

INTEREUROPA GROUP

Intereuropa, Global logistics service, Ltd.Co.



*Unaudited Interim Report
on the Operation of
INTEREUROPA GROUP,
January – September 2007*



Intereuropa[®]

Global Logistics Service

The Company INTEREUROPA d.d. is publishing this **Unaudited Interim Report on the Operation of Intereuropa Group from January to September 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 the operation Intereuropa Group, January-September 2007 shall also be published on the web site of INTEREUROPA d.d. www.intereuropa.eu, on 16 November 2007.

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A. INTRODUCTION

During the first Nine Months of the reporting year, the Intereuropa Group achieved the envisioned net sales turnover of €181.1 million and was 6.3% above the preceding year's achievement. Thereof, the Parent Company Intereuropa d.d. generated 58 percent. As the Group expands, the share of the Parent Company in net sales is gradually reducing.

The Net Profit or Loss of the reporting period came to €26.7 million and was 6.2% higher than the plan. Considering the delimitation of the net profit from the sale of the share in Banka Koper d.d. over the whole year, the net return on equity achieved was 16.6%. Compared with the same term in 2006, our operating results were better both in the sales and in the Profit or Loss.

The key achievements of this period:

- Net sales turnover **à** €181.1 million
- Net Profit or Loss **à** €26.2 million
- Net return on equity **à** 16.6 % (yearly level)

Company profile

| | |
|---|--|
| Parent company | Intereuropa, Global Logistics Service, Ltd. Co. |
| Short name | Intereuropa d.d. |
| Contry of the parent company | Slovenia |
| Registered office of the parent company | Vojkovo nabrežje 32, 6000 Koper |
| Company ID number | 5001684 |
| Tax number | 56405006 |
| Transaction account | 10100-0000006785 at Banka Koper d.d., Koper |
| Entry in the register of companies | Registered with the Koper District court, file no. 1/0022/00 |
| Share capital | €32,976,185.11 |
| Number of issued and paid-up shares | 7,902,413 ordinary no-par value shares |
| Shares listing | IEKG is listed in the Prime Market of the Ljubljana Stock Exchange |
| Managing Board | Andrej Lovšin, M.A., President of the Managing Board Zvezdan Markežič, Deputy President of the Managing Board Ondina Jonke, Member of the Managing Board – Human Resources Executive |
| President of the Supervisory Board | Boštjan Rigler |

| | |
|---|--|
| Intereuropa Group | |
| Number of employees | 2.487 employees |
| Vehicle fleet | more than 500 company-owned trucks and other delivery vehicles |
| Total warehousing area | 207.340 qm of own warehouse facilities |
| Total land area | more than 2,000,000 qm of land |
| Membership in international organisations | FIATA, IATA, FETA, FONASBA, BIMCO, IRU |
| Quality certificates | ISO 9001:2000 certificate for providing logistics services in the parent company Intereuropa d.d. and its subsidiaries Intereuropa, logističke usluge, d.o.o. Zagreb and Intereuropa Transport d.o.o., Koper ; ISO 9001:2000 certificate for providing shipping agency services in subsidiary Interagent d.o.o. Koper |
| Own branch network | Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Macedonia, Austria, Germany, France, Ukraine, Russia |

Major events in the reporting period January- September 2007

- The company 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 into EUR, and on the adjustment of the Statute in this respect – the amount of the registered capital. In March, the share capital amounting to €32,976,185.11 was entered in the Register of Companies.
- 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, we celebrated the 60th Anniversary of Intereuropa.
- 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.
- 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 meeting with the Intereuropa Representative in China, in which the economic situation and the experience in China were presented.
- 23 April, we organised a free despatch and transportation of sanitation materials and medicines from Brnik airport to Nangoma in Zambia to support a three-month expedition with humanitarian aid and medical assistance "Zambia 2007".
- 7 May, Intereuropa sponsored a conference on logistics “Supply Chains Going Global”, held at Brdo pri Kranju.
- 22 May, we organised the "Intereuropa Business Conference” in Sarajevo (BiH), attended by numerous reputable participants representing the political, technical and economic public from Slovenia, Croatia and Bosnia and Herzegovina.
- 24 May, we organised an “Open Day” in our Logistics Solutions Division Branch in Maribor: the guests visited our specialized Coldstore Facility.
- 8 – 10 June, Sarajevo was the venue of the 23rd 'Intereuropiada” traditional sports games and socializing event, held every year, where 630 employees of the Intereuropa Group took part in various sports and games.
- 22 June, Belgrade - Dobanovci, Serbia: opening ceremony of the new modern logistics centre with 8.600 qm, worth €4.3 million.
- 6 July, the shareholders of Intereuropa d.d. gathered in the 17th Annual General Meeting, adopted the Annual Report 2006, resolved on the use of accumulated profit, on the changes and amendments to

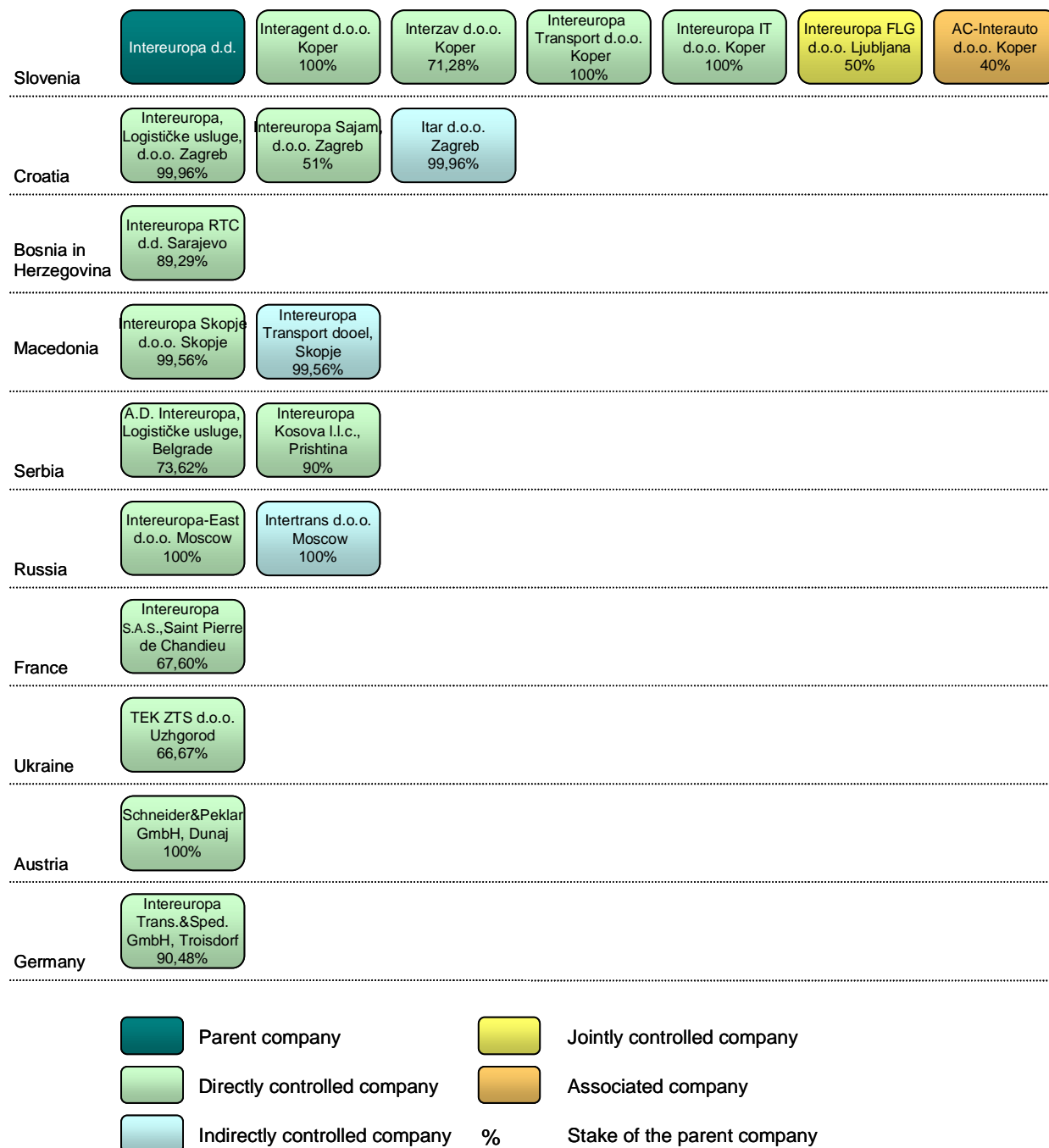
the Statute of the Company, the participation of the Managing and Supervisory Board in the Company's profit, and awarded the discharge note to the Managing and Supervisory Boards. The General Meeting also adopted the Resolution authorising the Managing Board to purchase, in 18 months, own shares of the Company that may not exceed 10% of the Company's registered capital, and authorising the Managing Board to opt to exclude the priority right of shareholders to acquire or dispose of the Company's own shares when such shares are used for the payout of rewards or remuneration and participation in Company's profit.

