INTEREUROPA GROUP
Global Logistics Service, Ltd. Co.

INTEREUROPA GROUP Unaudited Interim Report for January - September 2010

Global Logistics Service

Koper, 18 November 2010

The INTEREUROPA d.d. is publishing this Unaudited Report of the Intereuropa Group for January-September 2010, in accordance with the Market in Financial Instruments Act (ZTFI).

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 Report of the Intereuropa Group for January-September 2010 shall also be published on the web site of INTEREUROPA d.d. www.intereuropa.si on 18 November 2010.

C O N T E N T S

A. INTRODUCTION

The mid-year enlivenment of economic activity in the markets of the Intereuropa Group, although slow and insecure, has contributed to an improvement of sales in some areas of operation. The sales turnover for the Group in the Nine Months 2010 amounted to € 139.7 million, remaining 7 percent behind the sales targets. Compared with the sales turnover of the same period a year ago, the sales turnover in the reporting term was 2 percent lower. Like before, the Land Transport Area was the best performing of all; on the other hand, car logistics services had to cope with the most difficulties in achieving the sales target. The parent company Intereuropa achieved € 71.1 million of sales revenues, which was 4 percent lower than comparable term last year and below the plan.
Through operations optimization, cost containment and disinvestment we succeeded in improving the operating result also if the sale of real property and other one-off events were excluded. On the level of the Group we closed the reporting term with an operating result of € 8.2 million and minimal net profit, while the Parent Company recorded an operating result of € 5.5 million and net profit of € 1.0 million.

Company Fact Sheet

The Parent Company	Intereuropa, Globalni logistični servis, delniška družba (Global Logistics Service, Ltd. Co.)
Abbreviated Firm	Intereuropa d.d.
Country of the Parent Company	Slovenia
Registered Office of the Parent	Vojkovo nabrežje 32, 6000 Koper
Company reg. number	5001684
Tax ID number	56405006
Transaction Accounts	03135-1005943869 with SKB banka d.d. 04750-0001009045 with Nova KBM d.d. 07000-0001069709 with Gorenjska banka d.d. 10100-0000006785 with Banka Koper d.d. 24203-9002718580 with Raiffeisen Banka d.d. 29000-0001836455 with UniCredit banka Slovenija d.d.
Entry in the Register of Companies	Registered with the District Court in Koper, file no. 1/00212/00
Share capital	32,976,185.11 €
Number of shares issued and paid-in	7,902,413 no-par value shares
Shares Listing	IEKG shares are listed in the Prime Market of the Ljubljana Stock Exchange (Ljubljanska borza d.d.).
Managing Board	Ernest Gortan, M.Sc., President Tatjana Vošinek Pucer, Deputy President
President of the Supervisory Board	Bruno Korelič

The Intereuropa Group	
Number of employees	2,330 employees
Vehicle fleet	459 own trucks and delivery vans
Total warehousing area	261,400 qm of own warehouse facilities
Total land area	2,198,600 qm of land
Membership in international organizations	FIATA, IATA, FETA, FONASBA, BIMCO, IRU
Quality Certificates	ISO 9001:2008 Certificate: o Intereuropa d.d., o Intereuropa, Logističke usluge, d.o.o., Zagreb o Intereuropa Transport d.o.o., Koper o Interagent d.o.o., o Intereuropa Transport & Spedition GmbH, Troisdorf (Germany), o Intereuropa RTC d.d., Sarajevo (BiH)
Own branch network	Slovenia, Croatia, Serbia, Kosovo, Bosnia and Herzegovina, Macedonia, Germany, France, Ukraine, Russia, Montenegro, Albania

Major events in the reporting period January-September 2010:

January

- On 8 January, the Managing Board filed the expected action for compensation versus the former Managing Board of Intereuropa d.d., in accordance with the respective Resolution adopted by the 21stGeneral Meeting regarding the preparation and filing of legal action for compensation of damages.

February

- We applied to the group of three banks signatories to our long-term »club deal credit« to finance the completion of the Logistics Centre Chechov-Moscow in April 2009, to prolong the grace period of one year for the repayment of the principal.

March

- On 5 March we sold the property at Šmartinska c.134/b in Ljubljana, in line with the Programme of measures by the Managing Board approved earlier, which envisions the disposal of non-operating assets.
- On 17 March the Supervisory Board was introduced to the ''Strategic business plan of Intereuropa Group for the term 2010 – 2014'', which was prepared by the Managing Board of Intereuropa d.d.
- On 23 March the Managing Board of Intereuropa d.d. as the sole shareholder of the company Intereuropa IT d.o.o. adopted the Resolution approving the Affiliation of the company Intereuropa IT, d.o.o., Koper to the Parent Company Intereuropa d.d..
- In March we joined the formation of a syndicate of five banks in order to reschedule the current short-term loans into long-term loans. The Agreement is not signed yet, the offer envisions a refinancing of short-term loans to a four-year term, with a grace period for the principal of one year.

April

- 19 April, the Supervisory Board discussed and adopted the Audited Annual Report of the Intereuropa Group 2009. Jointly with the Managing Board, they adopted the ''Corporate Management Policy of Intereuropa d.d. in accordance with the Corporate Governance Code of Public Limited Companies.
- On 29 April Intereuropa acquired the status of an Authorised Economic Operator (AEO), which means simplified and accelerated Customs formalities for Intereuropa and thereby a faster delivery of goods to consignees outside or within the European Community.
- On 30 April, the participation in the 2008 profit under the employee-profit-sharing agreement was paid out to employees.

May

- On 11 May, Intereuropa took part in the Day of Slovenian Capital organized by the Ljubljana Stock Exchange in cooperation with the Clearing Depository Company (KDD) and other members; the Slovenian companies listed in the Prime Market of the Ljubljana Stock Exchange (Ljubljanska borza d.d.) took the opportunity to present their results, plans and expectations for the future.
- On 24 May, Intereuropa d.d. disposed of the property at Letališka cesta 25 in Ljubljana, in line with the approved Programme of Measures by the Managing Board that envisions the disposal of non-operating assets.
- On 24 May the Supervisory Board dealt with the Managing Board Interim Report on the Intereuropa Group performance for the first quarter 2009. The Supervisory Board appointed Mrs Tatjana Vošinek Pucer as Deputy President of the Managing Board of Intereuropa d.d. with a five-year term of office.

June

- On 1 June, our current daughter company Intereuropa IT, informacijska tehnologija, d.o.o. was affiliated to the Parent Company Intereuropa d.d.
- On 23 June, we organized an open-door day dedicated to our employees' children aged 5 – 10, for the part of the Company located in Koper.

July

- On 1 July, the 22nd Annual General Meeting of Intereuropa d.d. was held at the head-office of the Company, in which the shareholders were presented the Intereuropa Group Annual Report for 2009 and they also resolved on awarding the discharge note to the Supervisory Board and Managing Board, and on amending the Company's Statute. They appointed the Auditors for the year 2009.

- 01. On 1 July, the BU Sežana was closed down; the Departments belonging to that BU that continue to exist are part of the Vrtojba Sub-branch.

August

- 29 August, the Supervisory Board dealt with the performance of the Intereuropa Group in the first half-year 2010. The Managing Board and the Supervisory Board adopted their common position regarding an evtl. formation of a logistics holding, and published it on the websites of the Ljubljana Stock Exchange and issued to all media.

September

- From 8 to 15 September 2010, Intereuropa presented the entire range of products and services at the 43rd International Crafts Fair, individually at own exhibition stall.
- 13 September, Intereuropa attended the conference at Brdo pri Kranju, at which the proposal of formation of the Slovenian Logistics Holding.
- During the summer, the employees of Intereuropa donated toys, clothes, footwear, utensils for school and other equipment to aid the children from socially distressed families; on 27 September the donations were ceremonially delivered to the society Čebelica.

Major events after the end of reporting period:

- 14 October, managers and executives gathered at the Intereuropa annual conference to review the current operations of the Group and plan baselines for the year 2011.
- At the beginning of November, we have designed a new website of Intereuropa d.d.

Strategic objectives of the Intereuropa Group

Corporate vision

To become a top-ranked provider of integral logistics solutions.

Mission

The mission of the Intereuropa Group is to meet the need for logistics services and provide the optimal functioning of supply chains to the complete satisfaction of our customers, while creating added value for shareholders, employees and other stake-holders in a socially responsible manner.

Values

Professional attitude towards customers. Our activities seek to offer optimal solutions for the logistics needs of each and every customer, based on advanced logistics know-how.
Adaptability and flexibility. Our services are prompt and tailored to customers' needs. They are based on inventive business solutions and good organization.
Responsibility. We are distinguished by a high level of responsibility for all obligations and arrangements undertaken, as well as for both the social and natural environments.
Team work and respect for co-workers. The quality of our services is the result of the work of individuals and excellent expert teams. We duly take into account co-workers' knowledge, experience and views.

Our organizational structure and professional competence will enable us to fully realize our competitive advantages:

- own network of affiliated companies,
- established partnership network,
- a wide range of different products and our own infrastructure,
- technically qualified staff.

Strategic goals up to the year 2014:

- Ensuring financial stability through divestment, de-leverage, debt rescheduling and effective management of working capital.
- Establishing a strategic partnership in the company OOO Intereuropa East, Moscow.
- Maintaining and strengthening our position as the leading provider of comprehensive logistics services in Slovenia and the countries of the former Yugoslavia.
- Continuous optimization of processes in all business segments at the Group level and within the consolidated companies.
- Acquiring a strategic partner for Intereuropa d.d. that will carry out recapitalization, thus contributing to the Group's financial stability as well as the development of our core business.

Business plan for the year 2010

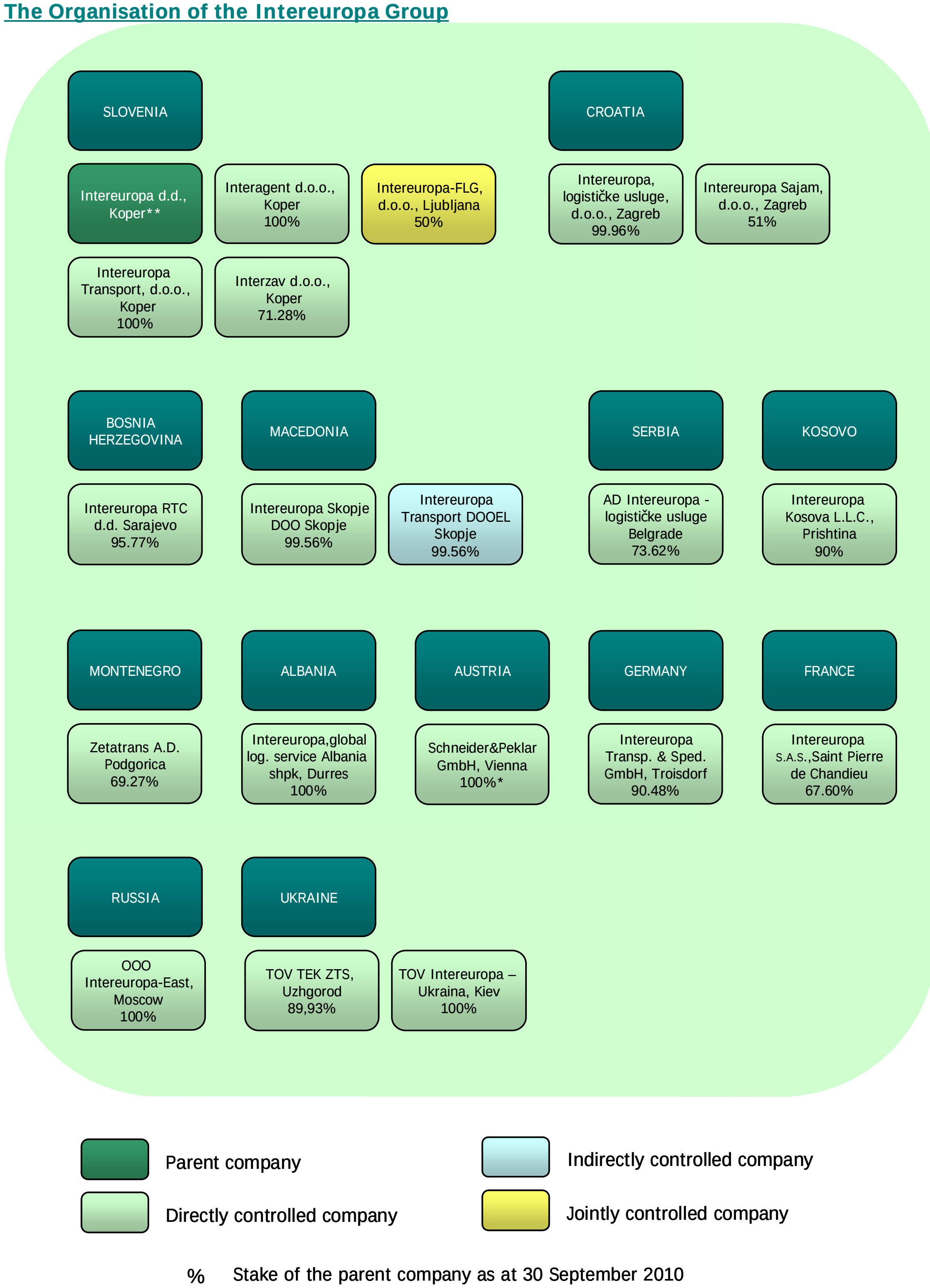
Principal baselines of the Business Plan 2010:

- Economic environment: Estimating that the bottom has been achieved, we do not expect growth yet, but rather the levelling-off on the achieved levels,
- Growth of income is envisioned by increasing the market shares, acquiring new business and customers,
- Current investments in progress have to be completed before expanding any investing activity,
- Own funds from disposal of non-operating assets will be used for debt-reducing in the Parent Company.

