INTEREUROPA GROUP
Global Logistics Service, Ltd. Co.

INTEREUROPA Group

Unaudited Interim Report for January – March 2011

Global Logistics Service

Koper, May 19, 2011

The INTEREUROPA d.d. is publishing this Intereuropa Group Unaudited Report for January-March 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-March 2011 shall also be published on the web site of INTEREUROPA d.d. www.intereuropa.si on May 19 2011.

C O N T E N T S

A. INTRODUCTION

Gradual strengthening of goods flows this year indicates positive trends that promise more favourable economic circumstances. The markets of the Intereuropa Group reflect that trend primarily in the EU market and in our eastern markets, while the Balkans has not shown any signs of perceivable, more substantial recovery. Logistics providers adapt their services and scope of operations to the needs of their customers, who nowadays demand all the faster flow of goods allowing them minimal inventories and a lean supply chain. Aware of that, we also pay attention to the optimization of logistics procedures to mitigate the pressure on the prices, which are constantly present due to on-going upward trends of oil prices.

In the reporting quarter of the year 2011, the Intereuropa Group achieved a sales turnover of € 56.7 million: it exceeded the comparable result of the year ago by 28 percent, and 18 percent above the target sales turnover. In all the three areas of our core business we surpassed the sales of the comparable term 2010, the best performance was achieved in the Land transport services. The planned levels were also achieved in all our business areas; what is more, the Land Transport and Intercontinental Transport even outstripped the targets thanks to acquisition of new business and revival of automotive market. New business had an impact on the sales structure and the reduction of margins due to increased direct costs, however, prudent management of other operating costs allowed us to achieve an operating profit at € 2.3 million.

After deducting the effect of financing and taxes, Intereuropa concluded the first quarter of this year with a net profit of € 0.7 million on the Group level, thereof 0.3 million by the Parent Company.

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	2,232 employees
Vehicle fleet	398 own trucks and delivery vans
Total warehousing area	265,700 qm of own warehouse facilities
Total land area	2,200,619 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

Major events in the reporting period January-March 2011:

February

- 3 February 2011, the opening of the largest solar power plant in the Koroška Region (Carinthia), erected on the roof of the Intereuropa Branch in Dravograd. Intereuropa engaged in the project the Slovenian manufacturer of photovoltaic modules and the provider of turnkey solar power plants BISOL, d.o.o., and the bank Volksbank.
- On 21 February 2011 the shareholders of Intereuropa d.d., as listed below, published in the daily paper Delo the advertisement for an open tender inviting the bids for the basic package (50.98 percent) and additional package owned by the institutional investors (1.93 percent) of shares in the Company Intereuropa, Global Logistics Service, Ltd.Co.: Kapitalska družba, d.d., Slovenska odškodninska družba, d.d., Zavarovalnica Triglav, d.d., NLB, d.d., Abanka Vipa, d.d., Luka Koper, d.d. The closing day for the bids was set for 31 March 2011.

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.

Major events after the end of reporting period:

April

- On 1 April was organised 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. In the event that has become traditional, dedicated to the promotion of Slovenian issuers, the President of the Managing Board presented the course that Intereuropa has taken to cope with the current situation in the logistics market, the implementation of the strategic goals set, the operating results achieved in 2011, and the basic guidelines for 2011.
- Intereuropa also participated in numerous individual B2B meetings, in which the investors and analysts talked with the Deputy President and the person responsible for contacts with investors.

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

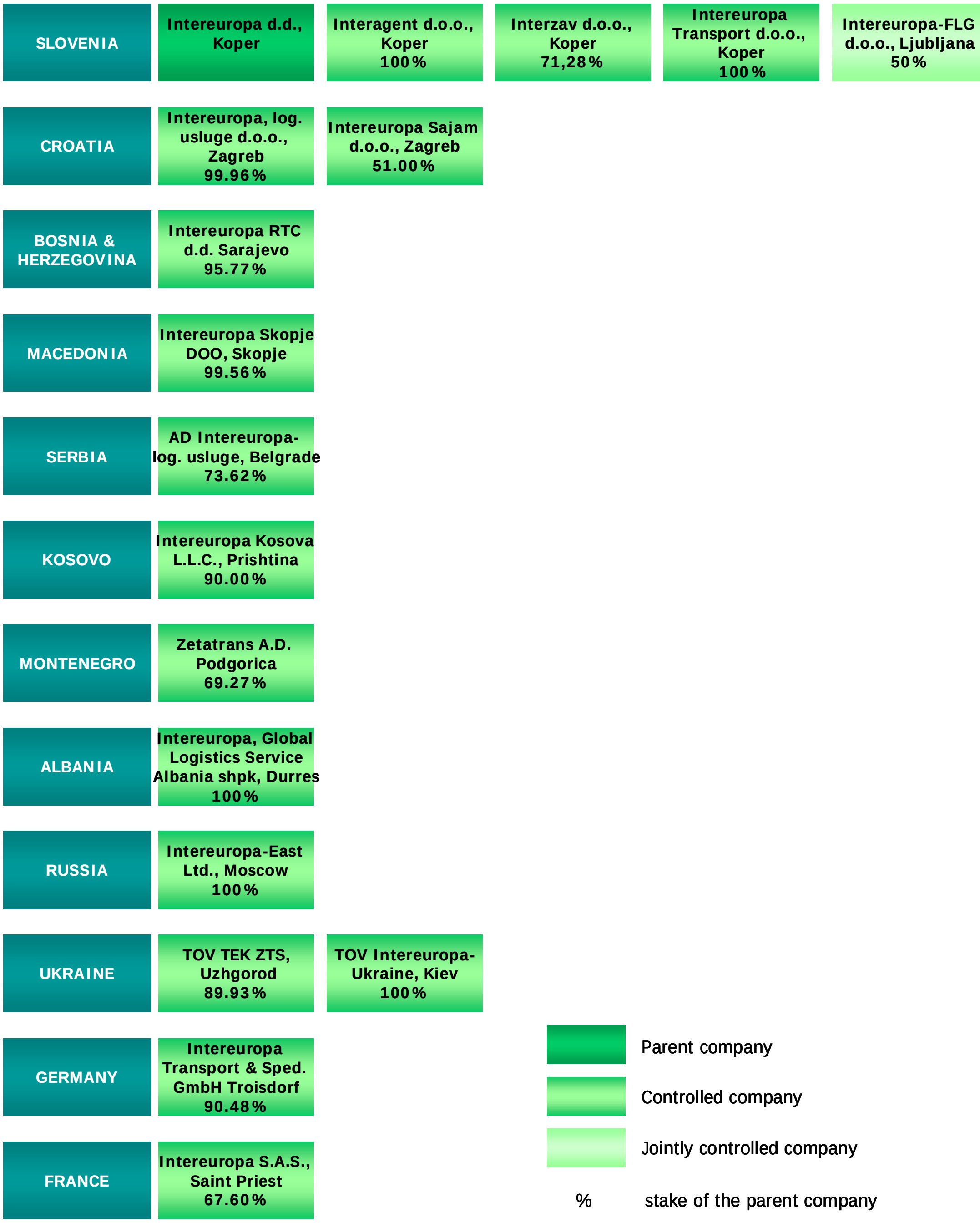

Figure 1: The Organisation Chart of the Intereuropa Group as of 31.03.2011

B. BUSINESS REPORT

1. PERFORMANCE OF INTEREUROPA GROUP

1.1. Sales achievements

Economic environment and trends

After the world economy achieved a 5%-growth in 2010, the International Monetary Fund expects a slightly lower overall growth rate, 4.5%, for the year 2011: an average rate of 2.5% for developed countries, and 6.5% for other economies, on average. At present, the production levels in most of the developed countries are still far below their potential, the growth rates remaining low and not allowing to reduce the high unemployment figures. These problems have also struck the Member States from the EU border areas which, owing to weak growth combined with financial pressures, failed to raise their low growth rates of the production potential, whereas the developed Member States in the EU core succeeded better in limiting some of the negative effects of the recession by timely measures. In the first two months, the industrial output in the EU rose by 7 percent over the comparable months a year ago. In March the average monthly prices of oil approached to the highest values from 2008.
Thanks to their growing industrial production and stabilized economic climate, the condition of the EU economy is slowly improving. In the reporting term, the economic growth reflected the global revival that was fuelled by the growth of net exports of the members of the Euro Zone. On the other hand, Europe was faced with the pressures of public finance consolidation and the increasing risk of debt crisis expansion. High unemployment, the threatening deflation, stagnation of consumption and slashed construction and civil engineering industry promise modest growth rates in the coming quarterly periods.
In Slovenia, the slow growth of economic activity has persisted. After the growth levelled off at the end of 2010, the exports and imports of goods rose by nearly a quarter compared with the same term 2010, and the volume of industrial production grew by 10 percent, however, still below the comparable average of the year 2008. In Slovenia, the two-year fall in the export of services promises to be followed by a slight increase, except for transportation services that will be slightly below the last year's figure: facing stronger pressures on competitiveness (labour costs, rising prices of primary /raw materials), Slovenia did not succeed in utilizing the increased demand for goods in the foreign markets to its benefit. For enterprises, additionally aggravated financial situation and access to funding have become even tougher. The lower expansivity of monetary policy in the Euro Zone is expected to push the price of raising debt higher up.
In the West Balkan countries, the first signs of recovery have occurred, but the short-term risks are still high. Instability and weakness of the industrial sector are impeding the growth, nevertheless, a gradual improvement of the situation is expected for the year 2011.

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%	2.0%	4.2%	3.5%	2.5%	1.7%	5.2%	-	4.6%	-
Slovenia	2.2%	2.6%	5.0%	4.5	3.0%	2.7%	6.9%	6.7%	5.1%	6.0%
Croatia	1.3%	2.2%	2.5%	3.7%	2.8%	2.8%	3.5%	3.5%	3.1%	4.6%
Montenegro	3.0%	4.5%	9.0%	8.0%	1.0%	1.3%	-	-	-	-
BiH	2.2%	4.0%	4.0%	5.4%	2.5%	2.5%	-	-	-	-
Macedonia	3.0%	3.7%	2.5%	4.0%	3.0%	3.0%	7.0%		6.1%	
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%	4.4%	4.6%	4.4%	7.8%	6.8%	5.5%	5.4%	6.8%	5.7%
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%	2.2%	1.6%	10.8%	3.8%	11.1%	3.9%
France	1.6%	1.5%	2.9%	0.6%	2.0%	3.0%	5.3%	3.5%	5.4%	4.5%

(-) no data available

SOURCES:
Interim Forecast 2011, March 2011, European Comission
World Economic Outlook, April 2011, IMF
Umar, Spring Forecast of Economic Trends 2011, March 2011
Umar, Slovenian Economic Mirror, March 2011
Izvozno okno, EIU March 2011

Sales Revenue by the Intereuropa Group

The first strengthened goods flows were perceived in the broader economic environment already in the previous year. Due to constant pressures on the sales prices we have already accepted the fact that more goods need to be handled and more work done today than before the recession (2008) in order to achieve the same value of the sales revenue; therefore we started optimizing the processes that has already yielded the first results. That trend has continued this year, as we have recorded an increase in the flow of goods in the European market, thanks to gradual revival of the key economies, and attempted to get included in that trend as efficiently as possible. The markets of the West Balkans have not improved to that point yet, therefore the growth rates are lower.

