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

INTEREUROPA Group

Unaudited Interim Report for January – September 2011

Koper, November 18, 2011

The INTEREUROPA d.d. is publishing this Intereuropa Group Unaudited Interim Report for January - September 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 Interim Report for January - September 2011 shall also be published on the web site of INTEREUROPA d.d. www.intereuropa.si on November 18 2011.

C O N T E N T S

A. INTRODUCTION

The situation in European markets has improved in the reporting nine-months, but the goods flows have not achieved the volumes recorded before the recession. In the second half-year we perceived a slow-down in the economic activity on developed markets, while some markets in SE Europe have not succeeded in detaching from the recession trough yet. The aggravation of debt crisis in Europe as well as changeable political situation only added fuel to uncertainty. Due to the character of our business, logistics providers are dependent on the intensity of economic activity in our markets, therefore we respond to it by aligning the range and scope of logistical services and volume of operations to the demand in the markets. Intereuropa has responded to such trends by business process optimization, the benefits of which were integrated in our operating results and transferred to our customers.
In the reporting Nine Months 2001, the Intereuropa Group generated a sales revenue of € 161.4 million and was 16 percent above the comparable sales result of the preceding year. All the three core business areas exceeded the planned sales figures and recorded a 12 percent rise at the end of reporting term. Among the best performing services ranked our railway transport, car logistics and the services involved in logistics solutions; in sea-freight it was the container 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 represented almost one half of the sales of the Group.
The Group recorded an operating profit of € 9.7 million, thereof the Parent Company € 5.0 million. After deducting the effect of financing (€ -14.4 million) and taxes, Intereuropa closed the reporting period with a net profit or loss of € -4.4 million on the Group level, whereas the Parent Company recorded a net profit of € 3.0 million.

Company Fact Sheet

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

Intereuropa Group	
Number of employees	2.188 employees
Vehicle fleet	360 own trucks, trailers and delivery vans
Total warehousing area	262.400 qm of own warehouse facilities
Total land area	2.173.300 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 - September 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 per cent) and additional package owned by the institutional investors (1.93 per cent) of shares in the Intereuropa d.d.: 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 March 2011. It turned out subsequently that 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.
- On 20 April, Intereuropa d.d. published the Audited Annual Report 2011 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 term January – March 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, 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 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.

Major events after the end of reporting period:

- 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.

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 2011

The main principle in drawing up the operating plan for the current year is assuring satisfactory cash flows for the liquidity of the companies in the Group that would allow for the time needed for the financial recovery of the Parent Company Intereuropa d.d. in the long run.
The plan relies on 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. In the frame of these baselines, our fundamental operating and financial goals for the year 2011 are as follows:
- Matching the corporate structure of our companies/ Group to the current volume of operations,
- 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.
- Ensuring adequate financial stability for a smooth operation of the Group,
- Core Financial Goals:
    - Sales: € 191.5 million,
    - EBITDA: € 21.9 million,
    - Operating Profit or Loss: € 6.2 million,
    - Investments: € 2.4 million,
    - Number of employees at the year-end: 2,236.

The Organisation of the Intereuropa Group

SLOVENIA	Intereuropa d.d., Koper	Interagent d.o.o., Koper 100%	Interzav d.o.o., Koper 71,28%	Intereuropa Transport d.o.o., Koper 100%	Intereuropa-FLG d.o.o., Ljubljana 50%
CROATIA	Intereuropa, log. usluge d.o.o., Zagreb 99,96%	Intereuropa Sajam d.o.o., Zagreb 51,00%			
BOSNIA & HERZEGOVINA	Intereuropa RTC d.d. Sarajevo 95,77%				
MACEDONIA	Intereuropa Skopje DOO, Skopje 99,56%				
SERBIA	AD Intereuropa-log. usluge, Belgrade 73,62%				
KOSOVO	Intereuropa Kosova L.L.C., Prishtina 90,00%				
MONTENEGRO	Zetatrans A.D. Podgorica 69,27%				
ALBANIA	Intereuropa, Global Logistics Service Albania shpk, Durres 100%				
RUSSIA	Intereuropa-East Ltd., Moscow 100%				
UKRAINE	TOV TEK ZTS, Uzhgorod 89,93%	TOV Intereuropa-Ukraina, Kiev 100%			
GERMANY	Intereuropa Transport & Sped. GmbH Troisdorf* 90,48%				

Parent company

Controlled company

Jointly controlled company

% stake of the parent company

* The company Intereuropa Transport & Spedition, GmbH Troisdorf has been in liquidation since 1.9.2011.

Figure 1: The Organisation Chart of the Intereuropa Group as of 30.09.2011

B. BUSINESS REPORT

1. PERFORMANCE OF INTEREUROPA GROUP

1.1. Sales achievements

Economic environment and trends

After promising trends at the beginning of the year, the growth of European economy in the second and third quarter slowed down. During the summer, the signs of withering global demand and world trade appeared, attributable to aftermath of debt crisis in the Euro Zone and uncertain prospects in the USA. International institutions forecast that recovery will further to slow down till the end of the year, and the same trend is expected to continue in the coming year. The consumption in developed economies is expected to lag behind primarily due to high unemployment rates, insufficient distribution of profits from corporations to households, and due to unconvincing price levelling-off trends in the real estate market. In the near future, a positive driver of the growth of global consumption is hoped to come from enlivened economic activity in Japan, decreasing prices of oil and food, and a stable growth of demand in fast-growing economies.
Similarly as in Europe, the recovery of Slovenian economy started fading its power in the transition into the third quarter of the year. Along with the decline in our main trading parters, the growth of our export of goods in nominal terms has slowed down, as well as the real volume of the industrial output in processing industries. Recovery was aggravated by adverse situation in the Slovenian banking system, which was the key reason for downgrading the credit rating to Slovenia.
A lot of Slovenian companies generate a great deal of their sales turnover in the markets of SE Europe, in which the recovery is very slow, in particular in Croatia. According to OECD forecasts, the economies of SE Europe will achieve their pre-recession shape only in the coming year or in 2013.
In the given situation - deceleration of economic activity and aggravation of debt crisis in the Euro zone - the economic environment is not expected to be able to offer positive encouragement for a faster growth.

Table 1: Forecast economic trends in goegraphic markets of the Intereuropa Group

Countries	GDP growth, in %		Growth of ind. prod., in %		Inflation, in %		Exports growth, in %		Imports growth, in %	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
EU 27	1.7%	1.6%	4.2%	3.5%	2.9%	1.8%	7.3%	6.5%	5.6%	5.7%
Slovenia	1.5%	2.0%	5.0%	4.5%	1.7%	1.9%	7.9%	6.3%	5.2%	4.6%
Croatia	1.0%	2.0%	2.5%	3.8%	3.6%	2.7%	4.0%	4.3%	2.5%	4.2%
Montenegro	2.0%	3.5%	9.0%	8.0%	3.0%	1.8%	8.2%	5.3%	-1.0%	0.2%
BiH	2.0%	3.0%	4.0%	5.4%	4.0%	2.5%	13.6%	14.4%	15.1%	11.9%
Macedonia	2.0%	3.0%	2.5%	4.0%	3.7%	2.0%	6.7%	8.5%	6.1%	7.5%
Serbia	2.7%	3.5%	4.2%	4.6%	7.9%	3.5%	5.1%	5.8%	8.1%	8.6%
Kosovo	5.3%	5.0%	-	-	6.2%	1.9%	15.6%	7.6%	13.8%	3.3%
Albania	2.5%	3.5%	4.0%	4.5%	3.5%	2.9%	9.8%	10.8%	2.3%	6.0%
Russia	4.5%	4.4%	4.6%	4.4%	7.5%	7.1%	4.1%	3.5%	18.6%	9.4%
Ukraine	4.7%	4.8%	5.0%	5.2%	10.7%	8.5%	8.3%	6.5%	11.8%	8.9%
Germany	2.9%	1.8%	2.0%	1.3%	2.3%	1.3%	7.6%	6.5%	7.5%	7.2%
France	1.6%	1.6%	2.9%	0.6%	2.1%	1.4%	6.7%	6.6%	6.8%	7.5%

(-) no data available

VIRI:
Autumn Forecast of Economic Trends j 2011, IMAD September 2011
World Economic Outlook, IMF, September 2011
Interim forecast September 2011, European Commission, September 2011
European Economic Forecast Spring 2011, European Commission, May 2011
Perspectives 2011.-2013. godine, Sarajevo, April 2011, BiH Directorate for Economic Planning
Izvozno okno, EIU April 2011

Sales Revenue by the Intereuropa Group

The forecasts by international financial institutions on the growth levelling-off in the second half-year became true in the third quarter of the year, however, the economic growth rates in the markets of our Group, combined with strengthened sales activities were a sufficient groundwork for overcoming the planned sales levels and sales productivity in the Group.
In the reporting period, the Intereuropa Group generated a **sales revenue of € 161.4 million** and exceeded the comparable level achieved a year ago by 16 percent; moreover, the result achieved was 12 percent above the target sales revenue. The sales growth was achieved in all the three business areas, the highest thereof in Logistics Solutions. In this group of services we acquired some new customers and increased the sales volume in the existing customers, so we succeeded in a 21-percent growth over the comparable term last year. Among other products from other business areas, the sales of railway transport services achieved record growth once more, four times higher than in the comparable term last year, as a result of new businesses acquired in the Ukraine. Furthermore, our sales results in the car logistics products have been excellent in Russia where the automotive market expanded by 45 percent in one year's time. A significant improvement in the sales was further recorded in the container services: thanks to new businesses in full container loads, the organization of block trains, the exports of paper and timber via Port of Koper, and the franchise-based cooperation with the operator of container consolidation services we have improved our sales turnover by about one third. Compared with the plan we performed best in our Land Transport Area, which surpassed the plan by 14 percent.

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

	Business area	Jan - Sep 2011	Structure	Index 2011/plan	Index 2011/2010
1	Land Transport	98,379	61%	114	115
2	Logistics Solutions	22,149	14%	108	121
3	Intercontinental Transport	37,129	23%	112	118
4	Other Services	3,758	2%	99	94
	TOTAL	**161,414**	**100%**	**112**	**116**

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

		Jan - Sep 2011	Structure	Index 2011/plan	Index 2011/2010
1	EU Member States	94,152	58%	104	103
2	Non-EU countries	67,263	42%	127	139
	TOTAL	**161,414**	**100%**	**112**	**116**

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 per cent of the sales on the Group level). This year saw a strong rise in the revenue earned in the eastern markets (the Ukraine, Russia), which already amounts to 17 percent in this year's nine-month period. In recent months the share in the sales revenue of the parent company Intereuropa d.d. (which generates the largest portion of the sales in the Group) rose by 2 percentage points to 49 per cent. The most services are still sold to domestic customers (30 percent), but this year the sales to Russian and Ukrainian customers has greatly improved (by 158 percent).

