

INTEREUROPA GROUP

Intereuropa, Global Logistics Service, Ltd. Co.



Unaudited Interim Report
on the operation of
INTEREUROPA GROUP,
January-March 2007



Intereuropa[®]

Global Logistics Service

Koper, May 2007

The Company INTEREUROPA d.d. is publishing this **Unaudited Interim Report on the Operation of Intereuropa Group from January to March 2007** in accordance 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).

This Report is available at the Company's registered office at Vojkovo nabrežje 32, 6504 Koper.

The Unaudited Interim Report of Intereuropa Group for January-March 2007 shall also be published on the web site of INTEREUROPA d.d. www.intereuropa.eu, on 24.05.2007.

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DEVELOPMENT STRATEGY OF THE INTEREUROPA GROUP

Our corporate vision:

To be recognised as the leading provider of comprehensive logistics services in Central and South-Eastern Europe.

The motto we pursue is: "From partial to integral logistics services."

Our mission is:

To optimally meet the demand for logistics services to the complete satisfaction of our customers.

Our values are:

Professional attitude towards our customers, adaptability and flexibility, accountability, team work and appreciation of our employees.

For the term 2006-2011, we have set the following financial goals:

- Growth of net sales revenues: 10.0% p.a.
 - § Continental Transport Services: 15.1% p.a.
 - § Logistical Solutions: 7.2% p.a.
 - § Intercontinental Services: 5.9% p.a.
- Growth of Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA): 11.7% p.a.
- Growth of Operating Profit or Loss: 17.7% p.a.
- Growth of net Profit or Loss: 6.9% p.a.

Our plan for 2011 envisions:

- Net Return on Equity 10.2%
- Net Return on Assets 5.4%

By 2011, the Intereuropa Group will become the largest and best performing logistics provider in Slovenia and in the countries of the South-Eastern and Central Europe.

This will be achieved by:

- Consolidation, expansion and strengthening of the position in the Slovenian logistics market,
- Penetration to, and new business policy in the markets in which Intereuropa is already present,
- New businesses and logistics projects in the markets of Central Asia.

Our plan for 2007 envisions (in €million):

- Net sales revenues totalling: 244.7 (11% growth)
- Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA): 24.,5
- Operating Profit or Loss: 11.5
- Net Profit or Loss: 27.2 (ROE 16.0%, ROA 9.3%)
- Net profit or loss, excluding the effect of the sale of our share in Banka Koper d.d.: 9.2 (ROE 5.2%, ROA 3.1%)

INTRODUCTION

During the first quarter 2007, the Group generated net sales revenues of EUR 58 million, which was only two percent below the planned result. Compared with the same period 2006, that means a 10.9% growth p.a.

With the net profit that outstripped the plan by 8.7%, we achieved a net return on equity of 16.0%, considering the delimitation of the net profit from the sale of the share in Banka Koper d.d. over the whole year. Accordingly, our planned financial results for the first three months were fulfilled.

The key achievements of this period:

- Net sales revenues $\hat{=}$ 58.0 million €
- Net Profit or Loss $\hat{=}$ 22.4 million €
- Net Return on Equity $\hat{=}$ 16.0 % (delimited profit from the sale of the share in Banka Koper d.d.)

Major events in the reporting period:

- The subsidiary A.D. Interjug-AS started operating under a new name: A.D. Intereuropa logističke usluge, Beograd (Belgrade).
- 19 January, on the sixteenth Annual General Meeting, the shareholders of Intereuropa d.d. adopted a resolution on the dismissal of the member of the Supervisory Board Anton Može, and elected a new Member Emerik Eržen.
- In January Intereuropa held a business meeting titled “Kosovo – a New Challenge for Leading Slovenian Economists”, and invited numerous economists who share the interest of entering the Kosovo market, or are interested in cooperating with partners from Kosovo.
- 26 January, the Supervisory Board of Intereuropa d.d. adopted the Resolution on the conversion of the Company’s share capital company into EUR, and on the adjustment of the Statute in this respect. The Supervisory Board also adopted the change to the Statute regarding the amount of the Company’s share capital in euro, whereby the share capital in the value € 32,976,185.11 was entered in the register of companies with the District Court Koper in March.
- The Supervisory Board of Intereuropa d.d. was informed on the economic eligibility of the investments into the logistic centres in Moscow Čechov and Kiev, which are to be carried out in 2007.
- In February, Intereuropa sold its 8.33% interest in the bank Banka Koper d.d. to Intesa Sanpaolo S.p.A. The proceeds will be allocated to investments in developing new markets and building up new logistics facilities, in line with the Corporate Vision and Strategy of the Intereuropa Group (2006-2011).
- In February, Intereuropa celebrated its 60th Anniversary.
- End of March, the average rate of the Intereuropa share IEKG soared, allegedly attributable to the speculations of a takeover of Intereuropa d.d. The growth continued in April, too.

Most important events after the closing of the accounting period:

- 5 April, a workshop was held for the staff of the Intereuropa Group in charge of finance, accounting and controlling.
- 11. April, Intereuropa d.d. took part in the Days of Slovenian Capital that was arranged by the Ljubljana Stock Exchange and the Clearing Depository Company (KDD) in order to promote the best Slovenian companies and invite domestic investors.
- 16 April, the Supervisory Board discussed and adopted the Audited Annual Report of the Intereuropa Group 2006, Report by the Supervisory Board on the results of reviewing the Audited Annual Report of Intereuropa d.d. for 2006, and also adopted the Managing Board's proposal for the appropriation of accumulated profit.
- The arbitration board of honour of the Association of Supervisory Board Members passed a public admonition to the former Supervisory Board Member of Intereuropa Mr Anton Može.
- 18 April, we completed the first phase of the new product – a direct overseas consolidation from the Far East, with a direct connection between Singapore and Koper.
- 20 April, aiming to contribute to build up the cooperation with, and assistance to Slovene businessmen who are interested in entering the Chinese market, we organised a morning meeting with the Intereuropa Representative in China, in which the economic situation and the experience in China were presented.
- 23 April, we responded to the call of a three-month humanitarian aid and medical assistance expedition "Zambia 2007" and organised a free transportation and despatch of sanitation materials and medicines from Brnik airport to Nangoma in Zambia.

