by as much as 16% compared to the previous year.

The fact that we care about the measures of social and health policy, including vaccination, sick leave control and preventive medical examinations is also reflected in the quantity of sick leaves which has been appropriately managed and kept at the level of 6% to 7% for several years (this figure includes parental leaves, disabled persons with reduced amount of working hours, rehabilitations, and sick leaves up to and above 30 days).

We organise sports activities for our employees. Almost all our units have regular weekly sports activities in which the participants can play volleyball and basketball, while some of these centres also have fitness facilities. We organise annual meetings for all the employees of the Group called "Intereuropiada" with various sports and social activities.

Moreover, we have holiday facilities at the seaside, in the mountains and in health resorts in which our employees can go on vacation at low prices.

We also provide financial assistance for employees experiencing medical or other problems.

Integral quality of operations

Our entire know-how and attention is focused on the quality of our products and services. Thus, all our efforts are joined into an efficient system of assuring continuity, which results in better customer satisfaction, improved competitiveness and above all the increased satisfaction of our employees, the broader social environment as well as owners and investors.

ISO 9001

We successfully completed the project of modernising our quality management system in line with the requirements of the ISO 9001:2000 Standard in three companies, namely: Intereuropa d.d., Intereuropa, logističke usluge, d.o.o., Zagreb, and Intereuropa Transport d.o.o.

The project included 33 workgroups. The project approach underlined in the seven basic principles of this standard was implemented on the basis of recognising the key business processes. According to the abovementioned principle, we determined individual process and product administrators who take care of the integral development of a process or a product, supported by a group of technologists.

We also introduced measurements by means of a system of control points. The company's profits, customer satisfaction and process efficiency are closely connected. Therefore, measurements are extremely important in the working processes, as they help us evaluate the efficiency of individual processes;
we measure implementation times, compliance with agreed deadlines and activities that have to be repeated due to errors on our side.

These measurements are carried out at control points of the processes of individual logistics services. The results of these control points show the efficiency of the process. Afterwards, data are compared with the data on customer satisfaction.

In May 2003, the auditors from SIQ conducted the certification audit of the quality management system in Intereuropa d.d, in Intereuropa, logističke usluge, d.o.o., Zagreb, and in Intereuropa Transport d.o.o. The progress achieved by the existing quality management system convinced the auditors that we are able to guarantee the permanent improvement of our operations and constantly increase customer satisfaction, which is crucial for further growth and development of the company.

Introduction of the HACCP system

The HACCP (Hazard Analysis Critical Control Points) system is a preventive system which enables detection and prevention of numerous risk factors that could jeopardize the health of human beings. It includes various participants in the business process - from food producers to consumers - in the field of the food processing industry, such as wholesalers, warehouses, restaurants, canteens and stores.

At the same time, it can be used as analytical tool enabling the management in the production and trade of foodstuffs to introduce and maintain a cost-efficient and continuous system of assuring the health and hygiene safety of foods. For illustration, the expression "from the field to the table" is often used in relation to this system, which means that it guarantees appropriate control of each food product until the very moment it is put on the table by the end user.

In the framework of the introduction of the abovementioned system we acquired the company STTC d.d. from Maribor last year, thus obtaining a cold store in Maribor and a food storage facility in Dravograd. The food storage facilities in Ljubljana have been used for these purposes for a longer period of time while we also initiated the process of establishing this system in our subsidiary Intereuropa, logističke usluge, d.o.o., in Croatia.

In the first half of 2004 we plan to engage our own experts and introduce a system of internal controls according to the principles of HACCP, as this is required by good practice and the applicable legislation from all the participants in production and trade of foodstuffs.

Introducing target management also in the field of quality

The management of the company puts great emphasis on the efficiency of processes and management on the basis of data. We strive to set up an efficient process of constant improvements, based on a system of corrective and preventive measures, projects of process and product development and application of state-of-the-art methods and tools.

The results achieved are measured with quality index which is appropriately included also in the base for rewarding target-managed employees.

In 2003, six organisational units exceeded the set quality index target; two units achieved the planned levels while only one did not achieve the planned targets.

The purpose of evaluation methodology is to motivate the employees' behaviour dictated by the mission, vision, target culture and values of our company. Intereuropa's quality evaluation methodology is adapted to the level of organisational unit (branch/sector) and process.

By means of this evaluation methodology, the evaluators compare the achievements in the field of evaluated subject's quality management with those defined by the methodology used for calculating quality index. This methodology comprises:

- efficiency of control points (CP),
- efficiency established by internal controls; and
- ability to introduce corrective/preventive measures.

Information technology

The following strategic objectives in updating information technology were defined in 2003:

- modernisation of information support to key processes and combining of these processes into integral logistics services (considering customer requirements and specific characteristics of goods),
- development of information support to operative marketing,
- harmonisation of support processes, automation of links between supporting and main processes and modernised controlling,
- centralisation of server infrastructure, standardisation of electronic operations and streamlining of IR maintenance.

The adopted strategy of information technology modernisation is focused on:

- transition to the basic development and technology environment Oracle - Lotus Notes,
- transition from decentralised to centralised IT support model and centralisation of forwarding information system,
- implementation of external IT support to e-business with customers, suppliers and institutions,
- redirection of a significant part of Intereuropa's IT from maintenance and upgrading of the existing IRs into purchase/development and introduction of state-of-the-art IRs,
- modernisation of supporting processes and services in Intereuropa's IT (project management, call centre - Help Desk, archives management, etc.).

The analysis of all information technology modernisation projects revealed that the foreseen guidelines were duly complied with. All information technology modernisation projects were target-managed in such a manner which guarantees their full preparedness for entry into the EU by the end of May 2004. By the end of 2005, modernised IS supporting the integral logistics services in the company Intereuropa d.d. will also be set up.

Plans for 2004

The tasks are related to:

- the functioning and maintenance of the existing IS until 1 May 2004,
- simultaneous establishment of the new IS for operations after 1 May 2004,
- introduction of the existing and new IR solutions in individual branches for individual prospective customers,
- purchase/development and introduction of new information solutions to support the business area of customs services and integration of these with the forwarding/logistics IS, individual products, customers and SAP,
- adaptation of IRs as a result of the changes in financial legislation and accounting standards (VAT, foreign-currency operations, etc.), related to Slovenia's entry into the European Union,
- preparations for expanding the functionality of SAP in logistics branches and associated companies outside Slovenia,
- intensive implementation of the project of information restructuring of products (ISPRO).

In the second half of 2004 business, organisational and information consolidation is planned for the entire Intereuropa Group, after Slovenia joins the EU. This is also the year in which we intend to carry out capital consolidation with the selected company with the aim to achieve synergy effects in order to be able to start marketing information services and solutions on the external market of customers and suppliers.

Responsibility towards the social environment

Intereuropa has been quite active in its local environment for several years, taking care of improvement of the quality of life and work in the environments where it is present. Care and responsibility towards the environment is materialised by means of donations and sponsoring activities. These are aimed at implementing various cultural, sports, humanitarian and other projects and raising awareness regarding the meaning of social environment.

Knowledge is an important competitive advantage and one of our basic values, which is why it is created according to the plan. In 2003, we were the title sponsor of the conference "Business logistics 2003, management of logistics processes in the global environment" organised by the magazine "Gospodarski vestnik". At the same time, special funds were donated to the Association of Business Logistics within the University of Maribor.

Donations to hospitals, health centres and humanitarian activities include the assets granted to the Izola General Hospital (for purchasing the cardiac ultrasound), the Koper Health Centre (assisted in the purchase of a new ambulance), the Multiple Sclerosis Society, the Celje General Hospital, The Association of Paraplegics of the Dolenjska region, the Centre of Cardiovascular Diseases, the Slovenian association for Osseointegration, the Association for the quality of life of persons with special needs (the "Silva Fund"), etc.

In the field of sports, Intereuropa has been the sponsor of the Swimming Club Koper for several years, thus supporting the swimming career of Matjaž Markič.

In culture, Intereuropa supported last year's organisation of the 38th meeting "Borštnikovo srečanje" in Maribor.

We raise awareness towards the social environment by supporting sports activities, schools, culture and humanitarian projects.

Environmentally friendly logistics services

In our total quality policy, we have committed ourselves to performing environment-friendly logistics services, an effort that will be endorsed by the ISO 14001:1996, obtained by Intereuropa Transport d.o.o., which managed vehicles in 2003. All activities in the years 2002/2003 were subjected to this standard.

In 2003, we had a total of 214 trucks and 174 delivery cars and automobiles. Almost all trucks and other delivery vehicles comply with European requirements on permitted levels of exhaust gases and noise. In 2003, we further increased their number by one percent, or, compared to the year before, to a total of 98.1 percent. The vehicles which do not comply with the European requirements are still used on the local domestic market. We also comply with European regulations on the transport of hazardous substances.

We prevent uncontrolled spills into the environment by equipping parking lots with oil catchers installed by authorised contractors with whom we sign appropriate agreements in line with the applicable technical, standard and construction norms.

We follow environmental standards in the renovation and construction of buildings and acquiring new equipment.

Regular analyses of wastewater and emission fumes from heating plants confirm that the legal threshold values are not exceeded. This was also confirmed by controls performed by authorised institutions in 2002. The measurements were in line with the Decree on the emission of substances in the discharge of waste water from petrol stations, facilities for the maintenance and repair of motor vehicles and car-washes (the Official Gazette of the Republic of Slovenia no. 10/99).

Waste produced by our activities is collected separately. In 2003 we collected 55 tonnes of paper, 3.5 tonnes of plastic, 15 tonnes of iron, 1.5 tonnes of metals, 15 tonnes of timber waste, 800 car tyres, 1500 batteries, 6000 litres of used oil and 1,750 cubic metres of other waste; these were removed by appropriate authorised organisations.

In 2003, we managed to reduce the volume of waste collected at the location of the Management building at Vojkovo nabrežje 32, Koper, five-fold by using a compactor that collects and compacts waste. In the future, we shall install these compactors at all major waste collection locations, thus contributing to improved ecological effects.

Financial operations

Implementation of development plan up to year 2006

In 2003, financial strategic orientations which foresee maximisation of the company's value and the share's market value were followed. Our efforts to achieve the development goals, defined in the Development Plan up to year 2006 gave the following results:
Annual growth in sales: 4.7%
Annual growth in added value: 5.3%
Net return on capital: 8.8%

Achieving the 2003 annual plan

In 2003, the Intereuropa Group generated SIT 45.1 billion of net sales returns, which is 1% more than planned.
Acquisitions of companies on new markets were carried out at the end of the year which is why their operating results have not been included in the Group's profit and loss account for 2003. It is expected that their income would contribute to the Group's growth in 2004.

in thousands of SIT

	2003	Index 03/Plan	Index 03/02
Net sales revenues	45,117,517	101	105
Value added	12,576,880	102	105
Net profit / loss	2,941,018	133	55
Equity (31 December)	35,820,375	103	101
Assets (31 December)	57,376,997	103	106
Net sales revenues/empl./month	1,585	101	107
Value added/empl./month	442	101	108
Short-term assets/short-term liabilities	1,23	103	81
Net return on equity	**8,8%**	**129**	**47**

The business plan for 2003 was achieved or even surpassed in all key categories. Compared to the year before, the most significant progress was recorded in increased productivity. Net profit cannot be compared with 2002, due to considerable financial effects in that year, nevertheless, it was still 33% above the plan, which also applies to net return on equity.

The value of the Group, expressed in the amount of assets, increased by 6% in 2003 which enabled us to achieve the guidelines set in the Development Plan up to year 2006 and the 2003 Annual Plan.

Financial stability of the group

The Intereuropa Group financed 62% of its assets from its own capital. Other long-term liabilities totalled approximately SIT 4 billion which is 7% of total liabilities. Such structure of liabilities shows great financial stability of the Group as well as safety of its operations.

The favourable financial position of the Group is also reflected by adequate value of current ratio. Among the companies evaluated by rating companies, the analysts have given us the highest possible rating A1, which places us in the top class of capital amount and gives us the most favourable risk assessment in deals concluded with our company.

Financial risk management

Exposure to financial risks is a constant in Intereuropa's operations. Efficient and effective operations depend on adequately selected policies of risk management. Financial risk management includes credit, liquidity, currency and interest risks.

Credit risks comprise risks related to non-fulfilment of business partners' mutual obligations (especially the risks of non-payment of operating receivables). Credit risks are reduced by constantly controlling customers' rating information, maintaining regular business contacts with key customers and intensively monitoring, collecting and resolving doubtful receivables. Risks arising from exposure to individuals or groups of individuals are fairly low, due to great diversification of receivables among numerous business partners, as a result of the nature of our activity. The aggregate value of receivables from our top ten customers totals just 13.3 percent of all receivables.

In 2003, more attention was placed on managing this risk also in other companies within the Group. This, together with the extended common policy of active monitoring of operating receivables, contributed to lower exposure of the entire Group.

Thanks to efficient operations and asset management, Intereuropa's **liquidity risk** is low, as evident from its high rating. The company manages these risks by controlling receivables and liabilities. Stable financial position and short- as well as long-term liquidity are a sound foundation for ensuring additional financial assets. Short-term liquidity is also guaranteed by established short-term credit lines with various banks, which were, on average, used up to 32% in 2003.

Low liquidity risk is also characteristic for other companies within the Intereuropa Group, as a result of the adopted policy of raising short-term bridging loans within the Group or with the parent company.

Currency and foreign exchange risk is an operating risk to which the company paid special attention also in the previous year. In view of the fact that 71% of inflows from sales were generated on foreign markets and two thirds of outflows made in Euros, with constant growth of the EUR exchange rate in 2003, we did not use any specific instruments of protection against exchange rate growth. In deals concluded in US Dollars, we had an open position or excessive liabilities over receivables. As the USD exchange rate was falling continuously in 2003 (by as much as 14% throughout the year), we recorded positive effects in relation to these operations.

Other members of the Group ensured a lower level of exposure to foreign exchange risks by timely reconciliation of foreign-currency inflows and outflows, with the exception of the associated company Interagent d.o.o. which is a shipping agency and thus performs almost all its operations in USD. Nevertheless, its sales represent a minor share of the total sales of the Group. As most of the companies use advance payments in their operations, the negative effect of the falling USD exchange rate was only noticed in relation to part of the fees.

Last year, our company recorded low exposure to **interest risks**, mainly due to a small amount of bank loans, merely 5.75% in total liabilities, while the respective share in the Group was 10.98%.

Moreover, the tendency of falling interest rates existed throughout the year, in both domestic and foreign markets. Despite that, we tried to optimise the structure of our loan portfolio by maturity and type of currency.

Generating value for the owners

The equity of the company Intereuropa d.d. totals SIT 8,011,377,000 and is divided into 7,902,413 ordinary shares with the nominal value SIT 1,000.00 each and 54,482 preference shares with the nominal value SIT 2,000.00 each.

Preference shares were issued on the basis of last year's resolution passed by the General Meeting of Shareholders of Intereuropa and entered in the Central Register of Securities with KDD (Clearing and Depository House) on 15 December 2003. These shares entitle their holders to a fixed dividend accounting for 0.88% of their nominal value, do not carry voting rights and are not traded on the organised market of securities. Their book value equals their nominal value, i.e. SIT 2,000.00.

Intereuropa d.d. does not have a fund of its own shares. In 2003 it redeemed 918 of its own shares with the purpose of purchasing ordinary shares issued by the company STTC d.d. in the process of acquiring this company.
At the end of the period under scrutiny, the company had SIT 389,892,000 of granted unused capital. It has not adopted any resolutions on conditional increase in capital.

Key data on Intereuropa's ordinary shares in the past 4 years

in SIT

	2000	2001	2002	2003
Number of shares	7,210,700	7,210,700	7,902,413	7,902,413
Data on trading				
Share book value	3,196	3,803	4,233	4,368
Closing price at the end of the year	2,690	3,949	5,246	5,384
Weighted average price	2,477	3,176	4,936	5,331
Highest price	2,736	4,000	5,807	5,486
Lowest price	2,216	2,528	3,899	5,001
Market capitalisation in millions of SIT	**19,393**	**28,473**	**41,456**	**42,550**
Turnover in millions of SIT	**2,023**	**7,078**	**6,309**	**3,758**
Indicators				
Net earnings per share	238	547	624	362
Cash flow per share	319	625	644	346
Gross dividend per share	140	160	200	220
P / BV	**0.84**	**1.04**	**1.24**	**1.23**
P / CF	**8.43**	**6.32**	**8.15**	**15.56**
P / E	**11.29**	**7.22**	**8.41**	**14.86**
Capital gain	11%	47%	33%	3%
Dividend yield	6%	6%	5%	4%
Total return on share	**20%**	**52%**	**40%**	**8%**

book value = (capital - value of preference shares) / number of ordinary shares
market capitalisation = closing price at year's end * number of listed shares
net earnings per share = (net earnings - preference share dividend) / number of ordinary shares
cash flow per share = (net earnings - dividend + depreciation) / number of ordinary shares
P / BV = price at year's end / book value of a share
P / E = price at year's end / earnings per share
P / CF = price at year's end / cash flow per share
capital gain = price increase over one year
dividend yield = gross dividend / price at year's beginning

Trading

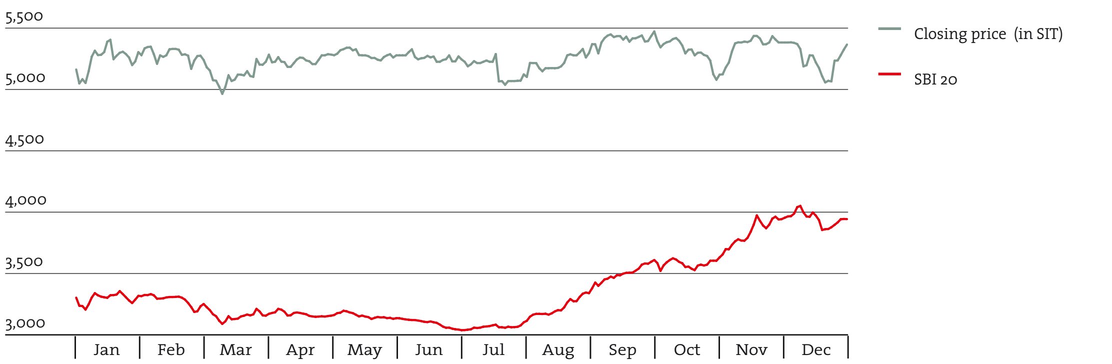
Intereuropa's ordinary shares designated IEKG are listed on the Ljubljana Stock Exchange and represent a part of the Slovenian Stock Exchange Index SBI 20, together with 15 other important shares.

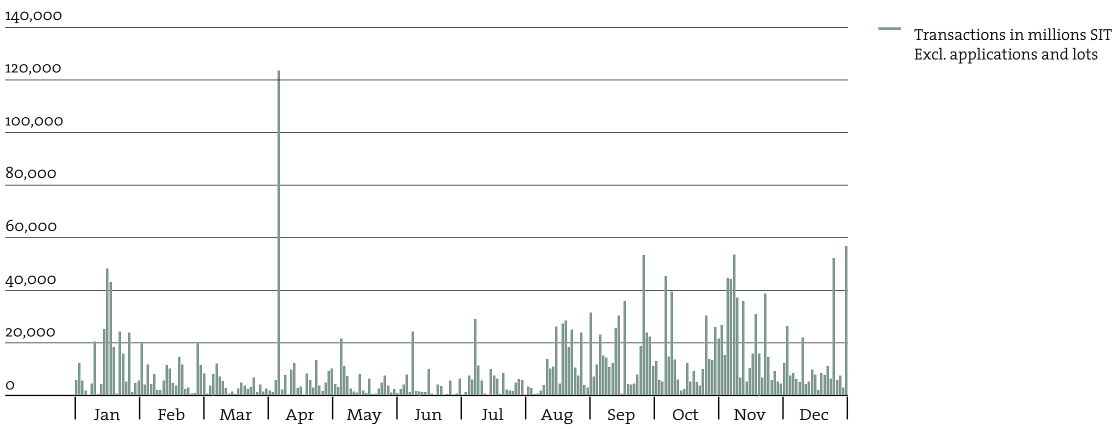
In 2003 707,786 of Intereuropa's shares were traded on the stock exchange; the value of trading totalled SIT 3,758 million which represents a 3.5% share in total share trading on the Ljubljana Stock Exchange.

The closing price of Intereuropa's share was between SIT 5,000.00 and SIT 5,500.00. The average price was SIT 5,331.26 which is 8% more than at the end of 2002 and almost 200% more than in 1998, when the share was listed for the first time. At the end of the period concerned, the closing price was SIT 5,384.46 which means a 3% capital gain in 2003. The growth lagged behind that of other shares measured according to the Slovenian Stock Exchange Index which was due to investors' uncertainty about Intereuropa's readiness for the entry of Slovenia into the European Union.

In many aspects, the year 2004 will be crucial for the development of Intereuropa. However, successful operations and implementation of development strategy prove that we are responding appropriately to the coming changes. The trading and dividend yield indicators also show that investments in Intereuropa's shares are safe investments with great potential.

