

INTEREUROPA GROUP

INTEREUROPA, Global Logistics Service, Ltd. Co.

*Unaudited Interim Report on
the operation of
INTEREUROPA GROUP,
January-June 2006*



Koper, August 2006

The Company INTEREUROPA d.d. is publishing this *Unaudited Interim Report on the Operation of Intereuropa Group from January to June 2006* in compliance with the Securities Market Act and Ljubljana Stock Exchange Rules.

The unaudited consolidated and non-consolidated financial statements have been prepared in accordance with the provisions of International Financial Reporting Standards (IFRS).

The full version of the Interim Report is available at the Company's registered office at Vojkovo nabrežje 32, 6504 Koper.

The unaudited financial statements, as well as the Interim Report and the Summary of the Interim Report, will also be published on the web site of Intereuropa d.d. www.intereuropa.si, on 30 August 2006.

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INTRODUCTION

In the first half-year 2006 the Intereuropa Group has fully achieved the plan by generating the net sales revenues of SIT 25.5 billion. Compared with the same period 2005, that means a 6.4% growth p.a.

Furthermore, the planned financial results were also fulfilled. With the net profit on the planned level, we were able to achieve the net return on equity of 4.7%.

The key achievements of this period:

- Net Sales Revenues **à** SIT 25.5 billion
- Net Profit **à** SIT 1.0 billion
- Net Return On Equity **à** 4.7 %

Most important events in the reporting period:

- With effect of 1 January 2006, Intereuropa d.d. has started to apply the International Financial Reporting Standards as adopted by the European Union in the corporate financial statements.
- On 17 January 2006, the new Managing Board of Intereuropa d.d. was appointed. Mr Andrej Lovšin, M.A., was appointed President, and Mr Zvezdan Markežič as Deputy President. On 20 June, Mrs Ondina Jonke was appointed Human Resources Executive, upon the proposal by the Works Council, as the third Member of the Managing Board.
- On 22 February, the new Managing Board presented the corporate vision and development strategy for the term 2006-2011, as well as the plans for the current year (2006); accordingly, the organizational changes were introduced to support a unified control and management of the business segments on the level of the Group.
- By the Stock Swap Agreement of 6 February between INFOND HOLDING finančna družba, d.d. and the Slovenian Restitution Fund “Slovenska odškodninska družba, d.d. (“SOD”), the latter acquired 474,926 shares of Intereuropa d.d.
- In March, activities for opening a daughter company in Montenegro and Kosovo were launched, aiming to consolidate the position of the Group in the markets of South-East Europe.
- In the Financial Days of Kapital 2006 (a Slovenian financial magazine) held on 12 and 13 April 2006 in Ljubljana, the Intereuropa Group presented itself to investors as one of the best Slovenian companies listed on the Ljubljana Stock Exchange.
- On 10 April Intereuropa Transport d.o.o. inaugurated 17 new trucks. The investment was worth EUR 2.1 million.
- On 12 April the Supervisory Board discussed at its 8th session and adopted the Audited Annual Report of the Intereuropa Group, and also adopted the MB’s proposal for the appropriation of accumulated profit.
- On 20 April 2006, the President of the Managing Board Andrej Lovšin M.A., bought 1,000 Intereuropa shares at the Ljubljana Stock Exchange, at the price of SIT 5,295.00 per share. After this transaction, his shareholding in the ownership structure represents 0.01%.
- On Saturday, 13 May, Intereuropa organized an event named the “First Intereuropa Managers’ Race or Trekking”.
- On 1 June we took part in the Slovenian Capital Market event in Frankfurt, intended to improve the recognizability of the best Slovenian companies for the foreign portfolio investors. This year,

the Ljubljana Stock Exchange plans two additional promotional events: Vienna in September, and London in December.

- On 5 June, the President of the Managing Board Andrej Lovšin M.A. bought 11,900 shares of Intereuropa d.d. at the price of SIT 5,875.00 per share, in total amount of SIT 69,912,500.00. After that transaction, he holds 12,900 IEKG shares which represents a shareholding of 0.163% in the equity structure of the Company.

Most important events after the closing of the accounting period:

- In the 15th Annual General Meeting of Intereuropa d.d. held on 7 July, the shareholders adopted the Annual Report 2005 and resolved on the appropriation of accumulated profit, adopted the changes and amendments to the Statute of the Company and the Rules of Procedure of the General Meeting, and appointed the audit firm for the year 2006.
- On 1 July, our daughter company Intereuropa Skopje acquired the status of authorised economic operator as the first freight forwarder in Macedonia, which means faster service on higher quality level for our customers.
- At the beginning of July, the company Intereuropa Kosova L.L.C. started operating, as the first Slovenian logistics operator in the market of Kosovo. The new logistical terminal measuring 1,800 qm comprises storage areas and offices, already occupied by qualified staff.
- On 3 July, the official opening ceremony for the Logistical Centre Logatec was held; the new facility is located at the important junction on the V and X transport corridor. The first phase of the new facility measuring 8,100 qm, the production facility for additional work with 1,100 qm and an office building with 1,070 qm, also offering outdoor storage surrounding the distribution centre, is one of the most advanced logistical facilities within the Intereuropa Group.
- On 6 July, Intereuropa signed a letter of intent on business cooperation with Luka Koper, Pošta Slovenije and Holding SŽ (Slovenian Railways). It relates to a project-based integration among the a.m. corporations, aiming to undertake an organized venture and a concerted action in the European and global market as providers of logistical services.

Consolidated Companies

As of 30 June 2006, the INTEREUROPA GROUP comprised the parent company INTEREUROPA d.d. and the following consolidated and associated companies:

Table: Consolidated companies of Intereuropa Group, and shareholding by the Parent Company as of 30 June 06

| | Consolidated companies | Stake |
|----|---|--------------|
| 1 | Intereuropa Transport d.o.o., Koper | 100,00 % |
| 2 | Interagent, d.o.o., Koper | 100,00 % |
| 3 | Intereuropa IT, d.o.o., Koper | 100,00 % |
| 4 | Interzav, d.o.o., Koper | 71,28 % |
| 5 | Intereuropa, Logističke usluge, d.o.o., Zagreb | 99,94 % |
| 6 | Intereuropa sajam, d.o.o., Zagreb | 51,00 % |
| 7 | Intereuropa Skopje, d.o.o., Skopje | 89,29 % |
| 8 | Intereuropa RTC, d.d., Sarajevo | 99,56 % |
| 9 | Intereuropa East d.o.o., Moscow (Russian Fed.) | 100,00 % |
| 10 | A.D.Interjug-AS, Beograd | 73,62 % |
| 11 | Intereuropa S.A.S., Saint Pierre de Chandieu | 66,67 % |
| 12 | TEK ZTS, Uzhgorod | 67,60 % |
| 13 | Schneider & Pekar GmbH, Wien /Vienna | 90,48 % |
| 14 | Intereuropa Transport & Spedition GmbH, Troisdorf | 100,00 % |
| 15 | Intereuropa Kosova L.L.C., Prishtina | 90,00% |

Table: Associated and controlled companies of the Intereuropa Group, and the shareholding by the Parent Company as of 30 June 06

| | Associated companies | Stake |
|---|----------------------------------|--------------|
| 1 | Adriaфин d.o.o., Koper | 24,28 % |
| 2 | AC-Interauto d.o.o., Koper | 40,00 % |
| | Controlled company | Stake |
| 3 | Intereuropa-FLG d.o.o. Ljubljana | 50,00% |

A. BUSINESS REPORT

1. OPERATING PERFORMANCE OF INTEREUROPA GROUP

1.1. Sales achievements

The Group's net sales revenues SIT 25.5 billion as planned in view of the reasonable nature of the sales, comply with the sales turnover for the first half-year. Thereby we have implemented 48.5% of the annual sales plan and surpassed the results achieved in the first half-year 2005 by 6.4%.

On the basis of the sales trends over the last three years, excluding one-off impacts, we developed a dynamic model of monitoring the implementation of the annual plan, in which the first half-year represents 48.3% of the annual plan and the second half-year 51.7%; this model was put into use in the current year. It is used to exclude the seasonal impact on the sales and clearly reflect the sales trends and achievements during the year.

The actual half-year sales turnover was SIT 110 million above the plan and exceeded the figure achieved a year ago by SIT 1.5 billion. All the business segments show growth cases compared with the preceding year.

Table: Net sales revenues of the Intereuropa Group according to business area and country, in million SIT

| | Business Area | Jan-Jun 2006 | Structure | Index 2006/plan | Index 2006/2005 |
|---|---------------------------|---------------|-------------|-----------------|-----------------|
| 1 | Continental services | 15.195 | 60% | 98 | 101 |
| 2 | Logistical solutions | 2.525 | 10% | 106 | 116 |
| 3 | Intercontinental services | 7.133 | 28% | 102 | 114 |
| 4 | Other services | 650 | 3% | 128 | 132 |
| | TOTAL | 25.502 | 100% | 100 | 106 |

| | Country | Jan-Jun 2006 | Structure | Index 2006/plan | Index 2006/2005 |
|---|-----------------|---------------|-------------|-----------------|-----------------|
| 1 | Slovenia | 17.658 | 69% | 102 | 106 |
| 2 | Croatia | 4.019 | 16% | 103 | 109 |
| 3 | Other countries | 3.825 | 15% | 91 | 108 |
| | TOTAL | 25.502 | 100% | 100 | 106 |

The **Continental Services** Division represents 60% of the sales in the Group. The sales results are 2% below the plan due to the products Groupage and Railway services that were underperforming. In Groupage Services, good results were achieved in Slovenia and in Croatia, whereas the overall performance was primarily affected by the non-achievement in the affiliate in Austria. In Railway services, the Intereuropa Group transferred a part of the sales of this product to the new company Intereuropa-FLG d.o.o., which is not consolidated. The fall-out of these sales was taken into account in the preparation of the annual plan, however, to a minor extent. Better results were recorded in the products Express Service and Customs Services, in particular in Slovenia and Croatia, where the extent of operations and turnover are rising, despite competition.

Logistical solutions were above the plan for net sales revenues by 6% and exceeded the last year's results by 16%. The highest rise in growth over the preceding year was recorded in Slovenia and Croatia, thanks to the highest aggregate investments in storage facilities over the last years. Now the Group has 183,000 square meters of warehouses in seven logistical centres, thereof four in Slovenia (Logatec, Ljubljana, Celje, Maribor), two in Croatia (Zagreb, Split) and one in Bosnia & Herzegovina (Sarajevo), in which we perform more and more complex logistical projects and services with higher added value for our new clients.

Intercontinental services exceeded the target by 2% and were also above the achievement of the year 2005. The same trend applies to the UPS and Air-Freight products, which have shown the highest growth over the preceding year and are presently expanding to the affiliates in the Balkans. Sea-freight remains slightly behind the targets, however, shows growth compared to a year ago. We aim to achieve the targets by the year-end by focusing on the transport routes of containerised cargo, expanding our business network and opening new companies in the region. Also the Shipping agency remains behind the targets, which can be attributed to unexpected decline in business with the shipping company Norasia Containers Lines.

1.2. Financial Result

On the Group level, the Net Profit was outstripped by 1% in the reporting period, but remained 4% below the planned Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA).

These financial results are impossible to compare with the first half-year 2005 due to one-off events of last year and the transition to the International Financial Reporting Standards (IFRS). However, taking these one-off events into account (the sale of real property, transition to the IFRS), this year's operating result is 10% or SIT 77 million higher than the figure achieved in the first half-year 2005.

The less favourable financial result from operation can be attributed to the initial costs of the projects, intensified activities on network expansion, marketing and direct sales, by which we aim to improve productivity in all the units of the Intereuropa Group.