- 23 July, the Pilot Testing started within an enlarged group of key users of the ISPRO Sales Process Support Project in the Continental Transport Division.
- On 29 August, the Supervisory Board discussed at its 20th session and adopted the Interim Report by the Managing Board, concluding that the Intereuropa Group operated successfully in the first half-year 2007.
- In September we presented our Group in the Slovenian Capital Market event abroad - in Milan and in Vienna, dedicated to improve the recognizability of the best Slovenian companies for the foreign portfolio investors and organized by the Ljubljana Stock Exchange (Ljubljanska borza).
- 19 September, Samobor near Zagreb hosted the opening ceremony of the new Logistics Centre in Samobor, one of the most advanced logistics facilities within the Intereuropa Group with 43,744 qm, The Investment is worth €11.4 million.
- We responded to the initiative of the Primorska Regional Chamber of Commerce and Industry and donated €10,000 for the recently flood-stricken areas in Slovenia.
- In our subsidiary Intereuropa Transport d.o.o., the project "Green at Heart" (*Zeleni v srcu*) was launched, aiming to "tune to bio-diesel" (vegetable oil) five older vehicles with EURO 3 engines and thereby reduce the CO₂-exhaust. This year, this company purchased 30 new EURO 5 vehicles already, thus contributing to reduced emissions and enlarging an environmentally friendly fleet.

Most important events after the reporting period:

- 1 October, Intereuropa d.d. signed the contract on a capital takeover with the majority owners of the Montenegrin company Zetatrans AD Podgorica and after registering the title to shares with the Central Deposit Agency of Montenegro, on 5 October 2007, Intereuropa became a 65.82% owner of the Company.
- Since October, the company Intereuropa Kosova LLC has been present at the Prishtina Airport and offering the sale of air tickets in Kosovo. In Prishtina, we signed a GCSA Contract (General Cargo Sales Agent) with Adria Airways (the Slovenian airline) and became the sole provider of integral logistics service in the territory of Kosovo.

The Organization of the Intereuropa Group



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: 15.1% p.a.
 - § Logistics 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 revenue 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%)

B. BUSINESS REPORT

1. OPERATING PERFORMANCE OF INTEREUROPA GROUP

1.1. Sales achievements

Economic environment and trends

The broader business environment of the Intereuropa Group comprises the markets and economic trends in the countries, in which our consolidated companies are based, and the economic and political situation. The strengthening the presence of Intereuropa in particular geographical markets also depends on the macro-economic situation that reflects in the key macro-economic indices and ratios.

Table: Economic environment of the Intereuropa Group¹

| Countries | GDP growth, in % | | Industr. prod. growth in % | | Inflation in % | | Growth of exports in % | | Growth of imports in % | |
|----------------------------------|------------------|---------------|--|-------|---|-----------------------------------|------------------------|-------|------------------------|-------|
| | 2006 | 2007* | 2006 | 2007* | 2006 | 2007* | 2006 | 2007* | 2006 | 2007* |
| Slovenia | 5,7% | 5,9% 4,3%* | 6,5% | 8,8%* | 2,5% | 3,0%**; 3,5% forec. 2007 | 10,0% | 13,0% | 10,4% | 13,2% |
| Croatia *** | 4,7% | 5,3% 4,5* | 4,5% | 6,2% | 3,2% | 2,5% | 7,0% | 7,4% | 5,7% | 5,9% |
| Bosnia in Herzegovina *** | 6,2% | 6,0% | 7,9 % (Fed.BiH); 19,1 % (Rep. Srbska) | | 6,0 % (Fed.BiH); 9,5 % (Rep. Srbska) | 1,9% | | | | |
| Macedonia *** | 3,2% | 4,2% 4,5* | | | 3,2% | 2,6% | 8,0% | 8,2% | 8,5% | 8,5% |
| Serbia *** | 5,7% | 6,2% 5,0* | 4,7% | 4,8% | 11,7% | 8,5% | 8,4% | 11,5% | 7,6% | 6,8% |
| Russia *** | 6,7% | 7,4% 6,4* | 3,8% | 6,6% | 9,0% | 8,5% | 7,0% | 7,6% | 20,3% | 17,9% |
| Ukraine *** | 7,1% | 6,8% | 6,2% | 8,7% | 9,1% | 11,0% | 2,8% | 2,9% | 11,4% | 8,1% |
| France **** | 2,0% | 1,9% 2,4* | 0,8% | 0,9% | 1,9% | 1,4% | 6,1% | 3,3% | 7,1% | 4,2% |
| Austria | 3,1% | 3,0% | 8,2% | 5,4% | 1,7% | 1,8% | 8,5% | 7,4% | 6,8% | 7,5% |
| Germany **** | 2,9% | 2,4% | 2,7% | 2,2% | 1,8% | 1,8% | 11,2% | 7,8% | 11,1% | 6,0% |

NOTES:

* Estimates and forecasts for the year 2007

** Slovenia - inflation in the term January- September 2007

*** Consensus Forecasts, September 2007

**** EC, September 2007 and estimates by AIECE, October 2007

* IMF (International Monetary Fund)

¹ Sources: SKEP GZS Analytic Group; AIECE, October 2007; Consensus, September 2007; the European Commission, September 2007

Sales Revenue by Intereuropa Group

In the first Nine Months 2007, we achieved €181.1 million of net sales revenue in line with the plan, which is 13.0% (+ €20.9 million) above the preceding year's achievement. These results prove that the Group has been implementing the plans and goals successfully. We continue to implement the goals set for our corporation and will keep on maintaining this policy in the future.

All the business areas and segments in the Group exceeded the sales results of the same period in the preceding year. The net sales planned were recorded in all business areas except Continental Transport. The underachievement of the latter (Continental Transport) primarily results from the deficit of the company Intereuropa Transport d.o.o. After the recovery measures program was introduced, the direct cost management showed the most promising results by cutting the cost of fuel and maintenance.

Table: Net sales revenues of the Intereuropa Group by area of operation, in € thousand

| | Business area | Jan-Sep 2007 | Structure | Index 2007/plan | Index 2007/2006 |
|---|---------------------------|----------------|-------------|-----------------|-----------------|
| 1 | Continental Transport | 101.437 | 56% | 93 | 108 |
| 2 | Logistics Solutions | 18.883 | 10% | 103 | 116 |
| 3 | Intercontinental Services | 56.643 | 31% | 113 | 124 |
| 4 | Other services | 4.128 | 2% | 108 | 102 |
| | TOTAL | 181.091 | 100% | 100 | 113 |

Table: Net sales revenues of the Intereuropa Group by geographical area, in € thousand

| | | Jan-Sep 2007 | Structure | Index 2007/plan | Index 2007/2006 |
|---|------------------|----------------|-------------|-----------------|-----------------|
| 1 | EU Member States | 133.120 | 74% | 100 | 108 |
| 2 | Non-EU countries | 47.971 | 26% | 99 | 129 |
| | TOTAL | 181.091 | 100% | 100 | 113 |

The **Continental Transport** Area covers 56% of the net sales revenues of the Group. The target sales were surpassed by the Customs Service product. On the other hand, the products Groupage, Express, Road and Railway Transport were underperforming. All products exceeded the results achieved in the comparable term of the preceding year, Road Transport in the first place.