Movements of Intereuropa share's price and trading and the Slovenian Stock Exchange Index in 2003

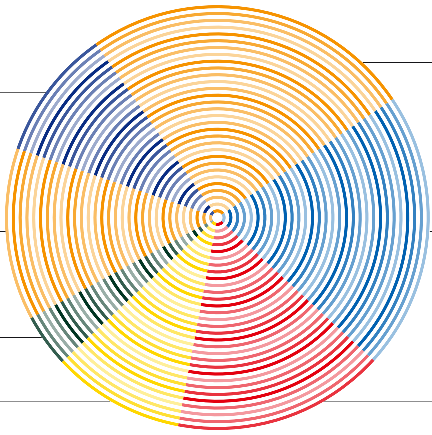




Ownership

A significant change in the ownership structure was carried out in December 2003, when Slovenska odškodninska družba sold its 14% stake to Luka Koper. The new owner is not only the largest shareholder but also a key business partner whose goal is to strengthen the co-operation and increase the value of both companies. The stakes of other shareholders have not changed significantly: the most considerable decrease was recorded in the stake of the employees (down by 2 percentage points while investment companies increased their stake by 2 percentage points). At the end of the year, there were 4,326 shareholders in the Share Register of Intereuropa, which is 210 less than at the end of 2002

Ownership structure of Intereuropa's ordinary shares as at 31 December 2003



Largest holders of Intereuropa's ordinary shares as at 31 December 2003

Name	Shares	Stake
Luka Koper d.d.	1,252,778	16 %
Kapitalska družba, d.d.	716,874	9 %
Infond holding d.d.	459,248	6 %
Infond ID investicijska družba d.d.	423,323	5 %
NFD 1 investicijski sklad d.d.	359,548	5 %
KD Investments d.d. VS Galileo	260,537	3 %
Zavarovalnica Triglav, d.d.	251,083	3 %
Triglav steber I, ID, d.d.	210,532	3 %
Banka Koper d.d.	191,948	2 %
Zlata moneta I d.d.	186,878	2 %

Holders of Intereuropa's preference shares as at 31 December 2003

Name	Shares	Stake
Municipality of Maribor	47,290	87 %
Municipality of Hoče slivnica	4,833	9 %
Municipality of Miklavž na Dravskem polju	2,359	4 %

Number of shares held by the members of the Management and Supervisory Boards as at 31 December 2003

Management board	Number of shares
Jožef Kranjc	10,764
Radovan Vrabec	15,066
Milan Jelenc	5,531
Milan Kurelič	26
Vladimir Petravič	3,705
Supervisory board	**Number of shares**
Livio Jakomin	408
Marina Rus	3,048

Dividend policy

In the Development Plan, the Management Board of Intereuropa adopted a long-term stable policy of dividend payments. This means that dividend yields paid out to Intereuropa's shareholders are predictable and enable the company to efficiently plan the structure of liabilities and investment activities. In line with the adopted investment and development policy, Intereuropa earmarks up to 50% of generated profit for dividends, maintaining a minimum level of dividend value.

In 2003, the gross dividend paid out was SIT 220.00 which is 10% more than the year before. Dividend yield was 4.2% which is one of the highest yields among the securities listed on the Ljubljana Stock Exchange.

Information for shareholders

Intereuropa gives rapt attention to informing shareholders, which is why it was awarded the prize "Portal" in 2003, for the best communications with investors. With the aim to maximise shareholder satisfaction, the company strives to further improve the process of informing. Any suggestions or comments can be sent to the e-mail address info@intereuropa.si.

Public announcements, publications, reports and other information are sent to the public through the electronic notification system of the Ljubljana Stock Exchange (www.seonet.ljse.si), press conferences and other media.

Performance analysis

In 2003, Intereuropa's operations were characterised by the initiation of preparations for Slovenia's entry into the European Union, arrival of foreign competitors and further downward trend of market prices. We reacted to these market changes by applying an organised Group approach towards key customers and suppliers and adopting a comprehensive logistics function in relation to certain customers.

Sales results were 5% above last year's and also exceeded the planned level. The share of customs services in the controlling company is gradually decreasing, simultaneously with the process of business restructuring, which is why the company is well-prepared for the moment Slovenia joins the European Union. Sales in other parts of the Group were also increased. Intereuropa is now the leading provider of logistics services in Slovenia, Croatia and Bosnia and Herzegovina and expands its network further to the territory of Central and Western Europe.

Due to increased operating costs, two of the companies ended the year at a loss. With the aim to improve their results, measures were taken which guarantee efficient growth of the existing companies within the Group and implementation of development goals also in the future. The Group's expenses grew mainly due to business restructuring, increased land transport costs and information technology costs.

In 2003, Intereuropa recorded SIT 2.9 billion of profit. We thus exceeded the planned level of net return on equity. Improved operating results were also reflected by a 5% increase in value added. The same level of growth was recorded in relation to value added per employee indicator, as a result of increased productivity. Constant financial stability is an important factor also from the point of view of ensuring an adequate level of funds for investments and expansion of the network to foreign markets.

When analysing Intereuropa's competitive advantages it was established that the key factors of success were a modern logistics infrastructure, widely spread branch network, great human resources potential and knowledge, stable sources of financing and quality of logistics services. With efficient management of all these factors, Intereuropa was able to generate new value for its shareholders, customers and other business partners as well as employees. Operations in 2003 are therefore considered successful.

Plans for the future

In 2004, we shall continue with the implementation of the Group's business vision by means of strengthening our market position as a leading provider of logistics services in South-Eastern Europe and a medium-sizes provider in Europe.

As far as the controlling company of the Group is concerned, 2004 will be a year of maintaining the share of an otherwise decreasing segment of customs services and increasing the market share in organisation of transport and logistics. As a result of a smaller volume of revenues from customs services, the number of employees as well as other capacities will be reduced respectively, while additional costs shall be incurred by restructuring the area of logistics, which is expected to grow (investments in knowledge, information technology and market activities). Thus, the development strategy foresees lower returns in the controlling company compared to 2003.

As for the remaining two Slovenian companies (Intereuropa Transport d.o.o. and Interagent d.o.o.), sales are expected to grow due to new opportunities created by unobstructed action on the EU single market and increased productivity of operations.

In other countries of the Group high growth rates are expected in sales and profit, as foreseen by the development strategy of expanding the branch network.

Planned investments in the amount of SIT 4.1 billion are aimed at further expanding the logistics infrastructure and improving the company's competitive advantages in the area of integral logistics service.

By activating all the investments, a more aggressive approach towards the market and consistent cost cutting, net sales revenues shall increase by 2% and the loss in net profit shall be minimised. In 2004, the company plans to achieve a 7.9% net return on equity and a 4% growth in the value of capital.

The active approach towards change management will enable us to achieve the set goals and establish a sound foundation for further growth and development of the Group.

Intereuropa Group | Financial Report

Introduction

Guidelines for compiling consolidated financial statements

The consolidated financial statements of the Intereuropa Group have been compiled in accordance with the applicable legislation and accounting standards. Consolidated financial statements - a collection of financial statements of mutually related companies - show the balances of property, finance and operating results as if they were attributable to a single company. When preparing such statements, some consolidation adjustments are made to exclude assets and liabilities balances as well as intra-group transactions in order to avoid double reporting.

The consolidated financial statements were prepared on the basis of fundamental accounting assumptions applying to consolidation, namely:

- a single company, true and fair view of property and financial position, as well as of profit and loss account,
- completeness of financial statement and common balance-sheet date,
- operating efficiency and material relevance.

Since the Group also comprises companies with their head offices in other countries, which prepare their own financial statements in their local currencies, these statements were translated into expressions of the currency of the parent company (SIT). The effective exchange rates of the Bank of Slovenia were applied:

- the mean exchange rate of the Bank of Slovenia as at 31 December 2003 was applied in calculating assets and liabilities, while the yearly average exchange rate was used for calculating revenues, expenses and costs.

Financial statements of subsidiaries, original documentation in the parent company and its subsidiaries, as well as the direct reconciliation of balances and intra-group transactions - resulting from minutes - served as a basis for consolidation. The actually reconciled intra-group transactions and balances were excluded.

In 2003, the companies were consolidated in the same scope as in the previous year, except for the two associated companies: Adriafin d.o.o., Koper, and AC-Interauto d.o.o., Koper, which became members of the Intereuropa Group in 2003 for the first time. Relevant net profit of associated companies results in an increase of the special capital revaluation adjustment of the parent company, taking into account that only the net operating profit or loss for the previous business year (2002) of the associate AC Interauto d.o.o. Koper was recognised in the financial statements of the parent company, and not of the company Adriafin d.o.o. Koper which started its operation on October 1 2003, when it was entered in the Companies Register.

On 28 November 2003, the parent company acquired the subsidiary STTC d.d. Maribor. The influence of this acquisition is described in individual items of parent company's statements.

As at 31 December 2003, the parent company Intereuropa d.d. and the following subsidiaries were included in the Intereuropa Group

	State of head office	Stake in % as at 31 December, 2002	Stake in % as at 31 December, 2003	The company's total equity capital (in thousands of SIT)	Net operating profit or loss (in thousands of SIT)
1. Subsidiaries:					
Interagent d.o.o., Koper	Slovenia	100.00	100.00	208,241	105,192
STTC d.d., Maribor*	Slovenia	89.81			30,049
Intereuropa IT d.o.o., Koper	Slovenia	100.00	100.00	34,814	10,428
Interzav d.o.o., Koper	Slovenia	71.28	71.28	22,828	14,740
Intereuropa transport d.o.o., Koper	Slovenia	100.00	100.00	779,432	–256,251
Intereuropa d.o.o., Zagreb	Croatia	99.94	99.94	5,315,959	642,098
Intereuropa sajam d.o.o., Zagreb	Croatia	51.00	51.00	483,936	102,498
Intereuropa EAST d.o.o. Moscow	Russia	100.00	100.00	12,130	5,371
Intereuropa Skopje d.o.o., Skopje	Macedonia	99.29	99.56	229,344	11,982
Intereuropa RTC d.d., Sarajevo	The Republic of Bosnia and Herzegovina	82.56	82.56	1,232,442	49,574
SPEKA spol.s.r.o., Prague	The Czech Republic	100.00	100.00	–23,411	–54,844
A.D. "Interjug - AS", Belgrade	Serbia and Montenegro	52.74	66.14	968,307	0
2. Associated companies					
Adriafin d.o.o., Koper	Slovenia	/	24.28		
AC-Interauto d.o.o., Koper	Slovenia	40.00	40.00		

*- the acquisition of the subsidiary took place on 28 November 2003, therefore, only the net operating profit or loss from 1 January 2003 to 28 November 2003 is taken into account.

Consolidation Procedures

The following procedures were applied in the drafting of consolidated financial statements:

- exclusion of long-term investments by the parent company in subsidiaries and the proportionate equity of subsidiaries,
- exclusion of intra-group receivables and liabilities,
- exclusion of revenues and expenses relative to mutual business events.

The complete consolidation method is applied at consolidation of subsidiaries; while associated companies are consolidated in accordance with the proportionate consolidation method (or the equity capital method).

Auditor's report

ERNST & YOUNG

AUDITORS' REPORT

To the Shareholders of

INTEREUROPA d.d.

We have audited consolidated balance sheet of INTEREUROPA Group as of 31 December 2003, and the related statements of income, cash flows, changes in capital and accompanying notes for the year then ended. These financial statements are the responsibility of INTEREUROPA d.d. management. Our responsibility is to express an opinion on these financial statements based on our audit. We have also reviewed the business report of the management.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, consolidated financial statements referred to in the first paragraph above give a true and fair view of the financial position of INTEREUROPA Group as of 31 December 2003 and of the operating and financial results and changes in capital for the year then ended in accordance with Slovenian Accounting Standards.

The business report is in compliance with the audited financial statements.

Ljubljana, 31 March 2004

ERNST & YOUNG
Revizija, davčno in poslovno svetovanje d.o.o., Ljubljana

Janez Uranič
Director

Alfjo Kocjančič
Certified Auditor

Ernst & Young d.o.o. je član Ernst & Young Global

Balance sheet of the Intereuropa group

in thousands of SIT

	Items	31. 12. 2003	31. 12. 2002	Ind. 03/02
	Assets	**57,376,997**	**54,309,623**	**106**
A.	**Fixed assets**	**41,102,995**	**38,054,925**	**108**
I.	**Intangible fixed assets**	**868,491**	**611,679**	**142**
1.	Long-term deferred operating expenses			
2.	Long-term deferred developmental expenses			
3.	Long-term property rights	520,227	229,082	227
4.	Goodwill	348,264	363,107	96
5.	Advances on intangible fixed assets		19,491	
6.	Intangible fixed assets in production			
II.	**Tangible fixed assets**	**34,635,570**	**32,927,792**	**105**
1.	Land and buildings	25,262,996	25,851,960	98
a)	Land	4,958,589	5,255,516	94
b)	Buildings	20,304,407	20,596,444	99
2.	Production machinery and equipment			
3.	Other machinery and equipment	5,219,734	5,376,599	97
4.	Fixed assets being acquired	4,152,840	1,699,233	244
a)	Advances on the acquisition of tangible fixed assets	2,601,340	43,422	5,991
b)	Tangible fixed assets under construction or in production	1,551,500	1,655,811	94
III.	**Long-term financial investments**	**5,598,934**	**4,515,454**	**124**
1.	Equity stakes in Group members			
2.	Long-term financial receivables due from Group members, excluding associated companies			
3.	Equity stakes in associated companies	671,883		
4.	Long-term financial receivables due from associated companies			
5.	Other long-term stakes	3,000,697	2,571,325	117
6.	Other long-term financial receivables	1,926,354	1,944,129	99
7.	Own stakes			
B.	**Current assets**	**15,346,339**	**15,776,927**	**97**
I.	**Inventories**	**206,236**	**21,764**	**948**
1.	Material	10,899	20,249	54
2.	Work-in-progress	193,590		
3.	Products and merchandise		803	
4.	Advances on inventories	1,747	712	245
II.	**Operating receivables**	**12,257,420**	**12,021,196**	**102**
a)	**Long-term operating receivables**	**22,018**	**33,075**	**67**

in thousands of SIT

	Items	31. 12. 2003	31. 12. 2002	Ind. 03/02
1.	Long-term operating receivables due from customers (excluding long-term operating receivables under Ila2 and Ila3)	21,205	33,075	64
2.	Long-term operating receivables due from Group members, excluding associated companies			
3.	Long-term operating receivables due from associated companies			
4.	Other long-term operating receivables	813		
5.	Long-term unpaid called capital			
b)	**Short-term operating receivables**	**12,235,402**	**11,988,121**	**102**
1.	Short-term operating receivables due from customers (excluding short term operating receivables under IIb2 and IIb3)	11,490,705	11,664,772	99
2.	Short-term operating receivables due from Group members, excluding associated companies			
3.	Short-term operating receivables due from associated companies			
4.	Other short-term operating receivables	744,697	323,349	230
5.	Short-term unpaid called capital			
III.	**Short-term financial investments**	**2,248,003**	**2,590,602**	**87**
1.	Short-term financial receivables due from Group members, excluding associated companies			
2.	Short-term financial receivables due from associated companies			
3.	Own stakes			
4.	Other short-term investments	2,248,003	2,590,602	87
IV.	**Bank balances, cheques and cash**	**634,680**	**1,143,365**	**56**
C.	**Prepaid expenses**	**927,663**	**477,771**	**194**
D.	**Off-balance sheet assets**	**6,923,909**	**6,528,909**	**106**
1.	Off-balance sheet assets of the Group			
2.	Other off-balance sheet assets	6,923,909	6,528,909	106
	Liabilities	**57,376,997**	**54,309,623**	**106**
A.	**Capital**	**35,820,375**	**35,436,395**	**101**
I.	**Called capital**	**8,011,377**	**7,902,413**	**101**
1.	Equity	8,011,377	7,902,413	101
2.	Uncalled capital (as a deduction item)			
II.	**Capital reserves**	**2,039,672**	**2,039,668**	**100**
III.	**Profit reserves**	**2,659,005**	**2,659,005**	**100**
1.	Legal reserves	2,659,005	2,659,005	100
2.	Reserves for own stakes			
3.	Statutory reserve			
4.	Other profit reserves			
IV.	**Net profit or loss brought forward**	**9,685,987**	**6,446,145**	**150**
V.	**Net profit or loss for the period**	**2,941,018**	**5,393,181**	**55**
VI.	**Capital revaluation adjustments**	**9,690,257**	**9,690,232**	**100**
1.	General capital revaluation adjustment	9,690,225	9,690,225	100
2.	Special capital revaluation adjustments	32	7	457
VII.	**Consolidated capital revaluation adjustment**	**2,369**	**4,209**	**56**
VIII.	**Capital of minority shareholders**	**790,690**	**1,301,542**	**61**
B.	**Provisions**	**3,976,125**	**4,306,038**	**92**
1.	Provisions for pensions and similar liabilities			

in thousands of SIT

	Items	31. 12. 2003	31. 12. 2002	Ind. 03/02
2.	Provisions for taxes			
3.	Other provisions	3,976,125	4,306,038	92
C.	**Financial and operating liabilities**	**16,445,135**	**12,507,710**	**131**
a)	**Long-term financial and operating liabilities**	**3,973,052**	**2,104,781**	**189**
1.	Long-term liabilities arising from bonds (excluding liabilities under Ca6 and Ca7)			
2.	Long-term financial liabilities to banks (excluding liabilities under Ca6 and Ca7)	3,888,457	1,871,510	208
3.	Long-term operating liabilities arising from advances			
4.	Long-term operating liabilities to suppliers (excluding liabilities under Ca6 and Ca7)	77,809	4,408	1,765
5.	Long-term bills of exchange payable (excluding liabilities under Ca6 and Ca7)			
6.	Long-term financial liabilities (including bonds) to Group members, excluding associated companies			
7.	Long-term operating liabilities to Group members, excluding associated companies			
8.	Long-term financial and operating liabilities (including bonds) to associated companies			
9.	Other long-term financial liabilities		165,088	
10.	Other long-term operating liabilities	6,786	63,775	11
b)	**Short-term financial and operating liabilities**	**12,472,083**	**10,402,929**	**120**
1.	Short-term liabilities arising from bonds (excluding liabilities under Cb6 and Cb7)			
2.	Short-term financial liabilities to banks (excluding liabilities under Cb6 and Cb7)	2,415,247	1,127,289	214
3.	Short-term operating liabilities arising from advances	216,928	301,047	72
4.	Short-term operating liabilities to suppliers (excluding liabilities under Cb6 and Cb7)	8,488,841	6,511,373	130
5.	Short-term bills of exchange payable (excluding liabilities (under Cb6 and Cb7)			
6.	Short-term financial liabilities (including bonds) to Group members, excluding associated companies			
7.	Short-term operating liabilities to Group members, excluding associated companies			
8.	Short-term financial and operating liabilities to associated companies			
9.	Other short-term financial liabilities	252,078	121,911	207
10.	Other short-term operating liabilities	1,098,989	2,341,309	47
D.	**Accruals**	**1,135,362**	**2,059,480**	**55**
E.	**E. Off-balance sheet liabilities**	**6,923,909**	**6,528,919**	**106**
1.	1. Off-balance sheet liabilities of the group			
2.	2. Other off-balance sheet liabilities	6,923,909	6,528,919	106

Long-term financial investments of the parent company in the equity of subsidiaries

Long-term financial investments of the parent company in the equity of subsidiaries were excluded in the amount of disclosed investments in the balance sheet, namely in the amount of SIT 7,953,392,000.

The exclusion of long-term financial investments of the parent company and relevant equity of subsidiaries (Intereuropa d.o.o., Zagreb, Intereuropa Sajam d.o.o., Zagreb, Intereuropa Skopje d.o.o., Skopje, and A.D. Interjug - AS, Belgrade) resulted in consolidation negative difference (negative goodwill) in the amount of SIT 557,407,000 and is posted under long-term provisions in the balance sheet. They are being released among other operating revenues over a five-year period (20 % a year). In 2003, long-term provisions in the amount of SIT 111,481,000 were released among other operating revenues due to negative goodwill.

The exclusion of long-term investments of the parent company in the subsidiaries' equity (Interzav d.o.o, Koper, Speka spol. s.r.o., Prague, Intereuropa RTC d.d., Sarajevo) and the equity capital of the said subsidiaries generated a consolidation difference (i.e. goodwill), posted under intangible fixed assets of the Group in the balance sheet in the amount of SIT 56,015,000. In 2003, the said amount was depreciated within the Group at a 20% depreciation rate, which led to its transfer to depreciation costs in the amount of SIT 11,203,000.

Receivables and operating liabilities

All mutually reconciled receivables and liabilities between the parent company and its subsidiaries, as well as between subsidiaries themselves in the amount of SIT 433,661,000 were excluded within the consolidated balance sheet.