Tabeli: Financial results by Intereuropa Group in million SIT

| Item/Index | Jan-Jun 2006 | Plan 2006 | Jan-Jun 2005 | Index 2006/plan | Index 2006/2005 |
|---|--------------|-----------|--------------|-----------------|-----------------|
| Net sales revenues | 25.502 | 25.395 | 23.966 | 100 | 106 |
| EBITDA* | 2.144 | 2.232 | 2.531 | 96 | 85 |
| Operating result | 861 | 936 | 1.334 | 92 | 65 |
| Net Profit or Loss | 984 | 978 | 1.483 | 101 | 66 |
| Net sales revenues per employee /month (in mio SIT) | 2,017 | 2,034 | 1,913 | 99 | 105 |
| Added value per employee /zap /month (in mio SIT) | 0,545 | 0,551 | 0,564 | 99 | 97 |

* EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization

| Item/Index | 30.06. 2006 | Plan 31.12.2006 | 31.12. 2005 | Index 2006/plan | Index 2006/2005 |
|--|-------------|-----------------|-------------|-----------------|-----------------|
| Balance Sheet Total* | 65.446 | 66.245 | 63.695 | 99 | 103 |
| Capital* | 43.339 | 42.704 | 42.190 | 101 | 103 |
| Short-term Assets /Short-term Liabilities | 1,22 | 1,19 | 1,14 | 103 | 107 |
| Net Return on Equity (in % - yearly basis)** | 4,7% | 4,9% | 6,9% | 96 | 67 |

* as of the last day of the reporting period, ** average capital of the reporting period

The assets and equity value has increased over the figure achieved a year ago, whereas the net return on equity (4.7%) was 0.2 percentage point below the plan. The share of equity in the Assets amounts to 66%, which secures the Company a reliable and long-term growth. Stable financial position is also reflected in the Current Ratio (short-term assets/short-term liabilities) that is on an upward trend compared to the achievement a year ago, thanks to the improved sales and credit management, i.e. our efforts in collecting overdue receivables (monitoring the credit rating of our customers).

1.3. Investments in Fixed Assets

On the **Group level**, our investments in fixed assets totalled SIT 1,499 million, thereof SIT 822 million in real property, and SIT 677 million in equipment. The annual plan of investments was completed at the rate of 29.4%.

Table: Overview of Investment in January-June 2006, in million SIT

| Company | Real Property | | Equipment | | TOTAL | | % of annual realization |
|--------------------|---------------|------------|--------------|------------|--------------|--------------|-------------------------|
| | Plan * | Realiz. | Plan* | Realiz. | Plan* | Realiz. | |
| Intereuropa d.d. | 1.066 | 699 | 552 | 117 | 1.618 | 816 | 50,4 |
| Other Companies | 2.232 | 123 | 1.259 | 560 | 3.491 | 683 | 19,6 |
| GROUP TOTAL | 3.298 | 822 | 1.811 | 677 | 5.109 | 1.499 | 29,4 |

* corrections = amendments to the basic plan:

- - Intereuropa d.d., amounting to SIT 552 million (resolutions by the Managing Board, warehouse in the Port of Koper SIT 528 million, and the rest in real property and equipment);
- Intereuropa, Logističke usluge, d.o.o. Zagreb, amounting to SIT 13 million (resolutions by the Supervisory Board concerning the real property - business premises Jankomir (Cro) and Ploče (BiH), and the boiler room of the ADR warehouse);
- Intereuropa RTC d.d. Sarajevo, amounting to SIT 12 million (tented warehouse)
- Intereuropa Transport d.o.o., amounting to SIT 6 million (passenger car, telefax);

More than one half of investments in fixed assets (54 %) were made in the Parent Company, mostly for new real property. In affiliates, the major part of the funds was invested in modernisation of the equipment (vehicles, information technology and warehouse equipment).

In the term January-June 2006, **Intereuropa d.d.** realized investments in the amount of SIT 816 million. The biggest investment was the purchase of the warehouse in the Port of Koper (SIT 528 million), which will allow us to meet the demand for storage capacity in Koper arising from increased overseas goods flows. We also increased the storage facility in Vrtojba (Nova Gorica) and provided additional equipment for some other warehouses.

Other companies in the Group realised SIT 683 million of investments in Fixed Assets. Nearly one half of this aggregate amount was earmarked for new vehicles and appertaining additional equipment in the affiliate Intereuropa Transport d.o.o. On the other hand, Intereuropa, logističke usluge d.o.o. Zagreb invested SIT 65 million in the bar code project, which is underlying for introducing new technology in the product Express services. Overall investments in information technology in affiliates exceeded SIT 100 million.

The investments made in fixed assets during the first half-year 2006 are based on the developmental strategy of the Intereuropa Group and comply with the corporate annual plan.

1.4. Human Resources management

Employment trends

As of 30.06.2006, there were 2,228 employees in the Group, or 49 more than at the year end 2005 (2,179). The number of employees in the Group has risen in the Parent Company (+14) and in some affiliates: Intereuropa Transport d.o.o. (+8), Intereuropa Skopje d.o.o. (+2), Intereuropa RTC d.d. Sarajevo (+10), A.D. Interjug – AS, Belgrade (+13, following the changed law regulating the student labour through Student Job Centres), Intereuropa Zagreb d.o.o. (+6) and Intereuropa Sajam Zagreb (+1). On the other hand, there was a decrease in the affiliates Interagent d.o.o. (- 4) and Intereuropa IT d.o.o.(- 1). Other companies saw no changes in HR.

Table: Employees according to countries

| | Country | 30.6.2006 | 31.12.2005 | Variance 30.06.06-31.12.05 | Index Jun06/Dec05 |
|---|-----------------|--------------|--------------|-------------------------------|----------------------|
| 1 | Slovenia | 1.295 | 1.278 | 17 | 101 |
| 2 | Croatia | 594 | 587 | 7 | 101 |
| 3 | Other countries | 339 | 314 | 25 | 108 |
| | TOTAL | 2.228 | 2.179 | 49 | 102 |

HR Development

Table: Training and education in the Intereuropa Group in 1000 SIT

| Realiz. jan-jun 2006 | Plan jan-jun 2006 | Index Realiz./Plan | Realiz.per Employee | No. of Hours | No. of Hours per Employee |
|-------------------------|----------------------|-----------------------|------------------------|-----------------|---------------------------------|
| 1 | 2 | 3=1/2 | 4 | 5 | 6 |
| 23.067 | 64.703 | 36 | 10,35 | 12.449 | 5,6 |

In the reporting period, 29% of the employees were included in various forms of training and education to acquire new knowledge and skills, which was 3% less than a year ago (32%), while the number of hours spent in training /education per employee was slightly higher (5.6 h) compared to 5 hours last year). We find that our goals in education and in-service training were not achieved in the first half-year: only one third of the plan was realised. We expect to approach the targets by the year end, after the scheduled training forms involving a great number of participants are completed (the School of Business Logistics, the Advanced School of Management, training for sales staff).

In Intereuropa d.d. and affiliated companies in Slovenia, there were 40% of employees taking part in in-service education and training, or over 4 hours per employee, on average.

In that period, the participants were included in training on ADR handling (dangerous goods), customs broking, language skills, computers and IT, safety at work, accounting, continental transport, and management.

Based on in-service training contract with Intereuropa, two employees graduated from the Faculty of Maritime Studies and Transportation, and two employees completed the professional higher education for sales staff.

In other affiliates abroad, the most employees were participating in training in Croatia, who were included in language courses, computer skills and IT, forklift operation, continental transport and customs broking. In total, there were 121 participants with 7,127 hours of training. Interjug–AS Beograd d.d, our affiliate in Serbia, has scheduled a more intense training for the sales force for the autumn.

Redundancies in the Slovenian part of the Group

In the Parent Company and in affiliates, we continued with the process of streamlining the workforce with the changing situation in the market.

The employment relationship in the Parent Company has ceased for 38 employees: 7 of them for business grounds (redundancy), 4 employees whose contract for a limited term expired, and the rest were terminated by agreement, or retirement. Of 52 newly employed, there warehouse staff prevails. The total number of employees rose by 14 in the reporting period.

In Intereuropa Transport d.o.o., the contract for a limited term expired for one employee, the rest (mostly truck drivers) were terminated by agreement. Of the newly employed staff (18), there are 14 drivers.

Investing in HR standard and satisfaction

- Financial aid was granted to 12 employees (or family members) in the Slovenian part of Intereuropa (following the death of employee and to cope with inferior financial and health condition) totalling SIT 1,708,115 (last year: SIT 512,491 granted to 4 employees). EUR 2,877 were earmarked for financial aid in our affiliate in Croatia, and EUR 435 in Intereuropa Sarajevo.
- We also bestowed gifts on our female workers for the Women's Day (8th March).
- There were 1,691 overnight stays in our holiday accommodation facilities (42% occupancy, index 2006/2005 was 98.72%).
- We organised the 22nd Intereuropa Games – the Intereuropiada Event, in which 625 employees (28% of all the work force) took part.

1.5. Total Quality Management

Apart from the Parent Company Intereuropa d.d., three affiliated companies in the Group are certified:

- Intereuropa Transport d.o.o.
- Interagent d.o.o.
- Intereuropa, logističke usluge, d.o.o. Zagreb

The quality management of operations is measured by the Quality Index that reveals, on the basis of check-points and the success achieved in action triggering and internal audits, the achieved level of total quality. Among these companies, the best performing were Intereuropa d.d. and Interagent d.o.o., that both exceed the target by 73%.

Table: Quality Index in companies holding quality certification in the Intereuropa Group

| Company | Checkpoints | Action triggering success | Internal audits success | TOTAL points | Quality index in % | Target |
|--------------|-------------|---------------------------|-------------------------|--------------|--------------------|--------|
| | points | points | points | | | |
| IE d.d. | 3 | 5 | 5 | 13 | 86,7% | 73,0% |
| IE Transport | 3 | 5 | 1 | 9 | 60,0% | 73,0% |
| Interagent | 3 | 5 | 5 | 13 | 86,7% | 73,0% |
| IE d.o.o ZG | 3 | 1 | 5 | 9 | 60,0% | 73,0% |

In the third quarter, the activities of the Parent Company will focus on the preparation of external audit scheduled for September, and on adjusting to the new organization of the Division of Forwarding, Logistics, Marketing and Development.

1.6. Share price movements, Ownership structure

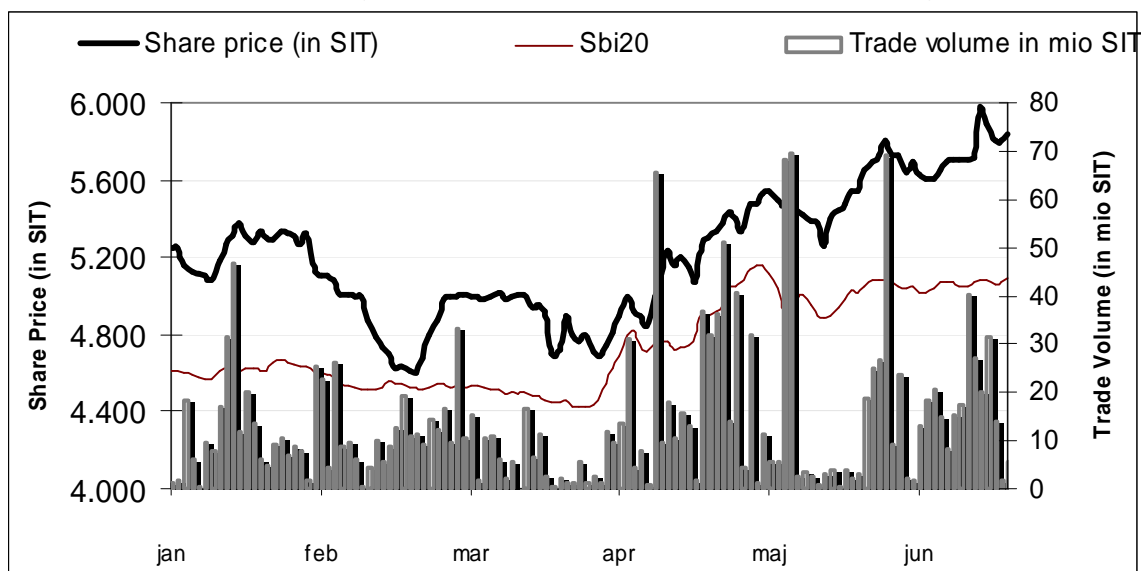
Share Trading

In April, the negative growth trend of the Intereuropa share changed and turned upward. The positive development can be attributed to the successful operations of Intereuropa in the first quarter 2006 and strengthened leading position of Intereuropa (expansion of logistical capacities) in Slovenia and in SE Europe. Furthermore, the investors' trust in the Intereuropa share (IEKG) returned following the purchase of 12,900 shares by the Managing Board President.

