Global Logistics Service

Unaudited Report INTEREUROPA Group

January - December 2012

Koper, March 4, 2013

The INTEREUROPA d.d. is publishing this Unaudited Report of Intereuropa Group for January – December 2012, in accordance with the Market in Financial Instruments Act (ZTFI).

The unaudited consolidated and non-consolidated financial statements have been prepared in accordance with the provisions of International Financial Reporting Standards (IFRS).

This Report is available at the Company's registered office at Vojkovo nabrežje 32, 6504 Koper.

The Unaudited Report of Intereuropa Group for January - December 2012 shall also be published on the web site of INTEREUROPA d.d. www.intereuropa.si on March 4, 2013.

C O N T E N T S

PERFORMANCE HIGHLIGHTS

The year 2012 was earmarked by a breaking strategic move for the future operation of the Intereuropa group. Adverse economic environment and tough market situation pushed the enterprises to streamline their operations and cut their costs, which resulted in increasing pressures on the prices in the logistics market as well.
The year saw shrunken goods flows, tougher competition, rising prices of energy sources and expanding ill payment practices. We confronted those trends by activities to achieve optimization, by the automation of business processes and intensified sales activities for acquiring new customers, or upgrading our cooperation with current ones.

After lengthy negotiations with the creditor banks we successfully implemented the financial restructuring of the parent company and decreased the exposure of the group to banks by € 65 million. Based on the resolutions of the General Meeting, the creditor banks converted a portion of debts into equity and thereby brought about significant change in the ownership structure of the parent company Intereuropa d.d. Following two-year negotiations, we sold the logistics centre in Russia in November 2012, which was the precondition for financial restructuring. That very sale had a bearing on the annual financial statements of both the parent and the group. Due to our recognition of that transaction we recorded an operating loss of 7.2 million and a net loss of € 13.4 million, on the group level. If the effect of the sale of the logistics centre in Russia were excluded, our operating profit would come to € 12.4 million.

	INTEREUROPA GROUP			INTEREUROPA D.D.		
(in 1000 €)	Jan-Dec 2012	Jan-Dec 2011	Index 12/11	Jan-Dec 2012	Jan-Dec 2011	Index 12/11
Sales Revenue	188,409	211,880	89	108,222	107,406	101
EBITDA	12,693	21,382	59	5,960	6,299	95
Operating profit or loss (EBIT)	-7,226	5,510	-	-8,558	1,253	-
Net profit or loss	-13,430	-5,410	-	-6,619	-3,712	-
EBITDA margin in %	6.7	10.1	67	5.5%	5.9%	94
EBIT margin in %	-3.8	2.6	-	-7.9%	1.2	-
Sales Revenue per employee/month	8.355	8.264	101	12.331	12.025	103
Value Added per employee /month	2.103	2.397	88	2.856	2.818	101

(in 1000 €)	31.12.2012	31.12.2011	Index 12/11	31.12.2012	31.12.2011	Index 12/11
Assets	322,969	407,207	79	244,758	312,409	78
Equity	154,893	140,988	110	100,887	84,645	119
Net debt	100,121	176,567	57	94,397	118,224	80
No. of employees	1,702	2,114	81	720	768	94

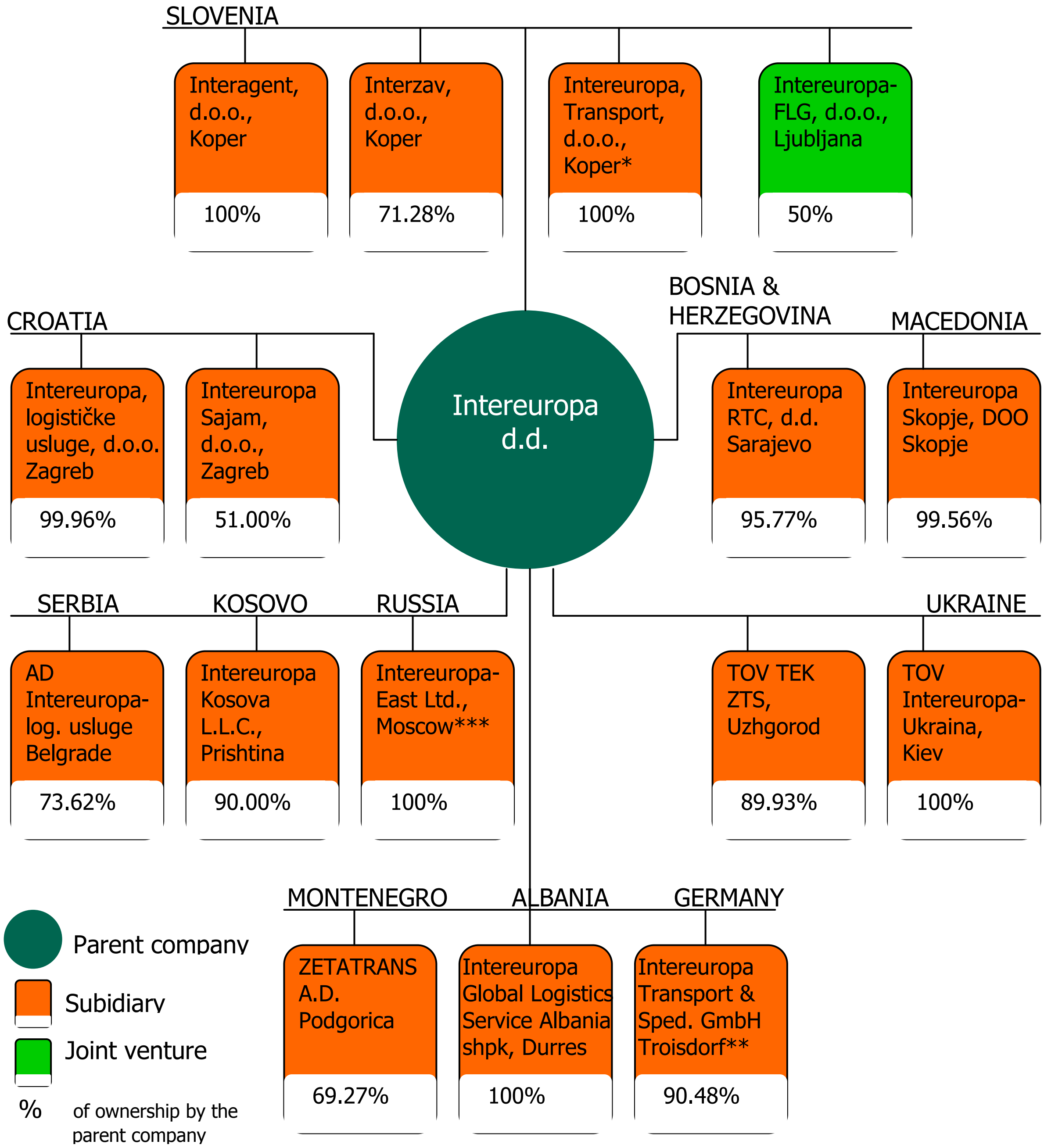
	Jan-Dec 2012	Jan-Dec 2011	Index 12/11
No. of shares at the end of term	27,488,403	7,902,413	348
Net earning per share (in €)	-0.77	-0.47	-
Closing price at the end of term (in €)	0.55	0.43	128
Book value of share at the end of term (in €)	3.67	10.74	34
Closing price / Book value of share	0.15	0.04	374
P/E	-0.71	-0.91	78

EBITDA: Earnings Before Interest, Taxes, Depreciation, Amortisation and Revaluation operating expenses for intangible and tangible assets
Net debt: financial liabilities – loans and deposits given - cash
P/E: Closing price at the end of term/ Net earning per share

GROUP PROFILE

Parent company	Intereuropa, Global Logistics Service, Ltd. Co.
Abbreviated name	Intereuropa d.d.
Country of the parent company	Slovenia
Head office of the parent company	Vojkovo nabrežje 32, 6000 Koper
Comp. ID no.	5001684
Tax no.	56405006
Entry in Companies Register	Registered with the District Court in Koper, file no. 1/00212/00
Share capital	27,488,803 €
Number of of issued and paid-up shares	27,488,803 no-par value shares, of which 16,830,838 ordinary (IEKG) and 10,657,965 preferencial (IEKN)
Share listing	Shares deignated IEKG are included in blue chips on the Ljubljana Stock Exchange, CEESEG.
Management Board	Ernest Gortan, Msc., President of the Management Board Tatjana Vošinek Pucer, Deputy President of the Management Board
Chair of the Supervisory Board	Bruno Korelič

Intereuropa Group	
No. of employees	1,702 employees
Vehicle fleet	173 company-owned trucks, tractors, and trailers and other commercial vehicles
Total warehousing area	234,900 m^2 in-house warehouse
Total land area	1,703,000 m^2 of land area
Membership in international organisations	FIATA, IATA, FETA, FONASBA, BIMCO, IRU
Quality certificates	certificate ISO 9001:2008: ○ Intereuropa d.d., Koper ○ Intereuropa, log. usluge d.o.o. Zagreb ○ Intereuropa RTC d.d. Sarajevo.
Branch network	Slovenia, Croatia, Montenegro, Bosnia & Herzegovina, Serbia, Kosovo, Macedonia, Albania, Ukraine



* Intereuropa Transport d.o.o., Koper has been in liquidation proceedings since 17 January 2012.
** Intereuropa Transport & Spedition, GmbH, Troisdorf has been in liquidation proceedings from 1 September 2012 to 30 September 2012.
*** Intereuropa-East Ltd., Moscowh has been sold on 15 November 2012.

Figure 1: Intereuropa Group as of 31.12.2012

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 2012:
→ 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 2013

The baselines for the 2013 Business Plan of the Intereuropa Group are to retain the leading position in key markets and proceed with the optimization of business processes.
The underlying focus remains to assure sufficient cash flows for effective operation of the Group and of the Parent Company. The essential socio-economic factors considered in the preparation of our business plan are:

→ the company Intereuropa-East Ltd., Moscow, is no longer a member of our Group in 2013,
→ Accession of Croatia to the EU on 1 July 2013,
→ Stagnation expected in the majority of geographical markets of the Group, or a minimal economic growth resp.
→ Adverse liquidity situation continues on the logistics markets, and the resulting pressures on price cuts.

Accordingly, we have set the following operating and financial goals for the year 2013 on the Group level:

→ aligning our operations to the EU-accession of Croatia,
→ continue with the optimization of business processes;
→ focus on the markets with a high market share,
→ use the synergies of the corporate network,
→ we will proceed with the restructuring of our range of services,
→ increase the share of customers who use integral logistics,
→ direct the marketing activities towards developing partnerships, i.e. customer relations management in the long run,
→ we will proceed with the strategy of outsourcing the transport services,
→ and with upgrading /modernization of information systems,
→ efficient management with working capital, ensuring adequate liquidity for undisturbed operation of the Group,
→ Core Financial Goals:
    - Sales: € 156.0 million,
    - EBITDA: € 15.9 million,
    - Operating Profit or Loss: € 8.3 million,
    - Investments: € 3.8 million,
    - Number of employees at year-end: 1,485.

MAJOR EVENTS IN THE REPORTING PERIOD

January

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

February

→ On 27 February 2012 the Supervisory Board was informed on the operation of the Intereuropa Group in the year 2011, in which the Intereuropa group recorded 11 percent higher sales revenue, at € 211.9 million, which was 11 percent above the sales target as well.

→ Creditor banks granted to Intereuropa d.d. a grace period until 30.09.2012 for the repayment of principal and expressed in principle their readiness for the conversion of a part of debt into equity. They also expect support from shareholders, who are expected to decrease the share capital by reducing the nominal share value to 1 € and adopt the resolution on capital increase by the conversion referred to above. In this way the banks would reschedule the liabilities for loans so that financial liabilities of Intereuropa d.d. be sustainable. That would further provide for a sale of the banks' equity to strategic investors.

March

→ Our customer Top Shop International SA informed us of their intended termination of cooperation with us. The Management Board estimates that the envisioned termination would cut the planned sales revenue of the group by approximately 2.5 percent in the current year. We will attempt to mitigate the negative impact of the reduced volume of the business with said customer by activities addressing the resulting situation, both by active marketing and cost adjustment.

April

→ On 19 April 2012 the Supervisory Board of Intereuropa d.d. adopted in its 19th ordinary session the Audited Annual Report 2011 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 2011, following a due discussion of all reports.

→ On 24 April 2012 Intereuropa made a presentation in the Day of Slovenian Capital organized by the Ljubljana Stock Exchange (Ljubljanska borza d.d.), and the Management Board president Ernest Gortan Msc. reported on the achievement of strategic goals in 2011 and on the planned activities and goals of the Intereuropa Group for the present year.

May

→ On 18 May 2012 was held the 20th ordinary session of the Supervisory Board of Intereuropa d.d. to get informed on the quarterly performance of the Intereuropa group: the sales revenue totalled € 47.4 million and the net profit amounted to € 4.5 million.

July

→ On 27 July 2012 the company published the letter convening the 24th General Meeting for 28 August 2012.

August

→ The 24th Annual General Meeting of Intereuropa d.d. was held on 28 August 2012, in which the shareholders got acquainted with the Annual Report of the Intereuropa Group for 2011, including the Auditor's Opinion. The Managementg Board and Supervisory Board were awarded the discharge for the financial year 2011. Shareholders adopted the Resolution on decrease of the share capital owing to transfer to capital reserves and the Resolution on increase of capital by contributions-in-kind. The General Meeting further adopted the Resolution acknowledging the information on the procedure of sale of investment in Russia and the estimated sales proceeds, and appointed the audit firm for the year 2012.

September

→ Intereuropa exhibited on the International Small Crafts Fair (MOS 2012), held between 12 and 18 September in Celje, like previous years. Intereuropa was further the official freight forwarder in fair and offered the organization of comprehensive logistics for the exhibition.

October

→ 18 October 2012: Portorož was the venue of the annual conference of the Intereuropa Group which analysed the implementation of strategic goals and the situation on the markets of the Group. The plan baselines and goals for the year 2013 were presented for each company of the Group.

→ To implement the resolutions of the 24th Annual General Meeting of August, the General Meeting held another session on 25.10.2012 and adopted the amendments to the Statute, and extension of the time allowed for the increase of share capital by contributions-in-kind.

→ In October Intereuropa d.d. entered into the Contract on Financial Restructuring with the creditor banks, in which the terms for financial restructuring of the Company were agreed, as follows:

- decrease of the Company’s share capital owing to transfer to capital reserves,
- capital augmentation by contributions in kind by creditor banks, and
- loan rescheduling up to the year 2019.

The Contract outlines the disposal of investment in Russia as one of the underlying conditions. Accordingly, the financial restructuring activities are expected to be completed by the end of 2012.

November

→ On 15 November, Intereuropa d.d. entered into the contract of sale of the Chekhov Terminal with the Russian company UCTAM LLC RU. In accordance with that contract, the full purchase money EUR 45 million was remitted to the banks - mortgage creditors.

December

→ Following the resolutions of the General Meeting, a portion of short-term loans € 19.6 million was converted into equity of the Company. As of 11 December 2012, the share capital entered in the Register of Companies with the Court amounted to EUR 27,488,803 and consisted of 27,488,803 shares, thereof 16,830,838 ordinary shares with the ticker symbol IEKG, and 10,657,965 preference shares with the ticker symbol IEKN.

→ On 24 December the Company published the »Prospectus for the Admission of Shares to Trading on a Regulated Market«, that relates to 8,928,425 newly issued no-par-value shares with the ticker symbol IEKG. These shares were on 28 December 2012 admitted to trading on the Ljubljana Stock Exchange (Ljubljanska borza), whereas the preference shares are not traded on the regulated securities market.

