INTEREUROPA GROUP
Intereuropa, Global Logistics Service, Ltd. Co.

INTEREUROPA Group

Unaudited Report for January – December 2011

Intereuropa®
Global Logistics Service

Koper, February 27, 2012

The INTEREUROPA d.d. is publishing this Intereuropa Group Unaudited Report for January -December 2011, 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 Intereuropa Group Unaudited Report for January - December 2011 shall also be published on the web site of INTEREUROPA d.d. www.intereuropa.si on February 27, 2012.

C O N T E N T S

A. INTRODUCTION

The 2011 sales results of the Intereuropa Group reflected the dynamics of economic growth in its key markets. Despite repeated market deterioration in the second half-year and following some measures taken in the Land Transport area which had a direct short-term impact on a drop in sales revenue, our sales results were good and above the plan. With our efforts towards cost efficiency and optimization of operations, we have retained the position of the leading provider of comprehensive logistics services in Slovenia and the countries of former Yugoslavia, and we achieved a positive operating profit for the first time after 2008.

In the reporting year 2011 we generated a sales revenue of € 211.9 million and exceeded the comparable result of the year 2010 by 11 percent; the target sales revenue was surpassed in all the three core business areas and the financial year was closed 11 percent above the plan. Among the services offered in our range, the highest growth rates were seen in railway transport, car logistics, the logistics services involved in logistics solutions, and customs services. The highest sales growth in the reporting period was achieved by our companies in the Ukraine and Russia; the largest share in the sales was recorded by the parent company Intereuropa d.d., which grew by 11 percent and with € 107.4 million represented approximately one half of the sales of the Group.

The Group recorded an operating profit of € 6.8 million, thereof the Parent Company € 6.1 million. After deducting the effect of financing (€ -14.7 million) and taxes, Intereuropa concluded the financial year with a negative net result of € -7.6 million on the Group level, and € -5.9 million in the Parent Company.

Company Fact Sheet

The Parent Company	Intereuropa, Global Logistics Service, Ltd. Co.
Abbreviated Firm	Intereuropa d.d.
Country of the Parent Company	Slovenija
Registered Office of the Parent	Vojkovo nabrežje 32, 6000 Koper
Company reg. number	5001684
Tax ID number	56405006
Transaction Accounts	SI56 0294 5025 8577 491 with NLB d.d. SI56 0313 5100 5943 869 with SKB banka d.d. SI56 0475 0000 1009 045 with Novi KBM d.d. SI56 0700 0000 1069 709 with Gorenjska banka d.d. SI56 1010 0000 0006 785 with Banka Koper d.d. SI56 2420 3900 2718 580 with Raiffeisen Banka d.d. SI56 2900 0000 1836 455 with UniCredit banka Slovenija d.d. SI56 3000 0018 0048 817 with Volksbank 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

Intereuropa Group	
Number of employees	2.114 employees
Vehicle fleet	264 own trucks, trailers and delivery vans
Total warehousing area	262.400 qm of own warehouse facilities
Total land area	2.152.200 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 Transport d.o.o., Koper, o Interagent d.o.o., o Intereuropa, log. usluge d.o.o. Zagreb o Intereuropa RTC d.d. Sarajevo.
Own branch network	Slovenia, Croatia, Montenegro, Bosnia & Herzegovina, Serbia, Kosovo, Macedonia, Albania, Ukraine, Russia

Major events in the reporting period January - December 2011:

February

- 3 February 2011, the opening of the largest solar power plant in the Koroška Region, erected on the roof of the Intereuropa Branch in Dravograd. Intereuropa engaged in the project the Slovenian manufacturer of photovoltaic modules and the provider of turnkey solar power plants BISOL, d.o.o., and the bank Volksbank.
- On 21 February 2011 the shareholders of Intereuropa d.d., as listed below, published in the daily paper Delo the advertisement for an open tender inviting the bids for the basic package (50.98 percent) and additional package owned by the institutional investors (1.93 percent) of shares in the Company Intereuropa, Global Logistics Service, Ltd.Co.: Kapitalska družba, d.d., Slovenska odškodninska družba, d.d., Zavarovalnica Triglav, d.d., NLB, d.d., Abanka Vipa, d.d., Luka Koper, d.d. The closing day for the bids was set for 31.03.2011. The tender was not successful.

March

- On 14 March Intereuropa d.d. published on the website of the Ljubljana Stock Exchange the presentation of the Intereuropa Group addressed to all our present and potential investors.

April

- On 1 April Intereuropa organised at the head-office of the Company a round table of Slovenian and German logistics providers, addressing the establishment of a new corridor linking Scandinavia, north Germany and the North Adriatic.
- 19 April: the Supervisory Board adopted in its 9th session the Audited Annual Report 2010 for the Intereuropa Group, the Auditor's Report by the appointed external certified auditor, and the Report prepared by the Supervisory Board on reviewing the Intereuropa d.d. Audited Annual Report 2010, following a due discussion of all reports. The Audited Annual Report 2010 was published on the website of the Ljubljana Stock Exchange.
- 21 April, Intereuropa had a presentation in the Slovenian Capital Market Event organised by the Ljubljana Stock Exchange.

May

- 19 May, the Supervisory Board dealt with the performance of the Group in the first quarter 2011 and issued a resolution consenting to the convocation of the 23rd General Meeting of Intereuropa d.d., the Agenda and Proposal of Resolutions with substantiation.

June

- In June we signed the Share-Purchase Agreement on the sale of the entire shareholding in the company Intereuropa S.A.S., Saint Priest.

July

- 8 July, the 23rd Annual General Meeting of Intereuropa d.d. was held at the head-office of the Company, in which the shareholders were presented with the Intereuropa Group Annual Report for 2010, resolved on awarding the discharge note to the Supervisory Board and Managing Board for the financial year 2010, took note of the receipts paid out to the members of the Managing Board and Supervisory Board and adopted a resolution amending the remuneration to Supervisory Board members. Auditors were appointed for the year 2011. The General Meeting adopted amendments to the Statute of the Company and amended the Rules of Procedure for the General Meeting as well.

August

- On 26 August 2011 the Supervisory Board dealt in its 14th session with the interim results of the Intereuropa Group for the first half-year and adopted them.

September

- On 5 September 2011 the Intereuropa Group decided to close down its subsidiary in Germany - Intereuropa Transport & Spedition GmbH, Troisdorf - and follow the guidelines from the Strategic Plan of the Intereuropa Group for the term 2010-2014, which envisions to close down the underperforming companies.
- Intereuropa d.d. applied for taking part on the Motorways of the Sea tender (»MOS«) in the frame of the Trans-European Transport Network »TEN-T«, that aims to increase efficiency and safety in short-distance transportation and is 50% financed by the European Communities. At the end of September the representatives of Intereuropa took part in the conference in Valencia on »Master Plan Information Days«, in which the results of the first activities of the project were presented.

October

- On 20 October we organised an annual conference in which the Managing Board presented the current operations of the Group, the guidelines and goals for 2012 to managerial and executive staff.

November

- On 18 November the Supervisory Board dealt in its session with the interim results of the Intereuropa Group for the nine months and adopted them. The Supervisory Board resolved on granting consent to liquidate the affiliate Intereuropa Transport d.o.o.

December

- On 16 December, the Supervisory Board of Intereuropa d.d. got acquainted with the planning document for the Intereuropa Group in the year 2012.

Major events after the end of reporting period:

January

- On 17 January 2012 the initiation of voluntary winding-up of the affiliate Intereuropa Transport d.o.o. was published in the Court Register of Companies, along with the changed firm Intereuropa Transport d.o.o., in liquidation; Ernest Gortan was appointed as the Liquidation Trustee for the company.

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:

- 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.
- Ensuring financial stability through divestment, de-leverage, debt rescheduling and effective management of working capital.
- Establishing a strategic partnership in the company Intereuropa East Ltd., Moscow.
- 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 2012

The baseline for the 2012 Business Plan of the Intereuropa Group relies on retaining and strengthening the leading position in the market of comprehensive logistical services in Slovenia and countries of former Yugoslavia.

The underlying principles in drawing up the operating plan for the year 2012 are the assurance of satisfactory cash flows for the liquidity of companies in the Group, aiming to allow for the time needed for financial recovery of the Parent Company Intereuropa d.d. in the long run.
In setting the goals we considered the minimal economic growth forecasts for the majority of countries in which the Group operates, the preparations for the accession of Croatia to the EU, and the aggravated liquidity situation in the markets, as well as the pressure on prices.

Following these baselines, we have set the following operating and financial goals for the year 2012 on the Group level:

- Further optimization of business processes,
- Focus on the markets with a high market share,
- Using the synergies of the corporate network,
- Restructuring of our range of services,
- Increasing the share of customers – users of integral logistics.
- Agreement with creditor banks on a more favourable structure of financing for the Parent Company,
- Ensuring adequate liquility for a smooth operation of the Group,
- Core Financial Goals:
    - Sales: € 191.8 million,
    - EBITDA: € 23.2 million,
    - Operating Profit or Loss: € 13.0 million,
    - Investments: € 2.5 million,
    - Number of employees at year-end: 1.894.

The Organisation of the Intereuropa Group

* The company Intereuropa Transport & Spedition, GmbH Troisdorf in Germany has been in liquidation simce 1 September 2011.
** The company Intereuropa Transport d.o.o., Koper has been in liquidation simce 17 January 2012.
*** The company Intereuropa S.A.S., Saint Priest in France was disposed in the first half-year of 2011.

Figure 1: The Organisation Chart of the Intereuropa Group as of 31.12.2011

B. BUSINESS REPORT

1. PERFORMANCE OF INTEREUROPA GROUP

1.1. Sales achievements

Economic environment and trends

The International Monetary Fund estimated the world economic growth rate for the reporting year at 3.8 percent. The forecast growth for the developed countries was 1.6 percent, and a higher rate 6.2 percent for other faster-growing economies, on average.
In the first half-year, the dynamics of economic activity in Europe was encouraging, despite some uncertainty. The growth rates in the European markets through which the greatest goods quantities are routed were intensified mainly in the first quarterly period, whereas the second half-year saw a slow-down of the economic activity. The aggravation of tension in the Euro Zone, along with the changeable political situation, only added fuel to uncertainty. The markets of south-eastern Europe did not succeed in detaching from the recession trough and were still struggling with the outcome of the crisis that disclosed the weaknesses of individual economies in the region.

Table 1: Economic trends in geographic markets of the Intereuropa Group in 2011 (estimate)

	GDP growth	Inflation	Exports of goods growth	Imports of goods growth
EU 27	1.6%	2.8%	8.3%*	7.0%*
CEE	5.1%	5.5%	9.0%	10.1%
Slovenia	0.5%	2.0%	8.3%	6.3%
Croatia	0.3%	3.6%	2.4%	-0.1%
Bosnia and Herzegovina	1.9%	4.0%	1.8%	0.7%
Serbia	2.2%	7.9%	5.1%	8.1%
Kosovo	5.0%	6.2%	15.2%	16.4%
Montenegro	2.0%	3.0%	16.4%	-0.3%
Macedonia	3.0%	3.7%	11.4%	10.6%
Albania	2.5%	3.5%	9.7%	0.0%
Russia	4.0%	7.5%	3.4%	16.9%
Ukrajne	4.7%	10.7%	8.3%	11.8%

* Euro Zone

The IMF forecast of the world economic growth rate for the coming year 2012 is lower (3.3 percent). The Euro Zone is expected to be hit by a mild recession, attributable to the shocks in the market of state bonds, the impact of banking sector rehabilitation on the economic sector, and to negative effects of the consolidation of public finance, which could aggravate the negative risks both in the developed economies and developing ones. For Europe, a new growth is forecast for the year 2013.

Table 2: Forecast of GDP growth in markets of the Intereuropa Group for 2012 and 2013

	BDP Growth Forecast	
	2012	2013
EU 27	-0.1%	1.2%
CEE	1.1%	2.4%
Slovenia	0.2%	2.0%
Croatia	0.0%	1.2%
Bosnia and Herzegovina	1.1%	2.5%
Serbia	2.0%	2.5%
Kosovo	4.0%	4.7%
Montenegro	3.5%	3.7%
Macedonia	2.6%	3.0%
Albania	3.5%	4.2%
Russia	3.5%	4.1%
Ukraine	4.8%	4.5%

SOURCES:
1. Office of the Government of the Republic of Slovenia for Macroeconomic Analysis and Development, Winter Forecast of economic trensd 2011/2012, January 2012
2. Office of the Government of the Republic of Slovenia for Macroeconomic Analysis and Development, Slovenian Economic Mirror-January 2012, February 2012
3. International Monetary Fund, World Economic Outlook, »Slowing Growth, Rising Risks«, September 2011
4. International Monetary Fund, World Economic Outlook Update, »Global Recovery Stalls, Downside Risks Intensify«, Jjanuary 2012
5. International Monetary Fund, Country Report No. 11/374, Republic of Kosovo: Staff Report for the First Assessment Under the Staff-Monitoring Program, December 2011

Sales Revenue by the Intereuropa Group

Positive economic trends from the early 2011 gradually declined and in the second half-year the economic situation in the markets of our Group recorded only minimal growth rates on yearly level, or even stagnation. In these areas the growth of exchange of goods was very moderate and gradual, while in the second half-year it slowed down again. Consequently, the business risks arising from the business environment were getting tougher towards the year-end. The sales activities reflected the tough competitive struggle and intensified pressures on our sales rates, as well as the efforts for completion of the new information system supporting the products of land transport that was launched in the Parent Company Intereuropa d.d. at the year-end. The IT solution is expected to yield a higher automation of processes and a rise in efficiency, as well as improved traceability of shipments to our customers.
In the reporting year the Intereuropa Group generated a **sales revenue of € 211.9 million**, 11 percent higher than a year ago and above the sales target by the same percent. The sales growth was recorded in all the three core business areas, the highest thereof in Logistics Solutions with a 20 percent rise. Despite shrinkage and rationalisation of our road transport product, we managed to achieve an 8 percent growth in our Land Transport Area, which is largely attributable to newly acquired railway transport business in the Ukraine. The highest surplus over the plan was achieved in the sale of our Intercontinental Transport area. Its best performing segment was the automotive logistics services with a 38 percent rise over the preceding year's volume, which was about a quarter above the plan too. Such an increase could not be possible without our car terminal in Russia, along with the car terminals in Slovenia: more than 190,000 vehicles were handled via the Russian terminal.