The share price of the Intereuropa share gained 11.3% of value during the first half-year, while the SBI20 Stock Exchange Index improved 10.5% in the same term.

The shareholders of Intereuropa met on 7 July 2006 in the 15th Annual General Meeting and decided on the dividend payout. The gross dividend, fixed at SIT 250, will be paid out to shareholders who were entered as such in the Share Register (kept in the central register with the KDD d.d.- Central Securities Clearing Corporation in Ljubljana) as of 11 July 2006, by 31 August 2006.

Figure: Trade Volume and trends of Intereuropa Share and Slovenian Stock Exchange Index (SBI) in 2006



Key Data on Intereuropa Share

Table: Key Data on Intereuropa Share in the first half-year 2006

| | 30.6.2006 | 31.12.2005 (adj. to IFRS) | Index 2006/2005 |
|---|-----------|------------------------------|--------------------|
| Number of Shares | 7.902.413 | 7.902.413 | 100 |
| Book Value of the Share as at the Period End* | 5.032 | 4.942 | 102 |
| Share Price as at the Period End | 5.841 | 5.363 | 109 |
| Weighted Average Price | 5.310 | 6.552 | 81 |
| Highest Price | 6.000 | 7.773 | 77 |
| Lowest Price | 4.570 | 5.105 | 90 |
| Market Capitalization in million SIT | 46.154 | 42.379 | 109 |
| Trade Volume in million SIT | 1.714 | 2.165 | 86 |
| Earnings per Share** (jan-jun) | 155 | 267 | 58 |
| Gross Dividend per Share*** (jan-jun) | 250 | 240 | 104 |

* book value of share = capital at the end of accounting period/ number of shares issued

** net profit per share = net profit of the accounting period/ number of shares issued on a yearly level

***dividend will be paid out end of August 2006, pursuant to the Resolution by AGM of 7 July 2006

Ownership

In the reporting period, 324,095 shares changed the holder (4.1% of all IEKG shares), or SIT 1,714 million (this figure does not include the block and applications). Taking into account the contracted sale and purchase of shares in February 2006 between Infond holding finančna družba, d.d. and the Slovenian Restitution Fund (SOD), 602,053 shares (or 7.6% of all shares) changed their shareholder in total.

On 30 June 2006, there were 4,292 shareholders entered in the Share Register of Intereuropa d.d., or 140 shareholders less than on 31st December 2005.

Table: The shareholders structure as of 30.06.2006

| | 30.06.2006 | | 31.12.2005 | | Index Jun06/Dec05 | No. of Shareholders |
|----------------------------------|------------------|----------------|------------------|----------------|----------------------|------------------------|
| | No. of Shares | Stake | No. of Shares | Stake | | |
| Individuals | 1.655.761 | 20,95% | 1.671.726 | 22,52% | 99 | 4.088 |
| - of which employees | 600.938 | 7,60% | 636.525 | 8,05% | 94 | 544 |
| Luka Koper | 1.960.513 | 24,81% | 1.940.513 | 23,20% | 101 | 1 |
| Other companies | 595.791 | 7,54% | 601.981 | 7,62% | 99 | 139 |
| Financial companies | 1.574.755 | 19,93% | 2.082.914 | 26,36% | 76 | 53 |
| Kapitalska družba* | 792.262 | 10,03% | 792.262 | 10,03% | 100 | 5 |
| Slovenska odškodninska družba | 474.926 | 6,01% | - | - | - | 1 |
| Investment companies | 848.405 | 10,73% | 813.017 | 10,27% | 104 | 6 |
| TOTAL | 7.902.413 | 100,00% | 7.902.413 | 100,00% | | 4.292 |

* Includes KSPPS, KVPS and SODPZ, PPS (First Pension Fund)

Table: Major shareholders as of 30 June 2006

| | Shareholder | No. of Shares 30.06.2006 | Stake 30.06.2006 | No. of Shares 30.06.2005 | Stake 30.06.2005 | Index jun06/dec05 |
|----|-------------------------------|-----------------------------|---------------------|-----------------------------|---------------------|----------------------|
| 1 | LUKA KOPER, d.d. | 1.960.513 | 24,81% | 1.940.513 | 24,56% | 101 |
| 2 | KAPITALSKA DRUŽBA, d.d. | 719.797 | 9,11% | 719.797 | 9,11% | 100 |
| 3 | SLOVENSKA ODŠKODNINSKA | 474.926 | 6,01% | - | - | - |
| 4 | INFOND ID, d.d. | 348.139 | 4,41% | 348.139 | 4,41% | 100 |
| 5 | ISTRABENZ d.d. | 294.708 | 3,73% | 291.424 | 3,69% | 101 |
| 6 | ZLATA MONETA I d.d. | 257.987 | 3,26% | 255.987 | 3,24% | 101 |
| 7 | VS TRIGLAV STEBER I, d.d. | 232.776 | 2,95% | 239.775 | 3,03% | 97 |
| 8 | ZAVAROVALNICA TRIGLAV, d.d. | 213.640 | 2,70% | 213.640 | 2,70% | 100 |
| 9 | DELNIŠKI VS MODRA LINIJA | 137.311 | 1,74% | 137.261 | 1,74% | 100 |
| 10 | KD RASTKO, equity mutual fund | 130.626 | 1,65% | 134.432 | 1,70% | 97 |

Table: Shares held by members of Management Board and Supervisory Board, as of 30 June 2006

| Management Board | No. of Shares | Stake |
|--|---------------|-------|
| ANDREJ LOVŠIN, President of the Managing Board | 12.900 | 0,16% |
| ZVEZDAN MARKEŽIČ, Deputy President of the Managing Board | 3.094 | 0,04% |
| ONDINA JONKE, Member of the Managing Board - Human Resources Executive | 2.427 | 0,03% |

| Supervisory Board | No. of Shares | Stake |
|---|---------------|-------|
| NEVIJA PEČAR, Member of the Supervisory Board | 4.185 | 0,05% |
| VINKO REBULA, Member of the Supervisory Board | 450 | 0,01% |

Own shares

Intereuropa d.d. has not formed a fund of own shares.

At the end of the accounting period, the Company's authorized and unused capital that can be used by 27 February 2007 at the latest came to SIT 389,892 thousand.

The General Meeting

The 15th Annual General Meeting of Intereuropa d.d. was held on 7 July 2006, in which the shareholders decided on the dividend payout. Entitled to receive this year's dividend are the shareholders entered as such in the Share Register (kept in the central register with the KDD d.d.) as of 11 July 2006; the dividend is fixed at SIT 250 gross, and payable by 31 August 2006.

Dividend policy

In the Corporate Development Plan, the Managing Board of Intereuropa d.d. has set forth a long-term stable policy of dividend payout.

2. OPERATING PERFORMANCE OF THE COMPANY INTEREUROPA d.d.

Tables: Operations of Intereuropa d.d. in January-June 2006, in million SIT

| Item / Index | Jan-Jun 2006 | Plan 2006 | Jan-Jun 2005 | Index 2006/plan | Index 2006/2005 |
|---|--------------|-----------|--------------|-----------------|-----------------|
| Net sales revenue | 14.043 | 13.748 | 13.675 | 102 | 103 |
| Continental services | 5.252 | 5.320 | 6.013 | 99 | 87 |
| Logistical solutions | 1.576 | 1.419 | 1.338 | 111 | 118 |
| Intercontinental services | 6.539 | 6.412 | 5.707 | 102 | 115 |
| Other services | 676 | 597 | 617 | 113 | 110 |
| EBITDA* | 849 | 786 | 1.145 | 108 | 74 |
| Operating result | 282 | 238 | 565 | 118 | 50 |
| Net Profit or Loss | 612 | 544 | 1.056 | 112 | 58 |
| Net sales revenues per employee /month (in mio SIT) | 2,652 | 2,638 | 2,506 | 101 | 106 |
| Added value per employee /zap /month (in mio SIT) | 0,606 | 0,583 | 0,632 | 104 | 96 |

* EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation

| Item / Index | 30.06. 2006 | Plan 31.12.2006 | 31.12. 2005 | Index 2006/plan | Index 2006/2005 |
|--|-------------|-----------------|-------------|-----------------|-----------------|
| Balance Sheet Total* | 50.875 | 49.554 | 50.132 | 103 | 101 |
| Capital* | 39.762 | 37.994 | 39.052 | 105 | 102 |
| Short-term Assets /Short-term Liabilities | 1,10 | 1,03 | 1,09 | 107 | 101 |
| Net Return on Equity (in % - yearly basis)** | 3,1% | 2,8% | 5,3% | 112 | 60 |

* as of the last day of the reporting period ** average capital of the report. period

A similar seasonal element can also be traced in the sales turnover of Intereuropa d.d. Accordingly, the first half-year stands for 48.3% of the annual sales plan, against 51.7% for the second half-year. We apply the sales-dependent dynamic pattern to exclude the seasonal impact on the sales and clearly present the sales trends during the year.

Principal findings on the operations of Intereuropa d.d. in the first half-year (January – June) 2006:

- **Net sales revenues** SIT 14,043 million exceeded the plans by 2% and rose above the first half-year 2005 by 3%. In the business segments structure, the net sales revenues surpassed the plan in two segments - Logistical Solutions and Intercontinental Services, whereas the Continental services was 1 percentage point below the plan (the products Groupage and Railway services). The share of the sales turnover generated by the Parent Company was 55%, or 2 percentage points lower than in the first half-year 2005. That is in line with the underlying Group's strategy of expansion to foreign markets.
- **The Operating Profit** of SIT 282 million outstripped the plan by 18%, thanks to the surplus sales turnover, while the labour and other costs were slightly above the targets. The greatest variance – amounting to 0.8% of the sales turnover - was recorded in Expenses owing to allowances and write-offs of current assets. The cost of materials and services stand for 77% in the structure of net sales revenues and are in line with the planned structure. The labour cost exceed the plan by 4.8%, however, the variance in the structure of net sales revenues is only 0.4 percentage points. The Operating Profit comes to 50% of the Profit or Loss for the term January-June 2005, which can be

attributed to one-off events (sale of real property) in 2005. Taking these events into account, this year's operating result is SIT 167 million higher than the comparable figure of the year ago.

- The **Net Profit/Loss** of SIT 612 million surpassed the first half-year's plan by 12%, as a result of outstripping the Operating Result and Financial Result by SIT 480m and was still 2% below the plan. The Net Profit/Loss was behind the achievement in 2005, however, it is not comparable in view of the one-off events in that year. Taking these events into account, this year's Profit/Loss result before tax is SIT 65 million higher than the comparable figure of the year ago.
- **Net Return On Equity** came to 3.1%, which was one third lower than last year (sale of real property), but exceeded the planned index by 0.3 percentage point.
- **Employee-related indexes** show that we succeeded in improving the sales efficiency over the comparable term last year, and achieved the plan targets. Added value per employee was above the plan, however, below the last year's achievement (mainly due to the a.m. one-off events).
- In the structure of Liabilities, the **share of capital** representing 78%, the **long-term assets to liabilities ratio** at 1.03, and the **current ratio** at 1.10 prove to the financial stability of Intereuropa d.d.

Financial results of Intereuropa d.d. are assessed as successful. In view of the coming re-organization, the prospects in the area of sales and finance are favourable and the Company is expected to accomplish the targets by the year-end.

B. FINANCIAL REPORT

The financial statements of the Parent Company and the consolidated financial statements for the Group are prepared in accordance with the law and the International Financial Reporting Standards (IFRS).

With effect of 1 January 2006, Intereuropa d.d. migrated from the Slovenian accounting standards (SRS) in the preparation of the corporate financial statements to applying the International Financial Reporting Standards as adopted by the European Union; the financial statements for the Group were first prepared under the IFRS for the year 2005.

The same accounting guidelines were applied in the consolidated financial statements as in those of the Parent Company, as indicated in the Accounting Report for the Intereuropa Group and applicable to the financial year 2005.