MAJOR EVENTS AFTER THE END OF REPORTING PERIOD

January

→ In January, Intereuropa organized an open-door day for our employees' children; the aim was, in addition to presenting them the work environment of their parents, also to provide for the day-care of the children on the day of the announced public servants' strike.

February

→ Intereuropa was chosen as the leading partner for the co-financing of the project »Competence Centre for HR Development in Logistics«. The purpose of the project is primarily to include the employees from partner organizations into a programme to address, by active and systematic approach, their deficiencies in the area of competences (knowledge, skills, qualifications) that are of vital importance for achieving the competitiveness of logistics enterprises. The Project will be co-financed from the dedicated funds of the European Social Fund (85 percent) and from the budget of the Republic of Slovenia (15 percent).

BUSINESS REPORT

1. PERFORMANCE OF INTEREUROPA GROUP

1.1. Sales achievements

ECONOMIC TRENDS

According to the estimates by the International Monetary Fund, the world economic growth rate for the year 2012 was 3.2 percent. Developed countries achieved a growth of 1.3 percent, while the remaining economies were able to record a faster growth, at 5.1 percent on average.

In the Euro Zone, on the other hand, the economic situation aggravated throughout the year. Recession spread from the peripheral Member States to the core Euro Zone. The year closed with a modest domestic demand in the Euro Zone. The situation on financial markets levelled off, but that has not brought to a higher volume of lending to corporate customers yet. Despite major fluctuations the oil prices were on the rise and exceeded those of the preceding year by 8.7 percent, closing at € 86.5 per barrel.

Similarly as in the wider region, the trends began abating in spring 2012 also in Slovenia, after two years of weak economic recovery. The decline was lower than in 2009, however, it was expected to last considerably longer. On domestic markets the expected revenues of enterprises were declining over the whole year 2012, while the external markets were losing the current positive trends. The pressures to reduce the export sales prices intensified, but the corporate sphere expected the prices of primary materials to keep on rising. Also the pressures on costs were increasing, in particular those related to the costs of labour, energy and services, which all affected the added value that was generated. Facing the global trends and stronger demand for imports on the part of EU Member States and neighbouring countries, it is presently estimated that the economic activity might be fuelled by exports much less than it was during the recovery after the year 2009. Low or even negative economic growth, weak government revenues and persistent borrowing were in the recent years also characteristic for other countries of Western Balkans that were overcome by the recession again. The impacts of global financial crisis unveiled the vulnerability of small economies in which the recovery is still slowed-down by a critically low industrial output.

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

Countries	BDP growth, in %		Inflation, in %		Exports of goods growth, in %		Imports of goods growth, in %	
	2012	2013	2012	2013	2012	2013	2012	2013
EU 27	-0.2	0.2	2.2	1.8	2.5*	2.4*	-0.4*	1.8*
CEE	1.8	2.4	4.8	4.0	2.3	4.1	3.9	4.2
Slovenia	-2.0	-1.4	3.3	1.9	-0.3	1.8	-5.1	-1.0
Croatia	-1.1	1.0	3.7	3.0	1.0	2.3	-4.8	1.4
BiH	0.0	1.0	2.2	2.1	1.1	5.6	-3.6	3.4
Serbia	-0.5	2.0	8.6	5.0	-2.7	5.4	-1.7	4.9
Kosovo	3.8	4.1	1.0	1.9	-0.3	7.3	-4.6	5.4
Montenegro	0.2	1.5	3.8	2.9	-2.9	1.7	-0.2	3.3
Macedonia	1.0	1.0	2.0	2.0	5.0	8.0	4.8	7.5
Albania	0.5	1.7	3.0	3.0	1.8	6.1	-4.6	2.7
Russia	3.7	3.8	6.7	6.5	2.8	2.9	8.6	9.0
Ukraine	3.0	3.5	6.0	5.9	5.7	6.4	6.9	7.8

* Eurozone data

SOURCE:
World Economic Outlook, IMF, October 2012
World Economic Outlook Update, IMF, January 2013
Autumn forecast of economic trends 2012, UMAR, September 2012
Economic Mirror - January 2013, UMAR, February 2013

SALES REVENUE OF INTEREUROPA GROUP

The movements of goods flows reflected adverse economic conditions on the markets of the Group in the reporting year. We endeavoured to mitigate the pressures to reduce the production costs on the one hand - and the growth of primary materials and oil on the other hand - by optimizing the business processes, which reflected on the sales results of certain logistical services.

In the reporting year the Intereuropa group generated **sales revenues of € 188.4 million**, and remained two percent behind the planned sales revenue. Despite some events that exerted a negative impact on the sales results (decrease in the volume of services purchased by our major customer Top Shop Intl., the disposal of logistics centre Chekhov in November 2012), we did not amend the annual plan during the year.

The business area Land Transport exceeded the planned sales result, of which the road transport, customs services and railway transport achieved the best results. The overachievement of the plan in the customs service segment was largely attributable to deferral of consequences of the estimated decline in the sale of services regarding the accession of Croatia to the NCTS-system. In the area of Intercontinental transport, variances from the plan were shown primarily in the sea-freight segment. Due to declining freight rates and falling demand for container services to hinterland markets, this segment recorded a fall in the sale of services; better sales were achieved in conventional cargo. The turnover of such cargo via the Koper Port was increased by 27 percent and reached 3.3 million tons, which represented 19 percent in the entire Port's turnover in the reporting year.
The achieved level of sales in the services of Intercontinental transport was in part connected with the disposal of the logistics centre Chekhov in Russia (mid November 2012), where we successfully marketed the services of car logistics in the reporting year. The disposal also had an impact on the sales result of the Logistics Solutions area, in which the plan was not achieved primarily due to lower volume of warehousing services for our major customer; we have not fully compensated that drop by acquisition of new business yet.

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

	Business area	Jan - Dec 2012	Structure	Index[1] 2012/plan	Index 2012/2011
1	Land transport	111,493	59%	104	86
2	Logistics solutions	22,569	12%	80	86
3	Intercontinental transport	47,688	25%	98	94
4	Other services	6,658	4%	95	132
	TOTAL SALES REVENUE	**188,409**	**100%**	**98**	**89**

The sales result achieved was 11 percent lower than in the comparable year 2011. The worst fall in the sales was recorded in the Land Transport area; after an in-depth analysis we decided for certain optimization activities that resulted in lower sales revenues in the short run, but lead to improvement of profitability of operations on the other hand. These activities comprise the initiation of voluntary liquidation on the subsidiary Intereuropa Transport d.o.o., closing down of the subsidiary in Germany and the disposal of the subsidiary in France.

[1] Due to a change to the method on revenue analysis according to business area in our subsidiary in Croatia, the indexes of plan achievement by business areas and products do not present a full and accurate picture in particular in the area of Logistics Solutions.

In the sales revenue structure and according to the countries of establishment of our Group members we generated the highest sales revenue in Slovenia and Croatia (standing for 72 per cent of the sales on the group level), despite less favourable economic position. Along with the growth of the Russian automotive market, we recorded a rise in the sales in Russia, but also achieved some growth in Albania, Macedonia, Kosovo, and Serbia.

Table 3: Sales revenue of Intereuropa group by countries (by companies' head office) in € thousand

	Geografical area (by companies' head office)	Jan - Dec 2012	Structure	Index 2012/plan	Index 2012/2011
1	Slovenia	105,513	56%	97	87
2	Croatia	30,897	16%	95	95
3	Russia	13,513	7%	99	118
4	Bosnia & Herzegovina	5,990	3%	94	88
5	Montenegro	5,434	3%	91	97
6	Serbia	3,539	2%	100	102
7	Kosovo	1,750	1%	106	106
8	Macedonia	1,585	1%	105	113
9	Albania	594	0%	134	115
10	Ukraine	19,593	10%	114	82
	TOTAL SALES REVENUE	**188,409**	**100%**	**98**	**89**
1	EU countries	106,107	56%	97	87
2	Non-EU countries	82,302	44%	100	92

Due to the nature of integral logistics services they may include numerous entities involved in the entire transport route of the goods, which can be quite dispersed geographically. The customer portfolio of Intereuropa contains buyers from many countries of the world. Nearly 30 percent of them are domestic customers; in 2012 we also recorded a rising number of customers from the Ukraine, Russia and Croatia.

Table 4: Sales revenue of the Intereuropa group by countries (by customers' head office), in € thousand

	Geografical area (by customers' head office)	Jan - Dec 2012	Structure	Index 2012/2011
1	Slovenia	56,121	30%	87
2	Croatia	30,304	16%	99
3	Russia	14,022	7%	116
4	Bosnia & Herzegovina	6,292	3%	87
5	Serbia	3,207	2%	97
6	Montenegro	5,123	3%	96
7	Other countries	73,340	39%	83
7a	Other EU countries	36,021	19%	71
7b	Other countries	37,320	20%	99
	TOTAL SALES REVENUE	**188,409**	**100%**	**89**

Land transport

Land transport has the highest share in the sales structure of the Intereuropa group. Compared to a year ago, the Land transport area lost 2 percentage points but still yielded 59 percent of our sales revenues on the group level. The sales revenues from the services by Land transport amounted to € 111.5 million; thereof, the major share was generated by the parent nompany in Slovenia, which represents more than one half of the total sales revenue of Land transport.

Much effort was dedicated to cost-effective operations and optimization during the year 2012. Among the key factors contributing to better optimization of operations was the use of the new information system supporting the products of land transport that was launched in Intereuropa d.d. by the end of the year 2012. The information system facilitated the centralization of our operational network and brought about savings in the fleet of vehicles and throughput storage facilities employed in our express service. Less handling is required, which further reduces the exposure of consignments to damages. That IT solution allows for a better supervision over the implementation of services, and combined with enhanced traceability of consignments it further improves the quality of our service. Gradually, we will use this information solution in other companies of our group in the coming years. In Croatia, the analysis preceding the introduction of the new IT solution to our subsidiary is being conducted.

In 2012 the Land transport area exceeded the target sales revenue by 4 percent. Many activities were directed towards the reorganization of our road transport service. We were also preparing for the accession of Croatia to the NCTS–system, to be followed by the accession to the European Union. The strongest surplus over the plan was achieved by the Parent Intereuropa d.d., the subsidiaries TEK ZTS Uzhgorod (the Ukraine), and Intereuropa Logističke usluge d.o.o., Zagreb (Croatia). On the other hand, the Russian subsidiary Intereuropa-East Ltd., Moscow recorded the highest underachievement of its targets due to unrealized plans in the organization of railway transport.

The sales revenue was 14 percent below the level a year ago (2011). More than one half of that setback was attributable to lower income from the road transport product. After a thorough analysis of the operations we decided for rationalization that in the short run led to decreased sales revenue. These measures primarily addressed the road transport segment: liquidation proceedings was initiated in January on the subsidiary Intereuropa Transport d.o.o., Koper; before that, our German subsidiary was closed down in the middle of 2011, and our French subsidiary was sold in the same year. Another major setback was recorded in the railway transport product due to a lower sales revenue in our Ukrainian company TEK ZTS Uzhgorod.

Road transport :

→ Road transport had the highest share in sales revenue structure among the products provided by Intereuropa.
→ The sales plan was surpassed on the Group level (by 17 percent), however, our sales revenue was 19 percent lower than in 2011: that loss resulted from closing down the subsidiaries Intereuropa Transport d.o.o. and the German subsidiary, as well as from the disposal of the subsidiary in France.
→ Another trend perceived was the declining number of road transport contractors in Slovenia, which resulted in rising costs of services and consequently, the reduction of our sales margins.
→ The key goals for the year 2013 comprise:
  - integration of commercial activities in international road transport in the Slovenian part of the Group;
  - retaining our key customers and acquiring new business by providing a high quality service,
  - supporting the role of centralized purchasing and building up a centralized supplier management.

Customs services:

→ The highest share in the sales revenue of this product was generated in Slovenia, followed by the subsidiary in Croatia (combined, standing for over 80 percent of overall revenues from customs broking in the group).
→ We recorded a higher volume realized in customs broking and border transit procedures.
→ The highest surplus over the plan and results of the preceding year (2011) was achieved in Slovenia; other subsidiaries remained behind their targets.

→ The key goals for the year 2013 comprise:
   – alignment of the Parent Company Intereuropa d.d. and of the subsidiary in Croatia to the EU accession of the latter;
   – permanent concern for retaining a high level of know-how.

Groupage Services:

→ The sales revenues were 7 percent below the level a year ago (2011).
→ The major part (as much as 78 percent) of the Group's sales revenue in the Groupage services is generated in Slovenia.
→ Growing sales revenues were recorded in the subsidiaries based in Croatia, Serbia, Montenegro, Macedonia and Kosovo, thanks to increased volume of shipments carried.
→ The key goals for the year 2013 comprise:
   – persist as the leading provider of groupage services in Slovenia, Croatia, Bosnia and Herzegovina and Serbia, and increase the market shares in all countries in which Intereuropa is present with own subsidiaries;
   – additionally increase the dynamics of services by concentration of groupage consignments,
   – use the advantages of the new IT solution in view of process optimization and improved traceability of shipments for our customers.

Express service:

→ The sales revenue in this segment was 3 percent lower than a year ago.
→ The highest share of sales revenue is still earned by the subsidiaries in Croatia (60 percent), followed by the Company in Slovenia (26 percent), the subsidiaries in Bosnia and Herzegovina (10 percent) and Serbia (4 percent). The worst underachievement of the plan was recorded in Slovenia.
→ The companies in Slovenia and Croatia dedicated much effort to the restructuring of sales segments and the optimization of operations. The launch of the new IT solution allows our customers an independent input of orders and the traceability of consignments in Croatian and Slovenian part of the group.
→ The subsidiaries in Serbia and Montenegro also achieved the planned sales revenues, whereas the results of the Bosnian subsidiary were not so good, despite numerous recovery activities undertaken.
→ The key goals for the year 2013 comprise:
   – Comprehensive use of the advantages of the new IT support in Slovenia and impact analysis of transferring that IT solution to Croatia;
   – development of distribution services in countries in which Intereuropa is established;
   – on-going optimization of procedures, cost management and optimum implementation solutions that will retain the quality of service on the highest level.

Rail Transport :

→ We exceeded the planned result for the railway transport product, however, we remained behind the achievement of 2011.

- → The present good achievement is attributable to the Ukrainian subsidiary TEK ZTS, Uzhgorod, which generated 18 percent of all sales revenues in the Land transport.
- → The growth of sales revenue was recorded by the Croatian subsidiary, while all other subsidiaries in the group remained behind the targets.
- → The key goals for the year 2013 comprise:
  - Using the synergies of joint ownership of the company Intereuropa-FLG;
  - Assuring the high level of knowledge and experience in all employees involved in Railway transport;
  - Taking advantage of the favourable geographical position at the crossing of the Fifth and Tenth European Corridors.

The recession in Europe and adverse economic climate in the countries of the Intereuropa group call for a prudent planning of future activities. The forecasts for the year 2013 predict weak economic activity for most of the countries in which the group is present. For Slovenia, in which Intereuropa generates the highest share of operating revenues, the GDP is again expected to decline. The trend of falling margins in the transport services has continued. In the markets that we supply with our services, the recession has resulted in a lower volume of trading in goods and is further affected by an aggravated level of ill payment practices, which calls for much caution in acquiring new business. Within our group we will address the adverse impacts of these factors by intensified sales activities on domestic and foreign markets. Considering the level of our integration to the markets of West Europe, which also show only a minimal or even negative economic growth, our Land transport area is facing a falling volume of goods flows and consequently, a tougher competition in these markets.
We will continue with the optimization of operations. The restructuring process on the express services product will continue both in Slovenia and Croatia.
For 2013 we expect a 17.5 percent decline in the sales revenues from our services in land transport; the highest loss is expected in the product customs services, attributable to the accession of Croatia to the EU. Also the volume of road transport is expected to shrink. The lower operating revenues from these two products are also attributable to a reduced cooperation with a major customer that occurred in the middle of 2012 already. Furthermore, the disposal of the Russian subsidiary will also affect the volume of road transport business.