In the reporting quarter of the year, the Intereuropa Group generated a **sales revenue of € 56.7 million** and exceeded the comparable level achieved a year ago by 28 percent; moreover, the result achieved was 18 percent above the target sales revenue. The figure of the comparable term 2010 was surpassed in all the three core business areas, of which the Land Transport was the best performing area. The greatest progress was achieved in our Railway Transport product, which is attributed to the acquisition of some new businesses in our Ukrainian subsidiary. In Intercontinental Transport, the growth of the automotive logistics services in Russia was outstanding indeed; the high volume of car handling turnover, along with the quantity of cars warehoused at the terminal have resulted from the revival of goods flows in automotive industry.

The planned levels were achieved in all our business areas; the Land Transport and Intercontinental Transport areas outstripped the targets considerably. The best performing area was Land Transport which surpassed the plan by 28 percent and its share in the sales structure rose to 65 percent.

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

	Business area	Jan - Mar 2011	Structure	Index 2011/plan	Index 2011/2010
1	Land Transport	36,674	65%	128	138
2	Logistics Solutions	6,881	12%	100	112
3	Intercontinental Transport	11,891	21%	108	116
4	Other Services	1,220	2%	97	92
	TOTAL	**56,667**	**100%**	**118**	**128**

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

		Jan - Mar 2011	Structure	Index 2011/plan	Index 2011/2010
1	EU Member States	31,390	55%	104	107
2	Non-EU countries	25,277	45%	143	168
	TOTAL	**56,667**	**100%**	**118**	**128**

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

The geographical structure of sales revenue, measured according to the headoffice of our companies, has shifted towards the Eastern markets due to higher growth rates in the countries located there (the Ukraine, Russia), did the share of the sales to non-EU countries climbed from one third to 45 percent of total sales revenue of the Group. The Parent company generates the largest share (43 percent) in the sales turnover of the Group. Most of our customers are still located in the home country, although the share of customers from Russia and the EU Member States was rising at the greatest pace, and the share of our Slovenian customers declined to 27 percent.

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

		Jan - Mar 2011	Structure	Index 2011/2010
1	Slovenia	15,355	27%	91
2	Croatia	7,444	13%	95
3	Russia	3,078	5%	177
4	Bosnia & Herzegovina	1,784	3%	101
5	Serbia	766	1%	82
6	Montenegro	1,129	2%	87
7	Other countries	27,112	48%	156
7a	Other EU Member States	19,985	35%	170
7b	Other countries of the world	7,127	13%	126
	TOTAL	**56,667**	**100%**	**118**

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

LAND TRANSPORT

The Land Transport Area contributes 65 percent to the sales revenue of the Group. In the reporting quarter we generated a sales revenue of € 36.7 million and exceeded the target sales revenue by 28 percent, and also surpassed the comparable level achieved a year ago by 38 percent. A positive growth trend was achieved throughout the term, and in March we surpassed the planned sales targets.

Groupage Services

The volume of revenues in the Groupage product on the Group level declined (-18 percent below the plan, and -9 percent below the preceding year). Intereuropa d.d. prevails in the sales revenue structure with 87 percent for the Groupage product, but did not achieve the sales target in the reporting period. The plan was surpassed only by our affiliate in Kosovo, while all other companies in the Group have remained behind the targets.

Express Delivery Service

The target sales revenue was not achieved in the Express Delivery product (-14 percent). The highest setback was recorded in Croatia (-27 percent) 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 still contributes 56 percent of the sales revenue to this product, but that share was 11 percentage points lower than in the same period last year. The Slovenian part of the Group contributes 32 percent of the sales structure for this product, which means that the share has risen by 8 percent. 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 21 percent and are 26 percent above the figures achieved in the comparable term last year.

Road Transport

Our Road Transport product exceeded the plan by 9 percent and stood 7 percent above the last year's quarterly results. The major share of sales revenue from our Road Transport product is still generated by the subsidiary Intereuropa Transport d.o.o. (41 percent), or 3 percent above the plan. However, it did not achieve the last year's figure due to its reductions in the fleet. The sales plan was also exceeded by the Parent Intereuropa d.d. (by 18 percent), Zetatrans Podgorica (26 percent) and Intereuropa Transport & Spedition Gmbh, Troisdorf (8 percent). The political instability in the Arabic world has brought higher fuel prices and thereby increased our direct costs, which could not be shifted on the customers but reduced our margin.

Customs Services

In Customs broking services, the last year's level in the sales revenue was exceeded on the Group level, but we did not achieve the planned levels (- 3 percent). One half of all sales revenue in this product is generated in Croatia: this year the sales revenues were 19 percent higher than in the comparable term last year. The affiliates in Bosnia and Herzegovina and Serbia were above the plan, all other companies remained behind. In Intereuropa d.d., the highest setback was recorded by the Border Despatch Branch (-17 percent below the plan and 15 percent behind the result in the same term last year's). The reason for such trend is the reduction of income from customs broking, while the border despatch product (transit procedures) was above the sales target and better than the result of last year.

Railway Transport

The Railway Transport product recorded a highly positive variance from the planned sales revenue (more than 4 times higher than plan), which is fully attributable to the Ukrainian TEK ZTS Uzhgorod and the acquired business of petroleum products transportation. On the other hand, the company Intereuropa-East Ltd., Moscow has got the highest setback because that product is not in use yet. The company Intereuropa-FLG d.o.o, which is specialized in the organization of railway transport, remained 2 percent behind the sales plan.

The coming months bring several holidays in Slovenia and in the countries of our partners, so there will be fewer workdays, which will cause a loss of earning. Owing to unstable political situation in the Arabic world we have seen on-going rise in the oil/ petroleum products, 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.
In the near future 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.).

LOGISTICS SOLUTIONS

In this business area the Group generated € 6.9 million of sales revenue, which is 12 percent in the total sales structure.

The sales revenue increased in all key markets of the Group, compared with the results a year ago. In Slovenia and Croatia, which are our key markets for logistics solutions and represent 82 percent in the sales structure of the Group, the sales revenues were higher by 14 percent.
The performance still reflects the slow upturn of economic situation, with minor shifts to the positive trend in the movement of goods flows and consequently, the increase of the inventories of goods in warehouses.

We perceived a considerable fall on the demand side for logistics solutions in other countries in which our Company operates warehouses, attributable to the lack of turnover of inventories due to economic situation, and the yield was lower, accordingly.
Our affiliate in Montenegro, whose share in the sales structure was 4 percent, was 15 percent below the last year's results. Our affiliate in Serbia, whose share in the sales structure is 4%, recorded a 4 percent fall below the last year's results.
In the markets of Bosnia and Herzegovina, representing 6 percent in the sales structure, the sales were improved by 4 percent and improved the last year's result.

The sales results of the business area Logistics Solutions were on the planned level. The positive impacts came from improvement in the sales in Slovenia, surpassing the plan by as much as 21 percent. In other markets, the slow upturn of economic situation after the recession continues. However, strong pressures to reduce our rates for warehousing still come from the customers in Slovenia and Croatia.

Good results in Slovenia are attributable to the beginning of business with new customers and a certain one-off business, as well as to higher volume of operations with current customers.
Intense commercial activities on larger logistics projects have been 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 current customers, i.e. establishing / support to e-business (EDI).

INTERCONTINENTAL TRANSPORT

In this segment, we achieved € 11.9 million of sales revenue, which is 21 percent in the total sales structure of the Group. We surpassed the sales targets by € 883 thousand or 8 percent. Compared to the last year's first quarter, our result was higher by 16 percent, i.e. by € 1,628 thousand. The sales in Slovenia were on the level of the plan, while in Russia the sales targets were outstripped by 57 percent. The index on the same period last year was 255. High growth in Russia is attributed to the new contract with the GM and storage of Opel and Cadillac vehicles, which we did not handle last years, and further resulted from the full occupancy of the car terminal.

Seafreight

On the Group level, our sea-freight segment was one percent behind the target sales revenue, and 10 percent higher than the figure achieved in the same term last year. Better sales reflected bigger physical volume and higher freight rates in shipping industry. However, tough competition and economic situation in the region do not admit better earnings. The operations in the Slovenian part of the Group are very important because it contributes as much as 95 percent of the total sales of sea-freight services on the Group level.

Our products Conventional cargo and Container services were performing better than expected. We exceeded the target sales revenue. The favourable result in Conventional cargo is attributable to bigger quantities shipped in the alumina business and new businesses, as well as increased volume of undercooled transport of fruit and vegetables from the Near East. The company Intereuropa, log. usluge d.o.o. Zagreb was 2 percent below the plan, while Zetatrans (Montenegro) surpassed the planned turnover by 28 percent. Accordingly, the Group recorded a 8 percent better sales result than last year.

In the Container services products, we exceeded the target sales revenue by 17 percent. Our companies in Slovenia, Croatia, Bosnia and Herzegovina and Albania were performing better than the plan. We acquired some new container export businesses via Koper. Our container consolidation service saw important development. Our import operations were very good, too, as we had a lot of routing orders for our key customer and transit for Austria. We handled also major quantities of containers for major European merchants, whose operations and cooperation with us are very important for the future.

The Ro-Ro product again reflected the adverse situation in the competitiveness and regular service of the Ro-Ro service Koper-Durres (Albania) and vice versa. In February the service finally established, which had a bearing on improvement of our operations. The regularity of the line allows us to acquire new customers and better filling of RO-RO consolidation shipoments. The commercial and operational support by our affiliate in Albania has a significant role.