The volume of the **Groupage** product was growing in most Slovenian branches. In particular the quantity of groupage consignments carried has risen – by 13% in import lines, and by 18% in export more than in the preceding year. Recently we acquired some new businesses in which several companies of the Group are involved, and the employment of our own vehicles in groupage transports has improved. In addition to good results in Bosnia and Herzegovina, Serbia and Croatia, the sales were also improved in our companies in Skopje (Macedonia) and Kosovo.

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 of the Sales Plan could be attributed to the tougher competition and price-cutting trends in the market, to which our business units in Croatia are exposed most of all. Nevertheless, the number of consignments was rising and the sales were higher than in the comparable period a year ago. Enhanced sales activities and process streamlining in this segment are expected to lead to achieving the target, too.

The bulk of our **Road Transport** product was generated by Intereuropa Transport d.o.o., though it failed to achieve the plan and catch up with comparable figures as last year. Recovery plan is in progress,

supported by adequate commercial activities. Compared with the preceding year's results, much improvement in cost management has been noted. Other companies in the Group involved in this product have outstripped the last year's results, most of them also the plan. The newly founded Road Transport departments in subsidiaries are fully operating and bringing the envisioned results, except those units located in the eastern markets that are still struggling with starting problems. In the organization of road transports, our efforts for a higher employment of the Company-owned vehicles have yielded improved efficiency and quality of service.

The **Customs Services** product has surpassed the plan and last year's result. The Plan was exceeded in all countries except Macedonia, Serbia and Kosovo; the last year's figures were surpassed in all countries. In Slovenia, the demand for Customs services has been growing due to the customers from abroad who decide to clear the goods through Customs upon import to the EU. In Border Despatch, we encountered increasing pressures of competitors, resulting in a fall of prices. However, we estimate good potential for improving the sales in our subsidiaries.

The **Logistics Solutions** area represents 10% of the net sales revenues of the Intereuropa Group. It was more successful than the preceding year and exceeded the plan as well. The highest share in the turnover of this business area was generated in Slovenia thanks to enlarged warehouse capacities, both newly built / renovated and additionally hired capacities. We acquired some new customers in the frame of our activities to introduce more lucrative businesses and replace less promising operations. In subsidiaries, the highest growth was recorded in Serbia, Bosnia and Herzegovina and Croatia thanks to improved structure of clients in new warehouse facilities. In September our new warehouse was opened in Samobor, Croatia, and operating; however, it will show results in the coming year (2008).

The **Intercontinental Transport** area represents 31% of the Group's net sales revenues and is both above the plan and the comparable achievement of last year's term. The **Seafreight** product was above the plan and outstripped the preceding year's result considerably. The RO-RO product was doing extremely well, which can be attributed to a significant rise in car transports via the Port of Koper. Among other companies in the Group, the subsidiary in Split was performing above the plan; notable growing trends were shown in other units that are still in their active development stage.

Slightly below the targets is the **Shipping Agency**, which is struggling to obtain the agency for a shipowner with container lines, which ought to reflect in a better achievement of the plan. Interagent d.o.o. remains to be the first shipping agent in terms of the number of ships represented in the Port of Koper.

The **Airfreight** product has surpassed the targets and recorded a high growth over the Nine Months 2006 on the level of the entire Intereuropa Group. Good results were achieved thanks to efficient sales of the air-freight segment and the dynamic development of the courier services in the Balkans.

The performance of the **UPS** product exceeded both the last year's achievements and the goals set. Bosnia and Herzegovina showed the highest growth of net sales revenues and a promising development of the product. This trend is expected to continue until the year-end. The favourable result in Slovenia is greatly attributable to establishing the UPS Hub Terminal in Brnik Airport and to the increased number of import consignment, which offers good potential for growth in Slovenia.

1.2. Financial result

During the Nine-Months 2007, the Net Profit or Loss generated by the Intereuropa Group came to €26.2 million and exceeded the plan by 6.2%.

The operating result was €7.9 million and outstripped the preceding year's achievement by 30.3% or € 1.8 million. Despite that, it did not meet the plan. The earnings before interest, tax and depreciation (EBITDA) came to € 17.4 million and was almost on the planned level; with its 22.4% rise over the comparable term a year ago, or €3.2 million, the performance was remarkable nevertheless.

The sales efficiency was planned to improve by 3 percent over the preceding year, which was achieved. Also the added value per employee was improved by 6 percent and nearly achieved the plan in the reporting period.

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

| Item / Index | Jan-Sep 2007 | Plan 2007 | Jan-Sep 2006 | Index 2007/plan | Index 2007/2006 |
|--|--------------|-----------|--------------|-----------------|-----------------|
| Net sales revenues | 181.091 | 181.412 | 160.200 | 100 | 113 |
| EBITDA* | 17.426 | 17.674 | 14.237 | 99 | 122 |
| Operating Profit or Loss | 7.853 | 8.189 | 6.027 | 96 | 130 |
| Net profit or loss | 26.150 | 24.626 | 6.347 | 106 | 412 |
| Net sales revenues per employee/ month | 8,674 | 8,686 | 8,393 | 100 | 103 |
| Value added per employee/ month | 2,408 | 2,425 | 2,282 | 99 | 106 |

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

| Item / Index | 30.09. 2007 | Plan 31.12.2007 | 31.12. 2006 | Index 2007/plan | Index 2007/2006 |
|---|-------------|-----------------|-------------|-----------------|-----------------|
| Balance Sheet Total* | 405.032 | 294.198 | 289.777 | 138 | 140 |
| Capital* | 181.453 | 180.128 | 181.340 | 101 | 100 |
| Short-term assets/ short-term liabilities | 0,81 | 1,02 | 1,30 | 79 | 62 |
| Net Return on Equity (yearly basis) ** | 16,6% | 16,0% | 4,9% | 104 | 338 |

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

On the yearly level, the Net Return On Equity was 16.6% and above the plan. It surpassed the last year's profitability by more than three times, which is attributed to the sale of the interest in Banka Koper d.d. If this transaction be excluded, the net return on equity would be 4.2% p.a.

The value of the balance sheet total of €405 million was 40% higher than at the beginning of the year. On the Assets side, there was a rise recorded in fixed assets - by €91 million (or by 60%), in long-term financial investments by €14 million (or 111%), and in short-term operating receivables by €9 million (or 14%). On the Liabilities side, we can see increased indebtedness in the amount of €105 million (or by 208%). The share of equity in assets (45%) and the Current Ratio (short-term assets/ short-term liabilities) reflect increased borrowings, resulting from high investments in emerging markets in accordance with the corporate development strategy.

1.3. Investments in Fixed Assets

In the first Nine Months 2007, the investments in fixed assets realized by the **Intereuropa Group** totalled €100,445 thousand, thereof 91,714 thousand in real estate and 8,731 thousand in equipment. The annual plan of investments was completed at the rate of 77.4 %.

Table: Overview of Investment in January-September 2007 in € thousand

| Company | Real estate | | Equipment | | TOTAL | | % of annual realiz. |
|--------------------|----------------|---------------|---------------|--------------|----------------|----------------|---------------------|
| | Plan | Realization | Plan | Realization | Plan | Realization | |
| Intereuropa d.d. | 36.030 | 28.262 | 3.383 | 954 | 39.413 | 29.216 | 74,1 |
| Subsidiaries | 74.792 | 63.452 | 15.593 | 7777 | 90.385 | 71.229 | 78,8 |
| Group TOTAL | 110.822 | 91.714 | 18.977 | 8.731 | 129.799 | 100.445 | 77,4 |

The investments in fixed assets undertaken by the Parent Company **Intereuropa d.d.** amounted to € 29,216 thousand. The greatest investment of the reporting period was the purchase of land and the project for the construction of logistics centre in Moscow, worth €27 million. In addition to that, the Parent Company has renovated and restored several facilities in the Logistics Solutions, completed the renovation and purchase of the equipment in Celje Branch, and acquired new forklift trucks.