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

		Jan - Sep 2011	Structure	Index 2011/2010
1	Slovenija	48,392	30%	101
2	Croatia	24,049	15%	100
3	Russia	9,191	6%	217
4	Bosnia & Herzegovina	5,582	3%	110
5	Serbia	2,451	2%	89
6	Montenegro	4,058	3%	105
7	Other countries	67,690	42%	131
7a	Other EU Member States	40,778	25%	132
7b	Other countries of the world	26,912	17%	130
	TOTAL	**161,414**	**100%**	**116**

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

LAND TRANSPORT

The Land Transport Area contributes 61 percent to the sales revenue of the Group. In the reporting nine months 2001 we exceeded the target sales revenue by 14 percent and also surpassed the figure achieved in the comparable term last year by 15 percent.
In the last few months we recorded slightly less favourable sales results due to closing down our company in Germany (in May 2011), the disposal of our company in France (June 2011) and a lower volume of business of our company Intereuropa Transport d.o.o. All that had an adverse effect on the sales revenues in our Road transport product and partly also in Groupage product. This year we saw a rise in the prices of sub-contractors (due to rising prices of petroleum products and lower supply of hauliers in the market), which resulted in an increase of our direct costs and decrease of our margin in transport services. The outcome of economic recession is still felt in most countries in which our affiliates are based: lower volumes of goods exchange and frequently ill payment practices. That demands much prudence in the acquisition of new business, along with concurrent monitoring of financial stability of our customers. Also the competitors are aware of these risks and often use all kinds of approaches (most frequently dumping prices) to acquire the business with ''sound'' customers.

The volume of revenues in the **Groupage** product on the Group level declined (8 percent below the plan, and 10 percent below the preceding year). The Parent Company Intereuropa d.d., which prevails with 84 percent in the sales revenue structure for the Groupage product, was only slightly exceeded behind the sales result of the comparable reporting period last year. In addition to the Parent Company, the plan was also surpassed by the affiliates Intereuropa Log. usluge d.o.o. Zagreb, A.D. Intereuropa – log. usluge, Belgrade and our company in Kosovo, while all other companies in the Group remained behind the targets.

Our **Express** transport product has not achieved the planned sales revenue (12 percent below the plan and the comparable term in 2010). The highest setback was recorded in Croatia (24 percent below the plan and lower than last year's result), which is mainly attributable to the loss of some major customers. The outcome of the recession is still felt, resulting in lower volume of operations with existing customers, while the competition was gaining the market by dumping rates. Croatia still contributes 57 percent of the sales revenue to this product, but that share was 9 percentage points lower than in the same period last year. The Slovenian part of the Group contributed 31 percent of the sales structure for this product, which means that its share rose by 6 percentage points. It appears that the measures taken in the Express services segment in Slovenia during the last year has yielded a fruit, given that we have exceeded the planned sales revenue by 16 percent and are 12 percent above the figures achieved in the comparable term last year.

Our **Road Transport** product achieved the plan but stood 4 per cent below the comparable last year's result. The highest share of sales revenue from our Road Transport product is still generated by the company Intereuropa Transport d.o.o. (42 percent), which was 4 per cent below the sales plan for the reporting term, but 10 percent lower than in the nine months of the year ago. However, said company did not achieve the last year's figure due to restructuring of our operations, in the course of which we are reducing the fleet and the workforce, and accordingly the volume of business, too. The sales plan was exceeded in the Parent Company Intereuropa d.d. (+23 percent), Intereuropa, Logističke usluge, d.o.o., Zagreb (+3 percent), A.D. Intereuropa, Logističke usluge, Belgrade (+25 percent), in Zetatrans, Podgorica (+55 percent), Intereuropa Skopje d.o.o. (+20 percent) and in TOV TEK ZTS Uzhgorod, Ukraine (+14 percent). Also Intereuropa-East Ltd, Moscow outstripped the plan by as much as 111 per cent (however, 21 per cent below last year's achievement). The companies in Kosovo (-45 percent) and in BiH (-21 percent) were underperforming. Achievement of the planned targets for the Road Transport product was adversely affected by the closing down of operations in Germany, the effect of which will escalate in the coming months because that affiliate had an important share in the revenue structure of our Road Transport product. The disposal of our affiliate in France had a similar adverse impact on the sales revenue achieved. Intereuropa d.d. improved its sales revenue by 23 percent over the comparable nine-months period in 2010. This year we saw a rise in freight rates of our suppliers. Higher input costs could not be shifted on our customers in full, but they reduced our margins.

The **Customs Services** product achieved the target sales turnover on the Group level (+9 percent). We also exceeded the comparable last year's sales results by 10 per cent. One half of all sales revenue in this product was generated in Croatia and was 12 percent higher than in the same term last year.
Such a good result was attributable to intensified sales activities and acquiring new customers from competitors (mainly from a major provider of customs services in Croatia who faced solvency problems). The companies in Bosnia and Herzegovina, in Serbia and Montenegro exceeded the planned sales revenue, while all other companies of the Group remained behind the targets. Intereuropa d.d. has recorded a 10 percent surpass of the sales plan and a 7 percent overachievement of the last year's result.

In the reporting nine months the **Railway Transport** product recorded a highly positive variance from the planned sales revenue (2.8 times higher than plan), which is fully attributable to the Ukrainian TOV TEK ZTS Uzhgorod and the acquired business of petroleum products transportation. On the other hand, the company Intereuropa-East Ltd., Moscow has recorded the highest setback because of difficulties in the organization of a regular railway service between Italy and Russia. The company Intereuropa FLG d.o.o, which is specialized in the organization of railway transport, surpassed the sales plan by 5 percent. The remaining companies saw a setback in this product.

In the near future we aim to undertake additional activities addressing target-based sales seeking for higher synergies among individual business units, and implement certain optimizations and streamlining of operations. Companies in Slovenia, Croatia and Bosnia and Herzegovina are implementing the activities for cost optimization in domestic distribution (outsourcing, re-structuring of customers, re-defining of pricing policy, etc.). In Croatia we established an internal transport exchange aiming to increase the synergy effects in road transport management.

In the coming quarter of the year we expect some negative effects that will primarily affect the sales revenue:

- The stoppage of operation of the German subsidiary (no revenues since May 2011), which stood for 4 per cent of all sales revenues of the Group.
- Signing of the Share-Purchase Agreement on the sale of the entire shareholding in the French subsidiary in June;
- Decreasing volume of operations in Intereuropa Transport d.o.o.,

Among some expected favourable effects was the improved sales result in our Border Despatch Branch, which has taken over some business and a part of employees from the competitor Viator & Vektor Logistika, which stopped operating.

LOGISTICS SOLUTIONS

Within the Logistics Solutions area the Group generated € 22.1 million of sales revenue, which is 14% in the total sales structure of the Group.

The sales revenue by this business area was 21 percent above last year, thanks to better sales in Slovenia, which stood for 53 percent in the sales structure thereof. Our sales turnover in Slovenia rose by 33 per cent. In the reporting period we dedicated much energy to target-based sales of integral logistics solutions in order to improve the sales result. We acquired some new customers and increased the volume of sales in some other customers.
The second largest market in the Logistics Solutions segment is Croatia which contributed 27 percent to the sales of this area. The sales revenue in Croatia rose by one per cent. The situation is attributable to a rather slow recovery of the Croatian economy and increased competition of foreign logistics providers.

Also in other countries of the Balkans in which our Company operates warehouses we can still perceive a considerable fall in the demand for logistics solutions. Due to economic situation there was no turnover of inventories in these markets, and in Serbia there are several foreign competitors present. In the markets of BiH, 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 2 percent.

Nevertheless, the sales results were 8 percent higher than the plan. That achievement resulted from improved sales in Slovenia, surpassing the plan by as much as 27 percent. Other markets still felt the global recession and a slow upturn of economic situation continued. We were still coping with customers' strong pressures to reduce our rates for warehousing and a rising competition by foreign logistics providers who control the goods flows from their home countries.

Intense commercial activities to acquire larger logistics projects have been carried out in individual organizational units, the effects of which are expected in the coming year. In addition to intensified sales activities we are modernising our operations with major customers by e-business solutions (EDI).

INTERCONTINENTAL SERVICES

Our operations in this area were very good in the reporting period, and above the sales targets. We achieved a sales revenue of € 37.1 million or 23 per cent in the total sales of the Group. The sales targets were surpassed by 12 percent, or € 4.1 million. Compared to the last year's term, our result was higher by 18 percent, or € 5.7 million. The sales plan was outstripped most in Slovenia and Russia: Slovenia saw a rise in container services, and Russia in car logistics.

Seafreight

On the Group level, our sea-freight segment was 9 per cent above the target sales revenue and equally higher than the result achieved in the same term last year. In Slovenia we achieved a sales revenue that was € 2 million higher than in the comparable term last year. A high growth was also recorded in Bosnia and Herzegovina, where the competition is getting tougher and slashed our earnings per transaction.

The quantity of goods shipped via Koper Port rose by 10 percent. The growth has resulted from the newly acquired business of liquid cargo, the growth of bulk cargo and the increased volume of undercooled transport of fruit and vegetables from the Near East. In container transport we surpassed the sales target by 50 per cent: we acquired some new full container load business and the organization of block trains from Koper. In addition to these businesses, there were the newly acquired paper and timber export business via Koper port, and the franchise-based cooperation with a NVOCC[1] carrier operating container consolidation services (Ecu Line), which all contributed to a rise in the volume of operations by 30 per cent. We entered into a new three-year cooperation with our partner for Slovenia, Croatia, and Albania. Negotiations on expanding to Serbia are held currently.

The declining sea-freight rates in our RO-RO product reflected in non-achievement of expected sales results. The basic problem is the difficulty in competitiveness of our RO-RO service Koper-Durres (Albania) and vice versa, which relies on the volume of shipments. Further operation of the service remains undefined, which will have a bearing on the development of this product.

No major variance from the recorded trend is expected until the year-end. Accordingly, we expect to conclude the year 2011 above the plan. Good performance is expected in conventional cargo and container services: the high season for undercooled cargo via Koper is coming, along with some new businesses in container services. Until the end of the year we plan to open one or two new direct lines from Asia to Koper for our container consolidation services, and thereby additionally strengthen our position in the market.

Car logistics

In the car logistics segment we recorded significant growth (+43 percent), which is lagely attributable to a revival of car logistics in Europe and Russia. It was in particular marked in the first half-year, whereas the third quarter saw a cool down in the branch. The sales revenues generated in the reporting period were exceeded by 26 percent. A high increase was recorded in Russia. The newly acquired two-year contract on warehousing, handling and transport of vehicles of the General Motors Group was a key factor contributing to the surpassing of the plan. The essentially higher revenue has resulted from the increase in the car handling business and a higher quantity of General Motors vehicles warehoused in the terminal. In the nine months we handled as many as 155,012 incoming vehicles and 157,788 outgoing vehicles leaving the terminal. On average, there were more than 10,000 vehicles stored in the terminal.

[1] NVOCC - Non Vessel Operating Common Carrier (a shipper without own fleet)

In Slovenia we operated within the plan. There was a 10 percent rise in the number of vehicles handled and shipped via Koper port. The car handling business for the Slovenian market, involving the storage in our terminal in Koper, was also very good.

Shipping Agency

Our company Interagent d.o.o. that offers the Shipping Agency Product generated a sales turnover (contribution ratio 1) of € 611 thousand and exceeded the result of the comparable reporting term last year by 3 per cent; however, it was 9 percent below the plan. The growth of income has resulted from liner operations, for agency representation of the shipowner CSAV Norasia, which in August terminated the service that was established last year. There were 6,926 TEU's processed on the line. The loss of this income will have a significant impact on the results expected by the end of this year. Our Chartering Department was slightly behind the sales target, but we expect that the coming salt season would improve the turnover in the last quarter of the year. In the reporting period we represented 206 ships and in we remain the leading shipping agent in port agency services, in terms of the number of ships represented in the Port of Koper.