Key goals for the year 2010:

1. With a focus on increasing the market share and optimizing all the corporate processes, we envision to achieve a sales turnover of € 200 million, or 5 percent higher than in the preceding year.
2. The highest growth is expected in the area Logistics Solutions arising from the envisioned launch of the new storage capacities in Russia, and in Land Transport with the new business acquired.
3. The focused cost-cutting process will continue in the Parent Company, primarily addressing the operating costs.
4. In the affiliate Intereuropa Transport d.o.o., Koper, we will improve the sales efficiency.
5. With cost streamlining and intensified sales combined, we aim to achieve the EBITDA of € 23.7 million and operating profit of € 6.7 million.
6. Our investing activities will be restricted to the completion of the investments launched in the past, primarily the logistics hub in Chekhov/Moscow, and other necessary investments on a minimal scale for a smooth operation.
7. In the Parent Company, deleveraging will start with the disposal of two bigger items of real property.

The Organisation of the Intereuropa Group



* On 18 January 2008 bankruptcy proceedings were instigated against Schneider & Peklar GmbH, Vienna, which are still ongoing.
** On 1 June company Intereuropa IT, d.o.o. was affiliated to the Parent Company Intereuropa d.d.

Figure 1: The Organisation Chart of the Intereuropa Group as of 30.09.2010

B. BUSINESS REPORT

1. PERFORMANCE OF INTEREUROPA GROUP

1.1. Sales achievements

Economic environment and trends

The first half-year 2010 saw an accelerated recovery of global economy, primarily resulting from industrial output and fuelled by the growth of trade in the world. The growth of economic activity eased down in the second half-year (forecast by the International Monetary Fund/ IMF for 2010: 4.6 percent growth), and trust indicators point to a moderate growth for the coming year, too.
In the second quarter, national economies of our major trade partners in the euro area achieved a higher GDP growth than expected, thanks to foreign demand, which had the most important impact on the improved situation in the Euro area, and was additionally supported by lower value of the Euro. Gradual withdrawal of anti-crisis measures or incentives and the announced saving measures in the public finance sectors in numerous EU Member States have lately resulted in a drop in expectation indicators, all of which show that the growth is not to achieve such high level in the second half-year.
In Slovenia, the recovery of economic activity in this year can be mostly attributed to the impacts from international environment. In the given increased demand from abroad, which prompts the growth of added value in export-oriented industries, we expect a 7% growth of exports. The growth mainly focuses on stronger exports of goods and certain related services (especially transport), whereas the export of other services has grown at a modest rate, or dropped.
As a result of increased export demand, the highest added value improvement in the current year will be achieved by the processing industries (7%) and transportation, warehousing and communications (5%). On the other hand, the modest domestic consumption is not going to exceed the last-year's level primarily due to the aggravated situation in the construction/civil engineering, lack of access to finance sources, ill payment practices, and the situation in the labour market.
In the countries emerged from the former Yugoslavia, the recovery of national economies has been even more unsteady and slower due to weak industrial sector, lower external competitiveness and high unemployment rates. In Croatia, the GDP is expected to further shrink this year, while in other countries emerging from the former Yugoslavia a slightly higher growth than forecast in the spring is expected. According to the ratings by international institutions, the key factors for recovery in the next two years will be the growing demand from abroad and a renewed growth of investments, for which the renewal of capital inflows from abroad will be underlying; for Croatia, positive impact is expected from the approximation to the EU.
Economic situation in major trade partners of Slovenia is still quite uncertain, which reflects in changing forecasts by international institutions.

Table 1: Forecast economic trends in the environments of the Intereuropa Group

Countries	GDP growth, in %		Growth of ind. prod., in %		Inflation, in %		Exports growth, in %		Imports growth, in %	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
EU 27	1.5%	1.5%	2.7%	-	1.8%	1.7%	5.0%	5.2%	3.4%	4.6%
Slovenia	0.9%	2.5%	2.0%	-	2.8%	2.2%	7.0%	5.9%	5.6%	4.5%
Croatia	-1.5%	1.6%	-8.7%	1.1%	1.9%	2.8%	-8.5%	0.8%	-11.5%	0.6%
BiH	0.0%	1.0%	7.3%	-	2.4%	2.5%	3.0%	-	-1.0%	-
Macedonia	1.0%	2.0%	0.0%	-	1.9%	3.0%	5.5%	7.0%	4.0%	6.1%
Serbia	1.0%	2.0%	-7.0%	1.0%	4.6%	4.4%	-5.0%	6.0%	-8.0%	4.5%
Russia	4.0%	4.2%	3.0%	4.0%	6.6%	7.4%	4.9%	6.3%	15.6%	10.6%
France	1.4%	1.4%	4.8%	2.1%	1.6%	1.6%	8.8%	4.0%	7.3%	3.6%
Ukraine	3.7%	4.5%	7.0%	6.0%	9.8%	10.8%	7.0%	6.0%	8.4%	7.5%
Germany	2.5%	1.7%	-2.0%	0.8%	1.3%	1.4%	16.0%	6.9%	14.9%	5.8%
Kosovo	4.6%	5.9%	-	-	1.7%	3.2%	-	-	-	-
Montenegro	-1.8%	4.5%	0.0%	-	0.6%	1.0%	2.0%	-	-10.0%	-
Albania	2.6%	3.2%	3.0%	-	3.4%	2.9%	20.0%	-	13.0%	-

(-) no data available

SOURCES:
Interim Forecast 2010, September 2010, European Commission
World Economic Outlook, October 2010, IMF
Umar, Jesenska napoved gospodarskih gibanj 2010, October 2010
Umar, Ekonomsko ogledalo, September 2010
Izvozno okno, EIU May 2010

Sales Revenue by the Intereuropa Group

In the nine-month term, the Intereuropa Group presented the **sales revenue of € 139.7 million**, which reduced the underachievement of the sales target by 7 percent. The drop came to 2 percent below the comparable period in 2009.

The sales result in the Land Transport Area, representing the major part of sales turnover on the Group level, was improving during the current year and end of September we surpassed the plan. Compared with the same period last year, Land Transport has advanced by 11 percent thanks to considerable improvement in the sales of Groupage Services and Road Transport.

In the remaining business areas we have not achieved the last year's results or the sales targets. In Intercontinental Transport, the fall of sales turnover below the same period last year was the worst of all, 22 percent. It was also behind the plan, in particular in car logistics, which resulted from the changed goods flows and a downturn in the automotive industry.

Table 2: Sales revenues of the Intereuropa Group by area of operation, in thousand €

	Business area	Jan-Sep 2010	Structure	Index 2010/plan	Index 2010/2009
1	Land Transport	85,862	61%	101	111
2	Logistics Solutions	18,332	13%	85	94
3	Intercontinental Transport	31,440	23%	80	78
4	Other Services	4,016	3%	96	95
	TOTAL	**139,650**	**100%**	**93**	**98**

Table 3: Sales revenues of the Intereuropa Group by geographical area, in thousand €

		Jan-Sep 2010	Structure	Index 2010/plan	Index 2010/2009
1	EU Member States	91,186	65%	97	98
2	Non-EU countries	48,464	35%	86	100
	TOTAL	**139,650**	**100%**	**93**	**98**

Note: Data comprise sales revenues by geographical area according to head-office of companies in the Group.

The EU-part of the Group achieved 65 percent of the sales revenue, with the parent company Intereuropa d.d. as the main player (about one half of entire sales turnover). Slovenian customers purchase well over one third of services of the Group; in other geographical parts, the most customers come from former Yugoslav countries and Russia. Compared to the same term 2009, we recorded growing trends in the demand in Slovenia, the Ukraine and Croatia, while the worst fall was seen in Russian customers.

Table 4: Sales revenues of the Intereuropa Group by geographic area, in thousand €

		Jan-Sep 2010	Structure	Index 2010/2009
1	Slovenia	48,082	34%	108
2	Croatia	23,994	17%	102
3	Russia	4,232	3%	33
4	Bosnia & Herzegovina	5,052	4%	89
5	Serbia	2,756	2%	92
6	Montenegro	3,870	3%	83
7	Other countries	51,663	37%	108
7a	Other EU Member States	30,942	22%	90
7b	Other countries of the world	20,722	15%	155
	TOTAL	**139,650**	**100%**	**98**

Note: Data comprise the sales revenues by geographical area according to customer's origin/ head-office.

LAND TRANSPORT

The services of our **Land Transport** Area yielded € 85.9 million, which represents 61 percent in the sales structure of the Group. The sales results of this area have been improving in the course of the year: we surpassed the achievement of the nine-month term last year by 11 percent and finally, we exceeded the plan too.

During the reporting period, the revenues from the **Groupage services** were growing (+14 percent above the plan and 21 percent in excess over the preceding year) on the Group level. The Parent Company Intereuropa d.d. prevails with 87 percent in the sales turnover structure for the Groupage services, and exceeded by 19 percent the sales target in the reporting period. In addition to the Parent Company, the plan was also surpassed by the affiliates in Croatia and Kosovo, while all other companies in the Group have remained behind the targets. The recession has also brought about much tougher competition in the market, which is reflects in reduced margins.

In the **Express Services** product we improved the sales in the third quarter and the result of the Nine Months exceeded the target by one percent and was three percent higher than the comparable preceding year's term. The planned sales revenues were achieved by the companies in Slovenia and Croatia, which is all the more favourable considering that two thirds of overall sales revenue are earned by the subsidiary in Croatia, and almost one fourth of the sales turnover is generated in Slovenia. It is further viewed as a positive development that Slovenia has exceeded the sales results in this product against the last year's comparable period. The highest setback was recorded in Bosnia and Herzegovina (-27 percent), but the effects of recovery measures in the company are already in view. Activities to rehabilitate this product were also launched in the Croatian affiliate Intereuropa, logističke usluge d.o.o. Zagreb, and in the Parent Company in Slovenia, aiming to restructure the product by modified pricing policy that supports the acquisition of piece (palletised) consignments, by focusing on B2B customers and optimizing the execution.

In **Road Transport**, we exceeded the plan by 3 percent and outstripped the last year's quarterly results by 16 percent. The highest share (45 percent) in the sales revenue in the Road Transport product is generated by the company Intereuropa Transport d.o.o., which did not achieve the plan (-10 percent) for the reporting term, nor the sales result of the comparable term a year ago (-3 percent). The planned sales were achieved in Intereuropa Belgrade and exceeded by Intereuropa d.d., Intereuropa Logističke usluge, d.o.o. Zagreb, Intereuropa RTC d.d. Sarajevo and Intereuropa Transport & Spedition Gmbh, Troisdorf. Important is the notably improved volume of operations by the business unit (PE) Dravograd and the favourable effects of the central purchasing department established in the Parent Company are coming in view. This year has brought higher fuel prices and thereby increased direct costs. As a result of increasing volume of goods flows on the one hand, and insufficient transport capacities in the market on the other hand, the freight rates of sub-contractors have risen. The company in Russia was still critically underperforming, having realized only one half of the planned sales.