Subsidiaries invested €71,229 thousand in fixed assets. The highest investment of the reporting period was the purchase and development of land for a car terminal in Intereuropa-East d.o.o., Moscow, worth € 52 million. This company has greatly increased its vehicle fleet by purchasing ten new truck and trailer combinations, and ten head truck and semi-trailer combinations (€2.8 million). In the same period we increased our warehouse capacities in Samobor, Croatia (€ 6 million), in Dobanovci, Serbia (€ 4.4 million) and in Bosnia and Herzegovina. Worth mentioning among other large investments are: the purchase of ten freight vehicle compositions in our subsidiary ZTS d.o.o. Uzhgorod (€1.4 million), fifteen truck and trailer combinations and five car carrier compositions in Intereuropa Transport d.o.o. (€2.2 million).

1.4. Human Resources Management

Employment trends

As of 30 September 2007, there were 2,487 employees in the Group, or 165 (7%) more than at the year end 2006. In the Slovenian part of the Group the increase was 1%, in Croatia 8%, but the highest rise was recorded in other countries – with 26% more staff members than at the beginning of the year: Bosnia and Herzegovina, the Ukraine and Croatia (Zagreb).

Table: Employees in the Intereuropa Group according to countries

| | Country | 30.09.2007 | 31.12.2006 | Variance 30.09.07-31.12.06 | Index sep/dec |
|---|-----------------|--------------|--------------|----------------------------|---------------|
| 1 | Slovenia | 1.319 | 1.309 | 10 | 101 |
| 2 | Croatia | 654 | 605 | 49 | 108 |
| 3 | Other countries | 514 | 408 | 106 | 126 |
| | TOTAL | 2.487 | 2.322 | 165 | 107 |

Human Resources Development

Table: Education and Training in the Intereuropa Group, in €

| Plan jan-sep 2007 | Actual jan-sep 2007 | Index Actual/plan | Actual/ zap. | No. of hours | No. of hours /employee |
|----------------------|------------------------|----------------------|-----------------|-----------------|------------------------------|
| 225.000 | 144.385 | 64 | 59,84 | 26.057 | 10,61 |

In the reporting period, more than one half of the employees in the Intereuropa Group were included in various forms of training to acquire new knowledge and skills. Compared with the first half-year, the Group's investment per employee rose by 44% and reached €59.84. Before the year-end are scheduled two more courses: the Intereuropa Advanced School of Management, to be attended by some 50 participants from the entire Group, and the School of Business Logistics, to be held in Zagreb.

In our companies in **Slovenia**, the average hours spent in training/ education per employee was 11.

In the Parent Company we implemented the largest part of training forms on logistics, occupational safety, Customs broking, dangerous goods handling, special transports and in the field of HACCP. In addition to those, our staff was also involved in language courses, marketing and supporting activities (finance, accounting, recruiting). Pre-employment induction seminars were attended by 309 employees. However, most of our time and efforts were dedicated to the testing of the IT System – the ISPRO project application (Sales Process Support Project), performing the initial settings and the preparation of data. The training of end users for the application is not concluded yet. The number of participants – application users to be included in this training is expected to increase.

In our companies based in **Croatia**, the average hours spent in training/ education per employee was 14. The majority of employees were involved in the Occupational Safety programmes. The remaining training programmes were organised for fork-lift operators, courses on foreign languages, and the School of business logistics. Some 500 hours of training focused on the transfer of internal knowledge in the segments of Groupage, Seafreight and Airfreight, Warehousing, Customs service, and the organization of Road and Railway transport.

In our companies located in **other countries**, the training covered transport organization, language courses, ADR handling (dangerous goods), customs broking, UPS, finance and accounting.

Occupational Safety and Heal

In the relevant Nine Months, 210 employees were referred to a preliminary preventive, periodical or special medical check. In the frame of preventive control, there were six inspections carried out in the Parent Intereuropa d.d. and subsidiary Intereuropa Transport d.o.o., concentrating mainly on the injury-reporting techniques. The inspection did not reveal any deficiency.

Until 30 September 2007, we dealt with 17 incidents at work, one of the injuries was severe – caused by a technical defect of a fork-lift truck. In the same term last year, there were 22 incidents at work, two of them were severe. The analysis of injuries revealed that the human factor was the most frequent cause of injuries.

In the throughput warehouse in Ljubljana, winter ecological measurements were taken and showed that the micro-climatic conditions were normal. Better illumination has to be provided for in the new throughput warehouse and in some other workplaces.

Concern for Employees - Investing in HR standard and satisfaction

There are 1,091 employees in Slovenia included in the Pension Plan for the additional collective voluntary pension insurance. Financial aid is organised and allocated to the employees and their families, if required. With 60% occupancy, our holiday facilities were better used (by 13%) than a year ago.

San Simon, Izola was the venue of our celebration of the 60th Anniversary of Intereuropa, attended by 750 - 800 employees, mostly coming from Slovenia, in addition to some invited guests. In the Slovenian part of the Group, the average reward (€15) for each year of service in Intereuropa was paid out.

We took part in an opinion poll on the reputation of Slovenian employers and labour market was made by the company Moje Delo d.o.o. The rating of the best Slovenian enterprises was measured on a representative sample of more than 8,000 Slovenian respondents. The results placed us at the 45th place among some 140 companies involved in the poll. In the Transport segment, we were ranked as second from 5 companies involved. The corporate reputation rating of our company points to a rather strong employer brand.

1.5. Total Quality Management

Business Excellence

At the beginning of this year, the Metrology Institute of the Republic of Slovenia invited us to take part in the Award for business excellence in the Republic of Slovenia. In a meeting with the Metrology Institute of the Republic of Slovenia we were instructed on the terms of participating in the Business Excellence Award of the Republic of Slovenia (PRSP0). After having taken part in the seminar on self-assessment according to the business excellence model, we started working on this model.

Internal quality of service auditing

Faced with a shortage of internal quality auditors, we organised an initial and refreshment course for internal auditors, with 15 employees from various subsidiaries attending.

In March, the internal management audit was completed in Koper (of Intereuropa d.d.) and in Zagreb (Intereuropa, Logističke usluge, d.o.o., Zagreb), and in May, the audit was conducted in Interagent d.o.o. We used the findings by internal audits to introduce improvements in individual business processes.

In the second half-year, the auditing on essential or fundamental processes was launched.

External quality of service audit

In April, the external audit was conducted in three certified companies (Intereuropa d.d., Intereuropa Transport d.o.o., Koper and Intereuropa Logističke usluge, d.o.o. Zagreb). There was only one non-compliance found and 31 recommendations issued. We responded to the non-compliance case in the three-month term to the certification authority SIQ, and we are still dealing with the recommendations received.

In April was held an inspection – the verification of the HACCP system in the branches of the Logistics Solutions area of Intereuropa d.d..

Establishing the Quality Management System Intereuropa RTC d.d., Sarajevo

Among the more relevant activities in the reporting period, we should mention the initiation of the Project Introducing the Quality Management in Intereuropa RTC d.d. Sarajevo. We expect it to become the fifth company in our Group with certification by the end of the year 2007.

Change to Corporate Vision and Strategy on Quality Management

A significant novelty is the changed corporate vision and strategy on Quality Management in the Parent Company. Under the present view, the quality management was mostly related to the ISO 9001 Standard; the new vision also covers the environmental protection, food safety, occupational health and safety, and integrates all these segments into the so-called integrated operating system, SHEQ (Safety, Health, Environment, Quality). Having decided for the SHEQ, Intereuropa is going hand in hand with the trends set by large logistics providers.

Another significant change is the transfer of the Quality Management system to subsidiaries. After the subsidiary Intereuropa, Logističke usluge, d.o.o., Zagreb, was certified in 2003, the QM system was not further spread out. Some three years later, the quality management system is expanding to Intereuropa RTC d.d., Sarajevo, and the certification process will be resumed next year.

1.6. Creating Value for Shareholders

Share Trading

The average price of Intereuropa share has levelled off after its rapid growth in the first half-year, recording a decline. In the Nine Months, the IEKG share was up by 56.9%. Over this term, the Slovenian Stock Exchange Index (SBI) rose by 84.6%.