Airfreight

Our Airfreight product saw a decline on the Group level. That further reflected in the 7-percent setback behind the sales targets. Our sales revenue on the level of the Group came to EUR 2.5 million, thereof 73 percent in Slovenia. Serbia remains the second major market of the Group, behind Slovenia. The development of this product in Croatia is above expectations, recording a 14 percent rise in the sales.

The trend of falling freight rates and consequently earnings in the air-freight business has continued. The competition of alternative transport modes, such as sea-freight consolidated container shipments and the combination of sea and air freight transport from Asia, has been increasing and what is more, the customers are more frequently turning to direct deliveries to European airports and combining the land and air-freight transportation on their own.
Our business expectations for Serbia remain good until the year-end, we participate in charter flights from Belgrade to Niš. In Slovenia, we are negotiating new major business which could have a favourable effect on the realisation in the last quarter of the year. Nevertheless, we estimate to close this year slightly below the plan for this year.

UPS

The UPS product, which was offered in Bosnia and Herzegovina, was closed with July due to decision of the Principal to change its agent in Bosnia and Herzegovina. An agency that already covers Serbia and Montenegro was appointed. In this way the UPS implements its policy to reduce the number of agents in the region and maintain a closer cooperation with one or two agents only. Intereuropa was operating within expectations, considering that we started with delivery activities already in June.

1.2. Financial Result

In the Nine Months 2001 our Group achieved **€ 18.9 million** as **Earnings Before Interest, Tax, Depreciation and Amortisation** (EBITDA), which was 11 percent above the plan and one per cent below the level of the comparable term last year (at half-year the setback was still 12 percent). In the year 2010 the sale of certain fixed assets (real property, resulting in € 5.0 million of other operating revenue) had an essential bearing on the EBITDA result; this year's sale of real property resulted in € 1.9 million of other operating revenue. If these sales and other one-off transactions that were not directly connected with ordinary operations in both years were excluded, the EBITDA in this nine-month period would come to € 16.6 million and 36 percent (€ 4.4 million) higher than in the comparable term last year.

The **Operating Result** of the Group for the nine months was **€ 9.7 million,** which is 59 percent higher than expected and 18 percent better than in the comparable term 2010, despite larger other operating revenue earned from the proceeds for the sale of fixed assets in 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 € 7.4 million and be € 6.0 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. The strongest increase in other costs is recorded in the direct cost of services which grew more than the sales volume; that is largely the consequence of the changed sales structure in favour of services with lower margin (railway transport in the affiliate TOV TEK ZTS Uzhgorod).

The **Financing Result** amounted to **€ -14.4 million**, which was 2.2 million less than expected and 7.0 million worse than in the comparable term 2010. In the financial revenue structure that totalled € 1.9 million, the highest amount was the revenue from elimination of allowances for and write-offs of receivables (€ 1.2 million); in the financial expenses amounting to € 16.4 million, the highest item was the interest expenses for loans raised from others (€ 8.7 million) and the expenses for allowances for, and write-offs of receivables (€ 5.2 million). Excluding the a.m. impact of foreign exchange differences (that were a significant item in the revenues from financing in 2010) and the income/expenses from the revaluation of financial instrument for hedging against exchange rate risk, the financial result of this year would have amounted to € -8.8 million, or € 720 thousand less favourable than in the comparable term 2010.

Tables 5 and 6: Financial results of the Intereuropa Group for January-September 2011, in thousand €

Item / Index	Jan-Sep 2011	Plan 2011	Jan-Sep 2010	Index 2011/plan	Index 2011/2010
Sales Revenues	161,414	143,618	139,650	112	116
EBITDA*	18,897	17,046	18,996	111	99
Operating Profit or Loss	9,663	6,088	8,193	159	118
Financing Profit or Loss	-14,448	-11,979	-7,432	121	194
Net Profit or Loss	-4,440	-5,382	33	83	-
Sales revenues per employee/month	8.320	7.257	6.740	115	123
Value added per employee/month	2.483	2.355	2.418	105	103

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

Item / Index	30.09. 2011	Plan 31.12.2011	31.12. 2010	Index 2011/plan	Index 2011/2010
Balance Sheet Total*	403.297	425.925	425.428	95	95
Equity*	140.244	171.593	148.163	82	95
Short-term assets/ Short-term liabilities*	1,10	0,77	0,91	143	120
Net Return On Equity (yearly level)**	-3,1%	-5,0%	-0,4%	62	780

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

The Company's **Balance Sheet Total** at the end of reporting period was **€ 403.3 million** and was 5 per cent below the year-end 2010. The decrease in assets in the this year 2011 is largely attributable to the decrease recorded in property, plant and equipment by € 20.4 million (or -6 percent) arising from the disposal of real property by the affiliate Intereuropa, log. usluge, d.o.o. Zagreb, and from

low investments in fixed assets. Also the short-term operating receivables were down by € 6.2 million, or 11 per cent. On the Liabilities side, the major changes were recorded in short-term loans received that were lower by € 10.2 million and short-term operating liabilities that were by € 3.9 million lower at the end of September than at the beginning of the year.
The share of capital in the structure of liabilities has practically remained unchanged since the year-end 2010.

1.3. Investments in fixed assets

In the reporting period, the investments in fixed assets realized by the **Intereuropa Group** totalled € 650 thousand, thereof 184 thousand in real estate and 466 thousand in equipment and intangible assets. The annual plan of investments was completed to the level of 23 percent.

Table 7: Overview of Investment in January-September 2011, in thousand €

Company	Real property		Plant & Equipment		TOTAL		% of annual realiz.
	Plan	Realiz.	Plan	Realiz.	Plan	Realiz.	
Intereuropa d.d.	267	15	1.221	143	1.488	157	11
Subsidiaries	364	170	1.007	323	1.371	493	36
TOTAL	**631**	**184**	**2,228**	**466**	**2,859**	**650**	**23**

The investments of the Parent Company Intereuropa d.d. were made in real estate, equipment and intangible assets (€ 157 thousand); other members of the Group invested € 493 thousand in fixed assets. The most of invested funds were earmarked to:

- Repairs and purchase of motor vehicles (€ 226 thousand),
- Buildings and fittings/ equipment (€ 220 thousand),
- Computer hardware and software (€ 82 thousand).

1.4. Human Resources Management

Employment trends

In the reporting term, the number of employees in the Intereuropa Group fell by 44 employees or 2 per cent less, compared with the year-end 2010. In Slovenian part of the Group, the number of employees was lower by 28, in our companies abroad by 16. As of 30.09.2011, the Group had 2,188 employees.
The trend of reducing the workforce persisted in our affiliates Intereuropa, logističke usluge, d.o.o., Zagreb (-43 employees), followed by Intereuropa Transport d.o.o. (-31 employees), Intereuropa RTC d.d. Sarajevo (-13); in Intereuropa Transport & Spedition GmbH, Troisdorf, Germany (-14), and in Intereuropa S.A.S., Saint Priest (-4) due to closing down/ disposal of both companies.
Despite the layoff planned for the Parent Company the number of staff ended with 2 employees more: we hired 20 new employees in our Border Despatch Branch who contributed to the acquisition of new business.
The number of staff rose essentially in Intereuropa-East Ltd, Moscow (by 55), which took on 118 new employees and laid off 63 of the workforce.
In total, 246 employees left our Group, and 202 new employees came.

Table 8: No. of employees in the Intereuropa Group according to countries, as of 30.9.2011

	30.09.2011	31.12.2010	Diff. 11-10	Index 11/10
Slovenia	940	968	-28	97
Croatia	539	582	-43	93
Other countries	709	682	27	104
TOTAL	**2,188**	**2,232**	**-44**	**98**

In addition to full-time employees in permanent employment, there were about 167 persons doing the work in other forms of employment (e.g. through employment agencies, student job services (the above number comprises the students hired for full time work).

Human Resources Development and Training

Table 9: Spending on Training in the reporting term January-September 2011

Actual Jan-Sep 2011 in 1000 €	Plan Jan-Sep 2011 in 1000 €	Index Actual/ Plan	Actual/ employee in €	No. of hours	No. of hours/ employee
47	153	31	21	17,981	8.4

In the reporting period, 71 percent of the employees were included in various forms of training and education to acquire new knowledge (1,554 participations), i.e. 17,981 hours in total.
In accordance with the saving measures in the Company we restricted the training forms for employees to the "strictly required" forms that are required by law. The reporting term showed an increase in education/training offered only in the field of occupational safety and health, while all other fields recorded a lower number of education/ training forms than in the same term a year ago. More complex internal training in the field of ISPRO started in September.
Therefore, only one third of funds earmarked for training in the reporting period were used. The largest part of functional training (69 percent) was implemented by internal staff members who conducted the courses in occupational health and safety, and in the Parent Company focusing on the IT system supporting the sales processes.
The highest participation in education/training per employee was recorded in the companies Interzav d.o.o. (30 hours), Intereuropa Logističke usluge d.o.o., Zagreb (16 hours), IntereuropaTransport d.o.o. (14 hours), Intereuropa d.d. (9 hours), Intereuropa Logističke usluge Beograd (4 hours), whereas other companies were involved with 1 hour or less, on average.

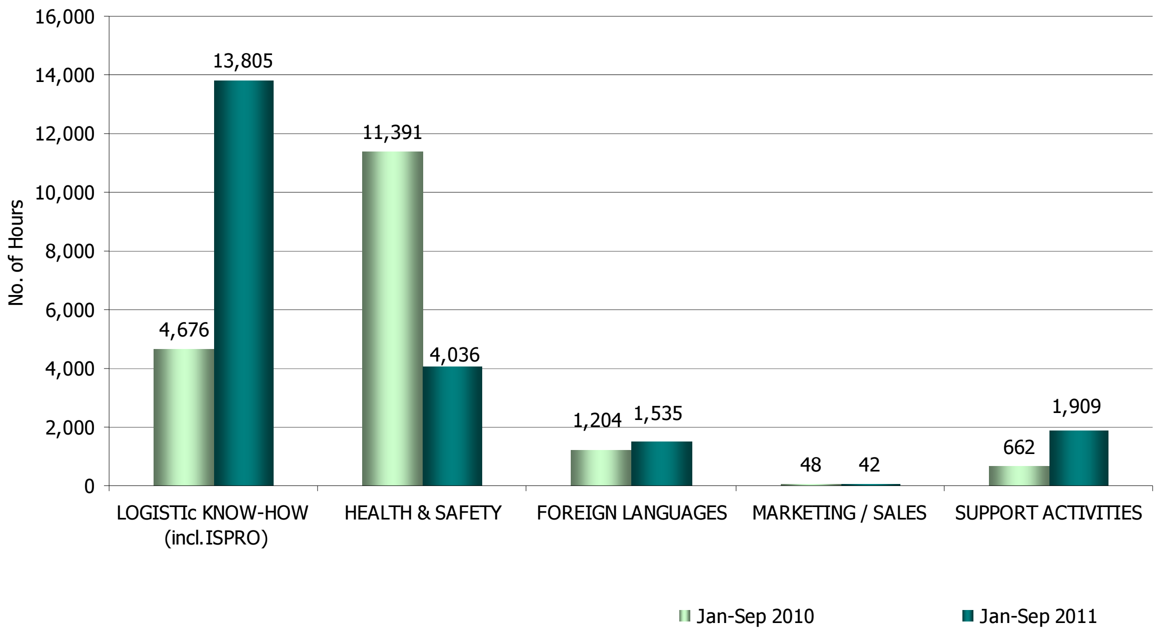

Figure 2: Overview of hours of training in January-September 2011, according to topics, in the Group

Employee care and wider social environment

- Financial aid was provided to 61 employees in difficult health condition or inferior financial situation in total amount of € 39 thousand (compared to € 38 thousand in the same period last year);
- Our holiday facilities recorded 2,337 overnight stays or a 40.62-occupancy (2,705 in the same term last year or 47 percent occupancy);
- We provided practicum to 59 secondary school and university students in the Group.