In **Customs broking services,** the planned sales turnover on the Group level was exceeded by 3 percent, and was 6 percent above the last year's level. The Border Despatch Branch has outstripped the plan by 39 percent and the last half-year's turnover by 35 percent. Also Intereuropa d.d. surpassed the sales target, primarily in the BU Dravograd. Our companies in Bosnia and Herzegovina, Serbia and Montenegro did not achieve the sales plan. The company Zetatrans Podgorica saw the greatest setback behind the plan in absolute terms. The reasons range from a fall in the volume of declarations and slashed prices due to competition in the market. The planned sales in this segment were outstripped by our companies in Croatia, Prishtina (Kosovo) and Skopje (Macedonia).

Our **Railway Transport** product was underperforming in the nine months of this year, mostly on account of non-realized activities planned for the company Intereuropa-East, Moscow (the product is non-performing despite the planned sales in the amount of € 1.8 million for the reporting period). The company Intereuropa FLG d.o.o, which is specialized in the organization of railway transport, surpassed the sales plan by 27 percent. An important share in sales income was achieved by the company TEK ZTS d.o.o. Uzhgorod, which surpassed the target.

Land Transport Area saw a favourable growth trend month-by-month in the reporting term and exceeded the planned sales revenue. There is a higher volume of goods in the market, which was reflected in our products Groupage and Road Transport. The number of consignments is rising, but the margin declines due to competition that is all the stronger. The margins have shrunken also on account of increasing input costs, resulting from lower volume of transport capacities available in the market, while it is all the more difficult to transfer such higher input cost on the customers who further press on the freight rates and other cost of logistics.

This year we have performed many activities to optimize the work processes and cost containment (the introduction of the central purchasing Department for international road transports in Intereuropa d.d., the stoppage of the major part of operations at Sežana in May). Activities aiming to optimize the work in the Express product have been conducted in our companies in Slovenia, Croatia, and Bosnia and Herzegovina.

LOGISTICS SOLUTIONS

The sales turnover in the Logistics Solutions Area was € 18.3 million, which represents 13 percent in the sales structure of the Group. The target was not achieved. The setback was 15 percent below the plan, which is attributable to the economic crisis as well as resulting from strong pressures to reduce our rates coming from our customers who are aware of the current surplus of the capacities which has persisted in these strategic markets. We expect such circumstances to continue in these markets until the end of this year (Croatia, Bosnia and Herzegovina).

In the nine months 2010, the sales revenue of the Logistics Solutions were 6 percent lower than same term last year primarily due to the drop in the sales in to key markets, i.e. Slovenia and Croatia, which were most exposed to unfavourable economic trends. Both these markets that represent 80 percent in the sales of this business area recorded a downturn in sales revenue by 9 percent, despite higher demand for warehouse facilities perceived in Slovenia lately. The performance still reflects the slow upturn of economic situation after the recession, with minor shifts to the positive trend in the movement of goods flows and consequently, the increase of the inventories of goods in warehouses.

We have also perceived a considerable fall in the demand for logistics solutions in other countries in which our Company operates warehouses. In Montenegro, whose share in the sales structure was 6 percent, the sales were 7 percent below the last year's results. The Serbian subsidiary that represents a 5-percent share in the sales structure, has approached the last-year's level and recorded an 8 percent fall. The storage capacities in both these countries are full, however, there is practically no turnover of inventories due to adverse economic situation, which has reduced the yield of the Logistics Solutions products.

In Slovenia, we closed down the sales activities due to disposal of warehouse facilities in Sežana and Ljubljana (Letališka 25), which has brought about a considerable fall in the sales revenue herefrom in Ljubljana Branch. Unfavourable results are also attributable to the non-activated storage capacities in Russia.

Intense commercial activities on larger logistics projects have been carried out in individual organizational units, the commercial effects of which are expected towards the year-end and in the year 2011.

INTERCONTINENTAL TRANSPORT

In this segment, we achieved € 31.4 million of sales revenue in the reporting term, which is 23 percent in the total sales structure of the Group. We remained behind the sales targets primarily due to changed goods flows and a decline in automotive industry. The latter reflects strongly on the revenues from car-handling logistics. In the Seafreight products, we have exceeded the target sales revenue by 5 percent. The best performing segment was the conventional cargo, in which we outstripped the sales targets for 2010 by 12 percent. There was a positive trend visible in the Container Services product, and we achieved the planned sales turnover for the reporting term. The performance of the shipping agency product has been much better, too, outstripping the monthly plan.

Seafreight

Our sea-freight segment has exceeded the target sales revenue by 5 percent, on the Group level. The resulting higher sales turnover is a result of intensified operations and work, as well as higher sea-freight rates, but tough competition and impacts of global crisis are slashing the earnings. The operations in the Slovenian part of the Group are very important because it contributes as much as 93 percent of the total sales of sea-freight services on the Group level.

In conventional cargo product, our operations were better than expected (+ 12 percent), as a result of new businesses and increased volume of undercooled shipments of fruit and vegetables from the Near East, and also from the liquid cargo shipments. Also the subsidiary in Croatia surpassed the targets in conventional cargo. Accordingly, the Group recorded a 14 percent better sales result than last year.

In the container product, the operations in Slovenia, the Ukraine and Macedonia were better than expected and the target sales turnover on the Group level was achieved. An increased transport volume in imports from the Far East has been perceived, resulting in more FCL and consolidated container shipments. We have also acquired some new businesses via our warehouses in Koper. Negotiations with potential new customers for new business via Koper and Rijeka ports, and with shipowners for agency representation on the Adriatic are pending.

The Ro-Ro product has reflected the adverse situation in the competitiveness of the Ro-Ro service Koper-Durres (Albania) and vice versa, because the shipowner does not offer competitive terms comparable to the shipments in land transport. That further reflects in the variance from the targets. Non-achievement of target revenue is further estimated for the last quarter of this year. Meanwhile, we are working on the possibility for direct shipments for Albania by land.

We estimate for Intereuropa d.d. to be performing successfully also in the Sea-freight product throughout the year, in particular in conventional cargo and container shipments. The last quarter of the year brings the undercooled cargo transports which will have a favourable effect on the Conventional product. As a result of the newly acquired businesses involving containers and gradual renewal of cigarette transports, we envision a growth of income and achieving the plan for the containerized shipping. In the full container load segment (FCL), we endeavour to liaise with the ''house'' container service provider CSAV Norasia and its newly established liner service from the Far East to Koper since April. This shipper is represented in Slovenia by our Shipping Agency Interagent d.o.o.

We envision to strengthen the sales activities in our affiliates by the year-end, aiming to acquire new customers, and continue with the Group-based approach in arranging for more favourable purchasing terms with the key shipowners and partner network.

Car logistics

Car logistics continues to be in the vice of global recession which overwhelms our customers directly. The situation is much better in the Russian market in which the automotive business is developing very well. Surprisingly, it is the high and unexpected turnover of vehicles that reduces our revenues from warehousing. An extraordinary increase in vehicle handling has been recorded, whereby the vehicles remain on store for a short time only. That reflects directly on the revenues of the car-terminal Chekhov that records high monthly throughput of incoming and outgoing vehicles. The latter yields higher income from handling, however, the minimal inventories do not bring the planned income from warehousing.

The target margin was achieved in Slovenia, though the monthly income has been falling lately. The reason is in the changed car logistics for Russia: the vehicles are not routed through Koper port any more. Also the logistics schedule for two Korean automobile manufacturers is changing. Two plants in Central Europe have reduced the overseas transport from the Far East. On the other hand, the turnover with some Slovenian car dealers, whose vehicles are stored in our car terminal in Koper, has been much better.

Despite aggravated situation in the market, we continue with intensified commercial visitations to world's major car manufacturers. Negotiations for storage in Russia are held with two customers. In November we expect a tender to be published by GM, and we continue with negotiations in car-handling logistics for vehicles of two car-makers in Russia.

In Slovenia, we focus on the prospects of Chinese manufacturers and electric car makers. Our talks for new business via the Port of Koper, that started earlier, are in progress and involve the transportation of cars by land to hinterland land terminals in response to increased demand for railway transport.

Shipping Agency

Interagent d.o.o., our Shipping Agency, has generated a sales turnover of EUR 592 thousand in the reporting term. The sales revenues were 5% below the plan on account of lower income in the first half-year, while the operations in the third quarter exceeded the target, resulting from liner operations in agency Representation of the shipowner CSAV Norasia.
On this line, there were 17 calls recorded by the shipowner CSAV Norasia. The revenues on the line were five times higher than planned, which significantly improved the total result of the company. Our Chartering Department was doing very well thanks to the favourable season for salt transports: we surpassed the sales target by 23 percent and outperformed the result of the same term last year by 38%. In the port agency services we remain the leading shipping agent in terms of the number of ships represented in the Port of Koper. We represented 4 percent or 8 ships more than same term last year. The revenue was slightly behind due to lower agency fees.
The company Interagent d.o.o. continues with commercial activities to promote liner service and look out for new cargo or ships to be represented in the Port.

Air-freight

Our Air-freight product on the Group level was underperforming, contrary to our expectations. The Slovenian part of the Group was 19% below the plan and 5% below the sales achievement of the same period last year. In Serbia we were doing very well and surpassed the planned sales revenue by 9 percent. Our performance in outbound charter flights from Serbia was outstanding, which ranks us among the better national logistics operators in air-freight services. In Kosovo we recorded a decline in the reporting period, which reflects bureaucratic problems on the part of the EU in the approval of visas to passengers from Kosovo and recognition of their new passports. We were informed by Adria about its plans to re-open their own Representation to work directly with local agents. That will result in a loss of our regular customers and consequently, a fall of revenue from agency in the sale of tickets in Kosovo.
In the course of operations we have noticed big problems of our regular customers who seek cheaper, alternative transport modes. That reflects in a significant non-availability of high-value cargo which is normally carried by air. The rise in air freight charges in the second half-year, and a new decline in sea-freight will aggravate the airfreight turnover in the coming term considerably. Nevertheless, the high season of air-freight services is coming and higher revenues are expected by the year-end, within the set monthly objectives.

UPS

The **UPS** product is offered in Bosnia and Herzegovina. We were performing better than in the comparable preceding year's term and exceeded the sales revenue by 3 percent. However, that result was still 10 percent below the target. That is attributable to considerably higher rates than our competitors', which renders it more difficult to acquire new customers in this very demanding market. Similar prospects, or slight growth can be expected up to the year-end.

1.2. Financial Result

The Group generated **€ 19.0 million** as **Earnings Before Interest, Tax, Depreciation and Amortisation** (EBITDA), and exceeded the planned result by 8 percent. The sale of certain assets (real property) had an essential bearing on the EBITDA result, with € 5.0 million of other operating revenue. If these and other one-off transactions (in both years) were excluded, the EBITDA would be € 12.0 million, or 19 percent (€ 1.9 million) higher than in the comparable term last year.

On the Group level, the **operating result** at the end of the reporting period came to **€ 8.2 million** and was by € 3.4 million higher than the plan. The comparability with the year 2009 would be achieved by excluding the one-off transactions in both years. The **operating result** would amount to € 1.2 million and be € 2.9 million higher than the result of the comparable term a year ago.
Accordingly, the improvement of the operating result is primarily attributable to the decrease in labour cost and services.

The **Financing profit or loss** for the reporting period was negative **€ -7.4 million**. Among the financial revenues of € 4.9 million we recorded foreign exchange gains in the amount of € 2.9 million (the company Intereuropa East, Moscow). The periodical financial expenses of the Group amounted to € -12.3 million. If the impact of foreign exchange gains was excluded, the **financing result** would come to € -10.3 million.

The profit or loss from ordinary activities came to € 0.8 million. After tax, the **Net profit** for the reporting period came to **€ 33 thousand**.