Logistics solutions

The Logistics solutions area was facing tough economic circumstances that resulted in a decline in goods flows in the reporting year. After relatively good sales in the first half-year, when the targets were achieved, the sales of our products were gradually declining in the second half-year. Our customers adapted to the situation by increasing the pressure on prices of services, some of the customers even changed their logistics concepts; that resulted in essentially reduced volumes of cooperation with us. Consequently, we recorded a setback in the sales revenue during the reporting year, lying 20 percent behind the targets and 14 percent below the last year's results. The sales revenue amounted to € 22.6 million.

Such a result can be mainly attributed to lower sales in two key markets, i.e. Slovenia and Croatia, which stand for 74 percent in the sales structure of logistics solutions and are most affected by unfavourable economic trends of global recession and financial crisis.

The highest rise in the sales revenue was recorded by our subsidiary in Russia, which was operating within the group till 15 November 2012 and generated 13 percent in the sales of this business area. With fully occupied warehouse capacities, the Russian subsidiary surpassed the plan by 8 percent and outstripped the last year's achievement by 38 percent.

Also in other countries of the Balkans in which our company operates warehouses we could still perceive a considerable fall in the demand for logistics solutions. Recession and financial crisis slashed the demand in these markets, and stronger competition emerged in the face of increased unoccupied storage and industrial capacities. As a result, sales revenues fell below the level of the preceding year in the markets of Bosnia and Herzegovina, Montenegro, Serbia, Macedonia and Kosovo that in total represent 14 percent in the sales structure of this business area.

In accordance with the corporate guidelines of the group, we dedicated much effort to target-based sales of logistics solutions and optimization.

Key activities for the Logistics solutions area in 2013 comprise:
→ development of partner-like customer relations and deeper cooperation with current customers.
→ Acquiring new logistics projects, primarily aiming to fill the unoccupied storage capacities;
→ Development and introduction of IT support for the needs of Logistics solutions in Slovenia, and then also in subsidiaries of the group;
→ On-going specialization and optimization of logistical processes according to commodity categories.

Intercontinental transport

The sales revenue of the Intercontinental transport area amounted to € 47.7 million. If the effect of the disposal of the logistics centre in Russia (in the second half of November 2012) were considered, our sales targets have been achieved. Concurrently, the revenues fell 6 percent below the figure of the preceding year, given that the sales on the Russian market contributed a significant share to the total revenues of the car logistics product.

Sea-freight products, including the shipping agency, represented well over one half, or 53 percent of the sales in this business area. Better than expected were our products sea-freight conventional cargo, shipping agency, and car logistics.

Lower volume of demand for overseas freight and air-freight transports was perceived in particular in the second half-year. The change in logistics of our key customer in automotive business affected the throughput volume at the Chekhov car terminal: the customer found an additional temporary solution for vehicle storage. In spite of that, the share of car logistics in the revenue structure of this area increased in 2012.

Sea-Freight:
→ The sea-freight stood for 13 percent of the group's total sales revenue in the reporting year and strengthened by one percentage point. However, that result was still 2 percent behind the target and 8 percent lower than a year ago.
→ Slovenia recorded a decline in the sales, unlike the markets of Croatia, Bosnia and Herzegovina, and Macedonia which achieved a growth in the revenues.
→ On the group level, the conventional cargo represented over one half in the sea-freight turnover. This segment recorded a 9 percent growth and exceeded the targets by 8 percent.

→ However, the container transport saw a fall of 19 percent, which was largely attributable to declining sea-freight rates and to lower demand for container transportation to hinterland markets.
→ The RO-RO operations were affected by high freight rates on the line from Slovenia to Albania, which brought about a shift of shipments from sea to road transport, or LTL line for Albania resp., and by a decline in the demand for transport of construction mechanization to the markets of North Africa.
→ Further development of the sea-freight product in our subsidiaries is still viewed as the key element to support the development of the Intercontinental transport area and of the Intereuropa group. Such infrastructure enables us to provide comprehensive logistics services to our partner network and key customers. A significant growth of revenues was achieved in Croatia, Bosnia and Herzegovina, and Macedonia. Also Montenegro can show a favourable progress of this product, despite increasing competition and discontinued service to the port of Bar by some container operators. The shipping agency closed the year 2 percent above the plan. We represented 6 percent more ships than in 2011 and we retained the leading position as regards the number of ships represented in the Port of Koper. In the second half-year we entered into an agency agreement with a container ship operator, the business is expected to develop this year (2013).

Car logistics:
→ In 2012, the car logistics became one of major products of the group. The sales revenues of this segment represented 10 percent of the total sales revenue of the group.
→ Slovenia and Russia were the most relevant markets. Our car terminal in Russia also had a significant role for the distribution of cars to our terminal. If we consider the adjusted results upon the disposal of the terminal in November, we surpassed both the annual targets and the results of 2011 in the segment of car logistics by 2 or 4 percent resp.
→ Car logistics remains our significant segment of business, in particular for Slovenia. The Parent Company yearly handles more than 110,000 vehicles shipped via the Port of Koper.
→ Unlike in the first half-year when our car terminals in Slovenia were performing well, the volume declined in the second half-year.
→ In the reporting year we achieved a significant development of the business, representing one half of total sales in our car logistics segment, which will shrink in the coming year due to our withdrawal from the Russian market.

Air-freight:
→ In the air-freight product we remained slightly below the sales targets, although we exceeded the achievement of the preceding year (2011) by 6 percent. Nevertheless we retained significant market shares in our key markets and strengthened the partner network cooperation.
→ Our involvement in partner network resulted in newly acquired business.
→ Significant growth was achieved on the markets of Serbia and Croatia; in Slovenia we recorded a decline in the number of air-freight consignments. We have to tackle with tougher competition from international logistics providers, which fact additionally fragments the relatively closed range of clientele and cargo available.
→ Also the freight rates and airport charges were subject to high pressure. As a result, competitors carry more consignments directly to European hubs by road.
→ In the reporting year we organized charter flights for our regular and important customers. Such kind of business is also expected for the year 2013, which places us along major organizers of airfreight transport.

Although the freight rates remain relatively low, we expect the struggle to persist with more competitive transport modalities, of which the consolidation container service is gaining ground. The development of this product depends on a more aggressive marketing approach that will be additionally strengthened in the year 2013.

The plans for 2013 rely on the activities that were implemented in the reporting year, lying within the corporate guidelines set for the future development of this segment. The following activities will be relevant:

- → Intensifying the sales activities for sea-freight products in the group, and getting integrated in the organization of integral logistics chain, with particular emphasis on Croatia and its accession to the EU in July 2013;
- → Focusing on the development of car logistics in the Central and SE Europe region;
- → Strengthening the cargo agency representation with the national airline, and closer cooperation with air carriers in the region;
- → Coordinated marketing activities in Slovenia and Croatia, upon accession of Croatia to the EU;
- → Integration of the acquired agency representation of the container ship operator into integral supply chains;
- → Carrying on the negotiations to acquire the agency for a container ship operator in other ports on the Eastern Adriatic Coast;
- → Development of IT support for air-freight in the companies of the group;
- → Development of IT support for the needs of sea-freight service in Slovenia and also in subsidiaries of the group;
- → development of cooperation in the partner network in the segments of sea-freight and air-freight transport, and thorough integration of group members in a unified partner network.

1.2. Financial result

Tables 5 and 6: Financial results of the Intereuropa group for the year 2012, in thousand €

Item / Index	Jan - Dec 2012	Jan - Dec Plan 2012	Jan - Dec 2011	Index 2012/plan	Index 2012/2011
Sales revenue	188,409	191,788	211,880	98	89
EBITDA*	12,693	22,000	21,382	58	59
Operating profit or loss	-7,226	11,808	5,510	-	-
Financing profit or loss	-13,046	-15,668	-13,429	-	-
Net profit or loss	-13,430	-1,727	-5,410	-	-
EBIT margin in %	-3.8%	6.2%	2.6%	-	-
Sales revenue per employee/month	8.355	8.190	8.264	102	101
Value added per employee/month	2.103	2.423	2.397	87	88

** EBITDA: Earnings Before Interest, Taxes, Depreciation, Amortisation and revaluation operating expenses for intangible and tangible fixed assets*

Item / Index	31.12. 2012	Plan 31.12.2012	31.12. 2011	Index 2012/plan	Index 2012/2011
Balance sheet total*	322,969	379,794	407,207	85	79
Equity*	154,893	146,892	140,988	105	110
Net debt**	100,121	173,614	176,567	58	57
Short-term assets/ Short-term liabilities*	1.56	1.25	0.35	125	443
Net Return On Equity (yearly level)***	-8.68%	-1.16%	-3.67%	-	-

** as of the last day of the reporting period*
*** financial liabilities – loans and deposits given - cash*
**** average equity (capital) of the report. period*

The Operating profit or loss, and EBITDA

→ The presented Operating profit or loss, which is negative, was under significant impact of the circumstances connected with the disposal of the Russian subsidiary in November 2012, and therefrom arising:
- loss from the sale of fixed assets in the amount of € 9.8 million,
- other operating expenses for the provisions made for potential liabilities that arise from contracted assurances, amounting to € 4.2 million, and
- other operating expenses from the elimination of the subsidiary Intereuropa-East Ltd., Moscow, from the group, amounting to € 5.5 million.

If the effect from the sale of the Russian subsidiary were excluded, the operation of the group in 2012 was successful because we succeeded in restructuring the road transport in Slovenia and effectively control the indirect costs in most subsidiaries in the group. That reflected in improved productivity and a higher EBIT margin (6.6 percent), which rose 4 percentage points over the year 2011.

→ Excluding the transactions that are not directly related to the ordinary business (including the disposal of our subsidiary in Russia), the following EBITDA and Operating result values would be achieved:

in 1000 €	Jan-Dec 2012	Jan-Dec 2011	Index 2012/2011
EBITDA	18,962	19,203	99
Operating profit or loss	9,798	7,257	135

The Financing profit or loss

→ The presented Financing profit or loss, which is negative, was under significant impact of expenses from the exchange differences from translation upon disposal of the Russian subsidiary, amounting to € 7.1 million. Excluding the latter item, the Financing result was even better than expected primarily on the ground of the non-occurrence of the expected negative foreign exchange differences and due to lower interest expenses.

Net Profit or Loss

→ The Net operating profit has been improved by tax liability for the corporate income tax. Most of them relates to positive deferred taxes of the parent company in the amount of € 8.8 million (among them, the most relevant are the amounts originating from tax losses).

Structure of Statement of financial position

→ The current ratio for the last quarter of reporting year rose thanks to successful financial restructuring of the parent company and the related reclassification of the amounts from short-term loans to long-term loans, due to capital increase and the repayment of a portion of debts from the disposal of the Russian subsidiary. These changes further reflect in the rise of the portion of equity in sources of finance (by 13 percentage points).

1.3. Investments in fixed assets

In the year 2012, the **investments in fixed assets** realized by the Intereuropa group totalled **€ 2,009 thousand**, thereof € 753 thousand in real estate and € 1,255 thousand in equipment and intangible assets. The annual plan of investments was completed to the level of 51 percent.

Table 7: Overview of Investment in year 2012, in thousand €

Company	Real property		Plant & Equipment		TOTAL INVESTMENTS		% of annual realiz.
	Jan-Dec 2012	Plan 2012	Jan-Dec 2012	Plan 2012	Jan-Dec 2012	Plan 2012	
Intereuropa d.d.	505	1,047	338	1,128	843	2,175	39
Subsidiaries	248	424	917	1,312	1,165	1,737	67
TOTAL INVESTMENTS	**753**	**1,471**	**1,255**	**2,440**	**2,009**	**3,912**	**51**

The investments of the Parent Company Intereuropa d.d. were made in real estate, equipment and intangible assets (€ 843 thousand); other members of the Group invested € 1,165 thousand in fixed assets. Among major investments were the financial lease of three trucks in the Ukrainian subsidiary ZTS Uzhgorod (€ 235 thousand) and the construction and equipment of the cold store facility for fruit and vegetables in Celje, measuring 1,700 square meters (€ 148 thousand).
The invested funds were earmarked to:
- Buildings and fittings/ equipment (€ 1,282 thousand),
- Repairs and purchase of motor vehicles (€ 614 thousand),
- Computer hardware and software (€ 87 thousand).

1.4. Risk Management

In risk management, the central goal is to systematically and effectively address and reduce uncertainty in the company and thereby contribute to better operating performance of the company.

As of 31.12.2012, there were 61 types of risk identified in the company Intereuropa d.d., thereof 8 key risks. The most significant risk in the company is the selling risk which has been rising lately (big pressures to reduce the prices; declining demand for our services), while we succeeded to adequately mitigate the risk of financial stability assurance and the liquidity risk.

Our greatest attention is paid to the selling risk. We adapt to individual needs of our customers, intensify our sales activities and enhance our presence in the market. During the second half-year there were growing pressures of customers to reduce our rates, however, we managed to raise productivity in spite of them. In response to decreased demand of our major customer Top Shop Intl. we included additional measures in our business plan for the year 2013. We responded to the changed rates, while assuring a high quality level of our services, by internal alignment of business processes. Effective information technology solutions supporting the logistical processes nad an important role.

The credit risk, occurring in defaulted payments, is successfully managed and maintained on a level similar to the preceding year's, whereas the risk of incurring bankruptcy and similar proceedings has been rising. The long-term agreement with commercial banks as the completion of the process of financial restructuring for the company, the assurance of regular short-term credit facilities to finance the working capital, and the decrease of the variable Euribor interest rate exerted a positive influence on reducing the exposure to liquidity and interest rate risks.

The exposure to risks involved in human resources (HR Risks) was reduced in the reporting year. We continue with our focus on the development of a system of motivating and remunerating the HR linked to /dependent on their achievements, the system of HR planning and the system of training and education of employees on all levels. The survey measuring the employee satisfaction points to a positive trend, which is encouraging in the present uncertain situation.

For the reporting year we estimate to have successfully managed the key and most important risks in the company, and despite the fact that our exposure to selling risk is rising, we achieved the target performance values in the operating ratios.

In 2013 the exposure to selling risk will continue rising, so we additionally strengthened the sales activities and individual approach to customer. The accession of Croatia to the EU is another important risk that will in the short run result in decrease of revenues from customs services in Slovenia and Croatia. Within the group we will continue rationalizing the business processes and decreasing the costs in all units and business functions. We expect the launch of the IT solution supporting the logistics solutions will have a significant positive effect in Slovenia.

1.5. Human Resources Management

EMPLOYMENT TRENDS

The year 2012 ended with 1,702 employees in the Intereuropa group. Thereof, 44 percent are employed in Slovenia and 56 percent in the subsidiaries abroad. Compared with the end of 2011, the number of personnel was cut by 19 percent or 412 employees resp.

Following the global crisis since 2009 the number of staff in the Intereuropa group has been decreasing all the time; the market situation demands continual optimization of work processes and improvement of our productivity. The largest part of downsizing in the year 2012 was attributable to the disposal of our Russian subsidiary (168 employees) and the liquidation of the subsidiary Intereuropa Transport d.o.o. (117 employees).