In individual financial statements of the Parent Company Intereuropa d.d., we account for the investments in affiliated, associated and jointly controlled companies by the procurement value. Upon the first use of the IFRS, we have revaluated the investments in affiliated and associated companies and in the jointly controlled company (which were under the SRS evaluated according to the equity method) to the procurement value as of 1 January 2003 (elimination of the equity method and exchange differences up to 1 January 2003).

The newly established affiliate, Intereuropa Kosova L.L.C. was included in the consolidated financial statements of the Group for the first time.

NOTES RELATED TO THE COMPARABLE FINANCIAL STATEMENTS ADJUSTED TO THE IFRS

EXPLANATORY NOTE ON THE DIFFERENCES BETWEEN THE SRS AND IFRS IN MATERIAL ITEMS OF THE PROFIT OR LOSS STATEMENT FOR THE GROUP in the first half-year 2005

| in 000 SIT | SRS half-year 2005 | Re- classification of items under SRS/IFRS | Expla- nator y Note | Adjustments to IFRS | Expla- nator y Note | IFRS 1 half-year 2005 | I MSRP/ SRS |
|--|-----------------------|---|------------------------------|------------------------|------------------------------|-----------------------------|-------------------|
| 1. NET SALES REVENUES | 24,223,527 | -257,568 | 1 | | | 23,965,959 | 99 |
| 2. Other operating revenues | 846,505 | 29,613 | 2 | -274,658 | 4 | 601,460 | 71 |
| 3. Cost of goods, materials and services | 17,397,686 | -257,568 | 1 | | | 17,140,118 | 99 |
| 4. Labour cost | 4,551,073 | | | -9,579 | 5 | 4,541,494 | 100 |
| 5. Amortisation and depreciation expenses, write-offs | 1,315,183 | | | -95,238 | 6 | 1,219,945 | 93 |
| 6. Other operating expenses | 311,929 | 20,236 | 3 | | | 332,165 | 106 |
| 7. PROFIT OR LOSS OF OPERATING ACTIVITIES (1+2-3-4-5-6) | 1,494,161 | 9,377 | | -169,841 | | 1,333,697 | 89 |
| 8. Financial revenues from shares | 660,706 | | | -287,461 | 7 | 373,245 | 56 |
| 9. Financial revenues from loans granted and Operating Receivables | 253,987 | | | | | 253,987 | 100 |
| 10. Financial expenses from impairment and write-offs of investments | 1,230 | | | | | 1,230 | 100 |
| 11. FINANCIAL EXPENSES FROM FINANCIAL AND OPERATING LIABILITIES | 244,615 | | | | | 244,615 | 100 |
| 12. PROFIT OR LOSS FROM ORDINARY ACTIVITIES (7+8+9-10-11) | 2,163,009 | 9,377 | | -457,302 | | 1,715,084 | 79 |
| 13. Other revenues | 29,613 | -29,613 | 2 | | | 0 | - |
| 14. Other expenses | 20,236 | -20,236 | 3 | | | 0 | - |
| 15. PROFIT OR LOSS FROM EXTRAORDINARY ACTIVITIES (15-16) | 9,377 | -9,377 | | 0 | | 0 | - |
| 16. Tax on profit | 365,769 | | | | | 365,769 | 100 |
| 17. Deferred taxes | 0 | | | -134,035 | 8, 9 | -134,035 | - |
| 18 a. Net Profit or Loss for Minority Equity Interest | 45,882 | | | | | 45,882 | 100 |
| 18 b. Net Profit or Loss for Majority Equity Interest (12+15-16-17-18) | 1,760,735 | 0 | | -323,267 | | 1,437,468 | 82 |
| 18. NET PROFIT OR LOSS FOR THE ACCOUNTING PERIOD (18.a + 18.b) | 1,806,617 | 0 | | -323,267 | | 1,483,350 | 82 |
| Basic Earnings per Share (in SIT) | 222.81 | | | | | 181.90 | 82 |
| Diluted Earnings per Share (in SIT) | 222.81 | | | | | 181.90 | 82 |

| Explanatory Note | Explanatory notes on reclassification of items under IFRS | in 000 SIT |
|------------------|--|------------|
| 1 | Adjustment of net sales revenues in terms of recognition of sales revenues according to the level of completion of work as of the Balance Sheet Date under IFRS (according to SRS, the net sales revenues are decreased by the difference between the costs not invoiced as of 31.12. 2004, and the costs not invoiced as of 30.6.2005). The cost of services are also decreased by the same amount. | 257,568 |
| 2 | Transfer of Extraordinary expenses to Other operating revenues | 29,613 |
| 3 | Transfer of Extraordinary expenses to Other operating expenses | 20,236 |

| Explanatory Note | Notes on Adjustments under IFRS with effect on Profit or Loss | in 000 SIT |
|------------------|---|-----------------|
| 4 | Decrease in revenues from the reversal of long-term provisions for badwill under SRS (these provisions were already reversed under the IFRS in the Opening balance sheet as of 01.01.2005) | -274,658 |
| 5 | Decrease in expenses for termination benefits and years-of-service (under IFRS they debit the provisions made) | 9,579 |
| 6 | Elimination (Reversal) of the Amortization of goodwill | 95,238 |
| 7 | Decrease in revenues by exchange differences from revaluation of investments in affiliates and exchange differences from consolidation | -287,461 |
| 8 | Increase in revenues from Deferred tax assets owing to reversal of provisions for badwil and owing to the revaluation of investments in affiliates to the procurement value as of 1.1.2003. | 136,419 |
| 9 | Increase in expenses for Deferred tax liabilities owing to paid-out termination benefits and years-of-service rewards | -2,384 |
| | Total effect on Net Profit or Loss | -323,267 |

1. FINANCIAL STATEMENTS of INTEREUROPA GROUP, WITH NOTES

PROFIT & LOSS ACCOUNT OF THE INTEREUROPA GROUP for the period between 1. 1. 2006 and 30. 6. 2006

| in 000 SIT | Jan - Mar 2006 | Apr - Jun 2006 | Jan -Jun 2006 | Jan - Jun 2005* | Index Apr-Jun/Jan-Mar 06 | Index 06/05 |
|--|-------------------|-------------------|-------------------|-------------------|--------------------------|-------------|
| 1. NET SALES REVENUES | 12,545,833 | 12,956,494 | 25,502,327 | 23,965,959 | 103 | 106 |
| 2. CAPITALISED OWN PRODUCTS AND SERVICES | 0 | 0 | 0 | 0 | - | - |
| 3. OTHER OPERATING REVENUES | 163,668 | 122,971 | 286,639 | 601,460 | 75 | 48 |
| 4. COST OF GOODS, MATERIAL AND SERVICES | 9,069,299 | 9,239,960 | 18,309,259 | 17,140,118 | 102 | 107 |
| 5. LABOUR COSTS | 2,200,991 | 2,543,062 | 4,744,053 | 4,541,494 | 116 | 104 |
| 6. WRITE-OFFS | 811,607 | 749,352 | 1,560,959 | 1,219,945 | 92 | 128 |
| a) Depreciation and revaluation operating expenses associated with intangible long-term assets and tangible fixed assets | 635,396 | 647,426 | 1,282,822 | 1,197,472 | 102 | 107 |
| b) Operating expenses from revaluation of current assets | 176,211 | 101,926 | 278,137 | 22,473 | 58 | 1,238 |
| 7. OTHER OPERATING EXPENSES | 118,833 | 194,391 | 313,224 | 332,165 | 164 | 94 |
| 8. OPERATING PROFIT/LOSS (1+2+3-4-5-6-7) | 508,771 | 352,700 | 861,471 | 1,333,697 | 69 | 65 |
| 9. FINANCIAL REVENUES FROM STAKES | 11,325 | 287,031 | 298,356 | 373,245 | 2,534 | 80 |
| 10. FINANCIAL REVENUES FROM LOANS GIVEN | 22,512 | 4,664 | 27,176 | 39,986 | 21 | 68 |
| 11. FINANCIAL REVENUES FROM OPERATING RECEIVABLES | 113,496 | 145,067 | 258,563 | 214,001 | 128 | 121 |
| 12. FINANCIAL EXPENSES FROM IMPAIRMENT AND WRITE OFFS OF FINANCIAL INVESTMENTS | 0 | 0 | 0 | 1,230 | -100 | 0 |
| 13. FINANCIAL EXPENSES FROM FINANCIAL LIABILITIES | 59,804 | 77,837 | 137,641 | 137,274 | 130 | 100 |
| 14. FINANCIAL EXPENSES FROM OPERATING LIABILITIES | 18,750 | 30,887 | 49,637 | 107,341 | 165 | 46 |
| 15. PROFIT OR LOSS FROM ORDINARY ACTIVITIES (8+9+10+11-12-13-14) | 577,550 | 680,738 | 1,258,288 | 1,715,084 | 118 | 73 |
| 16. OTHER REVENUES | 0 | 0 | 0 | 0 | - | - |
| 17. OTHER EXPENSES | 0 | 0 | 0 | 0 | - | - |
| 18. PROFIT OR LOSS FROM EXTRAORDINARY ACTIVITIES (16-17) | 0 | 0 | 0 | 0 | - | - |
| 19. Corporation tax | 125,837 | 137,894 | 263,731 | 365,769 | 110 | 72 |
| 20. Deferred tax | 3,752 | 6,811 | 10,563 | -134,035 | 182 | -8 |
| 21.a Net profit or loss of minority shareholders | 30,493 | 23,457 | 53,950 | 45,882 | 77 | 118 |
| 21.b Net profit or loss of the majority shareholder (15+18-19-20-21.a) | 417,468 | 512,576 | 930,044 | 1,437,468 | 123 | 65 |
| 21. NET PROFIT OR LOSS FOR THE PERIOD (21.a+21.b) | 447,961 | 536,033 | 983,994 | 1,483,350 | 120 | 66 |
| Basic earnings per share | 52.83 | 64.86 | 117.69 | 181.90 | 122.78 | 65 |
| Diluted earnings per share | 52.83 | 64.86 | 117.69 | 181.90 | 122.78 | 65 |

* Adjustment according to IFRS

BALANCE SHEET OF THE INTEREUROPA GROUP as at 30 June 2006

| in 000 SIT | 30. 6. 2006 | 31. 12. 2005 | Index 06/05 |
|--|-------------------|-------------------|----------------|
| ASSETS | 65,445,668 | 63,694,618 | 103 |
| A. LONG-TERM ASSETS | 48,855,990 | 48,325,098 | 101 |
| I. Intangible assets and long-term deferred items | 2,414,812 | 1,814,342 | 133 |
| II. Tangible fixed assets | 34,131,025 | 34,328,302 | 99 |
| III. Investment property | 3,468,771 | 3,508,037 | 99 |
| IV. Long-term financial investments | 8,781,385 | 8,647,799 | 102 |
| V. Long-term operating receivables | 133 | 3,445 | 4 |
| VI. Deferred tax assets | 59,864 | 23,173 | 258 |
| B. SHORT-TERM ASSETS | 16,073,464 | 14,931,304 | 108 |
| I. Assets for sale | 233,227 | 259,022 | 90 |
| II. Inventories | 39,183 | 45,535 | 86 |
| III. Short-term financial investments | 1,250,106 | 2,135,142 | 59 |
| IV. Short-term operating receivables | 13,591,382 | 11,632,748 | 117 |
| V. Cash | 959,566 | 858,857 | 112 |
| C. SHORT-TERM DEFERRED ITEMS | 516,214 | 438,216 | 118 |
| LIABILITIES | 65,445,668 | 63,694,618 | 103 |
| A. CAPITAL | 43,339,122 | 42,190,270 | 103 |
| I. Called-up capital | 7,902,413 | 7,902,413 | 100 |
| II. Capital reserves | 11,838,861 | 11,838,861 | 100 |
| III. Reserves from profit | 2,659,005 | 2,659,005 | 100 |
| IV. Revaluation surplus | 4,645,108 | 4,547,614 | 102 |
| V. Net profit/loss brought forward | 14,178,924 | 11,952,200 | 119 |
| VI. Net profit or loss for the financial year | 930,044 | 2,215,480 | 42 |
| VII. Consolidated capital adjustment (revaluation exchange rate differentials) | 429,118 | 312,132 | 137 |
| VIII. Minority interest | 755,649 | 762,565 | 99 |
| B. PROVISIONS AND LONG-TERM ACCRUED ITEMS | 751,362 | 761,902 | 99 |
| C. LONG-TERM LIABILITIES | 8,182,607 | 7,597,214 | 108 |
| I. Long-term financial liabilities | 6,806,622 | 6,274,456 | 108 |
| II. Long-term operating liabilities | 4,479 | 30,319 | 15 |
| III. Deferred tax liability | 1,371,506 | 1,292,439 | 106 |
| D. SHORT-TERM LIABILITIES | 13,168,937 | 13,087,680 | 101 |
| I. Liabilities included in disposal groups | 0 | 0 | - |
| II. Short-term financial liabilities | 2,787,819 | 2,165,850 | 129 |
| III. Short-term operating liabilities | 10,381,118 | 10,921,830 | 95 |
| E. SHORT-TERM ACCRUED ITEMS | 3,640 | 57,552 | 6 |