Tables 5 iand 6: Financial results of the Intereuropa Group for January-September 2010, in thousand €

Item / Index	Jan-Sep 2010	Plan 2010	Jan-Sep 2009	Index 2010/plan	Index 2010/2009
Sales Revenues	139,650	150,000	141,781	93	98
EBITDA*	18,995	17,585	11,846	108	160
Operating Profit or Loss	8,193	4,785	76	171	10,749
Financing Profit or Loss	-7,432	-10,255	-7,721	72	96
Net Profit or Loss	33	-6,097	-5,419	-	-
Sales revenues per employee/month	6.740	6.721	6.268	100	108
Value added per employee/month	2.418	2.285	2.118	106	114

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

Item / Index	30.09. 2010	Plan 31.12.2010	31.12. 2009	Index 2010/plan	Index 2010/2009
Balance Sheet Total*	482,127	485,167	489,270	99	99
Equity*	187,620	206,330	188,803	91	99
Short-term assets/ Short-term liabilities*	0.63	0.76	0.49	83	128
Net Return On Equity (yearly level)**	-0.40%	-3.78%	-6.70%	11	6

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

As of the end of the reporting period, the **Balance Sheet Total** amounted to € 482 million and was one percent below the level of the year-end 2009. On the Assets side, there was an increase recorded in short-term operating receivables by € 16.2 million (or 26 percent) and a decrease in the Plant, Property and Equipment by € 17.3 million (or 5 percent), in Assets held for sale by 3.7 million (or 37 percent), and in loans granted and deposits by € 2.0 million (or 74 percent). On the Liabilities side, we increased the long-term loans received by € 17.1 million (or 16 percent) and short-term financial liabilities by € 10.5 million (or 20 percent), and decreased short-term loans received by € 34.2 million (or 30 percent).

Since the year-end 2009, the share of financial liabilities in the structure of sources fell by 2.5 percentage point to 43.5 percent, while the share of capital in the Liabilities structure of sources rose by 0.3 percentage point to the level of 38.9 percent.

1.3. Investments in fixed assets

In the first Nine Months 2010, the investments in fixed assets realized by the **Intereuropa Group** totalled € 1,709 thousand, thereof 530 thousand in real estate and 1,179 thousand in equipment. The annual plan of investments was completed to the level of 19 percent.

Table 7: Overview of Investment in January-September 2010, in thousand €

Company	Real property		Plant & Equipment		TOTAL		% of annual realiz.
	Plan	Realiz.	Plan	Realiz.	Plan	Realiz.	
Intereuropa d.d.	694	185	1,564	194	2,258	379	17
Subsidiaries	3,435	345	3,318	986	6,752	1,331	20
GROUP TOTAL	**4,129**	**530**	**4,882**	**1,179**	**9,010**	**1,709**	**19**

In the reporting term, **Intereuropa d.d**. realized investments in fixed assets in the amount of € 379 thousand, the major investments were: protection against hail for cars stored in the Logistics Centre Logatec, general overhaul of the cold store in BU Maribor, purchase of licences for information support to warehouse operations/ management and of the IBM licences, the purchase of warehouse equipment for the BU Dravograd for the needs of a known customer, and the franchise fee for operations in container services (Ecuhold).

Subsidiaries (affiliated companies) invested € 1,331 thousand in fixed assets. The largest investments in fixed assets were made in the company Intereuropa Logističke usluge d.o.o., Zagreb, in the purchase of freight vehicles and delivery vans, software licences and computer equipment. Among the investments in real property (€ 986 thousand), the biggest was the renovation of the warehouse at Dobanovci (Belgrade), where a parking lot was built, the warehouse was wired and the Logistics Centre Dobanovci was completed. A great deal of other investments relates to the completion of investments initiated in the year 2009: the Logistics Centre Chekhov-Moscow, the business premises in Montenegro and the Logistics Centre Samobor (Zagreb area, Croatia).

1.4. Human Resources Management

Employment trends

On the Group level, the downsizing trend continued in the reporting term January - September 2010. Compared with the end of 2009, the number of employees was cut by 7 percent to 166. In Slovenia, the number of employees was reduced by 104, and abroad by 62. The Group had in total 2,330 employees as of 30 September 2010.

This trend affected most companies in the Group: the highest lay-off was recorded in Intereuropa Transport d.o.o. (-51 employees), followed by Intereuropa, logističke usluge, d.o.o., Zagreb (-21) and Intereuropa RTC d.d. Sarajevo (-19). The number of staff also declined in the parent company. Unless the 36 employees were taken-over from the affiliate Intereuropa IT, the number of staff would have been lower by 53 than at the year-end 2009. In other companies the variance in the number of staff is smaller: in total, the turnover (fluctuation) in bigger companies of the Group came to 9.6 percent.

In the whole Group, new recruitment was restricted to substitute only those HR profiles who could not be staffed by internal transfers. The highest number of newly recruited workforce was employed by in our Russian subsidiary Intereuropa East, Moscow (68 newly employed, 76 terminated).

Table 8: Employees in the Intereuropa Group according to countries, as of 30.09.2010

	30.09.2010	31.12.2009	Diff. 10-09	Index 10/09
Slovenia	1.017	1.121	-104	91
Croatia	592	615	-23	96
Other countries	721	760	-39	95
TOTAL	**2.330**	**2.496**	**-166**	**93**

The highest number of students and hired workforce was in the BU Dravograd: ca 23 students and 13 hired workers per month.

Table 9: Other labour (students on average per month according to hours worked, and labour hired through HR agencies as of 30.09.2010) by countries

	30.09.2010	31.12.2009	Diff. 10-09	Index 10/09
Slovenia	72	41	31	176
Croatia	27	22	5	123
Other countries	19	18	1	106
TOTAL	**118**	**81**	**37**	**146**

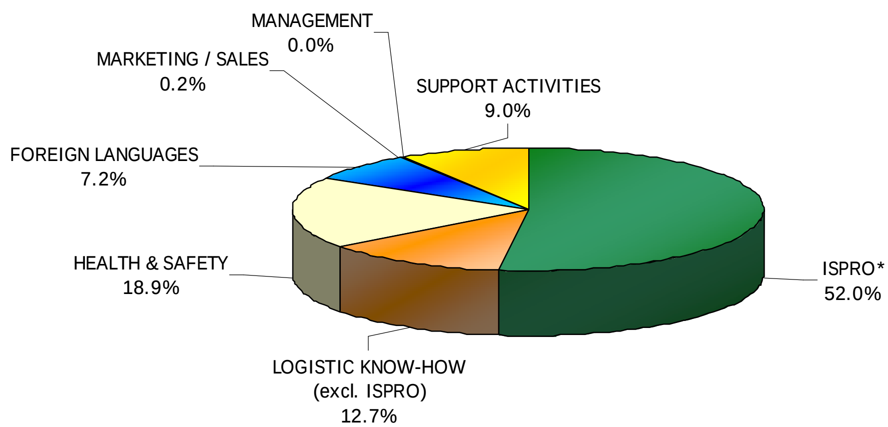
Human Resources Development and Training

Table 10: Spending on Training in the reporting term January-September 2010

Actual Jan – Sep 2010 in 1000 €	Plan Jan- Sep 2009 in 1000 €	Index Actual/ Plan	Actual/ employee in €	No. of hours	No. of hours/ employee
65	194	33	28	21,327	9.16

There were 54 percent of all employees were involved in the education & training process. Through various training programmes, seminars and professional meetings there were 21,327 hours (9 hours per employee on average) allocated to acquire new knowledge/ skills. Well over one half of training forms (52 percent) were dedicated to the training for IT solution supporting the logistics processes (ISPRO), involving no less than 461 employees.

The highest share of training per employee was organized in the companies Interzav d.o.o. (45 hours), Intereuropa d.d. (19 hours on average), followed by Intereuropa Transport d.o.o., Interagent d.o.o., Intereuropa logističke usluge d.o.o. Zagreb and Intereuropa East, Moscow (6 hours); other companies had less training.
The internal knowledge transfer stood for 57 percent of the entire training scheme (12,245 hours). Our internal coaches conducted IT courses (ISPRO) and training on occupational safety.



*ISPRO: Information system supporting the sales processes project

Figure 2: Training structure for period January – September 2010

In addition to ISPRO-related IT training, the highest share of training in most companies was dedicated to Occupational Health and Safety (apart to traditional forms it included e.g. first aid course, minimal hygienic requirements, safe work at railway area, etc.); in logistics skills the highest share focused on novelties in customs clearing, control of permits etc., and other skills from the range of accompanying activities, such as: IT, finance, accounting and other technical seminars and events/meetings.

As of 30.09.2010, 42 employees had an in-service training contract for higher education in the whole Group.
Our collaboration with educational institutions involved obligatory work practice/traineeship to 39 students of secondary schools or university.

HR-related measures to mitigate the negative outcome of recession and financial crisis

The following measures were applied to achieve cost efficiency:

- **Restrictive employment policy, limited to satisfy only the most pressing needs for new human resources, and occasional forms of employment through the Students' Job Centre or HR agencies:**
- **Re-assignment of HR between individual BU and affiliated companies in the Group;**
- **Downsizing:** severance pay offered to older employees who are eligible for compensation from the National Employment Service for the last year(s) before retirement: the labour relationship terminated before time to 36 employees;
- **Reducing the number of staff under individual service contracts:** Reducing the employees under an individual contract in the Slovenian part of the Group: from 53 employees at the year-end 2009 down to 42 as of 30.09.2010,
- Due to savings measures, the Managing Board resolved to **reduce the original premium for additional voluntary pension insurance** to the employees of Intereuropa d.d. by 50 percent for one year, and by 20 percent to employees of the acquired company Intereuropa IT d.o.o. for the first year, whereas the employees of Intereuropa Transport lost 50 percent with effect from 01.06.2010 on account of negative operating results.

Commitment of Employees

To mitigate the cost-containment policy in all areas, in particular affecting the labour cost, we adopted and implemented additional measures to improve the commitment of our employees, as follows:

- **Family-friendly enterprise:** In June we organized an open-door day dedicated to our employees' children, for the part of the Company located in Koper, for 33 children who got acquainted with the work environment of their parents.
- With a **letter of appreciation upon retirement, and letter of congratulation to round birthday anniversary** signed by the President of Managing Board we expressed our attention and appreciation to our employees.
- **Solidarity Aid programmes:** We provided financial aid to 72 employees with inferior financial situation and difficult health condition in total amount of € 38 thousand in the Group (compared to 30 thousand in the same term last year).
- Our **holiday facilities** recorded a 47 percent -occupancy, which was 2 percent less than the same term last year.
- We have retained the traditional practices like **attention to the jubilees** for 10, 20 and 30 years of service in Intereuropa, **invitation to co-workers to a dinner for the New Year's Eve**, presenting **gifts to children** of our employees for the holiday season, etc.

Concern for health and occupational safety

Health and safety at work is an indispensable part of work process, along with quality management, towards achieving the goals set in our Group and well-being of employees.

Health protection

In the reporting term, 400 employees of the Group were included in preliminary, periodical or special medical check, which was similar to the same period last year.

Training qualifying for safe work
We arranged for 325 employees to get qualified in the occupational safety and health, fire-fighting and first aid, which is about one half less than a year ago. The reason for the decline is a reduced education and training scope in our affiliates.

Injury at work
In the reporting term, there were 31 employees injured at work in the Group. The analysis of risk factors, sources and causes of accidents proved that the injuries occurred mainly due to the personal factor of each individual (lack of attention, improper approach to work, neglecting the use of personal protective equipment, etc.). In the comparable term last year there were 20 injuries. This year we had 1 severe injury, which was fewer than last year (three injured).

Inspections and tests of working assets and equipment
Certain risks for injuries or health impairment are involved in handling with working assets and equipment (such as machinery, forklift, lifting equipment/ elevators, gas, electrical and lightning conductor installations, etc.). There were 245 sets of different working assets/ equipment examined and tested in individual organizational units.

Fire safety and protection
Particular attention was dedicated to providing sufficient control over fire safety and precautions. Regular inspections of facilities, work environment, active and passive fire-fighting equipment (fire extinguishers and hydrant network, fire detectors, domed smoke and heat vents/exhausts, automatic fire-proof doors, etc.) were conducted in the scope of fire safety and prevention.

1.5. Total Quality Management

Six companies of the Intereuropa Group (out of nineteen) hold a certification under the ISO 9001:2008 Standard. There are 76 % of all employees working in the companies with certification for quality management. The nine-months period was marked by successful external QMS audits of five companies in the Group, and the acquisition of the status of Authorized Economic Operator (AEO) for Intereuropa d.d.