Financial receivables and liabilities

As at balance sheet cut-off date, a total of SIT 1,333,751,000 in mutual short-term financial receivables and liabilities and SIT 454,445,000 in mutual long-term financial receivables and liabilities was excluded.

Material items of the balance sheet

The Group's total assets increased by 6 percent to SIT 3,067,374,000.

Aggregate overview of items

in thousands of SIT

		31. 12. 2003	Str.	31. 12. 2002	Str.	Ind 03/02
	Assets	**57,376,997**	**100**	**54,309,623**	**100**	**106**
A.	Fixed assets	41,102,995	72	38,054,925	70	108
B.	Current assets	15,346,339	27	15,776,927	29	97
C.	Prepaid expenses	927,663	2	477,771	1	194
D.	Off-balance sheet assets	6,923,909		6,528,909		106
	Liabilities	**57,376,997**	**100**	**54,309,623**	**100**	**106**
A.	Capital	35,820,375	62	35,436,395	65	101
B.	Provisions	3,976,125	7	4,306,038	8	92
C.	Financial and operating liabilities	16,445,135	29	12,507,710	23	131
D.	Accruals	1,135,362	2	2,059,480	4	55
E.	Off-balance sheet liabilities	6,923,909		6,528,919		106

The assets of the Group resulted in an increase mainly on account of fixed assets, which increased their participation in total assets by 3 percentage points. The increase of financial and operating liabilities resulted in an increase of the Group's liabilities in a broader sense.

Fixed assets

in thousands of SIT

		31. 12. 2003	Str.	31. 12. 2002	Str.	Ind 03/02
A.	**Fixed assets**	**41,102,995**	**100**	**38,054,925**	**100**	**108**
I.	**Intangible fixed assets**	**868,491**	**2**	**611,679**	**1**	**142**
II.	**Tangible fixed assets**	**34,635,570**	**84**	**32,927,792**	**87**	**105**
III.	**Long-term financial investments**	**5,598,934**	**14**	**4,515,454**	**12**	**124**

Fixed assets represent an important share (72%) of the Group's assets. Its structure is mainly influenced by the proportion of tangible fixed assets amounting to SIT 34,635,570,000. Long-term financial investments of the Group show an increase in the amount of SIT 1,083,480,000, due mainly to an increase in long-term financial investments by the parent company.

Tangible fixed assets

Tangible fixed assets represent 60% of assets, therefore, they are material equity share of the Group; compared to the balance of the comparable year their share increased by 5 %. The largest part represents buildings in the amount of 20,304,407,000 SIT (59% of the item).

Fixed assets being acquired have increased in the amount of SIT 2,453,607,000 compared to the balance of the comparable year. The increase was caused by the amount of unfinished investments mainly in the subsidiary Intereuropa Zagreb d.o.o. (51%), and to a lesser extent in subsidiaries Intereuropa d.d. (17%), Intereuropa RTC d.d. Sarajevo (22%), and A.D. Interjug-AS (10%).

in thousands of SIT

		31. 12. 2003	Str.	31. 12. 2002	Str.	Ind 03/02
II.	**Tangible fixed assets**	**34,635,570**	**100**	**32,927,792**	**100**	**105**
1.	Land and buildings	25,262,996	73	25,851,960	79	98
a)	Land	4,958,589	14	5,255,516	16	94
b)	Buildings	20,304,407	59	20,596,444	63	99
2.	Production machinery and equipment		0		0	
3.	3. Other machinery and equipment	5,219,734	15	5,376,599	16	97
4.	Fixed assets being acquired	4,152,840	12	1,699,233	5	244
a)	Advances on the acquisition of tangible fixed assets	2,601,340	8	43,422	0	5,991
b)	Tangible fixed assets under construction or in production	1,551,500	4	1,655,811	5	94

Long-term financial investments of the group

They mainly originate in the parent company, representing 99.7% of the Group's aggregate item.

Current assets

in thousands of SIT

		31. 12. 2003	Str.	31. 12. 2002	Str.	Ind 03/02
B.	**Current assets**	**15,346,339**	**100**	**15,776,927**	**100**	**97**
I.	Inventories	206,236	1	21,764	0	948
II.	Operating receivables	12,257,420	80	12,021,196	76	102
a)	Long-term operating receivables	22,018	0	33,075	0	67
b)	Short-term operating receivables	12,235,402	80	11,988,121	76	102
III.	Short-term financial investments	2,248,003	15	2,590,602	16	87
IV.	Bank balances, cheques and cash	634,680	4	1,143,365	7	56

Current assets of the Group dropped by 3% and decreased their participation in the asset structure by 2 percentage points. The largest portion of the said assets (80%) represents short-term operating receivables, which show an increase in the amount of 2%.

Operating receivables

The largest portion of operating receivables comprises short-term operating receivables (99%). The largest portion (93.9%) of short-term operating receivables comprises short-term operating receivables due from customers. In 2003, short-term operating receivables increased by 2.1% compared to 2002; the increase arose from an increase in other short-term receivables, which rose by 130% (mainly due to an increase in other short-term receivables in the parent company), while short-term receivables due from customers decreased by 1.5%.

in thousands of SIT

		31. 12. 2003	Str.	31. 12. 2002	Str.	Ind. 03/02
	Short-term operating receivables	**12,235,402**	**100**	**11,988,121**	**100**	**102**
1.	Short-term operating receivables due from customers (excluding short term operating receivables under IIb2 and IIb3)	11,490,705	94	11,664,772	97	99
2.	Short-term operating receivables due from Group members, excluding associated companies					
3.	Short-term operating receivables due from associated companies					
4.	4. Other short-term operating receivables	744,697	6	323,349	3	230
5.	5. Short-term unpaid called capital					

An interesting comparison is that of short-term operating receivables due from customers and net sales revenues increased by re-posted paid customs debt. Re-posted customs debt as a material item in the structure of receivables significantly influences the amount of receivables.

Intereuropa Group	1. 1. - 31. 12. 2003	1. 1. - 31. 12. 2002	03/02
1. Net sales revenues	45,117,517	43,088,381	105
2. Re-posted (paid) customs debt	69,617,251	43,528,713	160
Net sales revenues with re-posted customs debt (1+2)	114,734,768	86,617,094	132

It is obvious that short-term receivables due from customers decreased by 1.5%; at the same time an increase in net sales revenues in the amount of 5% is noted or an increase of net sales revenues increased by re-posted paid customs debt in the amount of 32%, which confirms faster turnover of receivables. At the end of 2002, short-term receivables due from customers equalled 1.6 of last year average monthly invoiced sales, and only 1.2 of current year average monthly sales as at 31 December 2003.

The structure of short-term receivables due from customers by maturity:

	Share (in %) As at 31.12.2003
Outstanding	62.0 %
0 to 30 days overdue	19.3 %
31 to 60 days overdue	4.6 %
61 to 90 days overdue	2.6 %
more than 91 days overdue	11.4 %
Total	**100.0 %**

Capital

The group's capital shows an increase in the amount of 1% compared to the balance sheet cut-off date. The capital of minority shareholders decreased by SIT 510,852,000; similarly, the achieved net profit/loss of the Group shows a decrease in the amount of 45% mainly due to the influence of business events in the parent company in the comparable year.

Provisions

Provisions show an increase in the amount of 8% compared to the comparable cut-off date, mainly due to a 20% release of the negative goodwill among other operating revenues.

Financial and operating liabilities

Financial and operating liabilities represent 29% of liabilities in a broader sense. Compared to the cut-off date of the comparable year, an increase in the amount of SIT 3,937,425,000 is noted. Long-term liabilities improved their participation in the structure on the account of short-term liabilities by 7 percentage points. The group's liabilities to banks as well as suppliers increased

A total of 55% of the Group's financial and operating liabilities refers to the parent company Intereuropa d.d., Koper; subsidiaries Intereuropa d.o.o., Zagreb, and Intereuropa Transport d.o.o. participate with 28% and 11% respectively in this item structure.

in thousands of SIT

		31. 12. 2003	Str.	31. 12. 2002	Str.	Ind 03/02
C.	**Financial and operating liabilities**	**16,445,135**	**100**	**12,507,710**	**100**	**131**
a)	**Long-term financial and operating liabilities**	**3,973,052**	**24**	**2,104,781**	**17**	**189**
1.	Long-term financial liabilities to banks	3,888,457	24	1,871,510	15	208
2.	Long-term operating liabilities to suppliers	77,809	0	4,408	0	1,765
3.	Long-term operating liabilities to others	6,786	0	63,775	1	11
b)	**Short-term financial and operating liabilities**	**12,472,083**	**76**	**10,402,929**	**83**	**120**
1.	Short-term financial liabilities to banks	2,415,247	15	1,127,289	9	214
2.	Short-term operating liabilities arising from advances	216,928	1	301,047	2	72
3.	Short-term operating liabilities to suppliers	8,488,841	52	6,511,373	52	130
4.	Other short-term financial liabilities	252,078	2	121,911	1	207
5.	Other short-term operating liabilities	1,098,989	7	2,341,309	19	47

Off-balance assets and liabilities

Off-balance sheet assets and liabilities of the Group amount to SIT 6,923,909,000 as at (balance sheet cut-off date) 31 December 2003 and show an increase of 6%. Warranties and guaranties given by the parent company represent 87% of this item, whilst the rest of it represents off-balance sheet assets or liabilities of subsidiaries Intereuropa d.o.o., Zagreb, A.D. Interjug-AS, Belgrade, and Intereuropa Transport d.o.o., Koper.

Fundamental ratios

	Category	2003	2002	03/02
1.	Assets=liabilities (in thousands of SIT)	57,376,997	54,309,623	106
2.	Net operating profit or loss for the period (in thousands of SIT)	3,004,558	5,464,923	55
3.	Fixed assets (in thousands of SIT)	35,504,061	33,539,471	106
4.	Revnues (in thousands of SIT)	47,877,202	50,897,558	94
5.	Expenses (in thousands of SIT)	43,999,878	43,510,014	101
6.	Long-term financial investments (in thousands of SIT)	5,598,934	4,515,454	124
7.	Long-term operating receivables (in thousands of SIT)	22,018	33,075	67
8.	Capital	35,820,375	35,436,395	101
9.	Average capital (excluding net operating profit/loss for the year) - calculated on the basis of opening and closing balances (in thousands of SIT)	34,126,106	28,922,224	118
10.	Long-term liabilities (in thousands of SIT)	3,973,052	2,104,781	189
11.	Long-term provisions (in thousands of SIT)	3,976,125	4,306,038	92
12.	Liquid assets (bank balances, cheques, cash and short-term financial investments)	2,882,683	3,733,967	77
13.	Short term liabilities	12,472,083	10,402,929	120
14.	Short-term receivables	12,235,402	11,988,121	102
15.	Short-term assets	15,346,339	15,776,927	97
16.	Operating revenues	46,205,492	44,204,657	105
17.	Operating expenses	43,323,852	42,357,603	102
	Fundamental financing ratios			
18.	Participation rate of long-term financing ((8+10+11)/1)	0.76	0.77	99
	Fundamental investment ratios			
19.	Participation rate of fixed operating assets (3/1)	0.62	0.62	100
20.	Participation rate of long-term investments ((3+6+7)/1)	0.72	0.70	103
	Fundamental ratios of horizontal financial structure			
21.	Capital to fixed operating assets ratio (8/3)	1.01	1.06	95
22.	Immediate solvency ratio (acid test ratio) (12/13)	0.23	0.36	64
23.	Quick ratio ((12+14)/13)	1.21	1.51	80
24.	Current ratio (15/13)	1.23	1.52	81
	Fundamental ratios of operating efficiency			
25.	Operating efficiency ratio (16/17)	1.07	1.04	103
26.	Total efficiency ratio (4/5)	1.09	1.17	93
	Fundamental profitability ratios			
27.	Return on equity (2/9*100, in %)	8.80	18.90	47

Profit and loss account of the Intereuropa Group

in thousands of SIT

	Items	Year 2003	Year 2002	Ind. 03/02
1	**Net sales revenues**	**45,117,517**	**43,088,381**	**105**
2	Capitalised own products and own services	108,035	67	
3	Other operating revenues (including operating revenues from revaluation)	979,940	1,116,209	88
4	**Costs of goods, material and services (a+b+c)**	**30,385,200**	**28,457,912**	**107**
a	Costs of goods and materials sold;	134,448	226,637	59
b	Used material costs	2,134,221	1,973,286	108
c	Costs of services	28,116,531	26,257,989	107
5	**Labour costs (a+b+c)**	**9,695,240**	**10,092,000**	**96**
a	a) Wages and salaries	6,773,283	6,671,891	102
b	Social security costs	1,287,896	1,305,225	99
c	Other labour costs	1,634,061	2,114,884	77
6	**Depreciation and amortisation (a+b)**	**2,840,268**	**2,679,249**	**106**
a	Depreciation and operating expenses from revaluation of intangible and tangible fixed assets	2,506,183	2,354,343	106
b	Operating expenses from revaluation of current assets	334,085	324,906	103
7	**Other operating expenses**	**403,144**	**1,128,442**	**36**
8	**Financial revenues from stakes (a+b+c)**	**475,189**	**5,476,483**	**9**
a	Financial revenues from stakes in Group members, excluding associated companies			
b	Financial revenues from stakes in associated companies			
c	Other financial revenues from stakes (including financial revenues from revaluation)	475,189	5,476,483	9
9	**Financial revenues from long-term receivables (a+b+c)**	**36,781**	**30,272**	**122**
a	Financial revenues from long-term receivables due from Group members, excluding associated companies			
b	Financial revenues from long-term receivables due from associated companies			
c	Other financial revenues from long-term receivables (including financial revenue from revaluation)	36,781	30,272	122
10	**Financial revenues from short-term receivables (a+b+c)**	**847,661**	**1,002,537**	**85**
a	Interest revenues and financial revenues from short-term receivables due from Group members, excluding associated companies			
b	Interest revenues and financial revenues from short-term receivables due from associated companies			
c	Other interest revenues and financial revenues from short-term receivables (including financial revenues from revaluation)	847,661	1,002,537	85
11	Financial expenses arising from long-term and short-term Financial investment write-offs	**21,519**	**52,601**	**41**
a	Financial expenses from revaluation of investments in Group members, excluding associated companies			

in thousands of SIT

	Items	Year 2003	Year 2002	Ind. 03/02
b	Financial expenses from revaluation of investments in associated companies			
c	Other financial expenses from revaluation	21,519	52,601	41
12	**Financial expenses arising from interest and other liabilities (a+b+c)**	**474,905**	**971,471**	**49**
a	Financial expenses arising from interest and other liabilities to Group members, excluding associated companies			
b	Financial expenses arising from interest and other liabilities to associated companies			
c	c) Other financial expenses arising from interest and other liabilities	474,905	971,471	49
13	**Profit or loss from ordinary activities (1+2+3-4-5-6-7+8+9+10-11-12)**	**3,744,847**	**7,332,274**	**51**
14	Income tax on profit from ordinary activities			
15	**Net operating profit or loss from ordinary activities (13-14)**	**3,744,847**	**7,332,274**	**51**
16	Extraordinary revenues	312,079	183,609	170
17	Extraordinary expenses	179,602	128,339	140
	a) Extraordinary expenses excluding capital revaluation adjustment	177,523	128,339	138
	b) Extraordinary expenses associated arising from capital revaluation adjustment	2,079		
18	Operating profit or loss from extraordinary activities (16-17)	134,556	55,270	243
19	Corporate income tax	872,766	1,922,621	45
20.a	Net operating profit or loss of minority shareholders	63,540	71,742	89
20	**Net operating profit or loss for the period (15+16-17-19-20.a)**	**2,941,018**	**5,393,181**	**55**

Fundamentals comparable with the same period of the previous year are disclosed at their nominal value.

Costs by functional groups for the Intereuropa Group for 2003 (Supplement to profit and loss account)

in thousands of SIT

Intereuropa Group	2003	str.
Purchase price of goods sold	134,448	0 %
Production costs of services sold	37,298,681	86 %
Sales costs	1,538,689	4 %
General and administrative costs	4,352,034	10 %
Total	**43,323,852**	**100 %**

Exclusion of revenues and expenses

In the **consolidated profit and loss account**, amounts associated with products and services sold between the parent company and subsidiaries and amounts associated with products and services sold between subsidiaries themselves in a total amount of SIT 3,216,080,000 are excluded from net sales revenues. The said intragroup sale was not realised outside the Group, therefore it is subject to exclusion through a cross entry, i.e. costs of services in the same amount.

The item "**other operating revenues (including operating revenues from revaluation)**" in the amount of SIT 979,940,000 represents mainly revenues arising from the disposal of a 20% portion of long-term provisions referring to negative goodwill and profit from sold tangible fixed assets. A total of 79.9% of said revenues were generated by the parent company.

Exclusion of revenues and expenses from financing activities

During the business year 2003, the amount of SIT 30,517,000 of financial revenues arising from interests on short-term receivables was excluded. In the same amount, financial expenses arising from interest and other liabilities from intragroup charging were excluded.

Material items of profit and loss account

Net sales revenues of the Intereuropa Group amount to SIT 45,117,517,000 and are 5% higher than in 2002; the parent company accounts 62.5% of this item, and the subsidiaries 37.5%.

Costs of goods, material and services are higher by 7%, while **labour costs** are lower by 4%..

Depreciation and amortisation amounted to SIT 2,840,268,000 and represent depreciation of intangible and tangible fixed assets in the amount of 2,506,183,000 and operating expenses from revaluation of current assets (expenses related to revaluation adjustments and receivables write-offs) in the amount of SIT 334,085,000.

Operating profit/loss amounted to SIT 2,881,640,000 in 2003, which is 56% more than in 2002, when it amounted to SIT 1,847,054,000.

Financial revenues from stakes (including financial revenues from revaluation) in the amount of SIT 475,189,000 originate mainly in the parent company (in the amount of SIT 473,449,000).

Financial revenues from stakes (including financial revenues from revaluation) comprise:

- sums received from distribution of the net profit of companies that were not included in the consolidated financial statements (using the investment method);
- financial revenues from conversion to the local currency of long-term investments in the equity of other companies, originally expressed in a foreign currency (positive exchange differences in the said investments);
- net proceeds from the disposal of long- and short-term investments in other companies' equity, exceeding their book value, and from the correction of impairment of long-term investments in other companies' equity, when the impairment is corrected in the next business year up to the amount of the adjustment between the book value and market value.

Financial revenues from short-term receivables amounting to SIT 847,661,000 refer to interest revenues charged to customers, interest revenues from short- and long-term loans and deposits given, as well as exchange differences in short-term operating receivables. The largest portion of the said revenues (59%) represents revenues of the parent company.

Financial expenses arising from long- and short-term financial investment write-offs in the amount of SIT 21,519,000 represent financial expenses from revaluation that arise in relation to long- and short-term financial investments:

- when they are impaired, if their proved fair value before the deduction of the related operating costs that might occur during the sale or another type of disposal is lower than their book value (e.g. when securities are traded on the stock exchange, financial expenses from revaluation may arise if the market price is lower than the book price);
- when financial investments are disposed in the amount equal to the negative difference between the selling and book values.

Compared to the previous year, a decrease in the amount of 59 % is noted.

Financial expenses arising from interest and other liabilities in the Group amount to SIT 474,905,000, of which the largest amount refers to the subsidiary Intereuropa d.o.o. Zagreb (51%), and the parent company Intereuropa d.d. (22%).

Profit or loss from ordinary activities amounting to SIT 3,744,847,000 is 49% less than the profit in 2002 due to last year's business events of the parent company, which influenced the Group activities.

Extraordinary revenues and expenses of the group totalled SIT 312,079,000 and SIT 179,602,000 respectively. Operating profit or loss from extraordinary activities increased by SIT 79,286,000 to which the extraordinary activities of subsidiary Intereuropa d.o.o. Zagreb contributed the most (62%).

Net operating profit or loss of minority shareholders amounts to SIT 63,540,000 whilst the **net operating profit or loss of major shareholder** amounts to SIT 2,941,018,000 which is 45% less than in 2002. The Group's net operating profit or loss for the business year totalled to SIT 3,004,558,000.

The table presents the partial and final profit and loss account of the subsidiaries, where the contribution of each subsidiary to the overall result of the Intereuropa Group in 2003 is evident. It must be emphasised, however, that the data do not account for exclusions made between the Intereuropa Group members.

Cash flow statement of the Intereuropa Group

for the period from 1 January 2003 to 31 December 2003

In 2003, surplus inflows from operations amount to SIT 2,880,921,000.

Outflows from investments were SIT 4,757,984,000 higher than inflows. Inflows from investments were mostly based on financial revenues related to investments and an offset decrease in short-term financial investments, while outflows were mainly affected by an offset increase in tangible fixed assets.

Inflows from financing were SIT 1,368,378,000 higher than outflows. Inflows were most greatly influenced by an increase in short - and long-term financial liabilities (debts), while outflows were mostly affected by an equity decrease (a more detailed description may be found in the capital flow statement).