* data adjusted according to IFRS

CASH FLOW STATEMENT OF THE INTEREUROPA GROUP for the period between 1 January and 30 June 2006

| | in 1000 SIT | Jan - jun 2006 | Jan - jun 2005* |
|-----------|--|-------------------|-------------------|
| A. | Cash flows from operations | | |
| a) | Profit and loss account items | 1,279,390 | 1,715,215 |
| | Operating revenues (except revaluation) | 25,749,274 | 24,079,655 |
| | Operating expenses excluding depreciation and long-term provisions (except revaluation) | 23,392,009 | 21,998,671 |
| | Corporation tax and other taxes not included in operating expenses | 1,077,875 | 365,769 |
| b) | Changes in working capital (and deferred and accrued items, provisions and deferred tax assets and liabilities) of operating items in the balance sheet | -1,788,327 | -1,721,851 |
| | Opening less closing operating receivables | -2,028,855 | -2,227,581 |
| | Opening less closing inventories | 6,352 | -669 |
| | Closing less opening operating liabilities | 234,176 | 506,399 |
| c) | Surplus inflows from operations | -508,937 | -6,636 |
| B. | Cash flows from investments | | |
| a) | Inflows from investments | 1,961,030 | 5,129,224 |
| | Inflows from received interest | 180,765 | 237,106 |
| | Inflows from profit shares in others | 294,083 | 308,387 |
| | Inflows from disposal of intangible long-term assets | | |
| | Inflows from disposal of tangible fixed assets | 198,283 | 953,666 |
| | Inflows from disposal of long-term financial investments | 16,892 | 4,626 |
| | Offset decrease in short-term financial investments | 1,271,007 | 3,625,439 |
| b) | Outflows for investments | 2,198,602 | 7,027,513 |
| | Acquisition of subsidiaries net of cash acquired | | |
| | Outflows for acquisition of intangible long-term assets | 676,658 | 48,301 |
| | Outflows for acquisition of tangible fixed assets and investment property | 1,130,708 | 3,289,135 |
| | Outflows for acquisition of long-term financial investments | 8,904 | 303,601 |
| | Offset increase in short-term financial investments | 382,332 | 3,386,476 |
| c) | Surplus inflows (outflows) from investments | -237,572 | -1,898,289 |
| C. | Cash flows from financing | | |
| a) | Inflows from financing | 2,299,620 | 3,021,913 |
| | Capital increase | | |
| | Inflows from received long-term and short-term loans | 2,299,620 | 3,021,913 |
| b) | Outflows for financing | 1,436,125 | 1,145,197 |
| | Outflows for interest paid | 149,650 | 156,458 |
| | Outflows for decrease in capital (paid dividends and other profit participations) | 66,978 | |
| | Outflows for repayment of long-term and short-term loans | 1,219,497 | 988,739 |
| c) | Surplus inflows (outflows) from financing | 863,495 | 1,876,716 |
| D. | Net increase/decrease in cash | 116,986 | -28,209 |
| E. | Exchange rate effect | -16,277 | -1,639 |
| F. | Cash at beginning of period | 858,857 | 1,006,586 |
| G. | Cash at the end of period (D+E+F) | 959,566 | 976,738 |

*data adjusted according to IFRS

CAPITAL FLOW STATEMENT OF THE GROUP INTEREUROPA for the period between 1 January and 30 June 2006

| in 000 SIT | Share capital | Capital reserves | Legal reserves | Revaluation surplus | Retained net profit or loss | Net profit or loss for the financial year | capital adjustment (translation exchange rate differentials) | Minority interest | Total shareholders equity |
|---|------------------|-------------------|------------------|---------------------|-----------------------------|---|--|-------------------|---------------------------|
| Opening balance | 7,902,413 | 11,838,861 | 2,659,005 | 4,547,614 | 11,952,200 | 2,215,480 | 312,132 | 762,565 | 42,190,270 |
| Entry of net profit or loss for the period | 0 | 0 | 0 | 0 | 0 | 930,044 | 0 | 53,950 | 983,994 |
| Increase in surplus from revaluation of financial investments | 0 | 0 | 0 | 129,883 | 0 | 0 | 0 | 0 | 129,883 |
| Increase of deferred tax liabilities credited to capital | 0 | 0 | 0 | -32,389 | 0 | 0 | 0 | 0 | -32,389 |
| Translation exchange rate differentials | 0 | 0 | 0 | 0 | 0 | 0 | 116,986 | -1,087 | 115,899 |
| Total recognised revenues and expenses in capital for the financial year | 0 | 0 | 0 | 97,494 | 0 | 930,044 | 116,986 | 52,863 | 1,197,387 |
| Increase from acquisition of new companies | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,450 | 3,450 |
| Other increases of equity capital components | 0 | 0 | 0 | 0 | 11,244 | 0 | 0 | 3,749 | 14,993 |
| Other reallocations of capital elements | 0 | 0 | 0 | 0 | 2,215,480 | -2,215,480 | 0 | 0 | 0 |
| Dividend payout | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -66,978 | -66,978 |
| Closing balance | 7,902,413 | 11,838,861 | 2,659,005 | 4,645,108 | 14,178,924 | 930,044 | 429,118 | 755,649 | 43,339,122 |

CAPITAL FLOW STATEMENT OF THE GROUP INTEREUROPA for the period between 1 January and 30 June 2005*

| in 000 SIT | Share capital | Capital reserves | Legal reserves | Revaluation surplus | Retained net profit or loss | Net profit or loss for the financial year | Consolidated capital adjustment (translation exchange rate differentials) | Minority interest | Total shareholders equity |
|---|------------------|-------------------|------------------|---------------------|-----------------------------|---|---|-------------------|---------------------------|
| Opening balance | 7,902,413 | 11,838,861 | 2,659,005 | 5,407,820 | 11,360,014 | 2,482,924 | 143,190 | 752,679 | 42,546,906 |
| Entry of net profit or loss for the period | 0 | 0 | 0 | 0 | 0 | 1,437,468 | 0 | 45,882 | 1,483,350 |
| Increase in surplus from revaluation of financial investments | 0 | 0 | 0 | 17,726 | 0 | 0 | 0 | 0 | 17,726 |
| Increase of deferred tax liabilities credited to capital | 0 | 0 | 0 | -4,438 | 0 | 0 | 0 | 0 | -4,438 |
| Translation exchange rate differentials | 0 | 0 | 0 | 0 | 0 | 0 | 307,562 | 6,083 | 313,645 |
| Total recognised revenues and expenses in capital for the financial year | 0 | 0 | 0 | 13,288 | 0 | 1,437,468 | 307,562 | 51,965 | 1,810,283 |
| Other increases of equity capital components | 0 | 0 | 0 | 0 | 56,681 | 0 | 0 | 0 | 56,681 |
| Other reallocations of capital elements | 0 | 0 | 0 | 0 | 2,482,924 | -2,482,924 | 0 | 0 | 0 |
| Dividend payout | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -36,681 | -36,681 |
| Closing balance | 7,902,413 | 11,838,861 | 2,659,005 | 5,421,108 | 13,899,619 | 1,437,468 | 450,752 | 767,963 | 44,377,189 |

* data adjusted according to IFRS

NOTES TO FINANCIAL STATEMENTS OF THE GROUP

a. NOTES TO THE INCOME STATEMENT

The **Net Sales Revenues** came to SIT 25,502,327 thousand and were by SIT 1,536,368 thousand above the last year's achievement, and the cost of goods, materials and services were higher by SIT 1,169,141 thousand.

Other Operating Revenues amount to SIT 286,639 thousand and comprise:

- Paid receivables for which the allowance was made in preceding years,
- Profit from the sale of tangible fixed assets, and
- Other revenues.

In the item **Depreciation and Write-offs**, the depreciation costs were not essentially changed despite considerable disposals of tangible fixed assets over the last year, thanks to new investments in storage capacities.

Write-offs, and allowance for current assets came to SIT 278,137 thousand. A comparison with the first half-year 2005 is aggravated due to a changed method of presenting the write-offs /-downs (last year, this item was presented in the offset amount between the newly made allowance and the receivables paid which were previously comprised in the allowance, whereas in the current reporting period the receivables paid are presented under Other operating revenues, and the newly made allowance is presented in the item Write-offs/-downs).

Other operating expenses amounting to **SIT 313,224 thousand** mainly comprise the expenses for the municipal land contributions.

The Operating Profit or Loss SIT 861,471 thousand was lower by SIT 472,226 thousand than last year, which can mainly be attributed to the profit from the disposal of tangible fixed assets, realized last year in the amount of SIT 528,645 thousand.

The **Profit or loss from ordinary activities** **SIT 1,258,288 thousand** is lower than last year by SIT 456,796 thousand. In the absence of relevant changes in financial operations, this decrease can primarily be attributed to the profits from the disposal of tangible fixed assets in the comparable term.

Taking into account the tax on corporate profit, the Intereuropa Group generated the **Net Profit** of **SIT 983,994 thousand** in the first half-year 2006.

b. Notes to the BALANCE SHEET

ASSETS

LONG-TERM ASSETS

Long-term assets stand for 75% of all the assets and were higher by SIT 530,892 thousand primarily thanks to new investments in both the intangible and tangible fixed assets.

SHORT-TERM ASSETS

In Short-Term Assets, there was a decrease in short-term financial investments (attributable to decrease in deposits and investment in bonds) and an increase in the short-term trade receivables (mainly receivables due from buyers).

SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUES

As of 30 June 2006, the Deferred costs and accrued revenues were presented in the amount of SIT 516,214 thousand. They mainly stand for short-term accrued revenues in the amount of direct costs incurred, which are expected to be covered.

LIABILITIES

CAPITAL

| | in 000 SIT | 30. 6. 2006 | v % | 31. 12. 2005 | v % | I 06/05 |
|------------------------------|------------|-------------------|-------------|-------------------|-------------|------------|
| A. CAPITAL | | 43,339,122 | 100% | 42,190,270 | 100% | 103 |
| I. Majority equity interest | | 42,583,473 | 98% | 41,427,705 | 98% | 103 |
| II. Minority equity interest | | 755,649 | 2% | 762,565 | 2% | 99 |

The changes in the items of Capital (Equity) are presented in the Notes to the Statement of Changes in Equity.

PROVISIONS & LONG-TERM ACCRUED COSTS AND DEFERRED REVENUES

The Provisions and Long-term Accrued Costs and Deferred Revenues amount to SIT 751,362 thousand and represent the provisions for pensions and similar obligations.

LONG-TERM LIABILITIES

As of the Balance Sheet Date, the long-term financial liabilities are stated at SIT 6,806,622 thousand. They mainly relate to the long-term loans taken from banks.

Deferred tax liabilities SIT 1,371,506 thousand arise from the revaluation of financial investments by the Parent Company to the fair value.

SHORT-TERM LIABILITIES

Short-term financial liabilities amounting to SIT 2,787,819 thousand consist of short-term credit facilities hired from domestic banks to maintain the current liquidity.