Table 3: Sales revenue of the Intereuropa Group by area of operation, in thousand €

	Business area	Jan - Dec 2011	Structure	Index 2011/plan	Index 2011/2010
1	Land Transport	127,505	60%	111	108
2	Logistics Solutions	29,985	14%	109	120
3	Intercontinental Transport	49,364	23%	112	115
4	Other Services	5,026	2%	100	98
	TOTAL	**211,880**	**100%**	**111**	**111**

Tabela 4: Sales revenue of the Intereuropa Group by geographical area, in thousand €

		Jan - Dec 2011	Structure	Index 2011/plan	Index 2011/2010
1	EU Member States	124,491	59%	103	101
2	Non-EU countries	87,389	41%	124	130
	TOTAL	**211,880**	**100%**	**111**	**111**

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

In the sales revenue structure and according to the location of our companies in the group we generated the highest sales revenue in Slovenia and Croatia (standing for 72 percent of the sales on the Group level). The revenue earned in the eastern markets (the Ukraine, Russia) more than doubled, amounting to 17 percent in the reporting year. The greatest volume of services is still sold to domestic customers (30 percent), but this year the sales to Russian and Ukrainian customers has greatly improved (by 145 percent).

Table 5: Sales revenues of the Intereuropa Group by geographic area, in thousand €

		Jan – Dec 2011	Structure	Index 2011/2010
1	Slovenia	64,552	30%	100
2	Croatia	30,745	15%	94
3	Russia	12,092	6%	200
4	Bosnia and Herzegovina	7,222	3%	105
5	Serbia	3,322	2%	91
6	Montenegro	5,323	3%	103
7	Other countries	88,623	42%	124
7a	Other EU Member States	50,944	24%	109
7b	Other countries	37,678	18%	152
	TOTAL	**211,880**	**100%**	**111**

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

LAND TRANSPORT

In this business area Intereuropa generated € 127.5 million of sales revenue, which was 60 percent in the total sales structure of the Group. This share dropped 2 percentage points below the achievement of the preceding year. The sales revenue was 8 percent higher than a year ago. The strongest growth of income was recorded by our Ukrainian affiliate TEK ZTS d.o.o. Uzhgorod. The share generated in Slovenia represents more than one half of the total sales revenue of Land Transport.
The targets set were also exceeded by 11 percent. The companies TEK ZTS Uzhgorod (the Ukraine), Intereuropa d.d. (Parent Company), A.D. Intereuropa Logističke usluge Beograd (serbia) and Zetatrans a.d. Podgorica (Montenegro) distinguished themselves by the strongest surplus over the plan.
The planned results were also achieved by the affiliates in Bosnia and Herzegovina, Macedonia and Albania, which do not represent a significant share in the revenue structure, though. On the other hand, Intereuropa Transport d.o.o. (Slovenia) and the company in Russia saw the greatest setback behind the plan.
The year 2011 was earmarked by efforts for cost-effective operations and optimization. One of key activities focused on the completion of the new information system supporting the products of land transport that was launched in Intereuropa d.d. at the end of the year. The IT solution is expected to bring a higher automation of processes and a rise in internal efficiency, as well as improved traceability of shipments to our customers. We expect to use this information solution in other companies of our Group in the coming years.
The year 2011 was also a breaking point in our road transport business, which has the largest share in the sales structure of the Land Transport Area. Our German affiliate stopped operating, we sold our company in France and sought solutions for a recovery of the Slovenian company Intereuropa Transport d.o.o., in which the volume of operations was gradually shrinking. It all reflected in a decline of sales revenues in the area of road transportation.

Road Transport

Road Transport has the highest share in sales revenue structure among the products provided by Intereuropa. As many as 40 percent of the sales turnover within our Land Transport Area was earned from this product. In 2011, this share has fallen from 48 to 40 percent. The highest share in the sales revenue was achieved by Intereuropa d.d. (44 percent) which increased its share in the reporting year by as much as 12 percent. The next is the affiliate Intereuropa Transport d.o.o. with 40 percent, although its share fell 3 percent below the figure achieved a year ago.
The year 2011 recorded a setback behind the planned targets and also the figures of the preceding year. That is mainly a consequence of the stoppage of operation of the German affiliate (in May 2011), the sale of the affiliate in France and a gradual shrinkage of operations in the company Intereuropa Transport d.o.o.
Considering the market situation, we have observed a declining number of road transport contractors in the Slovenian market, which leads to rising purchase rates in road transport and consequently, the reduction in sales margins.
In the coming year 2012 our product-based activities will focus on the liquidation of Intereuropa Transport d.o.o., the integration of commercial activities in international road transport in the Slovenian part of the Group, retaining our key customers and acquiring new ones thanks to a high quality of the product, and assurance of centralized supplier management.

Customs Services

Customs services are regarded as an important support service in the Group. One half of overall sales revenue of this product is generated in the subsidiary in Croatia, and Slovenia remains the second with one third of all income from customs broking in the Group. In 2011 the Border Despatch Branch of Intereuropa d.d. achieved very good results on account of a higher volume of border transit procedures. It was in Croatia and Slovenia that the sales revenue recorded the highest excess over the figure achieved a year ago (2010) and the planned targets for 2011. The companies in Bosnia and Herzegovina and Serbia also surpassed the goals, whereas other companies of the Group remained behind the targets.
In the coming year 2012 our companies in Slovenia and Croatia will make preparations for the accession of Croatia to the NCTS-system (with effect from 1 July 2012) and later on to the European Union (effective with 1 July 2013), and continue to maintain the high levels of know-how among the

employees because custom broking services demand a high level of specific knowledge necessary to advise our customers and assist them in their logistics needs and »problems«.

Groupage Services

In the reporting year the sales revenue of the Groupage services product was 6 percent higher than a year ago. A great deal (as much as 83 percent) of the Group's sales revenue in the Groupage services is generated in Slovenia. Growth was recorded in the affiliates based in Slovenia, Croatia, Serbia, Montenegro and Kosovo thanks to increased volume of shipments carried.
For the coming year (2012) we aim to persists as the leading provider of groupage services in Slovenia, Croatia, Bosnia and Herzegovina and Serbia, and increase the market shares in all countries in which Intereuropa is present with own subsidiaries, Concentration of shipments will allow us to additionally increase the dynamics of transports and use the advantages of the new IT solution in view of process optimization and improved traceability of shipments for our customers.

Express

The sales revenue was 15 percent lower than a year ago. The setback is mainly attributable to a fall in sales revenue in Croatia (by almost 30 percent) as a consequence of the slashed sales rates in the market and termination of certain operations. The highest share of sales turnover is still earned by the affiliates in Croatia (55 percent), followed by those in Slovenia (31 percent), Bosnia and Herzegovina (10 percent) and Serbia (4 percent). In Croatia the company decided to reduce the vehicle fleet employed for these services and increase the number of contractors ('outsourcing'). In Slovenia where the highest shift in the sales was observed, the most effort was dedicated to the restructuring of sales segments and the optimization of operations. At the end of the year we introduced a new information solution that allows our customers an input of order and the traceability of consignments. The affiliates in Serbia and Montenegro also achieved the planned performance, whereas the results of the Bosnian company were not so good, despite numerous recovery activities undertaken.
In the year 2012 we will be using the advantages of new information support for the Express product in Slovenia to the full extent. We will develop distribution services in the countries where Intereuropa is already present with subsidiaries, and continue with process optimization, cost management and optimum implementing solutions that will retain the quality of service on the highest level.

Railway Transport

In the Railway product we strongly (by 1.6 times) surpassed the plan and the achievement of the preceding year (by 1.8 times) primarily on account of the company TEK ZTS d.o.o. Uzhgorod, which more than doubled its sales turnover (by 2.3 times) by the acquisition of new businesses (petrol products transportation). The Ukrainian company thus generates 20 percent of all sales revenues in the Land Transport.
The company Intereuropa-FLG, d.o.o., Ljubljana, in which Intereuropa holds a 50 percent-share, jointly with the Austrian company Express-Interfracht International Spedition GmbH, which owns the other 50 percent in the capital of Intereuropa-FLG, is specialized in the organization of railway transport. In the reporting year it exceeded the plan by 3 percent, however, it remained behind the figure of 2010.

Our Land Transport Area fulfilled and exceeded the planned sales turnover, despite streamlining measures taken which had a direct impact of reducing the sales revenue in the short run. These measures were mainly introduced in the road transportation. In the year 2012 the key activities will be focused on a rational termination of the operation of the affiliate Intereuropa Transport d.o.o.. In addition, we will be preparing for the integration of Croatia in the NCTS-system followed by the accession to the European Union, and on the reengineering and optimization of the product Express Services in Croatian and Bosnia and Herzegovina, also by the support of the new IT solution. For 2012 we expect a 13 percent decline of sales revenue, the highest is expected in our products Road Transport and Customs Services.

LOGISTICS SOLUTIONS

Our sales revenue in this business area amounted to € 30.0 million, which was 14 percent in the total sales structure of the Group and the highest growth on the Group level. We were 20 percent better performing than in the preceding year and exceeded the sales target by 9 percent thanks to better sales in the Parent Company in Slovenia, which rose by 29 percent over the figure a year ago and exceeded the plan, too. In the sales structure, the share of Slovenia was 4 percent higher and represented 53 percent in the net sales revenues on the Group level. We dedicated much energy to target-based sales of integral logistics solutions, increased sales volume and established support to e-business with our customers in order to improve the sales results.

The second largest market in the Logistics Solutions segment is Croatia which contributed 26 percent to the sales of this business area. Here the sales results were lower than a year ago and 4 percent below the target. The situation is attributable to the recession and financial crisis in the country, as well as to increased competition of foreign logistics providers.

In the markets of Bosnia and Herzegovina, Montenegro, Serbia, Macedonia and Kosovo that represent 15 percent in the sales structure of this business area, we recorded a downturn in sales revenue by 1 percent compared with the preceding year. Of the above listed countries the highest growth of sale was recorded in Bosnia and Herzegovina, which rose 16 percent over the year ago and exceeded the plan by 11 percent. Growth was achieved in Russia, too: the warehouse capacities were occupied to the full. In other countries of the Balkans in which our Company operates warehouses we can still perceive a decline in the demand for logistics solutions. Due to economic situation there was no turnover of inventories in these markets, but the competition increased nevertheless, with several foreign logistics providers.
For the coming year we envision to retain our existing customer base and acquire new logistics projects, continue with segmentation followed by specialization of logistics solutions by commodity groups, and further our customer-focused sales strategy, focusing on those who need complex and integral logistics solutions, as well as customer-tailored solutions.

INTERCONTINENTAL TRANSPORT

The business area of Intercontinental Transport exceeded the targets set for the reporting year. The sales turnover amounted to € 49.4 million or 12 percent above the plan, and 15 percent higher than a year ago. The Sea-Freight products represented one half in the sales structure of Intercontinental Transport. Significant growth was achieved in car logistics, where the plan was surpassed by 26 percent and as much as 38 percent above the preceding year's achievement.
Higher volume of demand for overseas freight transports, warehousing and car shipments was in particular recorded in the first half-year. The second half-year saw a decline in purchase orders due to repeated aggravation of economic situation in the markets globally. Lower turnover was perceived in airfreight and shipping agency segments.

Seafreight
This segment stood for 12 percent of the Group's sales revenue in the reporting year and was 8% above the target. In our most important market – Slovenia – the plan was exceeded by 6 percent.
On the Group level, the container transports represented one half in the seafreight turnover. The sales volume was surpassed by 47 percent, in Slovenia by 9 percent. On the other hand, our RO-RO product that was exposed to high operating rates by the shipowner on the line Slovenia-Albania, remained behind the plan. We have significantly developed the operations in container consolidation lines, which remains to be our priority for the coming year 2012. Also our cooperation with NVOCC partners was strengthened, through which we run more long-term and important businesses.
In our affiliates that provide sea-freight services, the sales targets were exceeded in Bosnia and Herzegovina, Montenegro and Albania. With our presence in all the ports on the eastern Adriatic coast we have built an appropriate network of sea-freight operational units. Our customers are offered an integral chain of sea-freight logistics in the Balkans or SE Europe respectively. The underlying guideline for our entire network remains to be synergies and cooperation building within our own network, as well as the inclusion of our partner or agency networks.

The underachievement of the plan for our Shipping Agency Product was due to closing down of a container service liner in the second half-year. The shipowner’s decision to discontinue the liner service for Koper from the Far East had a direct impact on the decline in our turnover in the given period. Nevertheless we remained the leading shipping agent in 2011 as regards the number of ships represented in the Port of Koper. For the year 2012 it will be crucial to strengthen our efforts for the acquisition of shipping agency for container service liners from the Far East.