Maintaining the ISO 9001:2008 Quality Management System

- Yearly QMS reports for the year 2009 were prepared and the measures to improve the QM system were triggered in all six companies. In our report on three certified companies we extended most measures introduced mid year 2009, and decided that Intereuropa Logističke usluge, d.o.o. Zagreb was to undertake certification for its own QM system independently.
- A new version (no. 14) of the Quality Management System Manual for Intereuropa d.d. and Intereuropa Transport d.o.o. has been issued.
- The audit of the management system in Intereuropa d.d. and Intereuropa Transport d.o.o. was conducted.
- System measures to improve the service for a key customer were triggered in Intereuropa Transport d.o.o.

Internal quality of service auditing

- In Intereuropa d.d. we conducted a internal process audits on:
  - Warehousing and distribution – 15 recommendations for improvement were given;
  - Sea-freight – 8 recommendations for improvement were issued;
  - Air-freight – 9 recommendations for improvement were issued;
  - Border despatch – 1 non-compliance and 10 recommendations for improvement were given;
  - Express service – 4 non-compliance cases and 16 recommendations for improvement were given.

Quality control by QM indicators

Company	No. of complaints	Index 1-9 10 / 1-9 09	No. of claims	Value in 1000 €	Index 1-9 10 / 1-9 09	Approved Value in 1000 €	Index 1-9 10 / 1-9 09	Ratio app. value / P1
IE d.d.	613	76	204	104	50	36	25	0.14
IE TR d.o.o.	153	72	31	76	226	58	341	1.08

P1 = Contribution Ratio 1 (sales revenues deducted by direct costs)

In terms of quantity, there were fewer complaints than last year. The value of complaints was lower in Intereuropa d.d., unlike in Intereuropa Transport d.o.o. where the value under complaint was higher on the account of one above-average high damage claim of a customer.

External quality of service audit by the certification authority

All the 6 certified companies in the Group have migrated to the ISO 9001:2008 standard already in the first year (2009). In the reporting term, the external audit on QMS was completed in 5 companies: Intereuropa d.d., Intereuropa Transport d.o.o., and Intereuropa, log. usluge d.o.o. Zagreb, Intereuropa Transport & Spedition GmbH, and Interagent d.o.o.

- For **Intereuropa d.d., Intereuropa Transport d.o.o., and Intereuropa, log. usluge d.o.o. Zagreb,** this was a control audit, the twelfth in sequence. The audit was conducted in the following organizational units:
  - Intereuropa d.d. - the Managing Board and the supporting functions, the business units (BU) Koper, Celje and Maribor
  - Intereuropa Transport d.o.o. – the Management and Operational commercial dept.,
  - Intereuropa, Logistical Services d.o.o., Zagreb – branch in Split.

  There was no non-compliance found, but 25 recommendations for improvement were given.
  Recommendations related in most cases to the implementation of services (10), measuring and analyses (9) and the responsibility of the management (3), to training (2) and document management (1).
  According to the companies, there were 17 recommendations issued to Intereuropa d.d., two joint recommendations for Intereuropa and Intereuropa Transport d.o.o., 7 recommendations for Intereuropa log. Usluge d.o.o. Zagreb, and 1 recommendation for Intereuropa Transport d.o.o.
  End of June we forwarded our measures addressing the recommendations received to the certification body.

- **Intereuropa Transport & Spedition GmbH** – the external audit performed in the first quarter was of a control character. There was no case of non-compliance found, only one recommendation was issued, concerning an automatic listing of the quotation-issuing process. The unit in Troisdorf was involved in audit, next year the audit is planned for the unit in Stuttgart.
- **Interagent d.o.o.** – the external audit performed in the second quarter was of a control character and the twelveth in sequence. The audit was performed successfully, without finding any non-compliance, but receiving three recommendation.
- **Intereuropa RTC d.d., Sarajevo** - external audit is planned for October 2010.

Development

Intereuropa d.d.: Establishing the Safety Management System in the Supply Chain under the AEO Project

In the reporting term, Customs inspectors from the Customs Office Koper and Customs Administration Ljubljana continued with the preliminary inspection/ audit on the AEO, comprising the business units Koper, Maribor, Sežana, Jesenice and Ljubljana.

At the end of March we received the Record of the Customs Authority in Ljubljana on the preliminary audit before issuing the AEO certificate. One year after the project was started, we received in April 2010 from the Assistand Director of the Customs Office Koper the Certificate for Authorized Economic Operator (AEO).

1.6. Creating Value for Shareholders

Key Data on Intereuropa Share (IEKG)

- **The Company's share capital is divided into 7,902,413 registered no-par-value shares tagged IEKG.**
- **The Intereuropa share was listed on the Ljubljana Stock Exchange in 1998.**

Table 11: Key Data on Intereuropa Share (IEKG) for the term January-September 2010

	Jan-Sep 2010	Jan-Dec 2009
Number of shares*	7,902,413	7,902,413
Number of own shares*	18,135	18,135
Book value of share*	17.28	17.34
Net earning per share	0.13	-9.05
podatki o trgovanju		
Market capitalisation in thousand €*	29,160	44,649
Turnover in thousand €	1,414	6,621
Average price at the end of term, in €	3.69	5.65
Weighted average rate in €	4.43	6.85
Average rate in €	4.28	7.02
Highest rate	6.13	10.45
Lowest rate	3.31	5.20
Return on equity	-34.7%	-35.3%

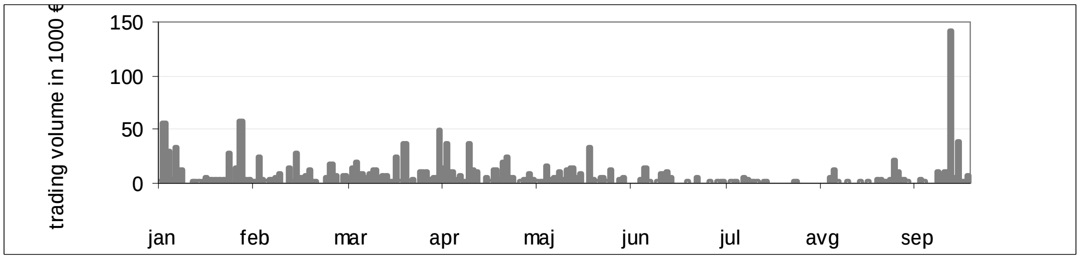
** as of the last day of the accounting period*

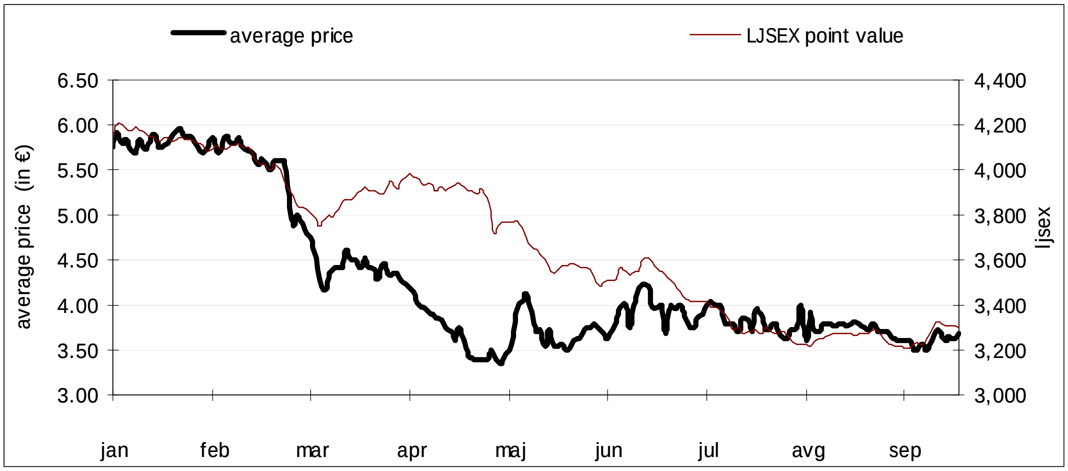
Book value = capital/ (number of ordinary shares – number of own shares)
*Market capitalisation = average rate at the end of period * number of shares listed in SE*
Net earning per share = Net profit/(number of ordinary shares – number of own shares)
Return on equity = price increase in period

Share Trading

The share of Intereuropa d.d. was not among those heavily traded in January-September 2010. The trading comprised 1,335 transactions in total amount of € 1,414 thousand. The average daily turnover with the IEKG share amounted to € 7 thousand. The trading comprised 330,973 of IEKG shares.

In the reporting nine-month term, the average rate of the Intereuropa share (IEKG) ranged from € 3.35 to 5.96 per share. The Intereuropa share lost -34.7 percent of value, while the stock exchange index LJ Composite lost -19.1%, and the SBITOP index lost -15.4 percent. As at 30.09.2010, the IEKG share closed at € 3.69 per share.





Slika 3: Changes in trading volume and average prices of IEKG share, and of the LJSEX Index in the period January – September 2010

Ownership structure

On 30 September, there were 6,227 shareholders entered in the Share Register of Intereuropa d.d., or 254 shareholders fewer than on 31st December 2009. Nevertheless, the ownership structure has not essentially changed during the reporting period. Since 31st December 2009, the share of foreign investors improved by 0.3 percentage point to reach 2.2 percent as at 30.09.2010.

Table 12: Structure of major shareholders of ordinary shares of Intereuropa d.d. as of 30 September 2010 compared to 31 December 2009

	30.09.2010		31.12.2009		Number of shareholders as of 30.09.10	Index Sep10 / Dec09
	No. of shares	Share	No. of shares	Share		
Fizične osebe	1,942,224	24.6%	1,926,008	24.4%	6,014	101
Luka Koper	1,960,513	24.8%	1,960,513	24.8%	1	100
Podjetja	352,330	4.5%	327,840	4.1%	163	107
Finančne družbe	2,376,523	30.1%	2,417,229	30.6%	42	98
Kapitalska družba*	777,762	9.8%	777,762	9.8%	5	100
Slovenska odškodninska družba	474,926	6.0%	474,926	6.0%	1	100
Lastne delnice IEKG	18,135	0.2%	18,135	0.2%	1	100
TOTAL	**7,902,413**	**100.0%**	**7,902,413**	**100.0%**	**6,227**	**100**

** includes the KSPPS, KVSP and SODPZ, PPS*

Table 13: Top ten shareholders of Intereuropa d.d. as of 30.09.2010 compared to 31.12.2009

Curr. No.	Shareholder	30.09.2010		31.12.2009		index 10/09
		Number of shares	Share	Number of shares	Share	
1.	Luka Koper d.d.	1,960,513	24.8%	1,960,513	24.8%	100
2.	Kapitalska družba d.d.	719,797	9.1%	719,797	9.1%	100
3.	Slovenska odškodninska družba d.d.	474,926	6.0%	474,926	6.0%	100
4.	INFOND d.o.o. UVS Infond Global	313,391	4.0%	313,391	4.0%	100
5.	NFD 1 Delniški investicijski sklad d.d.	304,312	3.9%	304,312	3.9%	100
6.	NLB d.d.	240,000	3.0%	240,000	3.0%	100
7.	Abanka Vipa d.d.	214,538	2.7%	181,300	2.3%	118
6.	Zavarovalnica Triglav d.d.	213,640	2.7%	213,640	2.7%	100
9.	Delniški VS Triglav Steber I d.d.	152,482	1.9%	152,482	1.9%	100
10.	Interfin naložbe d.d.	125.892	1.6%	113.226	1.4%	111

Shareholdings by the Managing Board and Supervisory Board

The Managing Board President Ernest Gortan, and Deputy President Tatjana Vošinek Pucer did not own any Intereuropa shares on 30.09.2010.

Table 14: Shares held by members of Supervisory Board, as of 30.09.2010

Supervisory Board	Number of shares	Share in %
Bruno Korelič, president of Supervisory Board	10	0.000
Maksimilijan Babič, deputy president of Supervisory Board	100	0.001
Nevija Pečar, member of Supervisory Board	4,185	0.053
Maša Čertalič, M. Sc. member of Supervisory Board	99	0.001

Own shares

Since 2008, Intereuropa has held 18,135 own shares (ticker symbol IEKG), which represents 0.2295% of all shares of the Issuer of IEKG shares. The percent of own shares has not changed in the reporting period.

