INTEREUROPA GROUP
Global Logistics Service, Ltd. Co.

INTEREUROPA Group

Unaudited Interim Report for January – June 2011

Global Logistics Service

Koper, August 26, 2011

The INTEREUROPA d.d. is publishing this Intereuropa Group Unaudited Interim Report for January-June 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-June 2011 shall also be published on the web site of INTEREUROPA d.d. www.intereuropa.si on August 26 2011.

C O N T E N T S

A. INTRODUCTION

This year, the dynamics of economic activity in Europe has been encouraging, despite some uncertainty reflecting the increased risks of the financial system. The growth of the European markets through which the greatest goods quantities are routed intensified in particular in the first quarterly period, with a significant bearing on the sales turnover of the Intereuropa Group. On the other hand, the markets in the West Balkans were still struggling with the outcome of the recession that disclosed the weaknesses of individual economies in the region.

In the reporting half-year term 2011, the Intereuropa Group achieved a sales turnover of € 109.6 million and thereby outstripped the comparable result of the year ago by 20 percent and the sales turnover plan by 14 percent. The sales targets were surpassed in all the three areas of our core business, of which the Land Transport achieved the highest growth. Also the results of the comparable term last year were better in all our business areas; the highest rise over last year was recorded in our Railway Transport and Car-handling Logistics products. Among the factors improving the sales, the global enlivenment of economic activity and logistics process optimization in the Group were the key drivers. The Group recorded an operating profit of € 5.6 million in the reporting half-year, thereof the Parent Company € 2.0 million. After deducting the effect of financing (€ -5.8 million) and taxes, Intereuropa concluded the first half-year with a net profit or loss of € -0.3 million on the Group level, but the Parent Company recorded a net profit of € 2.2 million.

Company Fact Sheet

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

The Intereuropa Group	
Number of employees	2,214 employees
Vehicle fleet	380 own trucks, trailers and delivery vans
Total warehousing area	262,700 qm of own warehouse facilities
Total land area	2,173,700 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, Transport & Spedition, GmbH, Troisdorf o Intereuropa RTC d.d. Sarajevo.
Own branch network	Slovenia, Croatia, Montenegro, Bosnia & Herzegovina, Serbia, Kosovo, Macedonia, Albania, Ukraine, Russia, Germany, France

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 Company Intereuropa, Global Logistics Service, Ltd. Co.: Kapitalska družba, d.d., Slovenska odškodninska družba, d.d., Zavarovalnica Triglav, d.d., NLB, d.d., Abanka Vipa, d.d., Luka Koper, d.d. The closing day for the bids was set for 31 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.

Major events after the end of reporting period:

July

- 8 July, the 23rd Annual General Meeting of Intereuropa d.d. was held at the head-office of the Company, in which the shareholders were presented the Intereuropa Group Annual Report for 2010 and resolved on awarding the discharge note to the Supervisory Board and Managing Board for the financial year 2010. The shareholders took note of the receipts paid out to the members of the Managing Board and Supervisory Board for their work or function in the preceding year, 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.

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:

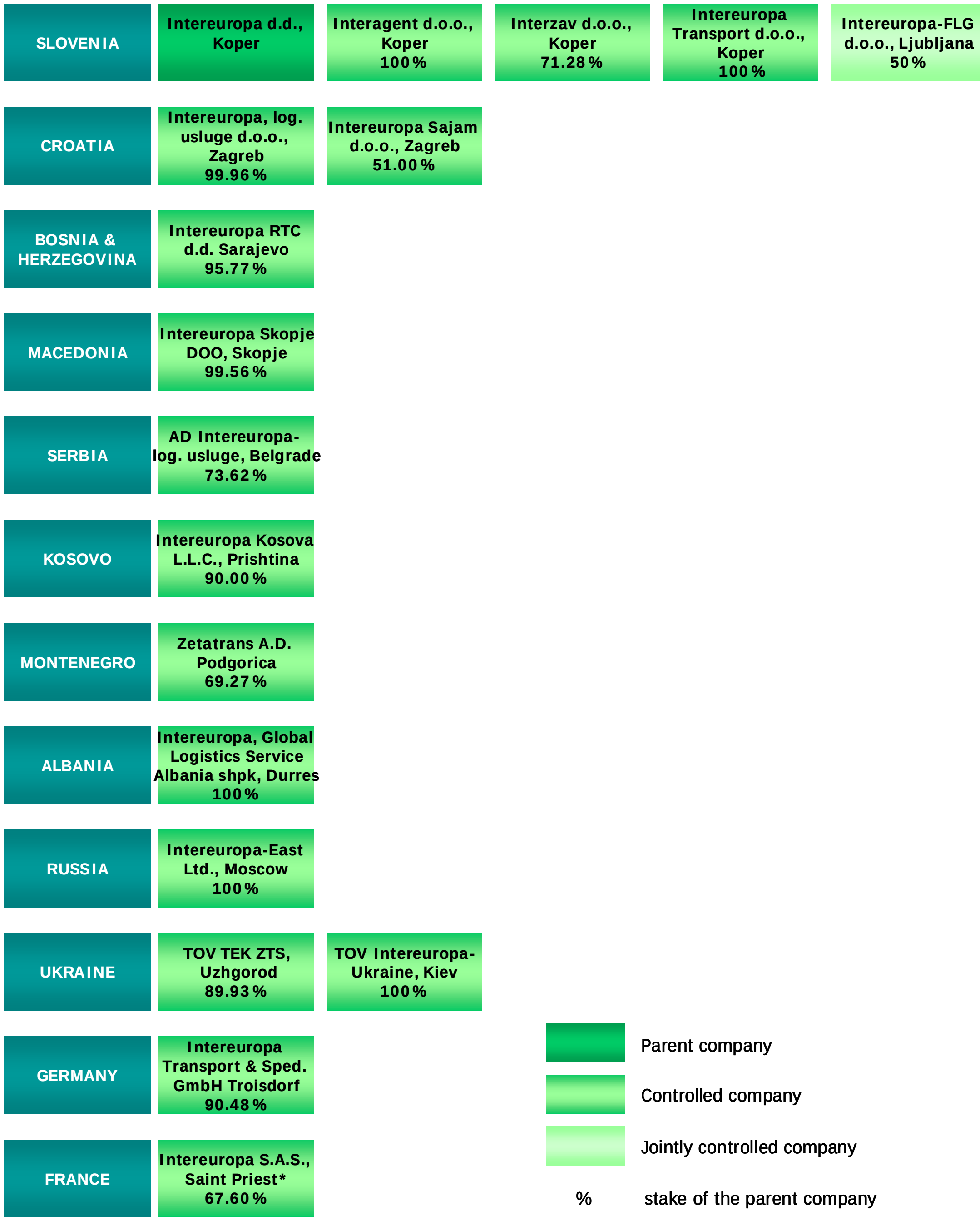
- Maintaining and strengthening our position as the leading provider of comprehensive logistics services in Slovenia and the countries of the former Yugoslavia.
- Continuous optimization of processes in all business segments at the Group level and within the consolidated companies.
- Ensuring financial 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



* An agreement to sell the entire stake in Intereuropa S.A.S., Saint Priest was signed in June.

Figure 1: The Organisation Chart of the Intereuropa Group as of 30.06.2011

B. BUSINESS REPORT

1. PERFORMANCE OF INTEREUROPA GROUP

1.1. Sales achievements

Economic environment and trends

Despite tensions on financial markets, the economic recovery in the European Union has continued over the first half-year 2011 and is gradually closing the gap in the production that opened during the recession. In general, the GDP growth was accelerated in the first quarter, but abated afterwards, and similar trends are expected for the second half-year. The EU expects a new upward movement in the economic growth only in the coming year 2012. A stronger domestic demand is expected to drive the recovery in the region to a self-sufficient level, however, the overall picture does not disclose the differences in the development of individual Member States. Some of them, primarily Germany and some minor export-oriented economies, have recorded a clear upturn in the economic activity, while the Member States from the EU border areas lag behind. The factors driving to such trends include mainly the focus on trading of the respective Member States, the selection of their export products, the openness of their economies, exposure to disturbances caused by the financial sector, and any internal/external imbalance. For the year 2011, the International Monetary Fund expects a 2.5 percent growth rate for developed countries and a higher rate of 6.5 percent for other economies, on average.

In Slovenia the economic indexes have been gradually improving, except for the civil engineering and construction sector. The exports of goods have remained strong. However, the crisis had hit the Slovenian banking system worse than the overall Euro-Zone, therefore the growth of lending activity was considerably lower than in the average for the Euro-Zone. Interest rates for the corporate sector were among the highest in the Euro-Zone. The adverse situation in the banking system restricts the access to sources of financing for the enterprises, and in terms of the debt-to-equity ratio the Slovenian economy ranks among those with highest indebtedness in the Euro-Zone.
The economies of the West Balkans were recovering at a different speed. Croatia saw the slowest recovery, which is attributable to weak domestic demand, high unemployment rate, growing global prices of oil and food, and the crisis in the Euro-Zone. The growth of economic activity is also impeded by the weak industrial sector and low level of foreign direct investment. The highest growth in the West Balkans region was achieved by Albania and Kosovo. Other countries in the region trust in a gradual improvement of economic situation, despite instability and high risks involved.

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	1.8%	1.9%	4.2%	3.5%	3.0%	2.0%	7.3%	6.5%	5.6%	5.7%
Slovenia	2.2%	2.6%	5.0%	4.5%	2.6%	2.1%	6.9%	6.7%	5.1%	6.0%
Croatia	1.1%	2.0%	2.5%	3.7%	2.8%	2.8%	4.0%	4.3%	2.5%	4.2%
Montenegro	3.0%	4.5%	9.0%	8.0%	1.0%	1.3%	12.0%	11.3%	11.4%	12.4%
BiH	3.2%	5.5%	5.0%	7.0%	4.5%	2.0%	13.6%	14.4%	15.1%	11.9%
Macedonia	3.0%	3.7%	2.5%	4.0%	3.0%	3.0%	6.7%	8.4%	6.1%	7.5%
Serbia	3.0%	5.0%	4.2%	4.6%	4.4%	4.3%	7.0%	9.0%	6.0%	7.4%
Kosovo	5.5%	5.2%	-	-	2.4%	2.1%	-	-	-	-
Albania	3.4%	3.6%	4.0%	4.5%	1.0%	1.3%	-	-	-	-
Russia	4.3%	4.5%	4.6%	4.4%	7.8%	6.8%	7.7%	4.5%	7.7%	7.0%
Ukraine	4.0%	4.3%	5.0%	5.2%	11.6%	8.8%	4.5%	4.2%	5.2%	5.9%
Germany	2.7%	2.0%	2.0%	1.3%	2.6%	2.0%	7.6%	6.5%	6.8%	7.5%
France	1.6%	1.5%	2.9%	0.6%	2.2%	1.7%	6.7%	6.6%	7.5%	7.2%