Consolidated Companies

As of 31 March 2007, the INTEREUROPA GROUP comprised the controlling company INTEREUROPA d.d. (the Parent) and the following consolidated and associated companies and a jointly controlled company:

Table: Consolidated companies of the Intereuropa Group, and the shareholding by the Parent Company as of 31.03.2007

	Consolidated Company	Equity Shareholding
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 (Croatia)	99.96 %
6	Intereuropa Sajem, d.o.o., Zagreb	51.00 %
7	Intereuropa RTC d.d., Sarajevo	89.29 %
8	Intereuropa Skopje d.o.o., Skopje	99.56 %
9	Intereuropa East d.o.o., Moscow (Russian Fed.)	100.00 %
10	A.D. Intereuropa logističke usluge, Belgrade (Serbia)	73.62 %
11	TEK ZahidTransServis, Uzhgorod, (the Ukraine)	66.67 %
12	Intereuropa S.A.S. Saint Pierre de Chandieu (France)	67.60 %
13	Intereuropa Transport & Spedition GmbH, Troisdorf (Germany)	90.48 %
14	Schneider & Peklar GmbH, Vienna (Austria)	100.00 %
15	Intereuropa Kosova L.L.C., Prishtina (Kosovo)	90.00%
	Indirectly Controlled Company	Equity Shareholding
16	Intereuropa Transport doel, Skopje	99.56%

Table: Associated companies and the jointly controlled company of the Intereuropa Group, and the shareholding by the Parent Company as of 31.03.2007

	Associated company	Equity Shareholding
1	AC-Interauto d.o.o., Koper	40.00 %
	Jointly Controlled Company	Equity Shareholding
2	Intereuropa-FLG d.o.o. Ljubljana	50.00%

A. BUSINESS REPORT

1. OPERATING PERFORMANCE OF INTEREUROPA GROUP

1.1. Sales achievements

During the first quarter 2007, the Intereuropa Group generated net sales revenues of EUR 58.0 million and exceeded by 10.9% the results achieved in the first quarter 2006. That was 2.4% below the plan, however, taking into account the seasonal nature of the sales in the first three months of the year, we can view this achievement as successful.

This slight underachievement of the plan can be primarily attributed to the deficit in continental transport by Intereuropa d.d. and Intereuropa Transport d.o.o., in which a positive trend has been perceived.

Table: Net sales revenues of the Intereuropa Group according to business segments, in thousand €

	Business segment	Jan-Mar 2007	Structure	Index 2007/ Plan	Index 2007/2006
1	Continental Transport	32,816	57%	92	105
2	Logistics Solutions	5,949	10%	103	119
3	Intercontinental Services	18,067	31%	108	122
4	Other services	1,212	2%	95	91
	TOTAL	58,043	100%	98	111

Table: Net sales revenues of the Intereuropa Group according to countries, in thousand €

		Jan - Mar 2007	Structure	Index 2007/ Plan	Index 2007/2006
1	EU Member States	43,530	75%	98	107
2	Non-EU countries	14,513	25%	96	124
	TOTAL	58,043	100%	98	111

The **Continental Transport** Division represents 57% of the net sales revenues of the Group. The sales results are below the target in the products Groupage Services and Express that were underperforming. Compared with the same term in 2006, the best results were recorded in the products Road Transport and Customs Services this year. Notable is a favourable trend that reflected on the results in March.

In the product **Groupage Services**, we point to good results achieved in Serbia, Bosnia and Herzegovina and in Croatia, while some units in Slovenia were slightly below the plan, although they were operating with lower direct costs and achieved a higher turnover than a year ago. It is notable in particular that the quantities carried in export groupage and consolidation lines towards Western Europe have risen considerably. Here, the positive effect of the introduction of daily groupage line between north-eastern Slovenia and Germany is highlighted.

Our **Express Service** has surpassed the planned results in Serbia, while it remains slightly behind the Plan in other parts of the Group. The reasons for underachievement can be attributed to the competition growing tougher. All the companies outside Slovenia have exceeded the sales results of the first quarter 2006.

The subsidiary Intereuropa Transport d.o.o., which supports the highest sales volume of our **Road Transport** product, has greatly improved the last year's figures, however, not achieved the plan yet. In future, this company will focus its activities on cost reduction, updating of and adding to its fleet of vehicles, as well as seek for synergy within the Group and improve the organization of work. Positive effects are already achieved in the reduction of direct costs, in particular in fuel and regular maintenance. In Croatia and Bosnia and Herzegovina, the employment of own fleet, purchased in 2006, has shown positive results.

In **Railway Transport**, the major role is attributed to the associated company Intereuropa-FLG d.o.o., who is achieving the target sales.

The **Customs Services** product has improved, but is still slightly below the plan. The plan was exceeded in Bosnia and Herzegovina only; other countries remained behind, despite achieving much better results than a year ago. In Slovenia we observe a trend in major customers who tend to clear the goods through customs as early as possible after the entry of goods in the EU. In **Border Despatch**, we encounter increasing pressures of competitors and a fall of prices as a result.

The **Logistics Solutions** Division represents 10% of the net sales revenues of the Intereuropa Group. It has been more successful than last year and exceeds the plan as well. In Slovenia, these results can also be attributed to additional hired capacities and filling up the cold store in Maribor. The expansion and upgrading the storage capacities in Sarajevo and Belgrade, as well as improved utilisation thereof in Croatia, have resulted in higher sales turnover and acquisition of new customers in foreign markets too.

The **Intercontinental Transport** Division represents 31% of the net sales revenues of the Group and is both above the plan and the comparable achievement of last year's term. Minor under-achievement was only recorded in the **Shipping Agency** product as a result of a lower volume of operations with containers and unfavourable exchange rate between dollar and euro. In March, the monthly plan was exceeded despite that.

The goals for the first quarter in the **Sea-Freight** operations were achieved and exceeded, along with a high growth recorded in this business segment – in particular in the RO-RO product compared with the figures of the comparable term a year ago. In the next term, we will focus on managing the transport routes of containerised goods. Achieving of the targets by the year-end is expected on the ground of opening new companies in the region and intensified activities in the automotive segment and goods in undercooled temperature regime.

The **Air-freight** product has achieved the targets on the level of the entire Intereuropa Group. In the subsidiaries in the Balkans, the trend has been very promising and the results were exceeded. The Slovenian part of the Group implemented a reorganization of the sales activities, so we can expect to surpass the plan in the Parent Intereuropa d.d. as well.