The cash flow for the period totalled SIT -508,685,000; taking into the account the opening balance of cash and its equivalents, the closing balance as at (balance sheet cut-off date) 31 December 2003 amounted to SIT 634,680,000.

in thousands of SIT

		Year 2003	Year 2002
A.	**Cash flows from operations**		
a)	**Inflows from operations**	**44,858,022**	**42,166,256**
	Operating revenues	45,566,144	44,204,657
	Extraordinary revenues from operations	312,079	183,609
	Opening less closing operating receivables	–570,309	–2,218,101
	Opening less closing short-term prepaid expenses	–449,892	–3,909
b)	**Outflows from operations**	**41,977,101**	**38,852,920**
	Operating expenses excluding depreciation and long-term provisions	40,483,584	38,449,498
	Extraordinary expenses for operations	179,602	128,339
	Income tax and other taxes not included in operating expenses	587,074	1,922,621
	Closing less opening inventories	184,472	–49,304
	Opening less closing operating liabilities	–381,749	–1,040,527
	Opening less closing short-term accrued liabilities	924,118	–557,707
c)	**Surplus inflows from operations (a less b)**	**2,880,921**	**3,313,336**
B.	**Cash flows from investments**		
a)	**Inflows from investments**	**817,788**	**6,166,179**
	Financial revenues from investments (excluding revaluation)	475,189	5,476,483
	Extraordinary revenues from investments		
	Offset decrease in intangible fixed assets (excluding revaluation)		
	Offset decrease in tangible fixed assets (excluding revaluation and material equity stakes)		
	Offset decrease in long-term financial investments (excluding revaluation)		689,696
	Offset decrease in short-term financial investments	342,599	
b)	**Outflows from investments**	**5,575,772**	**10,827,761**
	Financial expenses from investment activities (excluding revaluation)		18,484

in thousands of SIT

		Year 2003	Year 2002
	Extraordinary expenses from investment activities		
	Offset increase in intangible fixed assets (excluding revaluation)	384,230	493,588
	Offset increase in tangible fixed assets (excluding revaluation and material equity stakes)	4,086,543	10,100,690
	Offset increase in long-term financial investments (excluding revaluation)	1,104,999	
	Offset increase in short-term financial investments (excluding revaluation)		214,998
c)	**Surplus inflows from investments (a less b)**	**–4,757,984**	**–4,661,582**
C.	**Cash flows from financing**		
a)	**Inflows from financing**	**4,572,858**	**6,359,168**
	Financial revenues from financing activities (excluding revaluation)	884,442	957,958
	Extraordinary revenues from financing activities		
	Equity increase (excluding net profit)	108,997	3,733,519
	Offset increase in long-term provisions (excluding revaluation)	309,435	1,301,005
	Offset increase in long-term financial liabilities (excluding revaluation)	1,851,859	366,686
	Offset increase in short-term financial liabilities (excluding revaluation)	1,418,125	
b)	**Outflows from financing**	**3,204,480**	**4,863,040**
	Financial expenses from financing activities (excluding revaluation)	474,905	515,761
	Extraordinary expenses from financing activities		
	Equity decrease (excluding net losses for the period)	2,729,575	1,635,029
	Offset decrease in long-term provisions (excluding revaluation)		
	Offset decrease in long-term financial liabilities (excluding revaluation)		
	Offset decrease in short-term financial liabilities (excluding revaluation)		2,712,250
	Decrease in liabilities to owners arising from profit sharing (dividends payable and other profit participations)		
c)	**Surplus inflows from financing (a less b)**	**1,368,378**	**1,496,128**
Č.	**Closing balance of cash and cash equivalents**	**634,680**	**1,143,365**
	x) Cash flow for the period (sum total of surpluses under Ac, Bc and Cc)	**–508,685**	**147,882**
	+		
	y) Opening balance of cash and cash equivalents	**1,143,365**	**995,483**

Capital flow statement of the Intereuropa Group

Capital flow statement of the Intereuropa Group in the period between 1 January 2002 and 31 December 2002

a

	Items	Equity	Capital reserves	Legal reserves	Net profit brought forward	Net profit for the period
		I/1	II	III/1	VI/1	V/1
A.	**Opening balance for the period (as at 1 January of the relevant period)**	**7,210,700**		**2,659,005**	**8,081,174**	
B.	**Capital increase**					
d)	Entry of net operating profit or loss for the year					5,393,181
č)	Entry of additional paid up capital	691,713				
f)	Entry of the amount of special capital revaluation					
g)	Other increases in capital elements		2,039,668			
h)	Increase of currency translation gain or loss					
Č.	Capital decrease					
a)	Payment of dividends				–1,580,483	
d)	Other cancellation of capital elements				–54,546	
D.	**Closing balance for the period**	**7,902,413**	**2,039,668**	**2,659,005**	**6,446,145**	**5,393,181**

Capital flow statement of the Intereuropa Group in the period between 1 January 2003 and 31 December 2003

	Items	Equity	Capital reserves	Legal reserves	Net profit brought forward	Net profit for the period
		I/1	II	III/1	VI/1	V/1
A.	**Balance as at 31 December 2002**	**7,902,413**	**2,039,668**	**2,659,005**	**6,446,145**	**5,393,181**
B.	**Capital increase**					
d)	Entry of net operating profit or loss for the period					2,941,018
č)	Entry of additional paid up capital	108,964				
f)	Entry of the amount of special capital revaluation					
g)	Other increases in capital elements		4			
C.	**Capital restructuring**					
	Other reallocations of capital elements				5,393,181	–5,393,181
Č.	**Capital decrease**					
a)	Payment of dividends				–1,738,531	
d)	Other cancellation of capital elements				–414,808	
D.	**Closing balance for the period**	**8,011,377**	**2,039,672**	**2,659,005**	**9,685,987**	**2,941,018**

(table continued)

in thousands of SIT

General capital revaluation adjustment	Special capital revaluation adjustments	b) Equity capital revaluation adjustment	Capital of minority shareholders	Total capital
VI/1	VI/2	VII	VIII	
9,690,225			**231,871**	**27,872,975**
				5,393,181
				691,713
	7			7
			1,069,671	3,109,339
		4,209		4,209
				–1,580,483
				–54,546
9,690,225	**7**	**4,209**	**1,301,542**	**35,436,395**

(table continued)

in thousands of SIT

General capital revaluation adjustment	Special capital revaluation adjustments	Consolidated equity capital revaluation adjustment	Capital of minority shareholders	Total capital
VI/1				
9,690,225	**7**	**4,209**	**1,301,542**	**35,436,395**
				2,941,018
				108,964
	29			**29**
				4
				0
				–1,738,531
	–4	–1,840	–510,852	**–927,504**
9,690,225	**32**	**2,369**	**790,690**	**35,820,375**

Within the capital flow statement for 2003 the movement of net profit brought forward from the previous year posted within the opening item ”net profit for the period” to item: ”Net profit brought forward” is shown within item C: ”Capital restructuring”. Within the capital flow statement for 2002, this restructuring was shown already within item A: ”Opening balance for the period.” This restructuring was recognised in the same way in the capital flow statement of the parent company, Intereuropa d.d.

In 2003, the capital of the Intereuropa group increased due to:

- an increase in equity (in the amount of SIT 108,964,000), capital reserves (in the amount of SIT 4,000) and a special capital revaluation adjustment (in the amount of SIT 29,000) in the parent company, Intereuropa d.d..
- net profit/loss of the Intereuropa Group in 2003 in the amount of SIT 2,941,018,000.

Capital decrease was affected by:

- decreased net profit brought forward at the parent company Intereuropa d.d. in the amount of SIT 1,738,531,000 for payments of dividends in the amount of SIT 52,925,000 and participation of Management and Supervisory Boards' members in the company's profit.
- decreased net profit brought forward in the amount of SIT 361,883,000 from transferring the first fifth of long-term provisions from the Group's negative goodwill (resulting from consolidation of the company STTC d.d. Maribor) to operating revenues in 2002 (due to the acquisition of STTC d.d. Maribor by the parent company, Intereuropa d.d. as at 28 November 2003 - the transfer of said long-term provisions resulting from negative goodwill to operating revenues is described in the financial report of the parent company, Intereuropa d.d.).
- a decrease of special capital revaluation adjustment in the amount of SIT 4,000 refers to depreciation of equipment surplus assessed at stocktaking.
- decreased equity of minority shareholders in the amount of SIT 510,852,000 mainly resulting from the acquisition of STTC d.d. Maribor.

Intereuropa d. d. | Financial Report

General Valuation Rules

The financial statements of the company Intereuropa d.d. have been compiled in line with the accounting and reporting requirements laid down in the Slovene Accounting Standards and the Companies Act.

In 2003 the same valuation methods were used as in the past years.

Balance sheet items originally in a foreign currency were translated into tolars at the mean exchange rate of the Bank of Slovenia.

Individual items of financial statements have been shown according to materiality, which depends on the size of an individual item.

More detailed accounting rules and valuation methods are given in displays of individual items included in financial statements. The influence of the acquisition of the company STTC d.d., Maribor, by Intereuropa d.d. on 28 November 2003 was shown under individual items of financial statements which were affected by this acquisition.

Auditor’s report

ERNST & YOUNG

AUDITORS' REPORT

To the Shareholders of

INTEREUROPA d.d.

We have audited the accompanying balance sheet of INTEREUROPA d.d. as of 31 December 2003, and the related statements of income, cash flows, changes in capital and accompanying notes for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We have also reviewed the business report of the management.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and notes referred to in the first paragraph above give a true and fair view of the financial position of INTEREUROPA d.d. as of 31 December 2003 and of the results of its operations, cash flows and changes in capital for the year then ended in accordance with Slovenian Accounting Standards.

The business report is in compliance with the audited financial statements.

Ljubljana, 31 March 2004

ERNST & YOUNG
Revizija, davčno in poslovno svetovanje d.o.o., Ljubljana

Janez Uranič
Director

Alfjo Kocjančič
Certified Auditor

Ernst & Young d.o.o. je član Ernst & Young Global

Financial statements of the parent company Intereuropa d.d.

Aggregate overview of the balance sheet of the parent company Intereuropa d.d.

in thousands of SIT

	Category	31. 12. 2003	Structure	31. 12. 2002	Structure	Ind 03/02
1	Assets=liabilities=total assets	48,741,419	100	45,692,042	100	107
2	Fixed assets	37,172,171	76	34,739,744	76	107
3	Current assets	10,761,756	22	10,685,798	23	101
4	Prepaid expenses	807,492	2	266,500	1	303
5	**Capital**	**34,628,583**	**71**	**33,447,468**	**73**	**104**
6	**Provisions**	**3,823,683**	**8**	**2,551,039**	**6**	**150**
7	Financial and operating liabilities	9,209,131	19	7,748,223	17	119
a	Operating liabilities	6,167,899	13	6,418,600	14	96
b	Financial liabilities	3,041,232	6	1,329,623	3	229
8	Accruals	1,080,022	2	1,945,312	4	56
9	Off-balance sheet assets	9,623,772	20	7,639,847	17	126

The Company's total assets increased by SIT 3,049,377,000 or 7%.

The influence of the acquisition of STTC d.d., Maribor, is reflected in the structure of assets and liabilities within the balance sheet. In the acquisition agreement the date set as the accounting date of the acquisition (balance sheet cut-off date) was 30 September 2003, whilst the acquisition was registered in the Companies Register on 28 November 2003. As at that day the assets and liabilities of STTC d.d., Maribor (which ceased to exist as an independent legal entity), were added to Intereuropa's assets and liabilities. Since Intereuropa held a majority stake in STTC d.d. already at the accounting date of the acquisition, the long-term financial investment in this company was ultimately reduced and the liability to minority shareholders disclosed. The difference between the book value of the acquired company's equity and the book value of reduced investments as well as the disclosed liability to minority shareholders equals negative goodwill of SIT 1,773,994,000, which was posted to long-term provisions. This item will be transferred to operating revenues within five years (from 2003 to 2007) at a 20% annual rate.

The increase in the company's assets was mainly the result of higher tangible fixed assets arising from the acquisition of STTC d.d., Maribor, whereas the investment in the acquired company decreased. Prepaid expenses rose chiefly due to higher posted, but not yet charged direct expenses in December 2003.

The increase in liabilities was caused by:

- capital increase resulting from net operating profit for the accounting period (SIT 2,863,578,000) and a rise in equity (up by SIT 108,964,000 nominally) resulting from the issue of preference shares, which Intereuropa d.d. issued to the shareholders of the acquired company STTC d.d., Maribor,
- higher provisions on account of negative goodwill arising from the acquisition of STTC d.d., Maribor,
- increase in long-term and short-term financial liabilities to banks arising from raised loans.

Accruals decreased, as the prepaid expenses from the previous year were used for severance pay and retraining of redundant staff on account of the forthcoming accession of Slovenia to the European Union.

Balance sheet of the parent company Intereuropa d.d. as at 31 december 2003

in thousands of SIT

	Items	31. 12. 2003	31. 12. 2002	Ind. 03/02
	Assets	**48,741,419**	**45,692,042**	**107**
A.	**Fixed assets**	**37,172,171**	**34,739,744**	**107**
I.	**Intangible fixed assets**	**303,548**	**196,263**	**155**
1.	Long-term deferred operating expenses			
2.	Long-term deferred development expenses			
3.	Long-term property rights	303,548	196,263	155
4.	Goodwill			
5.	Advances on intangible fixed assets			
6.	Intangible fixed assets in production			
II.	**Tangible fixed assets**	**22,900,579**	**19,530,697**	**117**
1.	Land and buildings	19,835,890	15,999,458	124
a)	Land	3,510,796	2,305,998	152
b)	Buildings	16,325,094	13,693,460	119
2.	Production machinery and equipment			
3.	Other machinery and equipment	2,364,271	3,092,871	76
4.	Fixed assets being acquired	700,418	438,368	160
a)	Advances on the acquisition of tangible fixed assets	7,696		
b)	Tangible fixed assets under construction or in production	692,722	438,368	158
III.	**Long-term financial investments**	**13,968,044**	**15,012,784**	**93**
1.	Equity stakes in Group members	7,953,392	10,064,568	79
2.	Long-term financial receivables due from Group members, excluding associated companies	454,445	523,858	87
3.	Equity stakes in associated companies	671,883		
4.	Long-term financial receivables due from associated companies			
5.	Other long-term stakes	2,978,750	2,504,092	119
6.	Other long-term financial receivables	1,909,574	1,920,266	99
7.	Own stakes			
B.	**Current assets**	**10,761,756**	**10,685,798**	**101**
I.	**Inventories**	**10,899**	**12,912**	**84**
1.	Material	10,899	12,912	84
2.	Work-in-process			
3.	Products and merchandise			
4.	Advances on inventories			
II.	**Operating receivables**	**7,703,342**	**8,310,663**	**93**
a)	**Long-term operating receivables**	**21,928**	**33,075**	**66**
1.	Long-term operating receivables due from customers (excluding long-term operating receivables under IIa2 and IIa3)	21,115	33,075	64
2.	Long-term operating receivables due from Group members, excluding associated companies			
3.	Long-term operating receivables due from associated companies			
4.	Other long-term operating receivables	813		
5.	Long-term unpaid called capital			
b)	**Short-term operating receivables**	**7,681,414**	**8,277,588**	**93**
1.	Short-term operating receivables due from customers (excluding short term operating receivables under IIb2 and IIb3)	7,009,258	7,787,201	90
2.	Short-term operating receivables due from Group members, excluding associated companies	226,624	344,453	66

in thousands of SIT

	Items	31. 12. 2003	31. 12. 2002	Ind. 03/02
3.	Short-term operating receivables due from associated companies			
4.	Other short-term operating receivables	445,532	145,934	305
5.	Short-term unpaid called capital			
III.	**Short-term financial investments**	**2,824,244**	**1,994,163**	**142**
1.	Short-term financial receivables due from Group members, excluding associated companies	1,333,751	415,131	321
2.	Short-term financial receivables due from associated companies			
3.	Own stakes			
4.	Other short-term investments	1,490,493	1,579,032	94
IV.	**Bank balance, cheques and cash**	**223,271**	**368,060**	**61**
C.	**Prepaid expenses**	**807,492**	**266,500**	**303**
D.	**Off-balance sheet assets**	**9,623,772**	**7,639,847**	**126**
1.	Off-balance sheet assets of the Group	3,598,577	1,921,217	187
2.	Other off-balance sheet assets	6,025,195	5,718,630	105
	Liabilities	**48,741,419**	**45,692,042**	**107**
A.	**Capital**	**34,628,583**	**33,447,468**	**104**
I.	**Called capital**	**8,011,377**	**7,902,413**	**101**
1.	Equity	8,011,377	7,902,413	101
2.	Uncalled capital (as a deduction item)			
II.	**Capital reserves**	**2,039,672**	**2,039,668**	**100**
III.	**Profit reserves**	**2,659,005**	**2,659,005**	**100**
1.	Legal reserves	2,659,005	2,659,005	100
2.	Reserves for own stakes			
3.	Statutory reserves			
4.	Other profit reserves			
IV.	**Net profit or loss brought forward**	**9,364,694**	**6,228,069**	**150**
V.	**Net profit or loss for the period**	**2,863,578**	**4,928,081**	**58**
VI.	**Capital revaluation adjustments**	**9,690,257**	**9,690,232**	**100**
1.	General capital revaluation adjustment	9,690,225	9,690,225	100
2.	Special capital revaluation adjustments	32	7	457
B.	**Provisions**	**3,823,683**	**2,551,039**	**150**
1.	Provisions for pensions and similar liabilities			
2.	Provisions for taxes			
3.	Other provisions	3,823,683	2,551,039	150
C.	**Financial and operating liabilities**	**9,209,131**	**7,748,223**	**119**
a)	**Long-term financial and operating liabilities**	**1,036,461**	**298,070**	**348**
1.	Long-term liabilities arising from bonds (excluding liabilities under Ca6 and Ca8)			
2.	Long-term financial liabilities to banks (excluding liabilities under Ca6 and Ca8)	954,173	293,591	325
3.	Long-term operating liabilities arising from advances			
4.	Long-term operating liabilities to suppliers (excluding liabilities under Ca7 and Ca8)	77,809		
5.	Long-term bills of exchange payable (excluding liabilities under Ca6 and Ca8)			

in thousands of SIT

	Items	31. 12. 2003	31. 12. 2002	Ind. 03/02
6.	Long-term financial liabilities (including bonds) to Group members, excluding associated companies			
7.	Long-term operating liabilities to Group members, excluding associated companies			
8.	Long-term financial and operating liabilities (including bonds) to associated companies			
9.	Other long-term financial liabilities			
10.	Other long-term operating liabilities	4,479	4,479	100
b)	**Short-term financial and operating liabilities**	**8,172,670**	**7,450,153**	**110**
1.	Short-term liabilities arising from bonds (excluding liabilities under Cb6 and Cb8)			
2.	Short-term financial liabilities to banks (excluding liabilities under Cb6 and Cb8)	1,849,806	701,810	264
3.	Short-term operating liabilities arising from advances	30,659	21,638	142
4.	Short-term operating liabilities to suppliers (excluding liabilities under Cb7 and Cb8)	5,195,604	4,355,072	119
5.	Short-term bills of exchange payable (excluding liabilities under Cb6 and Cb8)			
6.	Short-term financial liabilities (including bonds) to Group members, excluding associated companies		103,578	
7.	Short-term operating liabilities to Group members, excluding associated companies	183,832	88,888	207
8.	Short-term financial and operating liabilities to associated companies			
9.	Other short-term financial liabilities	237,253	230,644	103
10.	Other short-term operating liabilities	675,516	1,948,523	35
D.	**Accruals**	**1,080,022**	**1,945,312**	**56**
E.	**Off-balance sheet liabilities**	**9,623,772**	**7,639,847**	**126**
1.	1. Off-balance sheet liabilities of the Group	3,598,577	1,921,217	187
2.	2. Other off-balance sheet liabilities	6,025,195	5,718,630	105

Explanation of material items included in the balance sheet statement of the parent company

Assets

Fixed assets

Fixed assets account for 76% of total assets. Compared to the cut-off date of the comparable year they increased by 80%.

Intangible fixed assets and tangible fixed assets

Intangible fixed assets and tangible fixed assets are carried at historical cost, which equals the purchase price plus all expenses arising directly from making an asset ready for its intended use. The above-mentioned assets acquired before 1 January 2002 are evaluated at their historical cost in line with the SAS applicable at that time and revalued at the price index applicable at a time until (and including) 31 December 2001. Value adjustments of fixed assets were revalued in the same way. According to the applicable SAS they are not subject to revaluation after 1 January 2002.

Upon the acquisition of STTC d.d., Maribor, by Intereuropa d.d. on 28 November 2003, the acquired intangible and tangible fixed assets were included in the existing assets of Intereuropa d.d., taking into account their book value as at the day of the acquisition. The influence of the above-mentioned inclusion is shown in the table disclosing the movement in intangible and tangible fixed assets of the parent company Intereuropa d.d. from 1 January to 31 December 2003.

Any costs incurred later which result in higher future economic benefits in excess of those assessed originally, increase the purchase value. Expenses enabling the useful life of an asset to be prolonged are charged against the value adjustment calculated at that time.