(-) no data available

SOURCES:
European Economic Forecast, Spring 2011, May 2011, European Commission
World Economic Outlook, April 2011, IMF
IMAD, Spring Forecast of Economic Trends 2011, March 2011
Outlook, Perspectives 2011.-2013. godine, Sarajevo, April 2011, BiH Directorate for Economic Planning
IMAD, Economic Mirror, March 2011
Izvozno okno, EIU March 2011

Sales Revenue by the Intereuropa Group

The promising sales of logistics services were recorded in the first quarter this year and have persisted for the second quarter, until the end of June. Despite the forecast level off in economic growth for the second half-year, the growth of the market combined with our intensified sales activities have already led to better sales revenue. The pressures on sales prices have inexorably accompanied us and we cope with them by on-going process optimization that started already at the end of 2009. Thanks to that optimization, we have seen a gradual improvement of productivity in this year's operating results. In the reporting half-year, the Intereuropa Group generated a **sales revenue of € 109.6 million** and exceeded the comparable level achieved a year ago by 20 percent; moreover, the result achieved was 14 percent above the target sales revenue. In all the three areas of our core business we surpassed the sales of the first half-year 2010 by one fifth approximately, the highest improvement was achieved in Land Transport. Within the Land Transport sales revenue, the growth was highest in our Railway Transport product, which is largely attributable to the acquisition of some new businesses in our Ukrainian subsidiary. In Intercontinental Transport, the growth of the automotive logistics services in Russia has continued at high levels, the volume of vehicles sold was close to peak values. Also the sea-freight container services showed good sales results after the acquisition of some new businesses (paper, salt) and favourable franchise-based cooperation with the operator of container consolidation services Ecu Line. The plan was surpassed in all the three areas of our core business, of which our Land Transport Area was the most successful with 18 percent above the target.

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

	Business area	Jan - Jun 2011	Structure	Index 2011/plan	Index 2011/2010
1	Land Transport	68,113	62%	118	121
2	Logistics Solutions	14,362	13%	105	118
3	Intercontinental Transport	24,652	22%	112	119
4	Other Services	2,487	2%	99	94
	TOTAL	**109,615**	**100%**	**114**	**120**

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

		Jan - Jun 2011	Structure	Index 2011/plan	Index 2011/2010
1	EU Member States	62,934	57%	104	104
2	Non-EU countries	46,681	43%	132	150
	TOTAL	**109,615**	**100%**	**114**	**120**

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

Compared with the previous year, the geographical structure of sales revenue, measured according to the head-office of our companies, has shifted towards the Eastern markets due to higher growth rates in the countries located there (the Ukraine, Russia). Accordingly, the share of the sales revenue achieved in the non-EU grew from one third to 43 per cent of the total sales revenue of the Group. The Parent company generates the largest share (47 percent) in the sales revenue of the Group. The most services are still sold to domestic customers, but this year the sales to Russian and Ukrainian customers has greatly improved (by 155 percent).

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

		Jan - Jun 2011	Structure	Index 2011/2010
1	Slovenija	31,969	29%	96
2	Croatia	15,876	14%	97
3	Russia	6,347	6%	219
4	Bosnia & Herzegovina	3,824	3%	112
5	Serbia	1,602	1%	85
6	Montenegro	2,554	2%	98
7	Other countries	47,444	43%	134
7a	Other EU Member States	30,663	28%	131
7b	Other countries of the world	16,781	15%	141
	TOTAL	**109,615**	**100%**	**114**

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

LAND TRANSPORT

The Land Transport Area contributes 62 percent to the sales revenue of the Group. In the reporting half-year we exceeded the target sales revenue by 18 percent and also surpassed the comparable level achieved a year ago by 21 percent. The recent months have not been so successful, as the transportation of petroleum products is of seasonal character. In June we signed the Share Purchase Agreement on the sale of the entire shareholding in the company Intereuropa S.A.S., Saint Priest, and the subsidiary Intereuropa T&S GmbH, Troisdorf, is in the process of closing down (stoppage of operation), which will reflect in the sales revenue yielded by the Road Transport and Groupage Services products. 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 is increasing our direct costs and reducing 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 come to ''sound'' customers.

The volume of the **Groupage** product was declining (-10 revenue below the plan and -9 percent lower than the preceding year).
The Parent Company Intereuropa d.d., which prevails with 85 percent in the sales turnover structure for the Groupage product, has only slightly exceeded the sales revenues of the comparable reporting period. The plan was surpassed by Intereuropa, log. usluge d.o.o. Zagreb, Intereuropa, log. usluge - Beograd and our affiliate in Kosovo, while all other companies in the Group have remained behind the targets.
Express Service has not achieved the planned revenues (-10 percent) and was 8 percent below the comparable first half-year 2010). The highest setback was recorded in Croatia (22 percent below the plan and 20 lower than last year's result) mainly due to the loss of some major customers. The outcome of the recession is still felt, and the volume of operations with existing customers declined, while the competition has gained the market by dumping rates. Croatia contributes 58 percent of the sales revenue to this product, but that share was 8 percentage points lower than in the same period last year. However, we recorded a positive trend against the first quarter this year, which is attributable to intensified sales activities. The Slovenian part of the Group contributes 30 percent of the sales structure for this product, which means that its share has risen by 6 percentage points. It appears that the measures taken in Slovenia during the last year did yield 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 exceeded the plan by 5 percent and stood one per cent above the last year's half-year result. The highest share of sales revenue from our Road Transport product is still generated by the subsidiary Intereuropa Transport d.o.o. (41 percent), which was only one per cent below the plan in the reporting term. However, it did not achieve the last year's figure due to reductions in the fleet. The sales plan was exceeded in the Parent Company Intereuropa d.d. (+21 percent), Intereuropa, Logističke usluge, d.o.o., Zagreb (+1 percent), Intereuropa, Logističke usluge - Beograd (+22 percent), in Zetatrans, Podgorica (+40 percent), Intereuropa Skopje d.o.o. (+9 percent) and in TEK ZTS Uzhgorod, Ukraine (+7 percent). Also Intereuropa East Ltd, Moscow outstripped the plan by 121 per cent (however, 13 per cent below last year's achievement). Achievement of the planned targets for the Road Transport product has been adversely affected by the closing down of operations in Germany, the effect of which will escalate in the coming months. Intereuropa d.d. has improved its sales revenue by as much as one third over the comparable half-year 2010. This year, the political instability in the Arabic world has brought higher fuel prices and thereby increased our direct costs. Higher input costs could not be shifted on our customers but reduced our margins.

The Customs Service product achieved the target sales revenue on the Group level (+5 percent). We also exceeded the last half-year's sales results by 9 per cent. One half of all sales revenue in this product is generated in Croatia: this year the sales revenues were 14 percent higher than in the comparable term last year, thanks to intensified sales activities and acquiring the customers from competitors (in particular from one of the largest provider of customs services in Croatia, due to its financial difficulties). The companies in Bosnia and Serbia surpassed the planned sales revenue, while all other companies of the Group have remained behind the targets. Intereuropa d.d. has exceeded the sales plan by 3 percent, but stood one per cent below the last year's result. The setback was mainly attributable to the Border Despatch Branch, which was 10 percent behind the result of the same term last year. The reason for such trend is the reduction of income from customs broking, while the border despatch product (transit procedures) was strongly above the sales target and better than the result of last year.

The **Railway Transport** product recorded a highly positive variance from the planned sales revenue (more than 3 times higher than plan), which is fully attributable to the Ukrainian TEK ZTS Uzhgorod. The greatest setback behind the plans was recorded in the company Intereuropa East, Ltd, Moscow (the product is still non-performing despite the planned sales in the amount of € 1.3 million for the reporting period). The company Intereuropa-FLG d.o.o, which is specialized in the organization of railway transport, exceeded the target by 6 percent, whereas it was behind the achievement in the first half-year 2010. All other companies recorded a setback in this product.

In the coming months we aim to undertake additional activities addressing selective (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, an internal freight exchange was established. The aim is to increase the synergy effects in road transport management.
In September we plan to start the training and consequently, introducing the new IT solution in Slovenia. The introduction will be conducted successively (according to products). The plan envisions introducing the new IT solution to the Land Transport products by the year-end. From September on, a great deal of activities will be dedicated to this goal.

In the coming quarter of the year we expect some negative effects that will affect the result:

- The stoppage of operation of the German subsidiary (no revenues since May 2011), which stands 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;
- The Act Amending the Road Transport Act has entered into effect in the Slovenian part of the Group, which imposes the compulsory thirty-day payment term for the freight after the invoice date. That requirement will have an adverse impact on our competitiveness (primarily when we act as agents), and we can also expect negative financial consequences.

LOGISTICS SOLUTIONS

In this business area the Group generated € 14.4 million of sales revenue, which is 13 percent in the total sales structure of the Group. The highest sales improvement in the Logistics Solutions segment over the last year was recorded in the Slovenian (26 percent), Bosnian (15 percent) and Russian market (189 percent).

The sales revenue rose by 18 percent in both key markets for logistics solutions – Slovenia and Croatia, which represent as much as 80 percent in the total sales structure of this segment. The performance still reflects the slow upturn of economic situation, with positive trends in the movement of goods flows and the resulting increase of the inventories of goods in warehouses. However, strong pressures to reduce our rates for warehousing still come from the customers in our key markets (Slovenia and Croatia). It turns out that our customers expect us to reduce our rates for logistics services by approximately 35 percent, which fact additionally aggravates the profitability of our business.
We have still perceived a considerable fall on the demand side for logistics solutions in other countries in which our Company operates warehouses, as a result of practically no inventory turnover due to the economic situation.
The sales volume in our subsidiaries in Montenegro and Serbia fell by 16 or 9 percent compared with the last year's achievements; each of the companies generates 4 per cent in the sales structure of the Group.

In the reporting half-year, the sales volume of the services in logistics solutions surpassed the target by 5 percent. That achievement has resulted from improved sales in Slovenia, surpassing the plan by as much as 24 percent. In other markets we recorded a slow upturn of economic situation after the global recession.
Good results in Slovenia are attributable to the beginning of business with new customers and a one-off business acquired, as well as to higher volume of operations with current customers. Intense commercial activities to acquire larger logistics projects are carried out in individual organizational units, the commercial effects of which are expected in the second half-year of the current year. In addition to commercial activities, we have launched the modernisation of operations with some major customers, i.e. establishing the e-business (EDI).

INTERCONTINENTAL TRANSPORT

Our operations in this segment were very good and above the sales targets. We achieved a sales revenue of € 24.7 million, or 22 percent in the total sales structure of the Group. The sales targets were surpassed by 12 percent, or € 2.6 million. Compared to the last year's term, our result was higher by 19 percent, or € 3.9 million. The sales plan was outstripped most in two of our major markets: Slovenia and Russia. Both these markets showed a rising demand for car-handling logistics, which also reflected in our achievements in automotive logistics.