Authorized capital

According to the Resolution adopted by the General Meeting in its ordinary session of 1 July 2010, amending the Statute of Intereuropa d.d. in section 5.13 which authorises the Managing Board - in five years' time after this amendment to the Statute is registered in the Court Register of Companies, without having to issue a separate Resolution by the General Meeting but subject to the consent by the Supervisory Board - to increase the share capital by issuing new shares for contributions up to the amount of one half of the share capital existing on the day of adopting the Resolution in the 22nd General Meeting, which represents a nominal amount of EUR 16,488,092.56 (the authorized capital). As of the cut-off date (30.09.2010), the Company has got authorized and unused capital in total amount of 16,488,092.56 EUR.

Dividend

Owing to intense investing into the logistics centre in Moscow in recent years, as well as due to the negative operating result in the year 2009, the Managing Board decided not to distribute dividends in the years 2009 and 2010.

Informing the shareholders

Press releases, publications, reports and other information are available to the public through electronic system of electronic information system of the Ljubljana Stock Exchange/ SEOnet (www.seonet.ljse.si), our website (www.intereuropa.si), press conferences and other media.
Our shareholders can e-mail their remarks and proposals to us at: info@intereuropa.si.

2. OPERATION OF THE COMPANY INTEREUROPA d.d.

Tables 15 and 16: Operations of Intereuropa d.d. in January-September 2010, in thousand €

Item / Index	Jan-Sep 2010	Plan 2010	Jan-Sep 2009[1]	Index 2010/plan	Index 2010/2009
Sales revenues	**71,107**	**74,191**	**74,225**	**96**	**96**
Land Transport	32,377	28,882	26,491	112	122
Logistics Solutions	8,773	10,624	10,010	83	88
Intercontinental Transport	26,166	30,926	33,441	85	78
Other services	3,791	3,758	4,283	101	89
EBITDA*	**9,450**	**4,285**	**1,384**	**221**	**683**
Operating Profit or Loss	**5,477**	**512**	**-2,097**	**1,069**	**-**
Financing Profit or Loss	**-4,462**	**-4,515**	**-1,124**	**99**	**397**
Net profit / loss	**1,022**	**-4,003**	**-631**	**-**	**-**
Sales revenue per employee/month	10.026	10.233	9.596	98	104
Value added per employee/month	3.381	2.626	2.404	129	141

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

Item / Index	30.09. 2010	Plan 31.12.2010	31.12. 2009	Index 2010/plan	Index 2010/2009
Balance Sheet Total*	375,806	395,622	410,132	95	92
Equity*	136,252	160,670	136,674	85	100
Short-term assets/ Short-term liabilities	0.73	1.40	0.78	52	94
Net Return on Equity (yearly level) **	0.29%	-3.12%	-0.72%	-	-

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

Highlights on the performance of Intereuropa d.d. in January – September 2010:

- **The Sales Revenues** amounted to **€ 71.1 million** and were 4 percent below the plan and last-year's figure. The best performing area was Land Transport, representing 46 percent of the sales revenue in the Group. The plan was exceeded by 12 percent, while the achievement in comparable term last year was outstripped by 22 percents. Two other core business areas/segments did not achieve the sales targets; the highest setback was recorded by Logistics Solutions, followed by Intercontinental Transport (-15 percent).
- The **operating result came to € 5.5 million** and exceeded the plan considerably, which can be largely attributed to the profit from the sale of property (€ 4.3 million). If we excluded the sales and reversal of provisions (€ 202 thousand in 2010 and € 96 thousand in 2009) for the sake of comparison between the nine-months' periods in 2010 and 2009, the Company would achieve an operating profit of € 952 thousand in the nine months 2010, or € 3,683 thousand more than in the year 2009 and € 440 thousand above the plan. Accordingly, the improvement is attributable to the decrease in labour cost and services. The affiliation of the company Intereuropa IT d.o.o. had a favourable impact on the operating result, which is a consequence of rationalization in the area of labour cost. The **Financing profit or loss** for the reporting period came to € -4.5 million and was in the expected range.
- The **Net Profit** for the period came to **€ 1.0 million,** however, if all the a.m. one-off transactions in 2010 were excluded, the Company would present a loss in the amount of -3.5 million €.
- The **Sales efficiency ratio** does not achieve the plan yet, but it has improved over the first half-year 2010 and exceeded the preceding year's achievement by 4 percent. The monthly **added value per employee** is much higher than planned or achieved last year, if the one-off transactions were excluded, its level would be 11 percent higher this year or 4 percent better than planned.
- In the structure of Assets, the **share of capital** represents 37 percent (33 percent as at 31.12.2009), and the **current ratio** was 0.73 (compared to 0.78 percent as at 31.12.2009).

[1] Excluding operation on product UPS in 2009.

3. OPERATION OF THE SUBSIDIARY OOO INTEREUROPA-EAST, MOSCOW

Intercontinental Transport

In the Nine Months 2010, we could not achieve the expected sales revenue from the services of the car terminal due to the recession that struck at the year-end 2009. The most important factor was the slashed sales of cars (more than 50% lower in the reporting term), a great impact was also the decision of our customers who decided to maintain minimal inventories only. For example, a key customer before the decline in the sale of cars was maintaining an inventory volume of 1.5 monthly sales, but after the crisis such customer reduced the inventory to only 15-day sales volume. Similar decisions were adopted by other customers, too. On top of that, another unfavourable trend occurred towards the end of the reporting term: The daily turnover of vehicles in the car terminal was increased even beyond the pre-crisis levels and we would almost witness this car terminal operating as a standard throughput warehouse. These were the main reasons that slashed our revenues and a higher volume of operating activities in the terminal.

Logistics Solutions

Until the end of the reporting term the warehouses were not ready for use yet (unfinished electrical installations, fire-safety system and so on), so the expected results were not achieved in the segment of warehousing. The income was achieved from one single customer.

Land Transport

Over the entire nine-month period we endeavoured to optimize the operations in the area of Land Transport. We have reduced the costs and organized the work directly with end-customers, however, given the low sales prices in the market that were formed through economic crisis, the financial result remained negative. The unfavourable situation led to our decision to stop the activities in this area in the middle of the third quarter of this year and sell some of our freight vehicles. Our fleet was reduced down to 10 freight vehicles and adapted for new services – transportation of cars.

Tables 17 and 18: Operations of OOO Intereuropa-East, Moscow, January-September 2010, in thousand €

Item / Index	Jan-Sep 2010	Plan 2010	Jan- Sep 2009	Index 2010/plan	Index 2010/2009
Sales revenues	3,556	9,790	3,690	36	96
Land Transport	955	3,707	449	26	213
Logistics Solutions	396	1,149	0	34	-
Intercontinental Transport	2,205	4,842	3,214	46	69
Other services	0	92	27	0	0
EBITDA*	-883	1,475	61	-	-
Operating Profit or Loss	-2,451	-1,170	-961	209	255
Financing Profit or Loss	3,540	-3,867	-4,049	-	-
Net profit / loss	899	-5,191	-4,744	-	-
Sales revenue per employee/month	2.730	4.596	3.151	59	87
Value added per employee/month	0.535	1.434	1.401	37	38

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

Item / Index	30.09. 2010	Plan 31.12.2010	31.12. 2009	Index 2010/plan	Index 2010/2009
Balance Sheet Total*	103,979	134,873	133,637	77	78
Equity*	21,167	38,668	19,622	55	108
Short-term assets/ Short-term liabilities	0.39	0.23	0.54	172	73
Net Return on Equity (yearly level) **	4.30%	-15.18%	-132.76%	-	-

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

In the first nine-months 2010, the Company achieved a positive operating profit before tax € 1,089 thousand, which is mainly the result of the financing activity or exchange rates - the growth of the rouble against the euro.
The exchange rate of the rouble was growing continuously in the first half-year, then it fell; nevertheless, the growth prevailed cumulatively on the exchange rate as of 31.12.2009. The rouble gained 4.7 percent against the euro in the reporting term. It should be noted that when comparing the values achieved and planned, the planned exchange rate (46 rub/€) varies from the actual average exchange rate (39.75 rub/€) by 13.6 percent.

The financing result was € 3,540 thousand. The total financial result showed an off-set amount of foreign exchange gains € 3,889 thousand. The financial revenue side shows about € 17 thousand of interest received on short-term deposits held in banks, whereas the financial expenses side shows € 367 thousand of interest payable for the loans received by the Parent Company.

Under the International Financial Reporting Standards and the accounting policy of the Group, the portion of interest (€ 2,569 thousand) that stand for the borrowing expenses for the investment in LC Chekhov was capitalized and increased the procurement value of the facilities not activated yet.

The Company achieved a negative EBITDA € -883 thousand, which is attributable to non-achievement of the target sales turnover in all segments; the plan was achieved to 36 percent. Lower depreciation values (than the plan) with a variance of € -1,078 thousand are a consequence of the impairment of buildings at the end of 2009.

C. FINANCIAL REPORT

The unaudited concise 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 2009.

The form and classification of items in the income statement entirely corresponds to theIncome Statement for the year 2009. Considering the published Income Statement for reporting for the comparable term, we undertook a reclassification of the following items (as well as of comparable data):

- The revenue from the elimination (reversal) of allowances for receivables and collected written-off receivables, and the revenues from write-offs of operating liabilities were transferred from the item Other Operating Revenues to the Financial Revenue item,
- The cost of materials was transferred from the item Cost of Services and Materials to the item Other Operating Expenses,
- The expenses arising from impairment and write-downs/-offs of tangible (property, plant and equipment) and intangible fixed assets were transferred from the item "Amortisation and other write-downs/-offs'' to the item ''Other Operating Expenses'', and
- We excluded all the proceeds from the disposal which relate to the stoppage of operation, and allocated them to the item Operating Profit or Loss from Stoppage of Operation. Accordingly, the Profit or loss from ordinary activities was lower by € 386 thousand, and the Profit or Loss from Stoppage of Operation was higher by the same amount.

Compared with the same period last year, this year the company Intereuropa Transport & Spedition GmbH, Lebring is excluded from the Group due to disposal in the second half-year of the preceding year. There were further status-related changes in the Group. The company Intereuropa IT d.o.o. was affiliated to Parent Company Intereuropa d.d., and in the Ukraine the company TOV DDT, Onokivci was affiliated to the company TOV TEK ZTS, Uzhgorod.

STATEMENT OF THE MEMBERS OF THE MANAGEMENT

The Managing Board hereby confirms that according to its best knowledge and conscience, the financial report of the Company Intereuropa, Global Logistics Service Ltd. Co., and of the INTEREUROPA Group has been compiled in accordance with the applicable financial reporting framework and is a true and fair view of the assets and liabilities, the financial position and the Profit or Loss Statement of the Company Intereuropa, Global Logistics Service Ltd., and of other companies included in the consolidation. The business report includes a fair view of the information on the material transactions with related parties and has been drawn up in accordance with the relevant accounting standard.