Occupational Safety and Health

In the reporting term we referred 308 employees to preliminary preventive, periodical or extraordinary medical check-ups to assess their work capacity for particular work and issue the opinion on work capacitation (158 in the Slovenian part of the Group and 150 in other Group members), which is 92 check-ups less than in the comparable term last year. The reason lies in the lower volume of medical examinations in the company Intereuropa-East Ltd, Moscow, compared with the same term a year ago.
We find again that sickness-related absence rose slightly above the level of the comparable period last year both in Intereuropa d.d. and in Intereuropa Transport d.o.o., which points to a need for continued monitoring of absences in order to improve the management to an acceptable extent.

Preventive control
In September we had 2 inspections in Koper, falling within the area of preventive control, as follows: For the parent Intereuropa d.d., by the inspector of the Republic of Slovenia for the protection against natural and other disasters, or for fire safety respectively, and for the company Intereuropa Transport d.o.o., by the Labour Inspectorate.
The fire-safety inspector found some deficiencies in the corporate Fire-Fighting Regulations and Fire-Safety Plan for the head-office in Koper. The formed needs to be supplemented by conditions, characteristics, specifics and measures applicable to individual BU, or prepare a separate Fire-Fighting Regulations for each business unit.
The Labour inspector did not find any deficiency in Occupational Safety and Health for Intereuropa Transport d.o.o.

Training in Occupational Safety and Health

Compared with the same term last year we strengthened the training in occupational safety and health especially in the company Intereuropa, log. usluge d.o.o. Zagreb, where we dedicated 7,503 hours thereto (mainly it was internal education/training). The higher share of training in occupational safety in Slovenia is attributable to a wide-scale training in occupational safety and health involving the entire personnel working in the Border Despatch Branch, and drivers, internal training on handling the ADR goods, and qualifying the persons responsible for initial brand fire-fighting and evacuation, and safety at work in railway operations.

Injury at work

In the reporting period 2011 there were 36 injuries at work, thereof 21 in the Slovenian part of the Group and 15 in other companies, which was slightly more than in the same term last year (31 injuries in the Group). The analysis of injuries revealed that the human factor was the most frequent cause of injuries (lack of attention, neglecting the use of personal protective equipment, deficient supervision and work process control).

Inspections and tests of working assets and equipment

There were 1,001 inspections of work equipment in the Group, compared to 245 inspections in the same term last year. The difference has resulted from a more detailed and comprehensive schedule of inspections of fire extinguishers and hydrant network in the Parent Company and its affiliates in Slovenia.

Most business units conducted periodical checks of forklift trucks and annual checks of fire extinguishers and hydrant supply network.

The deficiencies or shortcomings found upon the internal check on the fire safety in the business unit Ljubljana are still being remedied.

1.5. Total Quality Management

Four companies of the Intereuropa Group (out of fourteen operating members) hold a certification under the ISO 9001:2008 Standard. There are 74% of all employees working in the companies with certification for quality management. The nine-month period was marked by successful external audits of the quality management system of the companies Intereuropa d.d., Intereuropa Transport d.o.o. Interagent d.o.o. and certification audits in the company Intereuropa, log. usluge d.o.o., Zagreb. The latter has successfully migrated to an independent quality management system, and independently certified its own system of food safety under the ISO 22000 standard.

Maintaining the ISO 9001:2008 Quality Management System

- Yearly QMS reports were prepared for the year 2010 and the measures to improve the QM system were triggered in all four 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.

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.	497	81	204	448	430	11	286
IE TR d.o.o.	81	53	15	32	42	25	44

There were fewer complaints in Intereuropa d.d. than in the comparable term last year, but they grealty increased in value. The number of complaints fell considerably in the products IE Express, on-loadings and in seafreight.
In terms of value, the compensations for damages have risen on account of floods in warehousing and distribution, of disposals in groupage services, of deterioration of quality and damages of the goods in transportation in sea-freight, and on account of damages and misdelivery in air-freight services. Increased compensations were recorded already at half-year, but in September another major claim for damages was received (damaged CNC[2] machine during handling operation from ship to port warehouse, rusty machine; the transport of shipment was insured).
The affiliate Intereuropa Transport d.o.o. saw a normal level of damage claims again after the last year's peak values.

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).

[2] Computer Numerically Controlled (machine)

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 10: Key Data on Intereuropa Share (IEKG) for the term January-September 2011

	Jan-Sep 2011	Jan-Dec 2010
Number of shares*	7,902,413	7,902,413
Number of own shares*	18,135	18,135
Book value of share, in €*	11.59	11.21
Net earning per share, in €	0.38	-5.88
Market capitalisation, in thousand €*	8,693	30,819
Turnover, in thousand €	351	1,774
Closing price at the end of term, in €*	1.10	3.90
Weighted average rate, in €	3.07	4.49
Highest rate, in €	3.99	5.96
Lowest rate, in €	1.06	3.35
Return on equity	-71.8%	-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

In the course of the nine months this year, the value of Intereuropa share fell from € 3.99 to 1.10 €; the bottom price was even slightly lower (€ 1.06). At a fairly low trading volume of € 351 thousand, the IEKG share lost 71.8 percent of its market value, while the Slovenian »blue chip« Stock Exchange Index (SBITOP) lost 27.3 percent of value. The market value of the share closed the reporting period at a approximately ten times lower price than its book value.

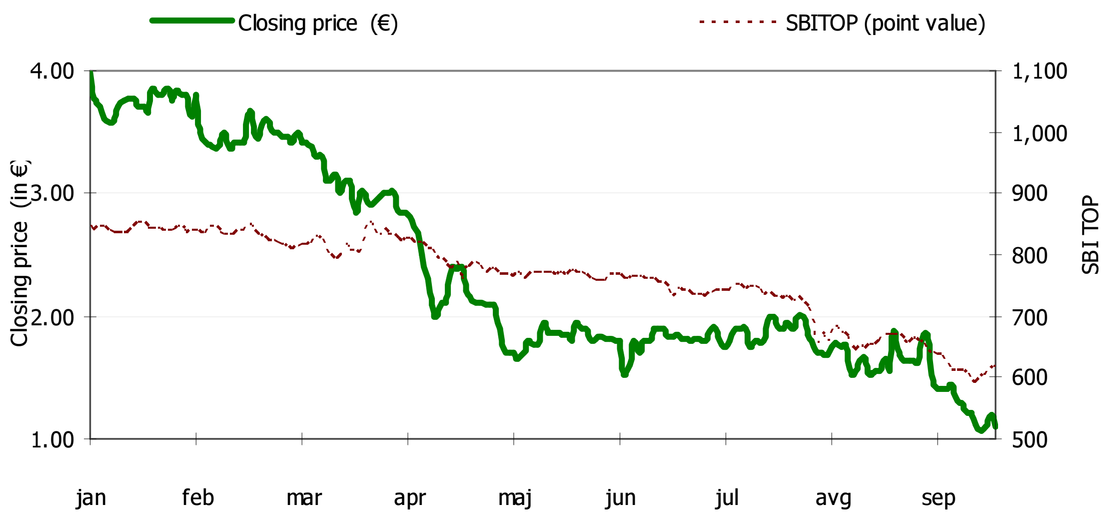

Figure 3: Closing prices of IEKG share and of the SBITOP Index in the period January – September 2011

During the reporting period the trading comprised 127,186 IEKG shares, thereof the average daily turnover amounted to € 2 thousand. Compared with the same term last year, the turnover recorded in 2011, despite low levels, was higher by one quarter. The low liquidity of the share reflects uncertainty and loss of investors' trust, as well as the general situation in the Slovenian capital market.

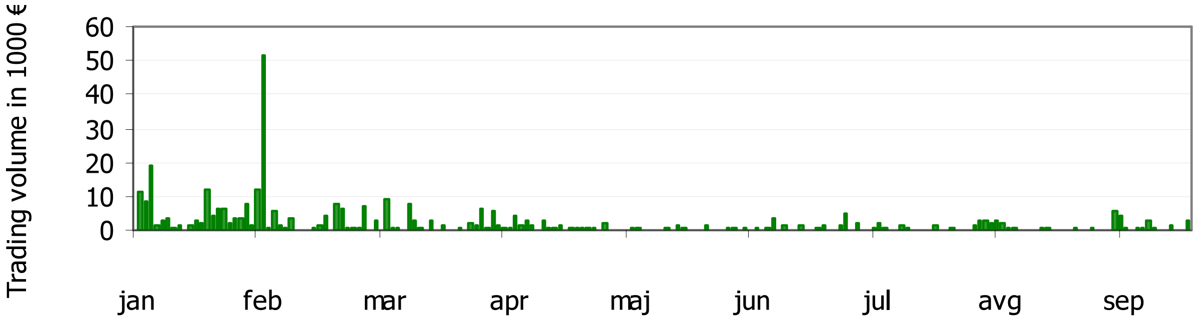

Figure 4: Changes in trading volume of IEKG share, and of the SBITOP Index in the period January – September 2011

Ownership structure

The shareholdings of the most top ten shareholders have remained unchanged since the year-end 2010. Abanka Vipa d.d. increased its share by 6 percent (or 0.2 percentage points respectively), and the company Interfin naložbe d.d. Koper by 2 percent (or 0.03 percentage points). At the end of the period, the top ten shareholders own 60.2 percent of Intereuropa.

Table 11: Top ten shareholders of Intereuropa d.d. as of 30.9.2011 compared to 31.12.2010

Curr. No.	Shareholder	30.09.2011		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

In the reporting term, the number of shareholders was lower by 299 (-5 percent) and fell to 5,802 shareholders in total. The percentage of foreign shareholders was 2.3 percent.

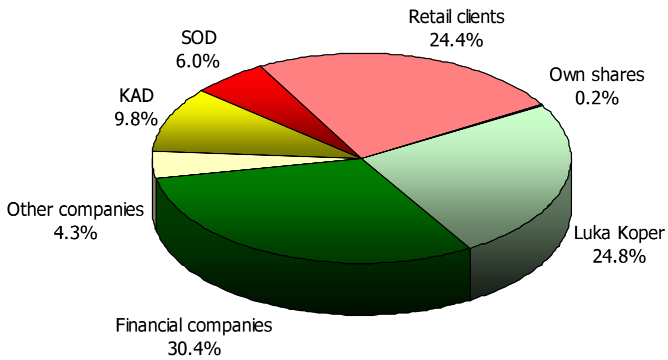

Figure 5: Ownership structure of Intereuropa d.d. as of 30.9.2011

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 30.09.2011.

Table 12: Shares held by members of Supervisory Board, as of 30.9.2011

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 30 September 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 € 16,488,092.56 (the authorized capital). As of the cut-off date (30.09.2011), the Company has got authorized and unused capital in total amount of € 16,488,092.56.