Seafreight

On the Group level, our sea-freight segment was three percent above the target sales revenue and 8 percent higher than the figure achieved in the same term last year. Better than last year and above the plan were operating our units not only in Slovenia, but also in Croatia, Bosnia & Herzegovina, Serbia, Montenegro and Albania. Better sales reflected bigger physical volume of operations and higher freight rates in shipping industry. Nevertheless, tough competition and the economic squeeze in the region have cut the earnings. The companies in Serbia, Montenegro and Albania were doing better than last year.
Also the sales of our products Conventional cargo and Container services were better than expected. In the Container services product, we exceeded the target sales revenue by 30 percent. The favourable result in Conventional cargo has resulted from the new businesses, the increased volume of undercooled transport of fruit and vegetables from the Near East, and the alumina business.
In the Container Services product, better results than last year were achieved in the Slovenian part of the Group, and also in Croatia, Serbia, Montenegro and Albania. We acquired new businesses – paper exports via Koper, containerized salt imports, and the promising franchise-based cooperation with the operator of container consolidation services Ecu Line, a new three-year cooperation in Slovenia, Croatia and Albania.
The declining sea-freight rates in our RO-RO product reflected in non-achievement of expected sales results. We are still coping with the difficulties in competitiveness of our RO-RO service Koper-Durres (Albania) and vice versa. In the second quarter the service got stabilized, which had a positive contribution to the improvement of our operations. The regularity of the line allows us to acquire new customers and a better cooperation with our company in Albania.
We view the operations in the second half-year to be in the planned framework and cumulatively, the year 2011 would be above the plan. Good performance is expected in conventional cargo and container shipments. For Container shipments, there are negotiations with new customers whose containers are to be carried over Central Europe, with cargo handling also in our warehouses and followed by the distribution through land transport lines of our Group. We plan to open one or two new direct lines from Asia for our container consolidation services, and thereby additionally strengthen our position in the market. In the area of conventional sea-freight services, negotiations are also held for developing the cooperation with new customers for liquid cargo.

Car logistics

In this segment we have achieved significant growth. The sales revenues generated in the first half-year allowed us to exceed the targets by 31 percent on the Group level. A great improvement in the sales was achieved in Russia, namely 71 percent above the plan. These excellent sales results are attributable to the newly acquired two-year contract on vehicle warehousing, handling and transport of the General Motors Group, and to good sales of automobiles in Russia.
The essentially higher revenue has resulted from the extraordinary increase in the car handling business and a higher quantity of General Motors vehicles warehoused in the terminal. In the first

half-year we handled as many as 122,067 incoming vehicles and 121,871 outgoing vehicles leaving the terminal. On average, there were 11,868 vehicles warehoused on the terminal during the six months' term.
In Slovenia the sales results were 7 percent above the plan. The warehousing of cars in our terminals in Koper and Logatec (Ljubljana area) were profitable, and we re-built the protection against hail for cars in Logatec.

Shipping Agency

The company Interagent d.o.o., our Shipping Agency, has generated a sales turnover of € 433 thousand in the reporting period. That means a 16-%-growth of sales over the half of last year. Higher income is attributable to liner operations, established in May 2010, in agency representation of the shipowner CSAV Norasia.
There were 5,666 TEUs[1] handled in this liner service and a better result was achieved. Despite a good season for salt transports, our Chartering Department did not meet the plan for the first half-year. In the port agency services we remain the leading shipping agent in terms of the number of ships represented in the Port of Koper. We represented 141 ships, or 4 ships more than a year ago. The operations in the second half year are not defined yet, lacking the data on the operation of the liner service of CSAV Norasia. Nevertheless, the company Interagent d.o.o. will maintain intensified commercial activities in the area of container shipments and booking the ships in Chartering.

Airfreight

On the Group level, our Air-freight product was slightly underperforming against the sales plan baselines, which was as expected for the half-year. However, we exceeded the result of the first half-year last year by 5 percent. Our sales revenue on the level of the Intereuropa Group came to € 1.7 million, thereof 71 percent in Slovenia.
The trend of falling earnings in the air-freight business continues. 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 leading to a shift of shipments to such products. In addition, 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 is good in Serbia, we participate in charter flights from Belgrade to Niš. An important business this half-year was the transportation of live animals via airport at Niš, and later via Belgrade. Negotiations with Adria Airways continue, aiming to establish a new line Ljubljana-Niš-Ljubljana, for which we would be appointed as agents at the airport of Niš.
We expect a rise in sales turnover in the second half-year, in particular in the last quarter. Significant growth is expected primarily in Slovenia, Croatia and Serbia, where negotiations with new customers are held.

UPS

The UPS product, which was only offered in Bosnia and Herzegovina, is closing 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 slightly behind the plan, just six percentage points below. We had to cope with very strong competition that offered much higher discounts than our principal UPS.

[1] 20" container - twenty-foot equivalent unit - measure for shipments of containerized cargo

1.2. Financial Result

In the reporting half-year the Intereuropa Group generated **€ 11.9 million as Earnings Before Interest, Tax, Depreciation and Amortisation** (EBITDA), which is 6 per cent above than plan and 12 percent less than same term last year: in the first half-year 2010 the sale of some fixed assets (real property) in the amount of € 4.5 million had a significant influence on the EBITDA. 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 half-year would be € 10.2 million and 35 per cent (2.7 million) higher than in the comparable term last year.

The operating profit of the Group in the first half-year 2011 more than doubled the achievement of the first quarter of this year and came to **€ 5.6 million** or 46 percent above the plan, however, remained 11 percent below the operating profit of the comparable term last year, when it was influenced by the a.m. disposals of fixed assets. The comparability would be achieved by excluding the one-off transactions that are not related to ordinary operations: the operating result would amount to € 3.9 million and be € 3.6 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 and depreciation. 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 **€ -5.8 million,** which is 2.2 million better than expected and 8.5 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 (€ 0.9 million); in the financial expenses amounting to 7.7 million, the highest item was the interest expenses for loans raised from others (5.8 million) and the expenses for allowances for and write-offs of receivables (1.4 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 half-year would have amounted to € -5.9 million, or 320 thousand less favourable than in the first half-year 2010.

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

Item / Index	Jan-Jun 2011	Plan 2011	Jan-Jun 2010	Index 2011/plan	Index 2011/2010
Sales Revenues	109.615	95.745	91.627	114	120
EBITDA*	11.873	11.152	13.558	106	88
Operating Profit or Loss	5.620	3.846	6.325	146	89
Financing Profit or Loss	-5.785	-7.986	2.673	72	-
Net Profit or Loss	-258	-3.800	7.133	7	-
Sales revenues per employee/month	8,410	7,257	6,559	116	128
Value added per employee/month	2,437	2,355	2,472	103	99

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

Item / Index	30.06. 2011	Plan 31.12.2011	31.12. 2010	Index 2011/plan	Index 2011/2010
Balance Sheet Total*	413.214	425.925	425.428	97	97
Equity*	144.255	171.593	148.163	84	97
Short-term assets/ Short-term liabilities*	1,05	0,77	0,91	137	115
Net Return On Equity (yearly level)**	-1,45%	-5,02%	0,19%	29	-

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

As of the end of the reporting period, the **Balance Sheet Total** amounted to € 413.2 million and was 3 percent lower than at year-end 2010. The decrease in assets in the first half-year 2011 is largely attributable to the decrease recorded in property, plant and equipment by € 12.5 million (or -4 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. On the Liabilities side, the major changes were recorded in short-term loans received that were lower by 7.8 million over the first half-year 2011. 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 first half-year 2011, the investments in fixed assets realized by the **Intereuropa Group** totalled € 483 thousand, thereof 109 thousand in real estate and 374 thousand in equipment and intangible assets. The annual plan of investments was completed to the level of 17 percent.

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

Company	Real property		Plant & Equipment		TOTAL		% of annual realiz.
	Plan	Realiz.	Plan	Realiz.	Plan	Realiz.	
Intereuropa d.d.	262	3	1,221	114	1,482	117	8
Subsidiaries	322	106	955	260	1,277	366	29
TOTAL	**584**	**109**	**2,175**	**374**	**2,759**	**483**	**17**

The Parent Company Intereuropa d.d. invested € 117 thousand in real property, equipment and intangible assets, other members of the Group invested € 366 thousand in fixed assets, mostly for repairs and the purchase of new motor vehicles, buildings and the appertaining equipment, and in computer equipment.

1.4. Human Resources Management

Employment trends

The total number of employees in the Intereuropa Group was by 18 employees lower than at the year-end 2010. As of 30 June 2011, there were 2,214 employees in the Group.

In Slovenia, the number of employees was lower by 36, in our companies abroad it was higher by 18. The trend of reducing the workforce persisted most clearly in our affiliate Intereuropa Transport d.o.o. (-24 employees), followed by Intereuropa, logističke usluge, d.o.o., Zagreb (-16), Intereuropa Transport & Spedition GmbH, Troisdorf, Germany (-13), Intereuropa RTC d.d. Sarajevo (-10), Intereuropa d.d. (-13), and in Intereuropa S.A.S., Saint Priest (France) the lay-off affected all the employees (-4).
The number of staff rose essentially in Intereuropa East Ltd, Moscow, by 57 (mostly drivers of cars in parking lots). In total, 167 employees left our Group, and 149 new employees came.

Table 8: No. of employees in the Intereuropa Group according to countries, as of 30.6.2011

	30.06.2011	31.12.2010	Diff. 11-10	Index 11/10
Slovenia	932	968	-36	96
Croatia	566	582	-16	97
Other countries	716	682	34	105
TOTAL	**2,214**	**2,232**	**-18**	**99**

Human Resources Development and Training

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

Actual Jan-Jun 2011 in 1000 €	Plan Jan-Jun 2011 in 1000 €	Index Actual/ Plan	Actual/ employee in €	No. of hours	No. of hours/ employee
32	201	31	14.3	11,464	5

In the reporting period, 39 percent of the employees were included in various forms of training and education to acquire new knowledge (862 participants), which was 16 percent more than same term last year.
The overall involvement in education and training has risen due to a wide-scale training in occupational safety and health, primarily in Intereuropa Zagreb d.o.o., which comprised as many as 6,133 hours (internal training mostly), and also in the Slovenian part of the Group (training on occupational safety involving all the employees working in the Border Despatch Branch, and 87 drivers; internal training on handling the ADR goods for 74 employees and 88 contracted workers, and qualifying the persons responsible for initial brand fire-fighting and evacuation, etc.). In the reporting half-year, there were 828 employees attending the training for safety and health at work (613 in the Slovenian part of the Group and 215 in other parts). These training forms are required by law to be performed periodically and are concentrated at such intervals.

Due to restrictive spending of funds earmarked for education and training, the volume of training in all other areas was lower than a year ago. In-depth internal training is scheduled for the coming months (information system supporting the sales process).