The Parent Company Intereuropa d.d. estimates to be able to retain the positive trend in our Sea-freight product, in particular in conventional cargo and container shipments. For Container shipments, there are negotiations with new customers whose cargo will be handled via our warehouses, followed by the distribution. Negotiations also comprise our cooperation in container shipments from Koper by railway. Export business in paper and brick from Austria via Koper port is on the rise. In sea-freight consolidation shipments we also achieved a development in the acquisition of a three-year franchise-based cooperation with the ECU Line, for Croatia and Albania. The growth in this product was visible already in the reporting quarter.

Car logistics

Car logistics is recording a rise again. Our sales result in the reporting period has exceeded the plan by 27 percent. An important sales growth was achieved in Russia, namely 60 percent above the plan and 155 percent above the first quarter a year ago. This year we started operating under the new Contract with GM. The Contract comprises the storage of vehicles of the GM Group, transportation from Railway Terminal at Grivno to our terminal in Chekhov.

The essentially higher income is a result of extraordinary increase in the car handling business and a higher quantity of vehicles warehoused in the terminal. Accordingly, a record monthly throughput of vehicles in arrival and departure was achieved, and also the statical load of the terminal exceeded 13,000 position items. We had to freeze further negotiations with other car makers because our terminal was fully occupied and we have difficulties in assuring the capacities for our current customers. We were forced to seek additional solutions by hiring additional capacities beyond our terminal.

Our sales turnover plan for Slovenia was surpassed by 7 percentage points. The warehousing of cars in our terminal in Koper was also very good. In March we achieved a record throughput, thanks to the modernization and enlargement of the terminal last year.

Shipping Agency

Interagent d.o.o., our Shipping Agency, has generated a sales revenue of € 224 thousand in the reporting period. The result achieved is 1 percentage point higher than planned and 27 percent above last year's figure. Higher income resulted from liner operations, established in May 2010, in agency representation of the shipowner CSAV Norasia.

There were 2,804 TEUs[1] handled in this liner service and the result was 25 percent better than the plan. Also our Chartering Department was doing very well on account of the favourable season for salt transports, which ended in January: we surpassed the sales target by 20 percent. 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 66 ships, or 4 ships less than in the previous year, and also fewer of car-carrying ships, which resulted from the fact that the principal introduced bigger car carriers and reduced the number of calls at the Port of Koper. There were fewer general and bulk cargo ships, too. The course taken by the company Interagent d.o.o. will maintain intensified commercial activities in the promotion of container liner service. Also the envisioned establishment of offices of the shipowner CSAV in Hungary and in Central Europe promises a favourable move, which is expected this year.

Airfreight

Our Air-freight product on the Group level was underperforming, which was not unusual for the first quarter of the year. The linear structure of the plan does not take account of the dynamics of operations in the air-freight business: the first quarter usually yields the lowest income. On the Group level we achieved a sales turnover of € 804 thousand, which was 9 percentage points less than the sales target. The result achieved in Slovenia was € 544 thousand and below the last year's figure. The setback is attributable to unfavourable operations in January. Other countries were doing better. In Serbia we recorded good operating results in the development of charter flights. This year we obtained a new business – transportation of live animals via airport at Niš. Negotiations are held with Adria on establishing a new line Ljubljana-Niš-Ljubljana, for which we would be appointed as agents at the airport of Niš.

In the course of operations we have noticed big problems of our regular customers who seek cheaper, alternative transport modes and use land transport services from the Balkans to major airports in Europe. Their own well-spread network allows the competitors to optimize their Air-Road Service. Our response is to adapt to the new situation in the markets: we are involved in negotiations for establishing similar services through our partner networks. The second quarter is the high season for the airfreight business and the prospects of better sales turnover until mid-year.

UPS

The UPS product is only offered in Bosnia and Herzegovina. In the first quarter we were slightly behind the ambitious plan of our principal. There is very tough competition in the market (DHL, Fedex etc.) offering high discounts, which is not the strategy of the UPS. Therefore it is preparing a full reorganization of its own structure for East Europe. It is also intended to change the sales strategy and servicing. We hope these changes will have a positive impact on our operations and development of the product in Bosnia and Herzegovina.

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

1.2. Financial Result

In the reporting period the Intereuropa Group generated **€ 5.4 million as Earnings Before Interest, Tax, Depreciation and Amortisation** (EBITDA), which is 4 percent less than plan and 32 percent less than same term last year, when the sale of some fixed assets (real property) in the amount of € 3.8 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 quarter of the year would be € 4.8 million and 25 percent (950 thousand) higher than in the comparable term last year.

The operating profit of the Group in the term January-March 2011 was positive and amounted to **€ 2.3 million** or 32 percent more than planned, and only 52 percent of the operating profit generated in the comparable term last year when it was influenced by the a.m. disposals of some fixed assets. The comparability with the year ago would be achieved by excluding the one-off transactions that are not related to ordinary operations: The operating result would amount to € 1.6 million and be € 1.3 million higher than the preceding year. The improvement of the operating result is attributable to better sales on the one hand, and lower labour costs and depreciation on the other hand. Other cost groups are higher this year, the strongest increase is recorded in the direct cost of services which grew more than the sales volume; that is largely the consequence of the changed structure of the sales in favour of services with lower margin (railway transport in the affiliate TOV TEK ZTS Uzhgorod).

The **Financing profit or loss** for the reporting period came to **-1.3 million €**. In the financial revenues amounting to € 2.6 million, the highest item is the revenue from revaluation of financial instrument for hedging against exchange rate risk (1.0 million) and foreign exchange gains (0.9 million). The financial expenses of the Group in the reporting period came to € 4.0 million, with the highest item 'interest expenses from loans raised from others'. Excluding the a.m. impact of foreign exchange differences and the income/ expenses from the revaluation of financial instrument for hedging against exchange rate risk, the financial result would have amounted to € -2.8 million, or 290 thousand less favourable than in the first quarter 2010.

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

Item / Index	Jan-Mar 2011	Plan 2011	Jan-Mar 2010	Index 2011/plan	Index 2011/2010
Sales Revenues	56,667	47,873	44,321	118	128
EBITDA*	5,444	5,658	7,961	96	68
Operating Profit or Loss	2,307	1,747	4,426	132	52
Financing Profit or Loss	-1,345	-3,993	3,678	34	-
Net Profit or Loss	671	-2,315	6,361	-	11
Sales revenues per employee/month	8.760	7.257	6.294	121	139
Value added per employee/month	2.312	2.355	2.582	98	90

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

Item / Index	31.03. 2011	Plan 31.12.2011	31.12. 2010	Index 2011/plan	Index 2011/2010
Balance Sheet Total*	424,658	425,925	425,428	100	100
Equity*	148,683	171,593	148,163	87	100
Short-term assets/ Short-term liabilities*	0.95	0.77	0.91	123	104
Net Return On Equity (yearly level)**	-0.02%	-5.02%	-2.37%	-	-

** 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 € 424.7 million and was on the level of the year-end 2010. On the Assets side, there was a decrease recorded in property, plant and equipment by € 2.8 million (or -1 percent) and an increase in short-term operating receivables by € 1.8 million (or +3 percent); there was no significant change on the Liabilities side. The share of the capital in the liability structure rose by 0.2 percentage points above the end of the year 2010, to 35.0 percent, whereas the share of financial liabilities fell by 0.2 percentage point and amounted on 31.03.2011 to 48.4 percent in the liability structure.

1.3. Investments in fixed assets

In the first quarter 2011, the investments in fixed assets realized by the **Intereuropa Group** totalled € 121 thousand, thereof 2 thousand in real estate and 118 thousand in equipment and intangible assets. The annual plan of investments was completed to the level of 5 percent.

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

Company	Real property		Plant & Equipment		TOTAL		% of annual realiz.
	Plan	Realiz.	Plan	Realiz.	Plan	Realiz.	
Intereuropa d.d.	258	0	1,178	29	1,436	29	2
Subsidiaries	225	2	781	89	1,005	92	9
TOTAL	**483**	**2**	**1,958**	**118**	**2,441**	**121**	**5**

The Parent Company Intereuropa d.d. only implemented minimal investments in equipment and intangible assets (29 thousand €); other members of the Group invested 92 thousand € in fixed assets. The majority of investments related to the purchase or investment maintenance of commercial vehicles /trucks and the purchase of a car in our affiliate in Montenegro.

1.4. Human Resources Management

Employment trends

The total number of employees in the Intereuropa Group did not change essentially from the year-end 2010. The first quarter of the year closed with 2,232 employees (as of 31.03.2011). In Slovenia, the number of employees was reduced by 24, and rose by the same number in our companies abroad.

The highest lay-off was recorded in the affiliate Intereuropa Transport d.o.o. (-21 employees), followed by Intereuropa, logističke usluge, d.o.o., Zagreb (-5) and Intereuropa d.d. (-4); new employment was recorded in Intereuropa-East Ltd., Moscow (+24) . In total, 52 employees left our Group, and the same number of new employees came.

Table 8: No. of employees in the Intereuropa Group according to countries, as of 31.3.2011

	31.03.2011	31.12.2010	Diff. 11-10	Index 11/10
Slovenia	944	968	-24	98
Croatia	577	582	-5	99
Other countries	711	682	29	104
TOTAL	**2,232**	**2,232**	**0**	**100**

Table 9: Other labour (students on average per month according to hours worked, and labour hired through HR agencies as of 31.3.2011) by countries

	31.03.2011	31.12.2010	Razlika 11-10
Slovenia	51	47	4
Croatia	14	25	-11
Other countries	19	1	18
TOTAL	**84**	**73**	**11**

Human Resources Development and Training

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

Actual Jan-Mar 2011 in 1000 €	Plan Jan-Mar 2011 in 1000 €	Index Actual / Plan	Actual / employee in €	No. of hours	No. of hours / employee
16	51	30	6.9	6,808	3

Note: IT training for the ISPRO information solution is not included.

In the reporting period, 15 percent of the employees were included in various forms of training and education to acquire new knowledge (337 participants), which was 3 percent more than a year ago. The increase is attributable to training forms on Occupational safety and health, attended by the staff of Intereuropa logističke usluge d.o.o. Zagreb (5,102 hours).
In all other areas the volume of training was lower than a year ago. The reason is in more restrictive use of the funds earmarked for training assets and in the lack of subsidies from the State (through public tenders) this year. The efforts in the Company Intereuropa d.d. were directed to the re-launch of the IT system supporting the sales processes. There were 27 employees involved in the training forms on the introduction of new software solutions supporting the logistics processes (posting of incoming invoices and entry of customs applications in the WEX system), with 135 hours in total. More training forms are scheduled for the coming months.
The highest participation in training per employee was recorded in the companies Interzav d.o.o. (25 hours), Intereuropa. logističke usluge d.o.o., Zagreb (10 hours), A.D. Intereuropa Logističke usluge Beograd (3 hours), Intereuropa d.d (1 hour), whereas other companies were involved with less than 1 hour.
More than 80 percent of functional training was implemented by internal staff members (occupational safety and IT system supporting the sales processes/ISPRO).