Car logistics

In our Group, car logistics has become an important product contributing 9 percent in the total sales structure on the Group level. The reporting year brought a 38 percent increase in the sales turnover over the preceding year (2010). Our most important markets are Slovenia and Russia, where we run several car terminals. What is more, our car terminal in Russia also offers car transportation/ distribution. In this market the operating income outstripped the year 2010 by as much as 144 percent. The high growth is attributable to contract renewal with a major corporate client and increased turnover with it in the reporting year. There were more than 190,000 vehicles handled via our terminal, with 9,116 vehicles daily stored in our warehouse, on average.

This segment of logistics - car handling - remains our key business also in Slovenia, where we handled 113,758 vehicles through the Koper port in the whole year. The growth recorded here was 4 percent, and the quantities of handled and warehoused vehicles in our terminals were also increasing. The first half-year was particularly good, after that the volume of car turnover declined slightly.

The reporting year saw a significant development of this segment and our intensified marketing activities aiming to improve our prospects for the year 2012. For the car terminal at Chekhov /Moscow we envision to expand the operations by including railway transport in the incoming and outgoing delivery of vehicles. Our strategy for Slovenia remains to expand the range of our key customers and develop the segment of logistics support to export of used cars via Port of Koper.

Airfreight

Despite underachievement of sales revenue in the Group, we are satisfied with the current development of this segment. The aggregate weight of the consignments handled rose by 25 percent on the Group level. The 4 percent setback in the planned sales revenue is attributable to a variety of factors that are directly linked to the fall in airfreight and commissions for the service. A significant growth in the number of consignments and weight thereof was recorded in Serbia and Croatia. Noteworthy is the organization of charter flights from Serbia, with 40 charter flights routed via Niš and Belgrade airports.

In the most important market in Slovenia we are faced with increasing competition of international logistics providers, which additionally fragments the relatively closed range of clientele and cargo available. Slightly better were our operations in the second half-year - in the last quarter, when we acquired some new customers and major shipments. Although the freight rates remain relatively low, the struggle with more competitive transport modalities persists, of which the consolidation container service is gaining ground. The agency in freight services in SE Europe continues to be promising. The development of this Product is also directly dependent on a more aggressive marketing approach, that we envision to strengthen in all the companies of the Group.

UPS

The express parcel delivery was only offered in Bosnia and Herzegovina. Our cooperation with the principal UPS terminated in 2011, due to the UPS's decision for a more comprehensive coverage of the South Balkans involving a smaller number of agents, assigned to service the wider geographical region within a unified network. That situation resulted in our underachievement of the yearly turnover. For the year 2012 there is no income expected from the agency cooperation in international express delivery service.

The sales activities in Intercontinental Transport Area for the coming year 2012 remain in the scope of the dedicated development strategy. The latter can be outlined in brief as the following key activities:

- On-going intensified sales activities for the entire product range of Intercontinental Transport on the Group level, inclusion in the organization of integrated logistics chain;
- Building-up the alliance with NVOCC logistics partners and acquisitions/development of long-term business via Koper Port and other regional ports,
- Development of car logistics in SE Europe and Russia, highlighting the utilization of our terminal capacities,
- Strengthening of cargo agency representation and cooperation with air carriers in SE Europe,
- Acquisition of car transports by railway from Europe or Russia at the Chekhov terminal,
- Further and intensified development of all sea-freight products in the Group companies, emphasizing the FCL (container full loads) and consolidated container shipments on the axes of the Fifth and Tenth Pan-European Corridors,
- On-going development of the LCL product in the Balkans, cooperation with ECU Line and development of cooperation in Serbia,
- Acquisition of agency representation for a container service liner in Slovenia and possibly in other ports on the Eastern Adriatic coast, primarily for shipowners who are not present with their own service in the Adriatic yet.
- Development and introduction of IT support for the needs of Intercontinental Transport in Slovenia and also in affiliated companies of the Group.

1.2. Financial Result

In the reporting year the Intereuropa Group generated **€ 22.7 million as Earnings Before Interest, Tax, Depreciation and Amortisation** (EBITDA), which is 4 percent above than plan and 5 percent more than a year ago (2010). In the year 2010 the sale of some fixed assets (real estate) in the amount of € 5.2 million had a significant influence on the EBITDA, whereas in the reporting year we realized € 1.2 million of other operating revenue through the sale of fixed assets (real estate). If other operating revenues and the effects from fixed assets revaluation, along with the operating expenses that were not directly connected with ordinary operations in both years were excluded, the EBITDA in the reporting year would be € 20.5 million and 42 percent higher than in the year 2010.

The **Operating Result** of the Group for the reporting year was **€ 6.8 million,** which was 9 percent higher than expected and € 34.0 million better than a year ago (2010). The comparability between both years would be achieved by excluding the one-off transactions that are not directly related to ordinary operations: the operating result would amount to € 8.5 million and be € 8.2 million higher than the preceding year. The improvement in the operating result over the year ago is largely attributable to better sales and lower labour costs, depreciation and materials. As regards other costs, there was an increase recorded in the direct cost of services which grew more than the sales volume; in addition to the rising fuel prices, the increase is largely attributable to the changed sales structure in favour of services with lower margin (railway transport in the affiliate TOV TEK ZTS Uzhgorod). The share of Operating Profit in the sales revenue (EBIT margin) came to 3.2 percent, which was approximately on the planned level.

The **Financing Result** amounted to **€ -14.7 million**, which was 1.3 million better than expected and 2.1 million worse than in the year 2010. In the financial revenue structure that totalled € 2.5 million, the major part was the revenue from elimination of allowances, write-offs of receivables and interest for default (€ 2.4 million); in the financial expenses amounting to 17.2 million, the highest item was the interest expenses for loans raised from others (11.7 million). Excluding the impact of gains/losses from foreign exchange differences and from the revaluation of financial instrument for hedging against exchange rate risk, the financial result for the reporting period would have amounted to € -12.1 million, or 1.4 million more favourable than in the year 2010.

Tables 6 in 7: Financial results of the Intereuropa Group for January-December 2011, in thousand €

Item / Index	Jan-Dec 2011	Plan 2011	Jan-Dec 2010	Index 2011/plan	Index 2011/2010
Sales Revenues	211,880	191,490	190,624	111	111
EBITDA*	22,653	21,871	21,554	104	105
Operating Profit or Loss	6,780	6,226	-27,195	109	-
Financing Profit or Loss	-14,699	-15,972	-12,631	-	-
Net Profit or Loss	-7,596	-9,067	-39,193	-	-
Sales revenues per employee/month	8.264	7.257	6.985	114	118
Value added per employee/month	2.446	2.355	2.309	104	106

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

Item / Index	31.12. 2011	Plan 31.12.2011	31.12. 2010	Index 2011/plan	Index 2011/2010
Balance Sheet Total*	407,207	425,925	425,428	96	96
Equity*	140,988	171,593	148,163	82	95
Short-term assets/ Short-term liabilities*	0.35	0.77	0.91	46	39
Net Return On Equity (yearly level)**	-5.1%	-5.0%	-20.8%	-	-

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

As of the end of the reporting year, the **Balance Sheet Total** amounted to € 407.2 million and was 4 percent lower than at year-end 2010. The decrease in assets in the year 2011 is largely a consequence of the decrease recorded in property, plant and equipment by € 22.0 million (or -7 percent) arising from the disposal of real property by the affiliate Intereuropa, log. usluge, d.o.o. Zagreb, of the equipment in Intereuropa Transport d.o.o., Koper, and from low investments in fixed

assets. Also the short-term operating receivables were down by € 10.2 million, or 18 percent, respectively. On the liabilities side the greatest changes arise from the fact that most of the loans received were re-categorized from long-term into short-term liabilities. Accordingly, the liabilities from short-term loans were up by € 142 million and concurrently, the liabilities from long-term loans were down by 144 million. That is also the reason for **impaired current liquidity ratio.**
The **share of capital in the Liabilities structure** was 34.6 percent and practically remained unchanged since the year-end 2010.

1.3. Investments in fixed assets

In the year 2011, the investments in fixed assets realized by the **Intereuropa Group** totalled € 2,648 thousand, thereof 1,854 thousand in real estate and 476 thousand in equipment and intangible assets. The annual plan of investments was completed to the level of 57 percent.

Table 8: Overview of Investment in January-December 2011, in thousand €

Company	Real property		Plant & Equipment		TOTAL		% of annual realiz.
	Realiz.	Plan	Realiz.	Realiz.	Plan	Realiz.	
Intereuropa d.d.	592	340	1,257	318	1,849	659	35.6
Subsidiaries	1,700	1,514	1,083	476	2,783	1,990	71.5
TOTAL	**2,293**	**1,854**	**2,340**	**794**	**4,633**	**2,648**	**57.2**

The investments of the Parent Company Intereuropa d.d. were made in real estate, equipment and intangible assets (€ 659 thousand); other members of the Group invested 1,990 thousand € in fixed assets. The most funds were invested in the company Intereuropa-East Ltd., Moscow, for the completion works in the warehouses of the Logistics Centre Chekhov and the final activation of the assets/funds invested during the years 2008-2011 after the connection to another power supply was finally made (in total € 1,223 thousand).
Among other investments, the major part of funds was spent on:

- Maintenance and reconstruction /renovation of facilities and plants (€ 631 thousand),
- Repairs and purchase of motor vehicles (€ 324 thousand),
- Purchase of computer hardware and software (€ 280 thousand).

1.4. Human Resources Management

Employment trends

The year 2011 ended with 2,114 employees in the Intereuropa Group. Thereof, 43 percent are employed in Slovenia and 57 percent in the affiliates abroad. Compared with the end of 2010, the number of personnel was cut by 5 percent or 118 employees resp.

The most redundant employees were in Intereuropa Transport d.o.o. (-54 or 32 percent less); in Intereuropa, Logističke usluge, d.o.o., Zagreb (-68 or 12 percent); in Intereuropa RTC d.d. Sarajevo (-15 or 9 percent), in the German affiliate Intereuropa Transport & Spedition GmbH, Troisdorf (-14), and in the French company Intereuropa S.A.S., Saint Priest (-4): in the latter two companies all employees were laid off due to liquidation or disposal resp.

Table 9: No. of employees in the Intereuropa Group according to countries, as of 31.12.2011

	31.12.2011	31.12.2010	Diff. 11-10	Index 11/10
Slovenia	908	968	-60	94
Croatia	514	582	-68	88
Other countries	692	682	10	101
TOTAL	**2,114**	**2,232**	**-118**	**95**

In total, 354 employees left the Group in 2011. Newly recruited were 236 staff members, thereof 132 in our Russian affiliate, where the flexibility of the workforce is always high. In most cases the new recruitments replaced the personnel who left the Company, and a certain number were taken in the Parent Company due to the acquisition of new businesses (the Border Despatch Branch). The optimal HR structure was maintained by internal transfers: there were at least 116 employees transferred to another work area in the Slovenian part of the Group. The overall fluctiation rate in the bigger companies of the Group was 12 percent, or 2 per cent less than a year ago.

As of 31.12.2011, there were 1,975 employees in the Group on a permanent and full time basis (93 percent) and 139 employees with temporary employment (7 percent).

In case of temporary needs for personnel and for the requirements of warehouse management we made use of more flexible employment forms, such as by engaging HR agencies and Students' Job Centres. On the Group level, there were some 8 percent of the workforce employed under such arrangements.

Human Resources Development and Training

Table 10: Spending on Training in the reporting term January-December 2011

Actual Jan-Dec 2011 in 1000 €	Plan Jan-Dec 2011 in 1000 €	Index Actual/ Plan	Actual/ employee in €	No. of hours	No. of hours/ employee
62	204	31	29.4	27,009	13

The most of our training programme (74 percent or 20,029 hours) was implemented by internal staff. In this way we could have adapted the content and programmes to our work processes. These were mainly training forms from occupational health and safety; in the Parent Company the focus was on the information support to logistical processes – the so-called the ISPRO Project.

According to contents, these training forms comprised:

- Acquiring **new knowledge on occupational health and safety,** to which we dedicate from year to year more attention. By dedicated and continual training we aim to improve the professional capability and concern of the individual in safe work and good health, which enhances their productivity, reduce the risk of accident at work leading to injury or health impairment for our workforce. The participants acquired knowledge and skills on occupational health and safety, fire safety, transport and handling with dangerous goods – chemicals, first aid, fire extinguishing and evacuation, and safe work in railway transport – siding rails. The a.m.

training forms are implemented depending on the prescribed deadlines for training or refreshment, therefore the prevailing ones according to the season, are:

- **Logistics-based know-how**: There we dedicated as many as 8,563 hours (1.190 participations) to the ISPRO information environment; other forms focused on customs broking and food hygiene – the HACCP system;
- **Foreign languages**: German language courses prevailed, in our Montenegrin affiliate English;
- **Other technical /professional skills** from various areas: Finance, auditing, accounting, law, etc.

We also included external staff - students and workers hired through HR agencies in the training forms too (totalling 218 participations in the areas of occupational health and safety forms and of the ISPRO information system).