The highest participation in education/training per employee was recorded in the companies Interzav d.o.o. (30 hours), Intereuropa Zagreb d.o.o. (12 hours), IntereuropaTransport d.o.o. (12 hours), Intereuropa Logističke usluge Beograd (4 hours), Intereuropa d.d (3 hours), whereas other companies were involved with less than 1 hour.

More than 68% of functional training 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 'ISPRO'.

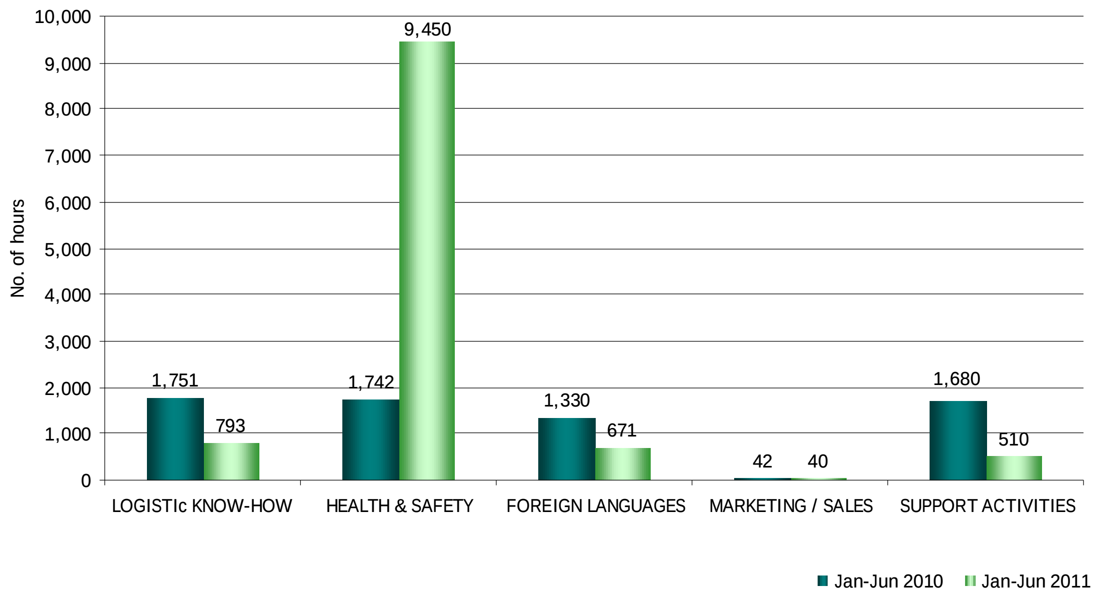


Figure 2: Overview of hours of training in January-June 2011, according to topics, in the Group

Employee care and wider social environment

- Financial aid was provided to 43 employees in difficult health condition or inferior financial situation in total amount of € 29 thousand (compared to 28 thousand in the same period last year).
- Our holiday facilities recorded 1,336 overnight stays or a 35 percent occupancy (1,639 in the same term last year or 43 percent occupancy);
- We provided practicum to 43 secondary school and university students in the Group.

Occupational Safety and Health

In the reporting term we referred 265 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 (137 in the Slovenian part of the Group and 128 in other Group members), which is 77 check-ups less than in the comparable term last year. Fewer medical check-ups were undertaken in affiliates.

We find again that sickness-related absence rose 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 comprehensive analysis of the grounds and organizational units with higher absence.

Preventive control

Within the preventive control, there was an unannounced preventive inspection control by the Inspector of the Republic of Slovenia for the protection against natural and other disasters, or fire safety in the business unit Vrtojba. The worst deficiency or irregularity found was keeping full and empty gas bottles in the warehouse; therefore the gas bottles had to be removed to an appropriate place outside the warehouse area before the next inspection takes place. In April was conducted an inspection on fire safety also on the level of the Company Intereuropa d.d., which found 12 other deficiencies that need to be remedied before the next inspection is scheduled (such as blocked access to fire extinguishers and hydrants, elaboration of the fire threat assessment, fire-safety plan and evacuation plan, calibration of the lightning conductor, marking of transport and access routes, etc.).
We prepared the fire-fighting documentation for the org. unit Vrtojba and for two warehouses in the BU Koper, as required by the law.

Injury at work

In the reporting half-year, there were 25 injuries at work, thereof 13 in the Slovenian part of the Group and 12 in other parts. 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

On the level of the Group, there were 139 inspections of work equipment. In the commercial building (head-office) of the Company Intereuropa d.d. we conducted the periodical inspections on active fire safety – Safety Illumination, as required by the law.

In BU Celje we undertook the earthing resistance measurements (calibration) of the lightning conductor. Most business units conducted periodical checks of forklift trucks and annual checks of fire extinguishers and hydrant supply network.

We are still remedying the deficiencies or shortcomings found upon the internal check on the fire safety in the BU Ljubljana.

An internal fire-safety check was also conducted in the premises rented to AC-Interauto, where incompliance and shortcomings in fire safety were detected. The findings were passed on to the management in order to promptly address the remedy thereof.

1.5. Total Quality Management

Five companies of the Intereuropa Group (out of eighteen) hold a certification under the ISO 9001:2008 Standard. There are 51 % of all employees working in the companies with certification for quality management. The first half-year was marked by the external audit of the quality management system of the companies Intereuropa d.d., Intereuropa Transport d.o.o. Interagent d.o.o. The company in Zagreb is getting ready to acquire the quality certificate and the certificate on the system of food safety independently.

Maintaining the ISO 9001:2008 Quality Management System

- We prepared the yearly QMS reports for the year 2010 and triggered the measures to improve the QM system in all five companies.
- A new version (no. 15) of the Quality Management System Manual for the companies Intereuropa d.d. and Intereuropa Transport d.o.o. was issued.
- We conducted the audit of the management system in Intereuropa d.d. and Intereuropa Transport d.o.o.

Internal quality of service auditing

- Intereuropa d.d. conducted internal process audits on warehousing and distribution (16 recommendations for improvement) and border despatch (7 recommendations for improvement).
- Internal audits are being conducted in all remaining affiliates.

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.	344	83	152	151	214	65	280
IE TR d.o.o.	62	80	12	25	48	24	48

There were fewer complaints than last year, however, the value thereof claimed from Intereuropa d.d. doubled. The rise of claims for damages was recorded by all branch offices, except Border Despatch Branch which did not have any. On the other hand, the number of complaints fell considerably in the IE Express products and on-loadings.

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 of the goods in transportation in Sea-freight, and on account of damages and misdelivery in Air-freight.

After the last year's peak values, Intereuropa Transport saw a normal level of damage claims again.

External quality of service audit by the certification authority

All the five certified companies in the Group have migrated to the ISO 9001:2008 standard already in the first year (2009). In the reporting term, the results of external audits on QMS are as follows:

- **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).

  According to the companies, there were 16 recommendations issued to Intereuropa d.d., two joint recommendations for Intereuropa and Intereuropa Transport d.o.o., 4 recommendation for Intereuropa Transport d.o.o.

  The persons responsible for dealing with the recommendations according to the Resolution of Managing Board shall prepare the solutions, and provide 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.
- **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.

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 Ljubljanska Stock Exchange: 1998
- Listed in the Prime Market of the Ljubljanska Stock Exchange: 2005

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

	Jan-Jun 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 €*	11.48	11.21
Net earning per share, in €	0.27	-5.88
Market capitalisation, in thousand €*	14,382	30,819
Turnover, in thousand €	297	1,774
Closing price at the end of term, in €*	1.82	3.90
Weighted average rate, in €	3.33	4.49
Highest rate, in €	3.99	5.96
Lowest rate, in €	1.52	3.35
Return on equity	-53.3%	-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 reporting half-year, the rate of the Intereuropa share (IEKG) ranged between € 1.52 and 3.99 per share. In very low trading voloume, the share lost 53.0 percent of its market value and recorded the closing rate at € 1.82 at the end of half-year. The Slovenian »blue chip« Stock Exchange Index (SBITOP) lost 21.7 percent of its value in the given period.

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

The trading in IEKG shares comprised 92,971 shares in total amount of € 297 thousand, which represents 28 percent of the turnover in the first half-year 2010. The average daily turnover came to € 2 thousand only. The reasons for such low liquidity of the share derive from the general situation of the Slovenian capital market that reflects uncertainty and the loss of trust of investors. In general, the lack of interest on the part of investors is attributable to a relatively large state-owned shareholding in companies and to high indebtedness of the Slovenian economy, which additionally impedes the development of the capital market.

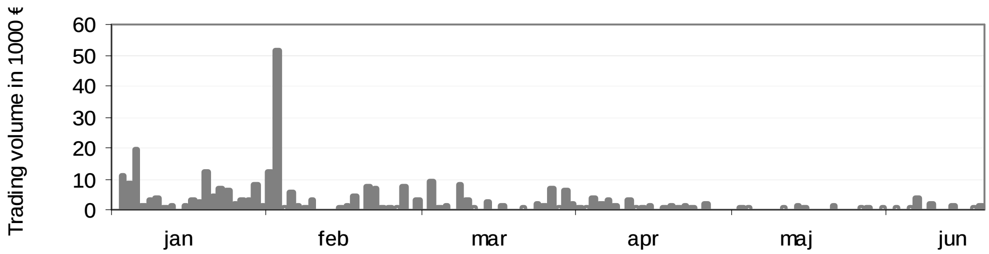


Figure 4: Changes in trading volume of IEKG share, and of the SBITOP Index in the period January – June 2011

Ownership structure

The shareholdings of the majority of the top ten shareholders have remained unchanged from the year-end 2010, except Abanka Vipa d.d. which slightly increased its shareholding by 0.2 percentage points. At the end of the half-year, the top ten shareholders own 60.1 percent of Intereuropa.

Table 11: Top ten shareholders of Intereuropa d.d. as of 30.6.2011 compared to 31.12.2010

Curr. No.	Shareholder	30.06.2011		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.	124.535	1,6%	123,007	1.6%	101

In the reporting term, the number of shareholders was lower by 204 (-4 percent) and fell to 5,897 shareholders in total. The percentage of foreign shareholders was 2.2 percent.

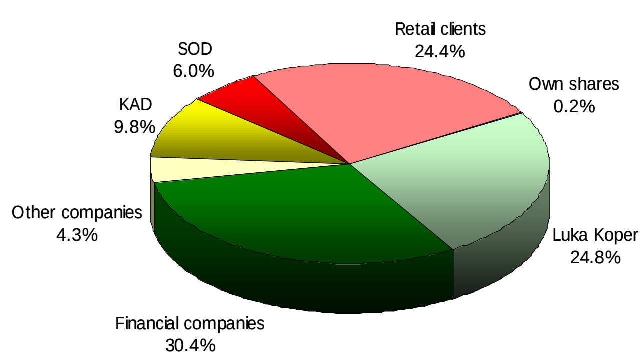


Figure 5: Ownership structure of Intereuropa d.d. as of 30.6.2011

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 30.06.2011.