In total, 529 employees left the Group in 2012. Newly recruited were 117 staff members, thereof 43 in our Croatian subsidiary. In most cases the new recruitments replaced the personnel who left the company, and a certain number were taken on due to newly acquired business. The optimal HR structure was maintained by internal transfers: there were at least 124 employees transferred to another work area in the Slovenian part of the group. The overall fluctuation rate in the bigger companies of the group was 13 percent, or 1 percent more than a year ago, (or 33 percent, if the subsidiaries Intereuropa-East Ltd., Moscow and Intereuropa Transport d.o.o., in liquidation are taken into account, which is 21 percent more than last year).

As of 31.12.2012, there were 1,557 employees in the group on a permanent and full time basis (91 percent) and 145 employees with temporary employment (9 percent).

In case of temporary needs for personnel and for the requirements of warehouse management we made use of more flexible employment forms, such as by engaging HR agencies and Students' Job Centres. There was 7 percent of the workforce employed under such arrangements, which is one percent less than a year ago.

The utilization of work time in the Parent Company was 79.4 percent or slightly lower than in the year 2011 (80.6 percent).

Table 8: No. of employees in the Intereuropa Group according to countries, as of 31.12.2012

	31.12.2012	31.12.2011	Difference 12-11	Index 2012/2011
Slovenia	740	908	-168	81
Croatia	461	514	-53	90
Bosnia & Herzegovina	131	145	-14	90
Serbia	108	108	0	100
Macedonia	33	33	0	100
Kosovo	25	25	0	100
Montenegro	153	162	-9	94
Albania	2	2	0	100
Russia	0	168	-168	0
Ukraine	49	49	0	100
TOTAL No. OF EMPLOYEES	**1,702**	**2,114**	**-412**	**81**

DEVELOPMENT AND TRAINING

In accordance with the saving measures applied in the company we restricted the training forms involving external lecturers to the ''strictly required" knowledge or skills for employees that are required by law. As a result, only one half of funds earmarked for training in the reporting period was spent.

With internal instructors we held 37 percent of education and training forms. These mainly comprised the training on occupational health and safety; in the parent company the focus was on the IT support to logistical processes.

Compared with previous years the volume of hours of training was reduced as ISPRO Project, which required lengthy internal training, was brought to its concluding stage. In the Slovenian part of the group, the employees were included in the training with 7 hours on average.

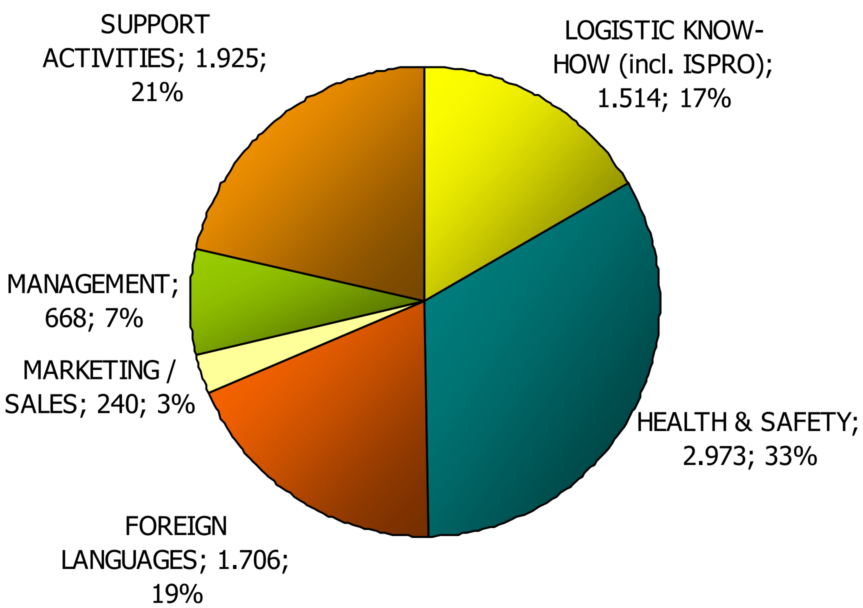


Figure 2: Tranining hours in the year 2012 according to topics (for the group)

According to contents, these training forms comprised mostly new knowledge on occupational health and safety (fire safety, transport and handling with dangerous goods, first aid, fire extinguishing and evacuation, etc.); logistical skills (IT support to logistical processes, customs broking); foreign language courses (primarily English and German); other expert knowledge from various fields: finance, auditing, accounting, law, etc.

In the Slovenian part of the group, 42 staff members were included in management training forms, and 35 took part in training on marketing and sales.

EMPLOYEE CARE AND WIDER SOCIAL ENVIRONMENT

The concern for our employees remained on a comparable level as in the past, despite cost-containment in all areas.

→ For a round anniversary of service we awarded 62 employees in the Slovenian part of the group.
→ We continue to maintain the tradition of presenting gifts to children of our employees at Christmas/ New Year. In the Slovenian part of the group, 170 children received a gift coupon in the amount of € 30.
→ Our present and retired employees are offered to spend a holiday in our holiday accommodation facilities at favourable prices. The occupancy of these facilities was 36 percent, which was two percentage points higher than a year ago.
→ Financial aid in total amount of € 54 thousand was granted to 82 our employees who were affected by difficult health condition or had to cope with inferior financial position, death of family members and similar;
→ Additional voluntary pension insurance is being paid for 651 employees (88 percent) in the Slovenian part of the group (Intereuropa d.d. and Interagent d.o.o.), amounting to € 39 per employee on average.
→ Twelve employees in the Slovenian part of the group used the option for flexible work schedule to facilitate their coordination of work and family life.
→ We cultivate our relations and connections with educational institutions in the local and broader environment: we provided obligatory work practice to 77 secondary school and tertiary level students; it can also be arranged that students select topics for seminar papers or diploma thesis, incl. technical assistance.
→ We encourage recreational activities to maintain and promote health for our employees.

HEALTH PROTECTION

→ In cooperation with authorized physicians of occupational medicine, we referred 231 employees to dedicated preventive, preliminary, periodical control and target medical check-ups; on the group level the total number was 502.
→ In the Slovenian part of the group we organised vaccination against flue: 98 employees (or 9 fewer than a year earlier and 42 fewer than in 2010) took part.
→ The share of sickness-related absence in the parent company decreased in the reporting year by one percent on average.
→ In the Slovenian part of the group there were fewer accidents at work and injured employees (20, or 5 less than a year ago). Of the 20 injured persons was one student employee. There were no accidents with severe injuries. On the group level were 25 injured in accidents at work (2 with severe outcome), which was 17 accidents less than a year ago.
→ In individual organizational units in Slovenia, 1,707 sets of different working equipment were examined and tested, or 1,828 in the whole group.

1.6. Total Quality Management

Three companies of the Intereuropa group (out of 12) hold a certification under the ISO 9001:2008 Standard. Seventy-six percent of all employees work in these certified companies (Intereuropa d.d., Intereuropa d.o.o., Zagreb, Intereuropa RTC d.d. Sarajevo). In the Quality Management area, the reporting year recorded external audits of the Quality Management System that were conducted in Intereuropa d.d. and Intereuropa d.o.o Zagreb, and the decision was made to discontinue the certification in two companies: Intereuropa Transport d.o.o. and Interagent d.o.o.

Quality control by QM indicators

A customer buying logistics services associates the quality of service with such factors as safety and security of the goods shipped, the speed/ promptness of service and the price for it.

No. of complaints	Index 12/11	No. of claims	Value in 1000 €	Index 12/11	Approved Value in 1000 €	Index 12/11
471	70	189	184	39	113	94

In the reporting year the value of complaints was 61 percent lower than in 2011, not comprising two cases of goods disposal, i.e. transit procedures that remained incomplete (not properly discharged). The number of complaints has fallen by 30 percent.
The speed of consignment delivery in international transport has improved considerably, in particular in the second half-year. A positive trend was recorded also in domestic operations. In the second half-year, more than 96 percent of consignments were delivered on the next working day.

External quality of service audit by the certification authority

The results of external audit in Intereuropa d.d. in 2012:

→ **Intereuropa d.d.** - the audit was the fourth re-certification (renewal) audit, thirteenth in sequence. The audit was conducted in the following organizational units:
Intereuropa d.d. - the Managing Board, business units (BU) Koper, Brnik, Celje, Maribor, Dravograd**.**
Six auditors have confirmed in their reports that our operations are conducted in compliance with the requirements of the ISO 9001 standard. They did not find any non-compliance, however, they issued 21 recommendations for improvement.
The persons responsible for dealing with the recommendations according to the Resolution of Managing Board have prepared a plan for solutions and provided the substantiation for any recommendations not accepted on our part. The report on measures taken was submitted to the certification body at the beginning of June.

→ **Intereuropa, logističke usluge d.o.o., Zagreb** – the external audit was the first control audit after the certification audit last year. The audit was conducted on 29.06.2012 in the following organizational units: Management Board, Zagreb Branch, Macelj Border Pass, Warehouse at Samobor, and Split Branch.
Four auditors did not detect any non-compliance, but they issued 15 recommendations to which the persons responsible responded in three months.

→ **Intereuropa RTC d.d., Sarajevo** – the external audit was the second control audit after the re-certification audit in 2010. The audit was held on 29 and 30 October 2012 in Sarajevo, Tuzla and Travnik.
Two auditors did not detect any non-compliance, but they issued 9 recommendations.

Food Safety Management System

→ **Intereuropa d.d.** - A non-certified system of food safety management under the HACCP system has been in use since 2004. The verification of the HACCP system, or checking the compliance with good practices in handling foodstuffs was performed in all the four warehouses in November and December. There were two recommendations issued, relating to the cold store facility in Celje.

External audit of the control system and storage of ecologic products imported from third countries
In the Koper Branch, external audit of the compliance of the storage of ecologic products imported from third countries with the Regulations (EC) 834/2007 and 889/2008 was conducted for the sixth time in sequence. The auditor did not find any non-compliance and issue any recommendation.

→ **Intereuropa, logističke usluge d.o.o., Zagreb:**
Intereuropa d.o.o. Zagreb has got a certified food safety management under the ISO 22000 standard. The system is audited concurrently with the external audit of the quality management system. The audit released three recommendations addressing the ratios/indices, control and documentation.

1.7. Share IEKG and ownership structure

The share capital of the Intereuropa d.d. was increased in the reporting year. Shareholders resolved in the General Meeting on a simplified decrease of share capital owing to transfer to capital reserves and on an increase of capital by conversion of claims receivable by creditor banks into equity. After the completion of the decrease of share capital, the share price was reduced from € 4.17307 to € 1. On 28 November 2012 the claims of seven creditor banks in the amount of € 19,586,390 were assigned to the company as their contributions-in kind for the issue of 19,586,390 shares. In accordance with the Shareholders' Resolution, Intereuropa d.d. issued 8,928,425 ordinary and 10,657,965 preference shares.

As of 11 December 2012, the share capital entered in the Court Register of Companies amounted to € 27,488,803 and consisted of 27,488,803 no-par-value, freely transferable shares, thereof:

→ 7,902,413 ordinary shares with the ticker symbol IEKG, paid in by contributions in kind,
→ 8,928,425 ordinary shares with the ticker symbol IEKG, paid in by delivery of contributions in kind, and
→ 10,657,965 preference shares with the ticker symbol IEKN, paid in by delivery of contributions in kind.

Since 28 December 2012, 8,928,425 newly issued ordinary IEKG shares have been admitted to trading on the Ljubljana Stock Exchange (Ljubljanska borza), whereas the preference shares are not traded on the regulated securities market.

KEY DATA ON SHARE

Table 9: Key Data on Intereuropa Share (IEKG) for the year 2012

	Jan-Dec 2012	Jan-Dec 2011
No. of shares*	27,488,803	7,902,413
No. of preference shares IEKN*	10,657,965	0
No. of ordinary shares IEKG*	16,830,838	7,902,413
od which no. of treasury shares*	18,135	18,135
Share book value in €*	3.67	10.74
Earnings per share in €	-0.77	-0.47
Market capitalisation in € thousand*	9,257	3,398
Trading volume in € thousand	223	433
Closing price in €	0.55	0.43
Weighted average price in €	0.64	2.62
Highest price in €	1.32	3.99
Lowest price in €	0.30	0.40
P/E	-0.71	-0.91
Capital gain	27.9%	-89.0%

** as of the last day of the period*

Notes:
Book value = capital/ (number of all shares – number of treasury shares)
*Market capitalisation = closing price at the end of period * number of shares listed in SE*
Earning per share = Net profit/(number of all shares – number of treasury shares)
P/E = closing price at the end of period / Net earning per share
Capital gain = price increase in period

SHARE TRADING

In 2012 the prices of shares traded on the Ljubljana Stock Exchange rose on average, and their total market capitalization increased slightly. Nevertheless, the confidence of investors in capital market has not improved yet: the trading volume was even lower than in 2011.
In the reporting year the trading volume with the IEKG shares was almost halved in comparison to the preceding year, although a double amount of shares changed the holder. The market rate of the IEKG share fluctuated between € 0.30 and € 1.32 per share. After hitting the bottom in August, it closed the year at € 0.55 on the last trading day. In one year it gained 27.9 percent of its value, while the Stock Exchange Index (SBITOP Index) recorded a 7.8 percent rise in the same period. The market capitalization closed the year at € 9.3 million, which stands for 0.2 percentage points of the market capitalization of all shares on the Ljubljana SE.

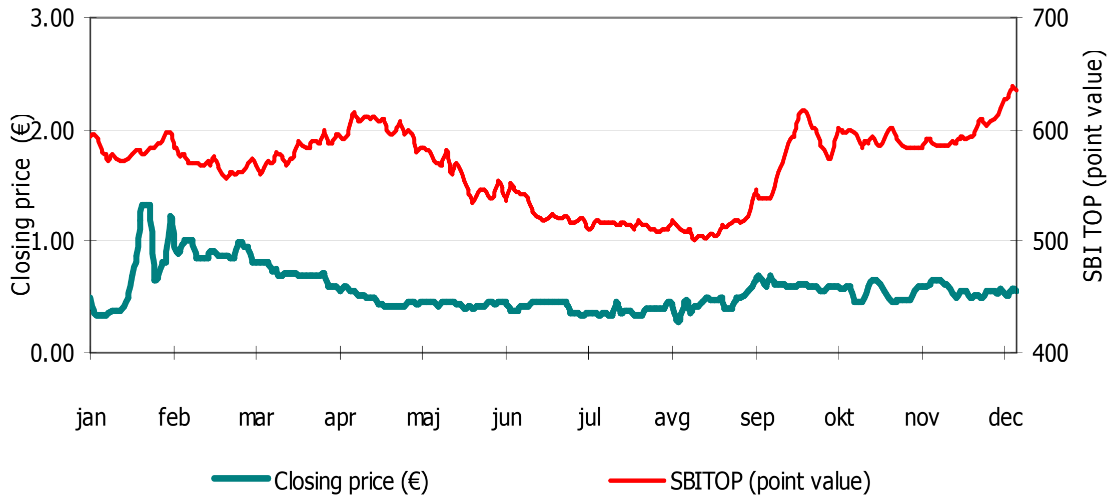


Figure 3: Closing prices of IEKG share and SBITOP index in the year 2012

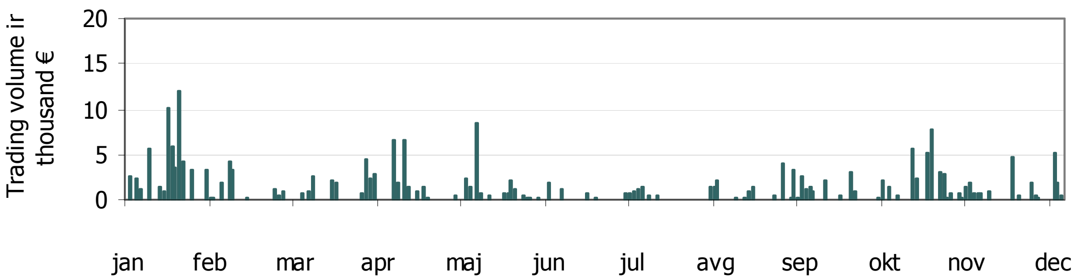


Figure 4: Trading volume of IEKG share in the year 2012

OWNERSHIP STRUCTURE

The list of Top Ten Shareholders of Intereuropa changed thoroughly by the entry of new shareholders following the capital increase. At the year-end 2012 the seven creditor banks, which entered the Company's ownership structure by conversion of their claims receivable into equity, joined the former top three shareholders (Luka Koper, Kad d.d., Sod d.d.). As of the last day in the reporting year, the top ten shareholders held 83.6 percent of all shares.