INTEREUROPA d.d.
The Managing Board

1. FINANCIAL REPORT FOR THE INTEREUROPA GROUP

1.1. Underlying financial statements of the Intereuropa Group

CONSOLIDATED INCOME STATEMENT FOR INTEREUROPA GROUP

from 01.01. to 30.09.2010

in € thousand	January - September 2010	January - September 2009
Sales revenues	**139,650**	**141,781**
Other operating revenues	6,954	1,732
Costs of services	-85,179	-84,724
Labour costs	-31,095	-36,050
Depreciation	-10,638	-10,768
Other operating expenses	-11,499	-11,895
Operating profit/loss	**8,193**	**76**
Financial income	4,862	2,717
Financial expenses	-12,294	-10,438
Profit/loss from financial operations	**-7,432**	**-7,721**
Result recognized according to equity method	20	30
Profit/loss from regular operations	**781**	**-7,615**
Profit/loss from discontinued operations	**0**	**2,625**
Corporate income tax (with deferred tax)	-748	-429
Net profit /loss for the period	**33**	**-5,419**
Net profit or loss / non-controlling interest	737	314
Net profit or loss / controlling interest	-704	-5,733
Basic and diluted earnings per share (in €)	-0.09	-0.73

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF INTEREUROPA GROUP as of 30.09.2010

in € thousand	30. 9. 2010	31. 12. 2009
ASSETS		
Tangible fixed assets	360,582	377,910
Investment property	6,848	7,025
Intangible assets	9,508	9,491
Other non-current operating assets	419	517
Deferred tax assets	7,408	7,845
Loans given and deposits	100	80
Investment in a jointly controlled company	121	148
Other financial investments	3,681	3,805
TOTAL NON-CURRENT ASSETS	**388,667**	**406,821**
Available-for-sale assets	6,491	10,180
Inventories	234	203
Loans given and deposits	717	2,764
Other financial investments	0	5
Short-term operating receivables	79,304	63,080
Short-term income tax receivables	251	899
Cash and cash equivalents	6,463	5,318
TOTAL CURRENT ASSETS	**93,460**	**82,449**
TOTAL ASSETS	**482,127**	**489,270**
CAPITAL		
Capital - controlling interest	**177,301**	**178,705**
Share capital	32,976	32,976
Treasury shares	-180	-180
Reserves	109,706	113,900
Retained earnings	34,799	32,009
Capital - non-controlling interest	**10,319**	**10,098**
TOTAL CAPITAL	**187,620**	**188,803**
LIABILITIES		
Provisions	3,105	3,804
Long-term borrowings	124,110	107,009
Other long-term financial liabilities	182	2,206
Long-term operating liabilities	390	288
Deferred tax liabilities	18,006	18,834
TOTAL NON-CURRENT LIABILITIES	**145,793**	**132,141**
Short-term borrowings	81,278	115,481
Other short-term financial liabilities	4,338	465
Short-term operating liabilities	62,792	52,325
Short-term income tax liabilities	306	55
TOTAL CURRENT LIABILITIES	**148,714**	**168,326**
TOTAL LIABILITIES	**294,507**	**300,467**
TOTAL CAPITAL AND LIABILITIES	**482,127**	**489,270**

1.2. Notes to Financial Statements of the Intereuropa Group

a) Notes to the INCOME STATEMENT

Sales revenues amounting to € 139,650 thousand represent the revenues from services rendered. Compared to the same term last year, these revenues were € 2,131 thousand lower, while the costs of services were higher by € 455 thousand.

Of **Other Operating Revenues** in the amount € 6,954 thousand, the highest share (€ 5,036 thousand) relates to the gains from the disposal of property, plant and equipment, and of investment property.

Labour costs

Table 19: Labour cost of the Intereuropa Group in the term January-September 2010, in thousand €

in € thousand	January - September 2010	January - September 2009
Wages and salaries	22,744	25,806
Social security	4,472	5,059
Other labour costs:	3,879	5,184
holiday allowance	743	1,137
transport and meals	2,351	2,583
other labour costs	785	1,463
Labour costs	**31,095**	**36,050**

Other operating expenses

Table 20: Other operating expenses of the Intereuropa Group in the term January-September 2010, in thousand €

in € thousand	January - September 2010	January - September 2009
Costs of material	8,246	8,209
Loss at sale of tangible fixed assets	164	0
Impairment of tangible fixed assets	0	1,002
Other operating expenses	3,089	2,685
Total other operating expenses	**11,499**	**11,895**

The effect of Financial Revenues and Expenses on the Profit or Loss

Table 21: The effect of financial revenues and expenses to the Profit or Loss of the Intereuropa Group in the term January-September 2010, in thousand €

in € thousand	January - September 2010	January - September 2009
Interest income	658	893
Dividend income and participation in profit of others	11	19
Profit from disposal of financial investments	165	9
Income from derivative financial instruments	0	778
Income from cancelled value adjustments of receivables and recovery of written-off receivables	1,168	793
Income from written-off debt	8	225
Net exchange rate differences	2,852	0
Total financial income	**4,862**	**2,717**
Interest expenses	7,916	7,093
Financial expenses from impairments and written-off financial	0	161
Expenses from derivative financial instruments	2,206	501
Net exchange rate differences	0	728
Expenses from value adjustments and written-off receivables	2,173	1,955
Total financial expenses	**12,294**	**10,438**
Profit/loss from financing activities	**-7,432**	**-7,721**

b) Notes to the CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Tangible fixed assets

Table 22: Tangible fixed assets of the Intereuropa Group in the term January-September 2010, in thousand €

in € thousand	30. 9. 2010	31. 12. 2009
Land and buildings	323,245	333,312
a) Land	136,966	144,351
b) Buildings	186,279	188,961
Other property, plant and equipment	20,733	25,400
Tangible fixed assets under construction	16,604	19,198
Total tangible fixed assets	**360,582**	**377,910**

Investment property

As of the end of reporting period, the investment property amounted to € 6,848 thousand and stand for 1 percent of the assets. In the reporting period they were decreased by the depreciation in the amount of € 177 thousand.

Intangible assets

Table 23: Intangible Assets of the Intereuropa Group in the term January-September 2010, in thousand €

in € thousand	30. 9. 2010	31. 12. 2009
Long-term title rights	4,278	4,393
Goodwill	1,424	1,424
Long-term deferred development costs	3,806	3,674
Total intangible assets	**9,508**	**9,491**

Loans granted and deposits

Table 24: Loans given and Deposits held by the Intereuropa Group in the term January-September 2010, in thousand €

in € thousand	30. 9. 2010	31. 12. 2009
Long-term loans given and deposits	**100**	**80**
- loans given	72	73
- deposits	28	7
Short-term loans given and deposits	**717**	**2,764**
- loans given	174	898
- deposits	542	1,866
Total loans given	**817**	**2,844**

Other financial investments in the amount of € 3,681 thousand relate to the item "Financial assets available for sale''.

Assets available for sale amount to € 6,491 thousand; the decrease in the **Assets available for sale** by € 3,684 thousand has resulted from the disposal of property and additionally from foreign exchange differences.

Short-term operating receivables

Table 25: Short-term operating receivables of the Intereuropa Group in the term January-September 2010, in thousand €

in € thousand	30. 9. 2010	31. 12. 2009
Short-term operating receivables from buyers	61,122	45,393
Short-term operating receivables from others	18,182	17,687
Total short-term operating receivables	**79,304**	**63,080**

Equity

On the Group level, the Equity amounts to at € 187,620 thousand and represents 39 percent of the liabilities to sources of funding. In the reporting term it decreased by € 1,183 thousand. The increase in capital was attributable to the net profit of the Group (€ 33 thousand) and the foreign exchange gains from translation (€ 837 thousand), however, a stronger impact was exerted by the decrease from revaluation of land to fair value (in net amount of € 1,316 thousand) and the payout of profit shares to minority shareholders (€ 595 thousand).
In the reporting term, the transfer of surplus from revaluation of land (i.e. the fair value reserves) to the Retained Earnings upon the sale of land amounted to € 3,979 thousand.

Provisions

As of the end of reporting period of the Statement of Financial Position, the Group had € 3,105 thousand of unused Long-Term Provisions and Long-term Deferred Revenues. The most part of this item (€ 2,413 thousand) relates to the provisions for termination benefits on retirement and years-of-service rewards.

The **long-term received loans** amounted to € 124,111 thousand. Compared with the reporting date, they rose on account of loan re-financing by € 20,000 thousand and loans raised in the amount 619 thousand; the loans were reduced by a repayment of € 3,390 thousand, by a transfer to short-term liabilities of 120 thousand, and by foreign exchange differences of 8 thousand. Loan refinancing had an essential influence on the **Short-term loans received** that fell by € 34,203 thousand.

Other Long-term liabilities amount to € 182 thousand. They are valued at fair value through profit or loss and represent the net present value of the derivative financial instrument. Upon expiry of that financial instrument, a new transaction with the derivative financial instrument was entered into, which is presented among other short-term financial liabilities. Short-term liabilities at fair value through profit or loss come to € 3,936 thousand in total, comprising the change in the fair value of the derivative financial instrument.

Other short-term financial liabilities

Table 26: Other short-term financial liabilities of the Intereuropa Group in the term January-September 2010, in thousand €

in € thousand	30. 9. 2010	31. 12. 2009
Short-term liabilities at fair value through profit/loss	3,936	96
Liabilities for dividends and other participations	402	369
Total	**4,338**	**465**

Short-term operating liabilities

Table 27: Short-term operating liabilities of the Intereuropa Group in the term January-September 2010, in thousand €

v 1000 €	30. 9. 2010	31. 12. 2009
Short-term operating liabilities to suppliers	55,591	44,737
Short-term operating liabilities from advances	420	593
Other short-term operating liabilities	6,781	6,995
Total short-term operating liabilities	**62,792**	**52,325**

INFORMATION ACCORDING TO BUSINESS SEGMENTS FOR JANUARY - SEPTEMBER 2010

Table 28: Business segments of the Intereuropa Group in the term January-September 2010, in thousand €

in € thousand	Slovenia		Croatia		Montenegro	
	Jan-Sep 2010	Jan-Sep 2009	Jan-Sep 2010	Jan-Sep 2009	Jan-Sep 2010	Jan-Sep 2009
Revenues from external customers	85,253	91,169	24,959	24,114	4,093	4,919
Revenues from business with other segments	6,367	9,342	613	762	64	40
Total revenues	91,620	100,510	25,572	24,876	4,156	4,959
Depreciation	5,772	6,166	1,891	2,022	486	476
Operating profit or loss	4,623	-2,437	2,617	3,324	2,364	661
Revenues from interest rates	3,520	5,119	313	461	74	41
Expenses from interest rates	6,954	5,995	922	1,020	0	3
Net profit or loss from ordinary activities	-112	-3,739	1,630	2,414	2,385	762
Corporate income tax	22	49	240	531	244	71
Assets	392,084	398,992	89,533	76,811	24,484	23,664
Tangible fixed assets under construction	2,362	2,388	86	5,754	546	397
Long-term assets	300,713	277,163	69,992	58,152	20,186	21,049
Operating liabilities	59,745	34,598	11,973	8,522	1,012	946
Financial liabilities	192,608	205,285	17,159	20,981	327	301
Investment in jointly controlled entities	75	75	0	0	0	0
Revenues from investment in jointly controlled entities	47	109	0	0	0	0

in € thousand	Russia		Others		Group	
	Jan-Sep 2010	Jan-Sep 2009	Jan-Sep 2010	Jan-Sep 2009	Jan-Sep 2010	Jan-Sep 2009
Revenues from external customers	3,554	3,690	21,798	20,677	139,651	144,602
Revenues from business with other segments	2	0	1,262	1,415	0	0
Total revenues	3,556	3,690	23,060	22,093	139,651	144,602
Depreciation	1,568	1,023	921	1,102	10,638	10,768
Operating profit or loss	-2,451	-961	1,086	821	8,193	462
Revenues from interest rates	17	29	20	1	658	893
Expenses from interest rates	367	2,751	396	353	7,916	7,093
Net profit or loss from ordinary activities	1,089	-5,010	297	53	781	-7,229
Corporate income tax	190	-266	52	44	748	429
Assets	103,979	126,236	42,680	39,432	482,127	438,601
Tangible fixed assets under construction						
Long-term assets	87,746	110,545	35,125	32,509	388,667	358,744
Operating liabilities	18,926	13,306	8,372	6,818	84,598	51,205
Financial liabilities	63,885	114,126	8,705	10,272	282,685	350,965
Investment in jointly controlled entities	0	0	0	0	121	131
Revenues from investment in jointly controlled entities	0	0	0	0	20	30

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

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

INCOME STATEMENT OF INTEREUROPA d.d. **from 1.1. to 30.09.2010**

in € thousand	January - September 2010	January - September 2009
Sales revenues	**71,107**	**74,225**
Other operating revenues	4,561	257
Costs of services	-49,075	-53,417
Labour costs	-14,528	-17,212
Depreciation	-3,825	-3,480
Other operating expenses	-2,763	-2,469
Operating profit/loss	**5,477**	**-2,097**
Financial income	5,253	7,174
Financial expenses	-9,715	-8,298
Profit/loss from financial operations	**-4,462**	**-1,124**
Profit/loss from regular operations	**1,015**	**-3,221**
Profit/loss from discontinued operations	**0**	**2,625**
Corporate income tax (with deferred tax)	7	-35
Net profit /loss for the period	**1,022**	**-631**
Basic and diluted earnings per share (in €)	**0.13**	**-0.08**