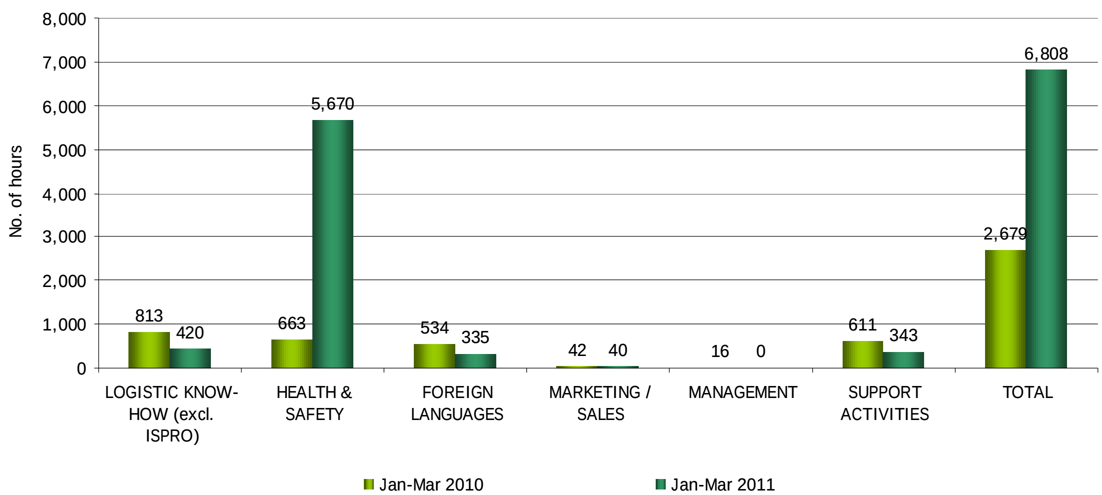

Figure 2: Overview of hours of training in January-March 2011, according to topics, in the Group

Employee care and wider social environment

- Financial aid was provided to 23 employees in difficult health condition or inferior financial situation in total amount of € 13 thousand (compared to 15 thousand in the first quarter last year).
- Our holiday facilities recorded 959 overnight stays or a 51 percent occupancy (1,216 in the same term last year or 64 percent).
- In the term from December 2010 to May 2011, Intereuropa dedicated € 6 thousand for recreational exercises of employees in various locations.
- The Instructions on working time were updated in order to unify the practice and definition of working time in all units.

- We provided practicum to 27 secondary school and university students in the Group.

Occupational Safety and Health

Health protection

We referred 167 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.

We find that sickness-related absence rose above the level of the comparable period last year in the Company Intereuropa d.d. and Intereuropa Transport d.o.o. Absences for sickness up to 30 days rose from 2.14 to 3.35 percent of absent employee per day in Intereuropa d.d., and from 3.06 to 4.52 percent in Intereuropa Transport d.o.o. If these trends continue, we will need to analyse the grounds more thoroughly and adopt necessary measures for coping with the sickness absence.

Injury at work

We dealt with 13 injuries at work (10 in Slovenia and 3 in other affiliates abroad). 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).

Training qualifying for safe work

In the reporting term, there were 266 employees attending the training for safety and health at work.

Preventive control

In the frame/ area of 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.
An inspection on fire safety was also conducted on the level of the Company Intereuropa d.d., which found 12 other deficiencies that need to be remedied before the next inspection (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.).

Inspections and tests of working assets and equipment

Working assets/ equipment involving a risk for bodily injury were examined and tested in the individual organizational units of Intereuropa d.d. Some minor deficiencies were found in the inspection.
Deficiencies were also found in the course of inspection in the BU Ljubljana (damages on 13 lifting ramps, risk of protecting plates falling-off, draught in the control facility, and the deficiency in the area of Active fire-fighting equipment).
All the persons responsible are accountable for the implementation of preventive measures in occupational health and safety, fire safety and the prevention of accidents.

1.5. Total Quality Management

Five companies of the Intereuropa Group (out of eighteen) hold a certification under the ISO 9001:2008 Standard. The certified companies employ 51 percent of all the staff in the Group, whereas the affiliate Intereuropa, logističke usluge d.o.o. Zagreb, has not renewed the quality certificate. External Audit of the Quality Management System of Intereuropa d.d. and Intereuropa Transport d.o.o. was conducted in the reporting term.
Intereuropa d.o.o. Zagreb decides to acquire the quality certificate and the certificate on the system of food safety independently.

- 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.
- The audit of the management system in Intereuropa d.d. and Intereuropa Transport d.o.o. was conducted.

Internal quality of service auditing

- Intereuropa d.d. conducted internal process audits on warehousing and distribution. There were 16 recommendations for improvement issued.
- 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.	157	79	67	90	220	46	37
IE TR d.o.o.	34	83	7	4	5	3	5

In terms of quantity, there were fewer complaints than last year. The value of complaints was increased in Intereuropa d.d., on the account of one high damage caused by the floods, while in Intereuropa Transport the claims fell to the usual level.

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 first quarter was of a control character 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 18 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 an implementation plan, and provide the substantiation for any recommendations not accepted on our part by the end of May.

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

	Jan-Mar 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 €*	11.24	11.21
Net earning per share, in €	0.04	-5.88
Market capitalisation, in thousand €*	23,707	30,819
Turnover, in thousand €	247	1,774
Closing price at the end of term, in €*	3.00	3.90
Weighted average rate, in €	3.56	4.49
Highest rate, in €	3.99	5.96
Lowest rate, in €	2.85	3.35
Return on equity	-24.8%	-31.0%

** as of the last day of the period*

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

Share Trading

In the reporting quarter, the rate of the Intereuropa share (IEKG) was between € 2.85 and 3.99 per share. In very low turnover, the share lost 24.8 percent of its market value and recorded the closing rate at € 3.00 at the end of March. The Slovenian »blue chip« Stock Exchange Index (SBITOP) lost 2.0 percent of its value in the given period.

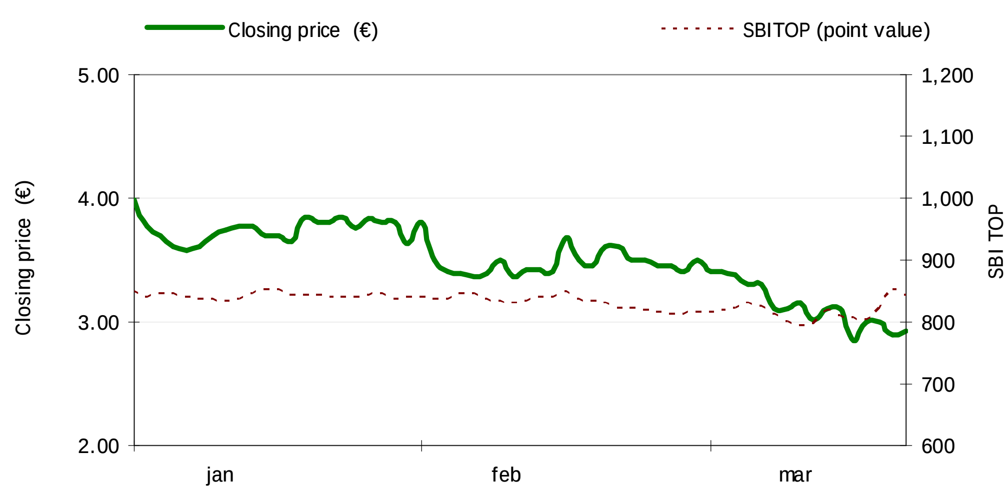

Figure 3: Closing prices of IEKG share and of the SBITOP Index in the period January – March 2011

The trading in IEKG shares comprised 69,719 shares in total amount of € 247 thousand, which represents 42 percent of the turnover in the first quarter 2011. The average daily turnover came to 4 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 uncertain economic conditions, much fewer people decide for trading in securities; it is the speculative reasons that prevail.

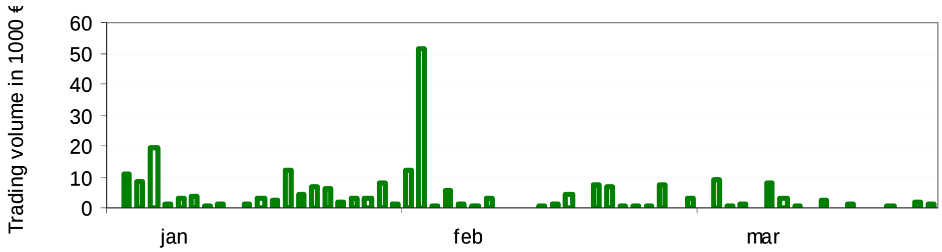

Figure 4: *Changes in trading volume of IEKG share, and of the SBITOP Index in the period January – March 2011*

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. and Interfin naložbe d.d., who purchased the shares and slightly increased their shareholding. At the end of the period, the top ten shareholders own 60.1 percent of Intereuropa.

Table 12: Top ten shareholders of Intereuropa d.d. as of 31.3.2011 compared to 31.12.2010

Curr. No.	Shareholder	31.03.2011		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.	124,280	1.6%	123,007	1.6%	101

The number of shareholders fell by 2 percent in the given reporting period. At the year-end, there were 5.973 shareholders entered in the Share Register of Intereuropa. The share of foreign investors remained unchanged at 2.3 percent.

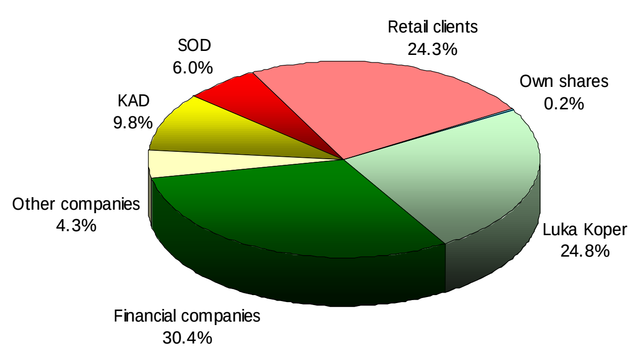

Figure 4: Ownership structure of Intereuropa d.d. as of 31.3.2011

Shareholdings by the Managing Board and Supervisory Board

The Managing Board President Ernest Gortan, and Deputy President Tatjana Vošinek Pucer did not own any Intereuropa shares on 31.03.2011.