The company has pledged no tangible assets as collateral for due amounts nor are there any other legal restrictions on disposing of these assets. As at 31 December 2003 Intereuropa had no financial liabilities arising from the purchase of intangible and tangible fixed assets.

Intangible fixed assets of the company include only long-term property rights arising from software licences. The straight-line depreciation method is applied, while the useful life of intangible fixed assets is amortised at a 20% annual amortisation rate.

The book value of intangible fixed assets increased by SIT 107,285,000, primarily due to the purchase of new licences.

Tangible fixed assets are not subject to upward revaluation. On the basis of the 2002 report by the certified assessor, who carried out a preliminary test of real estate revaluation, the real estate was not impaired.

The company did not construct or produce any tangible fixed asset.

Depreciation is calculated for every single tangible fixed asset separately, as the straight-line depreciation method is applied throughout the estimated useful life of a fixed asset. In 2003 depreciation was SIT 1,610,528,000.

The useful life of individual categories of fixed assets is defined by the following annual depreciation rates:

Intangible fixed assets	20.00%
Buildings	from 2.50% to 5.00%
Computer equipment	from 25.00% to 50.00%
Other machinery and equipment	from 10.00% to 25.00%

Within the depreciation group "other machinery and equipment" the highest permitted depreciation rates for used equipment and mobile telephones were reduced from 33.3% to 25.00% in 2003.
Since Intereuropa d.d. acquired used equipment only exceptionally, the above change of depreciation rates has no significant influence on the financial results. If the depreciation rates had not been changed, the depreciation charges would have increased by SIT 8,000.

in thousands of SIT

		31. 12. 2003	Structure	31. 12. 2002	Strueture	Ind. 03/02
II.	**Tangible fixed assets**	**22,900,579**	**100**	**19,530,697**	**100**	**117**
1.	Land and buildings	19,835,890	87	15,999,458	82	124
a)	Land	3,510,796	15	2,305,998	12	152
b)	Buildings	16,325,094	71	13,693,460	70	119
2.	Production machinery and equipment		0		0	
3.	Other machinery and equipment	2,364,271	10	3,092,871	16	76
4.	Tangible fixed assets being acquired	700,418	3	438,368	2	160
a)	Advances on the acquisition of tangible fixed assets	7,696	0		0	
b)	Tangible fixed assets under construction or in production	692,722	3	438,368	2	158

Movement in intangible and tangible fixed assets

Movement in intangible and tangible fixed assets was influenced by new purchases, sales, depreciation and acquisition of the assets of the acquired company STTC d.d., Maribor.

Table: Movement in intangible and tangible fixed assets of the parent company between 1 January 2003 and 31 December 2003

in thousands of SIT

	Land	Buildings	Other machinery and equipment	Intangible fixed assets	Tangible assets under con-struction and in production	Advances on the acquisition of fixed assets	Equipment under financial lease	Total
Historical cost								
Balance 1. 1. 2003	**2,305,998**	**19,811,214**	**12,778,642**	**472,591**	**438,368**	**0**	**0**	**35,806,813**
Increases	14,378	95,731	312,937	170,568	957,038	544,049	0	**2,094,701**
Increase upon the acquisition of STTC d.d., Maribor	1,198,040	5,649,316	996,179	37,989	0	0	0	**7,881,524**
Decreases	−7,620	−166,980	−1,411,938	0	−702,684	−536,353	0	**−2,825,575**
Revaluation	0	0	0	0	0	0	0	**0**
Balance 31. 12. 2003	**3,510,796**	**25,389,281**	**12,675,820**	**681,148**	**692,722**	**7,696**	**0**	**42,957,463**
Value adjustment								
Balance 1. 1. 2003	**0**	**6,117,754**	**9,685,771**	**276,328**	**0**	**0**	**0**	**16,079,853**
Increases	0	0	0	0	0	0	0	**0**
Increase upon the acquisition of STTC d.d., Maribor		2,609,061	701,229	31,312	0	0	0	**3,341,602**
Decreases	0	−190,792	−1,087,855	0	0	0	0	**−1,278,647**
Depreciation	0	528,164	1,012,404	69,960	0	0	0	**1,610,528**
Revaluation	0	0	0	0	0	0	0	**0**
Balance 31. 12. 2003	0	9,064,187	10,311,549	377,600	0	0	0	**19,753,336**
Residual value								
Balance 1. 1. 2003	**2,305,998**	**13,693,460**	**3,092,871**	**196,263**	**438,368**	**0**	**0**	**19,726,960**
Balance 31. 12. 2003	**3,510,796**	**16,325,094**	**2,364,271**	**303,548**	**692,722**	**7,696**	**0**	**23,204,127**

Upon the acquisition of STTC d.d., Maribor, intangible and tangible fixed assets of the acquired company were included among the existing intangible and tangible fixed assets of Intereuropa d.d. at their book value as at the date of the acquisition, i.e. 28 November 2003, in the amount of SIT 4,539,922,000:

in thousands of SIT

Intangible fixed assets	6,677
Land	1,198,040
Buildings	3,040,255
Other machinery and equipment	294,950

Long-term financial investments

in thousands of SIT

	31. 12. 2003	Structure	31. 12. 2002	Structure	Ind. 03/02
III. Long-term financial investments	**13,968,044**	**100**	**15,012,784**	**100**	**93**
1. Equity stakes in Group members	7,953,392	57	10,064,568	67	79
2. Long-term financial receivables due from Group members, excluding associated companies	454,445	3	523,858	3	87
3. Equity stakes in associated companies	671,883	5			
4. Long-term financial receivables due from associated companies					
5. Other long-term stakes	2,978,750	21	2,504,092	17	119
a) long-term investments in shares of other companies	1,832,602		1,778,001		103
b) long-term investments in stakes in other companies	1,146,148		726,090		158
6. Other long-term financial receivables	1,909,574	14	1,920,266	13	99
a) long-term loans on the basis of bond purchase	734,322		736,130		100
b) long-term loans on the basis of loan agreements	115,197		140,589		82
c) long-term deposits	1,060,055		1,043,547		102
7. Own stakes					

Long-term financial investments are after initial recognition evaluated at historical cost, which equals the amount paid or the fair value of other consideration for purchase, increased by the costs directly associated with the investment.

Long-term financial investments with proved fair value lower than their book value as at the last day of the business year are impaired in line with the instructions of SAS 3, i.e. charged against financial expenses from revaluation. As the price of securities comprising Intereuropa's investments rose, there was no reason to impair them and impairment was thus not carried out in the business year 2003.

However, the impairment from 2002 totalling SIT 30,091,000 was eliminated, since the market value of securities was higher than their book value reduced by impairment. Long-term financial investments, whose fair value was proven to be higher than their book value, were not revalued upward in line with the said standard.

If the net consideration obtained for a sold long-term financial investment is in excess of its carrying amount, financial revenue is recognised, however, if it is lower than the carrying amount, the difference is disclosed under financial expenses.

Long-term financial investments expressed in foreign currencies are converted into the domestic currency at the mean exchange rate of the Bank of Slovenia as at the last day of the accounting period. The consequential increase results in higher financial revenues.

In its financial statements the parent company carries long-term financial investments in the equity of its subsidiaries and associated companies, included in the consolidated financial statements using the equity method, by annually increasing them by the portion of net profit recorded by subsidiaries and associated companies or decreasing them by the portion of net loss recorded by subsidiaries and associated companies pertaining to the parent company. The subsequent participation in profit reduces the initially disclosed increase in financial investment.

The pertaining net profit or loss of subsidiaries recorded in the business year for which the financial statements are being compiled, is recognised by the parent company in its financial statements under revenues or expenses.

However, the pertaining net profit of associated companies generated in the past year is recognised by the parent company in the current year and posted to special capital revaluation adjustments arising from long-term financial investments. Special capital revaluation adjustment is decreased by the subsequently obtained shares of associated companies, the amount of which is disclosed under financial revenues. If the associated company records a pertaining loss, the investment and special capital revaluation adjustment (if made) arising from long-term financial investments are reduced; if special capital revaluation adjustment has not been made, the pertaining loss is added to financial expenses.

As at 31 December 2003 stakes in Group members totalled SIT 7,953,392,000. They decreased primarily due to the acquisition of STTC d.d., which is reflected in final reduction of long-term financial investment in STTC d.d., whereas all assets and liabilities of the acquired company were added to that of Intereuropa d.d. as at the date of the acquisition (28 November 2003).

In 2003 the same subsidiaries are included in consolidated statements as last year, with the exception of the acquired company STTC .d.d, which is no longer disclosed as at the balance sheet cut-off date. The acquired company was included in consolidated statements as all of its balance sheet items have been added to the items of the parent company as at the date of the acquisition and all items which are excluded upon consolidation have been excluded. The effects of including the acquired company in consolidated statements are described in more detail in the accounting report of Intereuropa for 2003.

Movement in long-term financial investments of Intereuropa d.d. in 2003

Long-term financial investments	Intra-group investments	Long-term financial receivables due from Group members	Equity stakes in associated companies
Book value as at 1 January 2003	10,064,568	523,858	
Increases	1,186,121	104,226	671,883
Decreases	3,365,560	189,352	
Increase due to maintaining the value	68,263	15,713	
Book value as at 31 January 2003	7,953,392	454,445	671,883

Stakes in group members

Subsidiary	Stake in % as at 31 December 2002	Stake in % as at 31 December 2003	Initial residual value
Interagent d.o.o., Koper	100.00	100.00	203,805
STTC d.d., Maribor*	89.81		2,846,791
Intereuropa IT d.o.o., Koper	100.00	100.00	24,386
Interzav d.o.o., Koper	71.28	71.28	21,563
Intereuropa transport d.o.o., Koper	100.00	100.00	1,035,682
Intereuropa d.o.o., Zagreb	99.94	99.94	4,152,785
Intereuropa sajam d.o.o., Zagreb	51.00	51.00	186,349
Intereuropa EAST d.o.o. Moscow	100.00	100.00	13,029
Intereuropa skopje d.o.o., Skopje	99.29	99.56	203,046
Intereuropa RTC d.d., Sarajevo	82.56	82.56	960,318
SPEKA spol.s.r.o., Prague	100.00	100.00	71,413
A.D. "Interjug - AS", Belgrade	52.74	66.14	345,401
Total			**10,064,568**

*The subsidiary STTC d.d., Maribor, was acquired on 28 November 2003, the pertaining net profit was generated in the period between 1 January 2003 and 28 November 2003.

(table continued)

in thousands of SIT

Investments in shares of other companies	Investments in stakes in other companies	Long-term loans on the basis of bond purchase	Long-term loans on the basis of loan agreements	Long-term deposits	Total
1,771,002	733,090	736,129	140,589	1,043,547	15,012,782
61,600	1,088,857		18,263		3,130,951
	683,177	44,091	48,667		4,330,847
	7,378	42,284	5,012	16,508	155,158
1,832,602	1,146,148	734,322	115,197	1,060,055	13,968,044

(table continued)

in thousands of SIT

Investment increase due to purchase, recapitalisation and other increases	Investment decrease due to profit participation	Investment increase due to exchange rate differentials	Investment increase or decrease due to pertaining net profit or loss	Investment decrease due to the acquisition to Intereuropa d.d.	Residual value as at 31 December 2003
	100,754		105,192		208,243
14,601			30,049	2,891,441	0
			10,428		34,814
	9,940		10,507		22,130
			–256,251		779,431
		18,082	641,713		4,812,580
	52,330	–523	52,274		185,770
		–1,531	5,371		16,869
1,875		7,375	11,930		224,226
		28,632	40,928		1,029,878
		1,570	–54,844		18,139
261,253		14,658	0		621,312
277,729	**163,024**	**68,263**	**597,297**	**2,891,441**	**7,953,392**

In addition to the abovementioned companies Intereuropa as at the balance sheet cut-off date holds a majority stake in the following companies:

in thousands of SIT

Firm and head office	Book value as at 31 December 2003	stake in % as at 31 December 2003
KP Trans	**47,205**	**67.60**
17 Rue de L' Aigue -Les Portes du Dauphine,St. Pierre de Chandieu		
69780 St. Pierre de Chandieu		
France		
TEK Zahidtransservis	**37,873**	**66.67**
Zakarpatska oblast		
Užgorod, Bul. Teljmana 111		
Ukraine		
Schneider & Peklar Gesellschaft mbH	**1,036,565**	**100.00**
Bleibtreustrasse 2		
A-1110 Vienna		
Austria		
Intereuropa Transport & Spedition	**6,627**	**100.00**
Lutticher Str. 12		
53842 Troisdorf		
Germany		

In 2003 these stakes were not included in consolidated statements, as they were purchased only in the second half of 2003 and are posted to other long-term stakes.

The following subsidiaries were also excluded from consolidated financial statements:

- Intereuropa d.o.o., Sarajevo, 100%-owned by Intereuropa d.d. and
- Intereuropa Mostar d.o.o., Mostar, in which Intereuropa d.d. holds a 60.71% stake. These companies were excluded from the consolidated financial statements because they are in liquidation proceedings. A revaluation adjustment was made equalling the total amount of investments in the aforementioned companies, i.e. SIT 19,461,000.

The liquidation proceedings against the company Interagent d.o.o., Rijeka, in which as at the last day of the comparable year Intereuropa d.d. held 97.72%, were concluded and consequently the investment in this company was ultimately reduced by SIT 7,417,000.

Long-term financial receivables due from group members

Long-term financial receivables due from Group members amounted to SIT 454,445,000 as at the balance sheet date and consisted of long-term loans granted to the subsidiary Intereuropa RTC d.d., Sarajevo, falling due in 2 to 5 years as of the balance sheet date. In this case the exposure to credit risk is low, since Intereuropa holds a large stake in this company and actively manages it.

Stakes in associated companies

As at the balance sheet date the stakes in associated companies amounted to SIT 671,883,000, representing:

- long-term financial investment in Adriafin d.o.o., Vojkovo nabrežje 30, Koper, in which Intereuropa d.d. holds a 24.28% stake, and
- long-term financial investment in AC-Interauto d.o.o., Vojkovo nabrežje 32, Koper, in which Intereuropa d.d. holds a 40% stake.

Using the equity method the holdings in associated companies were increased by the pertaining net profit of AC-Interauto d.o.o., equalling SIT 29,000. Since the associated company Adriafin d.o.o., Koper, was founded in 2003, its pertaining net profit/loss will be recognised for the first time in 2004.

The company Adriafin d.o.o. was founded through the partial division of the assets of Finor d.o.o., Pristaniška ulica 14, Koper, in accordance with the division plan approved at the General Meeting held on 15 September 2003. As the "division resulting in the founding of a new company" was entered in the Companies Register on 1 October 2003, the members of Finor d.o.o., among which is also Intereuropa d.d. with a 24.28% stake, became the members of the newly founded company Adriafin d.o.o. with holdings equalling those they held in Finor d.o.o.

Finor d.o.o., Koper, in which Intereuropa d.d. holds 24.28%, is not included among associated companies, since the agreement on the sale of this company was signed in January 2004.

Other long-term stakes

Under "other long-term stakes", which as at the balance sheet cut-off date amounted to SIT 2,978,750,000, the investments in shares (totalling SIT 1,832,602,000) and stakes in other companies (in the amount of SIT 1,146,148,000), i.e. companies not part of the Intereuropa Group, are shown. Major long-term investments include the investments in the shares of:

- SI.mobil d.d., Ljubljana, and
- Banka Koper d.d.

As at 31 December 2003 the fair value of long-term investments in shares quoted on the stock exchange was SIT 16,209,000 higher than their book value.

The book value of the shares of Si.mobil d.d. (509,129 shares), owned by Intereuropa d.d. as at 31 December 2003 was SIT 1,068,249,000. The sale and payment of these shares with a total value of EUR 9,371,000 was agreed with the companies Mobilko International and Teleimpuls for 2 July 2007, which as at 31 December 2003 amounted to SIT 2,218,024,000, calculated at the mean exchange rate of the Bank of Slovenia. As at 31 December 2003 the litigation regarding Si.mobil d.d. was still pending and is described in the explanation of long-term provisions.

The book value of the investment in the shares of Banka Koper d.d. (53,125 shares) equalled SIT 444,784,000 as at 31 December 2003. On the basis of the agreement on the sale of these shares to the bank San Paolo Imi Spa a put option has been negotiated, giving Intereuropa d.d. the opportunity to sell these shares after 1 January 2006 at SIT 102,000 per share, plus interest paid by Banka Koper d.d. on deposits over one year and reduced by dividends paid out until the put option is exercised. The above option can be exercised under the condition that the bank San Paolo Imi Spa acquires an authorisation from the Bank of Slovenia to purchase a majority stake in Banka Koper d.d.

The value of investments in shares of other companies rose as the result of the purchase of KP Trans d.d. for SIT 47,205,000 and the acquisition of shares in other companies in the amount of SIT 14,396,000 through the acquisition of STTC d.d., Maribor. Value adjustment of SIT 192,132,000 was made for long-term financial investments in shares, mostly due to the impairment of the investment in Cimos d.d., Koper, resulting from the adjustment of the investment with its market value.

In 2003 long-term investments in stakes in other companies increased by as much as 61%. The following companies were acquired in the business year: KP Trans d.d., Saint-Pierre de Chandieu, France, Tek Zahidtransservis, Užgorod, Ukraine, Schneider & Peklar GmbH, Vienna, Austria, and Intereuropa transport & Spedition, Troisdorf, Germany. The stakes and their purchase values, which as at 31 December 2003 equalled book values, are given in the note to the item "stakes in Group members".

Investments in stakes in other companies decreased, as the investments in Adriafin d.o.o., Koper, and AC-Interauto d.o.o., Koper, were re-posted to investments in associated companies.

Upon the acquisition of STTC d.d., Maribor, Intereuropa also acquired investments in mutual funds and investment companies totalling SIT 16,183,000, which the acquired company disclosed under long-term financial investments. These investments were posted to short-term financial investments, as they will be managed short-term.

Other long-term financial receivables

As at the balance sheet date other long-term financial receivables amount to SIT 1,909,574,000 and include:

- long-term loans granted based on loan agreements, totalling SIT 115,197,000,
- long-term loans granted based on bond purchase, amounting to SIT 734,322,000, and
- long-term deposits in the amount of SIT 1,060,055,000.

Long-term loans granted based on loan agreements account for as little as 0.8% of total long-term financial investments. They are represented mainly by the loans granted to Cimos d.d. and housing loans.

As at the balance sheet date housing loans granted to the following groups were disclosed:

in thousands of SIT

Members of the Management Board	4,760
Employees	7,385
Former employees	6,503

Total paid loans in the business year 2003 amounted to SIT 10,360,000.

Long-term loans granted based on bond purchase represent an investment in the bonds of Nova Ljubljanska banka d.d., to be cashed in 2006, and are related to the collateral for the guarantee issued to both buyers of shares of Si.mobil d.d. A fixed interest rate is applied on part of the subscribed bonds and a floating interest rate, indexed to TOM, on the other part.

Long-term deposits fall due in 2006 and are also related to the collateral of the guarantee issued to the buyers of shares of Si.mobil d.d. The contractually agreed interest rate on these deposits changes in accordance with the bank's resolution on interest rates, currently in force. Also in this case credit risk is low, since the deposit was made with a bank with good credit rating.

Own stakes

In 2003 Intereuropa d.d. acquired own shares in the amount of SIT 918,000 in exchange for the payment made in accordance with the share exchange ratio, stipulated in the acquisition agreement, to the holders of ordinary freely transferable registered shares of STTC d.d., Maribor, which was acquired. The difference up to one share was paid by Intereuropa to the shareholders in cash, which is why the remaining own shares worth SIT 8,000 nominally were sold at the stock exchange. The market value of the shares exceeded their book value by SIT 4,000, which was posted to capital reserves. The above amount of purchased and sold own shares represents 0.0001% of the company's equity.

Current assets

in thousands of SIT

		31. 12. 2003	Structure	31. 12. 2002	Structure	03/02
	Current assets	**10,761,756**	**100**	**10,685,798**	**100**	**101**
I.	Inventories	10,899	0	12,912	0	84
II.	Operating receivables	7,703,342	72	8,310,663	78	93
III.	Short-term financial investments	2,824,244	26	1,994,163	19	142
IV.	Bank balances, cheques and cash	223,271	2	368,060	3	61

As at the balance sheet cut-off date current assets accounted for 22% of total assets. Compared to the last day of the comparable year, they increased by 1% due to short-term financial investments.

Inventories

Upon initial recognition, inventories are carried at historical cost and their use at average price. They include inventories of office accessories and advertising material. As at 31 December 2003 inventories amounted to SIT 10,899,000.

Operating receivables

Long- and short-term operating receivables are shown in amounts arising from underlying documents, on the assumption that they will be repaid. Operating receivables expressed in foreign currencies are calculated into tolars as at the balance sheet date.

Long-term operating receivables consist mainly of long-term receivables arising from financial lease.

Short-term operating receivables
The bulk (94.8%) of short-term operating receivables are accounted for by receivables due from customers, shown in the table.