The **UPS** product has been performing above the plan, thanks to the quality service of the Principal and successful sales activities of all the UPS offices within the Intereuropa Group. Bosnia and Herzegovina showed the highest growth of net sales revenues and a promising development of the product. The operations in Slovenia are very good, too, and attributable to high efficiency of the Brnik Hub and increased number of parcels in import.

1.2. Financial Result

In this quarter, the Intereuropa Group generated a net profit of €22.4 million and exceeded the plan by 9%.

The Operating result was €2.4 million or 13% above the comparable figure achieved last year. That can be attributed to successful implementation of activities aiming to improve the productivity in the Group (expanding the corporate network, marketing and direct sales, new projects). The setback behind the target operating profit or loss (€600,000 or 21%) is in part attributable to the seasonal nature of the sales in the first three months of the year, and in part to initial costs of the network expansion and investments.

Compared with the first quarter 2006, we succeeded in increasing the added value and sales productivity per employee by 5% or 3% resp. We plan to improve these indexes by the end of the year.

Tables: Financial results of the Intereuropa Group for January-March 2007, in thousand €

Item / Index	Jan - Mar 2007	Plan 2007	Jan - Mar 2006	Index 2007/ Plan	Index 2007/2006
Net sales revenues	58,043	59,457	52,353	98	111
EBITDA*	5,483	6,153	4,774	89	115
Operating Profit or Loss	2,400	3,053	2,123	79	113
Net profit or loss	22,393	20,604	1,869	109	1.198
Net sales revenues per employee/ month	8.595	8.549	8.354	101	103
Value added per employee/ month	2.350	2.383	2.228	99	105

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

Item / Index	31.03. 2007	Plan 31.12.2007	31.12. 2006	Index 2007/ Plan	Index 2007/2006
Balance Sheet Total*	296,816	294,198	289,777	101	102
Capital*	183,819	180,128	181,340	102	101
Short-term assets/ short-term liabilities	1.06	1.02	1.30	104	82
Net Return on Equity (in %-yearly basis) **	16.0%***	16.0%	4.6%	100	349

* as of the last day of the reporting period ** average capital of the report. Period *** a quarter of the net profit from the sale of share in Banka Koper is accounted

The annual **Net Return On Equity** comes to 16.0%, as planned, and exceeds the figure achieved last year by more than three times (resulting from the sale of the share in Banka Koper d.d.). If this transaction be excluded, the net return on equity would be 3.9% p.a. The Assets and Capital exceed the last year's and the planned values. High financial stability of the Group is assured by a high share of equity in assets (62%) and a favourable Current Ratio (short-term assets/ short-term liabilities), which despite higher borrowing points to good solvency of the Group.

1.3. Investments in Fixed Assets

In the first quarter 2007, the investments in fixed assets realized by the **Intereuropa Group** totalled € 14,962 thousand, thereof 12,893 thousand in real estate and 2,069 thousand in equipment. The annual plan of investments was completed at the rate of 14.7 %.

Table: Overview of Investment in January-March 2007, in thousand €

Company	Real estate		Equipment		TOTAL		% of annual realiz.
	Plan	Realization	Plan	Realization	Plan	Realization	
Intereuropa d.d.	8,645	252	3,109	234	11,754	486	4.1
Consolidated Companies	74,203	12,641	15,544	1,835	89,748	14,476	16.1
TOTAL for the GROUP	82,848	12,893	18,654	2,069	101,501	14,962	14.7

The Company **Intereuropa d.d.** realized investments in fixed assets in the amount of €486 thousand. The highest were the purchase of forklift trucks and the restoration of two roof support arches in the warehouse in Ljubljana.

The major part of investments in fixed assets went to the **consolidated companies**, for the expansion or renovation of warehouse infrastructure. The greatest investment by far was the purchase of land for the construction of logistics centre in Moscow. In addition, we also purchased 10 trucks with semi-trailers there. Among other investments, the most important comprise the start of construction work in Samobor (Croatia) and the final construction stage of the warehouse in Dobanovci (Belgrade).

1.4. Human Resources management

Employment trends

As of 31.03.2007, there were 2,348 employees in the Group, or 38 more than at the year end 2006 (2,179). There were no major changes in the employment in Slovenia and Croatia. On the contrary, the number of employees in other countries is rising. The highest increase in number was recorded in the Ukrainian subsidiary ZTS d.o.o. Uzhgorod: they took on 14 drivers and other workers.

Table: Employees in the Intereuropa Group according to countries

	Country	31.03.2007	31.12.2006	Variance 31.3.07/31.12.06	Index Mar/Dec
1	Slovenia	1,301	1,297	4	100
2	Croatia	605	605	0	100
3	Other countries	442	408	34	108
	TOTAL	2,348	2,310	38	102

Human Resources Development

In the reporting period, one quarter of the employees was included in various forms of training and education to acquire new knowledge, which was three times more than in the first quarter last year. The average hours spent in training /education per employee was 6.1 hour. We find that our goals in education /training were not achieved: only 61% of the plan was realised. We expect to approach the targets by the year end, after the scheduled training involving the key users and end users of the IT application supporting the processes, the ISPRO, is completed.

In **Intereuropa d.d. and consolidated companies in Slovenia**, there were 27% of employees taking part in in-service education and training, or 6 hours per employee on average; that was three times more than in the first quarter last year.

The participants were included in training on language skills, occupational safety, communication and sales techniques, customs broking and quality management. The group of key users of the Process Support IT System who are testing the application and performing the initial settings was working very intensively.

In the **subsidiaries abroad**, the most employees were involved in training in Croatia, Kosovo and the Ukraine, who were included in language courses, forwarding and transportation, customs broking, warehouse management and forklift operation. In Intereuropa, Logističke usluge (Logistical Services) d.o.o., Zagreb, the in-service training was organized for the first time.

1.5. Total Quality Management

In January the Metrology Institute of the Republic of Slovenia invited us to take part in the Award for business excellence in the Republic of Slovenia. We have not decided to join yet as all the prerequisites are not satisfied, however, we plan to start training programs and work in the field of business excellence model soon.