Dividend

In view of the negative operating result in the year 2009 and the exposure to liquidity risk in the year after that, the General Meeting held in 2010 did not deal with the distribution of profit. Intereuropa d.d. does not plan to pay any dividend also 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,
- Company presentations at conferences 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,
- newsletter.

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

2. OPERATION OF THE COMPANY INTEREUROPA d.d.

Tables 13 and 14: Operations of Intereuropa d.d. in January-September 2011, in thousand €

Item / Index	Jan-Sep 2011	Plan 2011	Jan-Sep 2010	Index 2011/plan	Index 2011/2010
Sales revenues	78,611	71,778	71,107	110	111
Land Transport	35,013	32,427	32,377	108	108
Logistics Solutions	11,652	9,206	8,773	127	133
Intercontinental Transport	28,325	26,545	26,166	107	108
Other services	3,622	3,600	3,791	101	96
EBITDA*	8,802	5,365	9,450	164	93
Operating Profit or Loss	4,968	647	5,477	767	91
Financing Profit or Loss	-1,863	-2,092	-4,462	89	42
Net profit / loss	2,998	-1,444	1,022	-	293
Sales revenue per employee/month	11.772	10.346	10.026	114	117
Value added per employee/month	3.379	2.873	3.381	118	100

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

Item / Index	30.09. 2011	Plan 31.12.2011	31.12. 2010	Index 2011/plan	Index 2011/2010
Balance Sheet Total*	309.546	338.677	313.950	91	99
Equity*	91.363	133.533	88.398	68	103
Short-term assets/ Short-term liabilities	1,67	1,41	1,35	118	124
Net Return on Equity (yearly level) **	3,22%	-1,28%	0,29%	-	1.110

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

Highlights on the performance of Intereuropa d.d. in January - September 2011:

- The **sales revenues** amounted to **€ 78.6 million** and were 10 percent above the plan and 11 percent higher than the last-year's figures. The best performing area was Land Transport, representing 45 percent of the sales revenue in the Group. The planned and comparable sales revenues of this area were surpassed by 8 percent. This year, the business area Logistics Solutions recorded the highest overachievement of the plan (by 27 percent), while the Intercontinental Transport area was 7 percent above the target.

- **The Operating Profit** came to **€ 5.0 million** and outstripped the plan by several multiples, attributable to better sales on the one hand and lower costs of labour, materials, depreciation, write-offs and other operating expenses on the other hand. This year's Operating Result was 9 percent lower than the comparable figure last year, due to the proceeds from the disposal of fixed assets in 2010 (this year lower by € 3.9 million). For the sake of comparison between the years 2011 and 2010, if we excluded the impact of those disposals, other operating revenues and operating expenses for court fees on filing the legal action versus former Managing Board (paid in 2010), the Company would have achieved an operating profit of € 4.4 million in 2011, or 3.31 million more than a year ago and € 3.76 million above the plan.

- The **Financing profit or loss** in the first nine months 2011 was minimal and amounted to **€ -1.9 million,** or by 230 thousand better than planned and by € 2.60 million better than the figure achieved in the comparable term last year. These differences are attributable to the lower (by € 1.6 million) negative result from revaluation of the financial instrument for hedging against the exchange rate risk this year, and to the higher financial income (by € 2.3 million) from the shares held in the Group companies this year. If we eliminated the impact of that transactions from the Financing Result for the sake of comparison between the year 2011 and 2010, the Company would have achieved the Financing Result at € -4.6 million that would be 1.1 million less favourable than the achievement in 2010 (increase in interest expenses).

- In the reporting term the **Net Operating Profit** of the Company was positive and amounted to € **3.00 million,** by 4.4 million higher than planned, and exceeded the figure achieved in the comparable term 2010 by 2.0 million. Upon elimination of all a.m. one-off transactions from operating and financing, and if the same corporate income tax amount were paid, the Company would present a minimal loss in the amount of € -65 thousand, which is 2.3 million better than in the term January-September 2010.

- The **Sales efficiency ratio** was improving from period to period, and exceeded the planned level by 14 percent thanks to better sales and lower number of employees than planned for this year. Compared with the same period a year ago, the sales efficiency ratio has improved by as much as 17 percent. The average **added value per employee** is 18 percent above the plan and on the level of last year, when it was significantly influenced by the gains in the proceeds from the sale of fixed assets. Upon elimination of these one-off transactions last and this year, the current level of added value per employee would be 17 percent higher than in the comparable term 2010.

- In the liability structure, the **share of capital** rose to 29.5 per cent (+1.4 percentage point compared with the year-end 2010), and the **current ratio** rose to 1.67 (31st December 2010: 1.35).

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

Intercontinental Transport

Car Terminal

In the reporting period, the entire Russian automobile market saw a 45 percent rise in the sales over the comparable period last year. There were 1,921,282 cars sold in Russia, thereof 235,552 cars in September 2011, which is a quarter better than in September 2010. Nevertheless, the trend of car sales in the current year has slowed down (growth Jan-Aug 11/Jan-Aug 10: +48 percent, Aug 11/Aug 10: +32 percent). According to the forecasts of experts, 2.45 million of cars could be sold in this market by the year-end. The consumer confidence in Russia is increasing, loans are more accessible and the expectations for the last quarter of the year 2011 remain positive.
Such circumstances have been reflected in the activity of our car terminal over the nine month period. At the beginning of the year, the monthly rises in the sales were 20 percent until May when the monthly sales revenue peaked at € 672 thousand. After that the revenue was declining, in part attributable to the completion of a business for one of our customers in July. In September the monthly sales volume fell to 281 thousand or 58 percent less than in May. At the end of the nine months, the level of stock came down to 4,900 cars (from 14,268 cars in May). Such inconsistency in the market demanded an optimization of work and management of the terminal, therefore we decided for a layoff in operational staff at the beginning of the fourth quarter of the year. The Company management dedicated much attention to the quality of services performed. In July, our terminal was inspected by the customer General Motors and received the highest mark – 100 percent in the assessment.

Transportation of cars

In the nine-month period 2011 we carried out the transports of cars, manufactured by our customer General Motors, from the railway terminal Grivno to the terminal Chekhov. Despite the fact that eleven own trucks were employed, we had to hire additional 10-12 trucks for these transports. In the first half-year the number of hired trucks was even higher thanks to exceptional rise in cars arrivals to the terminal and due to some major repairs on our fleet that were completed in August. All our 11 trucks were in good condition at the beginning of October and they are operating efficiently. Since September we have undertaken preventive technical maintenance on the entire truck fleet so as to be able to reliably provide the services over winter.
In the reporting period we transported 81,311 cars from the Grivno terminal and achieved a sales revenue of € 2,247 thousand. The decline within the period was attributable to seasonal dynamics in the sale of cars, which resulted in a fall of production and transport services from Grivno terminal. Our customer General Motors estimates to include some additional car models with November 2011, which will contribute to increased demand for transport services.

Logistics Solutions

In the reporting term we achieved € 1,404 thousand of revenues from the rental of the warehouse areas, or 80 percent of the sales target. In this segment we have not achieved the goals due to a variety of technical, administrative and other obstacles. By September we succeeded to rent the greater part (87 percent) of warehouse areas to seven customers.

Land Transport

The targets for the nine-month term were not fully achieved in the Land Transport product (forwarding services). In particular we lag behind in the railway transport services, attributable to the fact that we have not succeeded in the organization of a regular railway service between Italy and Russia.

Tables 15 and 16: Operations of Intereuropa-East Ltd., Moscow, January-September 2011, in thousand €

Item / Index	Jan-Sep 2011	Plan 2011	Jan-Sep 2010	Index 2011/plan	Index 2011/2010
Sales revenues	8,700	8,683	3,556	100	245
Land Transport	801	2.646	955	30	84
Logistics Solutions	1,404	1,762	396	80	355
Intercontinental Transport	6,405	4,276	2,205	150	291
Other services	90	0	0	-	-
EBITDA*	1,668	2,010	-883	83	-
Operating Profit or Loss	716	461	-2,451	155	-
Financing Profit or Loss	-8,746	-4,065	3,540	215	-
Net profit / loss	-6,840	-2,876	899	238	-
Sales revenue per employee/month	5.560	6.126	2.730	91	204
Value added per employee/month	2.395	2.491	0.535	96	448

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

Item / Index	30.09. 2011	Plan 31.12.2011	31.12. 2010	Indeks 2011/plan	Indeks 2011/2010
Balance Sheet Total*	62,750	90,310	69,870	69	90
Equity*	-17,135	16,305	-11,365	-	151
Short-term assets/ Short-term liabilities	0.25	0.07	0.34	366	74
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*

In the reporting term the Company achieved an Operating profit of € 716 thousand (planned € 461 thousand), if we take into account the financial activity and deferred taxes, the net operating profit was at € -6,840 thousand (plan € -2,876 thousand).

The achieved operating profit and the surpassed plan thereof was largely attributable to the improved sale of services in Intercontinental Transport (+ 29 percent), which has resulted from the considerable rise in the quantity of vehicles handled and warehoused in the car terminal in the first half-year, and from very good performance achieved in the delivery of the General Motors cars by truck from the Grivno railway terminal to our terminal.

The negative result from financing at € -8,746 thousand primarily resulted from the offset foreign exchange differences (€ -5,829 thousand) and interest expenses (€ -2,987 thousand). The greater share of foreign exchange differences resulted from the liabilities for loans and interest to the Parent Company (€ -5,568 thousand), and a lesser part from operating liabilities (€ -261 thousand). Compared with the last day of the preceding financial year, the value of the rouble as of the cut-off date was lower by 7.6 percent.

The Company achieved an EBITDA of €1,668 thousand, which was 17 percent below the planned level. The discrepancy between the realized and planned values can be explained by a significant discrepancy between the realized and planned operating expenses, which has resulted from the increased turnover of vehicles over the winter period (the labour cost of the hired workforce in the car terminal), and some other costs that were not estimated at such a level (mostly consultancy services, maintenance of the treatment plant, cost of fuel for heating).

The process of value-added tax refund continued, primarily regarding the investment in the Logistics Centre Chekhov.

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.

In the first half-year the company Intereuropa SAS, Saint Priest (France) was disposed, and in the comparable term (in April) the company Intereuropa IT d.o.o. was affiliated to Parent Company Intereuropa d.d., and in the Ukraine the company TOV DDT, Onokivci was affiliated to the company TOV TEK ZTS, Uzhgorod in the same term.