Table 13: Shares held by members of Supervisory Board, as of 31.3.2011

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

Own shares

As of 31st March 2011, Intereuropa was holding 18,135 own shares (IEKG) in total value of € 180 thousand, representing 0.2295 percent of all shares. The percent 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 (31.03.2011), the Company has got authorized and unused capital in total amount of € 16,488,092.56.

Dividend

In view of the negative operating result in the year 2009 and the exposure to liquidity risk in the year after that, the General Meeting held in 2010 did not deal with the distribution of profit. Intereuropa d.d. does not plan to pay any dividend also in the year 2011.

Informing the shareholders

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

In our communication with the shareholders are used:

- Ordinary General Meetings of Shareholders,
- Participating at conferences in the home country and abroad,
- Company presentations at conferences for investors in facilitiesial 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,
- Internal bulletin ''Interglas'' for shareholders,
- Intereuropa Website,
- E-news.

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

2. OPERATION OF THE COMPANY INTEREUROPA d.d.

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

Item / Index	Jan-Mar 2011	Plan 2011	Jan-Mar 2010	Index 2011/plan	Index 2011/2010
Sales revenues	24,646	23,926	22,586	103	109
Land Transport	10,955	10,809	9,767	101	112
Logistics Solutions	3,699	3,069	3,141	121	118
Intercontinental Transport	8,789	8,848	8,330	99	106
Other services	1,203	1,200	1,347	100	89
EBITDA*	2,431	1,983	5,132	123	47
Operating Profit or Loss	1,127	410	4,032	275	28
Financing Profit or Loss	-815	-697	-1,852	117	44
Net profit / loss	280	-287	1,777	-	16
Sales revenue per employee/month	11.072	10.346	9.565	107	116
Value added per employee/month	3.050	2.873	4.097	106	74

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

Item / Index	31.03. 2011	Plan 31.12.2011	31.12. 2010	Index 2011/plan	Index 2011/2010
Balance Sheet Total*	312,677	338,677	313,950	92	100
Equity*	88,656	133,533	88,398	66	100
Short-term assets/ Short-term liabilities	1.37	1.41	1.35	97	101
Net Return on Equity (yearly level) **	1.27%	-1.28%	-1.35%	-	-

** 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 - March 2011:

- The **sales revenues** amounted to **€ 24.6 million** and were 3 percent behind the plan and 9 percent below the last-year's figures. The best performing area was Land Transport, representing 44 percent of the sales revenue in the Group. The plan was exceeded by one percent, while the sales turnover in comparable term last year was outstripped by 13 percent. This year, the business area Logistics Solutions achieved the highest excess of the plan (21 percent), whereas the sales turnover of the area Intercontinental Transport was on the planned level (-0.7 percent).

- **The Operating Profit** comes to **€1.13 million** and has outstripped the plan by several multiples, attributable to better sales on the one hand and lower costs of labour and depreciation on the other hand. This year's Operating Result only amounts to 28 percent 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 achieve an operating profit of € 1.0 million in 2011, or 750 thousand € more than a year ago and 590 thousand € above the plan. The affiliation of the company Intereuropa IT d.o.o. in the second quarter 2010 had a favourable impact on the operating result 2011: its contribution to this quarter's Operating result is estimated at € 150 thousand.

- **The financing profit or loss** in the term January-March 2011 was negative and amounted to **€ -0.8 million** or 120 thousand less than planned, but better than the figure achieved in the comparable term last year by € 1.0 million, which is largely attributable to the positive result of revaluation of the financial instrument for hedging against the exchange rate risk. If we eliminated the impact of that transaction from the Financing Result for the sake of comparison between the year 2011 and 2010, the Company would achieve the Financing Result at € -1.4 million that would be 0.7 million lower than the plan and 0.3 million below the achievement in 2010.

- The **Net Profit** for the reporting period amounted to **€ 280 thousands**. 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 € -290 thousand.

- The **Sales efficiency ratio** has been improving from period to period, and exceeded the planned level by 7 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 6 percent above the plan, but 26 percent below 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 17 percent higher than in the first quarter 2010.

- In the liability structure, the **share of capital** represents remained at 28 percent, and the **current ratio** rose slightly to 1.37 (31^{st} December 2010: 1,35).

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

Intercontinental Transport

Car Terminal
In Russia, the first quarter 2011 was in the sign of increased sale of cars. According to the periodical statistical data, Russian car sellers have sold more than half a million of new cars (517,304) in the first three months 2011, or 77 percent more than in the same term last year. The quantity of sold cars in March 2011 was 223,429 thousand and surpassed the result of last March by 77 percent, too. These positive trends in the automotive market also contributed to the scope of activities and the growth in the sales turnover of the car terminal.
The first quarter of 2011 opened with 8,153 cars in the terminal, and closed with 13,886 cars: that is a 70 percent growth. Also the daily vehicle turnover at the terminal rose sharply.
Huge snowfalls in the winter (twice more than a year ago) slashed the productivity (halved, in fact), so we had to hire additional employees for a limited term.

Transportation of cars
This year 2011 we started with the transportion of GM cars from the railway terminal Grivno. Before that we undertook extensive preparatory activities for the organization of despatch. Over the first three months the sale of these services rose by one third approximately. To fulfil the plans of our customer GM we have included 10 own trucks and 5 contractors since March. In the reporting term we carried 27,940 cars.

Logistics Solutions

In the first quarter of the year, the Company achieved € 260 thousand of revenues from the sale of warehouse areas, or 44 percent of the planned value. However, the Company does not achieve the planned results in its warehousing products due to various technical, administrative and other obstacles, but the improvement over the same period last year was evident. By end of May 2011 we envision to let out two thirds of the warehouse facilities available.

Land Transport

In the area of Land Transport, we recorded a substantial variance from the plan. Only 27 percent of the planned sales was achieved, primarily on account of the services of customs broking and railway transport. The organization of customs clearing was not put to life due to huge costs and bank guarantees required to establish agency-based customs operations. The reasons for underperforming in the railway transport lie in the delayed operation of the railway line -"the Zahony train" that should be operating on the route Sežana – Moscow but has not been established yet. Considerable progress is shown in the organization of road transport: the sales turnover has almost doubled the plan. The Company handles both the part (LTL) and full loads. It should be noted that the results could be much higher, however, we cannot take on many opportunities due to the deficit in suppliers (carriers). Much work still needs to be done on the recognisability and credibility of the Company: the latter could have essentially contributed to a better availability of carriers and easier cooperation with them. We have successfully realized a certain number of import customs clearing undertakings, but these earnings are recorded only in road transport because they are comprised in "forfait services".
It is further promising that we have started with the organization of transport from all parts, not only from Central Europe and Slovenia for Russia, like in the past.

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

Item / Index	Jan-Mar 2011	Plan 2011	Jan-Mar 2010	Index 2011/plan	Index 2011/2010
Sales revenues	2,724	2,894	1,248	94	218
Land Transport	236	882	249	27	95
Logistics Solutions	260	587	115	44	225
Intercontinental Transport	2,208	1,425	884	155	250
Other services	20	0	0	-	-
EBITDA*	331	670	-306	49	108
Operating Profit or Loss	10	154	-809	7	-1
Financing Profit or Loss	-327	-1,355	6,965	24	-5
Net profit / loss	-401	-959	4,969	42	-8
Sales revenue per employee/month	1.560	1.531	0.672	102	232
Value added per employee/month	0.576	0.712	0.199	81	290

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

Item / Index	31.03. 2011	Plan 31.12.2011	31.12. 2010	Index 2011/plan	Index 2011/2010
Balance Sheet Total*	69,870	134,873	133,637	52	52
Equity*	-11,365	38,668	19,622	-	-
Short-term assets/ Short-term liabilities	0.34	0.23	0.54	148	63
Net Return on Equity (yearly level) **	-159.1%	-15.2%	-132.8%	-	-

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

The Company has achieved the Operating profit of € 10 thousand (planned € 154 thousand), if we take into account the financial activity and deferred taxes, the net profit was at € -401 thousand (plan € -959 thousand).
The underachievement of the planned net operating profit can be largely attributed to underperforming sales of logistics solutions and exceeding the planned operating costs which were 15 percent higher than planned, except for direct costs. The excess of the planned operating costs is the outcome of car terminal operation in winter weathering terms that were extremely unfavourable this year (compared with the last year's winter, there was approximately double quantity of snowfall and 66 snowy days; last winter 40 days), and due to exceptional increase in the car turnover at the terminal; compared with the same term last year, the turnover rose by 2.8 times (the average daily turnover in the reporting period was 1,147 cars, compared with 412 cars same term last year).
The average exchange rate of the rouble gained +1.2 percent against the Euro in the reporting term.

The financing result was € -327 thousand. Following the growth of the Rouble against the Euro we recognised € 620 thousand of offset foreign exchange gains, whereas the financial expenses side shows € -956 thousand of interest payable for the loans received by the Parent Company.
In the first quarter the EBITDA was € 331 thousand, or only one half of the planned value due to underperforming sales in the business area Logistics Solutions, as stated above, and owing to higher operating expenses.

The process of value-added tax refund continued, primarily regarding the investment in the Logistics Centre Chekhov. In the reporting term we received € 3,985 thousand for the tax on property.

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.