Based on the growth and expansion of the Intereuropa Group towards Southeast and East of Europe, the positive rating by stock exchange analysts has improved the trust of shareholders in the Intereuropa share, viewing as a safe and profitable investment.

The total turnover with the Intereuropa share in the Nine Months 2007 came to EUR 62.7 million, or 313 thousand per day on average. Trading comprised 1,631,021 IEKG shares, or 20.6% of all Intereuropa shares.

Market capitalisation on the last day of the reporting period was EUR 344,703 thousand, while the market value of the share was EUR 43.62. The book value of the share² as of the cut-off day was EUR 20.72. The Net Profit per Share Ratio³ in the reporting period came to EUR 3.04 per share. On the yearly level, this ratio amounts to EUR 3.18 per share; if the effect of the sale of the participation in Banka Koper d.d. is excluded, the ratio comes to EUR 0.58 per share.



Figure: Movements of average prices and trading with IEKG shares, and the SBI20 Index in the period from January to September 2007

² Capital at the end of accounting period/ number of no-par value shares

³ Net Profit or Loss/ number of no-par-value shares

Ownership structure

On 30 September, there were 5,412 shareholders entered in the Share Register of Intereuropa d.d., or 1,086 shareholders more than on 31st December 2006. Although the number of natural persons as shareholders is rising, the opposite trend can be seen in the employees. As of 30.09.2007, they have a 6.7% share in the equity structure, whereas at the end of year 2006, they held 7.7% of IEKG shares.

Among the top five shareholders, there was a major change in the shareholder Istrabenz d.d. who sold its entire shareholding (3.64%, or 287,993 IEKG shares to Banka Celje d.d.

Since 31st December 2006, foreign investors have improved their share by 2.45% to reach 3.23% as at 30 September 2007.

Table: The shareholders structure as of 30.09.2007

| | 30.09.2007 | | 31.12.2006 | | Index sep07/dec06 | Number of shareh. as of 30.9.07 |
|---------------------------------------|------------------|----------------|------------------|---------------|-------------------|---------------------------------|
| | no. of shares | Share-holding | no. of shares | Share-holding | | |
| Natural persons | 1.769.350 | 22,39% | 1.654.055 | 20,93% | 107 | 5.185 |
| - thereof, employees | 529.901 | 6,71% | 606.301 | 7,67% | 87 | 500 |
| Luka Koper d.d. (Port of Koper Corp.) | 1.960.513 | 24,81% | 1.960.513 | 24,81% | 100 | 1 |
| Enterprises | 243.727 | 3,08% | 493.117 | 6,24% | 49 | 158 |
| Financial companies | 2.676.135 | 33,86% | 2.532.540 | 32,05% | 106 | 62 |
| Kapitalska družba d.d. * | 777.762 | 9,84% | 787.262 | 9,96% | 99 | 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% | | 5.412 |

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

Table: Major shareholders as of an 30.09.2007

| | Shareholder | 30.09.2007 | | 31.12.2006 | | Index sep07/dec06 |
|-----|---|---------------|---------------|---------------|---------------|-------------------|
| | | no. of shares | Share-holding | no. of shares | Share-holding | |
| 1. | LUKA KOPER, D.D. | 1.960.513 | 24,81% | 1.960.513 | 24,81% | 100 |
| 2. | KAPITALSKA DRUŽBA, D.D. | 719.797 | 9,11% | 719.797 | 9,11% | 100 |
| 3. | SLOVENSKA ODŠKODNINSKA DRUŽBA D.D. | 474.926 | 6,01% | 474.926 | 6,01% | 100 |
| 4. | INFOND ID, D.D. | 345.969 | 4,38% | 348.139 | 4,41% | 99 |
| 5. | BANKA CELJE d.d. | 287.993 | 3,64% | 0 | - | - |
| 6. | NFD 1 DELNIŠKI INVESTISIJSKI SKLAD D.D. | 224.872 | 2,85% | 94.854 | 1,20% | 237 |
| 7. | ZAVAROVALNICA TRIGLAV, D.D. | 213.640 | 2,70% | 213.640 | 2,70% | 100 |
| 6. | VS TRIGLAV STEBER I, D.D. | 171.506 | 2,17% | 232.776 | 2,95% | 74 |
| 9. | VS PROBANKA GLOBALNO NALOŽBENI SKLAD | 170.000 | 2,15% | 257.987 | 3,26% | 66 |
| 10. | KD RASTKO, delniški vzajemni sklad | 123.117 | 1,56% | 130.626 | 1,65% | 94 |

Tables: Shares held by members of Managing Board and Supervisory Board, as of 30.09.2007

| Managing Board | no. of shares | Share-holding |
|--|----------------------|----------------------|
| ANDREJ LOVŠIN, M.A., President of Managing Board | 49.650 | 0,628 % |
| MARKEŽIČ ZVEZDAN, Deputy President of Managing Board | 3.094 | 0,039 % |
| JONKE ONDINA, Member of Man.Board– Human Resources Executive | 3.080 | 0,039 % |

| Supervisory Board | no. of shares | Share-holding |
|--|----------------------|----------------------|
| NEVIJA PEČAR Deputy President of Supervisory Board | 4.185 | 0,053 % |
| VINKO REBULA, Member of Supervisory Board | 450 | 0,006 % |

Own shares

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

The Company does not have any authorized capital and has not increased its share capital stock.

Dividend policy

In the Corporate Development Plan, the Managing Board of Intereuropa d.d. has declared a stable, long-term policy for paying dividend.

This year's dividend was paid out on 31 August 2007 in the amount of SIT 200.00 (€0.83) gross per share.

2. OPERATION OF THE COMPANY INTEREUROPA d.d.

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

| Item / Index | Jan-Sep 2007 | Plan 2007 | Jan-Sep 2006 | Index 2007/plan | Index 2007/2006 |
|--|--------------|-----------|--------------|-----------------|-----------------|
| Net sales revenues | 105.087 | 98.059 | 90.067 | 107 | 117 |
| Continental Transport | 36.683 | 37.337 | 33.180 | 98 | 111 |
| Logistics Solutions | 11.752 | 11.029 | 10.959 | 107 | 107 |
| Intercontinental Services | 52.393 | 45.586 | 41.713 | 115 | 126 |
| Other services | 4.259 | 4.108 | 4.215 | 104 | 101 |
| EBITDA* | 7.041 | 5.575 | 5.842 | 126 | 121 |
| Operating Profit or Loss | 3.505 | 1.987 | 2.309 | 176 | 152 |
| Net Profit or Loss | 23.987 | 20.233 | 4.410 | 119 | 544 |
| Net sales revenues per employee/ month | 12,793 | 12,077 | 11,288 | 106 | 113 |
| Value added per employee/month | 2,811 | 2,672 | 2,552 | 105 | 110 |

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

| Item / Index | 30.09. 2007 | Plan 31.12.2007 | 31.12. 2006 | Index 2007/plan | Index 2007/2006 |
|---|-------------|-----------------|-------------|-----------------|-----------------|
| Balance Sheet Total* | 318.371 | 217.449 | 226.678 | 146 | 140 |
| Capital* | 163.758 | 158.633 | 165.905 | 103 | 99 |
| Current assets/Short-term liabilities . | 0,69 | 0,88 | 1,46 | 78 | 47 |
| Net Return on Equity (yearly level) ** | 16,4% | 14,0% | 3,7% | 117 | 448 |

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

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

- **Net sales revenues** €105.1 million exceed the plan target by 7% and rose 17% 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 2% below the plan, and by 2 percentage points better than in the first half-year, which points to a positive trend.
- The **Operating result** of €3.5 million was 76% above the plan for the reporting period. That can be primarily attributed to the improved sales and productivity, changes to the sales structure and cost management (direct costs and expenses for the allowances for current assets).
- The **Net Profit or Loss** of €24.0 million surpassed the plan by 19% and outstripped the result achieved in the last year's term by several times. In the reporting period 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 16.4% p.a., which is 2.4 percentage point above the Plan and by 13.7 percentage point better than last year's result. If the profit from the sale of the interest in Banka Koper d.d. is excluded, the net return on equity would be 4.2% p.a.
- The **employee-related indexes** show that sales efficiency and added value per employee were slightly improved over the last year's achievements and the plan.
- In the structure of Liabilities, the **share of equity (capital)** representing 51%, and the **current ratio** at 0.69 resulted from borrowings to service high investment cycle in line with the corporate development strategy of the Intereuropa Group.