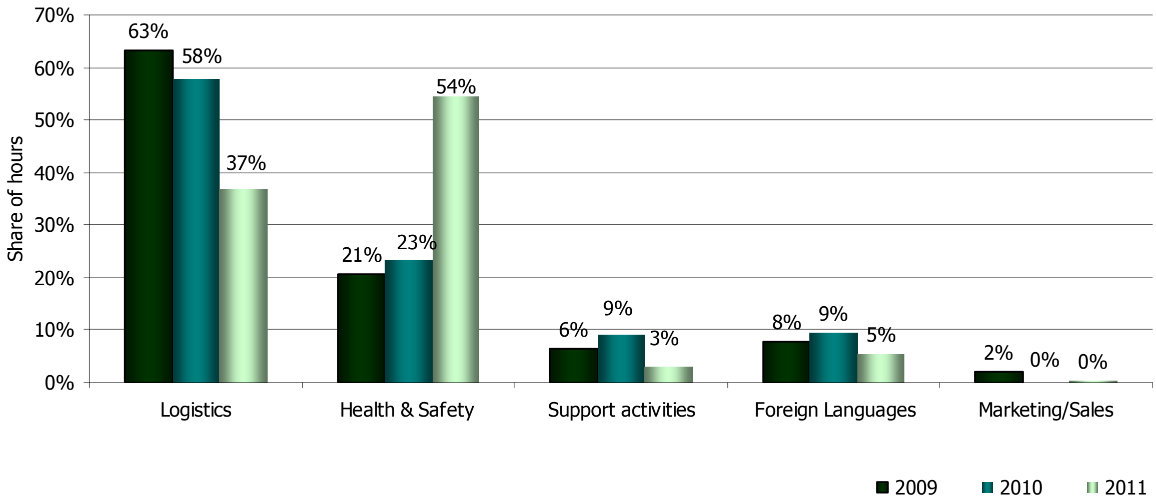


Figure 2: Structure of training hours in 2009 - 2011 according to topics, in the Group

Goals:

- Our goal remains to include every employee in the training programme **for at least 20 hours yearly also in the affiliated companies of the Group**; furthermore, a systematic rotation and induction training for new types of work is included in the training, work on larger new projects, »coaching«, training in another org. unit/company;
- **In terms of contents**, the highlights are on training forms from the field of customs broking, logistics, compulsory periodical training forms on supporting functions, occupational health and safety in the workplace, foreign languages, efficient sales techniques and negotiations in logistics, dedicated computer applications (ISPRO).

Employee care and wider social environment

- We organize a variety of social events to strengthen good mutual relations. Here belong traditional events in the pre-holiday season (New Year), gathering by departments and the whole staff collectively: this opportunity is used for awarding our members for their loyalty and commitment to our Company.
- We continue to maintain the tradition of presenting gifts to children of our employees at Christmas/ New Year. In the Slovenian part of the Group, 206 children received a gift coupon in the amount of € 30.
- Our present and former employees (pensioners) are offered to spend a holiday in our holiday accommodation facilities at favourable prices. The occupancy of these facilities was 34 percent, which was 15 percent less than a year ago.
- In the afternoons, our employees have the possibility to take part in organized recreation in hired gyms, and organized sports exercises.
- Financial aid in total amount of € 54 thousand was granted to 81 our employees who were affected by difficult health condition or had to cope with inferior financial position, death of family members and similar;

- Additional voluntary pension insurance is paid for 688 employees (76 percent) in the Slovenian part of the Group ((Intereuropa d.d. and Interagent d.o.o.), amounting to € 40 per employee on average;
- Sixteen employees in the Slovenian part of the Group used the option for flexible work schedule to facilitate their coordination of work and family life.
- We cultivate our relations and connections with educational institutions in the local and broader environment: In the reporting year we provided obligatory work practice to 66 secondary school and tertiary level students; it can also be arranged that students select topics for seminar papers or diploma thesis, incl. technical assistance.

Our goals remain focused on the rise in the commitment of employees, which includes: Open communication, encouragement to proactive thinking and dialogue at all levels, abandoning the hierarchical approach, mentoring development (annual interviews with employees by setting goals and initiatives), encouragement to self-learning, organization of team-building events (also informal) on the level of individual units, concern in psychical and physical health of employees, sick leave management, etc.

Measuring the organizational climate on »Golden Tread (Zlata nit)« in 2011

The results of these measurements in 2011 were encouraging: the evaluation of most of the categories under observation – personal growth and development, mutual relations, relation between the Company and employees, the role and quality of an individual in the Company – improved slightly over the years 2009/2010 (from 2.70 to 2.82 points). The highest rise in grading (compared with the preceding one) – by ca. 0.2 - 0.3 percentage points – was recorded to the following statements in the questionnaire: work in the Company gives more than the wage to me; I am proud of being a member of our Company; the management gives a good example by its acts; the communication of the management with employees is open and sincere; the management shows respect in its communication with employees; there is understanding for private life in the Company; I can plan my work independently.

As expected in the given social situation in the broader sense, the perception of safety in the Company and the quality of work environment in view of higher/ heavier work requirements declined slightly.

Health protection

The concern in health of our staff is the responsibility and duty of all executives (managers /heads) of individual organizational units and of professional workers responsible for occupational health and safety and for fire safety. Our daily responsibility is to conduct preventive measures in occupational health and safety, fire safety and prevent any accident involving dangerous goods.

There were three inspections in the Parent Company during the year: by the inspector of the Republic of Slovenia for the protection against natural and other disasters – in the unit in Vrtojba and in the sectors of the Company; by the Labour Inspectorate – in the company Intereuropa Transport d.o.o. We were informed of certain deficiencies and are taking measures to remedy them.

Health protection
In cooperation with authorized physicians of occupational medicine, we referred 227 employees to dedicated preventive, preliminary, periodical control and target medical check-ups (which was 27 percent less than a year ago). That can be attributed to the fact that all the employees who did not have a medical certificate and worked in administrative workplaces, as well as a fewer employees - drivers of Intereuropa Transport d.o.o. who had to undergo a medical examination - were already referred to such preventive medical checkups a year ago.

In the Slovenian part of the Group we organised vaccination against flue: 107 employees (or 33 fewer than a year earlier) took part.

These are the measures to keep control over sickness leave in the normal frame. We find that sickness-related absence below 30 days rose slightly, and the absence beyond 30 days declined.

Injury at work

There were 41 incidents at work, one of them with severe outcome, in the whole Group. In the Slovenian part of the Group were 25 light injuries, which is 4 less than at the year end 2010, and no casualty. The analysis of injury sources, causes and factors revealed that the accidents were mostly attributable to an individual personal factor.

Inspections and tests of working assets and equipment:

Certain risks for injuries or health impairment are involved in handling with working assets and equipment. There were 145 sets of different working assets/ equipment examined and tested in individual organizational units.

Fire safety and protection

Our employees are involved in training on fire-safety measures. Particular attention was dedicated to providing sufficient control over fire safety and precautions. We conducted regular examinations of the buildings, and of the active and passive fire-fighting equipment.

In the Slovenian part of the Group we trained 72 employees for fire fighting at the early stage, and of evacuation. In the head-office building in Koper and in the facility in Dravograd we organised an evacuation drill end of October 2011.

1.5. Total Quality Management

Five companies of the Intereuropa Group (out of fourteen) hold a certification under the ISO 9001:2008 Standard. There are 73 percent of all employees working in the companies with certification for quality management. The reporting year passed in the effort to maintain the certificates for the Quality Management System in Intereuropa d.d., Intereuropa Transport d.o.o., Interagent d.o.o. and Intereuropa RTC d.d. Sarajevo, while the certification in the German affiliate are discontinued. In August the company Intereuropa, Logistical Services d.o.o., Zagreb obtained the certificates in quality management system and the system of food safety independently.

Maintaining the ISO 9001:2008 Quality Management System

- Yearly QMS reports were prepared and the measures to improve the QM system were triggered in all the five companies.
- A new version (no. 15) of the Quality Management System Manual for the companies Intereuropa d.d. and Intereuropa Transport d.o.o. was issued.
- The half-yearly audit of the management system in Intereuropa d.d. and Intereuropa Transport d.o.o. was conducted.

Internal quality of service auditing

In Intereuropa d.d. we conducted internal process audits on:

- Warehousing and distribution – 16 recommendations for improvement were given;
- Border Despatch – 7 recommendations for improvement were issued;
- Sea-freight – 9 recommendations for improvement were issued;
- Air-freight – there were no recommendations for improvement given.

Quality control by QM indicators

Company	No. of complaints	Index 11/10	No. of claims	Value in 1000 €	Index 11/10	Approved Value in 1000 €	Index 11/10
IE d.d.	670	82	260	478	328	120	217
IE TR d.o.o.	94	45	23	38	45	30	45

There were fewer complaints in Intereuropa d.d. than in the preceding year, but they grealty increased in value. It concerns one damage event during the manipulation from ship to port warehouse. The transportation of the consignment was insured. The number of complaints fell considerably in the products IE Express, on-loadings and in seafreight.

External quality of service audit by the certification authority

The results of external audits 2011 by companies:

- **Intereuropa d.d. and Intereuropa Transport d.o.o.** – the audit performed in the reporting period was of a control character (the second) and the thirteenth in sequence. The audit was conducted in the following organizational units:
  - Intereuropa d.d. - the Managing Board, the business units (BU) Ljubljana, Jesenice, Vrtojba
  - Intereuropa Transport d.o.o. – the Management, Operational Commercial Dept., Purchasing Department

  Recommendations related in most cases to the control of processes (12), document management (7), implementation of processes (2) and training (1).

  Intereuropa d.d. received 16 recommendations, Intereuropa Transport d.o.o. Zagreb 4, and two recommendations apply to both companies.

  The persons responsible for dealing with the recommendations according to the Resolution of Managing Board have prepared the solutions and provided the substantiation for any recommendations not accepted on our part. The report on these measures was submitted to the certification body by the end of May.
- **Intereuropa Transport & Spedition GmbH, Troisdorf** – the company stopped operating and did not renew the quality management certificate
- **Interagent d.o.o.** – the external audit performed in the second quarter was the fourth re-certification one and the thirteenth in sequence. The audit was performed successfully, without finding any non-compliance, but receiving four general recommendations.

- **Intereuropa, Logistical Services d.o.o., Zagreb** – the certification and external audit was undertaken in August. The audit proved that the company was successful. Also the audit of the system of food safety under the ISO 22000 standard was successfully performed in the company Zagreb, in the scope of QMS audit for certification purposes.

1.6. Creating Value for Shareholders

Key Data on Intereuropa Share (IEKG)

- Registered capital: 7,209,413 no-par value shares IEKG
- Started trading on the Ljubljana Stock Exchange: 1998
- Listed in the Prime Market of the Ljubljana Stock Exchange: 2005

Table 11: Key Data on Intereuropa Share (IEKG) for the term January-December 2011

	2011	2010
Number of shares*	7,902,413	7,902,413
Number of own shares*	18,135	18,135
Book value of share, in €*	10.74	11.21
Net earning per share, in €	-0.75	-5.88
Market capitalisation, in thousand €*	3,398	30,819
Turnover, in thousand €	433	1,774
Closing price at the end of term, in €*	0.43	3.90
Weighted average rate, in €	2.62	4.49
Highest rate, in €	3.99	5.96
Lowest rate, in €	0.40	3.35
Return on equity	-89.0%	-31.0%

** as of the last day of the period*

Notes:
Book value = capital/ (number of ordinary shares – number of own shares)
*Market capitalisation = closing 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

Investors in the Slovenian capital market were rather reserved in 2011. The year can be remembered for an extremely low liquidity and a falling market capitalization. In the Prime market of the Stock Exchange, the Intereuropa share recorded its highest slip of the share price and closed the year at a rate 25-times lower than its book value.

The market rate of the Intereuropa share (IEKG) was between € 3.99 to 0.40 per share. In very low turnover, the share lost 89.0 percent of its market value and recorded the closing rate at € 0.43 at the year-end. The Slovenian »blue chip« Stock Exchange Index (SBITOP) lost 30.7 percent of its value.

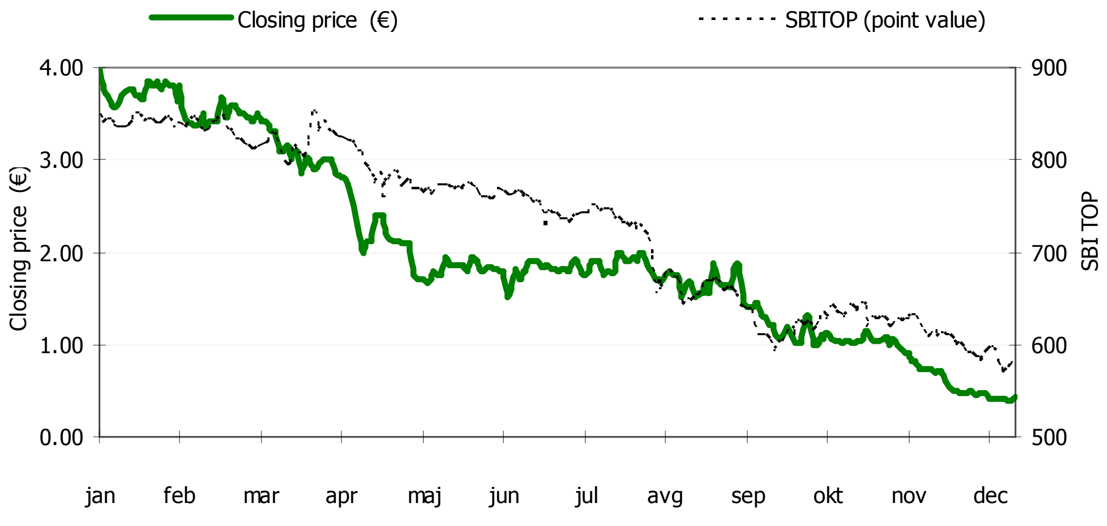


Figure 3: Closing prices of IEKG share and of the SBITOP Index in the period January – December 2011

During the year 2011 trading comprised 261,852 IEKG shares. Trading volume totalled € 433 thousand, average daily turnover amounted to € 1,7 thousand. Turnover represents only a quarter compared to the year 2010.