We organised a course for internal auditors, in which 15 employees from various subsidiaries were involved. The newly qualified internal auditors were very welcome, given the deficit of this profile in our Company. In March, the internal audit was completed on the management (the Managing Board of the Intereuropa d.d.) in Koper and in Zagreb (Intereuropa, Logističke usluge, d.o.o., Zagreb). Six recommendations were proposed to the Parent Company. They relate to the restructuring of the Rules of Procedure, the personal approach in the innovation system and the application of the self-assessment method as the method motivating for improvement in the Company. In Zagreb, there were eight useful proposals for improvement. The most important is the proposal to undertake the preparatory activities in the company to the inclusion of Croatia to the European Union, based on the experience of the Parent Company.

Other major activities relating to quality management include the updating of the Quality Management Strategy of the Parent Company and the QM-Rules of Procedure, as well as appointment of new QM Officers in charge of the Processes in Intereuropa d.d.

1.6. Creating Value for Shareholders

Share Trading

This year, the Intereuropa share ranked among the shares with highest turnover and growth rate in the Ljubljana Stock Exchange (Ljubljanska borza d.d.). The total turnover in the first quarter came to €12.8 million, average daily turnover €207 thousand, or 4.8 times more than in the comparable term a year ago. Trading comprised 469,958 IEKG shares, or 5.9% of all Intereuropa shares.

The growing trend has continued since the beginning of the year 2007 in most shares listed on the Ljubljana Stock Exchange. The high growth of the Intereuropa share, commencing at the end of March, continued throughout April and is attributable to the speculations on a takeover of Intereuropa d.d.

Market capitalisation on the last day of the reporting period was €234 million, while the market value of the share was €29.62. The book value of the share¹ as of 31.03.2007 was €21.35.

The Net Profit per Share ratio² in the first quarter 2007 came to €2.81 per share. On the yearly level, this ratio amounts to €3.39 per share; if the effect of the sale of the participation in Banka Koper d.d. is excluded, the ratio comes to €0.77 per share.

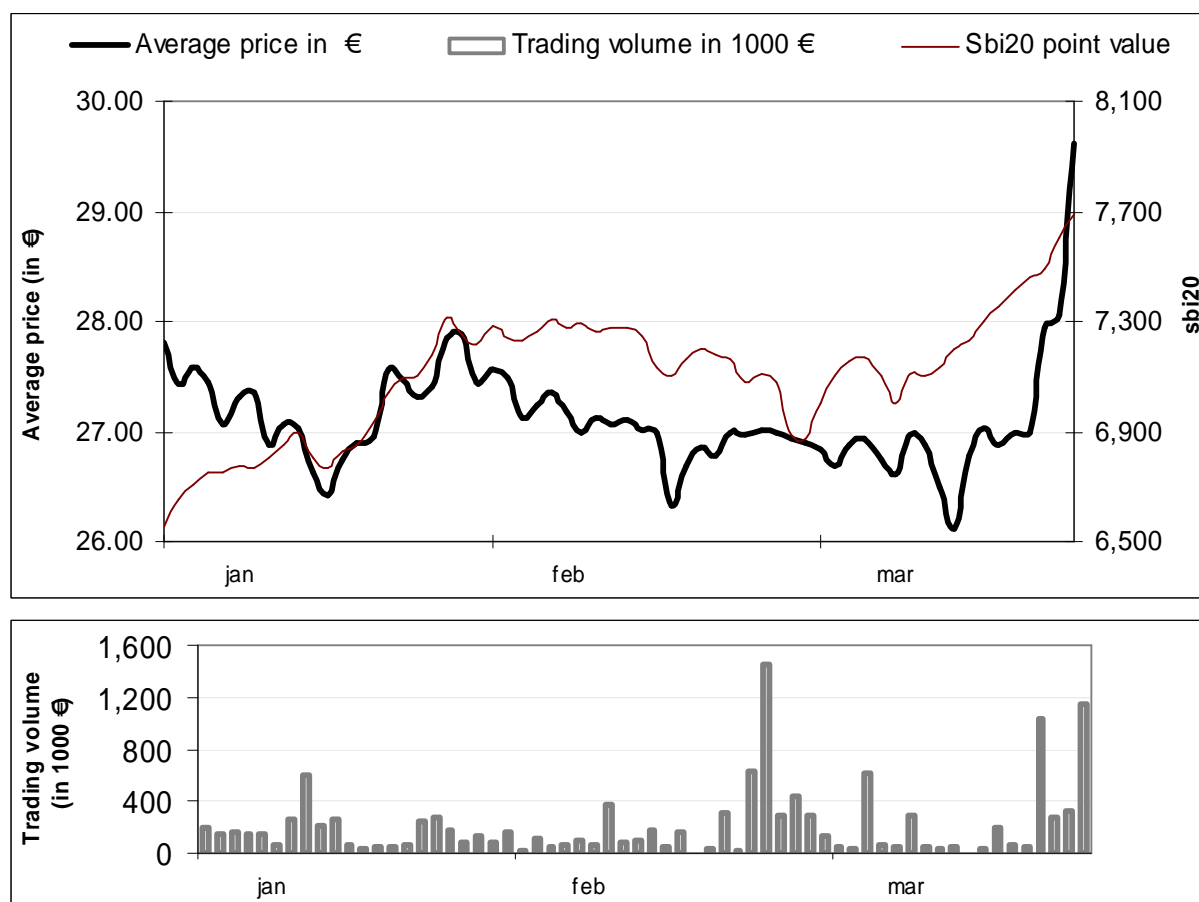


Figure: Movements of average prices and trading with IEKG shares, and the SBI20 Index in the 1st Quarter 2007

¹ Capital at the end of accounting period/ number of ordinary shares issued

² Net Profit or Loss/ number of ordinary shares

Ownership structure

Since November 2006, the number of shareholders has been increasing, in particular of small shareholders. As at 31.03.2007, there were 4,571 shareholders entered in the Share Register of Intereuropa d.d., or 245 (5.7%) shareholders more than on 31st December 2006.

A major change to ownership structure is the reduced shareholding of Abanka Vipa d.d., but there were some changes in foreign investors – legal entities - as well (increases of shareholding). The total share of foreigners as at 31.03.2007 was 2.75%, (compared with 0.77% as at 31.12.2006), thereof Raiffeisen Zentralbank Österreich AG is holding the greatest share (1.23%).