Short-term receivables due from customers were 10% lower than as at the last day of the comparable year. If as at the last day of the comparable year short-term receivables of the company acquired during the year (STTC d.d., Maribor) are taken into account, this decrease is larger, i.e. 15.2%.

The comparison of the indices showing the decrease in receivables and net sales revenues from re-posted (paid) customs debt is an important item of receivables and greatly influences the amount of receivables shown.

Overview of net sales revenues arising from re-posted (paid) customs debt in 2003 and 2002

	2003	2002	Index
1. Net sales revenues	29,683,921	30,802,360	96.4
2. Re-posted (paid) customs debt	39,187,756	41,605,674	94.2
3. Total (1+2) Net sales revenues arising from re-posted customs debt	68,871,677	72,408,034	95.1

It was established that short-term receivables due from customers dropped by 10% and that net sales revenues arising from re-posted (paid) customs debt fell by 4.9%.

Short-term operating receivables due from customers (excluding subsidiaries and associated companies)

	31. 12. 03 in thousands of SIT	31. 12. 03 %	31. 12. 02 in thousands of SIT	31. 12. 02 %	Index 03/02
1. Receivables due from domestic customers					
A. Receivables due from domestic customers (GROSS)	6,763,616	84.4%	7,504,072	87.0%	90.1
B. value adjustments for receivables	920,405		740,595		124.3
C. Receivables due from domestic customers (Residual value) (A-B)	**5,843,211**	**83.4%**	**6,763,477**	**86.9%**	**86.4**
Share of written-off receivables due from domestic customers in % (B/A)	13.6%		9.9%		137.9
2. Receivables due from foreign customers					
A. Receivables due from foreign customers (GROSS)	1,246,513	15.6%	1,118,500	13.0%	111.4
B. value adjustments for receivables	80,466		94,776		84.9
C. Receivables due from foreign customers (Residual value) (A-B)	**1,166,047**	**16.6%**	**1,023,724**	**13.1%**	**113.9**
Share of written-off receivables due from foreign customers in % (B/A)	6.5%		8.5%		76.2
3. Receivables due from domestic and foreign customers					
A. Receivables due from dom. and for. cust. (Gross) 1A+2A	**8,010,129**	**100.0%**	**8,622,572**	**100.0%**	**92.9**
B. Value adjustments for receivables (1B+2B)	**1,000,872**		**835,371**		**119.8**
c. Receivables due from dom. and for. cust. (Residual value) 1C+2C	**7,009,258**	**100.0%**	**7,787,201**	**100.0%**	**90.0**
Share of written-off of receivables due from customers in % (B/A)	12.5%		9.7%		129.0

Receivables due from customers are due to impairment revalued according to their collectability (taking into account the rules for making value adjustments as defined in the Rules on the Consolidation of the Intereuropa Group). Receivables due from customers in the Group are not revalued. Value adjustments were made for tolar receivables (SIT 920,405,000) and foreign-currency receivables (SIT 80,466,000). Compared to the respective figure as at the last day of the comparable year, they were 19.8% higher and in part (SIT 236,434,000) charged against operating expenses from revaluation of current assets. The increase is mainly the result of value adjustments of the receivables of the company acquired during the year (STTC d.d.). Of the total tolar and foreign-currency receivables from customers 13.6% and 6.5% respectively was written off. The larger part of value adjustments (SIT 690.8 million) is accounted for by receivables due from debtors in bankruptcy, voluntary arrangement and litigation. Of total receivables due from domestic customers only 2.4% was written off and of those arising from services provided to foreign customers 4.3%.

The company manages exposure to various types of risk arising from receivables due from customers by applying its own credit rating system for domestic customers and by checking credit rating assessments of foreign customers made by specialised companies. On the basis of acquired information Intereuropa requires that customers with lower credit ratings supply payment collateralisation instruments (bills of exchange, bank guarantees - in some cases, mortgages, property pledges and sureties).

The structure of short-term receivables due from customers by maturity

	Share in % 31. 12. 2003	Share in % 31. 12. 2002	Ind. 03/02
Outstanding	66.8%	62.0%	108
0-30 days overdue	15.8%	19.5%	81
31-60 days overdue	3.2%	6.3%	51
61-90 days overdue	2.6%	1.7%	153
More than 91 days overdue	11.7%	10.5%	111

The structure of receivables by maturity shows that at the end of 2003 outstanding receivables were nearly 5% higher. The major part of receivables more than 91 days overdue has been registered in court proceedings (executions, litigations, bankruptcies, voluntary arrangements), as these receivables represent 7.2% of total operating receivables due from customers.

Short-term financial investments

Short-term financial investments are evaluated in the same way as long-term financial investments; the explanation is given under the item of long-term financial investments.

In 2003 there was also no reason to impair short-term financial investments. However, impairment from 2002 totalling SIT 6,109,000 was eliminated, posted to other financial revenues from revaluation.

If the net consideration obtained for a sold short-term financial investment is in excess of its carrying amount, financial revenue is recognised, however, if the net consideration obtained is lower than the carrying amount, the difference is shown under financial expenses. Short-term financial investments with higher proven fair value than book value are not revalued upwards

Short-term financial investments

in thousands of SIT

Short-term Financial investments	Book value 31.12.2003	Structure	Book value 31.12.2002	Structure	Ind. 03/02
Short-term loans to Group members	1,333,751	47	415,131	21	321
Short-term investments in shares of other companies	1,056,849	37	1,034,453	52	102
Short-term loans to other companies	171,766	6	211,295	11	81
Short-term deposits			655	0	0
Other short-term investments	261,878	9	332,629	17	79
Total	2,824,244	100	1,994,163	100	142

In 2003 short-term financial investments rose by 42%, mostly due to the increase in short-term loans to Group members.

Short-term investments in shares of other companies did not significantly change in 2003. They include shares bought for sale. Their value increased due to the shares held by the acquired company STTC d.d., Maribor, whereas some shares were also sold during the year.

Short-term loans to other companies account for 6% of total short-term financial investments, comprising of short-term loans to companies which are Intereuropa's business partners.

Other short-term investments include receivables arising from bills of exchange, provided as payment for the company's operating receivables (part is being claimed through court) and investments in mutual funds.

As at 31 December 2003 the fair value of short-term financial investments in shares of other companies quoted on the stock exchange and in mutual funds exceeded their book value by SIT 554,524,000.

Intereuropa manages credit risk arising from short-term financial investments in subsidiaries by holding a large stake in them. The company is trying to reduce impairment risks related to other financial investments by dispersing them.

Bank deposits, cheques, cash

Bank deposits, cheques and cash amount to SIT 223,271,000 and include tolar as well as foreign-currency funds in accounts, call deposits, cash in hand, cheques received and cash in transit (e.g. cash deposits from the cash box to the transaction account of Intereuropa d.d.). The reasons for increases and decreases in cash assets in the business year 2003 are given in the company's cash flow statement.

Prepaid expenses

Prepaid expenses and accrued revenues comprise short-term deferred expenses and value papers (stamps, postage stamps and motorway toll vouchers). Compared to 31 December 2002 prepaid expenses were 203% or SIT 540,992,000 higher, chiefly due to posted and not yet charged direct expenses in December 2003, shown under short-term deferred expenses.

Off-balance-sheet assets

Off-balance-sheet assets have off-balance-sheet liabilities as a cross entry, and are broken down in the same way as off-balance-sheet assets. A more detailed breakdown is presented in the explanation of off-balance-sheet liabilities.

Liabilities

Capital

Equity represents equity financing of the company and a liability to the company's owners.

in thousands of SIT

	31. 12. 2003	Str.	31. 12. 2002	Str.	Ind. 03/02
A. Capital	**34,628,583**	**100**	**33,447,468**	**100**	**104**
I. Called capital	**8,011,377**	**23**	**7,902,413**	**24**	**101**
1. Equity	8,011,377	23	7,902,413	24	101
2. Uncalled capital (as a deduction item)					
II. Capital reserves	**2,039,672**	**6**	**2,039,668**	**6**	**100**
III. Profit reserves	**2,659,005**	**8**	**2,659,005**	**8**	**100**
1. Legal reserves	2,659,005	8	2,659,005	8	100
2. Reserves for own shares					
3. Statutory reserves					
4. Other profit reserves					
IV. Net profit or loss brought forward	**9,364,694**	**27**	**6,228,069**	**19**	**150**
V. Net profit or loss for the period	**2,863,578**	**8**	**4,928,081**	**15**	**58**
VI. Capital revaluation adjustments	**9,690,257**	**28**	**9,690,232**	**29**	**100**
1. General capital revaluation adjustments	9,690,225	28	9,690,225	29	100
2. Special capital revaluation adjustments	32	0	7	0	457

Intereuropa's equity, which stood at SIT 7,902,413,000 before the increase, was on the basis of the General Meeting of Shareholders' resolution on the acquisition of STTC d.d., Maribor, passed on 4 July 2003, increased by SIT 108,964,000 nominally to SIT 8,011,377,000. The acquisition by the acquiring company Intereuropa d.d. and the increase in equity were registered in the Companies Register on 28 November 2003.

The company issued 54,482 freely transferable, preference, registered shares (each worth SIT 2,000.00 nominally) with total value equalling the amount of the equity increase, i.e. SIT 108,964,000.

As at 31 December 2003 the equity of Intereuropa d.d. was divided into 7,902,413 ordinary, freely transferable registered shares with a nominal value of SIT 1,000 each and 54,482 freely transferable, preference, registered shares with a nominal value of SIT 2,000 per share. All shares have been paid up in full.

Ordinary shares are shares which grant the holder:

- the right to participate in the management of the company,
- the right to part of the profit (dividends),
- the right to a corresponding part of the remaining assets after the liquidation or bankruptcy of the company.

Preference shares are shares which grant the holder:

- the right to part of the profit in the form of a fixed dividend equalling 0.88% of the share nominal value and
- priority payment upon the liquidation of the company.

Preference shares carry no voting rights.

Ordinary shares have been quoted on the Ljubljana Stock Exchange since 12 January 1998, with the code IEKG. Preference shares are not traded on the organised securities market.
As at 31 December 2003 ordinary share price was SIT 5,384.46, whereas the respective figure in 2002 was SIT 5,246.02. The book value of an ordinary share as at 31 December 2003 and 31 December 2002 stood at SIT 4,368.24 and SIT 4,232.56 respectively.

As at 31 December 2003 the company had SIT 389,892,000 of unused authorised capital.

The company has no redeemed own shares and its shares are not held by other Group members.

General capital revaluation (in accordance with SAS 8.28) was not applied, since in 2002 the euro-tolar exchange rate improved in favour of the euro by less than 5.5%. In accordance with SAS 8.40, the company must separately disclose two types of profit or loss accounts: on the basis of general revaluation for maintaining the capital purchasing power in euros and on the basis of the increase in consumer price index.

Considering the general capital revaluation for maintaining the capital purchasing power in euros, net profit generated would be SIT 881,346,000 lower, whereas, if the increase in consumer price index was taken into account, net profit would decrease by SIT 1,520,113,000. Movement in the company's capital is shown also in the capital flow statement.

Provisions

As at the balance sheet date provisions amounted to SIT **3,823,683,000**, consisting of:

- Long-term provisions from financial lease in the amount of SIT **3,317,000**.
- Long-term provisions totalling SIT **832.775,000**, established in 2001, from the sale of the first portion of Si.Mobil d.d. shares and issued guarantee as well as long-term provisions amounting to SIT **455,709,000** formed in 2002 on the basis of the signed annex to the guarantee agreement related to the sale of Si.Mobil shares. Based on this agreement and an annex thereto, Nova Ljubljanska banka d.d., Ljubljana, issued a guarantee in the amount of EUR 18,676,000, to the benefit of the buyers of Si.Mobil shares, valid until 27 February 2006. As collateral for the issued bank guarantee Intereuropa d.d. pledged a cash deposit equalling 40% of the proceeds. Expenses arising from the issued guarantee are borne by the buyer of Si.mobil shares. The guarantee was issued because of legal action started by Digitel to revoke the concession of Si.mobil d.d. No events took place until the end of 2003 that would require an adjustment of the above-mentioned established provisions. The legal action started by Digitel has not yet been concluded.
- Long-term provisions in the amount of SIT **346,137,000** for negative goodwill in 2001 resulting from the acquisition of STC d.d., Celje, which will over the following two years be transferred to other operating revenues at a 20% annual rate.
- Long-term provisions of SIT **1,419,195,000** for negative goodwill in 2003 resulting from the acquisition of STTC d.d., Maribor, which will over the following four years be transferred to other operating revenues at a 20% annual rate (the first fifth was posted to operating revenues already in 2003).
- Long-term provisions totalling SIT **12,434,000** established in 2002 for the retraining of redundant staff in view of Slovenia's accession to the European Union. The abovementioned long-term provisions are drawn in the business year 2004.
- Long-term provisions equalling SIT **724,928,000** formed in 2002 for severance pay for redundant staff in view of Slovenia's accession to the European Union. The above stated long-term provisions are drawn in the business year 2004.
- Other long-term provisions in the amount of SIT **29,188,000**.

As at 31 December 2003 the value of total long-term provisions equalled the current value of expenses estimated to be needed for covering forecasted future liabilities.

Financial and operating liabilities

Financial and operating liabilities are initially carried at amounts recorded in the relevant documents, under the assumption that these amounts will be repaid. Liabilities expressed in foreign currencies are calculated into tolars as at the balance sheet date.

Financial and operating liabilities represent external sources of funds and as at the balance sheet date accounted for 19% of total liabilities. These liabilities are not collateralised by material collateral (pledge, mortgage).

Long-term financial and operating liabilities

Long-term financial liabilities to banks in the amount of SIT 954,173,000 arise from long-term loans granted by banks to be repaid in 3 to 5 years following the balance sheet date. Interest rate on foreign-currency loans is linked to the floating interest rate EURIBOR, plus the average fixed margin of 0.79%, whereas the floating interest rate TOM is applied to tolar loans, which represent only 6.4% of total long-term financial liabilities to banks. The granted loans were collateralised by bills of exchange. By borrowing in tolars and foreign currencies and by applying different types of interest rates, the company decreases both interest rate and foreign exchange risk.

Long-term operating liabilities to suppliers amounted to SIT 77,809,000 and represent a long-term liability falling due in 2005 for intangible fixed assets. Long-term operating liabilities are not collateralised.

Short-term financial and operating liabilities

Short-term financial liabilities to banks amounting to SIT 1,849,806,000 are mostly comprised of short-term credit lines with domestic banks, subject to fixed interest rate. They are used for maintaining current liquidity. A smaller portion of these liabilities is accounted for by the short-term part of long-term loans.

Short-term operating liabilities arising from advance payments, totalling SIT 30,659,000, arise from advance payments received from customers.

Short-term operating liabilities to suppliers in the amount of SIT 5,195,604,000 represent the bulk (63.6%) of total short-term financial and operating liabilities. Customs liabilities backed by a bank guarantee equal 57.7% of short-term operating liabilities to suppliers. Payment collateralisation instruments are not provided to other suppliers, which can be attributed to good credit rating of the company. Compared to 31 December 2002 short-term operating liabilities increased by 19.1%. This increase was partly caused by the fact that liabilities falling due in the beginning of January 2003 were repaid in December 2002, and were thus lower as at 31 December 2002. The other reason for the increase is the acquisition of STTC d.d., Maribor, which took place during the year. If the respective figure as at the last day of 2002 is increased by short-term operating liabilities of the company acquired during the year, the rise in liabilities is much smaller, i.e. 12.8%.

Short-term operating liabilities to Group members total SIT 183,832,000.

Other short-term financial liabilities amount to SIT 237,253,000. These liabilities include an uncollateralised short-term loan by a business partner, which is related to business co-operation.

Other short-term operating liabilities equal SIT 675,516,000. Among these are liabilities to employees arising from wages and salaries, contributions, taxes and other liabilities (arising from grants, interest, etc.).

Accruals

Accruals comprise short-term deferred revenues and accrued expenses. In comparison with 31 December 2002 accruals decreased by 44% or SIT 865,290,000, primarily because SIT 484,289,000 of short-term deferrals from last year went for severance pay and retraining of redundant staff in view of the forthcoming accession of Slovenia to the European Union. The part of deferrals that was not used, i.e. SIT 7,286,000, was re-posted to other operating revenues. Other accrued expenses and deferred revenues were lower as well.

Off-balance-sheet liabilities

In accordance with Chapter VII of the Companies Act, all liabilities arising from guarantees and other types of sureties which are not posted to balance-sheet liabilities are disclosed under contingent off-balance-sheet liabilities. Compared to the last day of 2002 off-balance-sheet liabilities were 26% or SIT 9,623,772,000 higher, accounting for 19.7% of balance sheet total.

In addition to off-balance-sheet liabilities to the Development Corporation of Slovenia, totalling SIT 90,847,000, and other off-balance-sheet investments in the amount of SIT 118,000,000, the following is recognised in the off-balance-sheet:

- contingent liabilities arising from bank guarantees in the amount of SIT 5,374,639,000, contingent liabilities arising from sureties issued to other companies totalling SIT 559,591,000 and
- contingent liabilities arising from sureties issued to subsidiaries, equalling SIT 3,598,577,000.

Short- and long-term contingent liabilities account for SIT 319,015,000 and SIT 9,304,757,000 of total contingent liabilities respectively.

Fundamental indicators

	Category	2003	2002	Ind. 03/02
1.	Assets=liabilities (in thousands of SIT)	48,741,419	45,692,042	107
2.	Net profit for the year (in thousands of SIT)	2,863,578	4,928,081	58
3.	Fixed assets (in thousands of SIT)	23,204,127	19,726,960	118
4.	Revenues (in thousands of SIT)	32,479,599	38,127,048	85
5.	Expenses (in thousands of SIT)	29,069,624	31,534,789	92
6.	Long-term financial investments (in thousands of SIT)	13,968,044	15,012,784	93
7.	Long-term operating investments (in thousands of SIT)	21,928	33,075	66
8.	Capital (in thousands of SIT)	34,628,583	33,447,468	104
9.	Average capital (excluding net operating profit/loss for the year) - calculated on the basis of the opening and closing balances (in thousands of SIT)	32,606,237	27,971,208	117
10.	Dividends total in the business year (in thousands of SIT)	1,738,531	1,580,483	110
11.	Average equity - calculated on the basis of the opening and closing balances (in thousands of SIT)	7,956,895	7,556,557	105
12.	Long-term debts (in thousands of SIT)	1,036,461	298,070	348
13.	Long-term provisions (in thousands of SIT)	3,823,683	2,551,039	150
14.	Number of ordinary shares + number of preference shares (as at the balance sheet cut-off date)*	8,011,377	7,902,413	101
15.	Average number of ordinary shares	7,902,413	7,556,557	105
16.	Liquid assets (bank balances, cheques, cash, short-term financial investments)	3,047,515	2,362,223	129
17.	Short-term liabilities	8,172,670	7,450,153	110
18.	Short-term receivables	7,681,414	8,277,588	93
19.	Short-term assets	10,761,756	10,685,798	101
20.	Operating revenues	30,467,803	31,153,031	98
21.	Operating expenses	28,647,457	30,818,568	93
22.	Net profit arising from ordinary shares for the business year	2,862,619	4,928,081	58
22a.	Net profit arising from preference shares for the business year	959	–	–
	Fundamental financing ratios			
23.	Participation rate of capital (8/1)	0.71	0.73	97
24.	Participation rate of long-term financing ((8+12+13)/1)	0.81	0.79	103
	Fundamental investment ratios			
25.	Participation rate of fixed operating assets (3/1)	0.48	0.43	112
26.	Participation rate of long-term investments ((3+6+7)/1)	0.76	0.76	100
	Fundamental ratios of horizontal financial structure			
27.	Capital to fixed operating assets ratio (8/3)	1.49	1.70	88

	Category	2003	2002	Ind. 03/02
28.	Immediate solvency ratio (Acid test ratio) (16/17)	0.37	0.32	116
29.	Quick ratio ((16+18)/17)	1.31	1.43	92
30.	Current ratio (19/17)	1.32	1.43	92
	Fundamental ratios of operating efficiency			
31.	Operating efficiency ratio (20/21)	1.06	1.01	105
32.	Total efficiency ratio (4/5)	1.12	1.21	93
	Fundamental profitability ratios			
33.	Return on equity (2/9*100, in %)	8.78	17.62	50
34.	Dividend to equity ratio (10/11)	0.22	0.21	105
35.	Basic net earnings per ordinary share ratio (22/15*1000, in SIT))	362,25	652,16	56
	Share book value			
36.	Ordinary share book value in SIT	4,368,24	4,232,56	103
36a.	Preference share book value in SIT	2,000,00	–	–

*preference shares only in the business year of 2003

Profit and loss account of the parent company Intereuropa d.d.

Profit and loss account of the company is compiled taking into account the form of variation I.

Net sales revenues

Net sales revenues totalling SIT 29,683,921,000 represent sales proceeds from services supplied and are recognised in their entirety when sales occur.