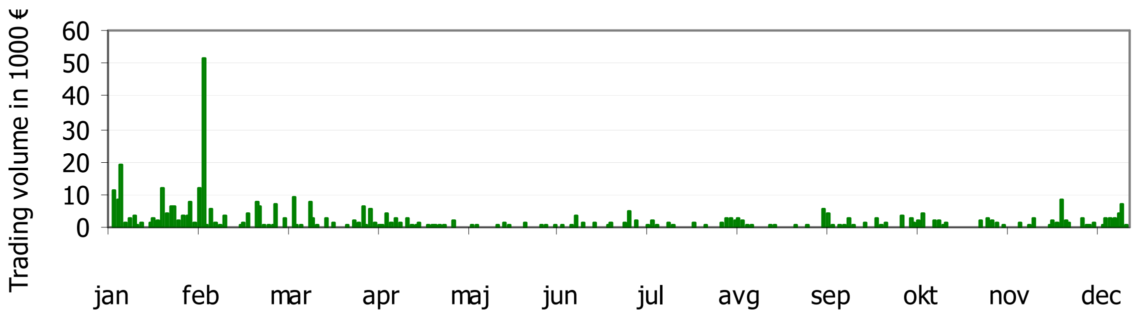


Figure 4: Changes in trading volume of IEKG share, and of the SBITOP Index in the period January – December 2011

Ownership structure

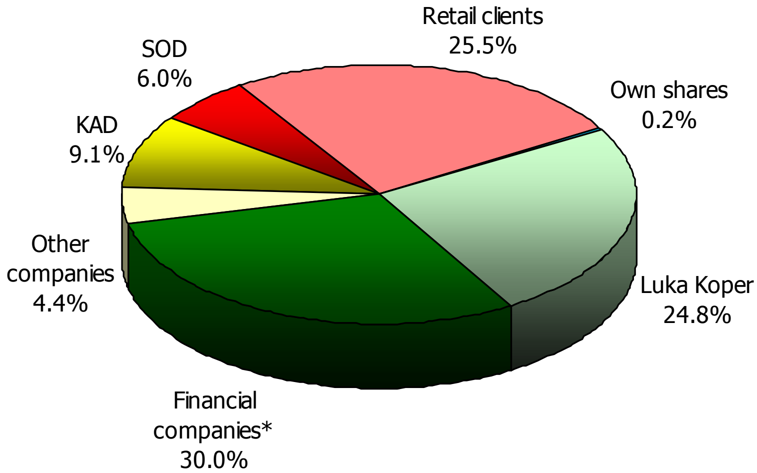
The top ten shareholder of Intereuropa held 60.2 percent in the shareholding structure at the end of 2011, which is 0.2 percent more than a year ago. The following changes are recorded in the Share Register:

- With additional purchases of 13,531 IEKG shares, Abanka Vipa d.d. increased its shareholding in Intereuropa to 3.1% and became the sixth top shareholder of Intereuropa d.d.
- Interfin naložbe d.d. purchased 2,354 IEKG shares and slightly increased its shareholding in Intereuropa to 1.6%.

Table 12: Top ten shareholders of Intereuropa d.d. as of 31.12.2011 compared to 31.12.2010

Curr. No.	Shareholder	31.12.2011		31.12.2010		Index 11/10
		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.	Abanka Vipa d.d.	244,473	3.1%	230,942	2.9%	106
7.	NLB d.d.	240,000	3.0%	240,000	3.0%	100
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.	129,862	1.6%	127,508	1.6%	102

During the year the number of shareholders fell by 6%, and the year closed with 5,723 shareholders as at 31.12.2011. The highest drop was recorded in the category of natural persons (by 362 persons, or -6 %) despite the fact that the number of shares owned by natural persons rose by 5%. The share of foreign investors remained the same as a year ago, and amounted to 2.3%.



*including PPSRS,KVPS, KSPPS funds of Modra zavarovalnica d.d. (until October 2011 managed by Kapitalska družba d.d)

Figure 5: Ownership structure of Intereuropa d.d. as of 31.12.2011

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 31.12.2011.

Tabela 13: Shares held by members of Supervisory Board, as of 31.12.2011

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

Own shares

As of 31.12.2011, the company Intereuropa d.d. was holding 18,135 own shares (IEKG) in total value of € 180 thousand, representing 0.2295 percent of all shares. The percentage of own shares has not changed since 31.12.2010.

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 (31.12.2011), the Company has got authorized and unused capital in total amount of € 16,488,092.56.

Dividend

In view of the negative net operating result in the year 2010 and the exposure to liquidity risk in the reporting year, the General Meeting of 2011 did not deal with the distribution of profit. Intereuropa d.d. did not pay out any dividend in the year 2011.

Informing the shareholders

The communication strategy of the Company is based on the principle of transparent communication providing equal and timely information of all stakeholders. Shareholders have the decisive influence on strategic business decisions and directions, therefore we see a regular and open communication with existing and potential shareholders as the right way to strengthen the successful operation of Intereuropa.
In our communication with the shareholders are used:

- Ordinary General Meetings of Shareholders,
- Presentations of the Company in conference for investors,
- Press conferences upon publication of business results and other price sensitive information,
- Regular communication via by the Stock Exchange (SEO-net) electronic system,
- Regular communication with financial media,
- Website,
- E-news.

Our shareholders can e-mail their remarks and proposals to us at: info@intereuropa.si.

2. OPERATION OF THE COMPANY INTEREUROPA d.d.

Tables 14 and 15: Operations of Intereuropa d.d. in January-December 2011, in thousand €

Item / Index	Jan-Dec 2011	Plan 2011	Jan-Dec 2010	Index 2011/plan	Index 2011/2010
Sales revenues	107,406	95,703	96,427	112	111
Land Transport	48,848	43,236	44,066	113	111
Logistics Solutions	15,801	12,275	12,252	129	129
Intercontinental Transport	37,937	35,393	35,153	107	108
Other services	4,821	4,800	4,956	100	97
EBITDA*	11,119	7,348	9,961	151	112
Operating Profit or Loss	6,073	1,057	2,453	574	248
Financing Profit or Loss	-11,967	-2,789	-49,666	-	-
Net profit / loss	-5,898	-1,732	-46,398	-	-
Sales revenue per employee/month	12.025	10.346	10.254	116	117
Value added per employee/month	3.358	2.873	3.143	117	107

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

Item / Index	31.12. 2011	Plan 31.12.2011	31.12. 2010	Index 2011/plan	Index 2011/2010
Balance Sheet Total*	312,409	338,677	313,950	92	100
Equity*	84,645	133,533	88,398	63	96
Short-term assets/ Short-term liabilities	0.36	1.41	1.35	26	27
Net Return on Equity (yearly level) **	-6.6%	-1.3%	-34.2%	-	-

** 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 - December 2011:

- The **sales revenues** amounted to **€ 107.4 million** and were 12 percent above the plan and 11 percent higher than last-year. The best performing area was Land Transport, representing 45 percent of the sales revenue in the Group. All our business areas reported on high growth of sales and all of them surpassed the targets.

- **The Operating Profit** came to **€ 6.1 million** and outstripped the plan by several multiples, which is attributable to better sales and other operating revenues [1] on the one hand, and lower costs of depreciation, labour, and other operating expenses on the other hand. Last year's Operating Result was € 3.6 million better than in 2010. For the sake of comparison between the years 2011 and 2010, if we excluded the impact of disposals, impairment of fixed assets, all other operating revenues and certain one-off transactions, the Company would have achieved an operating profit of € 5.32 million in 2011, or **5.28 million more than in the year 2010. The EBITDA grew 12 percent,** and if the impact of other operating revenues be eliminated, the growth rate was 99 percent.

- The **Financing profit /loss** came to **€-12.0 million**. It can be largely attributable to the allowances made for investments and financial receivables due from affiliates at € 8.6 million, which was considerably lower than in 2010. Interest expenses amounted to 10.7 million € and were 1.5 million higher than a year ago (2010).

- The **Net Profit /Loss** was negative and came to **€ -5.9 million**.

- **The sales efficiency /productivity and added value per employee** was much above the plan and also surpassed the figures of the year 2010.

- In the liability structure, the **share of capital** fell to 27.1 percent (-1.1 percentage point compared with the year-end 2010), and the **current ratio** fell to 0.36 (31st December 2010: 1,35), as an aftermath of inadequate financing structure of the Company.

[1] mainly profit from sale of tangible fixed assets

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

Intercontinental Transport

The volume of new cars sold in Russia rose by 40 precent above the year ago, and the sales turnover therefrom rose by some 70 percent. The reasons for such growth rates can be attributed to stronger confidence of consumers due to the economic aid granted to Manufacturers and better accessibility of bank loans. The year 2011 will also be recorded in history for the number of cars manufactured in Russia: 1.7 million of new cars were placed on the market, or 45 percent more than in the preceding year.

That trend reflected directly on the sales results of the Intercontinental Transport area. Despite a break-up with one of our key customers we recorded 14 percent higher sales turnover in storage and car-handling operations than it was planned. In the second half-year we focused our activities on acquiring new customers to improve the sales turnover. Negotiations are held with some car manufacturers and distributors. At the end of the year we made a deal with the Russian railway operator for warehousing Korean cars that were manufactured in the Far East of Russia. The first railway deliveries to our terminal took place at the beginning of 2012.

According to the Agreement with our customer General Motors, we started with the organization and transportation of GM cars from the railway terminal Grivno to our own terminal. Eleven of our own trucks are employed in this business, and additional subcontractors are engaged when needed.

Logistics Solutions

In the reporting term we achieved a sales turnover of € 2,063 thousand or 12 percent below the sales target. Owing to technical and administrative obstacles we occupied the facilities later than planned, therefore the target was not achieved.

Land Transport

The Land Transport area achieved a sales turnover of € 1,100 thousand or 31 percent in respect of the sales target. The main reason for such a decline was that the plan was based on the «Zahony« Project – the organization of a weekly railway transport line from Slovenia, which also planned to comprise the (consolidated) shipments from Italy and Croatia bound for Russia. Regretfully, the project was not put to life in the year 2011.

Tables 16 and 17: Operations of Intereuropa-East Ltd., Moscow, January-December 2011, in thousand €

Item / Index	Jan-Dec 2011	Plan 2011	Jan-Dec 2010	Index 2011/plan	Index 2011/2010
Sales revenues	11,561	11,578	5,112	100	226
Land Transport	1,100	3,528	1,145	31	96
Logistics Solutions	2,063	2,349	527	88	391
Intercontinental Transport	8,272	5,701	3,440	145	240
Other services	127	0	0	-	-
EBITDA*	2,203	2,680	-1,019	82	-
Operating Profit or Loss	938	615	-34,763	153	-
Financing Profit or Loss	-6,462	-5,420	2,094	-	-
Net profit / loss	-5,016	-3,835	-32,586	-	-
Sales revenue per employee/month	5.651	6.126	3.094	92	183
Value added per employee/month	2.380	2.491	0.606	96	393

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

Item / Index	31.12. 2011	Plan 31.12.2011	31.12. 2010	Index 2011/plan	Index 2011/2010
Balance Sheet Total*	57,516	90,310	69,870	64	82
Equity*	-16,036	16,305	-11,516	-	141
Short-term assets/ Short-term liabilities	0.10	0.07	0.34	139	28
Net Return on Equity (yearly level) **	-	-18.8%	-684.7%	-	-

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

The Company achieved an operating result of € 938 thousand, which surpassed the plan by as much as 53 percent. Considering the financial activity and deferred taxes, the achieved net operating result was € -5,016 thousand, which means a result that was € 1,181 thousand below the plan.

The achieved operating result and the surpassed plan thereof was largely attributable to the lower depreciation for fixed assets due to impairment of fixed assets in 2010 and improved sale of services in Intercontinental Transport which resulted from an exceptional rise in the quantity of vehicles handled and warehoused in the car terminal during the first half-year, and the excellent performance in the delivery of the General Motors cars by truck from the Grivno railway terminal to our terminal.

The negative result from financing at € -6,462 thousand mostly resulted from the offset foreign exchange differences at € -2,621 thousand and interest expenses at € -3,839 thousand. The greater share of foreign exchange differences resulted from the liabilities for Euro loans and interest to the Parent Company (€ -2,381 thousand), and the lesser portion resulted from operating liabilities (€ -240 thousand). Compared with the last day of the preceding financial year, the value of the rouble at the rate of the Russian Central Bank as of the cut-off date was lower by 3.2 percent.

The Company achieved an EBITDA of € 2,203 thousand, which was 18 percent lower than the target level. The discrepancy between the realized and planned values can be explained by a discrepancy between the realized and planned operating expenses, which primarily resulted from the increased turnover of cars over the winter period (the labour cost of the hired workforce in the car terminal), and some other one-off costs that were not estimated at such a level, such as commissions to real estate agencies to acquire lessees for the warehouse, maintenance of the treatment plant and the cost of satisfying the requirements of new lessees in the warehouse and trucking garage. After the warehousing period of one of the customers terminated, we laid off a number of employees in the car terminal, which was still not sufficient to annul the a.m. effect of increased turnover of cars and severe winter conditions in the first four months 2011.

The process of value-added tax refund continued, primarily regarding the investment in the Logistics Centre Chekhov, and was satisfactorily completed at the year-end.

C. FINANCIAL REPORT

The unaudited 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 2010.

