Intereuropa®
Global Logistics Service

Unaudited Interim Report INTEREUROPA Group

January - June 2012

Koper, 24 August 2012

The INTEREUROPA d.d. is publishing this Unaudited Interim Report of Intereuropa Group for January - June 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 Interim Report of Intereuropa Group for January - June 2012 shall also be published on the web site of INTEREUROPA d.d. www.intereuropa.si on August 24, 2012.

C O N T E N T S

PERFORMANCE HIGHLIGHTS

In the second quarter we were able to maintain the positive trend of this year's first quarterly term in the Intereuropa Group. Despite unfavourable economic situation we achieved most of the financial goals on the group level. The aggregate sales revenue was lower than in the same term 2011 due to the stoppage of operation of some companies in the group, however, still complying with our sales targets. We continued with other activities towards business optimization, such as enhanced restructuring of transport services, IT-implementation of processes and simplification of supporting processes, which had already yielded positive results in efficiency, cost-effectiveness and return during the preceding term. In the six-month term we generated 9.2 million € of operating profit and increased slightly the share of operating profit in the sales revenue (EBIT margin) over the level of the first quarterly term.

Concurrently, we proceeded with the activities leading to financial stability. After the respite was granted in February for the repayment of principals by 30 September 2012, we carried on negotiations with creditor banks who expressed their readiness to approach to financial restructuring. The major shareholders are not in favour of increasing the capital of the company, therefore the restructuring is only feasible by the engagement of creditor banks. The restructuring concept comprises further disinvestment and increase in share capital by new contributions in kind, representing the claims receivable of creditor banks from Intereuropa d.d., to be followed by the residual debt rescheduling in a modality that provides for financial sustainability, along with a quest for strategic partner who would assure development to the company in the long run.

	INTEREUROPA GROUP			INTEREUROPA D.D.		
(in 1000 €)	Jan-Jun 2012	Jan-Jun 2011	Index 12/11	Jan-Jun 2012	Jan-Jun 2011	Index 12/11
Sales Revenue	96,940	109,615	88	56,942	51,152	111
EBITDA	13,975	11,873	118	6,586	4,570	144
Operating profit or loss (EBIT)	9,160	5,620	163	4,228	1,987	213
Net profit or loss	2,958	-258	-	2,168	2,150	101
EBITDA margin in %	14.4	10.8	133	11.6	8.9	129
EBIT margin in %	9.4	5.1	184	7.4	3.9	191
Sales Revenue per employee/month	8.356	8.414	99	12.802	11.511	111
Value Added per employee /month	2.722	2.438	112	3.607	3.133	115
(in 1000 €)	30.6.2012	31.12.2011	Index 12/11	30.6.2012	31.12.2011	Index 12/11
Assets	388,934	407,207	96	299,891	312,409	96
Equity	146,076	140,988	104	90,015	84,645	106
Net debt	170,884	176,567	97	119,035	118,224	101
No. of employees	1,939	2,114	92	753	768	98