Table 12: Shares held by members of Supervisory Board, as of 30.6.2011

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 June 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 (30.06.11), 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,
- Participating at conferences in the home country and abroad,
- Company presentations at conferences for investors in financial centres at home and abroad,
- Press conferences upon publication of business results and other price sensitive information,
- Regular communication via by the Stock Exchange (SEO-net) electronic system,
- Regular communication with financial media,
- Website,
- E-news.

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

2. OPERATION OF THE COMPANY INTEREUROPA d.d.

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

Item / Index	Jan-Jun 2011	Plan 2011	Jan-Jun 2010	Index 2011/plan	Index 2011/2010
Sales revenues	51,152	47,852	46,880	107	109
Land Transport	22,896	21,618	21,165	106	108
Logistics Solutions	7,617	6,137	6,037	124	126
Intercontinental Transport	18,230	17,696	17,231	103	106
Other services	2,408	2,400	2,447	100	98
EBITDA*	4,570	3,383	6,750	135	68
Operating Profit or Loss	1,987	238	4,147	836	48
Financing Profit or Loss	-35	-1,394	-3,595	3	1
Net profit / loss	2,150	-1,157	683	-	315
Sales revenue per employee/month	11.511	10.346	9.918	111	116
Value added per employee/month	3.133	2.873	3.517	109	89

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

Item / Index	30.06. 2011	Plan 31.12.2011	31.12. 2010	Index 2011/plan	Index 2011/2010
Balance Sheet Total*	310,415	338,677	313,950	92	99
Equity*	90,514	133,533	88,398	68	102
Short-term assets/ Short-term liabilities	1.61	1.41	1.35	115	120
Net Return on Equity (yearly level) **	1.20%	-1.28%	-1.07%	-	-

** 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 - June 2011:

- The **sales revenues** amounted to **EUR 51.2 million** and were 7 per cent above the plan and 9% higher than the last-year's figures. The best performing area was Land Transport, representing 45% of the sales revenue in the Group. The planned sales turnover was exceeded by 6 per cent, while the sales turnover in comparable term last year was outstripped by 8 per cent. This year, the business area Logistics Solutions achieved the highest excess of the plan (24%), and the sales turnover of the Intercontinental Transport area was 3 per cent higher than the target.

- **The Operating Profit** comes to **1.99 million €** and has outstripped the plan by several multiples, attributable to better sales on the one hand and lower costs of labour, depreciation and other operating expenses on the other hand. This year's Operating Result only amounts to nearly one half of the comparable figure last year, due to the proceeds from the disposal of fixed assets in 2010 in the amount of 3.7 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 1.88 million € in 2011, or 1.51 million more than a year ago and 1.64 million € above the plan.

- **The financing profit or loss** in the first half-year 2011 was minimal and amounted to **€ -35 thousand,** or by € 1.36 million better than planned and by € 3.5 million better than the figure achieved in the comparable term last year. These differences are attributable to the lower (by € 1.7 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 € -2.9 million that would be € 0.3 million less favourable than the achievement in 2010.

- In the reporting term the **Net Profit** of the Company was positive and amounted to **€ 2.15 million,** by 3.3 million higher than planned, and exceeded the figure achieved in the first half-year 2010 by 1.5 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 loss in the amount of € -1.2 million.

- The **Sales efficiency ratio** has been improving from period to period, and exceeded the planned level by 11 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 16 percent. The average **added value per employee** was 9 percent above the plan, but 11 percent less favourable than the last year's value, which is attributable to the gains in the proceeds from disposal of fixed assets in 2010. Upon elimination of these one-off transactions the current level of added value/employee would be 12 percent higher than in the first half-year 2010.

- In the liability structure, the **share of capital** rose to 29 percent (+ 1 percentage point compared with the year-end 2010), and the **current ratio** rose to 1.61 (31st December 2010: 1,35).

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

Intercontinental Transport

Car Terminal

In the reporting period, the Russian automobile market saw a 57-percent rise (to 1,160,000 vehicles) over the comparable period last year. The sale comprised 310,000 automobiles of Russian manufacturers (+32 percent), 440,000 foreign make automobiles manufactured in Russia (+77 percent) and 410,000 automobiles imported from abroad (+57 percent). These positive movements were attributed to the programmes for the use and repayment of loans, deferred payment facilities, the consolidation of the rouble, the economic growth, and lesser unemployment rate. This year analysts forecast For Russia a record sale of 2.5 million of cars in the most optimistic scenario (i.e. 1.34 million of cars to be sold in the second half-year 2011). That would correspond to 90 percent of the sales volume of cars sold in the record year 2008. We need to observe the fact that the Russian automotive market is closely correlated to global economic processes and that the current financial position in the world is full of uncertainty.

The above stated trends have affected the operation of the car terminal. Since the beginning of the year till May, the average monthly sales have been rising by 14 percent on monthly average; June, however, saw a 25 percent fall below the result of the preceding month. range from June was marked by falling sales, correlated to the general declining trend in the sale and transportation of cars from the manufacturing plants to the market. Moreover, one of our customers started to operate through an additional terminal. Due to continual growth in the volume of warehoused and handled cars in the first half-year, our daily turnover on the car terminal achieved the peak values ever since the terminal started to operate. There were times when the average daily turnover exceeded 1,900 cars, at times the peak volume was higher than 2,200 cars daily (incoming/outgoing). As regards compensations, we were able to maintain the number of damage claims at reasonable levels over the entire period, despite winter adverse impacts, but in June we started to reduce the share of damage claims in the number of ''outgoing'' cars to 2.7 percent.

Transportation of cars

In the first half of January 2011 we started with the transports of cars, manufactured by our customer General Motors, from the railway terminal Grivno to the terminal Chekhov. Due to insufficient number and inadequate vehicle type, we had to employ carriers sub-contractors for the car transports. During most of the first half-year we were providing these services with ten own trucks and ten hired sub-contractors. In that period we transported 55,299 cars from the Grivno terminal to Chekhov and achieved a sales revenue of € 1,514 thousand.

Logistics Solutions

In the reporting term we achieved € 734 thousand of revenues from renting the warehouse areas, or 66% of the sales target. The dynamics of renting was not in line with the plan due to a variety of technical, administrative and other obstacles, therefore we did not meet the planned results in warehousing services. By June we succeeded to rent the greater part (80 percent) of warehouse areas to seven customers. The remaining storage capacities will be used of other logistics services, such as a throughput warehouse and delivery by railway. At the moment we are amidst negotiations for two pilot projects.

Land Transport

In freight forwarding we achieved approximately one third of the sales target, which is slightly more than in the first quarter. Regardless of that, the growing trend continues. The non-achievement of the plan was recorded in particular in sub-products 'Customs Broking' and 'Railway Transport'.

In the organization of Customs Broking we pursue individual operations. The customs broking was not put to life due to huge costs and bank guarantees required to establish agency-based customs operations.

Variance from our plans for railway transport arises primarily from the non-operating regular train service on the railway line -"the Zahony train" that should be operating on the route Sežana – Moscow, which has not been established yet.
In the organization of road transport we surpassed the plan by more than doubling the sales. The Company handles both the part (LTL) and full loads. In the reporting term we were achieving good margins. The results could be much higher, however, we cannot take on many opportunities due to the deficit in suppliers (carriers).
We observe that our recognisability in the market is insufficient. In a month's time we acquire one customer at the most, however, it should be noted that we have not lost any to date.
It is encouraging that some more demanding projects were entrusted to us.

- Transport of plant equipment with 9 trucks of extra dimensions on the route Kočevje – Minsk, for a Slovenian company;
- Transport of extra-dimension tanks on the route Medvode (Ljubljana area) – Moscow:
- Transport and organization of temporary import to Moscow for a Slovenian theatre performance (regarded as a complex task in terms of customs clearing), and the return of the goods and equipment.

We proceed with the transport organization services on all routes successfully.

Essential Conclusions:

- Earnings – margins per unit of work persist on quite high levels;
- Implementation of some more complex projects,
- the growing trend continues.

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

Item / Index	Jan-Jun 2011	Plan 2011	Jan-Jun 2010	Index 2011/plan	Index 2011/2010
Sales revenues	6,100	5,789	2,389	105	255
Land Transport	566	1,764	613	32	92
Logistics Solutions	734	1,174	254	63	289
Intercontinental Transport	4,745	2,850	1,522	166	312
Other services	55	0	0	-	-
EBITDA*	1,243	1,340	-746	93	-
Operating Profit or Loss	602	307	-1,785	196	-
Financing Profit or Loss	-1,996	-2,710	10,169	74	-
Net profit / loss	-1,400	-1,917	6,850	73	-
Sales revenue per employee/month	5.816	6.126	2.690	95	216
Value added per employee/month	2.565	2.491	0.395	103	650

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

Item / Index	30.06. 2011	Plan 31.12.2011	31.12. 2010	Index 2011/plan	Index 2011/2010
Balance Sheet Total*	65,998	90,310	69,870	73	94
Equity*	-12,883	16,305	-11,365	-	113
Short-term assets/ Short-term liabilities	0.27	0.07	0.34	390	79
Net Return on Equity (yearly level) **	12.25%	-18.80%	-684.71%	-	-

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

In the reporting period, the Company achieved the Operating profit of € 602 thousand; if we take into account the financial activity and deferred taxes, the net operating profit was at -1,400 thousand.
The achieved operating profit and the surpassed plan thereof was largely attributable to the improved sale of services in Intercontinental Transport (45 percent above the plan), which has resulted from the exceptional rise in the quantity of vehicles handled and warehoused in the car terminal, the achievement of excellent performance from delivery of the General Motors cars by truck from the Grivno railway terminal to our terminal.

The negative result from financing amounted to € -1,996 thousand and is largely a result of the interest expenses for the loans received from the Parent Company in the amount of € -1,944 thousand, and to a lesser extend attributable to the offset foreign exchange differences in the amount

of -76 thousand €. The exchange rate of the rouble lost 0.13 percent against the Euro at the beginning of the year.
The Company achieved an EBITDA of € 1,243 thousand, which was 7 percent below the target. The discrepancy between the realized and planned values can be explained by a significant discrepancy between the realized and planned depreciation (-38 percent), which has resulted from the unforeseen impairment of the fixed assets as at 31.12.2011, and higher operating costs primarily arising 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).

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 figures of the comparable period in our Statement of Cash Flows of the Parent Company we have only re-classified the expenses for capital augmentation of the affiliated company (which reduced the liability for capital increase in the comparable period) from the operating segment to the investing segment. The cash from operating activities was higher by EUR 33,764 thousand, while the cash from investing activities was reduced by the same amount.