Table 10: Top ten shareholders of Intereuropa d.d. as of 31.12.2012 compared to 31.12.2011

	Shareholder	31.12.2012		31.12.2011		Index 12 /11
		No. of shares	share %	No. of shares	share %	
1.	SID banka d.d.	4,942,072	18.0	0	0.0	-
2.	NLB d.d.	4,770,601	17.4	240,000	3.0	1988
3.	Gorenjska banka d.d.	3,068,990	11.2	0	0.0	-
4.	Raiffeisen banka d.d.	2,850,752	10.4	0	0.0	-
5.	SKB d.d.	2,254,980	8.2	0	0.0	-
6.	Luka Koper d.d.	1,960,513	7.1	1,960,513	24.8	100
7.	Nova KBM d.d.	1,185,292	4.3	0	0.0	-
6.	Banka Koper d.d.	753,703	2.7	0	0.0	-
9.	Kapitalska družba d.d.	719,797	2.6	719,797	9.1	100
10.	Slovenska odškodninska družba d.d.	474,926	1.7	474,926	6.0	100

As of 31.12.2012, there were 5,477 shareholders entered in the Share Register of Intereuropa d.d., or 3 shareholders less a year ago. With the entry of new shareholders the shareholdings held by foreign investors fell by 1.7 percentage points and amounted to 0.6 percent.

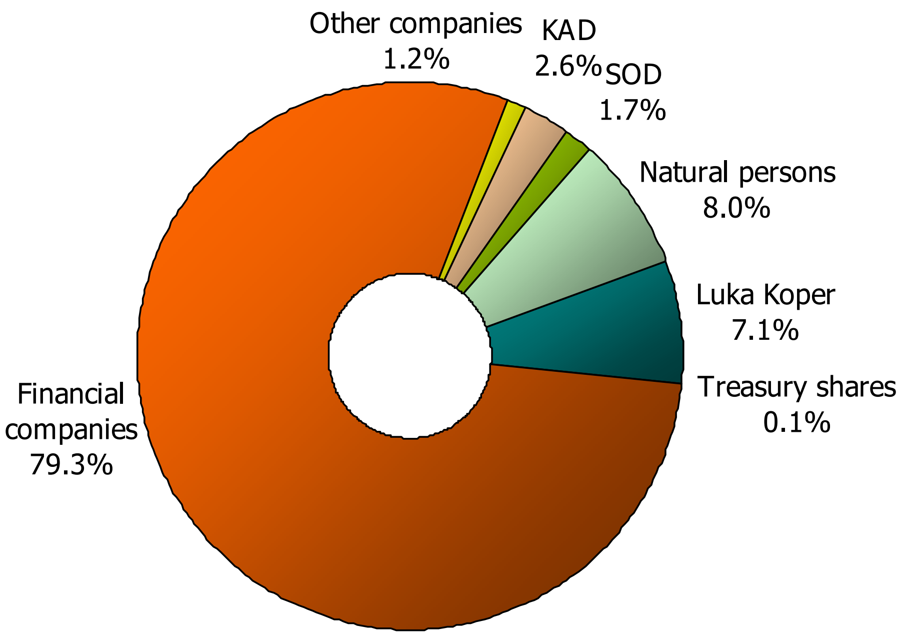


Figure 5: Ownership structure of Intereuropa d.d. as of 31.12.2012

SHARE OWNERSHIP BY THE MANAGEMENT AND SUPERVISORY BOARD MEMEBERS

The Management Board President Ernest Gortan, and Deputy President Tatjana Vošinek Pucer did not own any Intereuropa shares on 31.12.2012.

Table 11: Shares held by Supervisory Board members, as of 31.12.2012

Supervisory Board	No. 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, Msc., member of Supervisory Board	99	0.001

TREASURY SHARES

As of 31.12.2012, the company Intereuropa d.d. held 18,135 treasury shares (IEKG) in total value of € 180 thousand, representing 0.0660 percent of all shares. The percentage of treasury shares has not changed since 31.12.2011.

AUTHORISED CAPITAL

In accordance with the Statute of Intereuropa d.d. the Managing Board is authorized - 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 amending the Statute in the 22^{nd} General Meeting, which represents a nominal amount of € 16,488,092.56 (the authorized capital). As of 31.12.2012, the company has got authorized and unused capital in total amount of € 16,488,092.56.

DIVIDEND

In the last few years the company dedicated its top attention to maintain financial stability and reduce the leverage to a sustainable level. Unfavourable economic situation and increased exposure to liquidity risk were the reasons for not distributing any dividend in the year 2012, too. After the financial restructuring was completed (at the year-end), the leverage/indebtedness of the company has decreased materially, and the remainder of financial liabilities was rescheduled under such terms that allowed for stable financial operations.
Depending on the implementation of the strategic goals set and following the improvement of operating results, the Managing Board will re-define its dividend policy.

INFORMING THE SHAREHOLDERS

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

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

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

2. OPERATION OF THE COMPANY INTEREUROPA d.d.

Tables 12 and 13: Operations of Intereuropa d.d. in the year 2012, in thousand €

Item/Index	Jan - Dec 2012	Jan - Dec Plan 2012	Jan - Dec 2011	Index 2012/plan	Index 2012/2011
Sales revenue	108,222	111,777	107,406	97	101
Land transport	55,337	54,276	48,847	102	113
Logistic solutions	13,231	14,903	15,801	89	84
Intercontinental transport	34,686	37,511	37,937	92	91
Other services	4,968	5,087	4,821	98	103
EBITDA*	5,960	10,614	6,299	56	95
Operating profit or loss	-8,558	5,560	1,253	-	-
Financing profit or loss	-6,779	-2,648	-7,147	-	-
Net profit ot loss	-6,619	2,602	-3,712	-	-
EBIT margin in %	-7.9%	5.0%	1.2%	-	-
Sales revenue per employee/month	12.331	12.636	12.025	98	103
Value added per employee/month	2.856	3.259	2.818	88	101

** EBITDA: Earnings Before Interest, Taxes, Depreciation, Amortisation and revaluation operating expenses for intangible and tangible fixed assets*

Item/Index	31.12. 2012	Plan 31.12.2012	31.12. 2011	Index 2012/plan	Index 2012/2011
Balance sheet total*	244,758	305,699	312,409	80	78
Equity*	100,887	92,923	84,645	109	119
Net debt**	94,397	112,716	118,224	84	80
Short-term assets/ Short-term liabilities *	1.81	1.76	0.36	103	503
Net Return on Equity (yearly level)***	-6.89%	2.88%	-4.20%	0	-

** as of the last day of the reporting period*
*** financial liabilities – loans and deposits given - cash*
**** average equity (capital) of the report. period*

The Operating profit or loss, and EBITDA

→ The presented Operating profit or loss, which is negative, is under significant impact of the events or transactions upon the disposal of the Russian subsidiary in November 2012, the most important of which are:
- loss from the sale of fixed assets in the amount of € 9.8 million, and
- other operating expenses for the provisions made for potential liabilities that arise from contracted assurances, amounting to € 4.2 million.

Accordingly, the EBITDA presented was behind the plans in spite of the fact that we were able to control both the direct and indirect costs.

→ Excluding the transactions that are not directly related to the ordinary business, the following EBITDA and Operating result values would be achieved:

(in 1000 €)	Jan - Dec 2012	Jan - Dec 2011	Index 2012/2011
EBITDA	9,653	10,304	94
Operating profit or loss	4,954	5,259	94

Financing Profit or Loss

→ The Financing profit or loss for the reporting period is negative. Significant influence was exerted by the allowances for, and write-offs of financial investments (TOV Intereuropa Ukraine, Kiev, and Cimos d.d.), and the loss resulting from the disposal of financial investment (Intereuropa-East Ltd., Moscow) in total value of € 5.1 million. Excluding the latter item, the Financing Result was even better than expected and better than a year ago, which is largely attributable to lower net interest expenses.

Net Profit or Loss

→ The net profit/loss is increased by deferred taxes in the amount of €8.8 million (among them, the most relevant are the amounts originating from tax losses).

Structure of Statement of financial position

→ The current ratio for the last quarter of reporting year rose thanks to successful financial restructuring and the related reclassification of the amounts from short-term loans to long-term loans, due to capital increase and the repayment of a portion of debts from the disposal of the Russian subsidiary.

3. OPERATION OF SUBSIDIARY INTEREUROPA-EAST Ltd., MOSCOW

After successful negotiations that lasted more than two years, we sold the logistics centre in Russia in November 2012, which was the precondition for financial restructuring. The Parent Intereuropa d.d. concluded the contract of sale of the Chekhov Terminal with the Russian company UCTAM LLC RU (Russia) for € 45 million; the purchase price was remitted to banks - mortgage creditors in full amount. The Company Intereuropa-East Ltd., Moscow was member of the Group until 15 November 2012, so the operating results were generated between 1 January and 15 November 2012.

In the reporting year the car sales on the Russian market was growing, which has directly reflected on the results of our car terminal. With the sales turnover achieved in the Intercontinental Transport Area we exceeded the annual plan and were 5 percent above the sales level of the twelve months 2011.
Also in the area of Logistics Solutions we surpassed the sales targets. We filled the majority of warehouse capacities of the Logistics Centre. The surpassed sales plan and growth against the year 2011 was also attributable to higher prices for our services, in addition to full warehouse capacities.
In the Land Transport Area, the sales saw an explicit rise in our road transport business due to newly acquired business in the reporting year.

Tables 14 and 15: Operations of Intereuropa-East Ltd., Moscow, 1.1.2012– 15.1.2012, in thousand €

Item/Index	Jan - Dec[2] 2012	Jan - Dec Plan 2012	Jan - Dec 2011	Index 2012/plan	Index 2012/2011
Sales revenue	13,514	13,660	11,561	99	117
Land transport	1,823	2,328	1,100	78	166
Logistic solutions	2,840	2,628	2,063	108	138
Intercontinental transport	8,717	8,578	8,272	102	105
Other services	134	127	127	106	106
EBITDA*	4,096	3,071	2,148	133	191
Operating profit or loss	2,928	1,798	883	163	332
Financing profit or loss	-589	-10,310	-6,407	-	-
Net profit ot loss	1,230	-5,359	-5,016	-	-
EBIT margin in %	21.7%	13.2%	7.6%	165	284
Sales revenue per employee/month	8.400	6.763	5.651	124	149
Value added per employee/month	4.082	2.800	2.353	146	174

** EBITDA: Earnings Before Interest, Taxes, Depreciation, Amortisation and revaluation operating expenses for intangible and tangible fixed assets*

Item/Index	15.11. 2012	Plan 31.12.2012	31.12. 2011	Index 2012/plan	Index 2012/2011
Balance sheet total*	-	53,752	57,516	-	-
Equity*	-	-22,138	-16,036	-	-
Net debt**	-	54,576	48,770	-	-
Short-term assets/ Short-term liabilities *	-	0.04	0.10	-	-
Net Return on Equity (yearly level)***	-	-	-	-	-

** as of the last day of the reporting period*
*** financial liabilities - loans and deposits given - cash*
**** average equity (capital) of the report. period*

[2] Results for period the period from 1.1. to 15.11.2012. The company has been sold on 15.11.2012.

Operating profit or loss, and EBITDA

→ The growth of the operating result and EBITDA is attributable to a 17-percent growth of the sales revenue and a lower rise in indirect costs.

Financing Profit or Loss

→ The variance from the planned Financing profit or loss is largely attributable to the favourable of foreign exchange differences, which amounted to €2.03 million until mid November.

ACCOUNTING 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 the separate financial statements of the parent company, as indicated in the Accounting Report for the financial year 2011. In compiling the financial statements of the Group and of the parent company Intereuropa d.d., the reclassification of items was made for the current and comparable data from the financial statements.

The modality of re-classification of comparable items in the consolidated Income Statement of the Intereuropa group is as follows:
- The revenue from the elimination (reversal) of allowances for receivables and the collected written-off receivables (€ 1,361 thousand), and the revenues from write-offs of operating liabilities (€ 99 thousand) were transferred from the item financial revenues to Other operating revenues (€1,460 thousand),
- The cost of materials (€ 10,713 thousand) was transferred from the item Other operating expenses to the item Cost of services and materials,
- Expenses for the allowances for, and write-offs of receivables (€2,730 thousand) were transferred from Financial expenses to the item Write-offs,
- The expenses arising from impairment and write-offs of tangible (property, plant and equipment) and intangible assets (€ 3,926 thousand) were transferred from the item Other operating expenses to Write-offs,
- The item 'Depreciation' was included in the item 'Write-offs'.

The modality of re-classification of comparable items in the Income Statement of the parent company is as follows:
- The revenue from the elimination (reversal) of allowances for receivables and the collected written-off receivables (€ 597 thousand), and the revenues from write-offs of operating liabilities (€ 97 thousand) were transferred from the item Financial revenues to Other operating revenues (€ 694 thousand),
- The cost of materials (€ 2,066 thousand) was transferred from the item Other Operating Expenses to the item Cost of Services and Materials,
- Expenses for the allowances for, and write-offs of receivables (€5,514 thousand) were transferred from Financial Expenses to the item Write-offs,
- The expenses arising from impairment and write-offs of tangible (property, plant and equipment) and intangible assets (€ 11 thousand) were transferred from the item Other Operating Expenses to Write-offs,
- The item 'Depreciation' is included in the item 'Write-offs'.

For the German subsidiary Intereuropa Transport & Spedition GmbH, Trosdorf, which was in liquidation proceedings from 1 September 2011, the Closing liquidation balance sheet as at 30.9.2012 was confirmed and the remaining capital appropriated. The Russian subsidiary Intereuropa East Ltd., Moscow was sold in November.