We regard the financial results of Intereuropa d.d. as successful and the Company is expected to accomplish the targets by the year-end.

C. 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).

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.

As of 30.09.2007, the Intereuropa Group comprised the controlling company Intereuropa d.d. and the members (subsidiaries /controlled companies), as follows:

| in 000 EUR | Country of Registered office | % of ownership as of 30. 9. 2007 |
|---|------------------------------|----------------------------------|
| Companies directly controlled by the Parent Company Intereuropa d.d. | | |
| Intereuropa Transport, d.o.o., Koper | Slovenia | 100 |
| Interagent, d.o.o., Koper | Slovenia | 100 |
| Intereuropa IT, d.o.o., Koper | Slovenia | 100 |
| Interzav, d.o.o., Koper | Slovenia | 71,28 |
| Intereuropa, Logističke usluge, d.o.o., Zagreb | Croatia | 99,96 |
| Intereuropa sajam, d.o.o., Zagreb | Croatia | 51,00 |
| Intereuropa Skopje, d.o.o., Skopje | Macedonia | 99,56 |
| Intereuropa RTC, d.d., Sarajevo | Bosnia in Herzegovina | 89,29 |
| Intereuropa-East, d.o.o., Moscow | Russia | 100 |
| A.D.Intereuropa logističke usluge, Belgrade | Serbija | 73,62 |
| Intereuropa S.A.S., Saint Pierre de Chandieu | France | 67,60 |
| TEK ZTS d.o.o., Uzhgorod | Ukraine | 66,67 |
| Schneider & Peklar GmbH, Wien | Austria | 100 |
| Intereuropa Transport & Spedition GmbH, Troisdorf | Germany | 90,48 |
| Intereuropa Kosova L.L.C., Prishtina | Kosovo | 90,00 |
| Companies indirectly controlled by the Parent Company Intereuropa d.d. | | |
| Intereuropa Transport dooel, Skopje | Macedonia | 99,56 |
| Itar, d.o.o., Zagreb | Croatia | 99,96 |
| Intertrans d.o.o. Moscow | Russia | 100 |

At the half-year, the indirect subsidiary Itar d.o.o., Zagreb, was included in the consolidated financial statements of the Group for the first time; at the Nine Months cut-off date, the indirect subsidiary Intertrans d.o.o., Moscow was added.

1. FINANCIAL REPORT FOR THE INTEREUROPA GROUP

1.1. Financial Statements of the Intereuropa Group

INCOME STATEMENT OF INTEREUROPA GROUP for the reporting term 1 Jan – 30 Sep 2007

| in 000 € | January - September 2007 | January - September 2006 | I 07/06 |
|--|--------------------------------|--------------------------------|------------|
| 1. NET SALES REVENUES | 181.091 | 160.200 | 113 |
| 2. CAPITALISED OWN PRODUCTS AND SERVICES | 0 | 0 | - |
| 3. OTHER OPERATING REVENUES | 1.964 | 1.742 | 113 |
| 4. COST OF GOODS, MATERIAL AND SERVICES | 129.620 | 115.385 | 112 |
| 5. LABOUR COSTS | 32.843 | 29.314 | 112 |
| 6. DEPRECIATION AND AMORTIZATION | 10.662 | 9.475 | 113 |
| a) Amortization and other intangible long-term assets write-downs and tangible fixed assets write-offs | 9.573 | 8.210 | 117 |
| b) Current asstes revaluation and amortization adjustments | 1.089 | 1.265 | 86 |
| 7. OTHER OPERATING EXPENSES | 2.077 | 1.741 | 119 |
| 8. OPERATING PROFIT OR LOSS (1+2+3-4-5-6-7) | 7.853 | 6.027 | 130 |
| 9. FINANCIAL REVENUES FROM STAKES | 24.097 | 2.479 | 972 |
| 10. FINANCIAL REVENUES FROM LOANS GIVEN | 296 | 179 | 165 |
| 11. FINANCIAL REVENUES FROM OPERATING RECEIVABLES | 889 | 1.014 | 88 |
| 12. FINANCIAL EXPENSES FROM FINANCIAL INVESTMENTS IMPAIRMENT AND WRITE OFFS | 7 | 0 | - |
| 13. FINANCIAL EXPENSES FROM FINANCIAL LIABILITIES | 2.378 | 985 | 241 |
| 14. FINANCIAL EXPENSES FROM OPERATING LIABILITIES | 298 | 283 | 105 |
| 15. PROFIT OR LOSS FROM ORDINARY ACTIVITIES (8+9+10+11-12-13-14) | 30.452 | 8.431 | 361 |
| 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 | 4.389 | 2.060 | 213 |
| 20. Deferred taxes | -87 | 24 | - |
| 21.a Net profit or loss of the minority shareholders | 264 | 283 | 93 |
| 21.b Net profit or loss of the majority shareholder (15+18-19-20-21.a) | 25.886 | 6.064 | 427 |
| 21. NET PROFIT OR LOSS FOR THE PERIOD (21.a+21.b) | 26.150 | 6.347 | 412 |
| Basic net earnings per share (in €) | 3,28 | 0,77 | 427 |
| Adjusted net earnings per share (in €) | 3,28 | 0,77 | 427 |

BALANCE SHEET OF INTEREUROPA GROUP as of 30.09.2007

| in 000 € | 30.9.2007 | 31.12.2006 | I 07/06 |
|---|----------------|----------------|------------|
| ASSETS | 405.032 | 289.777 | 140 |
| A. LONG-TERM ASSETS | 297.969 | 191.364 | 156 |
| I. Intangible assets and long-term active accrued items | 11.404 | 10.099 | 113 |
| II. Tangible fixed assets | 245.135 | 153.672 | 160 |
| III. Immovable property | 13.638 | 14.259 | 96 |
| IV. Long-term financial investments | 27.285 | 12.931 | 211 |
| V. Long-term operating receivables | 2 | 2 | 100 |
| VI. Deferred tax receivables | 505 | 401 | 126 |
| B. SHORT-TERM ASSETS | 101.016 | 95.620 | 106 |
| I. Assets available-for-sale | 1.417 | 26.437 | 5 |
| II. Inventories | 77 | 79 | 97 |
| III. Short-term financial investments | 2.903 | 4.376 | 66 |
| IV. Short-term operating receivables | 69.891 | 61.195 | 114 |
| V. Cash | 26.728 | 3.533 | 757 |
| C. SHORT-TERM ACTIVE ACCRUED ITEMS | 6.047 | 2.793 | 217 |
| LIABILITIES | 405.032 | 289.777 | 140 |
| A. CAPITAL | 181.453 | 181.340 | 100 |
| 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 | 6.050 | 25.516 | 24 |
| V. Net profit/loss brought forward | 49.417 | 50.205 | 98 |
| VI. Net profit/loss for the financial year | 25.886 | 6.387 | 405 |
| VII. Consolidation capital adjustment (exchange rate translation differences) | 2.186 | 1.379 | 159 |
| VIII. Capital of minority shareholders | 3.527 | 3.466 | 102 |
| B. PROVISIONS AND LONG-TERM PASSIVE ACCRUED ITEMS | 3.085 | 2.997 | 103 |
| C. LONG-TERM LIABILITIES | 95.900 | 31.804 | 302 |
| I. Long-term financial liabilities | 92.562 | 27.482 | 337 |
| II. Long-term operating liabilities | 2.000 | 480 | 417 |
| III. Deferred tax liability | 1.338 | 3.842 | 35 |
| D. SHORT-TERM LIABILITIES | 124.594 | 73.636 | 169 |
| I. Liabilities included in disposal group | 0 | 0 | - |
| II. Short-term financial liabilities | 62.488 | 22.853 | 273 |
| III. Short-term operating liabilities | 62.106 | 50.783 | 122 |
| E. SHORT-TERM PASSIVE ACCRUED ITEMS | 0 | 0 | - |

1.2. Notes to Financial Statements of the Intereuropa Group

a) Notes to the INCOME STATEMENT

The **Net sales revenue** of Intereuropa Group of €181,091 thousand was 13 % (or €20,891 thousand) above the last year's result, while the **cost of goods, materials and services** were higher by 12 % (or €14,235 thousand).