The affiliate Intereuropa SAS, Saint Priest (France) was sold in the first half-year, and the German affiliate Intereuropa Transport & Spedition GmbH, Troisdorf initiated the liquidation proceedings was on 1 September 2011.

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 STATEMENTS FOR THE INTEREUROPA GROUP

1.1. Underlying financial statements of the Intereuropa Group

CONSOLIDATED INCOME STATEMENT FOR INTEREUROPA GROUP

from 1.1.2011 to 31.12.2011

in € thousand	2011	2010
Sales revenues	**211,880**	**190,624**
Other operating revenues	2,190	7,351
Costs of services	-136,677	-119,369
Labour costs	-40,087	-41,464
Depreciation	-11,946	-14,065
Other operating expenses	-18,580	-50,273
Operating profit/loss	**6,780**	**-27,196**
Financial income	2,515	7,282
Financial expenses	-17,214	-19,913
Profit/loss from financial operations	**-14,699**	**-12,631**
Result recognized according to equity method	24	34
Profit/loss from regular operations	**-7,895**	**-39,793**
Corporate income tax (with deferred tax)	299	600
Net profit /loss for the period	**-7,596**	**-39,193**
Net profit or loss / non-controlling interest	324	759
Net profit or loss / controlling interest	-7,920	-39,952
Basic and diluted earnings per share (in €)	-1.00	-5.07

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR INTEREUROPA GROUP

from 1. 1. 2011 to 31.12.2011

in € thousand	2011	2010
Net profit or loss	**-7,596**	**-39,193**
Other Comprehensive Income	**1,320**	**-777**
Change in fair value of land	0	-1,884
Transfer of land revaluation surplus to retained earnings from sale of land	-4,239	-4,971
Deferred tax in revaluation surplus of land	819	1,398
Change in fair value of financal assets available for sale	-65	-18
Deferred tax in revaluation surplus of financial assets for sale	9	6
Other changes in revaluation surplus of financial assets	0	12
Transfer of revaluation surplus of financial assets for sale to revenues	-20	0
Retained earnings from land revaluation (at sale)	4,239	4,971
Deferred tax from retained earnings	2,182	-935
Current tax from retained earnings	-815	-3
Other changes in retained earnings	-116	9
Exchange rate translation differencies	-674	637
Comprehensive income total	**-6,276**	**-39,970**
Comprehensive income total - non-controlling part	349	368
Comprehensive income total - controlling part	-6,625	-40,338

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF INTEREUROPA GROUP as of 31.12.2011

in € thousand	31.12. 2011	31. 12. 2010
ASSETS		
Tangible fixed assets	300,849	322,865
Investment property	6,375	6,789
Intangible assets	8,170	8,851
Other non-current operating assets	474	643
Deferred tax assets	11,755	8,756
Loans given and deposits	75	84
Investment in a jointly controlled company	136	135
Other financial investments	3,556	3,678
TOTAL NON-CURRENT ASSETS	**331,390**	**351,801**
Available-for-sale assets	3,310	3,424
Inventories	241	269
Loans given and deposits	8,518	1,347
Short-term operating receivables	46,053	56,303
Short-term income tax receivables	44	68
Cash and cash equivalents	17,651	12,216
TOTAL CURRENT ASSETS	**75,817**	**73,627**
TOTAL ASSETS	**407,207**	**425,428**
CAPITAL		
Capital - controlling interest	**131,296**	**137,921**
Share capital	32,976	32,976
Treasury shares	-180	-180
Reserves	59,143	66,989
Retained earnings	39,357	38,136
Capital - non-controlling interest	**9,692**	**10,242**
TOTAL CAPITAL	**140,988**	**148,163**
LIABILITIES		
Provisions	2,726	3,084
Long-term borrowings	27,401	171,893
Other long-term financial liabilities	2,721	3,872
Long-term operating liabilities	1,203	136
Deferred tax liabilities	16,982	17,521
TOTAL NON-CURRENT LIABILITIES	**51,033**	**196,506**
Short-term borrowings	170,749	28,952
Other short-term financial liabilities	1,940	2,146
Short-term operating liabilities	41,988	49,298
Short-term income tax liabilities	509	363
TOTAL CURRENT LIABILITIES	**215,186**	**80,759**
TOTAL LIABILITIES	**266,219**	**277,265**
TOTAL CAPITAL AND LIABILITIES	**407,207**	**425,428**

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE INTEREUROPA GROUP from 1.1.2011 to 31.12.2011

in € thousand	2011	2010
Cash flows from operating activities		
Net profit/loss for the period	**-7,596**	**-39,193**
Adjustments for:		
- Depreciation	11,946	14,065
- Impairment and writedowns of tangible fixed assets	755	34,519
- Profit from disposal of tangible fixed assets and investment property	-1,212	-5,220
- Loss from disposal of tangible fixed assets	3,171	165
- Non-monetary expenses	1,655	461
- Non-monetary revenues	-394	-224
- Financial revenues	-2,515	-7,281
- Impaired receivables payed	1,361	1,516
- Recognized result of jointly controlled company according to equity method	-24	-34
- Financial expenses	17,214	19,913
- Income tax	-299	-600
Operating profit before changes in net working capital and taxes	**24,062**	**18,087**
Changes in net working capital and provisions		
Changes in receivables	7,201	3,735
Changes in inventories	28	-66
Changes in operating liabilities	-6,414	6,165
Changes in provisions	-297	-958
Changes in corporate income tax	-1,155	-13
Cash from operating activities	**23,425**	**26,950**
Cash flows from investing activities		
Disposal of subsidiary after deduction of cash received	-86	0
Interest income	1,247	987
Dividens and shares in profit received	4	58
Inflows from disposal of tangible fixed assets and investment property	8,142	20,539
Inflows from disposal of intangible assets	0	480
Inflows from long-term loans given	60	0
Inflows from decrease of short-term loans and deposits given	0	1,460
Inflows from disposal of other financial assets	0	273
Outflows for acquisition of tangible fixed assets and investment property	-2,704	-9,776
Outflows for acquisitions of intangible assets	-519	-928
Outflows for long-term loans and deposits given	-8	-24
Outflows from increase of short-term loans and deposits given	-7,245	0
Outflows from settlement of derivative financial instruments	-1,950	0
Cash from investing activities	**-3,059**	**13,069**
Cash flows from financing activities		
Inflows from long-term borrowings received	3,661	1,201
Inflows from increase in short-term borrowings	2,509	0
Paid interest	-11,284	-10,533
Outflows from repayment of long-term borrowings	-8,944	-18,475
Outflows from decrease of short-term borrowings	0	-4,301
Outflows from derivative financial instruments	0	-447
Paid dividend	-867	-559
Cash from financing activities	**-14,925**	**-33,114**
Cash and cash equivalents at beginning of period	**12,216**	**5,318**
Exchange rate differences from cash	-6	-7
Net increase/decrease in cash	**5,435**	**6,898**
Cash and cash equivalents at end of period	**17,651**	**12,216**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF INTEREUROPA GROUP from 1.1.2011 to 31.12.2011

in € thousand	Share capital	Own shares	RESERVES			Retained earnings	Capital - controlling interest	Capital - non-controlling interest	Total capital
			Reserves from profit	Translation reserves	Reserves for fair value				
Opening balance as at 1. 1. 2011	**32,976**	**-180**	**6,247**	**-10,636**	**71,378**	**38,136**	**137,921**	**10,242**	**148,163**
Total comprehensive income	**0**	**0**	**0**	**-710**	**-3,474**	**-2,441**	**-6,625**	**349**	**-6,276**
Net profit/loss	0	0	0	0	0	-7,920	-7,920	324	-7,596
Other comprehensive income	0	0	0	-710	-3,474	5,479	1,295	25	1,320
Transactions with owners									
Payment of dividends or profit participations	0	0	0	0	0	0	0	-884	-884
Disposal of subisidiary	0	0	0	0	0	0	0	-15	-15
Transfer of retained earnings to reserves	0	0	36	0	0	-36	0	0	0
Offset of the net loss for the financial year	0	0	-3,698	0	0	3,698	0	0	0
Closing balance as at 31.12.2011	**32,976**	**-180**	**2,585**	**-11,346**	**67,904**	**39,357**	**131,296**	**9,692**	**140,988**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF INTEREUROPA GROUP from 1.1.2010 to 31.12.2010

in € thousand	Share capital	Own shares	RESERVES				Retained earnings	Capital - controlling interest	Capital - non-controlling interest	Total capital
			Capital surplus	Reserves from profit	Translation reserves	Reserves for fair value				
Opening balance as at 1. 1. 2010	**32,976**	**-180**	**36,040**	**12,687**	**-11,680**	**76,853**	**32,009**	**178,705**	**10,098**	**188,803**
Total comprehensive income	**0**	**0**	**0**	**0**	**1,044**	**-5,475**	**-35,907**	**-40,338**	**368**	**-39,970**
Net profit/loss	0	0	0	0	0	0	-39,952	-39,952	759	-39,193
Other comprehensive income	0	0	0	0	1,044	-5,475	4,045	-386	-391	-777
Transactions with owners										
Payment of dividends or profit participations	0	0	0	0	0	0	0	0	-606	-606
Change of non-controlling interest at acquisition of subsidiary	0	0	0	0	0	0	-446	-446	382	-64
Transfer of retained earnings to reserves	0	0	0	83	0	0	-83	0		0
Offset of the net loss for the financial year	0	0	-36,040	-6,523	0	0	42,563	0	0	0
Closing balance as at 31.12.2010	**32,976**	**-180**	**0**	**6,247**	**-10,636**	**71,378**	**38,136**	**137,921**	**10,242**	**148,163**

1.2. Notes to Financial Statements of the Intereuropa Group

a) Notes to the CONSOLIIDATED INCOME STATEMENT

Sales revenues amounting to € 211,880 thousand represent the revenues from services supplied. Compared with the same period a year ago, the sales turnover was higher by € 21,256 thousand.

Of **Other Operating Revenues** in the amount € 2,190 thousand, the highest share (1,212 thousand) relates to the gains from the disposal of property, plant and equipment.

Costs of services

Table 18: Costs of services of the Intereuropa Group in the term January-December 2011, in thousand €

in € thousand	2011	2010
Direct costs	115,962	97,903
Costs of telephone	1,093	1,330
Mainteinance costs	4,144	4,593
Insurance premiums	1,613	1,809
Costs of training	65	92
Other costs of services	13,800	13,643
Total costs of services	**136,677**	**119,369**

Direct costs comprise the costs that are directly related to the provision of services.

Labour costs

Table 19: Labour cost of the Intereuropa Group in the term January-December 2011, in thousand €

in € thousand	2011	2010
Wages and salaries	28,529	30,003
Pension insurance costs	3,243	2,807
Other social security costs	2,846	3,120
Other labour costs:	5,469	5,534
holiday allowance	972	880
transport and meals	2,794	3,143
other labour costs	1,704	1,511
Labour costs	**40,087**	**41,464**

Other operating expenses

Table 20: Other operating expenses of Intereuropa Group in the term January- December 2011, in thousand €

in € thousand	2011	2010
Costs of material	10,713	11,256
Loss from disposal of tangible fixed assets	3,171	154
Impairment of tangible fixed assets	755	34,527
Contribution for municipial land use and other similar expenses	1,105	1,002
Other operating expenses	2,836	3,334
Total other operating expenses	**18,580**	**50,273**

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

Table 21: The effect of financial revenues and expenses ton the Profit or Loss of the Intereuropa Group in the term January- December 2011, in thousand €

in € thousand	2011	2010
Interest income	1,028	915
Dividend income and participation in profit of others	4	11
Profit from disposal of financial investments	23	179
Income from derivative financial instruments	0	0
Income from cancelled value adjustments of receivables and recovery of written-off receivables	1,361	1,516
Income from written-off debt	99	100
Net exchange rate differences	0	4,561
Total financial income	**2,515**	**7,282**
Interest expenses	-11,785	-10,587
Financial expenses from impairments and written-off financial	-6	0
Financial expenses from impairments of financial investments shown as assets available for sale	-81	-2,825
Expenses from derivative financial instruments	-576	-3,746
Net exchange rate differences	-2,036	0
Expenses from value adjustments and written-off receivables	-2,730	-2,755
Total financial expenses	**-17,214**	**-19,913**
Profit/loss from financing activities	**-14,699**	**-12,631**

The lower financial revenue was primarily affected by the net foreign exchange differences which increased the financial expenses by € 2,036 thousand (mostly resulting from the RUB/EUR ratio).

b) Notes to the CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Tangible fixed assets

Table 22: Tangible fixed assets of the Intereuropa Group as at 31.12.2011, in thousand €

in € thousand	31.12.2011	31. 12. 2010
Land and buildings	285,194	297,961
a) Land	130,488	135,958
b) Buildings	154,706	162,003
Other property, plant and equipment	10,648	18,073
Tangible fixed assets under construction	5,007	6,832
Total tangible fixed assets	**300,849**	**322,865**

Investment property

As of the cut-off date of the reporting year, the investment property amounted to € 6,375 thousand and stood for 1.6 per cent of the assets. The decrease in value resulted from disposals and depreciation costs of assets.