Table: The shareholders structure as of 31.03.2007

	31.03.2007		31.12.2006		Index Mar 07/ Dec06	no. of share- holders
	no. of shares	Sharehold.	no. of shares	Sharehold.		
Natural persons	1,704,794	21.57%	1,654,055	20.93%	103	4,361
- thereof, employees	615,607	7.79%	606,301	7.67%	102	522
Luka Koper d.d.(Port of Koper Corp.)	1,960,513	24.81%	1,960,513	24.81%	100	1
Enterprises	551,903	6.98%	493,117	6.24%	112	139
Financial companies	2,423,015	30.66%	2,532,540	32.05%	96	64
Kapitalska družba d.d.*	787,262	9.96%	787,262	9.96%	100	5
Slovenska odškodninska družba d.d.	474,926	6.01%	474,926	6.01%	100	1
TOTAL	7,902,413	100.00%	7,902,413	100.0%		4,571

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

Table: Major shareholders as of 31.03.2007

		no. of shares as at 31.03.07	Shareholding as at 31.03.07	no. of shares as at 31.12.06	Index Mar 07/ Dec06
1.	LUKA KOPER, D.D.	1.960.513	24,81%	1.960.513	100
2.	KAPITALSKA DRUŽBA, D.D.	719.797	9,11%	719.797	100
3.	SLOVENSKA ODŠKODNINSKA DRUŽBA D.D.	474.926	6,01%	474.926	100
4.	INFOND ID, D.D.	348.139	4,41%	348.139	100
5.	ISTRABENZ D.D.	299.516	3,79%	299.516	100
6.	VS TRIGLAV STEBER I, D.D. (Mutual Fund)	213.818	2,71%	232.776	92
7.	ZAVAROVALNICA TRIGLAV, D.D (Insurance Co.)	213.640	2,70%	213.640	100
8.	VS PROBANKA GLOBALNO NALOŽBENI SKLAD (Mutual Fund)	200.000	2,53%	257.987	78
9.	KD RASTKO, delniški vzajemni sklad (Equity Mutual Fund)	134.626	1,70%	130.626	103
10.	ZAVAROVALNICA TRIGLAV D.D. KRITNI SKLAD ŽŽ (Long-term Liability Fund of the Life Insurance)	119.278	1,51%	119.278	100

Tables: Shares held by members of Managing Board and Supervisory Board, as of 31.03.2007

Managing Board	Number of shares	Share
ANDREJ LOVŠIN, M.A., President of the Managing Board	49,650	0.628 %
MARKEŽIČ ZVEZDAN Deputy President of the Managing Board	3,094	0.039 %
ONDINA JONKE, Member – Labour Relations Executive	3,080	0.039 %

Supervisory Board	Number of shares	Share
NEVIJA PEČAR, Deputy President of the Supervisory Board	4-,185	0.05 %
VINKO REBULA – Member of the Supervisory Board	450	0.01 %

Own shares

Intereuropa d.d. does not have its own share portfolio.

The Company had EUR 1,627 thousand in authorized and unused capital by 27 February 2007 and did not issue any shares for authorized capital in this period.

Dividend policy

The Managing Board of Intereuropa d.d. has declared a stable, long-term policy for paying dividend in the Corporate Development Plan. In view of accelerated investment cycle, both the Managing and Supervisory Board of Intereuropa d.d. have prepared the proposal on the 2006 dividend payout in the amount of EUR 0.83 per share.

2. OPERATION OF THE COMPANY INTEREUROPA d.d.

Tables: Operations of Intereuropa d.d. in January-March 2007, in thousand €

Item / Index	Jan - Mar 2007	Plan 2007	Jan- Mar 2006	Index 2007/ Plan	Index 2007/2006
Net sales revenues	33.109	32.686	28.074	101	118
Continental Transport	11.259	12.446	10.607	90	106
Logistics Solutions	3.765	3.676	3.544	102	106
Intercontinental Services	16.674	15.195	12.496	110	133
Other services	1.411	1.369	1.428	103	99
EBITDA*	2.459	2.118	2.082	116	118
Operating Profit or Loss	1.286	922	899	139	143
Net profit or loss	22.216	19.109	1.320	116	1.683
Net sales revenues per employee/ month	12,257	12,077	10,734	101	114
Value added per employee/ month	2,739	2,672	2,543	103	108

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

Item / Index	31.03. 2007	Plan 31.12.2007	31.12. 2006	Index 2007/ Plan	Index 2007/2006
Balance Sheet Total*	231.236	217.449	226.678	106	102
Capital*	168.691	158.633	165.905	106	102
Current assets/ Short-term liabilities	1,10	0,88	1,46	124	75
Net Return on Equity (in %-yearly basis) **	17,1%***	14,0%	4,6%	116	373

* as of the last day of the reporting period ** average capital of the report. period *** a quarter of the net profit from the sale of share in Banka Koper is accounted

Basic findings on the operations of Intereuropa d.d. in the period January – March 2007:

- **Net sales revenues** € 33.1 million exceed the plan target by 1% and rose 18% above the comparable period in 2006. In the business segments structure, the net sales revenues surpassed the plan in two segments - Logistics Solutions and Intercontinental Services, whereas the Continental Transport was 10% below the plan (all products except Road transport).
- The **Operating result** of € 1.3 million was 39% above the plan for the reporting term. That has resulted from the improved sales and productivity, changes to the sales structure and cost management (above all the labour and other cost).
- The Net Profit or Loss of €22.2 million has surpassed the plan by 16% and outstripped the result achieved in the last year's first quarter by several times. In the comparable period last year we generated €23.4 million of financial revenues by the sale of our interest in Banka Koper d.d., which considerably improves the net profit or loss and net return on equity.
- **Net Return On Equity** was 17.1%, which is more than three times better than last year's result and 3.1% above the plan.
- **The Employee-related indexes** show that we succeeded in improving the productivity of the sales over the comparable term last year by 14%, and exceeded the plan targets.
- In the structure of Liabilities, the **share of capital** representing 73% and the **current ratio** at 1.10 prove to the financial stability of Intereuropa d.d. over a long term.

We regard the financial results of Intereuropa d.d. as successful and the Company is expected to fulfil the interim half-year targets.

B. FINANCIAL REPORT

1. FINANCIAL REPORT FOR THE INTEREUROPA GROUP

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). 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 financial year 2006.