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 31.03.2011

in € thousand	January - March 2011	January - March 2010
Sales revenues	**56,667**	**44,321**
Other operating revenues	647	4,298
Costs of services	-38,503	-26,534
Labour costs	-9,511	-10,217
Depreciation	-3,131	-3,535
Other operating expenses	-3,862	-3,907
Operating profit/loss	**2,307**	**4,426**
Financial income	2,616	7,816
Financial expenses	-3,961	-4,138
Profit/loss from financial operations	**-1,345**	**3,678**
Result recognized according to equity method	8	2
Profit/loss from regular operations	**970**	**8,106**
Corporate income tax (with deferred tax)	-299	-1,744
Net profit /loss for the period	**671**	**6,362**
Net profit or loss / non-controlling interest	48	124
Net profit or loss / controlling interest	623	6,238
Basic and diluted earnings per share (in €)	0.08	0.79

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR INTEREUROPA GROUP

from 1. 1. 2011 to 31.03.2011

in € thousand	January - March 2011	January - March 2010
Net profit or loss	**671**	**6,362**
Other Comprehensive Income	**-10**	**1,847**
Transfer of land revaluation surplus to retained earnings (from sale of land)	-308	0
Deferred tax in revaluation surplus of land	32	0
Fair value revaluation of financal investments available for sale	-28	20
Deferred tax in revaluation surplus of financial assets for sale	5	0
Retained earnings from land revaluation (at sale)	308	0
Deferred tax from retained earnings	-3	0
Current tax in retained earnings	-29	0
Other changes in retained earnings	-5	0
Exchange rate translation differences	18	1,827
Comprehensive income total	**661**	**8,209**
Comprehensive income total - non-controlling part	123	7
Comprehensive income total - controlling part	538	8,202

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF INTEREUROPA GROUP as of 31.13.2011

in € thousand	31. 3. 2011	31. 12. 2010
ASSETS		
Tangible fixed assets	320,107	322,865
Investment property	6,730	6,789
Intangible assets	8,778	8,851
Other non-current operating assets	601	643
Deferred tax assets	8,775	8,756
Loans given and deposits	84	84
Investment in a jointly controlled company	142	135
Other financial investments	3,651	3,678
TOTAL NON-CURRENT ASSETS	**348,868**	**351,801**
Available-for-sale assets	3,427	3,424
Inventories	218	269
Loans given and deposits	1,705	1,347
Short-term operating receivables	58,103	56,303
Short-term income tax receivables	81	68
Cash and cash equivalents	12,256	12,216
TOTAL CURRENT ASSETS	**75,790**	**73,627**
TOTAL ASSETS	**424,658**	**425,428**
CAPITAL		
Capital - controlling interest	**138,458**	**137,921**
Share capital	32,976	32,976
Treasury shares	-180	-180
Reserves	66,658	66,989
Retained earnings	39,004	38,136
Capital - non-controlling interest	**10,225**	**10,242**
TOTAL CAPITAL	**148,683**	**148,163**
LIABILITIES		
Provisions	3,050	3,084
Long-term borrowings	171,631	171,893
Other long-term financial liabilities	3,455	3,872
Long-term operating liabilities	137	136
Deferred tax liabilities	17,562	17,521
TOTAL NON-CURRENT LIABILITIES	**195,835**	**196,506**
Short-term borrowings	28,904	28,952
Other short-term financial liabilities	1,534	2,146
Short-term operating liabilities	49,258	49,298
Short-term income tax liabilities	444	363
TOTAL CURRENT LIABILITIES	**80,140**	**80,759**
TOTAL LIABILITIES	**275,975**	**277,265**
TOTAL CAPITAL AND LIABILITIES	**424,658**	**425,428**

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE INTEREUROPA GROUP from 1. 1. 2011 to 31.03.2011

in € thousand	January - March 2011	January - March 2010
Cash flows from operating activities		
Net profit/loss for the period	**671**	**6,362**
Adjustments for:		
- Depreciation	3,131	3,535
- Profit from disposal of tangible fixed assets and investment property	-491	-3,849
- Loss from disposal of tangible fixed assets	6	0
- Non-monetary expenses	15	4
- Non-monetary revenues	-4	-67
- Financial revenues	-2,631	-7,816
- Impaired receivables payed	499	631
- Recognized result of jointly controlled company according to equity method	-8	-2
- Financial expenses	3,961	4,138
- Income tax	299	1,744
Operating profit before changes in working capital and taxes	**5,448**	**4,680**
Changes in working capital and provisions		
Changes in receivables	-2,616	-3,103
Changes n inventories	51	-29
Changes in operating liabilities	1,032	5,181
Changes in provisions	-45	-228
Changes in corporate income tax	-159	-51
Cash from operating activities	**3,711**	**6,450**
Cash flows from investing activities		
Interest income	269	302
Inflows from disposal of tangible fixed assets and investment property	1,308	8,070
Inflows from long-term loans given	4	0
Inflows from decrease of short-term loans and deposits given	0	1,577
Outflows for acquisition of tangible fixed assets and investment property	-1,259	-8,635
Outflows for acquisitions of intangible assets	-121	-727
Outflows for long-term loans and deposits given	0	-14
Outflows from increase of short-term loans and deposits given	-362	0
Cash from investing activities	**-161**	**573**
Cash flows from financing activities		
Inflows from long-term borrowings	393	508
Inflows from increase in short-term borrowings	937	0
Paid interest	-2,655	-2,528
Outflows from repayment of long-term borrowings	-1,568	-2,691
Outflows from decrease of short-term borrowings	0	-733
Outflows from settlement of derivative financial instruments	-428	0
Paid dividend	-174	-119
Cash from financing activities	**-3,495**	**-5,563**
Cash and cash equivalents at beginning of period	**12,216**	**5,318**
Exchange rate differences from cash	-15	-111
Net increase/decrease in cash	**40**	**1,349**
Cash and cash equivalents at end of period	**12,256**	**6,667**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF INTEREUROPA GROUP from 1.1.2011 to 31.03.2011

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**	**-57**	**-288**	**882**	**537**	**124**	**661**
Net profit/loss	0	0	0	0	0	623	623	48	671
Other comprehensive income	0	0	0	-57	-288	259	-86	76	-10
Transactions with owners									0
Payment of dividends or profit participations	0	0	0	0	0	0	0	-141	-141
Transfer of retained earnings to reserves	0	0	14	0	0	-14	0	0	0
Closing balance as at 31. 3. 2011	**32,976**	**-180**	**6,261**	**-10,693**	**71,090**	**39,004**	**138,458**	**10,225**	**148,683**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF INTEREUROPA GROUP from 1.1.2010 to 31.03.2010

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**	**178,706**	**10,098**	**188,803**
Total comprehensive income	**0**	**0**	**0**	**0**	**1,944**	**20**	**6,238**	**8,202**	**7**	**8,209**
Net profit/loss	0	0	0	0	0	0	6,238	6,238	124	6,362
Other comprehensive income	0	0	0	0	1,944	20	0	1,964	-117	1,847
Transactions with owners										0
Payment of dividends or profit participations	0	0	0	0	0	0	0	0	-119	-119
Transfer of retained earnings to reserves	0	0	0	17	0	0	-17	0		0
Closing balance as at 31. 3. 2010	**32,976**	**-180**	**36,040**	**12,704**	**-9,736**	**76,873**	**38,230**	**186,907**	**9,986**	**196,893**

1.2. Notes to Financial Statements of the Intereuropa Group

a) Notes to the INCOME STATEMENT

Sales revenues amounting to € 56,667 thousand represent the revenues from services supplied. Compared with the same period a year ago, the sales turnover was higher by € 12,346 thousand.

Of **Other Operating Revenues** in the amount € 647 thousand, the highest share (491 thousand) relates to the gains from the disposal of property, plant and equipment.

Labour costs

Table 18: Labour cost of the Intereuropa Group in the term January-March 2011, in thousand €

in € thousand	January - March 2011	January - March 2010
Wages and salaries	7,143	7,624
Social security	1,486	1,508
Other labour costs:	882	1,085
holiday allowance	0	17
transport and meals	720	828
other labour costs	162	241
Labour costs	**9,511**	**10,217**

Other operating expenses

Table 19: Other operating expenses of the Intereuropa Group in the term January-March 2011, in thousand €

in € thousand	January - March 2011	January - March 2010
Costs of material	3,132	2,916
Other operating expenses	730	991
Total other operating expenses	**3,862**	**3,907**

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

Table 20: The effect of financial revenues and expenses ton the Profit or Loss of the Intereuropa Group in the term January-March 2011, in thousand €

in € thousand	January - March 2011	January - March 2010
Interest income	215	184
Income from derivative financial instruments	996	3
Income from cancelled value adjustments of receivables and recovery of written-off receivables	499	631
Income from written-off debt	0	2
Net exchange rate differences	906	6,996
Total financial income	**2,616**	**7,816**
Interest expenses	-2,868	-2,598
Financial expenses from impairments and written-off financial investments	0	0
Expenses from derivative financial instruments	-429	-789
Net exchange rate differences	0	0
Expenses from value adjustments and written-off receivables	-664	-751
Total financial expenses	**-3,961**	**-4,138**
Profit/loss from financing activities	**-1,345**	**3,678**

Lower financial revenue were affected by the net foreign exchange differences that were lower by € 6,090 thousand (primarily resulting from the RUB/EUR ratio).

b) Notes to the CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Tangible fixed assets

Table 21: Tangible fixed assets of the Intereuropa Group as at 31.3.2011, in thousand €

in € thousand	31. 3. 2011	31. 12. 2010
Land and buildings	297,384	297,961
a) Land	135,381	135,958
b) Buildings	162,004	162,003
Other property, plant and equipment	16,602	18,073
Tangible fixed assets under construction	6,120	6,832
Total tangible fixed assets	**320,107**	**322,865**

Investment property

As of the end of reporting period, the investment property amount to € 6,730 thousand. They were decreased by the depreciation in the amount of € 59 thousand during the reporting term.

Intangible assets

Table 22: Intangible Assets of the Intereuropa Group as at 31.3.2011, in thousand €

in € thousand	31. 3. 2011	31. 12. 2010
Long-term title rights	3,419	3,603
Goodwill	1,424	1,424
Long-term deferred development costs	3,935	3,824
Total intangible assets	**8,778**	**8,851**

Loans and deposits given

Table 23: Loans given and deposits held by the Intereuropa Group as at 31.3.2011, in thousand €

in € thousand	31. 3. 2011	31. 12. 2010
Long-term loans given and deposits	**84**	**84**
- loans given	52	56
- deposits	32	28
Short-term loans given and deposits	**1,705**	**1,347**
- loans given	801	138
- deposits	905	1,209
Total loans given	**1,789**	**1,431**

Other financial investments in the amount of € 3,651 thousand relate to the item ''Financial assets available for sale''.