STATEMENT OF THE MEMBERS OF THE MANAGEMENT

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

INTEREUROPA d.d.
The Managing Board

1. FINANCIAL REPORT FOR THE INTEREUROPA GROUP

1.1. Underlying financial statements of the Intereuropa Group

CONSOLIDATED INCOME STATEMENT FOR INTEREUROPA GROUP

from 1. 1. 2011 to 30.09.2011

in € thousand	January - September 2011	January - September 2010
Sales revenues	**161,414**	**139,650**
Other operating revenues	2,263	6,954
Costs of services	-104,530	-85,179
Labour costs	-29,266	-31,095
Depreciation	-9,166	-10,638
Other operating expenses	-11,052	-11,499
Operating profit/loss	**9,663**	**8,193**
Financial income	1,912	4,862
Financial expenses	-16,360	-12,294
Profit/loss from financial operations	**-14,448**	**-7,432**
Result recognized according to equity method	30	20
Profit/loss from regular operations	**-4,755**	**781**
Corporate income tax (with deferred tax)	315	-748
Net profit /loss for the period	**-4,440**	**33**
Net profit or loss / non-controlling interest	286	737
Net profit or loss / controlling interest	-4,726	-704
Basic and diluted earnings per share (in €)	-0.60	-0.09

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR INTEREUROPA GROUP

from 1. 1. 2011 to 30.09.2011

in € thousand	January - September 2011	January - September 2010
Net profit or loss	**-4,440**	**33**
Other Comprehensive Income	**-2,692**	**-554**
Change in fair value of land	-3,930	-1,645
Transfer of land revaluation surplus to retained earnings (from sale of	-309	-4,972
Deferred tax in revaluation surplus of land	818	1,320
Change in fair value of financial assets available for sale	-77	-4
Deferred tax in revaluation surplus of financial assets for sale	9	3
Transfer of revaluation surplus of financial assets for sale to revenues (at sale of financial investments)	34	
Retained earnings from land revaluation (at sale)	309	4,972
Deferred tax from retained earnings	-4	-934
Current tax from retained earnings	-29	-3
Other changes in retained earnings	-7	-10
Exchange rate translation differencies	494	719
Comprehensive income total	**-7,132**	**-521**
Comprehensive income total - non-controlling part	390	434
Comprehensive income total - controlling part	-7,522	-955

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF INTEREUROPA GROUP as of 30.09.2011

in € thousand	30. 9. 2011	31. 12. 2010
ASSETS		
Tangible fixed assets	302.449	322.865
Investment property	6.432	6.789
Intangible assets	8.317	8.851
Other non-current operating assets	515	643
Deferred tax assets	9.720	8.756
Loans given and deposits	80	84
Investment in a jointly controlled company	142	135
Other financial investments	3.634	3.678
TOTAL NON-CURRENT ASSETS	**331.289**	**351.801**
Available-for-sale assets	3.372	3.424
Inventories	234	269
Loans given and deposits	1.710	1.347
Short-term operating receivables	50.098	56.303
Short-term income tax receivables	131	68
Cash and cash equivalents	16.463	12.216
TOTAL CURRENT ASSETS	**72.008**	**73.627**
TOTAL ASSETS	**403.297**	**425.428**
CAPITAL		
Capital - controlling interest	**130.399**	**137.921**
Share capital	32.976	32.976
Treasury shares	-180	-180
Reserves	63.963	66.989
Retained earnings	33.640	38.136
Capital - non-controlling interest	**9.845**	**10.242**
TOTAL CAPITAL	**140.244**	**148.163**
LIABILITIES		
Provisions	2.930	3.084
Long-term borrowings	173.372	171.893
Other long-term financial liabilities	4.158	3.872
Long-term operating liabilities	108	136
Deferred tax liabilities	16.909	17.521
TOTAL NON-CURRENT LIABILITIES	**197.477**	**196.506**
Short-term borrowings	18.724	28.952
Other short-term financial liabilities	904	2.146
Short-term operating liabilities	45.388	49.298
Short-term income tax liabilities	560	363
TOTAL CURRENT LIABILITIES	**65.576**	**80.759**
TOTAL LIABILITIES	**263.053**	**277.265**
TOTAL CAPITAL AND LIABILITIES	**403.297**	**425.428**

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE INTEREUROPA GROUP
from 1. 1. 2011 to 30.09.2011

in € thousand	January - September 2011	January - September 2010
Cash flows from operating activities		
Net profit/loss for the period	**-4.440**	**33**
Adjustments for:		
- Depreciation	9.166	10.638
- Impairment and writedowns of tangible fixed assets	7	1
- Profit from disposal of tangible fixed assets and investment property	-1.852	-5.036
- Loss from disposal of tangible fixed assets	61	153
- Non-monetary expenses	286	109
- Non-monetary revenues	-39	-193
- Financial revenues	-1.912	-4.862
- Impaired receivables payed	1.178	1.168
- Recognized result of jointly controlled company according to equity method	-30	-20
- Financial expenses	16.360	12.294
- Income tax	-315	748
Operating profit before changes in net working capital and taxes	**18.470**	**15.033**
Changes in net working capital and provisions		
Changes in receivables	3.892	-18.573
Changes in inventories	35	-31
Changes in operating liabilities	-3.194	19.601
Changes in provisions	-230	-596
Changes in corporate income tax	-853	89
Cash from operating activities	**18.120**	**15.523**
Cash flows from investing activities		
Disposal of subsidiary after deduction of cash received	-86	0
Interest income	902	609
Dividens and shares in profit received	26	58
Inflows from disposal of tangible fixed assets and investment property	7.121	19.065
Inflows from long-term loans given	0	0
Inflows from decrease of short-term loans and deposits given	0	2.109
Inflows from disposal of other financial investments	126	206
Outflows for acquisition of tangible fixed assets	-1.899	-9.353
Outflows for acquisitions of intangible assets	-150	-1.183
Outflows for long-term loans and deposits given	0	0
Outflows from increase of short-term loans and deposits given	-364	0
Outflows for acquisition of other financial investments	-122	0
Outflows from settlement of derivative financial instruments	-495	-389
Cash from investing activities	**5.059**	**11.122**
Cash flows from financing activities		
Inflows from long-term borrowings received	280	619
Inflows from increase in short-term borrowings	0	0
Inflows from derivative financial instruments		0
Paid interest	-8.394	-7.114
Outflows from repayment of long-term borrowings	-6.931	-16.650
Outflows from decrease of short-term borrowings	-3.128	-1.607
Paid dividend	-745	-628
Cash from financing activities	**-18.918**	**-25.380**
Cash and cash equivalents at beginning of period	**12.216**	**5.318**
Exchange rate differences from cash	-14	-120
Net increase/decrease in cash	**4.247**	**1.265**
Cash and cash equivalents at end of period	**16.463**	**6.463**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF INTEREUROPA GROUP from 1.1.2011 to 30.09.2011

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**	**387**	**-3,442**	**-4,467**	**-7,522**	**390**	**-7,132**
Net profit/loss	0	0	0	0	0	-4,726	-4,726	286	-4,440
Other comprehensive income	0	0	0	387	-3,442	259	-2,796	104	-2,692
Transactions with owners									
Payment of dividends or profit participations	0	0	0	0	0	0	0	-773	-773
Disposal of subisidiary	0	0	0	0	0	0	0	-14	-14
Transfer of retained earnings to reserves	0	0	29	0	0	-29	0	0	0
Closing balance as at 30. 9. 2011	**32,976**	**-180**	**6,276**	**-10,249**	**67,936**	**33,640**	**130,399**	**9,845**	**140,244**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF INTEREUROPA GROUP from 1.1.2010 to 30.09.2010

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**	**1,022**	**-5,299**	**3,322**	**-955**	**434**	**-521**
Net profit/loss	0	0	0	0	0	0	-704	-704	737	33
Other comprehensive income	0	0	0	0	1,022	-5,299	4,026	-251	-303	-554
Transactions with owners										
Payment of dividends or profit participations	0	0	0	0	0	0	0	0	-595	-595
Change of non-controlling interest at acquisition of subsidiary	0	0	0	0	0	0	-449	-449	382	-67
Transfer of retained earnings to reserves	0	0	0	83	0	0	-83	0	0	0
Closing balance as at 30. 9. 2010	**32,976**	**-180**	**36,040**	**12,770**	**-10,658**	**71,554**	**34,799**	**177,301**	**10,319**	**187,620**

1.2. Notes to Financial Statements of the Intereuropa Group

a) Notes to the CONSOLIIDATED INCOME STATEMENT

Sales revenues amounting to € 161,414 thousand represent the revenues from services supplied. Compared with the same period a year ago, the sales turnover was higher by € 21,764 thousand.
Of **Other Operating Revenues** in the amount € 2,263 thousand, the highest share (1,852 thousand) relates to the gains from the disposal of property, plant and equipment, and of investment property.

Labour costs

Table 17: Labour cost of the Intereuropa Group in the term January-September 2011, in thousand €

in € thousand	January - September 2011	January - September 2010
Wages and salaries	21,454	22,744
Social security	4,642	4,472
Other labour costs:	3,170	3,879
holiday allowance	777	743
transport and meals	2,080	2,351
other labour costs	313	785
Labour costs	**29,266**	**31,095**

Other operating expenses

Table 18: Other operating expenses of Intereuropa Group in the term January-September 2011, in thousand €

in € thousand	January - September 2011	January - September 2010
Costs of material	7,978	8,246
Other operating expenses	3,074	3,254
Total other operating expenses	**11,052**	**11,499**

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

Table 19: The effect of financial revenues and expenses ton the Profit or Loss of the Intereuropa Group in the term January- September 2011, in thousand €

in € thousand	January - September 2011	January - September 2010
Interest income	724	658
Dividend income and participation in profit of others	4	11
Profit from disposal of financial investments	5	165
Income from derivative financial instruments		
Income from cancelled value adjustments of receivables and recovery of written-off receivables	1,178	1,168
Income from written-off debt	1	8
Net exchange rate differences	0	2,852
Total financial income	**1,912**	**4,862**
Interest expenses	-8,714	-7,916
Financial expenses from impairments and written-off financial investments	-6	0
Expenses from derivative financial instruments	-495	-2,206
Net exchange rate differences	-5,155	0
Expenses from value adjustments and written-off receivables	-1,989	-2,173
Total financial expenses	**-16,360**	**-12,294**
Profit/loss from financing activities	**-14,448**	**-7,432**

The lower result from financing was primarily affected by the net foreign exchange differences that were negative at € -5,155 thousand (mostly resulting from the company Intereuropa-East Ltd., Moscow).

b) Notes to the CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Tangible fixed assets

Table 20: Tangible fixed assets of the Intereuropa Group as at 30.9.2011, in thousand €

in € thousand	30. 9. 2011	31. 12. 2010
Land and buildings	283,795	297,961
a) Land	130,355	135,958
b) Buildings	153,440	162,003
Other property, plant and equipment	12,874	18,073
Tangible fixed assets under construction	5,779	6,832
Total tangible fixed assets	**302,449**	**322,865**

Intangible assets

Table 21: Intangible Assets of the Intereuropa Group as at 30.9.2011, in thousand €

in € thousand	30. 9. 2011	31. 12. 2010
Long-term title rights	3,070	3,603
Goodwill	1,281	1,424
Long-term deferred development costs	3,966	3,824
Total intangible assets	**8,317**	**8,851**

Loans and deposits given

Table 22: Loans given and deposits held by the Intereuropa Group as at 30.9.2011, in thousand €

in € thousand	30. 9. 2011	31. 12. 2010
Long-term loans given and deposits	**80**	**84**
- loans given	48	56
- deposits	32	28
Short-term loans given and deposits	**1,710**	**1,347**
- loans given	143	138
- deposits	1,566	1,209
Total loans given	**1,790**	**1,431**

Other financial investments in the amount of € 3,634 thousand relate to the item "Assets available for sale".

Assets available for sale

Table 23: Assets available for sale of the Intereuropa Group as at 30.9.2011, in thousand €

in € thousand	30. 9. 2011	31. 12. 2010
Tangible fixed assets and investment property available for sale	45	45
Financial assets available for sale	3,327	3,379
Total assets available for sale	**3,372**	**3,424**

Short-term operating receivables

Table 24: Short-term operating receivables of the Intereuropa Group as at 30.9.2011, in thousand €

in € thousand	30. 9. 2011	31. 12. 2010
Short-term operating receivables from buyers	45,854	43,878
Short-term operating receivables from others	4,244	12,425
Total short-term operating receivables	**50,098**	**56,303**

Equity

On the Group level, the Equity amounts to at € 140,244 thousand and represents 35 percent of the liabilities to sources of funding.