The **Short-term operating liabilities** amount to SIT 10,381,118 thousand and fell by 5 % below the comparable Balance Sheet Date a year ago.

c. Notes to THE CASH FLOW STATEMENT

The Net Cash used in operating activities came to SIT 508,937 thousand. Such amount of Net Cash resulted from the increased operating receivables and decreased operating liabilities, incl. the payment of liabilities for the corporate tax on profit.

In investing activities, the cash used exceeded by SIT 237,572 thousand the cash receipts due to the impact of investing in intangible fixed assets and tangible fixed assets.

Net cash used in operating and investing activities covered the financing activity by a net cash amount of SIT 863,495 thousand.

The cash and cash equivalent at the end of accounting period was SIT 959,566 thousand, and resulted from the Net Cash Flow in the reporting period and the Cash and cash equivalent at the beginning of the period.

d. Notes to the STATEMENT OF CHANGES IN EQUITY

In the first half-year 2006, the Group's equity:

- increased as a result of:

- ▶ Net profit/loss in the amount of SIT 983,994 thousand, held by the majority and minority equity interest in the reporting period,
- ▶ Increase in the Retained Net Profit from the preceding year, by the change in the Net Profit of the Group members amounting to SIT 14,993 thousand,
- ▶ Offset Increase in the surplus from revaluation from fin. investments, amounting to SIT 97,494 thousand,
- ▶ Increase in the consolidation exchange differences from translation, amounting to SIT 115,899 thousand, and
- ▶ Increase in the minority equity interest amounting to SIT 3,450 thousand, resulting from the establishing of a new affiliate.

- decreased due to

- ▶ Dividends/ participation in profit payout to Minority equity interest – amounting to SIT 66,978 thousand.

In the first half-year 2005, the Group's equity (figures conforming to the IFRS):

- increased as a result of:

- ▶ Net profit/loss in the amount of SIT 1,483,350 thousand, held by the majority and minority equity interest in the reporting period,
- ▶ Offset Increase in the surplus from revaluation from fin. investments, valued at SIT 13,288 thousand,
- ▶ Increase in the Retained Net Profit from the preceding year, by the appertaining net profits of associated companies, amounting to 56,681 thousand,
- ▶ Increase in the consolidation exchange differences from translation, amounting to SIT 313,645 thousand;

- decreased due to

- ▶ Dividends/ participation in profit payout to Minority equity interest – amounting to SIT 36,681 thousand.

2. FINANCIAL STATEMENTS OF THE PARENT COMPANY INTEREUROPA d.d., with NOTES

Comparable information under the IFRS is presented for the same period in 2005; accordingly, the transition to the IFRS is 1 January 2005. The differences resulting from the adjustment of items in the Opening Balance Sheet as of the conversion date were recognised in the Retained Net Profit/Loss (retained profit), or another item of Equity.

NOTES RELATED TO CONVERSION TO IFRS

IFRS-Adjustment of Capital in the Opening Balance Sheet of the parent company Intereuropa d.d. as of 1 January 2005

| Current No: | in 000 SIT | SRS 1.1.2005 | Adjustment to IFRS, in the Opening Balance Sheet as of 1 Jan. | IFRS 1.1.2005 | I IFRS/S RS |
|-------------|--|-------------------|---|-------------------|-------------|
| 1 | Share capital | 7,902,413 | | 7,902,413 | 100 |
| 2 | Capital reserves | 2,148,636 | 9,690,225 | 11,838,861 | 551 |
| | Transfer from the item General equity revaluation | | 9,690,225 | | |
| 3 | Revenue reserves | 2,659,005 | | 2,659,005 | 100 |
| 4 | Surplus from Revaluation | 1,011,235 | 4,396,558 | 5,407,793 | 535 |
| a. | Revaluation of long-term fin. investments in securities allocated as Financial Assets available for sale, to the fair value, taking into account the deferred tax liabilities | | 5,407,793 | 5,407,793 | |
| b. | Decrease owing to revaluation of investments in associated companies to the procurement value as of 1.1.2003 (elimination of the equity method up to 1.1.2003) | | -1,263 | -1,263 | |
| c. | Decrease owing to revaluation of investments in affiliated companies to the procurement value as of 1.1.2003 (elimination of the equity method up to 1.1.2003) - for the year 2004 when the effect of revaluation increased the specific equity revaluation adjustment | | -1,009,972 | | |
| 5 | General equity revaluation adjustment | 9,690,225 | -9,690,225 | | |
| | Decrease owing to transfer to Capital Reserves | | -9,690,225 | | |
| 6 | The Retained net profit or loss (incl. the net profit or loss for 2004) | 12,039,561 | 279,485 | 12,319,046 | 102 |
| a. | Reversal of long-term provisions for badwill, decreased by Deferred tax liabilities | | 928,099 | | |
| b. | Decrease owing to long-term provisions for termination pay and years-of-service rewards, taking into account the formation of Deferred Tax Assets | | -209,218 | | |
| c. | Decrease by exchange differences owing to revaluation of investments in affiliates to the procurement value as of 1.1.2003, taking into account the formation of deferred tax assets | | -116,700 | | |
| d. | Decrease owing to revaluation of investments in affiliated companies to the procurement value as of 1.1.2003 (elimination of the equity method up to 1.1.2003), taking into account the impairment of investment in affiliate | | -322,696 | | |
| | TOTAL | 35,451,075 | 4,676,043 | 40,127,118 | 113 |

NOTES RELATED TO THE ADJUSTMENT OF THE COMPARABLE FINANCIAL STATEMENTS

a) IFRS-ADJUSTMENT OF CAPITAL IN THE COMPARABLE BALANCE SHEET OF THE PARENT COMPANY INTEREUROPA d.d. as of 31.12.2005

| Current No: | in 000 SIT | SRS 31.12.05 | Adjustment to IFRS | IFRS 31.12.2005 | I IFRS/SRS |
|-------------|---|-------------------|--------------------|-------------------|------------|
| 1 | Share capital | 7,902,413 | | 7,902,413 | 100 |
| 2 | Capital reserves | 2,148,636 | 9,690,225 | 11,838,861 | 551 |
| | Transfer from the item General equity revaluation adjustment | | 9,690,225 | | |
| 3 | Revenue reserves | 2,659,005 | | 2,659,005 | 100 |
| 4 | Surplus from Revaluation | 1,892,862 | 2,652,888 | 4,545,750 | 240 |
| a. | Revaluation of long-term fin. investments in securities allocated as Financial Assets Available for Sale, to the fair value, taking into account the deferred tax liabilities | | 4,545,750 | | |
| b. | Decrease owing to revaluation of investments in associated companies to the procurement value as of 1.1.2003 (elimination of the equity method up to 1.1.2003) | | -91,816 | | |
| c. | Decrease owing to revaluation of investments in affiliated companies to the procurement value as of 1.1.2003 (elimination of the equity method up to 1.1.2003) - for the years 2004 and 2005, when the effect of revaluation was increasing the specific equity revaluation | | -1,801,046 | | |
| 5 | General equity revaluation adjustment | 9,690,225 | -9,690,225 | | |
| | Decrease owing to transfer to Capital Reserves | | -9,690,225 | | |
| 6 | Retained net profit or loss from previous periods | 10,084,970 | 279,485 | 10,364,455 | 103 |
| a. | Reversal of long-term provisions for badwill, decreased by Deferred tax liabilities | | 928,099 | | |
| b. | Decrease owing to long-term provisions for termination pay and years-of-service rewards, taking into account the formation of Deferred Tax Assets | | -209,218 | | |
| c. | Decrease by exchange differences owing to revaluation of investments in affiliates to the procurement value as of 1.1.2003, taking into account the formation of deferred tax assets | | -116,700 | | |
| d. | Decrease owing to revaluation of investments in affiliated companies to the procurement value as of 1.1.2003 (elimination of the equity method up to 1.1.2003), taking into account the impairment of investment in affiliate | | -322,696 | | |
| 7 | Net profit of financial year | 2,472,823 | -731,455 | 1,741,368 | 70 |
| a. | Decrease from Reversal of revenues owing to badwill under SRS, incl. decrease in Deferred tax liabilities | | -928,099 | | |
| b. | Increase owing to transfer of expenses for termination pay and years-of-service rewards under SRS to the debit of provisions made under IFRS, taking into account the decrease in Deferred Tax Assets | | 9,205 | | |
| c. | Decrease by exchange differences in 2005 owing to revaluation of investments in affiliates to the procurement value as of 1.1.2003, taking into account the formation of deferred tax assets | | -142,217 | | |
| d. | Decrease in financial expenses owing to Impairment under SRS of assets available for sale | | 326 | | |
| e. | Increase by appertaining losses incurred by affiliates in 2005 owing to the elimination of the equity method (revaluation of investments in affiliates to the procurement value as of 1.1.2003) | | 329,330 | | |
| | TOTAL | 36,850,934 | 2,200,918 | 39,051,852 | 106 |

b) EXPLANATORY NOTE ON THE DIFFERENCES BETWEEN THE SRS AND IFRS IN MATERIAL ITEMS OF THE PROFIT OR LOSS STATEMENT FOR INTEREUROPA d.d., in the first half-year 2005

| in 000 SIT | SRS 1 half-year 2005 | Re- classificatio n of items under | Expl anat ory Note | Adjustm ents to IFRS | Expla nator y Note | IFRS 1 half-year 2005 | I MSRP/ SRS |
|--|----------------------------|---|-----------------------------|----------------------------|--------------------------|-----------------------------|-------------------|
| 1. NET SALES REVENUES | 13,924,279 | -249,325 | 1 | | | 13,674,954 | 98 |
| 2. Other operating revenues | 792,579 | 17,848 | 2 | -263,934 | 4 | 546,493 | 69 |
| 3. Cost of goods, materials and services | 10,868,083 | -249,325 | 1 | | | 10,618,758 | 98 |
| 4. Labour cost | 2,307,722 | | | -5,372 | 5 | 2,302,350 | 100 |
| 5. Amortisation and depreciation expenses, write-offs | 595,050 | | | | | 595,050 | 100 |
| 6. Other operating expenses | 129,466 | 10,795 | 3 | | | 140,261 | 108 |
| 7. PROFIT OR LOSS OF OPERATING ACTIVITIES (1+2-3-4-5-6) | 816,537 | 7,053 | | -258,562 | | 565,028 | 69 |
| 8. Financial revenues from shares | 869,047 | | | -281,742 | 6 | 587,305 | 68 |
| 9. Financial revenues from loans granted and Operating Receivables | 140,947 | | | | | 140,947 | 100 |
| 10. Financial expenses from impairment and write-offs of investments | 35,602 | | | -35,602 | 7 | 0 | 0 |
| 11. FINANCIAL EXPENSES FROM FINANCIAL AND OPERATING LIABILITIES | 146,417 | | | | | 146,417 | 100 |
| 12. PROFIT OR LOSS FROM ORDINARY ACTIVITIES (7+8+9-10-11) | 1,644,512 | 7,053 | | -504,702 | | 1,146,863 | 70 |
| 13. Other revenues | 17,848 | -17,848 | 2 | | | 0 | - |
| 14. Other expenses | 10,795 | -10,795 | 3 | | | 0 | - |
| 15. PROFIT OR LOSS FROM EXTRAORDINARY ACTIVITIES (13-14) | 7,053 | -7,053 | | 0 | | 0 | - |
| 16. Tax on profit | 226,174 | | | | | 226,174 | 100 |
| 17. Deferred taxes | 0 | | | -135,076 | 8, 9 | -135,076 | - |
| 18. NET PROFIT OR LOSS FROM THE ACCOUNTING PERIOD (12+15-16-17) | 1,425,391 | 0 | | -369,626 | | 1,055,765 | 74 |
| Basic Earnings per Share (in SIT) | 180.37 | | | | | 133.60 | 74 |
| Diluted Earnings per Share (in SIT) | 180.37 | | | | | 133.60 | 74 |

| Explanatory Note | Explanatory notes on reclassification of items under IFRS | in 000 SIT |
|---------------------|---|------------|
| 1 | Adjustment of net sales revenues in terms of recognition of sales revenues according to the level of completion of work as of the Balance Sheet Date under IFRS (according to SRS, the net sales revenues are decreased by the difference between the costs not invoiced as of 31.12. 2004, and the costs not invoiced as of 30.6.2005). The cost of services are also decreased by the same amount | 249,325 |
| 2 | Transfer of Extraordinary expenses to Other operating revenues | 17,848 |
| 3 | Transfer of Extraordinary expenses to Other operating expenses | 10,795 |

| Explanatory Note | Notes on Adjustments under IFRS with effect on Profit or Loss | in 000 SIT |
|------------------|--|-----------------|
| 4 | Decrease in revenues from the reversal of long-term provisions for badwill under SRS (these provisions were already reversed under the IFRS in the Opening balance sheet as of 01.01.2005) | -263,934 |
| 5 | Decrease in expenses for termination benefits and years-of-service (under IFRS they debit the provisions made) | 5,372 |
| 6 | Decrease in revenues by exchange differences from revaluation of investments in affiliates to the procurement value as of 1.1.2003 | -281,742 |
| 7 | Decrease in expenses by the appertaining losses incurred by affiliated companies according to equity method | 35,602 |
| 8 | Increase in revenues from Deferred tax assets owing to reversal of provisions for badwil and owing to the revaluation of investments in affiliates to the procurement value as of 1.1.2003 | 136,419 |
| 9 | Increase in expenses for Deferred tax liabilities owing to paid-out termination benefits and years-of-service rewards | -1,343 |
| | Total effect on Net Profit or Loss | -369,626 |

FINANCIAL STATEMENTS OF THE PARENT COMPANY INTEREUROPA d.d.