Other Operating Revenues amounting to €1,964 thousand comprise:

- Ø Paid receivables for which the allowance was made in preceding years (€380 thousand),
- Ø Profit from the sale of tangible fixed assets (€1,293 thousand)
- Ø Other revenue (€291 thousand).

The **cost of labour** were recognized in the accounted volume that went up by 12 % over the last years's comparable term.

Depreciation/amortization costs in the item **Write-downs in value** grew by 17 % (or €1,363 thousand) primarily due to new investments in warehouse capacities. In the scope of Write-downs and Allowances for receivables we recorded a decline by €176 thousand.

The **Operating Profit or Loss** for the reporting term came to €7,853 thousand and was 30 % (or €1,826 thousand) above the comparable figure last year, thanks to more favourable ratio between the costs and revenue growth rates: the cost of goods, material and services was lower than net sales revenue.

Financial revenues from shares in the amount of €24,097 thousand stand for the profit attained from the sale of financial investments, amounting to €23,579 thousand (principally relating to the profit in the disposal of the shares in Banka Koper d.d.; the remaining part (€518 thousand) relates to the dividend distributed and net profits received from shareholdings in other companies, and the net profits from the associated and jointly-controlled company.

Financial expenses grew by 112 % (or €1,415 thousand) from higher expenses for bank loans raised.

The **Profit or loss from ordinary activities** of the Group is recognized at €30,452 thousand and is higher than last year's figure by €22,021 thousand, primarily attributable to the capital gains realized and the higher Operating Profit.

Taking into account the expense for corporate profit tax, the Intereuropa Group generated a **Net Profit** of €26,150 thousand, which was by €19,803 thousand higher than in the comparable term a year ago.

b) Notes to the BALANCE SHEET

ASSETS

LONG-TERM ASSETS

Long-term assets stand for 74 % of all assets and were higher by 56% than on the cut-off date of the comparable term a year ago, resulting from new investments in property, plant and equipment, as well as in long-term financial investments.

Property, plant and equipment (Tangible fixed assets) were up by 60% (or €91,463 thousand) primarily due to intensified investments that were higher than depreciation costs. Investments were mainly made in the purchase of land and construction of warehouse capacities.

Most of the **Long-term financial investments** relate to the Parent Company. Their growth by 111% arises from the purchases of new companies in the Ukraine.

SHORT-TERM ASSETS

stand for a quarter of all assets. As much as 69 % of the short-term assets are short-term operating receivables.

SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUES

The Deferred costs and accrued revenues were recognised in the amount of EUR 6,047 thousand. They primarily represent short-term accrued revenues in the amount of direct costs incurred, which are expected to be covered.

EQUITY AND LIABILITIES

EQUITY (CAPITAL)

As of 30 September 2007, equity amounts to 45% of all liabilities, or 18% less than on the Balance Sheet Date of the preceding year. Its increase over the reporting period has resulted from the Net Profit or Loss of the majority and minority equity interest (shareholders, € 26,150 thousand). The decrease can be attributed to:

- Dividend payout (€6,595 thousand) and the participation of the Managing and Supervisory Boards in the Company's profit (€75 thousand) based on the Resolution by the General Meeting, and
- the offset decrease in the surplus from revaluation of financial investments by €19,466 thousand on the account of the transfer of the item to the proceeds from the disposal of shares held in Banka Koper d.d., which has a bearing on the net profit.

PROVISIONS & LONG-TERM ACCRUED COSTS AND DEFERRED REVENUES

As of the Balance Sheet Date, the Group had € 3,085 thousand of unused long-term provisions. The prevailing part comprises the provisions for pensions and similar obligations.

LONG-TERM LIABILITIES

The prevailing portion – 97% of long-term liabilities are the long-term financial liabilities in the amount of €95,562 thousand; this item is 237% higher than as of 31st December 2006. Also their participation in the financing sources rose by 14 percentage points, so they stand for 23 % in the Liabilities structure.

Deferred tax liabilities are offset by deferred tax receivables and the amount to €1,338 thousand; the basis thereof is largely the revaluation of financial investments to fair value.

SHORT-TERM LIABILITIES

Short-term financial liabilities of the Group amount to € 62,488 thousand and consist of short-term credit facilities with the banks.

Short-term operating liabilities amount to €62,106 thousand. They primarily stand for Short-term trade payables to suppliers.

2. FINANCIAL REPORT FOR THE PARENT COMPANY INTEREUROPA d.d.

2.1. Financial Statements of the Parent Company Intereuropa d.d.

INCOME STATEMENT OF INTEREUROPA d.d. for the period 1 January – 30 September 2007

| in 000 € | January - September 2007 | January - September 2006 | I 07/06 |
|--|--------------------------------|--------------------------------|---------|
| 1. NET SALES REVENUES | 105.087 | 90.067 | 117 |
| 2. OTHER OPERATING REVENUES | 1.178 | 1.206 | 98 |
| 3. COST OF GOODS, MATERIAL AND SERVICES | 81.784 | 69.408 | 118 |
| 4. LABOUR COSTS | 16.053 | 14.518 | 111 |
| 5. DEPRECIATION AND AMORTIZATION | 4.025 | 4.163 | 97 |
| a) Amortization and other intangible long-term assets write-downs and tangible fixed assets write-offs | 3.536 | 3.533 | 100 |
| b) Current asstes revaluation and amortization adjustments | 489 | 630 | 78 |
| 6. OTHER OPERATING EXPENSES | 898 | 875 | 103 |
| 7. OPERATING PROFIT OR LOSS (1+2-3-4-5-6) | 3.505 | 2.309 | 152 |
| 8. FINANCIAL REVENUES FROM STAKES | 24.750 | 3.182 | 778 |
| 9. FINANCIAL REVENUES FROM LOANS GIVEN | 468 | 234 | 200 |
| 10. FINANCIAL REVENUES FROM OPERATING RECEIVABLES | 328 | 493 | 67 |
| 11. FINANCIAL EXPENSES FROM FINANCIAL INVESTMENTS IMPAIRMENT AND WRITE OFFS | 7 | 0 | - |
| 12. FINANCIAL EXPENSES FROM FINANCIAL LIABILITIES | 1.457 | 434 | 336 |
| 13. FINANCIAL EXPENSES FROM OPERATING LIABILITIES | 68 | 49 | 139 |
| 14. PROFIT OR LOSS FROM ORDINARY ACTIVITIES (7+8+9+10-11-12-13) | 27.519 | 5.735 | 480 |
| 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 | 3.516 | 1.311 | 268 |
| 19. Deferred taxes | 16 | 14 | 114 |
| 20. NET PROFIT OR LOSS FOR THE PERIOD (14+17-18-19) | 23.987 | 4.410 | 544 |
| Basic net earnings per share (in €) | 3,04 | 0,56 | 544 |
| Adjusted net earnings per share (in €) | 3,04 | 0,56 | 544 |