STATEMENT OF THE MEMBERS OF THE MANAGEMENT

The Management 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 Management Board

1. FINANCIAL REPORT FOR INTEREUROPA GROUP

1.1. Underlying financial statements of the Intereuropa Group

CONSOLIDATED INCOME STATEMENT FOR INTEREUROPA GROUP
from 1.1.2012 to 31.12.2012

in 1000 €	2012	2011
Sales revenues	**188,409**	**211,880**
Other operating revenues	4,556	3,650
Costs of material and services	-128,978	-147,390
Labour costs	-34,725	-40,087
Write-offs	-21,669	-18,602
Other operating expenses	-14,819	-3,941
Operating profit/loss	**-7,226**	**5,510**
Financial income	1,037	1,055
Financial expenses	-14,083	-14,484
Profit/loss from financial operations	**-13,046**	**-13,429**
Result recognized according to equity method	34	24
Profit/loss from regular operations	**-20,238**	**-7,895**
Corporate income tax (with deferred tax)	6,808	2,485
Net profit /loss for the period	**-13,430**	**-5,410**
Net profit or loss / non-controlling interest	368	324
Net profit or loss / controlling interest	-13,798	-5,734
Basic and diluted earnings per share (in €)	-1.60	-0.73

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR INTEREUROPA GROUP from 1.1.2012 to 31.12.2012

in 1000 €	2012	2011
Net profit or loss	**-13,430**	**-5,410**
Other Comprehensive Income	**8,108**	**-866**
Change in fair value of land	0	0
Transfer of land revaluation surplus to retained earnings (from sale of land)	0	-4,239
Deferred tax in revaluation surplus of land	3,186	819
Change in fair value of financial assets available for sale	112	-65
Deferred tax in revaluation surplus of financial assets for sale	-29	9
Transfer of revaluation surplus of financial assets for sale to revenues	0	-20
Retained earnings from land revaluation (at sale of land)	0	4,239
Deferred tax from retained earnings	0	-4
Current tax from retained earnings	0	-815
Other changes in retained earnings	-4	-116
Exchange rate translation differencies	4,843	-674
Comprehensive income total	**-5,322**	**-6,276**
Comprehensive income total - non-controlling part	201	349
Comprehensive income total - controlling part	-5,523	-6,625

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR INTEREUROPA GROUP as at 31.12.2012

in 1000 €	31.12.2012	31.12.2011
ASSETS		
Tangible fixed assets	234,727	300,849
Investment property	6,585	6,375
Intangible assets	7,513	8,170
Other non-current operating assets	317	474
Deferred tax assets	14,775	11,755
Long-term loans given and deposits	54	75
Investment in a jointly controlled company	135	136
Other financial investments	3,106	3,556
TOTAL NON-CURRENT ASSETS	**267,212**	**331,390**
Available-for-sale assets	0	3,310
Inventories	143	241
Short-term loans given and deposits	10,779	8,518
Short-term operating receivables	35,630	46,053
Short-term income tax receivables	815	44
Cash and cash equivalents	8,390	17,651
TOTAL CURRENT ASSETS	**55,757**	**75,817**
TOTAL ASSETS	**322,969**	**407,207**
EQUITY		
Equity - controlling interest	**145,361**	**131,296**
Share capital	27,489	32,976
Equity reserves	18,455	0
Revenue reserves	2,804	2,404
Revaluation surplus	71,176	67,905
Translation exchange differencies	-6,339	-11,346
Transferred net profit/loss	38,955	41,393
Net profit/loss	-7,179	-2,037
Equity - non-controlling interest	**9,532**	**9,692**
TOTAL EQUITY	**154,893**	**140,988**
LIABILITIES		
Provisions and long-term deferred revenue	7,034	2,726
Long-term borrowings and financial leases	111,663	27,401
Other long-term financial liabilities	0	2,721
Long-term operating liabilities	434	1,203
Deferred tax liabilities	13,216	16,982
TOTAL NON-CURRENT LIABILITIES	**132,347**	**51,033**
Short-term borrowings	5,975	170,749
Other short-term financial liabilities	1,706	1,940
Short-term operating liabilities	27,904	41,988
Short-term income tax liabilities	144	509
TOTAL CURRENT LIABILITIES	**35,729**	**215,186**
TOTAL LIABILITIES	**168,076**	**266,219**
TOTAL CAPITAL AND LIABILITIES	**322,969**	**407,207**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR INTEREUROPA GROUP from 1.1.2012 to 31.12.2012

in 1000 €	2012	2011
Cash flows from operating activities		
Net profit/loss for the period	**-13,430**	**-5,410**
Adjustments for:		
- Depreciation	9,165	11,946
- Impairment and writedowns of tangible fixed assets and intangible assets	881	755
- Revaluation operating revenues from disposal of tangible fixed assets and investment property	-1,328	-1,212
- Revaluation operating expenses from disposal of tangible fixed assets and investment property	9,873	3,171
- Impairment of receivables	1,750	2,731
- Non-monetary expenses	11,295	1,655
- Non-monetary revenues	-962	-494
- Financial revenues	-1,037	-1,056
- Recognized result of jointly controlled company according to equity method	-34	-24
- Financial expenses	14,083	14,484
- Income tax (incl. deferred tax)	-6,808	-2,485
Operating profit before changes in net working capital and taxes	**23,448**	**24,062**
Changes in net working capital and provisions		
Changes in receivables	6,586	7,201
Changes in inventories	98	28
Changes in operating liabilities	-8,812	-6,414
Changes in provisions	-525	-297
Corporate income tax payed	-1,513	-1,155
Cash from operating activities	**19,282**	**23,425**
Cash flows from investing activities		
Disposal of subsidiary after deduction of cash received	43,177	-86
Interest income	1,086	1,247
Dividens and shares in profit received	1	4
Inflows from disposal of tangible fixed assets and investment property	5,324	8,142
Inflows from long-term loans given	28	60
Outflows for acquisition of tangible fixed assets	-1,945	-2,704
Outflows for acquisitions of intangible assets	-119	-519
Outflows for long-term loans and deposits given	-11	-8
Outflows from increase of short-term loans given	-77	-7,245
Outflows from increase of short-term deposits given	-2,180	0
Outflows from settlement of derivative financial instruments	-1,342	-1,950
Cash from investing activities	**43,942**	**-3,059**

Cash flows from financing activities		
Inflows from long-term borrowings received	547	3,661
Inflows from increase in short-term borrowings	0	2,509
Paid interest	-8,882	-11,284
Outflows from repayment of long-term borrowings	-49,243	-8,944
Outflows from decrease of short-term borrowings	-12,217	0
Outflows from decrease of other short-term financial liabilities	-2,317	0
Paid dividend	-353	-867
Cash from financing activities	**-72,465**	**-14,925**
Cash and cash equivalents at beginning of period	**17,651**	**12,216**
Exchange rate differences from cash	-20	-6
Net increase/decrease in cash	**-9,261**	**5,435**
Cash and cash equivalents at end of period	**8,390**	**17,651**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR INTEREUROPA GROUP from 1.1.2012 to 31.12.2012

in 1000 €	Share capital	Equity reserves	REVENUE RESERVES				Revalua-tion surplus	Transla-tion exch. differenci es	RETAINED EARNINGS		Equtiy - controlling interest	Equity - non-controlling interest	Total equity
			Legal reserves	Reserves for treasury shares	Treasury shares (deduct.)	Statutory reserves			Transferred net profit/loss	Net profit/loss for the year			
Opening balance as at 1.1.2012	**32,976**	**0**	**2,396**	**180**	**-180**	**9**	**67,905**	**-11,346**	**41,393**	**-2,036**	**131,296**	**9,692**	**140,988**
Total comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**	**3,271**	**5,007**	**-3**	**-13,798**	**-5,523**	**201**	**-5,322**
Net profit/loss	0	0	0	0	0	0	0	0	0	-13,798	**-13,798**	368	**-13,430**
Other comprehensive income	0	0	0	0	0	0	3,271	5,007	-3	0	**8,275**	-167	**8,108**
Transactions with owners													
Transfer of net profit/loss for the previous year to transferred retained earnings	0	0	0	0	0	0	0	0	-2,036	2,036	**0**	0	**0**
Simplified share capital reduction due to the transfer to equity reserves	-25,074	25,074	0	0	0	0	0	0	0	0	**0**	0	**0**
Increase in share capital by contributions in-kind	19,586	0	0	0	0	0	0	0	0	0	**19,586**	0	**19,586**
Payment of dividends or profit participations	0	0	0	0	0	0	0	0	0	0	**0**	-358	**-358**
Payment from liquidation of the subsidiary	0	0	0	0	0	0	0	0	0	0	**0**	-3	**-3**
Transfer of retained earnings to reserves	0		205	0	0	194	0	0	-399	0	**0**	0	**0**
Settlement of the net loss for the year	0	-6,619	0	0	0	0	0	0	0	6,619	**0**	0	**0**
Other changes	1	0	0	0	0	0	0	0	0	0	**1**	0	**1**
Closing balance as at 31.12.2012	**27,489**	**18,455**	**2,601**	**180**	**-180**	**203**	**71,176**	**-6,339**	**38,955**	**-7,179**	**145,361**	**9,532**	**154,893**

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

v 1000 €	Share capital	Equity reserves	REVENUE RESERVES				Revalua-tion surplus	Transla-tion exch. differences	RETAINED EARNINGS		Equtiy - controlling interest	Equity - non-controlling interest	Total equity
			Legal reserves	Reserves for treasury shares	Treasury shares (deduct.)	Statutory reserves			Transferred net profit/loss	Net profit/loss for the year			
Opening balance as at 1.1.2011	**32,976**		**6,067**	**180**	**-180**	**0**	**71,378**	**-10,636**	**38,136**	**0**	**137,921**	**10,242**	**148,163**
Total comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**	**-3,474**	**-710**	**3,293**	**-5,734**	**-6,625**	**349**	**-6,276**
Net profit/loss	0	0	0	0	0	0	0	0	0	-5,734	-5,734	324	-5,410
Other comprehensive income	0	0	0	0	0	0	-3,474	-710	3,293	0	-891	25	-866
Transactions with owners													
Payment of dividends or profit participations	0	0	0	0	0	0	0	0	0	0	0	-884	-884
Disposal of subsidiary	0	0	0	0	0	0	0	0	0	0	0	-15	-15
Transfer of retained earnings to reserves	0	0	27	0	0	9	0	0	-36	0	0	0	0
Settlement of the net loss for the year	0	0	-3,698	0	0	0	0	0	0	3,698	0	0	0
Closing balance as at 31.12.2011	**32,976**	**0**	**2,396**	**180**	**-180**	**9**	**67,905**	**-11,346**	**41,393**	**-2,036**	**131,296**	**9,692**	**140,988**

1.2. Notes to Financial Statements of the Intereuropa group

a) Notes to the CONSOLIIDATED INCOME STATEMENT

Sales revenues amounting to € 188,409 thousand represent the revenues arising from the services supplied. Compared with the same period a year ago, the sales revenue was lower by € 23,471 thousand.

Other operating revenues at € 4,556 thousand mostly comprise the revaluation operating revenues from the disposal of Tangible fixed assets, the revenues from the reversal of provisions and elimination of impairment of receivables.

Costs of material and services

Table 16: Costs of material and services of the Intereuropa group in the year 2012, v 1000 €

in 1000 €	2012	2011
Cost of material	5,389	10,713
Cost of services	123,589	136,677
Direct costs	106,902	115,962
Telephone costs	741	1,093
Mainteinence costs	3,416	4,144
Insurance premiums	1,149	1,613
Traning and education costs	64	65
Other costs of services	11,317	13,800
Total costs of material and services	**128,978**	**147,390**

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

Labour costs

Table 17: Labour cost of the Intereuropa group in the year 2012, in thousand €

in 1000 €	2012	2011
Wages and salaries	24,657	28,529
Pension insurance costs	2,876	3,243
Other social security costs	2,303	2,846
Other labour costs:	4,889	5,469
holiday allowance	918	972
transport and meals	2,523	2,794
other labour costs	1,447	1,704
Total labour costs	**34,725**	**40,087**

Write-offs

Table 18: Write-offs of the Intereuropa group in the year 2012, in thousand €

in 1000 €	2012	2011
Amortisation of intangible assets	688	754
Depreciationof property, plant and equipment and investment properties	8,476	11,192
Revaluatory operating expenses of intangible and tangible fixed assets	10,754	3,926
Expenses from revaluation adjustments (impairments) and written-off receivables	1,750	2,730
Total write-offs	**21,669**	**18,602**

The prevailing portion of expenses from revaluation of Property, plant and equipment relates to the expenses incurred in the disposal of the land in Russia (€ 9,819 thousand).

Other operating expenses amounting to € 14,819 thousand primarily relate to the provisions made (€ 5,725 thousand), the expenses from disposal of the subsidiary Intereuropa-East Ltd., Moscow (€ 5,520 thousand) and Land use fees, and similar expenses (€ 1,150 thousand).

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

Table 19: The effect of financial revenues and expenses on the profit or loss of the Intereuropa group in the year 2012, in thousand €

in 1000 €	2012	2011
Interest income	1,035	1,028
Dividend income and participation in profit of others	1	4
Profit from disposal of financial investments	1	23
Total financial income	**1,037**	**1,055**
Interest expenses	-7,711	-11,785
Expenses at disposal of financial investments	0	-6
Financial expenses from impairments and written-off financial investments	-561	-81
Expenses from derivative financial instruments	-699	-576
Net exchange rate differences	-5,112	-2,036
Total financial expenses	**-14,083**	**-14,484**
Profit/loss from financing activities	**-13,046**	**-13,429**

Within Financial expenses interest expenses decreased by € 4.075 thousand compared to prevous year, on the other hand net exchange rate differencies increased by € 3.076 thousand (primarily due to the transfer of translation exchange rate differences from equity to the income statement amounting € 7,052 thousand at disposal of the subsidiary Intereuropa East Ltd., Moscow).

b) Notes to the CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Tangible fixed assets

Table 20: Tangible fixed assets of the Intereuropa group as at 31.21.2012, in thousand €

in 1000 €	31.12.2012	31.12.2011
Land and buildings	228,768	285,194
a) Land	117,863	130,488
b) Buildings	110,905	154,706
Other property, plant and equipment	5,501	10,648
Tangible fixed assets under construction	459	5,007
Total tangible fixed assets	**234,727**	**300,849**

The disposal of the Russian subsidiary (€ 48,951 thousand) along with the sale of other fixed assets of the Group (€ 11,191 thousand) and Depreciation (€ 8,247 thousand) had the highest impact on the decrease of the Tangible fixed assets of the group.

Investment property

As of the cut-off date of the reporting year, the investment property amounted to € 6,585 thousand and stood for 2 per cent of the assets. The increase of the value originates from the transfer of tangible fixed assets (amounting to € 439 thousand), whereas the depreciation amounts to € 229 thousand.

Intangible assets

Table 21: Intangible assets of the Intereuropa group as at 31.12.2012, in thousand €

in 1000 €	31.12.2012	31.12.2011
Long-term title rights	2,331	2,923
Goodwill	1,275	1,281
Long-term deferred development costs	3,906	3,966
Total intangible assets	**7,513**	**8,170**

Loans and deposits given

Table 22: Loans and deposits given of the Intereuropa group as at 31.12.2012, in thousand €

in 1000 €	31.12.2012	31.12.2011
Long-term loans given and deposits	**54**	**75**
- loans given	28	39
- deposits	26	36
Short-term loans given and deposits	**10,779**	**8,518**
- loans given	114	33
- deposits	10,665	8,485
Total loans given	**10,833**	**8,593**

Other financial investments in the amount of € 3,106 thousand relate to the item "Financial assets available for sale".

The **Assets held for sale** decreased on account of the Financial assets available for sale were decreased due to the affiliation of the Croatian company that was recognized as a financial investment held for disposal.
Equity

Short-term operating receivables

Table 23: Short-term operating receivables of the Intereuropa group as at 31.12.2012, in thousand €

in 1000 €	31.12.2012	31.12.2011
Short-term operating receivables from buyers	33,022	42,451
Short-term operating receivables from others	2,608	3,603
Total short-term operating receivables	**35,630**	**46,053**

Equity

On the group level, the equity amounts to at € 154,893 thousand and represents 48 percent of the liabilities to sources of funding. The changes in the equity items in the reporting year are presented in the Statement of changes in equity for Intereuropa d.d.

Pursuant to the Resolution of the General Meeting of 28 August 2012, the share capital of the controlling company Intereuropa d.d., Koper, was decreased by € 25,074 thousand and transferred to capital reserves. The year 2012 brought a capital increase to the company: the creditor banks undertook a capital augmentation by contributions-in-kind, arising from loans, in the amount of € 19,586 thousand.