Consolidation Procedures

In drawing up the consolidated financial Statements, the investments by the Parent Company in the equity of controlled companies were offset at € 62,014 thousand by the equity amounts of the controlled companies. All mutually reconciled operating receivables and liabilities in the Group were offset at € 3,584 thousand. Mutual short-term financing receivables and liabilities were eliminated in the amount of € 6,801 thousand, and mutual long-term financing receivables and liabilities were offset (€5,307 thousand).

Offset of revenues and expenses

Net sales revenues represent the products and services sold between the Parent and Controlled companies, and also among the controlled companies, offset at €4,422 thousand by the cost of services in the same amount. Financial revenues and expenses were offset at €76 thousand.

1.1. Unaudited financial statements of the Intereuropa Group

INCOME STATEMENT OF INTEREUROPA GROUP for the reporting term 1 Jan - 31 March 2007

in 000 €	January - March 2007	January - March 2006	I 07/06
1. NET SALES REVENUES	58,043	52,353	111
2. CAPITALISED OWN PRODUCTS AND SERVICES	0	0	-
3. OTHER OPERATING REVENUES	149	683	22
4. COST OF GOODS, MATERIAL AND SERVICES	41,392	37,846	109
5. LABOUR COSTS	10,385	9,185	113
6. DEPRECIATION AND AMORTIZATION	3,445	3,386	102
a) Amortization and other intangible long-term assets write-downs and tangible fixed assets write-offs	3,083	2,651	116
b) Current asstes revaluation and amortization adjustments	362	735	49
7. OTHER OPERATING EXPENSES	570	496	115
8. OPERATING PROFIT OR LOSS (1+2+3-4-5-6-7)	2,400	2,123	113
9. FINANCIAL REVENUES FROM STAKES	23,407	47	-
10. FINANCIAL REVENUES FROM LOANS GIVEN	13	94	14
11. FINANCIAL REVENUES FROM OPERATING RECEIVABLES	299	474	63
12. FINANCIAL EXPENSES FROM FINANCIAL INVESTMENTS IMPAIRMENT AND WRITE OFFS	7	0	-
13. FINANCIAL EXPENSES FROM FINANCIAL LIABILITIES	456	250	182
14. FINANCIAL EXPENSES FROM OPERATING LIABILITIES	150	78	192
15. PROFIT OR LOSS FROM ORDINARY ACTIVITIES (8+9+10+11-12-13-14)	25,506	2,410	1,058
16. OTHER REVENUES	0	0	-
17. OTHER EXPENSES	0	0	-
18. NET PROFIT OR LOSS FROM EXTRAORDINARY ACTIVITIES (16-17)	0	0	-
19. Corporation tax	3,147	525	599
20. Deferred taxes	-34	16	-213
21.a Net profit or loss of the minority shareholders	109	127	86
21.b Net profit or loss of the majority shareholder (15+18-19-20-21.a)	22,284	1,742	-
21. NET PROFIT OR LOSS FOR THE PERIOD (21.a+21.b)	22,393	1,869	-
Basic net earnings per share (in €)	2.82	0.22	-
Adjusted net earnings per share (in €)	2.82	0.22	-

BALANCE SHEET OF INTEREUROPA GROUP as at 31 March 2007

in 000 €	31.3.2007	31.12.2006	I 07/06
ASSETS	296,816	289,777	102
A. LONG-TERM ASSETS	204,412	191,364	107
I. Intangible assets and long-term active accrued items	10,215	10,099	101
II. Tangible fixed assets	165,788	153,672	108
III. Immovable property	13,996	14,259	98
IV. Long-term financial investments	13,821	12,931	107
V. Long-term operating receivables	2	2	100
VI. Deferred tax receivables	590	401	147
B. SHORT-TERM ASSETS	86,303	95,620	90
I. Assets available-for-sale	1,417	26,437	5
II. Inventories	93	79	118
III. Short-term financial investments	3,583	4,376	82
IV. Short-term operating receivables	78,264	61,195	128
V. Cash	2,946	3,533	83
C. SHORT-TERM ACTIVE ACCRUED ITEMS	6,101	2,793	218
LIABILITIES	296,816	289,777	102
A. CAPITAL	183,819	181,340	101
I. Called capital	32,976	32,976	100
II. Capital reserves	49,403	49,403	100
III. Profit reserves	12,008	12,008	100
IV. Revaluation surplus	6,086	25,516	24
V. Net profit/loss brought forward	56,592	50,205	113
VI. Net profit/loss for the financial year	22,284	6,387	349
VII. Consolidation capital adjustment (exchange rate translation differences)	1,107	1,379	80
VIII. Capital of minority shareholders	3,363	3,466	97
B. PROVISIONS AND LONG-TERM PASSIVE ACCRUED ITEMS	3,064	2,997	102
C. LONG-TERM LIABILITIES	28,617	31,804	90
I. Long-term financial liabilities	27,464	27,482	100
II. Long-term operating liabilities	675	480	141
III. Deferred tax liability	478	3,842	12
D. SHORT-TERM LIABILITIES	81,316	73,636	110
I. Liabilities included in disposal group	0	0	-
II. Short-term financial liabilities	24,169	22,853	106
III. Short-term operating liabilities	57,147	50,783	113
E. SHORT-TERM PASSIVE ACCRUED ITEMS	0	0	-

1.2. Notes to Financial Statements of the Intereuropa Group

a) NOTES TO THE INCOME STATEMENT

Net sales revenues of Intereuropa Group are €58,043,000 and are 11 % (or €5,690,000) above the figure achieved in the first quarter last year, while the **cost of goods, materials and services** were higher by 9% (or €3,546 thousand).

The share of the cost of goods, materials and services in the net sales revenues was 71%, while it was slightly higher last year (72%).

Other operating revenues € 149,000 stand for the revenues from paid receivables for which the allowance for receivables was made in the preceding years, and the revenues from the damages received from insurance companies. Last year's comparable data primarily reveal higher revenues from allowances for receivables and the net profit achieved in the disposal of tangible fixed assets.

The **labour costs** went up by 13%, or € 1,200,000 whereas the newly employed staff rose by 8% (calculated on the basis of paid hours).

Dapreciation and amortization came to €3,445,000 and stand for the amortisation of the intangible and tangible fixed assets € 3,083,000, and the remaining part €362,000 relates to the allowance for trade receivables.

The **Operating Profit** for the reporting term was € 2,400 thousand and was 13 % above the figure achieved in the comparable term last year, thanks to a growth of net sales revenues that exceeded the growth of operating expenses.