PROFIT & LOSS ACCOUNT OF INTEREUROPA d.d. for the period between 1. 1. 2006 and 30. 6. 2006

| in 000 SIT | Jan - mar 2006 | Apr - jun 2006 | Jan - jun 2006 | Jan - jun 2005* | Apr- Jun/Jan- Mar 06 | Index 06/05 |
|--|-------------------|-------------------|-------------------|--------------------|----------------------------|----------------|
| 1. NET SALES REVENUES | 6,727,762 | 7,315,667 | 14,043,429 | 13,674,954 | 109 | 103 |
| 2. OTHER OPERATING REVENUES | 115,168 | 70,305 | 185,473 | 546,493 | 61 | 34 |
| 3. COST OF GOODS, MATERIAL AND SERVICES | 5,147,984 | 5,624,685 | 10,772,669 | 10,618,758 | 109 | 101 |
| 4. LABOUR COSTS | 1,094,584 | 1,266,793 | 2,361,377 | 2,302,350 | 116 | 103 |
| 5. WRITE-OFFS | 351,581 | 328,654 | 680,235 | 595,050 | 93 | 114 |
| a) Depreciation and revaluation operating expenses associated with intangible long-term assets and tangible fixed assets | 283,575 | 283,446 | 567,021 | 579,603 | 100 | 98 |
| b) Operating expenses from revaluation of current assets | 68,007 | 45,207 | 113,214 | 15,447 | 66 | 733 |
| 6. OTHER OPERATING EXPENSES | 33,316 | 99,244 | 132,560 | 140,261 | 298 | 95 |
| 7. OPERATING PROFIT/LOSS (1+2-3-4-5-6) | 215,464 | 66,597 | 282,061 | 565,028 | 31 | 50 |
| 8. FINANCIAL REVENUES FROM STAKES | 117,936 | 279,346 | 397,282 | 587,305 | 237 | 68 |
| 9. FINANCIAL REVENUES FROM LOANS GIVEN | 29,737 | 14,346 | 44,083 | 62,204 | 48 | 71 |
| 10. FINANCIAL REVENUES FROM OPERATING RECEIVABLES | 46,779 | 58,348 | 105,127 | 78,743 | 125 | 134 |
| 11. FINANCIAL EXPENSES FROM IMPAIRMENT AND WRITE OFFS OF FINANCIAL INVESTMENTS | 0 | 0 | 0 | 0 | - | - |
| 12. FINANCIAL EXPENSES FROM FINANCIAL LIABILITIES | 27,864 | 30,591 | 58,455 | 82,955 | 110 | 70 |
| 13. FINANCIAL EXPENSES FROM OPERATING LIABILITIES | 2,984 | 4,922 | 7,906 | 63,462 | 165 | 12 |
| 14. PROFIT OR LOSS FROM ORDINARY ACTIVITIES (7+8+9+10-11-12-13) | 379,068 | 383,124 | 762,192 | 1,146,863 | 101 | 66 |
| 15. OTHER REVENUES | 0 | 0 | 0 | 0 | - | - |
| 16. OTHER EXPENSES | 0 | 0 | 0 | 0 | - | - |
| 17. PROFIT OR LOSS FROM EXTRAORDINARY ACTIVITIES (15-16) | 0 | 0 | 0 | 0 | - | - |
| 18. Corporation tax | 58,454 | 80,370 | 138,824 | 226,174 | 137 | 61 |
| 19. Deferred tax | 4,264 | 6,707 | 10,971 | -135,076 | 157 | - |
| 20. NET PROFIT OR LOSS FOR THE PERIOD | 316,350 | 296,047 | 612,397 | 1,055,765 | 94 | 58 |
| Basic earnings per share (in SIT) | 40.03 | 37.46 | 77.49 | 133.60 | 94 | 58 |
| Diluted earnings per share (in SIT) | 40.03 | 37.46 | 77.49 | 133.60 | 94 | 58 |

* data adjusted in accordance to IFRS

The Basic earnings per share are calculated as:

| |
|--|
| $\frac{\text{Net Profit/Loss relating to holders of ordinary shares of Intereuropa d.d.}}{\text{Weighted average number of outstanding ordinary shares in the accounting period}}$ $=$ $(\text{SIT } 612,397 \text{ thousand} / 7,902,413 \text{ shares}) * 1000 \text{ SIT.}$ |
|--|

The value of dilutive earnings per share equals the value of the basic earnings per share because the Company does not hold any dilutive potential ordinary shares.

BALANCE SHEET OF INTEREUROPA d.d. as at 30 June 2006

| in 000 SIT | 30.6.2006 | 31.12.2005* | Index Jun06/Dec05 |
|---|-------------------|-------------------|----------------------|
| ASSETS | 50,875,061 | 50,131,881 | 101 |
| A. LONG-TERM ASSETS | 42,449,841 | 41,290,999 | 103 |
| I. Intangible assets and long-term deferred items | 783,854 | 186,940 | 419 |
| II. Tangible fixed assets | 18,240,440 | 18,457,397 | 99 |
| III. Investment property | 3,468,771 | 3,508,037 | 99 |
| IV. Long-term financial investments | 19,956,643 | 19,135,697 | 104 |
| V. Long-term operating receivables | 133 | 2,928 | 5 |
| VI. Deferred tax assets | 0 | 0 | - |
| B. SHORT-TERM ASSETS | 8,111,033 | 8,480,724 | 96 |
| I. Assets for sale | 233,227 | 259,022 | 90 |
| II. Inventories | 32,746 | 12,653 | 259 |
| III. Short-term financial investments | 1,300,398 | 2,348,561 | 55 |
| IV. Short-term operating receivables | 6,404,674 | 5,735,815 | 112 |
| V. Cash | 139,988 | 124,674 | 112 |
| C. SHORT-TERM DEFERRED ITEMS | 314,187 | 360,158 | 87 |
| LIABILITIES | 50,875,061 | 50,131,881 | 101 |
| A. CAPITAL | 39,761,742 | 39,051,852 | 102 |
| I. Called-up capital | 7,902,413 | 7,902,413 | 100 |
| II. Capital reserves | 11,838,861 | 11,838,861 | 100 |
| III. Reserves from profit | 2,659,005 | 2,659,005 | 100 |
| IV. Revaluation surplus | 4,643,243 | 4,545,750 | 102 |
| V. Net profit/loss brought forward | 12,105,823 | 10,364,455 | 117 |
| VI. Net profit or loss for the financial year | 612,397 | 1,741,368 | 35 |
| B. PROVISIONS AND LONG-TERM ACCRUED ITEMS | 334,219 | 340,782 | 98 |
| C. LONG-TERM LIABILITIES | 3,396,598 | 2,878,432 | 118 |
| I. Long-term financial liabilities | 2,020,613 | 1,545,807 | 131 |
| II. Long-term operating liabilities | 4,479 | 4,479 | 100 |
| III. Deferred tax liability | 1,371,506 | 1,328,146 | 103 |
| D. SHORT-TERM LIABILITIES | 7,381,881 | 7,809,012 | 95 |
| I. Liabilities included in disposal groups | 0 | 0 | - |
| II. Short-term financial liabilities | 2,291,899 | 1,748,054 | 131 |
| III. Short-term operating liabilities | 5,089,982 | 6,060,958 | 84 |
| E. SHORT-TERM ACCRUED ITEMS | 621 | 51,803 | 1 |

* data adjusted according to IFRS

CASH FLOW STATEMENT OF INTEREUROPA d.d. for the period between 1 January and 30 June 2006

| | in 1000 SIT | Jan - Jun 2006 | Jan - Jun 2005* |
|-----------|--|-------------------|--------------------|
| A. | Cash flows from operations | | |
| a) | Profit and loss account items | -31,857 | 358,976 |
| | Operating revenues (except revaluation) | 14,193,128 | 13,699,476 |
| | Operating expenses excluding depreciation and long-term provisions (except revaluation) | 13,276,479 | 13,114,326 |
| | Corporation tax and other taxes not included in operating expenses | 948,506 | 226,174 |
| b) | Changes in working capital (and deferred and accrued items, provisions and deferred tax assets and liabilities) of operating items in the balance sheet | -859,924 | -958,447 |
| | Opening less closing operating receivables | -487,344 | -1,073,747 |
| | Opening less closing inventories | -20,093 | -148 |
| | Closing less opening operating liabilities | -352,487 | 115,448 |
| c) | Surplus inflows from operations | -891,781 | -599,471 |
| B. | Cash flows from investments | | |
| a) | Inflows from investments | 2,237,180 | 3,184,953 |
| | Inflows from received interest | 134,741 | 116,234 |
| | Inflows from profit shares in others | 427,053 | 516,726 |
| | Inflows from disposal of intangible long-term assets | | |
| | Inflows from disposal of tangible fixed assets | 77,550 | 953,666 |
| | Inflows from disposal of long-term financial investments | 897 | 2,082 |
| | Offset decrease in short-term financial investments | 1,596,939 | 1,596,245 |
| b) | Outflows for investments | 2,288,225 | 3,386,093 |
| | Acquisition of subsidiaries net of cash acquired | 32,888 | |
| | Outflows for acquisition of intangible long-term assets | 618,753 | 34,284 |
| | Outflows for acquisition of tangible fixed assets and investment property | 404,421 | 1,918,130 |
| | Outflows for acquisition of long-term financial investments | 686,580 | 303,601 |
| | Offset increase in short-term financial investments | 545,583 | 1,130,078 |
| c) | Surplus inflows (outflows) from investments | -51,045 | -201,140 |
| C. | Cash flows from financing | | |
| a) | Inflows from financing | 1,875,990 | 1,185,906 |
| | Capital increase | | |
| | Inflows from received long-term and short-term loans | 1,875,990 | 1,185,906 |
| b) | Outflows for financing | 916,009 | 408,251 |
| | Outflows for interest paid | 58,670 | 82,954 |
| | Outflows for decrease in capital (paid dividends and other profit participations) | | |
| | Outflows for repayment of long-term and short-term loans | 857,339 | 325,297 |
| c) | Surplus inflows (outflows) from financing | 959,981 | 777,655 |
| D. | Net increase/decrease in cash | 17,155 | -22,956 |
| E. | Exchange rate effect | -1,841 | -121 |
| F. | Cash at beginning of period | 124,674 | 135,347 |
| G. | Cash at the end of period (D+E+F) | 139,988 | 112,270 |