STATEMENT OF FINANCIAL POSITION OF INTEREUROPA d.d. as of 30.09.2010

in € thousand	30. 9. 2010	31. 12. 2009
ASSETS		
Tangible fixed assets	150,072	162,893
Investment property	6,173	6,335
Intangible assets	7,211	4,586
Other non-current operating assets	405	499
Deferred tax assets	2,705	3,628
Loans given and deposits	43,059	20,788
Investment in subsidiaries	79,844	82,032
Investment in a jointly controlled company	75	75
Other financial investments	3,604	3,728
TOTAL NON-CURRENT ASSETS	**293,148**	**284,564**
Available-for-sale assets	0	3,684
Inventories	33	24
Loans given and deposits	29,668	82,332
Short-term operating receivables	52,659	38,806
Short-term income tax receivables	94	97
Cash and cash equivalents	204	625
TOTAL CURRENT ASSETS	**82,658**	**125,568**
TOTAL ASSETS	**375,806**	**410,132**
CAPITAL		
Share capital	32,976	32,976
Treasury shares	-180	-180
Reserves	98,599	103,878
Retained earnings	4,857	0
TOTAL CAPITAL	**136,252**	**136,674**
LIABILITIES		
Provisions	1,919	2,169
Long-term borrowings	110,619	93,320
Other long-term financial liabilities	0	2,024
Long-term operating liabilities	384	0
Deferred tax liabilities	12,853	14,169
TOTAL NON-CURRENT LIABILITIES	**125,775**	**111,682**
Short-term borrowings	71,998	101,065
Other short-term financial liabilities	4,011	172
Short term operating liabilities	37,770	60,539
TOTAL CURRENT LIABILITIES	**113,779**	**161,776**
TOTAL LIABILITIES	**239,554**	**273,458**
TOTAL CAPITAL AND LIABILITIES	**375,806**	**410,132**

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

a) Notes to the INCOME STATEMENT

Sales revenues amounting to € 71,107 thousand represent the revenues from services supplied. Compared to the same term last year, these revenues were € 3,118 thousand lower, while the costs of services were reduced by € 4,342 thousand.

Of **Other Operating Revenues** in the amount € 4,561 thousand, the highest share (€ 4,323 thousand) relates to the gains from the disposal of property, plant and equipment, and of investment property.

Labour costs

Table 29: Labour cost of Intereuropa d.d. in the term January-September 2010, in thousand €

in € thousand	January - September 2010	January - September 2009
Wages and salaries	10,258	11,788
Social security	1,653	1,932
Other labour costs:	2,618	3,492
holiday allowance	620	883
transport and meals	1,515	1,655
other labour costs	482	953
Labour costs	**14,528**	**17,212**

Other operating expenses

Table 30: Other operating expenses of Intereuropa d.d. in the term January-September 2010, in thousand €

in € thousand	January - September 2010	January - September 2009
Costs of material	1,501	1,465
Loss at sale of tangible fixed assets	148	0
Impairment of tangible fixed assets	0	0
Employee participation in profit	0	0
Use of city land and similar expenses	759	505
Other operating expenses	355	499
Total other operating expenses	**2,763**	**2,469**

The effect of Financial Revenues and Expenses on the Profit or Loss

Table 31: The effect of financial revenues and expenses to the Profit or Loss of Intereuropa d.d. in the term January-September 2010, in thousand €

in € thousand	January - September 2010	January - September 2009
Interest income	3,497	5,081
Revenues from stakes in companies within the Group	1,138	1,216
Revenues from stakes in jointly controlled company	47	109
Dividend income and participation in profit of others	11	18
Profit from disposal of financial investments	163	9
Income from derivative financial instruments	0	513
Income from cancelled value adjustments of receivables and recovery of written-off receivables	397	228
Total financial income	**5,253**	**7,174**
Interest expenses	6,835	5,712
Financial expenses from impairments and written-off financial investments in the Group	0	1,106
Financial expenses from impairments and written-off financial	0	161
Expenses from derivative financial instruments	2,093	302
Net exchange rate differences	10	11
Expenses from value adjustments and written-off receivables	777	1,005
Total financial expenses	**9,715**	**8,298**
Profit/loss from financing activities	**-4,462**	**-1,124**

b) Notes to the STATEMENT OF FINANCIAL POSITION

Tangible fixed asses

Table 32: Tangible fixed assets of Intereuropa d.d. in the term January-September 2010, in thousand €

in € thousand	30. 9. 2010	31. 12. 2009
Land and buildings	142,453	155,187
a) Land	86,666	93,794
b) Buildings	55,787	61,393
Other property, plant and equipment	5,257	5,450
Tangible fixed assets under construction	2,362	2,257
Total tangible fixed assets	**150,072**	**162,893**

Investment property

As of the end of reporting period, the investment property amount to € 6,173 thousand. They were decreased by the depreciation in the amount of € 162 thousand during the reporting term.

Intangible assets

Table 33: Intangible Assets of Intereuropa d.d. in the term January-September 2010, in thousand €

in € thousand	30. 9. 2010	31. 12. 2009
Long-term title rights	3,405	912
Long-term deferred development costs	3,806	3,674
Total intangible assets	**7,211**	**4,586**

The increase in Intangible Assets resulted from the takeover of the assets from the **affiliation** of the subsidiary Intereuropa IT d.o.o. (€ 2,681 thousand) and new acquisitions (€ 243 thousand); the decrease was attributable to amortization of intangible assets (€ 299 thousand).

Deferred tax assets decreased by € 923 thousand (mainly on the account of covering the tax loss) during the reporting term.

Loans granted and deposits

Table 34: Loans given and deposits held by Intereuropa d.d. in the term January-September 2010, in thousand €

in € thousand	30. 9. 2010	31. 12. 2009
Long-term loans given	**43,059**	**20,788**
- to subsidiaries	43,027	20,749
- to others	33	39
Short-term loans given and deposits	**29,668**	**82,332**
- to subsidiaries	29,627	81,288
- to others	40	44
- deposits	0	1,000
Total loans given	**72,727**	**103,120**

The prevailing portion of the increase in **long-term loans** relates to re-scheduling of short-term loans into long-term loans granted to affiliated companies (i.e. € 17,839 thousand).

Other financial investments in the amount of € 3,604 thousand relate to the item "Financial assets available for sale''.

The **Assets available for sale**, which amounted to € 3,864 thousand as at 31 December 2009 and comprised investment property held for sale, were all sold.

Short-term operating receivables

Table 35: Short-term operating receivables of Intereuropa d.d. in the term January-September 2010, in thousand €

in € thousand	30. 9. 2010	31. 12. 2009
Short-term operating receivables from companies within the Group	14,603	12,113
Short-term operating receivables from buyers (excl. the Group)	37,642	26,146
Short-term operating receivables from others	308	436
Other short-term assets	106	111
Total short-term operating receivables	**52,659**	**38,806**

Equity

The capital expresses equity financing of the Company and is regarded as its liability to the owners. As of 30.09.2010, it amounts to 36 percent of all liabilities in broader sense.

In the reporting term it decreased by € 422 thousand. Net profit amounting to € 1,022 thousand contributed to the capital increase, however, the decrease from the decreased fair value of land in the net amount of € 1,316 thousand prevailed. In the reporting term, the transfer of surplus from revaluation of land (i.e. the fair value reserves) to the Retained Earnings upon the sale of land amounted to € 3,950 thousand.

Provisions

As of the reporting date of the Statement of Financial Position, the Company Intereuropa d.d. had € 1,919 thousand of unused Long-Term Provisions and Long-term Deferred Revenues. The major part stands for the provisions for termination benefits on retirement and years-of-service rewards.

The **long-term received loans** amounted to € 110,619 thousand. In the reporting term, this item rose primarily on account of loan refinancing (€ 20,000 thousand) and from the affiliation of the subsidiary Intereuropa IT d.o.o. (€ 678 thousand). The decrease resulted from the repayment of €

3,370 thousand and transfer to short-term liabilities amounting to € 9 thousand. Concurrently, the **Short-term loans received** decreased by € 29,067 thousand.

Other long-term financial liabilities are valued at fair value through profit or loss and represent the net present value of the derivative financial instrument. Upon expiry of that financial instrument, a new transaction with the derivative financial instrument was entered into, which is presented among other short-term financial liabilities. Short-term liabilities at fair value through profit or loss come to € 3,936 thousand in total, comprising the change in the fair value of the derivative financial instrument.

Other short-term financial liabilities

Table 36: Other short-term financial liabilities of Intereuropa d.d. in the term January-September 2010, in thousand €

in € thousand	30. 9. 2010	31. 12. 2009
Short-term liabilities at fair value through profit/loss	3,936	96
Liabilities for dividends and other participations	74	77
Total other short-term financial liabilities	**4,011**	**172**

Short-term operating liabilities

Table 37: Short-term operating liabilities of Intereuropa d.d. in the term January-September 2010, in thousand €

in € thousand	30. 9. 2010	31. 12. 2009
Short-term opertaing liabilities to companies within the Group	574	35,237
Short-term opertaing liabilities to suppliers	33,579	21,607
Short-term opertaing liabilities from advances	99	73
Other short-term opertaing liabilities	3,519	3,622
Total short-term opertaing liabilities	**37,770**	**60,539**

D. CONCLUSION

Economic activity in our geographical markets strengthened slightly in the middle of this year, but it has slowed down again in the second half-year. Slovenian market, from which one in three of our customers comes from, has strengthened slowly due to export demand similarly as other European markets, while the markets of former Yugoslavia are recovering at a slower and less stable pace, in particular the situation in Croatian economy which is forecast to further shrinking this year. The Slovenian market shows a growth in transport services that resulted from the export of goods, whereas domestic consumption slows down due to aggravated situation in the construction and civil engineering, the lack of access to finance sources, ill payment practices, and the situation in the labour market.

In the given situation, the Intereuropa Group has generated a **sales turnover of € 139.7 million** in the nine months of the current year and remained 7 percent behind the target sales level. That resulted in 2 percent lower figure than in the comparable period in 2009.
The sales result in Land Transport, representing the major part of sales turnover on the Group level, was improving during the current year and the planned level was surpassed at the end of September. Compared with the same period last year, Land Transport has advanced by 11 percent which was mainly attributable to improved sales of Groupage and Road Transport services.
In the remaining business areas we have not achieved the last year's results and sales targets. In Intercontinental Transport, the fall of sales turnover below the same period last year – 22 percent, remains the worst of all. This segment was also behind the plan, in particular in car logistics, which resulted from the changed goods flows and a downturn in the automotive industry.

In Nine Months the Group generated **€ 19.0 million** as **Earnings Before Interest, Tax, Depreciation and Amortisation** (EBITDA), and exceeded the planned result by 8 percent. The sale of certain assets (real property) had an essential bearing on the EBITDA result, with € 5.0 million of other operating revenue. If these and other one-off transactions (in both years) were excluded, the EBITDA would be € 12.0 million, or 19 percent higher than in the comparable term last year.
On the Group level, the **operating result** at the end of the reporting period came to **€ 8.2 million** and was 71 percent higher than the plan. If for a mid-year comparison the one-off transactions were excluded, the operating result would amount to € 1.2 million and be € 2.9 million higher than in the comparable term a year ago; that improvement is mostly attributable to decreased costs of labour and services.
The **Financing profit or loss** for the reporting period was negative **€ -7.4 million**. Among the financial revenues of € 4.9 million we recorded foreign exchange gains in the amount of € 2.9 million (the company Intereuropa East, Moscow). The periodical financial expenses of the Group amounted to € -12.3 million.
The profit or loss from ordinary activities came to € 0.8 million. After tax, the **Net profit** for the reporting period came to **€ 33 thousand**.

As of the end of the reporting year the **Balance Sheet Total** amounted to **€ 482 million** and was one percent below the level at the year-end 2009. Compared with then the share of financial liabilities in the structure of sources fell by 2.5 percentage points to 43.5 percent, and the share of capital in the Liabilities structure of sources was 39 percent at the end of reporting date.

By September, the **investments** in fixed assets realized by the Intereuropa Group totalled **€ 1.7 million**, thereby achieving 19 percent of the annual investment plan. In accordance with the Strategic business plan of the Intereuropa Group for the term 2010 – 2014 we disposed of two real properties in Ljubljana and one in Sežana in the course of disinvesting process.

INTEREUROPA d.d.
President of the Managing Board
Ernest Gortan