Provisions

Table 25: Changes in provisions of the Intereuropa Group in period from 1.1.-30.9.2011, in thousand €

in € thousand	Balance 1.1.2011	Utilisation of provisions	Reversal of provisions and transfer to revenues	Additionally created provisions	Exchange rate deifferences	Balance 30.9.2011
Provisions for terminal bonus payments on retirement	2,316	50	0	3	-6	2,262
Provisions on litigations	491	1	25	45	0	511
Other provisions	178	170	0	0	0	8
Long-term deferred income	98	3	14	67	0	148
TOTAL	**3,084**	**224**	**39**	**115**	**-6**	**2,930**

The **long-term received loans and financial leases** amounted to € 173,372 thousand. This item was increased in the reporting period from the grace period granted under the short-term loan (€ 1,200 thousand), the short-term loan refinancing (€ 240 thousand), new loans (€ 40 thousand) and foreign exchange differences (€ 45 thousand); the item was reduced by the repayment of loans (€ 46 thousand). The **Short-term received loans and financial leases** reflected the impact of the decrease by € 10,228 thousand.

Other long-term and short-term financial liabilities

Table 26: Other long- and short-term financial liabilities of the Intereuropa Group as at 30.9.2011, in thousand €

in € thousand	30. 9. 2011	31. 12. 2010
Long-term liabilities at fair value through profit/loss	4,158	3,872
Total other long-term financial liabilities	**4,158**	**3,872**
Short-term liabilities at fair value through profit/loss	458	1,729
Liabilities for dividends and other participations	446	417
Total other short-term financial liabilities	**904**	**2,146**

The item **Other long-term financial liabilities** in the amount of € 4,158 thousand and **Other short-term financial liabilities** at € 458 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

Table 27: Short-term operating liabilities of the Intereuropa Group as at 30.9.2011, in thousand €

in € thousand	30. 9. 2011	31. 12. 2010
Short-term operating liabilities to suppliers	37,315	41,034
Short-term operating liabilities from advances	1,376	1,669
Other short-term operating liabilities	6,697	6,594
Total short-term operating liabilities	**45,388**	**49,298**

INFORMATION ACCORDING TO BUSINESS SEGMENTS FOR JANUARY - SEPTEMBER 2011

Table 28: Business segments of the Intereuropa Group in the term January-September 2011, in thousand €

	Slovenia		Croatia		Montenegro		Russia	
in € thousand	Jan-Sep 2011	Jan-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Jan-Sep 2011	Jan-Sep 2010
Revenues from external customers	90,786	85,253	24,830	24,959	4,305	4,093	8,605	3,554
Revenues from business with other segments	5,276	6,367	597	613	45	64	94	2
Total revenues	96,062	91,620	25,427	25,572	4,349	4,156	8,700	3,556
Depreciation	5,237	5,772	1,720	1,891	469	486	952	1,568
Operating profit or loss	4,007	4,623	3,239	2,617	560	2,364	716	-2,451
Revenues from interest rates	3,550	3,520	262	313	111	74	70	17
Expenses from interest rates	8,041	6,954	558	922	0	0	2,991	367
Net profit or loss from ordinary activities	1,982	-112	2,599	1,630	619	2,385	-8,029	1,089
Corporate income tax	125	22	557	240	74	244	-1,190	190
Assets	321,165	392,084	76,438	89,533	24,253	24,484	62,750	103,979
Tangible fixed assets under construction	15	2,362	84	86	117	546	4,920	15,036
Long-term assets	255,135	300,713	59,462	69,992	19,721	20,186	51,715	87,746
Operating liabilities	43,722	59,745	11,870	11,973	962	1,012	22,262	18,926
Financial liabilities	184,167	192,608	10,986	17,159	1,724	327	57,623	63,885
Investment in jointly controlled entities	75	75	0	0	0	0	0	0
Revenues from investment in jointly controlled entities	22	47	0	0	0	0	0	0

	Others		Total		Adjustments*		Group	
in € thousand	Jan-Sep 2011	Jan-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Jan-Sep 2011	Jan-Sep 2010	Jan-Sep 2011	Jan-Sep 2010
Revenues from external customers	32,891	21,798	161,416	139,657	-2	26	161,414	139,683
Revenues from business with other segments	1,350	1,262	7,362	8,309	-7,362	-8,309	0	0
Total revenues	34,240	23,060	168,778	147,966	-7,364	-8,283	161,414	139,683
Depreciation	789	921	9,166	10,638	0	0	9,166	10,638
Operating profit or loss	1,478	1,086	10,000	8,240	-337	-47	9,663	8,193
Revenues from interest rates	45	20	4,038	3,944	-3,315	-3,286	724	658
Expenses from interest rates	439	396	12,029	8,639	-3,315	-723	8,714	7,916
Net profit or loss from ordinary activities	805	297	-2,025	5,289	-2,731	-4,508	-4,756	781
Corporate income tax	118	52	-315	748	0	0	-315	748
Assets	39,048	42,680	523,654	652,759	-120,357	-170,632	403,297	482,127
Tangible fixed assets under construction	644	983	5,779	19,014	0	-2,410	5,779	16,604
Long-term assets	32,715	35,125	418,749	513,762	-87,460	-125,095	331,289	388,667
Operating liabilities	6,245	8,372	85,060	100,028	-19,165	-15,430	65,895	84,598
Financial liabilities	6,900	8,705	261,400	282,685	-64,242	-72,776	197,158	209,909
Investment in jointly controlled entities	0	0	75	75	67	46	142	121
Revenues from investment in jointly controlled entities	0	0	22	47	8	-27	30	20

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

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

INCOME STATEMENT OF INTEREUROPA d.d. **from 1.1. to 30.9.2011**

in € thousand	January - September 2011	January - September 2010
Sales revenues	**78,611**	**71,107**
Other operating revenues	561	4,561
Costs of services	-54,272	-49,075
Labour costs	-13,765	-14,528
Depreciation	-3,828	-3,825
Other operating expenses	-2,339	-2,763
Operating profit/loss	**4,968**	**5,477**
Financial income	7,565	5,253
Financial expenses	-9,428	-9,715
Profit/loss from financial operations	**-1,863**	**-4,462**
Profit/loss from regular operations	**3,105**	**1,015**
Corporate income tax (with deferred tax)	-107	7
Net profit /loss for the period	**2,998**	**1,022**
Basic and diluted earnings per share (in €)	0.38	0.13

STATEMENT OF COMPREHENSIVE INCOME FOR INTEREUROPA d.d.
from 1. 1. 2011 to 30.09.2011

in € thousand	January - September 2011	January - September 2010
Net profit or loss	**2,998**	**1,022**
Other Comprehensive Income	**-33**	**-1,444**
Fair value revaluation of land	0	-1,645
Transfer of land revaluation surplus to retained earnings from sale of land	-18	-4,938
Deferred tax in revaluation surplus of land	4	1,317
Change in fair value of financal assets available for sale	-75	-16
Transfer of revaluation surplus of financial assets for sale to revenues/expenses (at sale of financial assets)	34	0
Deferred tax in revaluation surplus of financial assets for sale	8	3
Retained earnings from land revaluation (at sale)	18	4,938
Deferred tax from retained earnings	-4	-935
Deferred tax from the affiliation of the subsidiary	0	-168
Comprehensive income total	**2,965**	**-422**

STATEMENT OF FINANCIAL POSITION OF INTEREUROPA d.d. as of 30.9.2011

in € thousand	30.09.2011	31.12.2010
ASSETS		
Tangible fixed assets	143,150	146,353
Investment property	5,776	6,118
Intangible assets	6,772	7,069
Other non-current operating assets	516	639
Deferred tax assets	3,413	3,515
Loans given and deposits	37,055	36,473
Investment in subsidiaries	50,538	50,797
Investment in a jointly controlled company	75	75
Other financial investments	3,546	3,589
TOTAL NON-CURRENT ASSETS	**250,841**	**254,628**
Inventories	33	35
Loans given and deposits	26,043	33,337
Short-term operating receivables	31,180	25,795
Short-term income tax receivables	56	0
Cash and cash equivalents	1,393	155
TOTAL CURRENT ASSETS	**58,705**	**59,322**
TOTAL ASSETS	**309,546**	**313,950**
CAPITAL		
Share capital	32,976	32,976
Treasury shares	-180	-180
Reserves	55,554	55,602
Retained earnings	3,013	0
TOTAL CAPITAL	**91,363**	**88,398**
LIABILITIES		
Provisions	1,848	1,836
Long-term borrowings and financial leases	164,153	162,991
Other long-term financial liabilities	4,158	3,872
Long-term operating liabilities	103	103
Deferred tax liabilities	12,744	12,747
TOTAL NON-CURRENT LIABILITIES	**183,006**	**181,549**
Short-term borrowings and financial leases	10,674	16,912
Other short-term financial liabilities	459	1,548
Short term operating liabilities	24,044	25,543
TOTAL CURRENT LIABILITIES	**35,177**	**44,003**
TOTAL LIABILITIES	**218,183**	**225,552**
TOTAL CAPITAL AND LIABILITIES	**309,546**	**313,950**

STATEMENT OF CASH FLOW FOR INTEREUROPA d.d. from 1.1. 2011 to 30.9.2011

in € thousand	January - September 2011	January - September 2010
Cash flows from operating activities		
Net profit/loss for the period	**2,998**	**1,022**
Adjustments for:		
- Depreciation	3,828	3,825
- Profit from disposal of tangible fixed assets and investment property	-446	-4,323
- Loss from disposal of tangible fixed assets	6	148
- Non-monetary expenses	80	46
- Non-monetary revenues	-39	-202
- Financial revenues	-7,565	-5,253
- Impaired receivables payed	549	397
- Financial expenses	9,428	9,715
- Income tax (deferred tax incl.)	107	-7
Operating profit before changes in net working capital and taxes	**8,946**	**5,368**
Changes in net working capital and provisions		
Changes in receivables	-3,421	-10,775
Changes n inventories	2	-8
Changes in operating liabilities	-1,566	9,971
Changes in provisions	-29	-288
Cash from operating activities	**3,932**	**4,268**
Cash flows from investing activities		
Interest income	629	571
Dividend income and participations in profit	3,473	1,196
Inflows from disposal of tangible fixed assets and investment property	848	17,075
Inflows from long-term loans given	766	7,885
Inflows from disposal of other financial investments	122	0
Inflows from decrease of short-term loans given	5,943	27,217
Cash inflows at acquisition of subsidiary	0	1
Outflows for acquisition of tangible fixed assets and investment property	-262	-324
Outflows for acquisitions of intangible assets	-142	-202
Outflows for purchase and capital increase in subsidiaries	0	-33,764
Outflows for long-term loans and deposits given	0	-4,439
Outflows for purchase of other financial investments	-122	0
Outflows from settlement of derivative financial instruments	-1,277	-276
Cash from investing activities	**9,978**	**14,940**
Cash flows from financing activities		
Paid interest	-7,596	-6,294
Outflows from repayment of long-term borrowings	-4,844	-11,870
Outflows from decrease of short-term borrowings	-232	-1,464
Paid dividend	0	-1
Cash from financing activities	**-12,672**	**-19,629**
Cash and cash equivalents at beginning of period	**155**	**625**
Net increase/decrease in cash from regular operations	**1,238**	**-421**
Cash and cash equivalents at end of period	**1,393**	**204**

STATEMENT OF CHANGES IN EQUITY OF INTEREUROPA d.d.

from 1.1. 2011 to 30.09.2011

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**	**-47**	**3,012**	**2,965**
Net profit/loss	0	0	0	0	2,998	2,998
Other comprehensive income	0	0	0	-47	14	-33
Closing balance as at 30.9.2011	**32,976**	**-180**	**4,754**	**50,801**	**3,012**	**91,363**

STATEMENT OF CHANGES IN EQUITY OF INTEREUROPA d.d.

from 1.1. 2010 to 30.09.2010

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**	**-5,279**	**4,857**	**-422**
Net profit/loss					0	1,022	1,022
Other comprehensive income					-5,279	3,835	-1,444
Closing balance as at 30.9.2011	**32,976**	**-180**	**36,040**	**11,276**	**51,283**	**4,857**	**136,252**

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

a) Notes to the INCOME STATEMENT

Sales revenues amounting to € 78,611 thousand represent the revenues from services supplied. Compared to the same term last year, these revenues were higher by € 7,504 thousand, and the **costs of services** were higher by € 5,197 thousand.
Of **Other Operating Revenues** in the amount € 561 thousand, the highest share (446 thousand) relates to the gains from the disposal of property, plant and equipment, and of investment property.