Financial revenues from stakes €23,407,000 stand for the profit attained from the sale of the interest in Banka Koper d.d. (€23,392,000); the remaining part (€15,000) represents the net profits of the associated and jointly-controlled company.

Financial expenses from financial liabilities grew by 82% (or €206,000) from higher expenses for bank loans received.

Profit from ordinary activities came to **€25,506 thousand**. It was higher than last year's figure by € 23,096,000 as a result of the capital gains and the higher Operating Profit than in the comparable term a year ago.

Taking into account the tax on corporate profit, the Intereuropa Group generated the **Net Profit** of **€ 22,393 thousand** in the first quarter this year.

b). NOTES TO THE BALANCE SHEET

Long-term assets

In **Tangible fixed assets**, we have recorded a rise of 8% thanks to new investments in tangible fixed assets that were higher than depreciation. The highest contribution to the total amount of new investments (€ 14,962,000) were made by: Intereuropa East d.o.o., Moscow (€11,589,000), A.D. Intereuropa logističke usluge, Beograd (€1,446,000), Intereuropa, Logističke usluge, d.o.o., Zagreb (€1,041,000), Intereuropa d.d. (€486,000) and Intereuropa RTC d.d. Sarajevo (€345,000).

Long-term financial investments relate to the investments by the Parent Company in most cases. The rise of 7% primarily stands for the revaluation of investments to fair value.

Short-term (current) assets

In **Short-term assets**, we recorded a fall of 10% due to the decrease of the assets held for sale, in which the financial investment into the share in Banka Koper d.d. was stated at fair value as at 31.12.2006 that was sold during the first quarter this year.

Assets available for sale valued € 1,417 thousand result from the assets of the Parent Company and represent the real property intended for sale.

Short-term financial investments €3,583,000 relate to short-term deposits and short-term loans granted to other companies.

Short-term operating receivables

In short-term receivables, there was an increase in short-term operating receivables due from others on the account of commenced investment activities in the newly-founded subsidiary in the Ukraine.

Cash amounts to €2,946 thousand. This item comprises the cash held in the bank accounts, call deposits, cash in hand and cash in transit.

As of 31.03.2007, the **Short-term active accrued items** were recognized in the amount of € 6,101 thousand. They mainly comprise short-term accrued revenues in the amount of direct costs incurred, which are expected to be covered, and accrued (uninvoiced) customs duty. They rose by €3,308 thousand on the account of customs duties for new business in the Parent Company that were invoiced to customers.

The **Capital of the Group** was recognised at €183,819,000 and was as at 31.12.2007 higher by 1% as a result of the net profit achieved by the Group (€22,393,000 in the reporting term). In the surplus from revaluation there was a decline by €19,448,000 due to transfer of the proceeds from the disposal of shares held in Banka Koper d.d. to the revenues. The share of capital in the structure of Liabilities is 62%.

Provisions & Long-term Passive Accrued Items

As of the Balance Sheet Date, the Group had € 3,064,000 of unused long-term provisions whose prevailing part is the provisions for pensions and similar obligations.

The **financial and operating liabilities incl. Deferred tax liabilities liability** amount to €109,933,000 or 37% of all Liabilities.

2. FINANCIAL REPORT FOR INTEREUROPA d.d. (PARENT)

2.1. Unaudited financial statements of the Parent Company Intereuropa d.d.

INCOME STATEMENT OF INTEREUROPA d.d. for the reporting term 1 Jan - 31 March 2007

v 000 EUR	Januar -marec 2007	Januar - marec 2006	I 07/06
1. NET SALES REVENUES	33,109	28,074	118
2. OTHER OPERATING REVENUES	91	481	19
3. COST OF GOODS, MATERIAL AND SERVICES	25,440	21,482	118
4. LABOUR COSTS	4,941	4,568	108
5. DEPRECIATION AND AMORTIZATION	1,309	1,467	89
a) Amortization and other intangible long-term assets write-downs and tangible fixed assets write-offs	1,173	1,183	99
b) Current asstes revaluation and amortization adjustments	136	284	48
6. OTHER OPERATING EXPENSES	224	139	161
7. OPERATING PROFIT OR LOSS (1+2-3-4-5-6)	1,286	899	143
8. FINANCIAL REVENUES FROM STAKES	23,953	492	4,868
9. FINANCIAL REVENUES FROM LOANS GIVEN	91	124	73
10. FINANCIAL REVENUES FROM OPERATING RECEIVABLES	101	195	52
11. FINANCIAL EXPENSES FROM FINANCIAL INVESTMENTS IMPAIRMENT AND WRITE OFFS	7	0	-
12. FINANCIAL EXPENSES FROM FINANCIAL LIABILITIES	256	116	221
13. FINANCIAL EXPENSES FROM OPERATING LIABILITIES	50	12	417
14. PROFIT OR LOSS FROM ORDINARY ACTIVITIES (7+8+9+10- 11-12-13)	25,118	1,582	1,588
15. OTHER REVENUES	0	0	-
16. OTHER EXPENSES	0	0	-
17.NET PROFIT OR LOSS FROM EXTRAORDINARY ACTIVITIES (15-16)	0	0	-
18. Income tax	2,889	244	1,184
19. Deferred taxes	13	18	72
20. NET PROFIT OR LOSS FOR THE PERIOD (14+17-18-19)	22,216	1,320	-
Basic net earnings per share (in €)	2.81	0.17	-
Adjusted net earnings per share (in €)	2.81	0.17	-