BALANCE SHEET OF INTEREUROPA d.d. as of 30 September 2007

| in 000 € | 30.9.2007 | 31.12.2006 | I 07/06 |
|--|----------------|----------------|------------|
| ASSETS | 318.371 | 226.678 | 140 |
| A. LONG-TERM ASSETS | 247.090 | 160.009 | 154 |
| I. Intangible assets and long-term active accrued items | 2.955 | 2.412 | 123 |
| II. Tangible fixed assets | 103.850 | 76.590 | 136 |
| III. Immovable property | 12.905 | 13.535 | 95 |
| IV. Long-term financial investments | 127.380 | 67.472 | 189 |
| V. Long-term operating receivables | 0 | 0 | - |
| VI. Deferred tax receivables | 0 | 0 | - |
| B. SHORT-TERM ASSETS | 66.563 | 64.598 | 103 |
| I. Assets available-for-sale | 1.417 | 26.437 | 5 |
| II. Inventories | 47 | 46 | 102 |
| III. Short-term financial investments | 16.915 | 5.314 | 318 |
| IV. Short-term operating receivables | 35.557 | 32.133 | 111 |
| V. Cash | 12.627 | 668 | - |
| C. SHORT-TERM ACTIVE ACCRUED ITEMS | 4.718 | 2.071 | 228 |
| LIABILITIES | 318.371 | 226.678 | 140 |
| A. CAPITAL | 163.758 | 165.905 | 99 |
| 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 | 6.034 | 25.498 | 24 |
| V. Net profit/loss brought forward | 40.262 | 42.273 | 95 |
| VI. Net profit/loss for the financial year | 23.987 | 4.659 | 515 |
| B. PROVISIONS AND LONG-TERM PASSIVE ACCRUED ITEMS | 1.436 | 1.449 | 99 |
| C. LONG-TERM LIABILITIES | 56.047 | 14.952 | 375 |
| I. Long-term financial liabilities | 54.690 | 11.190 | 489 |
| II. Long-term operating liabilities | 19 | 19 | 100 |
| III. Deferred tax liability | 1.338 | 3.743 | 36 |
| D. SHORT-TERM LIABILITIES | 97.130 | 44.372 | 219 |
| I. Liabilities included in disposal group | 0 | 0 | - |
| II. Short-term financial liabilities | 60.088 | 16.682 | 360 |
| III. Short-term operating liabilities | 37.042 | 27.690 | 134 |
| 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 amounting to € 105,087 thousand stand for the from sales price of the services supplied. Compared with the same period a year ago, that means a 17% growth (or €15,020 thousand), while the **cost of goods, materials and services** went up higher by 18 % (or €12,376 thousand).

Other Operating Revenues amount to €1,178 thousand and comprise:

- Paid receivables for which the allowance was made in preceding years €364 thousand,
- Profit from the sale of property, plant and equipment (tangible fixed assets) €758 thousand,
- Other revenues of €56 thousand.

The **cost of labour** were recognized in the accounted volume that went up by 11 % over the last years' comparable term.

In the structure of the item **Write-down/-off**, the item **Depreciation** amounts to €3,536 thousand or 88%, this item maintained the same level as in the last year's comparable term.

Write-downs/-offs and adjustments or allowances for current assets of € 489 thousand represent the allowance for trade receivables.

Other operating expenses amounting to €898 thousand mainly represent the expenses for the municipal land contributions.

The **Operating Profit or Loss** for this year's Nine Months came to €3,505 thousand and was 52% (or by €1,196 thousand) higher than the figure achieved in the comparable statement a year ago, which can be primarily attributed to the effect of higher growth of income categories than expenses.

Financial revenues have essentially exceeded the last year's figure by €21,637 thousand. In the first place, that was a result of the **Financial revenues from shares** (€24,750 thousand) which stand for the profit attained from the sale of the financial investments (€23,576 thousand) (mainly attributable to the sale of the shareholding in Banka Koper d.d.). The remaining portion of Financial revenues from shares (€ 1,174 thousand) stands for the net profits attained from the subsidiaries and transferred to the Parent based on the Resolutions by the General Meetings adopted in this year, and financial revenues from the associated and jointly-controlled company, and the revenue from dividend of other companies.

The **Profit or loss from ordinary activities** came to €27,519 thousand. It was essentially higher than the last year's figure thanks to the capital gains realized in the sale of the shareholding in Banka Koper, as well as a result of higher Operating Profit/Loss.

Taking into account the expense for corporate profit tax, the Parent Company of the Intereuropa Group generated a **Net Profit or Loss** of €23,987 thousand in the first Nine Months of 2007.

b) Notes to the BALANCE SHEET

ASSETS

LONG-TERM ASSETS

Long-term assets stand for 78 % of all assets and were higher by €87,081 thousand than on the cut-off date of the comparable term a year ago on the account of new investments in property, plant and equipment (primarily in land for warehouses) and long-term financial investments (capital increase of the subsidiary Intereuropa East d.o.o. Moscow, the purchase of new companies in the Ukraine, and the increased amount of long-term loans granted to the companies in the Group).

SHORT-TERM ASSETS

In Short-term assets, we recorded a decreased quantity of the assets held for sale (resulting from the sale of the investment in the shares of Banka Koper d.d. that was stated among the assets held for sale as at 31.12.2006), and the increase in short-term loans granted to companies in the Group, operating trade receivables and cash.

SHORT-TERM DEFERRED COSTS AND ACCRUED REVENUES

The Deferred costs and accrued revenues were recognised in the amount of €4,718 thousand. They mainly stand for short-term accrued revenues in the amount of direct costs incurred, which are expected to be covered.

EQUITY AND LIABILITIES

EQUITY (CAPITAL)

This item stands for 51% of all the liabilities and fell by 22 percentage points in the liabilities structure on the account of increased financial liabilities.

Its increase in the reporting period was on the account of the Net Profit or Loss, by €23,987 thousand. The decrease can be attributed to:

- the offset decrease in the surplus from revaluation of financial investments by €19,464 thousand on the account of the transfer of the item to the proceeds from the disposal of shares held in Banka Koper d.d., which has a bearing on the net profit, and
- Dividend payout (€6,595 thousand) and the participation of the Managing and Supervisory Boards in the Company's profit (€75 thousand) based on the Resolution by the General Meeting.

PROVISIONS & LONG-TERM ACCRUED COSTS AND DEFERRED REVENUE

As of the Balance Sheet Date, the Company had €1,436 thousand of unused long-term provisions and Accrued Costs and deferred revenues. The prevailing part comprises the provisions for pensions and similar obligations.

LONG-TERM LIABILITIES

The **long-term financial liabilities** are recognised in the amount of €54,690 thousand. Their share in the liabilities structure rose by as much as 12 percentage points. This increased amount has resulted from higher Long-term financial liabilities that relate to the long-term loans raised from banks.

Deferred tax liabilities are offset by deferred tax receivables and the offset amount is €1,338 thousand. The prevailing basis for them is the revaluation of financial investments to fair value.

SHORT-TERM LIABILITIES

Short-term financial liabilities amount to €60,088 thousand and consist of short-term credit facilities with domestic banks.

Short-term operating liabilities of €37,042 primarily relate to the liabilities to suppliers.

D. CONCLUSION

During the first Nine Months of the year 2007, the Group achieved €181 million of net sales revenues and a net profit or loss of €26 million. As a result, we exceeded the sales achievement of the same period 2006, achieved the sales targets and outstripped the net profit. With concerted action involving all our companies in the Group and dedicated sales activities on the logistics market we were able to improve our productivity and economy. The activities launched in the cost management and intra-group operations lately have yielded favourable results in our efforts to improve the efficiency and employment of assets.

The reporting period saw numerous investments, in total amount €100 million. The highest investment of all was the purchase and development of land for a car terminal on a new site in Moscow. Among other large investments, there were the purchase of twenty freight vehicle compositions in the subsidiary Intereuropa Transport d.o.o., ten compositions in ZTS d.o.o. Uzhgorod, warehouse capacities in Samobor (Croatia), Dobanovci (Serbia) and in Bosnia and Herzegovina. The high investment rate also reflected through the rise of the balance sheet total, which is now 40% higher than at the beginning of the financial year, and in the structure of financial sources, with an increased share of the outside capital.

The growth of net sales revenues in the Group was 13% above last year's achievement and surpassed the planned growth rate (11%) from the Corporate Development Strategy. During the last quarter of the reporting period, one more company has joined the Group: Intertrans d.o.o., Moscow, which operates in road transport.

The Operating Profit or Loss of the reporting period came to €7.9 million and was 30% above the last year's figure; however, it remained below the plan. The earnings before interest, tax and depreciation (EBITDA) with €17 million almost reached the planned level; it was 22% higher than in the comparable term a year ago.

With a net profit of €26 billion and a net return on equity of 16.6% p.a., we have surpassed the ambitious goals. Compared with the same term in 2006, the entire Intereuropa Group was performing better and in line with the goals set. Therefore we estimate the past Nine Months as a successful period in the corporate history.

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