Intangible assets

Table 23: Intangible Assets of the Intereuropa Group as at 31.12.2011, in thousand €

in € thousand	31.12.2011	31. 12. 2010
Long-term title rights	2,923	3,603
Goodwill	1,281	1,424
Long-term deferred development costs	3,966	3,824
Total intangible assets	**8,170**	**8,851**

Loans and deposits given

Table 24: Loans given and deposits held by the Intereuropa Group as at 31.12.2011, in thousand €

in € thousand	31.12.2011	31. 12. 2010
Long-term loans given and deposits	**75**	**84**
- loans given	39	56
- deposits	36	28
Short-term loans given and deposits	**8,518**	**1,347**
- loans given	33	138
- deposits	8,485	1,209
Total loans given	**8,593**	**1,431**

Other financial investments in the amount of € 3,556 thousand relate to the item "Financial assets available for sale".

Assets available for sale

Table 25: Assets available for sale of the Intereuropa Group as at 31.12.2011, in thousand €

in € thousand	31.12.2011	31. 12. 2010
Tangible fixed assets available for sale	0	45
Financial assets available for sale	3,310	3,379
Total assets available for sale	**3,310**	**3,424**

Short-term operating receivables

Table 26: Short-term operating receivables of the Intereuropa Group as at 31.12.2011, in thousand €

in € thousand	31.12.2011	31. 12. 2010
Short-term operating receivables from buyers	42,451	43,878
Short-term operating receivables from others	3,603	12,425
Total short-term operating receivables	**46,053**	**56,303**

Equity

On the Group level, the Equity amounts to at € 140,988 thousand and represents 34.5% of the liabilities to sources of funding.

Provisions

As of the cut-off date of the Statement of Financial Position, the Group had € 2,726 thousand of unused Long-Term Provisions and Long-term Deferred Revenues. The most part of this item (€ 1,877 thousand) relates to the provisions for termination benefits on retirement and years-of-service rewards.

The **long-term loans and financial leases** amounted to € 27,401 thousand. Compared with the reporting date a year ago, this item shows a significant decrease. Due to non-fulfilment of financial commitments in the reporting year, we reclassified pursuant to IAS 1.74 all the principal amounts for which the contractual commitments were not fulfilled from long-term financial liabilities to short-term financial liabilities. The financial liabilities reclassified thereunder amount to € 116,596 thousand. On account of the positive trends of our operations, settlement of liabilities in due time and our active endeavours for sustainable financial stability with all the stakeholders involved in financing, we do not expect our long-term loans to be called off.

In the item **short-term loans and financial leases,** the prevailing portion of the increase presented relates to the transfer of the long-term portion of loans in accordance with IAS 1.74.

Short-term loans received and finance leases

Table 27: Short-term loans received and finance leases of the Intereuropa Group as at 31.12.2011, in thousand €

v 1000 €	31.12.2011	31. 12. 2010
Short-term loans received	170,067	26,688
Finance leases	682	2,264
Total short-term loans received and finance leases	**170,749**	**28,952**

Other long-term and short-term financial liabilities

Table 28: Other long- and short-term financial liabilities of the Intereuropa Group as at 31.12.2011, in thousand €

in € thousand	31.12.2011	31. 12. 2010
Long-term liabilities at fair value through profit/loss	2,721	3,872
Total other long-term financial liabilities	**2,721**	**3,872**
Short-term liabilities at fair value through profit/loss	1,505	1,729
Liabilities for dividends and other participations	435	417
Total other short-term financial liabilities	**1,940**	**2,146**

The item **Other long-term financial liabilities** in the amount of € 2,721 thousand and **Other short-term financial liabilities** at € 1,505 thousand relate to the liabilities under financial instruments at fair value through Profit of Loss. They stand for the net present value of the derivative financial instrument of cross-currency swap with currency option.

Short-term operating liabilities of € 41,988 thousand primarily relate to the liabilities to suppliers.

Short-term operating liabilities

Table 29: Short-term operating liabilities of the Intereuropa Group as at 31.12.2011, in thousand €

in € thousand	31.12.2011	31. 12. 2010
Short-term operating liabilities to suppliers	33,503	41,034
Short-term operating liabilities from advances	1,099	1,669
Other short-term operating liabilities	7,387	6,594
Total short-term operating liabilities	**41,988**	**49,298**

INFORMATION ACCORDING TO BUSINESS SEGMENTS FOR JANUARY - DECEMBER 2011

Table 30: Business segments of the Intereuropa Group in the term January-December 2011, in thousand €

in € thousand	Slovenia		Croatia		Bosnia & Herzegovina		Serbia		Montenegro	
	Jan-Dec 2011	Jan-Dec 2010	Jan-Dec 2011	Jan-Dec 2010	Jan-Dec 2011	Jan-Dec 2010	Jan-Dec 2011	Jan-Dec 2010	Jan-Dec 2011	Jan-Dec 2010
Revenues from external customers	121.304	115.032	32.509	33.671	6.788	6.495	3.460	3.160	5.608	5.438
Revenues from business with other segments	7.999	9.006	800	822	521	530	721	636	59	84
Total revenues	129.303	124.038	33.309	34.493	7.309	7.026	4.180	3.796	5.667	5.522
Depreciation	6.787	7.671	2.240	2.498	434	489	286	302	617	638
Operating profit or loss	3.456	1.407	259	3.290	809	702	486	374	673	2.265
Revenues from interest rates	4.756	4.802	330	419	2	1	37	26	135	114
Expenses from interest rates	10.908	9.366	689	1.175	116	253	307	129	0	0
Net profit or loss from ordinary activities	-8.729	-48.705	-575	-761	387	281	192	-99	751	2.317
Corporate income tax	29	-775	-72	-61	48	34	14	-5	94	245
Assets	320.262	328.457	73.634	85.021	17.743	19.303	11.718	11.362	22.962	24.337
Tangible fixed assets under construction	6	6	84	86	52	633	8	334	288	560
Long-term assets	247.175	261.339	58.586	69.177	16.333	17.739	10.620	10.483	19.684	20.060
Operating liabilities	45.209	46.697	9.274	11.129	1.937	3.117	1.613	1.310	926	943
Financial liabilities	190.236	190.251	10.773	16.235	1.230	1.949	3.019	3.388	360	316
Investment in jointly controlled entities	75	75	0	0	0	0	0	0	0	0
Revenues from investment in jointly controlled entities	22	47	0	0	0	0	0	0	0	0

in € thousand	Ukraine		Russia		Others		Total		Adjustments*		Group	
	Jan-Dec 2011	Jan-Dec 2010	Jan-Dec 2011	Jan-Dec 2010	Jan-Dec 2011	Jan-Dec 2010	Jan-Dec 2011	Jan-Dec 2010	Jan-Dec 2011	Jan-Dec 2010	Jan-Dec 2011	Jan-Dec 2010
Revenues from external customers	23.983	9.318	11.467	5.087	6.777	12.380	211.895	190.580	-15	44	211.880	190.624
Revenues from business with other segments	3	4	94	25	555	764	10.752	11.871	-10.752	-11.871	0	0
Total revenues	23.986	9.322	11.561	5.112	7.332	13.143	222.647	202.452	-10.767	-11.828	211.880	190.624
Depreciation	218	239	1.265	2.053	100	175	11.946	14.065	0	0	11.946	14.065
Operating profit or loss	252	-382	938	-34.763	96	274	6.969	-26.833	-188	-363	6.780	-27.195
Revenues from interest rates	8	1	149	19	2	1	5.419	5.382	-4.390	-4.467	1.028	915
Expenses from interest rates	162	136	3.988	3.980	5	15	16.176	15.055	-4.390	-4.467	11.785	10.587
Net profit or loss from ordinary activities	-42	-330	-5.524	-32.669	18	258	-13.521	-79.708	5.627	39.915	-7.895	-39.793
Corporate income tax	86	22	-508	-83	10	23	-299	-600	0	0	-299	-600
Assets	5.421	6.475	57.516	69.870	2.613	4.479	511.869	549.304	-104.662	-123.876	407.207	425.428
Tangible fixed assets under construction	4	5	4.562	5.209	5	0	5.007	6.832	0	0	5.007	6.832
Long-term assets	4.011	4.355	53.334	54.327	1.208	1.318	410.951	438.797	-79.563	-86.996	331.389	351.801
Operating liabilities	1.331	2.096	23.404	19.397	587	1.981	84.281	86.671	-20.872	-16.268	63.409	70.402
Financial liabilities	2.375	2.461	50.148	61.838	0	272	258.141	276.709	-55.331	-69.846	202.811	206.863
Investment in jointly controlled entities	0	0	0	0	0	0	75	75	61	59	136	135
Revenues from investment in jointly controlled entities	0	0	0	0	0	0	22	47	2	-14	24	34

* All adjustments are subject to consolidation procedures

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 1.1.2011 to 31.12.2011

in € thousand	2011	2010
Sales revenues	**107,406**	**96,427**
Other operating revenues	758	4,759
Costs of services	-74,886	-67,933
Labour costs	-18,871	-19,595
Depreciation	-5,035	-5,183
Other operating expenses	-3,299	-6,022
Operating profit/loss	**6,073**	**2,453**
Financial income	9,108	6,741
Financial expenses	-21,075	-56,407
Profit/loss from financial operations	**-11,967**	**-49,666**
Profit/loss from regular operations	**-5,894**	**-47,213**
Corporate income tax (with deferred tax)	-4	815
Net profit /loss for the period	**-5,898**	**-46,398**
Basic and diluted earnings per share (in €)	-0.75	-5.88

STATEMENT OF COMPREHENSIVE INCOME FOR INTEREUROPA d.d. from 1.1.2011 to 31.12.2011

in € thousand	2011	2010
Net profit or loss	**-5,898**	**-46,398**
Other Comprehensive Income	**2,145**	**-1,878**
Fair value revaluation of land	0	-2,174
Transfer of land revaluation surplus to retained earnings from sale of land	-18	-4,938
Deferred tax in revaluation surplus of land	4	1,422
Change in fair value of financal assets available for sale	-51	-30
Transfer of revaluation surplus of financial assets for sale to revenues/expenses (at sale of financial assets)	0	0
Deferred tax in revaluation surplus of financial assets for sale	10	6
Retained earnings from land revaluation (at sale)	18	4,938
Deferred tax from retained earnings	2,182	-934
Deferred tax from the affiliation of the subsidiary	0	-168
Comprehensive income total	**-3,753**	**-48,276**

STATEMENT OF FINANCIAL POSITION OF INTEREUROPA d.d. as of 31.12.2011

in € thousand	31.12.2011	31.12.2010
ASSETS		
Tangible fixed assets	142,629	146,353
Investment property	5,724	6,118
Intangible assets	6,634	7,069
Other non-current operating assets	474	639
Deferred tax assets	5,846	3,515
Loans given and deposits	29,840	36,473
Investment in subsidiaries	49,842	50,797
Investment in a jointly controlled company	75	75
Other financial investments	3,536	3,589
TOTAL NON-CURRENT ASSETS	**244,600**	**254,628**
Inventories	35	35
Loans given and deposits	29,250	33,337
Short-term operating receivables	29,149	25,795
Short-term income tax receivables	4	0
Cash and cash equivalents	9,371	155
TOTAL CURRENT ASSETS	**67,809**	**59,322**
TOTAL ASSETS	**312,409**	**313,950**
CAPITAL		
Share capital	32,976	32,976
Treasury shares	-180	-180
Reserves	51,849	55,602
TOTAL CAPITAL	**84,645**	**88,398**
LIABILITIES		
Provisions	2,001	1,836
Long-term borrowings and financial leases	20,911	162,991
Other long-term financial liabilities	2,721	3,872
Long-term operating liabilities	1,101	103
Deferred tax liabilities	12,744	12,747
TOTAL NON-CURRENT LIABILITIES	**39,478**	**181,549**
Short-term borrowings and financial leases	161,474	16,912
Other short-term financial liabilities	1,579	1,548
Short term operating liabilities	25,233	25,543
TOTAL CURRENT LIABILITIES	**188,286**	**44,003**
TOTAL LIABILITIES	**227,764**	**225,552**
TOTAL CAPITAL AND LIABILITIES	**312,409**	**313,950**

STATEMENT OF CASH FLOW FOR INTEREUROPA d.d. from 1.1.2011 to 31.12.2011

in € thousand	2011	2010
Cash flows from operating activities		
Net profit/loss for the period	**-5,898**	**-46,398**
Adjustments for:		
- Depreciation	5,035	5,183
- Imapirment and writedowns of tangible fixed assets	5	2,176
- Profit from disposal of tangible fixed assets and investment property	-478	-4,444
- Loss from disposal of tangible fixed assets	6	148
- Non-monetary expenses	291	270
- Non-monetary revenues	-164	-224
- Financial revenues	-9,108	-6,741
- Impaired receivables payed	597	566
- Financial expenses	21,075	56,407
- Income tax (deferred tax incl.)	4	-815
Operating profit before changes in net working capital and taxes	**11,365**	**6,128**
Changes in net working capital and provisions		
Changes in receivables	-4,890	3,362
Changes n inventories	0	-9
Changes in operating liabilities	479	-3,046
Changes in provisions	38	-573
Profit tax paid	-146	97
Cash from operating activities	**6,846**	**5,959**
Cash flows from investing activities		
Interest income	872	732
Dividend income and participations in profit	3,573	1,196
Inflows from disposal of tangible fixed assets and investment property	594	17,220
Inflows from long-term loans given	6,336	9,725
Inflows from disposal of other financial investments	0	272
Inflows from decrease of short-term loans given and deposits	1,038	28,039
Cash inflows at acquisition of subsidiary	0	1
Outflows for acquisition of tangible fixed assets and investment property	-143	-261
Outflows for acquisitions of intangible assets	-489	-10
Outflows for purchase and capital increase in subsidiaries	0	-33,764
Outflows for long-term loans and deposits given	0	-4,440
Outflows from settlement of derivative financial instruments	-1,674	-276
Cash from investing activities	**10,107**	**18,434**
Cash flows from financing activities		
Inflows from long-term loans received	3,620	583
Inflows from short-term loans received	3,703	0
Paid interest	-10,219	-9,086
Outflows from repayment of long-term borrowings	-4,841	-11,801
Outflows from decrease of short-term borrowings	0	-4,557
Paid dividend	0	-2
Cash from financing activities	**-7,737**	**-24,863**
Cash and cash equivalents at beginning of period	**155**	**625**
Net increase/decrease in cash from regular operations	**9,216**	**-470**
Cash and cash equivalents at end of period	**9,371**	**155**