In the first half-year the company Intereuropa S.A.S., Saint Priest (France) was disposed, and in the comparable term the company 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 30.06.2011

in € thousand	January - June 2011	January - June 2010
Sales revenues	**109,615**	**91,627**
Other operating revenues	1,686	6,206
Costs of services	-71,925	-55,381
Labour costs	-19,889	-20,979
Depreciation	-6,220	-7,102
Other operating expenses	-7,647	-8,047
Operating profit/loss	**5,620**	**6,324**
Financial income	1,876	11,959
Financial expenses	-7,660	-9,286
Profit/loss from financial operations	**-5,784**	**2,673**
Result recognized according to equity method	19	12
Profit/loss from regular operations	**-145**	**9,009**
Corporate income tax (with deferred tax)	-113	-1,877
Net profit /loss for the period	**-258**	**7,132**
Net profit or loss / non-controlling interest	164	670
Net profit or loss / controlling interest	-422	6,462
Basic and diluted earnings per share (in €)	-0.05	0.82

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR INTEREUROPA GROUP

from 1. 1. 2011 to 30.06.2011

in € thousand	January - June 2011	January - June 2010
Net profit or loss	**-258**	**7,132**
Other Comprehensive Income	**-2,863**	**2,504**
Change in fair value of land	-3,930	-749
Transfer of land revaluation surplus to retained earnings (from sale of land)	-309	-3,258
Deferred tax in revaluation surplus of land	817	796
Fair value revaluation of financial investments available for sale	-40	11
Deferred tax in revaluation surplus of financial assets for sale	9	0
Transfer of revaluation surplus of financial assets for sale to revenues	-3	0
Retained earnings from land revaluation (at sale)	309	3,258
Change in retained earnings from acquisition of the subsidiary	0	-408
Other changes in retained earnings	-7	14
Deferred tax from retained earnings	-3	-646
Current tax from retained earnings	-29	0
Exchange rate translation differencies	323	3,486
Comprehensive income total	**-3,121**	**9,636**
Comprehensive income total - non-controlling part	361	546
Comprehensive income total - controlling part	-3,482	9,090

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF INTEREUROPA GROUP as of 30.06.2011

in € thousand	30. 6. 2011	31. 12. 2010
ASSETS		
Tangible fixed assets	310,371	322,865
Investment property	6,671	6,789
Intangible assets	8,507	8,851
Other non-current operating assets	559	643
Deferred tax assets	9,156	8,756
Loans given and deposits	79	84
Investment in a jointly controlled company	132	135
Other financial investments	3,639	3,678
TOTAL NON-CURRENT ASSETS	**339,114**	**351,801**
Available-for-sale assets	3,416	3,424
Inventories	229	269
Loans given and deposits	1,350	1,347
Short-term operating receivables	55,669	56,303
Short-term income tax receivables	107	68
Cash and cash equivalents	13,329	12,216
TOTAL CURRENT ASSETS	**74,100**	**73,627**
TOTAL ASSETS	**413,214**	**425,428**
CAPITAL		
Capital - controlling interest	**134,439**	**137,921**
Share capital	32,976	32,976
Treasury shares	-180	-180
Reserves	63,698	66,989
Retained earnings	37,945	38,136
Capital - non-controlling interest	**9,816**	**10,242**
TOTAL CAPITAL	**144,255**	**148,163**
LIABILITIES		
Provisions	2,965	3,084
Long-term borrowings	174,289	171,893
Other long-term financial liabilities	4,143	3,872
Long-term operating liabilities	137	136
Deferred tax liabilities	16,915	17,521
TOTAL NON-CURRENT LIABILITIES	**198,449**	**196,506**
Short-term borrowings	21,105	28,952
Other short-term financial liabilities	1,873	2,146
Short-term operating liabilities	47,333	49,298
Short-term income tax liabilities	199	363
TOTAL CURRENT LIABILITIES	**70,510**	**80,759**
TOTAL LIABILITIES	**268,959**	**277,265**
TOTAL CAPITAL AND LIABILITIES	**413,214**	**425,428**

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE INTEREUROPA GROUP from 1. 1. 2011 to 30.06.2011

in € thousand	January - June 2011	January - June 2010
Cash flows from operating activities		
Net profit/loss for the period	**-258**	**7,132**
Adjustments for:		
- Depreciation	6,220	7,102
- Impairment and writedowns of tangible fixed assets	0	0
- Profit from disposal of tangible fixed assets and investment property	-1,383	-4,464
- Loss from disposal of tangible fixed assets	33	131
- Non-monetary expenses	174	16
- Non-monetary revenues	-9	-162
- Financial revenues	-1,876	-11,959
- Impaired receivables payed	923	894
- Recognized result of jointly controlled company according to equity method	-19	0
- Financial expenses	7,660	9,286
- Income tax	113	1,877
Operating profit before changes in net working capital and taxes	**11,578**	**9,853**
Changes in net working capital and provisions		
Changes in receivables	-1,190	-7,337
Changes in inventories	40	35
Changes in operating liabilities	-1,017	7,323
Changes in provisions	-116	-323
Changes in corporate income tax	-337	153
Cash from operating activities	**8,958**	**9,704**
Cash flows from investing activities		
Disposal of subsidiary after deduction of cash disposed	-86	0
Interest income	657	371
Dividens and shares in profit received	26	49
Inflows from disposal of tangible fixed assets and investment property	5,639	15,284
Inflows from long-term loans given	4	3
Inflows from decrease of short-term loans and deposits given	0	1,810
Inflows from disposal of other financial assets	0	1
Outflows for acquisition of tangible fixed assets and investment property	-1,553	-9,025
Outflows for acquisitions of intangible assets	-162	-1,100
Outflows for long-term loans and deposits given	0	-21
Outflows from increase of short-term loans and deposits given	-7	0
Outflows for acquisition of other financial investments	0	0
Outflows from settlement of derivative financial instruments	-950	-342
Cash from investing activities	**3,568**	**7,030**
Cash flows from financing activities		
Inflows from long-term borrowings	2,203	673
Inflows from increase in short-term borrowings	0	3,315
Inflows from derivative financial instruments	0	0
Paid interest	-5,503	-4,865
Outflows from repayment of long-term borrowings	-6,286	-14,379
Outflows from decrease of short-term borrowings	-1,567	0
Paid dividend	-238	-595
Cash from financing activities	**-11,391**	**-15,851**
Cash and cash equivalents at beginning of period	**12,216**	**5,318**
Exchange rate differences from cash	-22	-105
Net increase/decrease in cash	**1,113**	**883**
Cash and cash equivalents at end of period	**13,329**	**6,096**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF INTEREUROPA GROUP from 1.1.2011 to 30.06.2011

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**	**123**	**-3,443**	**-162**	**-3,482**	**361**	**-3,121**
Net profit/loss	0	0	0	0	0	-422	-422	164	-258
Other comprehensive income	0	0	0	123	-3,443	260	-3,060	197	-2,863
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. 6. 2011	**32,976**	**-180**	**6,276**	**-10,513**	**67,935**	**37,945**	**134,439**	**9,816**	**144,255**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF INTEREUROPA GROUP from 1.1.2010 to 30.06.2010

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**	**3,614**	**-3,203**	**8,679**	**9,090**	**546**	**9,636**
Net profit/loss	0	0	0	0	0	0	6,462	6,462	670	7,132
Other comprehensive income	0	0	0	0	3,614	-3,203	2,217	2,628	-124	2,504
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 acquisitionof subsidiary	0	0	0	0	0	0	0	0	258	258
Transfer of retained earnings to reserves	0	0	0	80	0	0	-80	0	0	0
Closing balance as at 30. 6. 2010	**32,976**	**-180**	**36,040**	**12,767**	**-8,066**	**73,650**	**40,608**	**187,795**	**10,307**	**198,102**

1.2. Notes to Financial Statements of the Intereuropa Group

a) Notes to the CONSOLIIDATED INCOME STATEMENT

Sales revenues amounting to € 109,615 thousand represent the revenues from services supplied. Compared with the same period a year ago, the sales turnover was higher by € 17,988 thousand.

Of **Other Operating Revenues** in the amount € 1,686 thousand, the highest share (€ 1,383 thousand) relates to the gains from the disposal of property, plant and equipment.

Labour costs

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

in € thousand	January - June 2011	January - June 2010
Wages and salaries	14,414	15,212
Social security	2,973	3,004
Other labour costs:	2,502	2,763
holiday allowance	629	687
transport and meals	1,417	1,607
other labour costs	456	469
Labour costs	**19,889**	**20,979**

Other operating expenses

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

in € thousand	January - June 2011	January - June 2010
Costs of material	5,684	5,739
Other operating expenses	1,963	2,308
Total other operating expenses	**7,647**	**8,047**

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-June 2011, in thousand €

in € thousand	January - June 2011	January - June 2010
Interest income	463	380
Income from derivative financial instruments	0	291
Income from cancelled value adjustments of receivables and recovery of written-off receivables	923	894
Income from written-off debt	1	1
Net exchange rate differences	480	10,381
Total financial income	**1,876**	**11,959**
Interest expenses	-5,807	-5,407
Financial expenses from impairments and written-off financial investments	0	0
Expenses from derivative financial instruments	-413	-2,462
Net exchange rate differences	0	0
Expenses from value adjustments and written-off receivables	-1,440	-1,417
Total financial expenses	**-7,660**	**-9,286**
Profit/loss from financing activities	**-5,784**	**2,673**

The lower financial revenue was primarily affected by the net foreign exchange differences that were lower by € 9,901 thousand (mostly resulting from the RUB/EUR ratio).

b) Notes to the CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Tangible fixed assets

Table 20: Tangible fixed assets of the Intereuropa Group as at 30.6.2011, in thousand €

in € thousand	30. 6. 2011	31. 12. 2010
Land and buildings	289,258	297,961
a) Land	131,145	135,958
b) Buildings	158,113	162,003
Other property, plant and equipment	14,995	18,073
Tangible fixed assets under construction	6,118	6,832
Total tangible fixed assets	**310,371**	**322,865**

Investment property

As of the end of reporting period, the investment property amounted to € 6,671 thousand and stand for 2 percent of the assets. They were decreased by the depreciation in the amount of € 118 thousand during the reporting term.

Intangible assets

Table 21: Intangible Assets of the Intereuropa Group as at 30.6.2011, in thousand €

in € thousand	30. 6. 2011	31. 12. 2010
Long-term title rights	3,261	3,603
Goodwill	1,281	1,424
Long-term deferred development costs	3,966	3,824
Total intangible assets	**8,507**	**8,851**

Loans and deposits given

Table 22: Loans given and deposits held by the Intereuropa Group as at 30.6.2011, in thousand €

in € thousand	30. 6. 2011	31. 12. 2010
Long-term loans given and deposits	**79**	**84**
- loans given	46	56
- deposits	33	28
Short-term loans given and deposits	**1,350**	**1,347**
- loans given	131	138
- deposits	1,219	1,209
Total loans given	**1,429**	**1,431**

Other financial investments in the amount of € 3,640 thousand relate to the item ''Financial assets available for sale''.