Assets available for sale

Table 24: Assets available for sale of the Intereuropa Group as at 31.3.2011, in thousand €

in € thousand	31. 3. 2011	31. 12. 2010
Tangible fixed assets and investment property available for sale	45	45
Financial assets available for sale	3,382	3,379
Total assets available for sale	**3,427**	**3,424**

Short-term operating receivables

Table 25: Short-term operating receivables of the Intereuropa Group as at 31.3.2011, in thousand €

in € thousand	31. 3. 2011	31. 12. 2010
Short-term operating receivables from buyers	49,425	43,878
Short-term operating receivables from others	8,678	12,425
Total short-term operating receivables	**58,103**	**56,303**

Equity

On the Group level, the Equity amounts to at € 148,683 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 € 3,050 thousand of unused Long-Term Provisions and Long-term Deferred Revenues. The most part of this item (€ 2,296 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 € 171,631 thousand. This item was increased by the new loans and financial leases (€ 393 thousand) and reduced by the repayment of loans (€ 583 thousand) and foreign exchange differences (€ 72 thousand). The **Short-term received loans and financial leases** reflected the impact of the decrease by € 48 thousand EUR.

Other long-term and short-term financial liabilities

Table 26: Other long- and short-term financial liabilities of the Intereuropa Group as at 31.3.2011, in thousand €

in € thousand	31. 3. 2011	31. 12. 2010
Long-term liabilities at fair value through profit/loss	3,455	3,872
Total other long-term financial liabilities	**3,455**	**3,872**
Short-term liabilities at fair value through profit/loss	1,150	1,729
Liabilities for dividends and other participations	384	417
Total other short-term financial liabilities	**1,534**	**2,146**

The item **Other long-term financial liabilities** in the amount of € 3,455 thousand and **Other short-term financial liabilities** at € 1,150 thousand relate to the liabilities under financial instruments at fair value through Profit of Loss. They stand for the net present value of the derivative financial instrument of cross-currency swap with currency option.

Short-term operating liabilities

Table 27: Short-term operating liabilities of the Intereuropa Group as at 31.3.2011, in thousand €

in € thousand	31. 3. 2011	31. 12. 2010
Short-term operating liabilities to suppliers	41,363	41,034
Short-term operating liabilities from advances	1,182	1,669
Other short-term operating liabilities	6,713	6,594
Total short-term operating liabilities	**49,258**	**49,298**

INFORMATION ACCORDING TO BUSINESS SEGMENTS FOR JANUARY - MARCH 2011

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

	Slovenia		Croatia		Montenegro		Russia	
in € thousand	Jan-Mar 2011	Jan-Mar 2010	Jan-Mar 2011	Jan-Mar 2010	Jan-Mar 2011	Jan-Mar 2010	Jan-Mar 2011	Jan-Mar 2010
Revenues from external customers	29,094	27,505	7,815	7,487	1,209	1,264	2,713	1,248
Revenues from business with other segments	1,783	2,720	239	172	17	35	11	0
Total revenues	30,878	30,225	8,054	7,660	1,226	1,298	2,724	1,248
Depreciation	1,795	1,928	591	634	154	162	321	503
Operating profit or loss	886	4,059	665	819	61	165	10	-809
Revenues from interest rates	1,149	1,175	78	89	37	12	9	13
Expenses from interest rates	2,645	2,351	194	264	0	0	956	164
Net profit or loss from ordinary activities	61	2,126	473	728	78	140	-317	6,156
Corporate income tax	43	411	36	107	12	21	84	1,187
Assets	327,598	394,732	85,929	92,522	24,248	23,710	65,377	108,730
Tangible fixed assets under construction	6	2,316	86	87	100	527	5,283	18,446
Long-term assets	259,415	318,196	68,603	71,615	19,946	20,887	54,744	90,001
Operating liabilities	46,736	47,139	12,204	12,302	793	821	20,066	18,681
Financial liabilities	189,413	202,455	15,840	20,238	310	286	57,228	63,594
Investment in jointly controlled entities	75	75	0	0	0	0	0	0
Revenues from investment in jointly controlled entities	0	0	0	0	0	0	0	0

	Others		Total		Adjustments*		Group	
in € thousand	Jan-Mar 2011	Jan-Mar 2010	Jan-Mar 2011	Jan-Mar 2010	Jan-Mar 2011	Jan-Mar 2010	Jan-Mar 2011	Jan-Mar 2010
Revenues from external customers	15,773	6,771	56,604	44,275	63	46	56,666	44,321
Revenues from business with other segments	493	362	2,544	3,289	-2,544	-3,289	0	0
Total revenues	16,266	7,133	59,148	47,565	-2,481	-3,244	56,666	44,321
Depreciation	269	308	3,131	3,535	0	0	3,131	3,535
Operating profit or loss	688	193	2,311	4,426	-4	0	2,307	4,426
Revenues from interest rates	21	5	1,295	1,294	-1,079	-1,110	215	184
Expenses from interest rates	153	100	3,948	2,878	-1,079	-280	2,868	2,598
Net profit or loss from ordinary activities	397	62	692	9,213	278	-1,106	970	8,106
Corporate income tax	125	18	299	1,744	0	0	299	1,744
Assets	41,368	42,874	544,520	662,568	-119,862	-170,900	424,658	491,668
Tangible fixed assets under construction	645	928	6,120	22,305	0	-855	6,120	21,450
Long-term assets	33,153	35,912	435,861	536,610	-86,994	-125,828	348,868	410,783
Operating liabilities	8,043	7,912	87,842	86,855	-17,391	-14,925	70,451	71,930
Financial liabilities	7,898	9,407	270,688	295,980	-65,164	-73,144	205,523	222,836
Investment in jointly controlled entities	0	0	75	75	67	75	142	150
Revenues from investment in jointly controlled entities	0	0	0	0	8	2	8	2

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 31.3.2011**

in € thousand	January - March 2011	January - March 2010
Sales revenues	**24,646**	**22,586**
Other operating revenues	83	3,917
Costs of services	-17,013	-15,693
Labour costs	-4,358	-4,542
Depreciation	-1,298	-1,100
Other operating expenses	-933	-1,136
Operating profit/loss	**1,127**	**4,032**
Financial income	2,413	1,454
Financial expenses	-3,228	-3,306
Profit/loss from financial operations	**-815**	**-1,852**
Profit/loss from regular operations	**312**	**2,180**
Corporate income tax (with deferred tax)	-32	-403
Net profit /loss for the period	**280**	**1,777**
Basic and diluted earnings per share (in €)	0.04	0.23

STATEMENT OF COMPREHENSIVE INCOME FOR INTEREUROPA d.d.
from 1. 1. 2011 to 31.3.2011

in € thousand	January - March 2011	January - March 2010
Net profit or loss	**280**	**1,777**
Other Comprehensive Income	**-22**	**32**
Transfer of land revaluation surplus to retained earnings from sale of land	-17	0
Deferred tax in revaluation surplus of land	3	0
Fair value revaluation of financal assets available for sale	-27	32
Deferred tax in revaluation surplus of financial assets for sale	5	0
Retained earnings from land revaluation (at sale)	17	0
Deferred tax from retained earnings	-3	0
Comprehensive income total	**258**	**1,809**

STATEMENT OF FINANCIAL POSITION OF INTEREUROPA d.d. as of 31.3.2011

in € thousand	31. 3. 2011	31. 12. 2010
ASSETS		
Tangible fixed assets	145,184	146,353
Investment property	6,064	6,118
Intangible assets	7,028	7,069
Other non-current operating assets	601	639
Deferred tax assets	3,485	3,515
Loans given and deposits	36,471	36,473
Investment in subsidiaries	50,797	50,797
Investment in a jointly controlled company	75	75
Other financial investments	3,562	3,589
TOTAL NON-CURRENT ASSETS	**253,267**	**254,628**
Inventories	33	35
Loans given and deposits	28,991	33,337
Short-term operating receivables	27,865	25,795
Short-term income tax receivables	15	0
Cash and cash equivalents	2,506	155
TOTAL CURRENT ASSETS	**59,410**	**59,322**
TOTAL ASSETS	**312,677**	**313,950**
CAPITAL		
Share capital	32,976	32,976
Treasury shares	-180	-180
Reserves	55,566	55,602
Retained earnings	294	0
TOTAL CAPITAL	**88,656**	**88,398**
LIABILITIES		
Provisions	1,847	1,836
Long-term borrowings	162,407	162,991
Other long-term financial liabilities	3,455	3,872
Long-term operating liabilities	103	103
Deferred tax liabilities	12,744	12,747
TOTAL NON-CURRENT LIABILITIES	**180,556**	**181,549**
Short-term borrowings and financial leases	17,140	16,912
Other short-term financial liabilities	1,063	1,548
Short term operating liabilities	25,262	25,543
TOTAL CURRENT	**43,465**	**44,003**
TOTAL LIABILITIES	**224,021**	**225,552**
TOTAL CAPITAL AND LIABILITIES	**312,677**	**313,950**

STATEMENT OF CASH FLOW FOR INTEREUROPA d.d. from 1.1. 2011 to 31.3.2011

in € thousand	January - March 2011	January - March 2010
Cash flows from operating activities		
Net profit/loss for the period	**280**	**1,777**
Adjustments for:		
- Depreciation	1,298	1,100
- Profit from disposal of tangible fixed assets and investment property	-42	-3,731
- Loss from disposal of tangible fixed assets	6	0
- Non-monetary expenses	16	3
- Non-monetary revenues	-4	-67
- Financial revenues	-2,413	-1,454
- Impaired receivables payed	172	160
- Financial expenses	3,228	3,306
- Income tax (deferred tax incl.)	32	403
Operating profit before changes in working capital and taxes	**2,573**	**1,497**
Changes in working capital and provisions		
Changes in receivables	-1,393	2,213
Changes n inventories	2	-3
Changes in operating liabilities	-304	-3,111
Changes in provisions	0	-113
Changes in corporate income tax	-15	-15
Cash from operating activities	**863**	**468**
Cash flows from investing activities		
Interest income	225	163
Dividend income and participations in profit	178	126
Inflows from disposal of tangible fixed assets and investment property	143	7,422
Inflows from long-term loans given	327	7,201
Inflows from decrease of short-term loans given	4,021	27,788
Outflows for acquisition of tangible fixed assets and investment property	-136	-143
Adjustment for net cash flow from disontinued operations	0	0
Outflows for acquisitions of intangible assets	-121	-96
Outflows for purchase and capital increase in subsidiaries	0	-33,764
Outflows for long-term loans and deposits given	0	-4,600
Outflows from settlement of derivative financial instruments	-372	-136
Cash from investing activities	**4,265**	**3,961**
Cash flows from financing activities		
Inflows from long-term borrowings	404	0
Paid interest	-2,420	-2,051
Outflows from repayment of long-term borrowings	-761	-1,584
Outflows from decrease of short-term borrowings	0	-1,274
Paid dividend	0	-2
Cash from financing activities	**-2,777**	**-4,911**
Cash and cash equivalents at beginning of period	**155**	**625**
Net increase/decrease in cash from regular operations	**2,351**	**-482**
Cash and cash equivalents at end of period	**2,506**	**143**