STATEMENT OF CHANGES IN EQUITY OF INTEREUROPA d.d.
from 1.1.2011 to 31.12.2011

in € thousand	Share capital	Own shares	RESERVES		Retained earnings	Total capital
			Reserves from profit	Reserves for fair value		
Opening balance as at 1.1.2011	**32,976**	**-180**	**4,754**	**50,848**	**0**	**88,398**
Total comprehensive income	**0**	**0**	**0**	**-55**	**-3,698**	**-3,753**
Net profit/loss	0	0	0	0	-5,898	-5,898
Other comprehensive income	0	0	0	-55	2,200	2,145
Offset of the net loss for the financial year	0	0	-3,698	0	3,698	0
Closing balance as at 31.12.2011	**32,976**	**-180**	**1,056**	**50,793**	**0**	**84,645**

STATEMENT OF CHANGES IN EQUITY OF INTEREUROPA d.d.
from 1.1.2010 to 31.12.2010

in € thousand	Share capital	Own shares	REZERVE			Retained earnings	Total capital
			Capital surplus	Reserves from profit	Reserves for fair value		
Opening balance as at 1.1.2011	**32,976**	**-180**	**36,040**	**11,276**	**56,562**	**0**	**136,674**
Total comprehensive income	**0**	**0**	**0**	**0**	**-5,714**	**-42,562**	**-48,276**
Net profit/loss	0	0	0	0	0	-46,398	-46,398
Other comprehensive income	0	0	0	0	-5,714	3,836	-1,878
Offset of the net loss for the financial year	0	0	-36,040	-6,522	0	42,562	0
Closing balance as at 31.12.2011	**32,976**	**-180**	**0**	**4,754**	**50,848**	**0**	**88,398**

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

a) Notes to the INCOME STATEMENT

Sales revenues amounting to € 107,406 thousand represent the revenues from services supplied. Compared to the same term last year, these revenues were higher by € 4,272 thousand, and the costs of services by € 10,979 thousand.

Of **Other Operating Revenues** in the amount € 758 thousand, the highest share (€ 478 thousand) relates to the gains from the disposal of property, plant and equipment.

Labour cost

Table 31: Labour cost of Intereuropa d.d. in the term January-December 2011, in thousand €

in € thousand	2011	2010
Wages and salaries	13,277	13,627
Pension insurance costs	1,475	1,655
Other social security costs	973	1,027
Other labour costs:	3,146	3,286
holiday allowance	715	622
transport and meals	1,963	2,047
other labour costs	468	617
Labour costs	**18,871**	**19,595**

Other operating expenses

Table 32: Other operating expenses of Intereuropa d.d. in the term January- December 2011, in thousand €

in € thousand	2011	2010
Costs of material	2,066	2,123
Loss from disposal of tangible fixed assets	6	148
Impairment of tangible fixed assets	5	2,176
Contribution for municipial land use and other similar expenses	989	1,002
Other operating expenses	234	572
Total other operating expenses	**3,299**	**6,022**

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

Table 33: The effect of financial revenues and expenses to the Profit or Loss of Intereuropa d.d. in the term January- December 2011, in thousand €

in € thousand	2011	2010
Interest income within the Group	4,384	4,442
Interest income from others	343	328
Income from stakes in companies within the Group	3,655	1,166
Income from stakes in jointly controlled company	22	47
Income from dividend and participations in profit to others	4	11
Profit from disposal of financial investments	5	177
Income from cancelled value adjustments of receivables and recovery of written-off receivables	597	566
Income from debts written-off	97	4
Total financial income	**9,108**	**6,741**
Interest expenses	-10,697	-9,206
Loss from disposal of financial investments	-204	0
Financial expenses from impairments and written-off financial investments within the Group	-757	-29,046
Financial expenses from impairments of loans given within the Group	-3,342	0
Expenses from derivative financial instruments	-554	-3,502
Net exchange rate differences	-6	-11
Expenses from value adjustments and written-off receivables	-5,514	-14,642
Total financial expenses	**-21,075**	**-56,407**
Profit/loss from financing activities	**-11,967**	**-49,666**

b) Notes to the STATEMENT OF FINANCIAL POSITION

Tangible fixed assets

Table 34: Tangible fixed assets of Intereuropa d.d. as at 31.12.2011, in thousand €

in € thousand	31.12.2011	31.12.2010
Land and buildings	139,100	141,374
a) Land	86,116	86,137
b) Buildings	52,984	55,237
Other property, plant and equipment	3,524	4,973
Tangible fixed assets under construction	5	6
Total tangible fixed assets	**142,629**	**146,353**

Investment property

As of the cut-off date, the investment property amount to € 5,724 thousand. They were decreased by the depreciation of € 214 thousand and disposals in the amount of € 180 thousand.

Intangible assets

Table 35: Intangible Assets of Intereuropa d.d. as at 31.12.2011, in thousand €

in € thousand	31.12.2011	31.12.2010
Long-term title rights	2,668	3,245
Long-term deferred development costs	3,966	3,824
Total intangible assets	**6,634**	**7,069**

Loans granted and deposits

Table 36: Loans given and deposits held by Intereuropa d.d. as at 31.12.2011, in thousand €

in € thousand	31.12.2011	31.12.2010
Long-term loans given	**29,840**	**36,473**
- to subsidiaries	29,829	36,454
- to others	10	19
Short-term loans given and deposits	**29,250**	**33,337**
- to subsidiaries	22,232	33,321
- to others	13	16
- deposits	7,006	0
Total loans given	**59,090**	**69,810**

Other financial investments in the amount of € 3,536 thousand relate to the item "Financial assets available for sale".

Short-term operating receivables

Table 37: Short-term operating receivables of Intereuropa d.d. as at 31.12.2011, in thousand €

in € thousand	31.12.2011	31.12.2010
Short-term operating receivables within the Group	1,242	1,076
Short-term interest receivables from Group companies	184	806
Other short-term operating receivables from Group companies	135	28
Short-term operating receivables from buyers (excl. the Group)	26,684	23,436
Short-term operating receivables from others	739	384
Other short-term assets	166	65
Total short-term operating receivables	**29,149**	**25,795**

Equity

The capital expresses equity financing of the Company and is regarded as its liability to the owners. Compared with the reporting date a year ago, the share of the capital in the liabilities structure remained unchanged, amounting to 27 per cent of all liabilities to sources.

Provisions

As of the reporting date of the Statement of Financial Position, the Company Intereuropa d.d. had EUR 2,001 thousand of unused Long-Term Provisions and Long-term Deferred Revenues. The prevailing part (amounting to EUR 1,269 thousand) comprises the provisions for pensions and similar obligations.

The **long-term received loans and financial leases** amounted to EUR 20,911 thousand. Due to non-fulfilment of financial commitments in the reporting year, we reclassified pursuant to IAS 1.74 all the principal amounts for which the contractual commitments were not fulfilled from long-term financial liabilities to short-term financial liabilities. The financial liabilities reclassified thereunder amount to EUR 116,596 thousand. On account of the positive trends of our operations, settlement of liabilities in due time and our active endeavours for sustainable financial stability with all the stakeholders involved in financing, we do not expect our long-term loans to be called off.

The increase in value of **short-term loans received and financial leases** over the comparable reporting date a year ago has primarily resulted from the transfer of long-term loans for which the contractual commitments were not fulfilled.

Other long-term and short-term financial liabilities

Table 38: Other long- and short-term financial liabilities of the Intereuropa Group as at 31.12.2011, in thousand €

in € thousand	31.12.2011	31.12.2010
Long-term liabilities at fair value through profit/loss	2,721	3,872
Total other long-term financial liabilities	**2,721**	**3,872**
Short-term liabilities	1,505	1,474
Liabilities for dividends	74	74
Total other short-term financial liabilities	**1,579**	**1,548**

The item **Other long-term financial liabilities** in the amount of € 2,721 thousand relates to the liabilities under financial instruments at fair value through Profit of Loss. They stand for the net present value of the derivative financial instrument of cross-currency swap with currency option. The short-term portion of the financial instrument due for payment in the year 2011 is posted under **Other short-term financial liabilities** in the amount of € 1,505 thousand.

Short-term operating liabilities of € 25,233 thousand primarily relate to the liabilities to suppliers.

Table 39: Short-term operating liabilities of Intereuropa d.d. as at 31.12.2011, in thousand €

in € thousand	31.12.2011	31.12.2010
Short-term opertaing liabilities to companies within the Group	1,251	733
Short-term opertaing liabilities to suppliers	20,335	21,005
Short-term opertaing liabilities from advances	24	85
Other short-term opertaing liabilities	3,623	3,719
Total short-term opertaing liabilities	**25,233**	**25,543**

D. CONCLUSION

The year 2011 opened with slowly recovering markets and considerable growth in the sales turnover was recorded in the Intereuropa Group. However, the general growing trend slowed down thoroughly in second half-year and affected the economic forecasts for the year 2012, too. Our markets in the Western Balkans were still very weak, while in the eastern markets (Ukraine, Russia) we were able to more than double our sales.
Also the business risks aggravated towards the year-end. Our sales activities were exposed to tough competitive struggle and growing oil prices, which intensified the pressures on our sales rates. A significant part of our activities was focused on the new information system supporting the products of land transport that was launched in the Parent Company Intereuropa d.d. at the end of the year. Together with other optimization measures, that solution is expected to yield a higher automation of processes and a rise in efficiency, as well as improved traceability of shipments to our customers.

Despite a repeat in market deterioration and following some measures taken in our Land Transport area which have a direct short-term impact on a lower sales revenue, our sales results were good and above the plan. The Intereuropa Group generated a **sales revenue of € 211.9 million**, 11 percent higher than a year ago and above the sales target by the same percent. The sales growth was recorded in all the three core business areas, the highest thereof in Logistics Solutions which saw a 20 percent rise. Despite shrinkage and rationalisation of our road transport product, we managed to achieve an 8 percent growth in our Land Transport Area, which is largely attributable to newly acquired railway transport business in the Ukraine. The highest surplus over the plan was achieved in the sale of our Intercontinental Transport services. The best performing segment was the automotive logistics services with a 38 percent rise over the preceding year's volume, which was about a quarter above the plan too. Such an increase could not be possible without our car terminal in Russia, along with the car terminals in Slovenia: more than 190,000 vehicles were handled via the Russian terminal.

With our efforts towards cost efficiency and optimization of operations, we have retained the position of the leading logistics player in Slovenia and the countries of former Yugoslavia, and we achieved a **positive Operating Result** for the first time after 2008. The **Operating Profit** was **€ 6.8 million**, which was 9 percent higher than expected and 34.0 million better than in 2010. By excluding the one-off transactions not directly related to ordinary operations, the operating profit would come to € 8.5 million and be 8.2 million higher than in the year 2010. The improvement in the operating result over the preceding year is primarily attributable to improved sales and lower costs of depreciation, labour and materials. In other cost items we recorded higher direct costs of services which grew more than the sales volume; that was not only caused by growing fuel prices, but also a consequence of the changed sales structure in favour of services with lower margin (railway transport). The share of Operating Profit in the sales revenue (EBIT margin) came to 3.2 percent, which was approximately on the planned level.

On the Group level we generated **€ 22.7 million as Earnings Before Interest, Tax, Depreciation and Amortisation** (EBITDA), which is 4 percent above the plan and 5 percent more than a year ago, in which the sale of some real estates had a decisive bearing on the EBITDA. If other operating revenues and the effects from fixed assets revaluation, along with the operating expenses that were not directly connected with ordinary operations in both years were excluded, the EBITDA in the reporting year would be € 20.5 million and 42 percent higher than in the year 2010.

The **Financing result** was negative, at **€ -14.7 million**. Financial revenues came to € 2.5 million, financial expenses were at € 17.2 million. The major part in the financial revenue structure were the revenues from elimination of allowances, write-offs of receivables and interest for default (2.4 million); of the financial expenses, the highest item was the interest expenses for loans raised from others (11.7 million). Excluding the impact of gains/losses from foreign exchange differences and from the revaluation of financial instrument for hedging against exchange rate risk, the financial result for the reporting period would have amounted to € -12.1 million, or 1.4 million more favourable than in the year 2010.
Interest expenses for the loans raised are the main reason that we closed the year with **a negative net operating result at € -7.6 million.**

The high leverage in view of the business potential and the resulting high cost of financing demand a thorough financial restructuring of the Company. In the second half-year were held comprehensive negotiations with creditor banks on the restructuring of financial liabilities of Intereuropa d.d. The banks agreed on a deferral of the repayment of principals until 30 September 2012.
In view of the need for additional capital, further negotiations are held about the banks' potential conversion of a part of debts into equity, along with the concurrent disinvestment of the affiliate Intereuropa-East Ltd., Moscow.

The key tasks of the Intereuropa Group for the year 2012 are to continue building up the market position, further optimization and improvement of the efficiency of business processes, thereby providing the long-term financial stability of both, the Parent Company and the Group.

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