Assets available for sale

Table 23: Assets available for sale of the Intereuropa Group as at 30.6.2011, in thousand €

in € thousand	30. 6. 2011	31. 12. 2010
Tangible fixed assets and investment property available for sale	45	45
Financial assets available for sale	3,371	3,379
Total assets available for sale	**3,416**	**3,424**

Short-term operating receivables

Table 24: Short-term operating receivables of the Intereuropa Group as at 30.6.2011, in thousand €

in € thousand	30. 6. 2011	31. 12. 2010
Short-term operating receivables from buyers	46,700	43,878
Short-term operating receivables from others	8,968	12,425
Total short-term operating receivables	**55,669**	**56,303**

Equity

On the Group level, the Equity amounts to at € 144,255 thousand and represents 35 percent of the liabilities to sources of funding. The same level was preserved in the reporting period as on the comparable reporting date.

Provisions

As of the end of reporting period of the Statement of Financial Position, the Group had € 2,965 thousand of unused Long-Term Provisions and Long-term Deferred Revenues. The most part of this item (€ 2,284 thousand) relates to the provisions for termination benefits on retirement and years-of-service rewards.

The **long-term received loans and financial leases** amounted to € 174,289 thousand. This item was increased in the reporting period from the utilization of a long-term revolving loan (€ 1,963 thousand), the short-term loan refinancing (€ 240 thousand) and foreign exchange differences (€ 198 thousand); the item was reduced by the repayment of loans (€ 5 thousand). The **Short-term received loans and financial leases** reflected the impact of the decrease by € 7,847 thousand.

Other long-term and short-term financial liabilities

Table 25: Other long- and short-term financial liabilities of the Intereuropa Group as at 30.6.2011, in thousand €

in € thousand	30. 6. 2011	31. 12. 2010
Long-term liabilities at fair value through profit/loss	4,143	3,872
Total other long-term financial liabilities	**4,143**	**3,872**
Short-term liabilities at fair value through profit/loss	919	1,729
Liabilities for dividends and other participations	954	417
Total other short-term financial liabilities	**1,873**	**2,146**

The item **Other long-term financial liabilities** in the amount of € 4,143 thousand and **Other short-term financial liabilities** at € 919 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 26: Short-term operating liabilities of the Intereuropa Group as at 30.6.2011, in thousand €

in € thousand	30. 6. 2011	31. 12. 2010
Short-term operating liabilities to suppliers	38,083	41,034
Short-term operating liabilities from advances	1,818	1,669
Other short-term operating liabilities	7,432	6,594
Total short-term operating liabilities	**47,333**	**49,298**

Short-term operating liabilities of € 47,333 thousand primarily relate to the liabilities to suppliers.

INFORMATION ACCORDING TO BUSINESS SEGMENTS FOR JANUARY - JUNE 2011

Table 27: Business segments of the Intereuropa Group in the term January-June 2011, in thousand €

	Slovenia		Croatia		Montenegro		Russia	
in € thousand	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010
Revenues from external customers	59,577	56,698	16,496	16,034	2,707	2,670	6,031	2,389
Revenues from business with other segments	3,603	4,984	420	395	26	50	69	0
Total revenues	63,180	61,681	16,916	16,429	2,733	2,721	6,100	2,389
Depreciation	3,556	3,861	1,177	1,262	311	324	641	1,038
Operating profit or loss	1,393	3,803	2,461	1,608	330	2,141	602	-1,785
Revenues from interest rates	2,323	2,300	186	172	73	42	23	16
Expenses from interest rates	5,338	4,691	407	699	0	0	1,944	259
Net profit or loss from ordinary activities	1,236	40	1,933	1,164	368	2,117	-1,395	8,385
Corporate income tax	-184	-115	122	205	46	214	5	1,535
Assets	324,061	384,917	80,143	92,043	24,580	24,403	65,998	111,378
Tangible fixed assets under construction	12	2,203	85	88	100	577	5,265	20,029
Long-term assets	257,437	306,890	60,877	71,652	19,792	20,326	54,481	93,559
Operating liabilities	44,733	47,233	12,124	12,266	1,004	1,067	21,296	17,744
Financial liabilities	186,489	196,990	13,967	18,906	2,231	430	57,585	64,421
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-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010	Jan-Jun 2011	Jan-Jun 2010
Revenues from external customers	24,816	13,825	109,626	91,616	-11	11	109,615	91,627
Revenues from business with other segments	925	831	5,043	6,260	-5,043	-6,260	0	0
Total revenues	25,741	14,656	114,669	97,875	-5,054	-6,249	109,615	91,627
Depreciation	535	616	6,220	7,102	0	0	6,220	7,102
Operating profit or loss	1,129	665	5,915	6,432	-295	-108	5,620	6,324
Revenues from interest rates	32	13	2,637	2,543	-2,174	-2,162	463	381
Expenses from interest rates	292	255	7,981	5,904	-2,174	-497	5,807	5,407
Net profit or loss from ordinary activities	477	391	2,620	12,096	-2,765	-3,087	-145	9,009
Corporate income tax	123	38	113	1,877	0	0	113	1,877
Assets	40,217	43,650	534,998	656,391	-121,784	-169,113	413,214	487,278
Tangible fixed assets under construction	656	992	6,118	23,889	0	-1,725	6,118	22,164
Long-term assets	33,476	35,844	426,063	528,270	-86,948	-124,381	339,114	403,889
Operating liabilities	6,700	8,703	85,857	87,013	-18,308	-14,534	67,549	72,479
Financial liabilities	7,631	8,984	267,902	289,731	-66,492	-73,034	201,410	216,697
Investment in jointly controlled entities	0	0	75	75	57	38	132	113
Revenues from investment in jointly controlled entities	0	0	22	47	-3	-35	19	12

* All adjustments are subject to consolidation procedures

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

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

INCOME STATEMENT OF INTEREUROPA d.d. **from 1.1. to 30.6.2011**

in € thousand	January - June 2011	January - June 2010
Sales revenues	**51,152**	**46,880**
Other operating revenues	107	3,963
Costs of services	-35,693	-32,339
Labour costs	-9,352	-9,874
Depreciation	-2,576	-2,472
Other operating expenses	-1,651	-2,011
Operating profit/loss	**1,987**	**4,147**
Financial income	6,295	4,024
Financial expenses	-6,330	-7,619
Profit/loss from financial operations	**-35**	**-3,595**
Profit/loss from regular operations	**1,952**	**552**
Corporate income tax (with deferred tax)	198	131
Net profit /loss for the period	**2,150**	**683**
Basic and diluted earnings per share (in €)	0.27	0.09

STATEMENT OF COMPREHENSIVE INCOME FOR INTEREUROPA d.d.
from 1. 1. 2011 to 30.06.2011

in € thousand	January - June 2011	January - June 2010
Net profit or loss	**2,150**	**683**
Other Comprehensive Income	**-34**	**-770**
Fair value revaluation of land	0	-749
Transfer of land revaluation surplus to retained earnings from sale of land	-18	-3,229
Deferred tax in revaluation surplus of land	4	796
Fair value revaluation of financal assets available for sale	-40	-2
Transfer of revaluation surplus of financial assets for sale to revenues	-3	0
Deferred tax in revaluation surplus of financial assets for sale	9	0
Retained earnings from acquisition of the subsidiary	0	-169
Retained earnings from land revaluation (at sale)	18	3,229
Deferred tax from retained earnings	-4	-646
Comprehensive income total	**2,116**	**-87**

STATEMENT OF FINANCIAL POSITION OF INTEREUROPA d.d. as of 30.6.2011

in € thousand	30.6.2011	31. 12. 2010
ASSETS		
Tangible fixed assets	144,177	146,353
Investment property	6,010	6,118
Intangible assets	6,929	7,069
Other non-current operating assets	559	639
Deferred tax assets	3,718	3,515
Loans given and deposits	36,470	36,473
Investment in subsidiaries	50,598	50,797
Investment in a jointly controlled company	75	75
Other financial investments	3,551	3,589
TOTAL NON-CURRENT ASSETS	**252,087**	**254,628**
Inventories	32	35
Loans given and deposits	26,796	33,337
Short-term operating receivables	31,175	25,795
Short-term income tax receivables	39	0
Cash and cash equivalents	286	155
TOTAL CURRENT ASSETS	**58,328**	**59,322**
TOTAL ASSETS	**310,415**	**313,950**
CAPITAL		
Share capital	32,976	32,976
Treasury shares	-180	-180
Reserves	55,554	55,602
Retained earnings	2,164	0
TOTAL CAPITAL	**90,514**	**88,398**
LIABILITIES		
Provisions	1,835	1,836
Long-term borrowings	164,953	162,991
Other long-term financial liabilities	4,143	3,872
Long-term operating liabilities	103	103
Deferred tax liabilities	12,744	12,747
TOTAL NON-CURRENT LIABILITIES	**183,778**	**181,549**
Short-term borrowings and financial leases	11,370	16,912
Other short-term financial liabilities	847	1,548
Short term operating liabilities	23,906	25,543
TOTAL CURRENT LIABILITIES	**36,123**	**44,003**
TOTAL LIABILITIES	**219,901**	**225,552**
TOTAL CAPITAL AND LIABILITIES	**310,415**	**313,950**

STATEMENT OF CASH FLOW FOR INTEREUROPA d.d. from 1.1. 2011 to 30.6.2011

in € thousand	January - June 2011	January - June 2010
Cash flows from operating activities		
Net profit/loss for the period	**2,150**	**683**
Adjustments for:		
- Depreciation	2,576	2,472
- Profit from disposal of tangible fixed assets and investment property	-46	-3,771
- Loss from disposal of tangible fixed assets	6	130
- Non-monetary expenses	7	7
- Non-monetary revenues	-9	-162
- Financial revenues	-6,295	-4,024
- Impaired receivables payed	482	253
- Financial expenses	6,330	7,619
- Income tax (deferred tax incl.)	-198	-131
Operating profit before changes in net working capital and taxes	**5,003**	**3,076**
Changes in net working capital and provisions		
Changes in receivables	-781	2,023
Changes n inventories	3	-11
Changes in operating liabilities	-1,721	-3,248
Changes in provisions	2	-142
Changes in corporate income tax	0	13
Cash from operating activities	**2,506**	**1,711**
Cash flows from investing activities		
Interest income	668	316
Dividend income and participations in profit	4	1,196
Inflows from disposal of tangible fixed assets and investment property	147	13,454
Inflows from long-term loans given	553	7,273
Inflows from decrease of short-term loans given	5,990	27,582
Cash inflows at acquisition of subsidiary	0	1
Outflows for acquisition of tangible fixed assets and investment property	-214	-271
Outflows for acquisitions of intangible assets	-157	-192
Outflows for purchase and capital increase in subsidiaries	0	-33,764
Outflows for long-term loans and deposits given	0	-4,439
Outflows from settlement of derivative financial instruments	-821	-276
Cash from investing activities	**6,170**	**10,880**
Cash flows from financing activities		
Inflows from long-term borrowings	1,963	0
Inflows from short-term borrowings	0	1,607
Paid interest	-4,965	-3,985
Outflows from repayment of long-term borrowings	-4,796	-10,500
Outflows from decrease of short-term borrowings	-747	0
Paid dividend	0	-2
Cash from financing activities	**-8,545**	**-12,880**
Cash and cash equivalents at beginning of period	**155**	**625**
Net increase/decrease in cash from regular operations	**131**	**-289**
Cash and cash equivalents at end of period	**286**	**336**