Provisions

As of the cut-off date of the Statement of financial position, the group had € 7,034 thousand of Long-term provisions and long-term deferred revenues. The majority thereof relates to the provisions for contingent liabilities arising from the contracted assurances (€ 4,160 thousand) and to the provisions for termination benefits upon retirement and jubilee rewards (€ 1,192 thousand).

The **long-term loans received and financial leases** amounted to € 111,663 thousand. In the reporting term, the parent company recorded a rise in this item by € 86,604 thousand on account of the reclassification of the short-term portion of long-term loans to long-term loans received (€ 86,057 thousand) and new financial leases (€ 547 thousand).

The item decreased due to the repayments (€ 358 thousand), transfer to short-term liabilities (€ 1,972 thousand), and foreign exchange differences (€ 13 thousand).

The short-term loans received and financial leases amounted to € 5,975 thousand. In the reporting period we recorded a decrease of € 164,774 thousand that in addition to repayments resulted from the a.m. reclassification to long-term loans in the parent company (by € 86,057 thousand), whereas a portion of short-term loans (€ 19,586 thousand) was converted into equity of the parent company. As of the reporting date, all the due liabilities of the group under the loan agreements were settled.

Other long-term and short-term financial liabilities

Table 24: Other long-term and short-term financial liabilities of the Intereuropa group as at 31.12.2012, in thousand €

in 1000 €	31.12.2012	31.12.2011
Long-term liabilities at fair value through profit/loss	0	2,721
Total other long-term financial liabilities	**0**	**2,721**
Short-term financial liabilities at fair value through profit/loss	0	1,505
Liabilities for dividends and other participations	439	435
Other short-term financial liabilities	1,266	0
Total other short-term financial liabilities	**1,706**	**1,940**

The item **Other short-term financial liabilities** in the amount of € 1,266 thousand relates to the re-structured liability resulting from liabilities under financial instruments at fair value through Profit of Loss which were terminated before time.

Short-term operating liabilities

Table 25: Short-term operating liabilities of the Intereuropa group as at 31.12.2012, in thousand €

in 1000 €	31.12.2012	31.12.2011
Short-term operating liabilities to suppliers	21,336	33,503
Short-term operating liabilities from advances	1,458	1,099
Other short-term operating liabilities	5,110	7,387
Total short-term operating liabilities	**27,904**	**41,988**

INFORMATION ACCORDING TO BUSINESS SEGMENTS FOR JANUARY - DECEMBER 2012

Table 26: Business segments of the Intereuropa group in the year 2012, in thousand €

	Slovenia		Croatia		Bosnia & Herzegovina		Serbia		Montenegro	
in 1000 €	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenues from external customers	105,509	121,304	30,897	32,509	5,990	6,788	3,539	3,460	5,434	5,608
Revenues from business with other segments	4,248	7,999	583	800	462	521	695	721	79	59
Total revenues	109,757	129,303	31,479	33,309	6,452	7,309	4,234	4,180	5,514	5,667
Depreciation	4,595	6,787	1,929	2,240	398	434	242	286	601	617
Operating profit or loss	-8,881	-1,392	2,568	-67	125	501	520	445	1,059	616
Revenues from interest rates	3,533	4,756	229	330	2	2	21	37	116	135
Expenses from interest rates	7,136	10,908	335	689	69	116	237	307	0	0
Net profit or loss from ordinary activities	-15,683	-8,729	2,451	-575	59	387	52	192	1,175	751
Corporate income tax	-8,699	-2,156	522	-72	7	48	-0	14	110	94
Assets	246,860	320,262	68,700	73,634	16,989	17,743	10,336	11,718	23,071	22,962
Tangible fixed assets under construction	7	6	88	84	72	52	7	8	281	288
Long-term assets	206,043	247,175	59,562	58,586	16,013	16,333	9,492	10,620	18,900	19,684
Operating liabilities	35,473	45,209	7,919	9,274	1,808	1,937	1,371	1,613	963	926
Financial liabilities	110,871	190,236	6,498	10,773	553	1,230	2,437	3,019	365	360
Investment in jointly controlled entities	75	75	0	0	0	0	0	0	0	0
Revenues from investment in jointly controlled entities	35	22	0	0	0	0	0	0	0	0

	Ukraine		Russia		Others		Total		Adjustments*		Group	
in 1000 €	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenues from external customers	19,593	23,983	13,513	11,467	3,930	6,777	188,405	211,895	4	-15	188,409	211,880
Revenues from business with other segments	57	3	1	94	647	555	6,773	10,752	-6,773	-10,752	0	0
Total revenues	19,650	23,986	13,514	11,561	4,577	7,332	195,177	222,647	-6,768	-10,767	188,409	211,880
Depreciation	157	218	1,168	1,265	74	100	9,165	11,946	0	0	9,165	11,946
Operating profit or loss	-275	131	2,928	883	117	20	-1,839	1,137	-5,387	4,373	-7,226	5,510
Revenues from interest rates	4	8	45	149	2	2	3,953	5,419	-2,918	-4,390	1,035	1,028
Expenses from interest rates	187	162	2,664	3,988	0	5	10,628	16,176	-2,918	-4,390	7,711	11,785
Net profit or loss from ordinary activities	-511	-42	2,339	-5,524	121	18	-9,997	-13,521	-10,240	5,627	-20,238	-7,895
Corporate income tax	134	86	1,109	-508	6	10	-6,813	-2,485	5	0	-6,808	-2,485
Assets	5,534	5,421	0	57,516	2,867	2,613	374,358	511,869	-51,390	-104,662	322,969	407,207
Tangible fixed assets under construction	4	4	0	4,562	0	5	459	5,007	0	0	459	5,007
Long-term assets	3,421	4,011	0	53,334	1,159	1,208	314,591	410,951	-47,380	-79,561	267,212	331,390
Operating liabilities	2,024	1,331	0	23,404	772	587	50,330	84,281	-1,598	-20,873	48,732	63,408
Financial liabilities	2,409	2,375	0	50,148	0	0	123,132	258,141	-3,789	-55,331	119,344	202,811
Investment in jointly controlled entities	0	0	0	0	0	0	75	75	60	61	135	136
Revenues from investment in jointly controlled entities	0	0	0	0	0	0	35	22	-1	2	34	24

** All adjustments are subject to consolidation procedure*

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

2.1. Underlying financial statements of the parent company Intereuropa d.d.

INCOME STATEMENT OF INTEREUROPA d.d.
from 1.1.2012 to 31.12.2012

in 1000 €	2012	2011
Sales revenues	**108,222**	**107,406**
Other operating revenues	1,512	1,453
Costs of material and services	-77,075	-76,953
Labour costs	-19,105	-18,871
Write-offs	-15,441	-10,560
Other operating expenses	-6,671	-1,221
Operating profit/loss	**-8,558**	**1,253**
Financial income	6,154	8,413
Financial expenses	-12,933	-15,560
Profit/loss from financial operations	**-6,779**	**-7,147**
Profit/loss from regular operations	**-15,337**	**-5,894**
Corporate income tax (with deferred tax)	8,718	2,182
Net profit /loss for the period	**-6,619**	**-3,712**
Basic and diluted earnings per share (in €)	-0.77	-0.47

STATEMENT OF COMPREHENSIVE INCOME FOR INTEREUROPA d.d.
from 1.1.2012 to 31.12.2012

in 1000 €	2012	2011
Net profit or loss	**-6,619**	**-3,712**
Other Comprehensive Income	**3,275**	**-41**
Transfer of land revaluation surplus to retained earnings from sale of land	0	-18
Deferred tax in revaluation surplus of land	3,186	4
Revaluation of financial investment available for sale to fair value	118	-51
Deferred tax in revaluation surplus of financial assets for sale	-29	10
Retained earnings from land revaluation (at sale)	0	18
Deferred tax from retained earnings	0	-4
Comprehensive income total	**-3,344**	**-3,753**

STATEMENT OF FINANCIAL POSITION FOR INTEREUROPA d.d.
as at 31.12.2012

in 1000 €	31.12.2012	31.12.2011
ASSETS		
Tangible fixed assets	128,804	142,629
Investment property	5,516	5,724
Intangible assets	6,092	6,634
Other non-current operating assets	312	474
Deferred tax assets	14,639	5,846
Long-term financial investment excl. loans given and deposits	50,650	53,453
Long-term loans given and deposits	7	29,840
TOTAL NON-CURRENT ASSETS	**206,020**	**244,600**
Inventories	33	35
Short-term financial investment excl. loans given and deposits	250	0
Short-term loans given and deposits	11,620	29,250
Short-term operating receivables	23,209	29,149
Short-term income tax receivables	177	4
Cash and cash equivalents	3,449	9,371
TOTAL CURRENT ASSETS	**38,738**	**67,809**
TOTAL ASSETS	**244,758**	**312,409**
EQUITY		
Share capital	27,489	32,976
Equity reserves	18,455	0
Revenue reserves	875	876
Revaluation surplus	54,068	50,793
Transferred net profit/loss	0	0
Net profit/loss	0	0
TOTAL EQUITY	**100,887**	**84,645**
LIABILITIES		
Provisions and long-term deferred revenue	6,251	2,001
Long-term borrowings and financial leases	106,279	20,911
Other long-term financial liabilities	0	2,721
Long-term operating liabilities	414	1,101
Deferred tax liabilities	9,558	12,744
TOTAL NON-CURRENT LIABILITIES	**122,502**	**39,478**
Short-term borrowings and financial leases	1,853	161,474
Other short-term financial liabilities	1,341	1,579
Short term operating liabilities	18,175	25,233
TOTAL CURRENT LIABILITIES	**21,369**	**188,286**
TOTAL LIABILITIES	**143,871**	**227,764**
TOTAL CAPITAL AND LIABILITIES	**244,758**	**312,409**

STATEMENT OF CASH FLOWS FOR INTEREUROPA d.d.
from 1.1. 2012 to 31.12.2012

v 1000 €	2012	2011
Cash flows from operating activities		
Net profit/loss for the period	**-6,619**	**-3,712**
Adjustments for:		
- Depreciation	4,587	5,035
- Impairment and writedowns of tangible fixed assets and intangible assets	109	5
- Revaluation operating revenues from disposal of tangible fixed assets and investment property	-299	-478
- Revaluation operating expenses from disposal of tangible fixed assets and investment property	9,821	6
- Impairment of receivables	924	5,514
- Other non-monetary expenses	5,315	291
- Non-monetary revenues	-868	-261
- Financial revenues	-6,154	-8,413
- Financial expenses	12,933	15,560
- Income tax (deferred tax incl.)	-8,718	-2,182
Operating profit before changes in net working capital and taxes	**11,032**	**11,365**
Changes in net working capital and provisions		
Changes in receivables	4,773	-4,890
Changes n inventories	2	0
Changes in operating liabilities	-6,502	479
Changes in provisions	-208	38
Corporate income tax payed	-278	-146
Cash from operating activities	**8,819**	**6,846**
Cash flows from investing activities		
Interest income	3,723	872
Dividend income and participations in profit	1,963	3,573
Inflows from disposal of tangible fixed assets	1,313	594
Inflows from long-term loans given	34,376	6,336
Inflows from decrease of short-term loans given	13,765	1,038
Outflows for acquisition of tangible fixed assets	-779	-143
Outflows for acquisitions of intangible assets	-109	-489
Outflows from increase of short-term deposits given	-2,204	0
Outflows from acquisition of other financial investment	-256	0
Outflows from settlement of derivative financial instruments	-1,342	-1,674
Cash from investing activities	**50,450**	**10,107**
Cash flows from financing activities		
Inflows from long-term borrowings received	0	3,620
Inflows from short-term borrowings received	0	3,703

Paid interest	-8,209	-10,219
Outflows from repayment of long-term borrowings	-45,993	-4,841
Outflows from decrease of short-term borrowings	-8,672	0
Outflows from decrease of other short-term financial liabilities	-2,317	0
Cash from financing activities	**-65,191**	**-7,737**
Cash and cash equivalents at beginning of period	**9,371**	**155**
Net increase/decrease in cash from regular operations	**-5,922**	**9,216**
Cash and cash equivalents at end of period	**3,449**	**9,371**

STATEMENT OF CHANGES IN EQUITY FOR INTEREUROPA d.d.
from 1.1.2012 to 31.12.2012

in 1000 €	Share capital	Equity reserves	REVENUE RESERVES			Revaluation surplus	RETAINED EARNINGS		Total equity
			Legal reserves	Reserves for treasury shares	Treasury shares (deductible)		Transferred net profit/loss	Net profit/loss for the year	
Opening balance as at 1.1.2012	**32,976**	**0**	**876**	**180**	**-180**	**50,793**	**0**	**0**	**84,645**
Total comprehensive income	**0**	**0**	**0**		**0**	**3,275**	**0**	**-6,619**	**-3,344**
Net profit/loss	0	0	0	0	0	0	0	-6,619	-6,619
Other comprehensive income	0	0	0	0	0	3,275	0		3,275
Transactions with owners									
Simplified share capital reduction due to the transfer to equity reserves	-25,074	25,074	0	0	0	0	0	0	0
Increase in share capital by contributions in-kind	19,586	0	0	0	0	0	0	0	19,586
Settlement of the net loss for the year	0	-6,619	0	0	0	0	0	6,619	0
Other changes	1	0	-1	0	0	0	0	0	0
Closing balance as at 31.12.2012	**27,489**	**18,455**	**875**	**180**	**-180**	**54,068**	**0**	**0**	**100,887**

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

in 1000 €	Share capital	Equity reserves	REVENUE RESERVES			Revaluation surplus	RETAINED EARNINGS		Total equity
			Legal reserves	Reserves for treasury shares	Treasury shares (deductible)		Transferred net profit/loss	Net profit/loss for the year	
Opening balance as at 1.1.2011	**32,976**	**0**	**4,574**	**180**	**-180**	**50,848**	**0**	**0**	**88,398**
Total comprehensive income	**0**	**0**	**-3,698**	**0**	**0**	**-55**	**0**	**0**	**-3,753**
Net profit/loss	0	0	0	0	0	0	0	-3,712	-3,712
Other comprehensive income	0	0	0	0	0	-55	14	0	-41
Settlement of the net loss for the year	0	0	-3,698	0		0	-14	3,712	
Closing balance as at 31.12.2011	**32,976**	**0**	**876**	**0**	**-180**	**50,793**	**0**	**0**	**84,645**

2.2. Notes to Financial Statements of the parent company Intereuropa d.d.

a) Notes to the INCOME STATEMENT

Sales revenues amounting to € 108,222 thousand represent the revenues arising from the services supplied. Compared to the same term last year, these revenues were higher by € 816 thousand, and the costs of services by € 122 thousand.

Of **Other Operating Revenues** in the amount € 1,512 thousand, the highest share (€ 753 thousand) relates to the reversal of provisions for termination benefits and jubilee rewards based on the actuarial calculation as of 31.12.2012, and to the reversal of provisions for lawsuits.

Labour costs

Table 27: Labour cost of the company Intereuropa d.d. in the year 2012, in thousand €

in 1000 €	2012	2011
Wages and salaries	13,197	13,277
Pension insurance costs	1,456	1,475
Other social security costs	964	973
Other labour costs:	3,488	3,146
holiday allowance	765	715
transport and meals	1,939	1,963
other labour costs	784	468
Labour costs	**19,105**	**18,871**

Other labour costs comprise the accrued costs for termination benefits arising from economic reasons in the amount of € 470 thousand that were made for the estimated impact of the accession of Croatia to the European Union in the year 2013.