A total of SIT 18,244,604,000 in net sales revenues was generated in the domestic market and SIT 11,439,317,000 in foreign markets.

Net sales revenues by business area (business segments)

in thousands of SIT

	Business area	Year 2003	Str.	Plan 2003	Str.	Year 2002	Str.	Ind. 03/plan	Ind. 03/02
1	Land transport	9,784,132	33%	9,397,606	33%	10,626,814	35%	104	92
2	Terminal services	2,272,485	8%	2,073,716	7%	2,156,165	7%	110	105
3	Customs services	5,694,659	19%	5,253,682	19%	6,314,484	21%	108	90
4	Sea freight	8,605,536	29%	8,536,781	30%	8,624,661	28%	101	100
5	Air freight	1,804,518	6%	1,627,160	6%	1,694,130	6%	111	107
6	Other services	1,522,592	5%	1,462,758	5%	1,386,106	5%	104	110
	Total	**29,683,921**	**100%**	**28,351,702**	**100%**	**30,802,360**	**100%**	**105**	**96**

The 2003 plan was exceeded, whereas the 2002 level was not maintained. The majority of net sales revenues were generated by the following business areas: sea freight, customs services and land transport.

Re-posted paid customs debt represents an important item (charged to the credit of third parties). It is not a part of revenues, but rather shown as a suspense item, but it nevertheless significantly affects the amount of receivables (the table is given under the explanation of short-term operating receivables).

Other operating revenues (including operating revenues from revaluation) represent the selling value surplus from sold tangible fixed assets, exceeding their residual value by SIT 247,633,000, and revenues arising from the cancellation of long-term provisions in the amount of SIT 527,867,000 for negative goodwill resulting from the acquisition of STC d.d., Celje (SIT 173,068,000) and STTC d.d., Maribor (SIT 354,799,000), as well as other operating revenues from revaluation (SIT 8,382,000).

Profit and loss account of the parent company for the period between 1 January 2003 and 31 December 2003

in thousands of SIT

	Items	Year 2003	Year 2002	Ind. 03/02
1	**Net sales revenues**	**29.683.921**	**30.802.360**	**96**
2	Capitalised own products and own services			
3	Other operating revenues (including operating revenues from revaluation)	783.882	350.671	224
4	**Cost of goods, material and services (a+b+c)**	**20.941.002**	**21.576.067**	**97**
a	Historical cost of sold goods and materials			
b	Used material costs	512.341	1.042.842	49
c	Cost of services	20.428.661	20.533.225	99
5	**Labour costs (a+b+c)**	**5.654.758**	**6.445.304**	**88**
a	Wages and salaries	3.892.101	4.053.751	96
b	Social security costs	656.202	683.416	96
c	Other labour costs	1.106.455	1.708.137	65
6	**Depreciation and amortisation (a+b)**	**1.846.962**	**1.848.310**	**100**
a	Depreciation and operating expenses from revaluation of intangible and tangible fixed assets	1.610.528	1.737.675	93
b	Operating expenses from revaluation of current assets	236.434	110.635	214
7	**Other operating expenses**	**204.735**	**948.887**	**22**
8	**Financial revenues from stakes (a+b+c)**	**1.381.841**	**6.262.949**	**22**
a	Financial revenues from stakes in Group members, excluding associated companies	908.392	939.305	97
b	b) Financial revenues from stakes in associated companies			
c	Other financial revenues from stakes (including financial revenues from revaluation)	473.449	5.323.644	9
9	**Financial revenues from long-term receivables (a+b+c)**	**36.552**	**30.272**	**121**
a	Financial revenues from long-term receivables due from Group members, excluding associated companies			
b	Financial revenues from long-term receivables due from associated companies			
c	Other financial revenues from long-term receivables (including financial revenues from revaluation)	36.552	30.272	121
10	**Financial revenues from short-term receivables (a+b+c)**	**585.262**	**666.767**	**88**
a	Interest revenues and financial revenues from short-term receivables due from Group members, excluding associated companies	30.184	27.704	109
b	Interest revenue and financial revenues from short-term receivables due from associated companies			
c	Other interest revenues and financial revenues from short-term receivables (including financial revenues from revaluation)	555.078	639.063	87
11	**Financial expenses arising from long-term and short-term financial investment write-offs**	**311.256**	**109.029**	**285**
a	Financial expenses from revaluation of investments in Group members, excluding associated companies	311.095	64.318	484
b	Financial expenses from revaluation of investments in associated companies			
c	Other financial expenses from revaluation	161	44.711	0
12	**Financial expenses arising from interest and other liabilities (a+b+c)**	**104.538**	**594.588**	**18**
a	Financial expenses arising from interest and other liabilities to Group members, excluding associated companies	302	11.408	3
b				
c	Other financial expenses arising from interest and other liabilities	104.236	583.180	18
13	**Profit or loss from ordinary activities (1+3-4-5-6-7+8+9+10-11-12)**	**3.408.207**	**6.590.834**	**52**
14	Income tax on profit from ordinary activities			
15	**Net operating profit or loss from ordinary activities (13-14)**	**3.408.207**	**6.590.834**	**52**

in thousands of SIT

	Items	Year 2003	Year 2002	Ind. 03/02
16	Extraordinary revenues	8.141	14.029	58
17	Extraordinary expenses (a+b)	6.373	12.604	51
	a) Extraordinary expenses excluding capital revaluation adjustment	6.373	12.604	51
	b) Extraordinary expenses arising from capital revaluation adjustment			
18	Operating profit or loss from extraordinary activities (16-17)	1.768	1.425	124
19	Corporate income tax	546.397	1.664.178	33
20	**Net operating profit or loss for the period (15+16-17-19)**	**2.863.578**	**4.928.081**	**58**

Costs by functional group (addendum to the profit and loss account of the parent company, Intereuropa d.d.)

Purchase price of goods sold	0	0 %
Production costs of services sold	24.203.565	84 %
Sales costs	1.095.666	4 %
General and administrative costs	3.348.225	12 %
Total	**28.647.457**	**100 %**

Costs of goods, material and services

This item includes the costs of materials used and costs of services, which represent 71% of expenses. They decreased by 3% mainly due to decreased expenses of fuel used for trucks in the Transport branch, which stared its operation as a subsidiary of the Group in July 2002.

Costs of services represent the largest part of costs of goods, material and services -- although they decreased compared to the previous year, their participation improved on account of direct operating costs, which represents 89% of total costs of services.

Labour costs

Labour costs amount to SIT 5,654,758, which is 12% less than in 2002, mainly due to the transformation of the Transport branch into a company in July 2002 and utilisation of short-term deferred expenses for severance pays and retraining of redundant staff in view of Slovenia's accession to the European Union. They represent 20% of all expenses.

The first alignment of basic wages and salaries and the basis for their determination in 2003 was made as at 1 December 2002, namely by 2%, the second alignment (by 3.2%) was made as at 1 August 2003 and the last one (by 1%) as at 1 December 2003.

Costs of wages and salaries amounting to SIT 3,892,101,000, are distributed as follows:
- wages and salaries for employees in their gross amount and
- wages and salaries payable to employees pursuant to the collective agreement and employment agreements for periods when they are not working, in gross amounts debiting the company (net salaries + taxes and social security contributions).

Social security costs in the amount of SIT 656,202,000 represent the Company's contributions to social security, payable by the Company from gross salaries and wages (employer's social security contributions).

Other labour costs, amounting to SIT 1,106,455,000, are distributed as follows:
- non-cash contributions, gifts and rewards to employees, reimbursed costs, not directly connected to business;
- tax on wages paid;
- severance pay;
- long-service awards
- holiday allowances; and
- reimbursements to employees (travel to and from work, allowances for meals during working hours and other allowances).

Receipts of the members of the Management, the Supervisory Board and employees employed under service contracts in 2003

in thousands of SIT

	Receipts in 2003 (excluding participation)	Participation	Total
1. Members of the Management Board	153,942	32,431	186,373
2. Employed under service contracts, for whom the tariff section* does not apply	468,069		468,069
3. Members of the Supervisory Board	4,342	20,072	24,414
Total (1+2+3)	626,353	52,503	678,856

* of individual contracts

Employees are entitled to receive benefits during their service or after termination of their service. During their employment they are as follows: wages and salaries, substitutes for wages and salaries as well as similar items, including participation in expanded profit; post-employment benefits are primarily termination benefits and retirement benefits.

Depreciation and amortisation

Depreciation and amortisation represent depreciation of intangible and tangible fixed assets in the amount of 1,610,528,000 and operating expenses from revaluation of current assets in the amount of SIT 236,434,000. We have managed to maintain the level of the previous year. Within this item, operating expenses from revaluation of current assets increased on the account of depreciation of intangible and tangible fixed assets.

in thousands of SIT

	2003	Str.	2002	Str.	Ind. 03/02
Depreciation and amortisation	1,846,962	100	1,848,310	100	100
Depreciation and operating expenses from revaluation of intangible and tangible fixed assets	1,610,528	87	1,737,675	94	93
Operating expenses from revaluation of current assets	236,434	13	110,635	6	214

The criteria for applying revaluation adjustments to receivables are the same as in the comparable year (operating expenses from revaluation of current assets represent value adjustments of receivables and receivables write-offs).

Value adjustments for receivables due from customers are made on the basis of previous experiences related to their repayments; adjustments are made on the basis of payments higher than SIT 300,000 made prior to 15 January for the previous business year in accordance with the Rules on the Consolidation of the Intereuropa Group.

Other operating expenses

The largest portion of other operating expenses (60%) represent contributions paid for the city's land (new decisions and acquisitions). Compared to the previous year, a decline is noted due to last year's formation of deferred costs for severance pay and retraining of redundant staff in view of Slovenia's accession to the European Union. The remaining portion of other operating expenses comprise various duties that do not depend on the operating profit or loss (contributions for wastewater, the Chamber of Commerce and Industry, various membership fees, scholarships and other costs).

Financial revenues from stakes

Financial revenues from stakes amount to SIT 1,381,841,000 and are substantially lower than last year due to realised net proceeds from the disposal of Banka Koper d.d. shares.

Financial revenues from stakes in Group members amount to SIT 908,392,000 and represent financial revenues from stakes evaluated by using the equity method. These revenues refer to a proportionate part of the net profits of subsidiaries received by the parent company.

The list of subsidiaries with pertaining net profits is presented in the table under "Stakes in Group members".

Other financial revenues from stakes (including financial revenues from revaluation) amounted to SIT 473,449,000. The largest portion of the said revenues (96 %) represent dividends and income from participation in profit.

Financial revenues from long-term receivables

Within this item, other financial revenues from long-term receivables in the amount of SIT 36,552,000 relating to financial revenues aimed at maintaining the value of long-term receivables from companies not included in the consolidated accounting statements are disclosed.

Financial revenues from short-term receivables

Amounting to SIT 585,262,000 refer to revenues from interest charged to customers, interest revenues from short- and long-term loans and deposits made, as well as exchange differences in short-term operating receivables.

Financial expenses arising from long-term and short-term financial investment write-offs

Financial expenses from revaluation of investments in Group members in the amount SIT 311,095,000 represent the relevant amount of net loss in subsidiary Intereuropa Transport d.o.o., which equals SIT 256,251,000 and subsidiary the Speka spol.r.o., Prague, which comes to SIT 54,844,000.
Other financial expenses from revaluation refer to the effect of the sale of the stake in GIZ Obrežje.

Financial expenses arising from interest and other liabilities

Financial expenses arising from interest and other liabilities amount to SIT 104,538,000. The said expenses mainly refer to expenses for interest paid, as well as financial expenses and exchange differences in short- and long-term liabilities.

Net operating profit or loss from ordinary activities

Operating profit from ordinary activities is a result of ordinary revenues and expenses and amounts to SIT 3,408,207,000. Compared to the previous year it is lower by 48% mainly due to capital profit arising from selling shares of Banka Koper d.d. in 2002. Operating profit amounted to SIT 1,820,346,000. The achieved profit or loss from ordinary activities is largely affected by financial activities, which represent 46.5% of it. After tax liabilities are deducted, the net operating profit or loss for the period amounts to SIT 2,863,578,000.

Corporate income tax

On the basis of Note 2 to the SAS 25 given by the Slovenian Institute of Auditors, the items 'tax on profit from ordinary activities' and 'tax on profit from other operations' were combined into the joint item 'income tax'.

Tax liability in 2003

in thousands of SIT

		2003	2002	Ind. 03/02
1.	Revenues harmonised with the Corporate Profit Tax Act	31,200,171	37,061,634	84
2.	Expenses harmonised with the Corporate Profit Tax Act	28,630,774	30,905,537	93
3.	**Tax base I (1-2)**	**2,569,397**	**6,156,097**	**42**
4.	Tax base increase	223,917	1,760,335	13
5.	Tax base reduction	0,00	0	–
6.	**Tax base II (3+4-5)**	**2,793,314**	**7,916,432**	**35**
7.	Tax relief	607,725	1,259,722	48
	of which: 30% of invested amount into tangible fixed assets (excluding cars) and intangible fixed assets	246,136		–
	of which: 10% of invested amount into equipment	38,475	413,751	9
8.	**Tax base III (6-7)**	**2,185,589**	**6,656,710**	**33**
9.	Income tax (8*25%)	546,397	1,664,178	33

Tax liability in 2003 amounted to SIT 546,397,000. Based on Article 207 of the Tax Procedure Act , the tax authority issued a Resolution no. 43100-205/2003-0295-14 as at 29 July 2003 approving a decrease in tax liability due to justified anticipation of changes in profit or loss account of the company in view of too high advance tax payment determined on the basis of tax account for 2002. Accordingly, the company paid tax liabilities in the amount of SIT 832,089,000 in 2003.

Tax liability of the business year 2003 depended on an increase of the tax base I and recognition of tax relief when calculating the tax base III.

Extraordinary revenues and expenses are not an item of material relevance, they mainly relate to insurance compensation and deductible franchises in compensation claims.

Net operating profit or loss for the period amounted to SIT 2,863,578,000.

Cash flow statement of the parent company

The cash flow statement is compiled on the basis of account variation II. It is compiled on the basis of cash and its equivalents, meaning that movements or changes in other items of assets or liabilities explain the reasons for changes in cash or its equivalents in the relevant year.

The item cash and cash equivalents comprises cash in hand, immediately redeemable securities and bank balances.

In 2003, surplus inflows from operations amount to SIT 1,408,303,000; together with the opening balance of cash, it comprises a base for investments and financing.

Cash flows from investments show a surplus of negative inflows in the amount of SIT -2,031,377,000 due to higher outflows.

Financing activities in 2003 are reflected in a surplus of inflows from financing in the amount of SIT 478,285,000.

The sum total of surplus inflows from operations, investments and financing gives the cash flow for the period, which amounts to SIT -144,789,000. Taking into the account the opening balance of cash and cash equivalents, the closing balance of cash and cash equivalents as at the balance sheet cut-off date equals SIT 223,271,000.

In order to align the inflows and outflows with revenues and expenses as much as possible the differences in items from the balance sheet as at 31 December 2002 and 31 December 2003 as well as profit and loss account for 2003 were taken into account so as to make the exclusion of the following values not related to the cash flow:

in thousands of SIT

Financial income from stakes in the group members - investment evaluation using the equity method	908,392
Financial expenses for write-offs of long-term and short-term financial investments	311,256
Revenues from used and cancelled provisions on account of negative goodwill arising from the acquisition of STC d.d. Celje, and STTC d.d., Maribor,	527,867
Operating expenses from revaluation of current assets	236,434
Depreciation of intangible long-term assets	69,960
Depreciation of tangible fixed assets	1,540,568
Other differences between cash disbursements and expenses	285,692

The influence exerted on the account of acquired assets and liabilities arising from the acquisition of the STTC d.d. Maribor was also excluded in the following amounts:

in thousands of SIT

Intangible fixed assets	6.677
Tangible fixed assets	4.540.506
Long-term financial investments	18.517
Operating receivables	237.756
Short-term financial investments	66.766
Prepaid expenses	2
Long-term financial liabilities	70.000
Short-term financial liabilities	24.654
Short-term operating liabilities	139.297
Accruals	887

Additionally, the influence stemming from decreased long-term financial investments in STTC d.d. Maribor in the amount of SIT 2,861,392,000 and increased provisions arising from negative goodwill in the amount SIT 1,773,994,000 was excluded.

Cash flow statement of the parent company, Intereuropa d.d. in the period between 1 January 2003 and 31 December 2003

Name of the company: the INTEREUROPA d.d.
Head office: Vojkovo nabrežje 32, 6000 Koper

in thousands of SIT

		Year 2003	Year 2002
A.	Cash flows from operations		
a)	**Inflows from operations**	**30,301,422**	**31,416,822**
	Operating revenues	29,939,936	31,153,031
	Extraordinary revenues from operations	8,141	14,029
	Opening less closing operating receivables	894,335	94,303
	Opening less closing short-term prepaid expenses	–540,990	155,459
b)	**Outflows from operations**	**28,893,119**	**29,227,507**
	Operating expenses excluding depreciation and long-term provisions	26,800,495	27,741,321
	Extraordinary expenses for operations	6,373	12,604
	Income tax and other taxes not included in operating expenses	832,089	1,664,178
	Closing less opening inventories	–2,013	487
	Opening less closing operating liabilities	389,998	306,314
	Opening less closing short-term accrued liabilities	866,177	–497,397
c)	**Surplus inflows from operations (a less b)**	**1,408,303**	**2,189,315**
B.	Cash flows from investments		
a)	**Inflows from investments**	**473,449**	**5,162,993**
	Financial revenues from investments (excluding revaluation)	473,449	5,162,993
	Extraordinary revenues from investments		
	Offset decrease in intangible fixed assets (excluding revaluation)		
	Offset decrease in tangible fixed assets (excluding revaluation and material equity stakes)		
	Offset decrease in long-term financial investments (excluding revaluation)		
	Offset decrease in short-term financial investments		
b)	**Outflows from investments**	**2,504,826**	**3,051,569**
	Financial expenses from investment activities (excluding revaluation)		6,886
	Extraordinary expenses from investment activities		
	Offset increase in intangible fixed assets (excluding revaluation)	170,568	98,488

in thousands of SIT

		Year 2003	Year 2002
	Offset increase in tangible fixed assets (excluding revaluation and material equity stakes)	369,944	833,632
	Offset increase in long-term financial investments (excluding revaluation)	1,200,999	1,907,182
	Offset increase in short-term financial investments (excluding revaluation)	763,315	205,381
c)	**Surplus inflows from investments (a less b)**	**–2,031,377**	**2,111,424**
C.	**Cash flows from financing**		
a)	**Inflows from financing**	**2,374,283**	**622,188**
	Financial revenues from financing activities (excluding revaluation)	621,814	622,188
	Extraordinary revenues from financing activities		
	Equity increase (excluding net profit)	108,997	
	Offset increase in long-term provisions (excluding revaluation)	26,517	
	Offset increase in long-term financial liabilities (excluding revaluation)	590,582	
	Offset increase in short-term financial liabilities (excluding revaluation)	1,026,373	
b)	**Outflows from financing**	**1,895,998**	**5,019,396**
	Financial expenses from financing activities (excluding revaluation)	104,538	138,879
	Extraordinary expenses from financing activities		
	Equity decrease (excluding net losses for the period)	1,791,460	1,635,029
	Offset decrease in long-term provisions (excluding revaluation)		178,492
	Offset decrease in long-term financial liabilities (excluding revaluation)		311,424
	Offset decrease in short-term financial liabilities (excluding revaluation)		2,755,572
	Decrease in liabilities to owners arising from profit sharing (dividends payable and other profit participations)		
c)	**Surplus inflows from financing activities (a less b) or Surplus outflows from financing activities (b less a)**	**478,285**	**–4,397,208**
Č.	**Closing balance of cash and cash equivalents**	**223,271**	**368,060**
	x) Cash flow for the period (sum total of surpluses under Ac, Bc and Cc)	**–144,789**	**–96,469**
	+		
	y) Opening balance of cash and cash equivalents	**368,060**	**464,529**

Capital flow statement of the parent company

Capital flow in 2002 is evident from the table below, whilst individual items are described under the capital in the context of the balance sheet.