Labour cost

Table 29: Labour cost of Intereuropa d.d. in the term January-September 2011, in thousand €

in € thousand	January - September 2011	January - September 2010
Wages and salaries	9,769	10,258
Social security	1,806	1,653
Other labour costs:	2,190	2,618
holiday allowance	576	620
transport and meals	1,447	1,515
other labour costs	167	482
Labour costs	**13,765**	**14,528**

Other operating expenses

Table 30: Other operating expenses of Intereuropa d.d. in the term January-September 2011, in thousand €

in € thousand	January - September 2011	January - September 2010
Costs of material	1,458	1,501
Other operating expenses	881	1,262
Total other operating expenses	**2,339**	**2,763**

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

Table 31: The effect of financial revenues and expenses to the Profit or Loss of Intereuropa d.d. in the term January- September 2011, in thousand €

in € thousand	January - September 2011	January - September 2010
Interest income	3,530	3,497
Income from stakes in companies within the Group	3,447	1,138
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	163
Net exchange rate differences	8	0
Income from cancelled value adjustments of receivables and recovery of written-off receivables	549	397
Total financial income	**7,565**	**5,253**
Interest expenses	-7,892	-6,835
Loss from disposal of financial investments within the Group	-204	0
Financial expenses from impairments and written-off financial investments within the Group	-61	0
Expenses from derivative financial instruments	-474	-2,093
Net exchange rate differences	0	-10
Expenses from value adjustments and written-off receivables	-798	-777
Total financial expenses	**-9,428**	**-9,715**
Profit/loss from financing activities	**-1,863**	**-4,462**

b) Notes to the STATEMENT OF FINANCIAL POSITION

Tangible fixed assets

Table 32: Tangible fixed assets of Intereuropa d.d. as at 30.9.2011, in thousand €

in € thousand	30. 9. 2011	31. 12. 2010
Land and buildings	139,392	141,374
a) Land	86,116	86,137
b) Buildings	53,277	55,237
Other property, plant and equipment	3,743	4,973
Tangible fixed assets under construction	15	6
Total tangible fixed assets	**143,150**	**146,353**

Intangible assets

Table 33: Intangible Assets of Intereuropa d.d. as at 30.9.2011, in thousand €

in € thousand	30. 9. 2011	31. 12. 2010
Long-term title rights	2,806	3,245
Long-term deferred development costs	3,966	3,824
Total intangible assets	**6,772**	**7,069**

Loans granted and deposits

Table 34: Loans given and deposits held by Intereuropa d.d. as at 30.9.2011, in thousand €

in € thousand	30. 9. 2011	31. 12. 2010
Long-term loans given	**37,055**	**36,473**
- to subsidiaries	37,037	36,454
- to others	19	19
Short-term loans given and deposits	**26,043**	**33,337**
- to subsidiaries	25,939	33,321
- to others	4	16
- deposits	100	0
Total loans given	**63,098**	**69,810**

Other financial investments in the amount of € 3,546 thousand relate to the item "Assets available for sale".

Short-term operating receivables

Table 35: Short-term operating receivables of Intereuropa d.d. as at 30.9.2011, in thousand €

in € thousand	30. 9. 2011	31. 12. 2010
Short-term operating receivables within the Group	1,204	1,076
Short-term interest receivables from Group companies	3,804	806
Other short-term operating receivables from Group companies	1,352	28
Short-term operating receivables from buyers (excl. the Group)	24,369	23,436
Short-term operating receivables from others	336	384
Other short-term assets	115	65
Total short-term operating receivables	**31,180**	**25,795**

Equity

The capital expresses equity financing of the Company and is regarded as its liability to the owners. Compared with the comparable reporting date a year ago, the share of the capital in the liabilities structure rose by two percentage points, amounting to 30 percent of all liabilities to sources.

Provisions

Table 36: Changes in provisions of Intereuropa d.d. in period from 1.1.-30.9.2011, in thousand €

in € thousand	Balance 1.1.2011	Utilisation of provisions	Reversal of provisions and transfer to revenues	Additionally created provisions	Balance 30.9.2011
Provisions for terminal bonus payments on retirement	1,314	28	0	0	1,286
Provisions on litigations	441	0	25	45	461
Long-term deferred income	81	0	14	34	101
TOTAL	**1,836**	**28**	**39**	**79**	**1,848**

The **long-term received loans and financial leases** amounted to € 164,153 thousand. This item was increased in the reporting period from the grace period granted under the short-term loan (€ 1,200 thousand), while the repayment of the revolving loan contributed to the decrease herein. In the **Short-term loans granted** we recorded a decrease of € 6,238 thousand.

Other long-term and short-term financial liabilities

Table 37: Other long- and short-term financial liabilities of the Intereuropa Group as at 30.9.2011, in thousand €

in € thousand	30. 9. 2011	31. 12. 2010
Long-term liabilities at fair value through profit/loss	4,158	3,872
Total other long-term financial liabilities	**4,158**	**3,872**
Short-term liabilities	384	1,474
Liabilities for dividends	74	74
Total other short-term financial liabilities	**459**	**1,548**

The item **Other long-term financial liabilities** in the amount of € 4,158 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 € 384 thousand.

Short-term operating liabilities

Table 38: Short-term operating liabilities of Intereuropa d.d. as at 30.9.2011, in thousand €

in € thousand	30. 9. 2011	31. 12. 2010
Short-term opertaing liabilities to companies within the Group	468	733
Short-term opertaing liabilities to suppliers	19,978	21,005
Short-term opertaing liabilities from advances	78	85
Other short-term opertaing liabilities	3,520	3,719
Total short-term opertaing liabilities	**24,044**	**25,543**

D. CONCLUSION

Logistics market follow the changes in the production, economic activity and goods flows in national and international trading. This year the Intereuropa Group, along with the recovering markets, recorded considerable growth in the sales turnover. The trend slowed down in the second half-year, and the forecasts for the year-end and next year are not very promising. Despite weak markets in the Western Balkans and tumbling oil prices, we managed to get included in the existing goods flows successfully. We took advantage of an enlivened automotive market growth, of the benefits from one-off transactions and of the connectivity of our services in various combinations to meet the needs of our customers. Our sales productivity was increased by 23 percent and thanks to process optimization the resulting improvement was also shown in our operating profit. On the other hand, we were faced with the pressures on our prices and with aggressive competition, unfair at times, which has been fatal for many a logistics provider lately. Today, the logistics services of Intereuropa provide our customers with more efficient production and purchasing processes.

Until the end of September our business was earmarked by the activities to optimize our internal processes and rationalize the processes in the logistics products that are not strategic for us. We started using the new information support for some of our logistics products, from which we expect positive effects in the future. We continued with intensified sales activities and tailored our range of services to the changed needs of our customers. Concurrently, the aggravated ill payment practices demanded much of our attention to the monitoring of financial stability of our customers. The latter were forced to change their production and purchasing processes in the last few years, in order to facilitate the faster goods flow and a leaner production, which is a crucial competitive advantage today.

In the nine-month term, we achieved a 16% higher **sales revenue of € 161.4 million**, which was above the sales target by 12 percent. Sales growth was achieved in all the three core business areas, the highest thereof in Logistics Solutions by acquiring some new customers and increasing the turnover with existing customers. Of other products, the railway transport services saw a four times higher sales, attributable to the new businesses acquired in the Ukraine and to good results of car logistics in Russia where the volume of automotive market rose by 45 percent in only one year's time. A considerable improvement in the sales was further recorded in container services: thanks to new businesses in full container loads, the organization of block trains, the exports of paper and timber via Port of Koper, and the franchise-based cooperation with the operator of container consolidation services Ecu Line we have improved our sales revenue by one third approximately.

Our Group achieved **€ 18.9 million** as **Earnings Before Interest, Tax, Depreciation and Amortisation** (EBITDA), which was 11 percent above the plan and about the same level as in the comparable term last year. In the last years, the sale of certain assets (real property), that brought € 1.9 million of other operating revenue to us by September this year, had an essential bearing on the EBITDA result. If these one-off transactions that were not directly connected with ordinary operations in both years were excluded, the EBITDA in this reporting period would be € 16.6 million and 36 percent (4.4 million) higher than in the comparable term last year.

The **Operating Result** of the Group for the nine months was **€ 9.7 million,** which is 59 percent higher than expected and 18 percent better than in the comparable term 2010.
By excluding the one-off or other transactions not directly related to ordinary operations, the Operating profit would come to € 7.4 million and be 6.0 million higher than in the comparable term last year.
Due to the containment of labour cost, depreciation and cost of materials, the improved operating profit was able to withstand the increase in the direct cost of services which grew more than the sales volume, primarily resulting fro the changed sales structure in favour of services with lower margin (railway transport).

The **Financing result** was negative, at **€ -14.4 million**. Financial revenues came to € 1.9 million, financial expenses were at € 16.4 million. In the financial revenue structure the highest amount was the revenue from elimination of allowances for and write-offs of receivables (€ 1.2 million); in the financial expenses the highest items were the interest expenses for loans raised from others (€ 8.7 million) and the expenses for foreign exchange differences (€ 5.2 million). Excluding the a.m. impact of foreign exchange differences and of the revaluation of financial instrument for hedging against exchange rate risk, the financial result for the reporting period would have amounted to € -8.8 million, or 0.7 million less favourable than in the comparable term 2010.

The interest expenses for loans raised, and the foreign exchange losses (negative foreign exchange differences) resulting from the trends of the euro/rouble exchange rates were the primary reasons for the negative **net operating profit at € -4.4 million** achieved in the nine-month period of this year.

Great efforts were made in maintaining the financial stability of the Parent Company and the entire Group in order to assure a smooth course of the business process. At the end of the reporting period the financial liabilities of the Group amounted to € 197 million, or 10 million less than at the year-end 2010. Their share in the liabilities structure was 49 percent.

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