Write-offs

Table 28: Write-offs of the company Intereuropa d.d. in the year 2012, in thousand €

in 1000 €	2012	2011
Amortisation of intangible assets	577	626
Depreciation of property, plant and equipment and investment properties	4,010	4,408
Revaluatory operating expenses of intangible and tangible fixed assets	9,931	11
Expenses from revaluation adjustments (impairments) and written-off receivables	924	5,514
Total write-offs	**15,441**	**10,560**

The prevailing portion of expenses from revaluation of Tangible fixed assets relates to the expenses incurred in the disposal of the land in Russia (€ 9,819 thousand). The expenses incurred in the sale of interest receivables due from the Russian subsidiary amounted to € 137 thousand.

Other operating expenses

Table 29: Other operating expenses of the company Intereuropa d.d. in the year 2012, in thousand €

in 1000 €	2012	2011
City land tax and similar expenses	1,063	989
Other operating expenses	5,608	233
Total other operating expenses	**6,671**	**1,221**

The provisions made to cover the liabilities from the past operations represent the prevailing portion of Other Operating Expenses; they relate to the claim for the payment of duty on account of an incomplete (not properly discharged) transit procedure (€ 1,073 thousand) and for the liabilities arising from contracted assurances (€ 4,160 thousand).

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

Table 30: The effect of financial income and expenses on the profit or loss of the company Intereuropa d.d. in the year 2012, in thousand €

in 1000 €	2012	2011
Interest income from group members	2,918	4,384
Interest income from others	572	343
Income from intra-group participations	1,926	3,655
Income from stakes in jointly controlled company	35	22
Income from stakes to others	1	4
Income from disposal of financial investments	0	5
Income from removal of loan impairment within the Group	702	0
Total financial income	**6,154**	**8,413**
Interest expenses an other borrowing expenses	-7,070	-10,697
Expenses from disposal of financial investments	-2,256	-204
Expenses from impairments and written-off financial investments in stakes and shares	-2,339	-757
Expenses from impairments and written-off other financial investments	-561	0
Expenses from impairments of loans given within the Groupinvestments within the Group	0	-3,342
Expenses from derivative financial instruments	-699	-554
Net exchange rate differences	-8	-6
Total financial expenses	**-12,933**	**-15,560**
Profit/loss from financing activities	**-6,779**	**-7,147**

The Interest Expenses are lower on account of the lower effective interest rate. The expenses arising from the sale of loans granted to the Russian subsidiary amount to € 2,256 thousand. The main portion of expenses from the impairment of financial investments stands for the impairment of the investment in the Ukrainian subsidiary TOV Intereuropa - Ukraine, Kiev (€ 2,324 thousand).

b) Notes to the STATEMENT OF FINANCIAL POSITION

Tangible fixed assets

Table 31: Tangible fixed assets of the company Intereuropa d.d. as at 31.12.2012, in thousand €

in 1000 €	31.12.2012	31.12.2011
Land and buildings	126,284	139,100
a) Land	75,397	86,116
b) Buildings	50,887	52,984
Other property, plant and equipment	2,513	3,523
Tangible fixed assets under construction	7	6
Total tangible fixed assets	**128,804**	**142,629**

The decrease in the item Tangible fixed assets is largely attributable to the disposal of land in Russia (€ 10,706 thousand) and to depreciation (€ 3,801 thousand).

Investment property

As of the cut-off date, the investment property amount to € 5,516 thousand. They were decreased by the depreciation in the amount of € 208 thousand during the reporting term.

Intangible assets

Table 32: Intangible assets of the company Intereuropa d.d. as at 31.12.2012, in thousand €

in 1000 €	31.12.2012	31.12.2011
Long-term title rights	2,186	2,668
Long-term deferred development costs	3,906	3,966
Total intangible assets	**6,092**	**6,634**

Long-term financial investments excl. loans given and deposits

Tabela 33: Long-term financial investments excl. loans given and deposits of the company Intereuropa d.d. as at 31.12.2012, in thousand €

in 1000 €	31.12.2012	31.12.2011
Investments in shares and stakes of subsidiaries	47,481	49,842
Investments in stake of joitly controlled company	75	75
Investments in other shares and stakes	3,093	3,536
Total long-term financial investments excl. loans given and deposits	**50,650**	**53,453**

The decrease in the long-term financial investments has mainly resulted from the impairment made to the financial investments in the Ukrainian subsidiary (€ 2,324 thousand) and Germany (€ 15 thousand), and to other financial investments (€ 561 thousand).

Loans and deposits given

Table 34: Loans and deposits given of the company Intereuropa d.d. as at 31.12.2012, in thousand €

in 1000 €	31.12.2012	31.12.2011
Long-term loans given	**7**	**29,840**
- to subsidiaries	0	29,829
- to others	1	10
- deposits	6	0
Short-term loans given and deposits	**11,620**	**29,250**
- to subsidiaries	2,397	22,232
- to others	13	13
- deposits	9,210	7,006
Total loans given	**11,627**	**59,090**

The prevailing portion of the decrease in loans relates to the sale of loans granted to the Russian subsidiary (€ 45,079 thousand).

Short-term operating receivables

Table 35: Short-term operating receivables of the company Intereuropa d.d. as at 31.12.2012, in thousand €

in 1000 €	31.12.2012	31.12.2011
Short-term operating receivables within the group	827	1,242
Short-term interest receivables from group companies	139	184
Other short-term operating receivables from group companies	0	135
Short-term operating receivables from buyers (excl. the group)	21,762	26,684
Short-term operating receivables from others	396	739
Other short-term assets	85	166
Total short-term operating receivables	**23,209**	**29,149**

Equity

The capital expresses equity financing of the company and is regarded as its liability to the owners. Compared with the reporting date a year ago, the share of the capital in the liabilities structure remained unchanged, amounting to 41 percent of all liabilities to sources. The changes in the equity items in the reporting year are presented in the Statement of changes in equity for Intereuropa d.d.

Pursuant to the Resolution of the General Meeting of 28 August 2012, the share capital of the Controlling Company Intereuropa d.d., Koper, was decreased by € 25,074 thousand and transferred to capital reserves. The decrease of the Company's share capital was effected under a simplified procedure, on 15.11.2012. The appurtenant share price was reduced from € 4.17293 by €3.17293 to € 1, after the decrease. The number of shares to which the share capital is divided into remained unchanged: 7,902,413 ordinary, freely transferable registered shares.

The year 2012 brought a capital increase to the company: the creditor banks undertook a capital augmentation by contributions-in-kind, arising from loans, in the amount of € 19,586 thousand, by issuing 19,586,390 new shares, thereof 8,928,425 ordinary and 10,657,965 preference shares. After the increase, the share capital amounts to € 27,488,803.

Capital reserves

After decreasing the share capital were made the capital reserves in the amount of € 25,074 thousand that were used to cover the net loss of the financial year 2012 amounting to € 6,619 thousand.

Treasury shares

The company holds 18,135 treasury shares. The procurement value of treasury shares was € 180 thousand. The company has no rights from its treasury share portfolio. Other companies in the group do not own treasury shares.

The Revenue Reserves are structured as legal reserves, the reserves for treasury shares, and treasury shares as a deduction item. As of the reporting date, the legal reserves amounted to € 875 thousand.

Accumulated profit

As of 31.12.2012 the Accumulated profit was € 0, the same situation was on the comparable Balance sheet date 31.12.2011. In the year 2012 the net loss for the current year amounting to € 6,619 thousand was settled from the capital reserves.

Provisions and long-term deferred revenues

As of the reporting date, Intereuropa d.d. had € 6,251 thousand of unused Long-term provisions and long-term deferred revenues. The prevailing part (€ 5,233 thousand) comprises the provisions made to cover the liabilities from past operations.

The **long-term received loans and financial leases** are stated at € 106,279 thousand. At the end of the year 2011, due to non-fulfilment of financial commitments, we reclassified pursuant to IAS 1.74 the long-term financial liabilities to short-term financial liabilities, namely all the principal amounts for which the contractual commitments were not fulfilled. The financial liabilities reclassified thereunder amounted to € 116,596 thousand.

Thanks to positive trends of our operations and the solution for long-term financial stability of the company that was adopted in the last quarter 2012, further to the capital augmentation by the creditor banks, we also re-scheduled the repayment of bank loans and then again transferred the short-term financial liabilities (with maturity exceeding one year) to long-term liabilities amounting to € 86,057 thousand.

The decrease in value of **short-term loans received and financial leases** against the comparable reporting date a year ago, resulted from the transfer of long-term loans received to the item of long-term financial liabilities, in addition to repayments, and a portion of short-term loans (€ 19,586 thousand) was converted into equity of the parent company. As of the reporting date, all the due liabilities of the company under the loan agreements were settled.

Other long-term and short-term financial liabilities

Table 36: Other long-term and short-term financial liabilities of the company Intereuropa d.d. as at 31.12.2012, in thousand €

in 1000 €	31.12.2012	31.12.2011
Long-term liabilities at fair value through profit/loss	0	2,721
Total other long-term financial liabilities	**0**	**2,721**
Short-term liabilities	0	1,505
Liabilities for dividends	74	74
Other short-term financial liabilities	1,266	0
Total other short-term financial liabilities	**1,341**	**1,579**

Other long-term and short-term financial liabilities, which represented the liability from the financial instrument at fair value through profit/loss (of a derivative financial instrument of cross-currency swap with currency option), were terminated before time on 14.11.2012 and the financial expenses amounting to € 699 thousand from the valuation of the financial instrument were recognized. Upon termination of the financial instrument, the unsettled liabilities were recognized as Other Short-Term Financial Liabilities that as of the Balance Sheet Date amounted to € 1,266 thousand.

Short-term operating liabilities of € 18,175 thousand primarily relate to the liabilities to suppliers.

Table 37: Short-term operating liabilities of the company Intereuropa d.d. as at 31.12.2012, in thousand €

in 1000 €	31.12.2012	31.12.2011
Short-term opertaing liabilities to companies within the Group	252	1,251
Short-term opertaing liabilities to suppliers	14,587	20,334
Short-term opertaing liabilities from advances	19	24
Other short-term opertaing liabilities	3,317	3,623
Total short-term opertaing liabilities	**18,175**	**25,233**

IN BRIEF ...

The adverse economic environment and demanding market situation escalated in the year 2012. This year Intereuropa completed an important cycle of activities addressing business optimization and assuring the financial stability for the parent company and the group. Despite shrunken goods flows on our key markets, stronger pressures on the prices in supply chains and growing prices of energy sources, Intereuropa persisted with the eligible marketing and optimization activities which in turn brought to an improvement of efficiency and profitability of operations.

Intensified activities addressing the recovery of the company that have lasted for several years, were upgraded by the conclusion of financial restructuring for the parent company. In this way we reduced the indebtedness of the group by 80.2 million and agreed on re-scheduling of the remaining debts. Creditor banks perceived the long-term competitiveness of our business model and converted a portion of debts into equity, upon the consent of our shareholders. That thoroughly changed the ownership structure of Intereuropa d.d., in which the creditor banks are prevailing now. The prerequisite for a debt rescheduling agreement, which is based on the projections for the next seven years, was the disposal of the logistics centre in Russia. After more than two years of efforts we succeeded in finding a buyer and sold it in November 2012: that had an essential bearing on the annual financial statements of both the parent and the group.

Despite very difficult market situation we were able to achieve **€ 188.4 million of sales revenues** and remain only 2 percent behind the target. The business area Land transport exceeded the planned sales result, of which the road transport, customs services and railway transport achieved the best results. The overachievement of the plan in the customs service segment was largely attributable to deferral of consequences of the estimated decline in the sale of services regarding the accession of Croatia to the NCTS-system. In the area of Intercontinental transport, variances from the plan were shown primarily in the sea-freight segment. Due to declining freight rates and falling demand for container services to hinterland markets, this segment recorded a fall in the sale of services; better sales were achieved in conventional cargo. The achieved level of sales in the services of Intercontinental transport was in part connected with the disposal of the logistics centre Chekhov in Russia (mid November 2012), where we marketed the car logistics services. The disposal also had an impact on the sales result of the Logistics solutions area, in which the plan was not achieved primarily due to lower volume of warehousing services for our major customer.

The sales result achieved was 11 percent lower than in the comparable year 2011. The worst fall in the sales was recorded in the Land transport area; after an in-depth analysis we decided for certain optimization activities that resulted in lower sales revenues in the short run, but lead to improvement of profitability of operations on the other hand. These activities comprise the initiation of voluntary liquidation on the subsidiary Intereuropa Transport d.o.o., closing down of the subsidiary in Germany and disposal of the subsidiary in France.

Among major achievements from optimization we should highlight the successful completion of restructuring of our road transport product, which led to the voluntary liquidation of the subsidiary Intereuropa Transport d.o.o. In the course of liquidation proceedings we sold all the vehicles and equipment, paid out the termination benefits to all redundant employees, and repaid the financial liabilities to suppliers. We have further succeeded in retaining (the cooperation with) some major customers of the liquidated subsidiary in the group and we continue servicing them through our contractor carriers who have established a long-term business relationship with us. The financial effects and the satisfaction of our customers prove that our decision for restructuring was the right decision.

Regarding the informatization of and IT support to our business, we completed the launch of new IT system supporting the products of Land transport trea in Slovenia in the year 2012; on that basis we could proceed with further centralization of service implementation, which

has reached the most developed application our product express service. We were able to reduce not only the number of vehicles employed in the operational network, but also the number of re-loading points and thereby the number of handling operations, as well as the exposure of consignments to damages. This solution also enables a better supervision over the operational execution of our processes and a rise in the quality of service: that will be most rewarding for our customers, in addition to tracing options. Our developmental activities are directed towards establishing an integrated IT solution to support warehouse operations, which is planned for the coming year. After a successful launch of electronic documentary system with digitalization of incoming invoices for overheads, we also work on upgrading thereof, including the digitalization of incoming invoices for operational needs.
The major impact on the annual financial statements of the parent and of the group can be attributed to events associated with the disposal of the Russian subsidiary in November 2012. These circumstances also make any comparison to the planned and past business results impossible.
The **Operating Profit or Loss** of the group for the year 2012 was negative and came to **€ -7.2 thousand**. If the effects from the sale of the Russian subsidiary were excluded, we would have achieved € 12.4 million of operating profit, which can be primarily attributable to effective restructuring of the road transport business in Slovenia and efficient control of indirect costs in most subsidiaries in the group. The EBIT margin rose 4 percentage points above the year 2011, achieving 6.6 percent.
The **Financing profit/loss** came to **€ -13.0 million.** It was strongly affected by the expenses from exchange differences arising from the translation upon disposal of the Russian subsidiary, amounting to € 7.1 million. The **Net profit or loss** for the reporting year was negative and came to **€ -13.4 million**.
These transactions during the last two months of the reporting year had also a bearing on the structure of assets and liabilities at the year-end. The amount for assets dropped by 21 percent, affecting most severely the property, plant and equipment. The share of capital in the sources of finance grew by 13 percentage points to 48 percent, and the share of financial liabilities fell from 50 to 37 percent.
At the end of the year the group recorded a **net financial debt** at **€ 100.1 million**, which is 43 percent lower than at the year-end 2011.
The coming year 2013 will be a very demanding year for the Intereuropa group. The adverse economic situation will be additionally aggravated by the expected EU accession of Croatia, which will reduce the demand for profitable customs services in both key markets for Intereuropa - Slovenia and Croatia. We have already addressed the new situation, adapting to it by a leaner organizational structure and intensified marketing.
Intereuropa entered the year 2013 with a new ownership structure in which the creditor banks prevail. Given that these are not considered to be a strategic shareholder for Intereuropa, we may expect activities on ownership consolidation of the company.

INTEREUROPA d.d.
President of Management Board
Ernest Gortan, Msc.