STATEMENT OF CHANGES IN EQUITY OF INTEREUROPA d.d.

from 1.1. 2011 to 31.3.2011

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**	**-36**	**294**	**258**
Net profit/loss	0	0	0	0	280	280
Other comprehensive income	0	0	0	-36	14	-22
Closing balance as at 31. 3. 2011	**32,976**	**-180**	**4,754**	**50,812**	**294**	**88,656**

STATEMENT OF CHANGES IN EQUITY OF INTEREUROPA d.d.

from 1.1. 2010 to 31.3.2010

in € thousand	Share capital	Own shares	RESERVES			Retained earnings	Total capital
			Capital surplus	Reserves from profit	Reserves for fair value		
Opening balance as at 1. 1. 2010	**32,976**	**-180**	**36,040**	**11,276**	**56,562**	**0**	**136,674**
Total comprehensive income	**0**	**0**	**0**	**0**	**32**	**1,777**	**1,809**
Net profit/loss	0	0	0	0	0	1,777	1,777
Other comprehensive income	0	0	0	0	32	0	32
Closing balance as at 31. 3. 2010	32,976	-180	36,040	11,276	56,594	1,777	138,483

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

a) Notes to the INCOME STATEMENT

Sales revenues amounting to € 24,646 thousand represent the revenues from services supplied. Compared to the same term last year, these revenues were higher by € 2,060 thousand, and the costs of services by € 1,320 thousand.

Other operating revenue

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

in € thousand	January - March 2011	January - March 2010
Profit from disposal of tangible fixed assets and investment property	42	3,731
Income from reversal of provisions	5	162
Other operating income	37	24
Total other operating income	**83**	**3,917**

Labour cost

Table 30: Labour cost of Intereuropa d.d. in the term January-March 2011, in thousand €

in € thousand	January - March 2011	January - March 2010
Wages and salaries	3,222	3,323
Pension insurance	360	413
Social security	236	242
Other labour costs:	540	564
holiday allowance	0	1
transport and meals	502	523
other labour costs	37	39
Labour costs	**4,358**	**4,542**

Other operating expenses

Table 31: Other operating expenses of Intereuropa d.d. in the term January-March 2011, in thousand €

in € thousand	January - March 2011	January - March 2010
Costs of material	650	664
Other operating expenses	283	472
Total other operating expenses	**933**	**1,136**

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

Table 32: The effect of financial revenues and expenses to the Profit or Loss of Intereuropa d.d. in the term January-March 2011, in thousand €

in € thousand	January - March 2011	January - March 2010
Interest income	1,141	1,168
Revenues from stakes in companies within the Group	178	126
Income from derivative financial instruments	901	0
Net exchange rate differences	20	0
Income from cancelled value adjustments of receivables and recovery of written-off receivables	172	160
Income from debts written off	0	0
Total financial income	**2,413**	**1,455**
Interest expenses	-2,597	-2,304
Expenses from derivative financial instruments	-372	-759
Net exchange rate differences	0	-17
Expenses from value adjustments and written-off receivables	-259	-226
Total financial expenses	**-3,228**	**-3,306**
Profit/loss from financing activities	**-815**	**-1,852**

b) Notes to the STATEMENT OF FINANCIAL POSITION

Tangible fixed assets

Table 33: Tangible fixed assets of Intereuropa d.d. as at 31.3.2011, in thousand €

in € thousand	31. 3. 2011	31. 12. 2010
Land and buildings	140,640	141,374
a) Land	86,116	86,137
b) Buildings	54,524	55,237
Other property, plant and equipment	4,537	4,973
Tangible fixed assets under construction	6	6
Total tangible fixed assets	**145,184**	**146,353**

Investment property

As of the end of reporting period, the investment property amount to € 6,064 thousand. They were decreased by the depreciation in the amount of € 54 thousand during the reporting term.

Intangible assets

Table 34: Intangible Assets of Intereuropa d.d. as at 31.3.2011, in thousand €

in € thousand	31. 3. 2011	31. 12. 2010
Long-term title rights	3,093	3,245
Long-term deferred development costs	3,935	3,824
Total intangible assets	**7,028**	**7,069**

Loans granted and deposits

Table 35: Loans given and deposits held by Intereuropa d.d. as at 31.3.2011, in thousand €

in € thousand	31. 3. 2011	31. 12. 2010
Long-term loans given	**36,471**	**36,473**
- to subsidiaries	36,454	36,454
- to others	17	19
Short-term loans given and deposits	**28,991**	**33,337**
- to subsidiaries	28,979	33,321
- to others	12	16
- deposits	0	0
Total loans given	**65,462**	**69,810**

Other financial investments in the amount of € 3,562 thousand relate to the item ''Financial assets available for sale''.

Short-term operating receivables

Table 36: Short-term operating receivables of Intereuropa d.d. as at 31.3.2011, in thousand €

in € thousand	31. 3. 2011	31. 12. 2010
Short-term operating receivables within the Group	1,253	1,076
Short-term interest receivables from Group companies	1,765	806
Other short-term operating receivables from Group companies	35	28
Short-term operating receivables from buyers (excl. the Group)	24,371	23,436
Short-term operating receivables from others	287	384
Other short-term assets	155	65
Total short-term operating receivables	**27,865**	**25,795**

Equity

Compared with the reporting date a year ago, the share of the capital in the liabilities structure remained unchanged, amounting to 28 percent of all liabilities to sources.

Provisions

As of the reporting date of the Statement of Financial Position, the Company Intereuropa d.d. had € 1,847 thousand of unused Long-Term Provisions and Long-term Deferred Revenues. The prevailing part comprises the provisions for pensions and similar obligations (amounting to € 1,304 thousand).

The **long-term received loans and financial leases** amounted to € 162.40 thousand. In the reporting term, this item was reduced on account of loan repayments (€ 584 thousand) and increased by € 228 thousand on account of **short-term loans received.**

Other long-term and short-term financial liabilities

Table 37: Other long- and short-term financial liabilities of the Intereuropa Group as at 31.3.2011, in thousand €

in € thousand	31. 3. 2011	31. 12. 2010
Long-term liabilities at fair value through profit/loss	3,455	3,872
Total other long-term financial liabilities	**3,455**	**3,872**
Short-term liabilities	989	1,474
Liabilities for dividends and other participations	74	74
Total other short-term financial liabilities	**1,063**	**1,548**

The item **Other long-term financial liabilities** in the amount of € 3,455 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 € 989 thousand.

Short-term operating liabilities

Table 38: Short-term operating liabilities of Intereuropa d.d. as at 31.3.2011, in thousand €

in € thousand	31. 3. 2011	31. 12. 2010
Short-term opertaing liabilities to companies within the Group	780	733
Short-term opertaing liabilities to suppliers	20,940	21,005
Short-term opertaing liabilities from advances	91	85
Other short-term opertaing liabilities	3,450	3,719
Total short-term opertaing liabilities	**25,262**	**25,543**

D. CONCLUSION

This year, the logistics market shows a continuing slow growth of goods flows resulting from the gradual revival of the key European economies. After the period of low economic activity followed by a new rise in the production and commodity exchange, we were faced with the aspirations for faster flow of goods and on the other hand, stronger pressures on the logistics costs compared with the term before 2008. The customers demand optimized logistical services from logistics providers, allowing their customers minimal inventories and a lean supply chain. In the past month we continued with the optimization of logistics procedures the effects of which were seen on the improved productivity and utilization of assets, as well as mitigating the pressures on prices.

In the reporting quarter of the year 2011 the Intereuropa Group generated a **sales revenue of € 56.7 million** and exceeded the comparable level achieved a year ago by 28%; all the three core business areas recorded a growth, the highest result was achieved by the Land Transport area (38 percent). The greatest progress was achieved in our Railway Transport product, which is attributed to the acquisition of some new businesses in our Ukrainian subsidiary. In Intercontinental Transport, the growth of the automotive logistics services in Russia was outstanding indeed; the high volume of car handling turnover, along with the quantity of cars warehoused at the terminal have resulted from the revival of goods flows in automotive industry.
The achieved level of the sales revenues allowed us to exceed the plan by 18 percent on the Group level. All our core business areas achieved the planned levels; the Land Transport and Intercontinental Transport areas outstripped the targets considerably. The most successful was our Land Transport Area, which surpassed the plan by 28 percent.

In the months January – March 2011 the Intereuropa Group generated **€ 5.4 million as Earnings Before Interest, Tax, Depreciation and Amortisation** (EBITDA), which is 4 percent less than plan and 32 percent less than same term last year, when the sale of some fixed assets (real property). If these sales and other one-off transactions that were not directly connected with ordinary operations in both years were excluded, the EBITDA for the reporting three months of this year would be € 4.8 million and would be higher by one quarter than in the comparable term last year.
The **Operating Result** of the Group was positive and amounted to **2.3 million €,** which is 32 higher than expected and approximately one half of the Operating profit or loss in the comparable term 2010. The comparison between both years would be possible by excluding the one-off or other transactions not directly related to ordinary operations – the Operating profit would come to €1.6 million and be 1.3 million higher than in the comparable term last year. The improvement in the operating result is attributable to the higher volume of sales, and also to the lower labour cost and depreciation. In other costs, the major rise was recorded in direct cost of services, which was primarily attributable to the increased share of the sale of low margin services (railway transport).
The **Financing result** was negative, at **€ -1.3 million**. Financial revenues came to € 2.6 million, financial expenses € 4.0 million. Excluding the a.m. impact of foreign exchange differences and the income/ expenses from the revaluation of financial instrument for hedging against exchange rate risk, the financial result would have amounted to € -2.8 million, or 290 thousand less favourable than in the first quarter 2010.
We closed the first quarter of the year with a **net profit of € 0.7 million.**

Investments were minimal. The structure of assets and liabilities has practically remained unchanged since the year ago. 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 48 percent.

There were positive achievements in various areas. Many activities in the Group are still directed to assuring the financial stability, which is a critical basis for achieving our strategic goals set for the year 2014: the principal goals are maintaining and strengthening our position as the leading provider of comprehensive logistics services in Slovenia and the countries of the former Yugoslavia.

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