STATEMENT OF CHANGES IN EQUITY OF INTEREUROPA d.d.

from 1.1. 2011 to 30.06.2011

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**	**-48**	**2,164**	**2,116**
Net profit/loss	0	0	0	0	2,150	2,150
Other comprehensive income	0	0	0	-48	14	-34
Closing balance as at 30.6.2011	**32,976**	**-180**	**4,754**	**50,800**	**2,164**	**90,514**

STATEMENT OF CHANGES IN EQUITY OF INTEREUROPA d.d.

from 1.1. 2010 to 30.06.2010

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**	**-3,184**	**3,097**	**-87**
Net profit/loss	0	0	0	0	0	683	683
Other comprehensive income	0	0	0	0	-3,184	2,414	-770
Closing balance as at 30.6.2011	32,976	-180	36,040	11,276	53,378	3,097	136,587

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

a) Notes to the INCOME STATEMENT

Sales revenues amounting to € 51,152 thousand represent the revenues from services supplied. Compared to the same term last year, these revenues were higher by € 4,272 thousand, and the costs of services by € 3,354 thousand.

Of **Other Operating Revenues** in the amount € 107 thousand, the highest share (€ 46 thousand) relates to the gains from the disposal of property, plant and equipment.

Labour cost

Table 28: Labour cost of Intereuropa d.d. in the term January-June 2011, in thousand €

in € thousand	January - June 2011	January - June 2010
Wages and salaries	6,474	6,810
Social security	1,051	1,098
Other labour costs:	1,826	1,966
holiday allowance	572	620
transport and meals	980	1,030
other labour costs	274	317
Labour costs	**9,352**	**9,874**

Other operating expenses

Table 29: Other operating expenses of Intereuropa d.d. in the term January-June 2011, in thousand €

in € thousand	January - June 2011	January - June 2010
Costs of material	1,067	1,093
Other operating expenses	585	918
Total other operating expenses	**1,651**	**2,011**

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

Table 30: The effect of financial revenues and expenses to the Profit or Loss of Intereuropa d.d. in the term January-June 2011, in thousand €

in € thousand	January - June 2011	January - June 2010
Interest income	2,311	2,284
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	0
Income from derivative financial instruments	0	290
Net exchange rate differences	24	0
Income from cancelled value adjustments of receivables and recovery of written-off receivables	482	253
Total financial income	**6,295**	**4,024**
Interest expenses	-5,240	-4,609
Loss from disposal of financial investments within the Group	-198	0
Expenses from derivative financial instruments	-392	-2,396
Net exchange rate differences	0	-37
Expenses from value adjustments and written-off receivables	-501	-577
Total financial expenses	**-6,330**	**-7,619**
Profit/loss from financing activities	**-35**	**-3,595**

b) Notes to the STATEMENT OF FINANCIAL POSITION

Tangible fixed assets

Table 31: Tangible fixed assets of Intereuropa d.d. as at 30.6.2011, in thousand €

in € thousand	30. 6. 2011	31. 12. 2010
Land and buildings	140,014	141,374
a) Land	86,116	86,137
b) Buildings	53,898	55,237
Other property, plant and equipment	4,152	4,973
Tangible fixed assets under construction	12	6
Total tangible fixed assets	**144,177**	**146,353**

Investment property

As of the end of reporting period, the investment property amount to € 6,010 thousand. They were decreased by the depreciation in the amount of € 108 thousand during the reporting term.

Intangible assets

Table 32: Intangible Assets of Intereuropa d.d. as at 30.6.2011, in thousand €

in € thousand	30. 6. 2011	31. 12. 2010
Long-term title rights	2,963	3,245
Long-term deferred development costs	3,966	3,824
Total intangible assets	**6,929**	**7,069**

Loans granted and deposits

Table 33: Loans given and deposits held by Intereuropa d.d. as at 30.6.2011, in thousand €

in € thousand	30. 6. 2011	31. 12. 2010
Long-term loans given	**36,470**	**36,473**
- to subsidiaries	36,454	36,454
- to others	17	19
Short-term loans given and deposits	**26,796**	**33,337**
- to subsidiaries	26,763	33,321
- to others	12	16
- deposits	21	0
Total loans given	**63,266**	**69,810**

Other financial investments in the amount of € 3,551 thousand relate to the item ''Financial assets available for sale''.

Short-term operating receivables

Table 34: Short-term operating receivables of Intereuropa d.d. as at 30.6.2011, in thousand €

in € thousand	30. 6. 2011	31. 12. 2010
Short-term operating receivables within the Group	1,272	1,076
Short-term interest receivables from Group companies	2,756	806
Other short-term operating receivables from Group companies	3,269	28
Short-term operating receivables from buyers (excl. the Group)	23,409	23,436
Short-term operating receivables from others	313	384
Other short-term assets	155	65
Total short-term operating receivables	**31,175**	**25,795**

Equity

The capital expresses equity financing of the Company and is regarded as its liability to the owners. Compared with the reporting date a year ago, the share of the capital in the liabilities structure remained unchanged, amounting to 29 percent of all liabilities to sources.

Provisions

As of the reporting date of the Statement of Financial Position, the Company Intereuropa d.d. had € 1,835 thousand of unused Long-Term Provisions and Long-term Deferred Revenues. The prevailing part (amounting to € 1,314 thousand) comprises the provisions for pensions and similar obligations.

The **long-term received loans and financial leases** amounted to € 164,953 thousand. The increase by € 1,962 thousand as of the comparable Balance Sheet Date arises from the increased utilization of the long-term revolving loan, whereas the **short-term loans received** were reduced by € 5,542 thousand**.**

Other long-term and short-term financial liabilities

Table 35: Other long- and short-term financial liabilities of the Intereuropa Group as at 30.6.2011, in thousand €

in € thousand	30. 6. 2011	31. 12. 2010
Long-term liabilities at fair value through profit/loss	4,143	3,872
Total other long-term financial liabilities	**4,143**	**3,872**
Short-term liabilities	773	1,474
Liabilities for dividends	74	74
Total other short-term financial liabilities	**847**	**1,548**

The item **Other long-term financial liabilities** in the amount of € 4,143 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 € 773 thousand.

Short-term operating liabilities

Table 36: Short-term operating liabilities of Intereuropa d.d. as at 30.6.2011, in thousand €

in € thousand	30. 6. 2011	31. 12. 2010
Short-term opertaing liabilities to companies within the Group	628	733
Short-term opertaing liabilities to suppliers	19,554	21,005
Short-term opertaing liabilities from advances	107	85
Other short-term opertaing liabilities	3,617	3,719
Total short-term opertaing liabilities	**23,906**	**25,543**

Short-term operating liabilities of € 23,906 thousand primarily relate to the liabilities to suppliers.

D. CONCLUSION

The economic movements in the markets of the Intereuropa Group have shown a variety of different scenarios in the first half-year 2011. The developed European economies have recorded encouraging growth levels, in particular in the first quarter of the reporting year, whereas the companies in the markets of the West Balkans were still coping with the weak growth of economic activity, uncertainty and illiquidity. The growing oil prices as one of the key factor in logistics achieved a peak value after the year 2008 due to the unstable situation in the north of Africa and the Near East. We were still faced with aggressive competition and strong pressures on our prices by the customers, and saw the resulting failure of many a logistics provider. On the other hand, our customers needed, more than ever before, a quality-level logistics service that would allow them minimal inventories and a faster throughput of goods. Therefore, we proceeded with the logistics process optimization, along with strengthened sales activities, so as to improve the efficiency. Worth particular attention are our efforts to outsource the implementation of road transports and express service, where the competition is ruthless.

In the reporting half-year, the Intereuropa Group generated a **sales revenue of € 109.6 million** and achieved a 20 percent growth over the first half-year 2010. Growth was recorded in all the three areas of our core business. The highest growth was achieved in the Land Transport area, in which the increased service volume in our Railway Transport is to be highlighted, largely attributable to the acquisition of some new businesses in our Ukrainian subsidiary. In Intercontinental Transport, the growth of the automotive logistics services continued at high levels in Russia, where the volume of vehicles sold was close to peak values. Also the sea-freight container services showed good sales results after the acquisition of some new businesses and establishing a favourable **franchise-based** cooperation with the **operator of container consolidation services.** The sales targets were further surpassed in all the three areas of our core business, of which our Land Transport was the most successful with 18 percent above the target.

On the level of the Group we generated **€ 11.9 million as Earnings Before Interest, Tax, Depreciation and Amortisation** (EBITDA), which is 6 percent above than plan, but 12 percent less than same term last year: in the (first half-) year 2010 the sale of some fixed assets (real property) in the amount of € 4.5 million had a significant influence on the EBITDA. 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 half-year would be € 10.2 million and 35 percent (2.7 million) higher than in the comparable term last year.

The operating profit of the Group at the half-year came to **€ 5.6 million** or 46 percent above the plan, however, it remained 11 percent below the figure achieved in the comparable term last year, when the operating profit was influenced by the a.m. disposals of fixed assets. The comparability would be achieved by excluding the one-off transactions that are not related to ordinary operations: the operating result would amount to € 3.9 million and be € 3.6 million higher than the preceding year. The improvement in the operating result is largely attributable to better sales and lower labour costs and depreciation. 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** was negative, at **€ -5.8 million**. Financial revenues came to € 1.9 million, financial expenses € 7.7 million. Excluding the impact of gains/losses from foreign exchange differences that were a significant item in the revenues from financing in 2010, and of the income/expenses from the revaluation of financial instrument for hedging against exchange rate risk, the financial result of this half-year would have amounted to € -5.9 million, or 0.3 thousand less favourable than in the first half-year 2010. The Group closed the half-year with a negative net loss of € -0.3 million.

Investments were minimal, in the amount of € 0.5 million. The assets were decreased by 3 percent since the year-end 2010. In the structure of sources, the share of capital at the end of the reporting term represented 35 percent and the share of financial liabilities was 49 percent.

In the reporting period we dedicated much of our attention to the needs of our customers and to effective sales activities; one of our constant focuses is the concern in maintaining the financial stability for the Group, which is a firm base and concurrently a relevant risk factor for the achieving of our strategic goals.

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