BALANCE SHEET OF INTEREUROPA d.d. as of 31.03.2007

in 000 €	31.3.2007	31.12.2006	I 07/06
ASSETS	231,236	226,678	102
A. LONG-TERM ASSETS	171,751	160,009	107
I. Intangible assets and long-term active accrued items	2,675	2,412	111
II. Tangible fixed assets	76,131	76,590	99
III. Immovable property	13,266	13,535	98
IV. Long-term financial investments	79,679	67,472	118
V. Long-term operating receivables	0	0	-
VI. Deferred tax receivables	0	0	-
B. SHORT-TERM ASSETS	54,365	64,598	84
I. Assets available-for-sale	1,417	26,437	-
II. Inventories	50	46	109
III. Short-term financial investments	7,324	5,314	138
IV. Short-term operating receivables	45,260	32,133	141
V. Cash	314	668	47
C. SHORT-TERM ACTIVE ACCRUED ITEMS	5,120	2,071	247
LIABILITIES	231,236	226,678	102
A. CAPITAL	168,691	165,905	102
I. Called capital	32,976	32,976	100
II. Capital reserves	49,403	49,403	100
III. Profit reserves	11,096	11,096	100
IV. Revaluation surplus	6,068	25,498	24
V. Net profit/loss brought forward	46,932	42,273	111
VI. Net profit/loss for the financial year	22,216	4,659	477
B. PROVISIONS AND LONG-TERM PASSIVE ACCRUED ITEMS	1,418	1,449	98
C. LONG-TERM LIABILITIES	11,593	14,952	78
I. Long-term financial liabilities	11,190	11,190	100
II. Long-term operating liabilities	19	19	100
III. Deferred tax liability	384	3,743	10
D. SHORT-TERM LIABILITIES	49,534	44,372	112
I. Liabilities included in disposal group	0	0	-
II. Short-term financial liabilities	18,384	16,682	110
III. Short-term operating liabilities	31,150	27,690	112
E. SHORT-TERM PASSIVE ACCRUED ITEMS	0	0	-

2.2. Notes to Financial Statements of the Parent Company Intereuropa d.d.

a) NOTES TO THE INCOME STATEMENT

Net sales revenues of € 33,109,000, were higher by 18% than the figure achieved in the comparable period last year. The cost of goods, materials and services went up by the same percentage.

Other operating revenues at €91,000 primarily stand for the paid receivables for which the allowance was made in preceding years,

The **labour costs** went down by 8 %.

Depreciation and amortization at €1,173,000 stands for the amortisation of the intangible and tangible fixed assets; the amount €136,000 relates to the allowance for trade receivables.

Other operating expenses amounting to € 224,000 comprise the expenses for the municipal land contributions.

The **Operating Profit** for this year's First Quarter came to €1,286,000 and was €387,000 higher than the figure achieved in the comparable period a year ago.

Financial revenues from stakes €23,953,000 stands for the profit attained from the sale of the interest in Banka Koper d.d. (€ 23,392,000); the remaining part (€ 561,000) represents the net profits (to be) transferred by the consolidated companies to the Parent based on the Resolutions by the General Meetings adopted in this year's first quarter.

The profit from ordinary activities is €25,118,000. It is higher than last year's figure by €23,536,000 primarily resulting from the capital gains realized and the higher Operating Profit.

Taking into account the tax on corporate profit, the Parent Company Intereuropa d.d. generated a **Net Profit of €22,216 thousand** in the first quarter this year.

b) NOTES TO THE BALANCE SHEET

The **Long-term assets** rose by 2% over the figure as at 31.12.2006, primarily resulting from the capital increase of the company Intereuropa East d.o.o. in the amount of €10,367 thousand.

In **Tangible fixed assets** we recorded a decrease of € 459,000, which is the effect of depreciation (€ 1,077,000), new purchases amounting to €486,000 and the transfer of assets from investment property (€ 132,000).

Long-term financial investments

Primarily the capital increase of Intereuropa East d.o.o. has contributed to the increase of long-term investments.

SHORT-TERM ASSETS

In **Short-term assets**, we recorded a fall of 16 % due to the decrease of the assets held for sale, in which the financial investment into the share in Banka Koper d.d. was stated at fair value as at 31.12.2006 that was sold during the first quarter this year.

Assets available for sale valued €1,417,000 represent the real property intended for sale.

Short-term financial investments amounting to €7,324,000 mainly comprise the loans granted to the companies in the Group (€6,824,000).

Short-term operating receivables

In short-term receivables, there was an increase mainly in short-term operating receivables due from others on the account of commenced investments in the newly-founded company in the Ukraine.

Cash amounts to €314 thousand. This item comprises the cash held in the bank accounts, call deposits, cash in hand and cash in transit.

As of 31.03.2007, the **Short-term active accrued items** were recognized in the amount of €5,120,000. They mainly comprise short-term accrued revenues in the amount of direct costs incurred, which are expected to be covered, and accrued (uninvoiced) customs duty. They rose by €3,049,000 on the account of customs duties for new business that were invoiced to customers.

CAPITAL

As of 31.03.2007, the capital represents 73% of all liabilities in broader sense, which points to a high level of self-financing. In the reporting term, the capital rose on the account of net profit (€22,216,000) and declined on the account of the surplus from revaluation (by €19,430,000) primarily due to the transfer to the proceeds (gains) from the disposal of shareholding in Banka Koper d.d. to the revenues.

PROVISIONS & LONG-TERM PASSIVE ACCRUED ITEMS

As of the Balance Sheet Date, the Company had € 1,418,000 of unused long-term provisions. The prevailing part comprises the provisions for pensions and similar obligations.

Long-term liabilities

Long-term financial liabilities as at the Balance Sheet Date are recognized at €11,190,000 and stand for long-term loans obtained from banks.

Deferred tax liability is offset by deferred tax receivables and the offset amount is € 384,000. The prevailing basis for them is the revaluation of financial investments to fair value.

Short-term liabilities

Short-term financial liabilities amount to € 18,384,000 and consist of short-term credit facilities with domestic banks to maintain the current liquidity.

Short-term operating liabilities of €31,150,000 primarily relate to the liabilities to suppliers.

C. CONCLUSION

During the first quarter 2007, the Group generated €58 million of net sales revenues and a net profit or loss of €22.4 million.

We estimate to have concluded the first quarter year 2007 successfully, as

- We have recorded the growth in net sales revenues (10.9%) and operating profit/loss (13.0%) over the comparable term 2006;
- Despite the slight setback (2.4%) of net sales revenues behind the plan, taking into account the adverse seasonal impact in the first quarter of the year, we view the sales achieved as a successful achievement;
- We have sold the 8.33% share in the Banka Koper d.d. bank and allocated the proceeds to the development of new markets and to the construction of new facilities for logistics. The net profit in the sale €20.7 million had a substantial contribution to the Group's high net profit €22.4 million. Accordingly, we have also exceeded the planned Net Profit or Loss by 8.7%.

We assess the improved productivity and added value per employee as encouraging; moreover, the performance in March was very good, which is a further assurance that the objectives will be achieved and exceeded by the first half-year.

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