* data adjusted in accordance to IFRS

**CAPITAL FLOW STATEMENT OF INTEREUROPA d.d. for the period between
1 January and 30 June 2006**

| in 000 SIT | Share capital | Capital reserves | Legal reserves | Revaluation surplus | Retained net profit or loss | Net profit or loss for the financial year | Total shareholders equity |
|---|------------------|-------------------|------------------|---------------------|-----------------------------|---|---------------------------|
| Opening balance | 7,902,413 | 11,838,861 | 2,659,005 | 4,545,750 | 10,364,455 | 1,741,368 | 39,051,852 |
| Entry of net profit or loss for the period | 0 | 0 | 0 | 0 | 0 | 612,397 | 612,397 |
| Increase in surplus from revaluation of financial investments | 0 | 0 | 0 | 129,882 | 0 | 0 | 129,882 |
| Increase of deferred tax liabilities credited to capital | 0 | 0 | 0 | -32,389 | 0 | 0 | -32,389 |
| Total recognised revenues and expenses in capital for the financial year | 0 | 0 | 0 | 97,493 | 0 | 612,397 | 709,890 |
| Other increases of equity capital components | 0 | 0 | 0 | 0 | 1,741,368 | -1,741,368 | 0 |
| Closing balance | 7,902,413 | 11,838,861 | 2,659,005 | 4,643,243 | 12,105,823 | 612,397 | 39,761,742 |

**CAPITAL FLOW STATEMENT OF INTEREUROPA d.d. for the period between
1 January and 30 June 2005***

| in 000 SIT | Share capital | Capital reserves | Legal reserves | Revaluation surplus | Retained net profit or loss | Net profit or loss for the financial year | Total shareholders equity |
|---|------------------|-------------------|------------------|---------------------|-----------------------------|---|---------------------------|
| Opening balance | 7,902,413 | 11,838,861 | 2,659,005 | 5,407,793 | 10,349,033 | 1,970,013 | 40,127,118 |
| Entry of net profit or loss for the period | 0 | 0 | 0 | 0 | 0 | 1,055,765 | 1,055,765 |
| Increase in surplus from revaluation of financial investments | 0 | 0 | 0 | 17,753 | 0 | 0 | 17,753 |
| Increase of deferred tax liabilities credited to capital | 0 | 0 | 0 | -4,438 | 0 | 0 | -4,438 |
| Total recognised revenues and expenses in capital for the financial year | 0 | 0 | 0 | 13,315 | 0 | 1,055,765 | 1,069,080 |
| Other reallocations of capital elements | 0 | 0 | 0 | 0 | 1,970,013 | -1,970,013 | 0 |
| Closing balance | 7,902,413 | 11,838,861 | 2,659,005 | 5,421,108 | 12,319,046 | 1,055,765 | 41,196,198 |

* data adjusted according to IFRS

NOTES TO FINANCIAL STATEMENTS OF THE PARENT COMPANY

a. Notes to THE INCOME STATEMENT

Net Sales Revenues amount to SIT 14,043,429 thousand. Compared to the first half-year 2005, these revenues were by SIT 368,475 thousand above the last year's figure, while the cost of goods, materials and services were higher by SIT 153,911 thousand.

Other Operating Revenues amount to SIT 185,473 thousand and comprise:

- Paid receivables for which the allowance was made in preceding years,
- Profit from the sale of tangible fixed assets,
- Other revenues.

In the item **Depreciation and Write-offs**, the depreciation costs were not essentially changed despite considerable disposals of tangible fixed assets over the last year, thanks to new investments in storage capacities.

Write-offs, and allowance for current assets came to SIT 113,214 thousand. A comparison with the first half-year 2005 is aggravated due to a changed method of presenting the write-offs /write-downs (last year, this item was presented in the offset amount between the newly made allowance and the receivables paid which were previously comprised in the allowance, whereas in the current reporting period the receivables paid are presented under Other operating revenues, and the newly made allowance is presented in the item Write-offs/-downs).

Other operating expenses amounting to **SIT 132,560 thousand** mainly comprise the expenses for the municipal land contributions.

The Operating Profit or Loss of SIT 282,061 thousand was by half lower than last year, which can be primarily attributed to the profit from the disposal of tangible fixed assets, realized last year in the amount of SIT 528,645 thousand.

Profit or loss from ordinary activities came to SIT 762,192 thousand. It is lower than the comparable achievement a year ago, SIT 384,671 thousand, as a result of the effect of the profit achieved in the sale of tangible fixed assets last year, as well as higher financial revenues from shares held in the Group (payout of shares/ participation in profits).

Taking into account the tax on corporate profit, the Parent Company of the Intereuropa Group generated the **Net Profit** of **SIT 612,397 thousand** in the first half-year 2006.

b. Notes to the BALANCE SHEET

ASSETS

LONG-TERM ASSETS

Long-term assets stand for 83 % of all assets and were higher by SIT 1,158,842 thousand primarily on the account of new investments in intangible and tangible fixed assets, and financial investments.

In the item Long-term financial investments, the long-term investments in the Group recorded the biggest rise (capital augmentation of the company Intereuropa Transport d.o.o., and the establishment of the new affiliate Intereuropa Kosova L.L.C.).

Long-term financial investments

| | in 000 SIT | 30. 6. 2006 | in % | 31. 12. 2005* | in % | I 06/05 |
|---|---|-------------------|-------------|-------------------|-------------|------------|
| | Long-term financial investments | 19,956,643 | 100% | 19,135,697 | 100% | 104 |
| 1 | Long-term investments, except loans | 19,750,862 | 99% | 18,931,276 | 99% | 104 |
| | Shares and shareholdings held in group members | 11,231,222 | 56% | 10,542,238 | 55% | 107 |
| | Shares and shareholdings held in associates | 689,854 | 3% | 689,854 | 4% | 100 |
| | Other shares and shareholdings | 7,829,785 | 39% | 7,699,184 | 40% | 102 |
| | Held-to-maturity investments (bonds, deposits) | 0 | 0% | 0 | 0% | - |
| 2 | Long-term loans granted | 205,781 | 1% | 204,421 | 1% | 101 |
| | Long-term loan receivables due from group members | 140,460 | 1% | 140,441 | 1% | 100 |
| | Long-term loan receivables due from others | 65,321 | 0% | 63,980 | 0% | 102 |

* Data adjusted to IFRS

SHORT-TERM ASSETS

Assets held for sale amounting to SIT 233,227 thousand represent the real property intended for sale. They are presented at the book value that is lower than the anticipated sales value, decreased by the anticipated selling costs.

Short-term investments

| | in 000 SIT | 30. 6. 2006 | in % | 31. 12. 2005* | in % | I 06/05 |
|---|--|------------------|-------------|------------------|-------------|------------|
| | Short-term investments | 1,300,398 | 100% | 2,348,561 | 100% | 55 |
| 1 | Short-term investments, except loans | 19,129 | 1% | 845,222 | 36% | 2 |
| | Bonds | 0 | 0% | 784,130 | 33% | - |
| | Deposits | 19,129 | 1% | 61,092 | 3% | 31 |
| 2 | Short-term loans | 1,281,269 | 99% | 1,503,339 | 64% | 85 |
| | Short-term loan receivables due from group members | 957,673 | 74% | 1,182,509 | 50% | 81 |
| | Short-term loan receivables due from others | 323,596 | 25% | 320,830 | 14% | 101 |

* Data adjusted to IFRS

Short-term operating receivables

| | v 000 SIT | 30. 6. 2006 | v % | 31. 12. 2005* | v % | I 06/05 |
|---|---|------------------|-------------|------------------|-------------|------------|
| | Short-term operating receivables | 6,404,674 | 100% | 5,735,815 | 100% | 112 |
| 1 | Short-term operating receivables from group memb | 143,350 | 2% | 360,549 | 6% | 40 |
| 2 | Short-term trade receivables | 5,671,367 | 89% | 5,262,376 | 92% | 108 |
| 3 | Short-term operating receivables from others | 341,710 | 5% | 112,890 | 2% | 303 |
| 4 | Short-term operating receivables from tax on profit | 248,247 | 4% | 0 | 0% | - |

* Data adjusted to IFRS

Cash amounts to SIT 139,988 thousand. It comprises the cash held in the bank accounts, call deposits, cash in hand and cash in transit.

SHORT-TERM DEFERRED COSTS (EXPENSES) AND ACCRUED REVENUES

As of 30 June 2006, the Deferred Costs and Accrued Revenues were presented in the amount of SIT 314,187 thousand. They mainly stand for short-term accrued revenues in the amount of direct costs incurred, which are expected to be covered.

LIABILITIES

CAPITAL

The **capital** expresses equity financing of the Company and is regarded as its liability to the owners. As of 30 June 2006, it amounts to 78 % of all liabilities in broader sense, which points to a high level of self-financing. The explanatory notes are stated in the Statement of Changes in Equity. The Company has got the authorized and unused capital of SIT 389,892 thousand, however, it does not have any repurchased own shares and other Group members do not own any of its own shares.

PROVISIONS & LONG-TERM ACCRUED COSTS AND DEFERRED REVENUES

As of the Balance Sheet Date, the Company had SIT 334,219 thousand of unused long-term provisions and Accrued Costs and deferred revenues. The prevailing part is the provisions for pensions and similar obligations.

LONG-TERM LIABILITIES

As of the Balance Sheet Date, the **long-term financial liabilities** are stated at SIT 2,020,613 thousand. They primarily relate to the long-term loans taken from banks. Deferred tax liabilities SIT 1,371,506 thousand arise from the revaluation of financial investments to the fair value.

SHORT-TERM LIABILITIES

Short-term financial liabilities amount to SIT 2,291,899 thousand and consist of short-term credit facilities with domestic banks to maintain the current liquidity.

The **Short-term operating liabilities** amount to SIT 5,089,982 thousand and were 16 % lower than at the comparable Balance Sheet Date a year ago.

c. Notes to THE CASH FLOW STATEMENT

The Company started with the opening balance of cash in the amount of STI 124,674 thousand, which were allocated to its business activities so as achieve the business goals.

Operating Expenses exceeded the income by SIT 891,781 thousand. The increased operating receivables and decreased operating liabilities, incl. the payment of liabilities for the corporate tax on profit for the year 2005 were the causes for such Net Cash of the reporting period.

Also in investing activities we recorded a Net Cash used in operating activities, amounting to SIT 51,045 thousand.

The Net cash from operating and investing activities covered the financing activity by a net cash amount of SIT 959,981 thousand.

The cash and cash equivalent at the end of period was SIT 139,988 thousand, and resulted from the Net Cash Flow achieved in the reporting period and from the Cash and cash equivalent at the beginning of the period.

d. Notes to the STATEMENT OF CHANGES IN EQUITY

In the first half-year 2006, the equity of the Company Intereuropa d.d. increased as a result of:

- ▶ Net profit/loss in the amount of SIT 612,397 thousand, in the reporting period, and
- ▶ Offset Increase in the surplus from revaluation from fin. investments, amounting to SIT 97,493 thousand,

In the first half-year 2005, the equity of the Company Intereuropa d.d. (figures conforming to the IFRS) increased as a result of:

- ▶ Net profit/loss of the period, amounting to SIT 1,055,762 thousand, and
- ▶ Offset Increase in the surplus from revaluation from fin. investments, amounting to SIT 13,315 thousand,

C. CONCLUSION

The Intereuropa Group achieved good operating results in the first half-year 2006. We have generated SIT 25.5 billion of net sales revenues and a net profit of SIT 1 billion and thereby fulfilled the plan.

The operating costs are slightly above the targets and can be primarily attributed to the intensified activities on network expansion, marketing and direct sales, by which we aim to improve productivity in all the organizational units of the Intereuropa Group. As regards the cost management, we aim to trigger additional activities in the second half-year.

Compared with the first half-year 2005, the sales results are higher by 6%, whereas the financial results are lower and difficult to compare due to one-off transactions amounting to SIT 560 million. If we exclude these one-off transactions from the first half-year 2005, we find that we have achieved the same level of Net Profit/Loss as last year.

This year's positive trend, achieved by most Group members, is the result of:

- Increased sales turnover from the current capacities,
- Marketing activities to acquire new customers,
- Better utilization of the current and new logistical facilities.

These activities and measures will support us to surpass the net sales revenues plan and realise the basic elements set in the current Corporate Development Plan up to 2011.

INTEREUROPA d.d.
President of the Managing Board
Andrej Lovšin, M.A.