Items	Equity	Capital reserves	Legal reserves	Net profit brought forward
	I/1	II	III/1	VI/1
Opening balance for the period (as at 1 January of the relevant period)	**7,210,700**		**2,659,005**	**7,863,098**
Capital increase				
e) Entry of net operating profit or loss for the period				
Entry of additional paid up capital	691,713			
Entry of the amount of special capital revaluation				
Other increases in capital elements		2,039,668		
Capital decrease				
Payment of dividends				–1,580,483
Other cancellation of capital elements				–54,546
Closing balance for the period	**7,902,413**	**2,039,668**	**2,659,005**	**6,228,069**
Balance sheet profit				**6,228,069**

The table below shows the movements of capital items in the business year 2003

	Items	Equity	Capital reserves	Legal reserves	Net profit brought forward
		I/1	II	III/1	VI/1
A.	**Balance as at 31 December 2002**	**7,902,413**	**2,039,668**	**2,659,005**	**6,228,069**
B.	**Capital increase**				
d)	Entry of net operating profit or loss for the period				
č)	Entry of additional paid up capital	108,964			
f)	Entry of the amount of special capital revaluation				
g)	Other increases in capital elements		4		
C.	**Capital restructuring**				
	Other reallocations of capital elements				4,928,081
Č.	**Capital decrease**				
a)	Payment of dividends				–1,738,531
d)	Other cancellation of capital elements				–52,925
D.	**Closing balance for the period**	**8,011,377**	**2,039,672**	**2,659,005**	**9,364,694**
	Balance sheet profit				**9,364,694**

(table continued)

in thousands of SIT

Net profit for the period	General capital revaluation adjustment	Special capital revaluation adjustments	Total capital
V/1	VI/1		
	9,690,225		**27,423,028**
4,928,081			4,928,081
			691,713
		7	7
			2,039,668
			0
			–1,580,483
			–54,546
4,928,081	**9,690,225**	**7**	**33,447,468**
4,928,081			**11,156,150**

(table continued)

in thousands of SIT

Net profit for the period	General capital revaluation adjustment	Special capital revaluation adjustments	Total capital
V/1	VI/1		
4,928,081	**9,690,225**	**7**	**33,447,468**
2,863,578			2,863,578
			108,964
		29	29
			4
–4,928,081			0
			–1,738,531
		–4	–52,929
2,863,578	**9,690,225**	**32**	**34,628,583**
2,863,578			**12,228,272**

In 2003, the capital of the Intereuropa group increased due to:

- net operating profit or loss of the relevant year in the amount of SIT 2,863,578,000;
- subscription of capital increase in the amount SIT 108,964,000 arising from 54,482 freely transferable, preference, registered shares issued (each worth SIT 2,000.00 nominally), which the company Intereuropa d.d. in exchange issued to the shareholders of the acquired STTC d.d. Maribor.
- increased capital reserves in the amount of SIT 4 million arising from payments exceeding the book value upon the disposal of temporarily redeemed own shares.
- an increase in special capital revaluation adjustment related to long-term investments in associated companies by SIT 29,000.

The closing balance as at balance sheet cut-off date was also influenced by capital decrease made on the basis of the Resolution adopted on 4 July 2003 at the General Meeting of Shareholders upon which the balance sheet profit in the amount of SIT 11,156,150 was allocated to the following:

- a portion of undistributed net profit from 2001 in the amount of SIT 1,738,531,000 to payments of dividends to shareholders in the gross amount of SIT 220 per share;
- a portion of undistributed net profit from 2001 in the amount of SIT 52,925,000 to the members of Management and Supervisory Boards for participation in thr company's profit;
- the remaining portion of the balance-sheet profit in the amount of SIT 9,364,693,000 remains undistributed and is an integral part of the company's net profit brought forward.

Balance sheet profit for the business year 2003

in thousands of SIT

	Categories	Amount in thousands of SIT
A	Net operating profit or loss for the business year	2,863,578
B	+ Net profit brought forward	9,364,694
C	+ Reduced reserves from profit	0
Č	Increased reserves from profit pursuant to the resolution of the Management Board	0
D	Increased reserves from profit pursuant to the resolution of the Management and the Supervisory Boards	0
E	**Balance sheet profit (a+b+c-č-d)**	**12,228,272**

Balance sheet profit amounted to SIT 12,228,272.

Business Network

Business units of the concern by country	Address	Postal code / post	Area code	Phone N°	Fax N°
Slovenia					
Intereuropa, Global Logistics Service, public limited company, Koper	Vojkovo nabrežje 32	6000 Koper	05	664 10 00	664 26 74
Management Board Division			05	664 12 90	664 12 73
Logistics and Strategic Marketing Division			05	664 15 20	664 15 35
Land Transport Division			05	664 17 02	664 17 07
Finance, Accounting, Internal Audit and Controlling Division			05	664 1373	664 13 21
Human Resources, Social and General Affair Div.			05	664 12 53	664 26 74
Branch Offices in Slovenia					
Avio Brnik Branch Office	**Brnik 130**	**4210 Brnik**	**04**	**206 28 00**	**206 28 21**
UPS Branch Office	**Brnik 130**	**4210 Brnik**	**04**	**281 12 00**	
Koper	Vojkovo nabrežje 32	6504 Koper	05	664 18 71	664 18 70
Celje	Kidričeva 36	3000 Celje	03	490 37 70	424 24 36
Maribor	Tržaška cesta 53	2000 Maribor	02	332 62 53	332 62 54
Novo mesto	Ljubljanska cesta 36	8104 Novo mesto	07	331 62 25	331 62 54
Celje Branch Office	**Kidričeva 38, p.p. 1039**	**3102 Celje**	**03**	**424 21 00**	
Velenje - outlet	Simona Blatnika 11	3220 Velenje	03	898 39 00	
Jesenice Branch Office	**Spodnji Plavž 6/b**	**4270 Jesenice**	**04**	**588 91 00**	**588 91 09**
Hrušica 216 - Karavanke outlet	Karavanke Tunnel	4276 Hrušica	04	587 10 22	587 13 52
Rosenbach-Podrožca /Avstrija/	Karavanke Tunnel	4276 Hrušica	04	587 13 21	587 10 33
Kranj - outlet	Gorenjesavska 4	4000 Kranj	04	280 17 10	280 17 29
Tržič - Ljubelj agency	Ljubelj border crossing	4290 Tržič	04	596 35 95	596 33 30
Škofja Loka - agency	Kidričeva 75	4220 Škofja Loka	04	513 29 10	513 19 99
Koper Branch Office	**Vojkovo nabrežje 32**	**6000 Koper**	**05**	**664 10 00**	
Škofije - agency	Škofije border crossing	6281 Škofije	05	654 96 65	654 91 25
Kozina - Krvavi potok agency	Krvavi potok border cross.	6240 Kozina	05	680 11 45	680 20 62
Ljubljana Branch Office	**Letališka cesta 35**	**1001 Ljubljana**	**01**	**585 33 11**	
Ljubljana - Sejem agency	Dunajska 10	1116 Ljubljana	01	232 02 86	431 71 52
Spodnja Idrija - Idrija outlet	Spodnja Kanomlja 23b	5281 Sp. Idrija	05	377 61 01	377 61 48
Ribnica - agency	Kolodvorska 22	1310 Ribnica	01	836 12 82	836 10 31
Logatec - outlet	Za železnico 7	1371 Logatec	01	754 34 43	754 34 53
Novo mesto - outlet	Ljubljanska cesta 36	8104 Novo mesto	07	331 62 00	331 62 01
Maribor Branch Office	**Tržaška cesta 53**	**2001 Maribor**	**02**	**420 83 33**	**332 66 61**
Dravograd - outlet	Otiški vrh 25a	2373 Šentjanž pri Dravogradu	02	878 56 72	878 54 79
Dravograd - Vič agency	Vič border crossing	2370 Dravograd	02	878 31 32	878 31 35
Prevalje - izpostava	Pri postaji 11	2391 Prevalje	02	824 08 56	823 30 00
Šentilj v Slovenskih goricah - Šentilj agency	Šentilj border crossing	2212 Šentilj v Slov. Gor.	02	651 00 41	651 40 01
Gornja Radgona - agency	Kerenčičeva 5	9250 Gornja Radgona	02	561 10 34	562 19 39
Murska Sobota - outlet	Nemčavci 1d	9000 Murska Sobota	02	521 11 75	522 19 26
Lendava - outlet	Kolodvorska 28	9220 Lendava	02	577 13 27	577 13 28
Lendava - Dolga vas agency	Dolga vas border cross.	9220 Lendava	02	578 11 30	578 10 85
Ptuj - agency	Rogozniška 33	2250 Ptuj	02	778 53 01	778 55 31
Sežana Branch Office	**Partizanska 93**	**6210 Sežana**	**05**	**707 01 10**	**707 01 88**
Nova Gorica - outlet	International border crossing Vrtojba 2/b	5290 Šempeter pri Gorici			
Ajdovščina - agency	Tovarniška 4 c	5270 Ajdovščina	05	366 23 33	366 26 07
Border Clearance Branch Office	**Obrežje border crossing**	**8261 Jesenice na Dolenjskem**	**07**	**495 73 65**	**495 73 66**

Business units of the concern by country	Address	Postal code / post	Area code	Phone N°	Fax N°
Gruškovje - outlet	Gruškovje border cross.	2286 Podlehnik	02	768 22 81	768 22 91
Središče ob Dravi - outlet	Središče ob Dravi border crossing	2277 Središče ob Dravi	02	719 11 04	719 11 51
Zavrč - agency	Zavrč border crossing	2283 Zavrč	02	761 23 11	761 23 21
Dobovec - agency	Dobovec border crossing	3252 Rogatec	03	582 65 15	582 65 15
Metlika - agency	Metlika border crossing	8330 Metlika	07	305 85 79	305 85 97
Metlika - agency	Kolodvorska 2	8330 Metlika	07	305 95 37	305 95 33
Jelšane - outlet	Jelšane border crossing	6254 Jelšane	05	788 50 98	788 51 50
Starod	Starod border crossing	6244 Podgrad	05	783 56 14	783 54 14
Babno polje	Babno polje border crossing	1386 Stari trg pri Ložu	01	705 78 89	
Dragonja - agency	Dragonja border crossing	6333 Dragonja	05	672 24 93	672 24 94
Sočerga	Sočerga border crossing	6272 Gračišče	05	657 10 10	657 13 75
Subsidiaries in Slovenia					
Interagent, pomorska agencija d.o.o., Koper	**Vojkovo nabrežje 30**	**6000 Koper**	**05**	**664 10 00**	
Interzav, organizacija za opravljanje zavarovalnih poslov, d.o.o. Koper	**Vojkovo nabrežje 32**	**6000 Koper**	**05**	**664 10 00**	**664 17 25**
Intereuropa Transport, mednarodni cestni transport d.o.o., Koper	**Vojkovo nabrežje 32**	**6000 Koper**	**05**	**664 10 00**	**664 26 74**
Ljubljana - outlet	Letališka cesta 35	1000 Ljubljana	01	585 33 11	
Celje - outlet	Kidričeva 38	3000 Celje	03	541 98 54	541 98 53
Maribor - outlet	Tržaška cesta 51	2000 Maribor	02	331 61 77	331 74 55
Intereuropa IT, Informacijska tehnologija, d.o.o., Koper	**Vojkovo nabrežje 32**	**6000 Koper**	**05**	**664 13 01**	**664 12 39**
Subsidiaries in other countries					
Croatia					
Intereuropa Sajam, međunarodno otpremništvo, d.o.o., Zagreb	**Avenija Dubrovnik 15**	**10020 Zagreb**	**++385 1**	**65-20-470**	**65-20-078**
UPS Branch Office Zagreb	Avenija Dubrovnik 15				
Rijeka- Branch Office	Nikole Tesle 9	51000 Rijeka	++385 51	336-246	213-429
Umag - agency	Ernesta Miloša 25	52470 Umag	++385 52	752-643	752-643
Intereuropa, Logistic Services, limited liability company, Zagreb	**Josipa Lončara 3**	**10000 Zagreb**			
Zagreb agency	Josipa Lončara 3	10090 Zagreb	++385 1	37 80 555	
Zagreb - Žitnjak profit centre	Slavonska avenija bb	10000 Zagreb	++385 1	24 04 398	24 04 399
Zagreb - Jankomir profit centre	Jankomir 25	10000 Zagreb	++385 1	34 96 560	34 96 561
Zagreb - Zapadni kolodvor profit centre	Vodovodna 20 a	10000 Zagreb	++385 1	36 43 560	36 43 560
Zagreb - Ranžirni kolodvor profit centre	Jakuševačka cesta bb i Pošta	10000 Zagreb	++385 1	66 07 885	66 07 885
Zagreb - Josipa Lončara profit centre	Josipa Lončara 3	10000 Zagreb	++385 1	39 00 733	
Zagreb - outlet	Josipa Lončara 3	10090 Zagreb			
Bregana agency	Autoput bb	10432 Bregana	++385 1	33 76 434	33 76 435
Pleso agency	Pleso bb, Pleso	10150 Pleso	++385 1	45 62 305	62 65 964
Karlovac outlet	Gundulićeva 8	47000 Karlovac	++385 47	61 37 26	61 37 25
Žakanje - Jurovski Brod profit centre	Jurovski Brod bb	47276 Žakanje	++385 47	75 79 27	75 79 27
Karolovac - Karlovac IPD profit centre	Gundulićeva 8	47000 Karlovac	++385 47	61 37 26	61 37 25
Plitvice - profit centre		Plitvice	++385 91	481 3385	
Macelj outlet	Macelj border crossing	49227 Macelj	++385 49	37 90 43	37 90 35
Krapina - Žutnica profit centre	Žutnica bb	49000 Krapina	++385 49	37 11 43	300 269
Kutina outlet	Metanska bb	44320 Kutina	++385 44	68 29 63	68 29 65
Nova Gradiška - Nova Gradiška profit centre	Matije Antuna Relkovićeva 13	35400 Nova Gradiška	++385 35	36 12 31	36 12 28

Business units of the concern by country	Address	Postal code / post	Area code	Phone N°	Fax N°
Sisak - Sisak profit centre	Rimska 29	44000 Sisak	++385 44	52 15 80	52 11 88
Varaždin Branch Office	Vilka Novaka 48c	42000 Varaždin	++385 42	30 56 00	
Ludbreg - office	Koprivnička bb	42230 Ludbreg	++385 42	30 67 33	81 93 32
Dubrava križovljanska - border crossing office	Cestica	42208 Cestica	++385 42	73 90 88	73 90 90
Čakovec outlet	Carinski odvojak bb	40000 Čakovec	++385 40	32 83 75	32 83 74
Goričan agency	Goričan border crossing	40324 Goričan	++385 40	60 80 18	60 80 19
Macinec - Trnovec profit centre	Macinec	40306 Macinec	++385 40	85 80 25	85 80 15
Čakovec warehouse - IPD profit centre		40000 Čakovec	++385 40	32 83 76	32 83 74
Koprivnica outlet	Ivana Česmičkog 9	48000 Koprivnica	++385 48	64 70 46	64 70 44
Bjelovar - Bjelovar profit centre	Vukovarska bb	43000 Bjelovar	++385 43	21 42 32	21 42 34
Virovitica - Vitrovitica profit centre	Vinkovačka cesta 14	33000 Virovitica	++385 33	72 56 62	72 56 63
Rijeka Branch Office	Dražice (Zamet) 123 b	51000 Rijeka			
Pula - Pula profit centre		52000 Pula	++385 52	39 38 50	39 38 51
Umag - Umag profit centre	Ernesta Miloša 25	52470 Umag	++385 52	75 26 43	75 26 43
Osijek Branch Office	Ulica Jablanova 33	31000 Osijek	++385 31	29 78 70	29 88 96
Belišće - profit centre	Trg A. Starčevića 1	31551 Belišće	++385 31	66 53 09	66 53 10
Donji Miholjac - profit centre	Donji Miholjac	31540 Donji Miholjac	++385 31	63 32 50	63 23 71
Slavonski Brod outlet	Dr. Mile Budaka 1	35000 Slavonski Brod	++385 35	44 45 49	44 47 44
Požega - Požega profit centre	Osječka 19a	34000 Požega	++385 34	27 48 59	27 48 56
Županja - Županja profit centre	Braće Radića bb	32270 Županja	++385 32	83 91 74	83 91 75
Split Branch Office	Put sjeverne luke bb	21000 Split	++385 21	50 86 88	50 86 99
Ploče - Ploče profit centre	Kralja Tomislava bb	20340 Ploče	++385 20	67 89 05	67 99 36
IPD Department Split	Put Duja bb	21000 Split	++385 21	50 88 32	50 88 32
Dubrovnik - Dubrovnik profit centre	Andrije Hebranga bb	20207 Dubrovnik	++385 20	31 34 97	31 34 98
Zadar outlet	Ante Starčevića 6c	23000 Zadar	++385 23	31 18 09	31 96 00
Bosnia and Herzegovina					
Intereuropa RTC, Međunarodna špedicija, skladištenje, pretovar i transport d.d. Sarajevo	**Ulica Halilovići br. 12**	**71000 Sarajevo**	**++387 33**	**46 81 53**	**46 81 53**
Orašje - agency	Carinski terminal bb	76270 Orašje	++387 31	71 39 95	71 39 95
Bihać - agency	Repušine bb	77000 Bihać	++387 37	33 10 74	33 10 74
Tuzla - agency	Mitra Trifunovića br. 122	75000 Tuzla	++387 35	39 73 66	39 74 66
Travnik - agency	Dolac na Lašvi bb	Travnik	++387 30	51 51 36	51 51 36
Mostar - agency	Bišće Polje bb	88000 Mostar	++387 36	57 64 09	57 74 81
Mostar - agency	Rodoč bb	88000 Mostar	++387 36	35 14 69	35 01 25
Macedonia					
Intereuropa Skopje, međunarodna špedicija, d.o.o., Skopje	**Ul. Industrijska 1**	**1000 Skopje**	**++389 2**	**246 55 20**	**246 55 92**
State Union of Serbia and Montenegro					
A.D. Interjug-AS, međunarodna špedicija, Belgrade	**29. novembra 68A**	**11000 Beograd**	**++381 11**	**329 09 49**	**754 448**
Surčin outlet	Belgrade Airport	11003 Surčin	++381 11	2286 255	2286 255
Surčin - Customs Warehouse	Dobanovački put bb	11003 Surčin	++381 11	8440 342	8440 342
Dobanovci - Customs Warehouse	Zemunska bb	11272 Dobanovci	++381 11	3109 102	3109 117
Dobanovci - Pick-Up Transport	Zemunska bb	11272 Dobanovci	++381 11	3109 131	3109 130
Dobanovci - Package Delivery	Zemunska bb	11272 Dobanovci	++381 11	3109 120	3109 130
Belgrade - Fair Outlet	Fair - Bulevar vojvode Mišića 14	11000 Beograd	++381 11	655 452	655 271
Belgrade - Transport Outlet	Lole Ribara 46	11000 Beograd	++381 11	3238 779	3234 283

Business units of the concern by country	Address	Postal code / post	Area code	Phone N°	Fax N°
Niš agency	Dimitrija Tucovića 45	18000 Niš	++381 18	365 200	++381 11 365 121
Niš Airport	Airport, Vazduhoplovaca bb	18000 Niš	++381 18	355 699	522 324
Šid agency	Railway station	22240 Šid	++381 22	715 149	715 149
Batrovci agency	Batrovci border crossing	22251 Batrovci	++381 22	733 297	733 297
Vranje - Preševo outlet	Vranje Railway station	17500 Vranje	++381 17	27 085	27 085
Vranje - Preševo outlet	Preševo border crossing	17527 Preševo	++381 17	666 111	666 112
Vranje - Preševo outlet	Terminal - Zavarivač	17523 Preševo	++381 17	660 416	660 416
Subotica agency	Segedinski put 80/5	24105 Subotica	++381 24	43 329	546 564
Kelebija agency	Terminal - border crossing	24104 Kelebija	++381 24	789 248	789 248
D.P. Interpan, međunarodna špedicija, Novi Sad	**Bulevar oslobođenja br. 92**	**21000 Novi Sad**	**++381 21**	**621 611**	**622 144**
Subotica - outlet	Cara Dušana br. 5	24000 Subotica	++381 24	556 070	556 229
Zrenjanin - outlet	Ruže Šulman br. 47	23101 Zrenjanin	++381 23	49 309	49 705
Kikinda - agency	Oslobođenja br. 9	23300 Kikinda	++381 230	22 750	23 815
Sombor - agency	Filipa Kljajića br. Bb	25101 Simbor	++381 25	23 963	26 496
Russia					
Intereuropa - East, d.o.o., Moscow	**Petrovski bulevar, dom 13, str. 1**	**103051 Moskva**	**++7095**	**200 38 89**	**200 62 56**
Czech Republic					
SPEKA, spol. s r.o., Prague	**V Chotejně 3**	**102 00 Prague 10 - Hostivař**	**++420**	**602 339 646**	**272 700 137**
France					
KP TRANS, d.d., Saint-Pierre-de-Chandieu	**Rue de l`Aigue - Z.A. Portes du Dauphine**	**69780 Saint-Pierre-de-Chandieu**	**++33 472**	**48 28 97**	**48 00 42**
Ukraine					
Transport Forwarding Company ZAHIDTRANSSERVIS, Ltd.	**Ulica Teljmana 111, Zakarpatska oblast**	**88015 Užgorod**	**++38 0312**	**61 96 60**	**61 96 55**
Austria					
Schneider & Peklar GmbH	**Bleibtreustraße 2**	**1110 Dunaj**	**++431**	**760 290**	**768 91 91**
Germany					
Intereuropa GmbH	**CargoCenter, Entrance C, Lütticher Str. 12**	**Troisdorf**	**++49 2241**	**922 440**	**922 44 15**

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