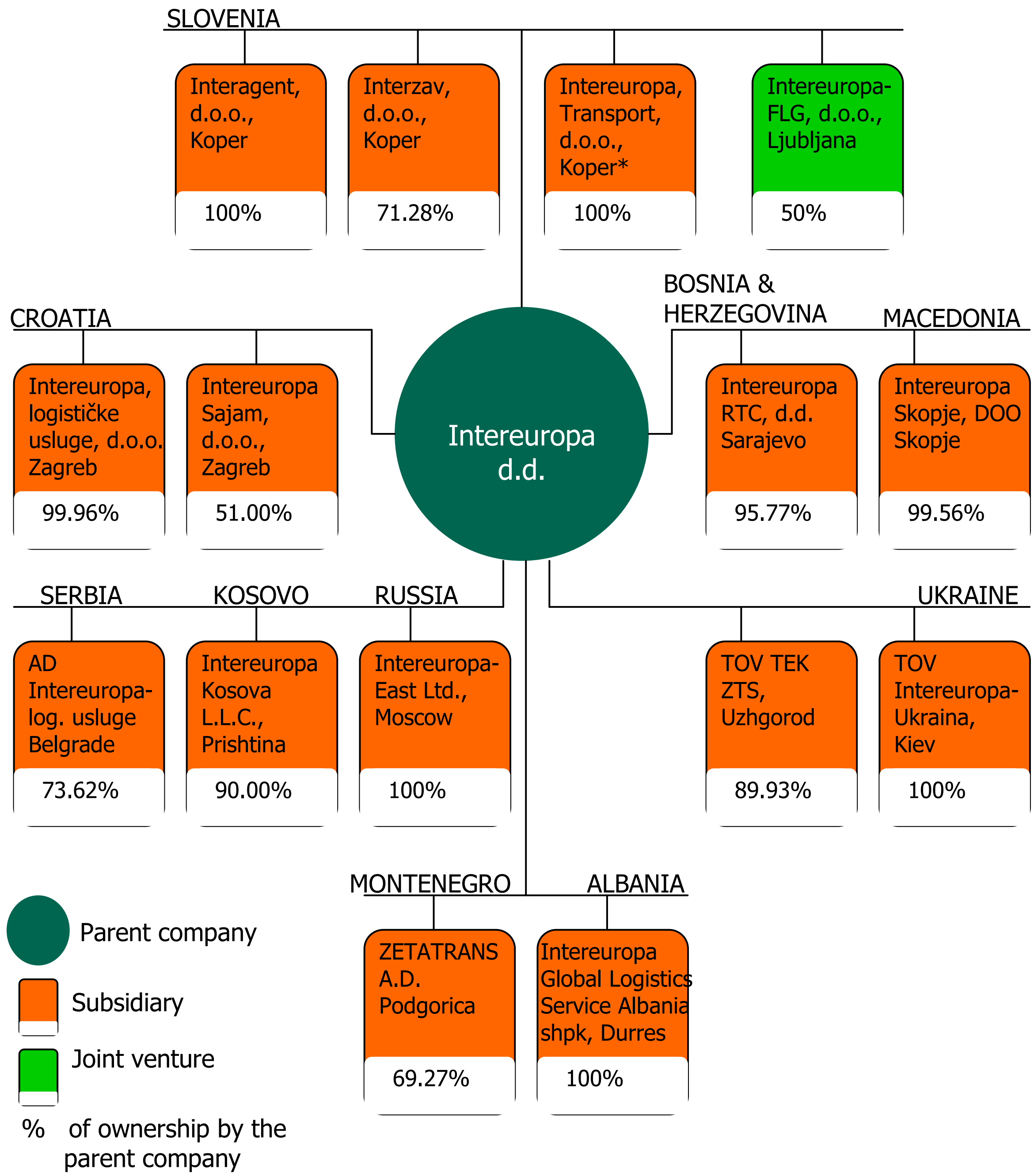
	Jan-Jun 2012	Jan-Dec 2011	Index 12/11
No. of shares at the end of term	7,902,413	7,902,413	100
Net earning per share (in €)	0.27	-0.47	-
Closing price at the end of term (in €)	0.46	0.43	107
Book value of share at the end of term (in €)	11.42	10.74	106
Closing price / Book value of share	0.04	0.04	101
P/E	1.70	-0.91	-

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation
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	€ 32,976,185.11
Number of of issued and paid-up shares	7,902,413 no-par value shares
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	1,939 employees
Vehicle fleet	189 company-owned trucks, tractors, and trailers and other commercial vehicles
Total warehousing area	262,500 m^2 of in-house warehouse
Total land area	2,152,200 m^2 of land area
Membership in international organisations	FIATA, IATA, FETA, FONASBA, BIMCO, IRU
Quality certificates	certifcate 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, Russia



*Intereuropa Transport d.o.o., Koper has been in liquidation proceedings since 17 January 2012.

Figure 1: Intereuropa Group as of 30.06.2012

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 2012

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

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

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

→ Further optimization of business processes,
→ Focus on the markets with a high market share,
→ Using the synergies of the corporate network,
→ Restructuring of our range of services,
→ Increasing the share of customers – users of integral logistics.
→ Agreement with creditor banks on a more favourable structure of financing for the Parent company,
→ Ensuring adequate liquidity for a smooth operation of the group,
→ Core financial goals:
  - Sales: € 191.8 million,
  - EBITDA: € 23.2 million,
  - Operating Profit or Loss: € 13.0 million,
  - Investments: € 2.5 million,
  - Number of employees at year-end: 1,894.

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.

MAJOR EVENTS AFTER THE END OF REPORTING PERIOD

July

→ On 27 July 2012 the Company published the letter convening the 24th General Meeting for 28 August 2012, with the agenda, proposals and substantiation of resolutions.

BUSINESS REPORT

1. PERFORMANCE OF INTEREUROPA GROUP

1.1. Sales achievements

ECONOMIC TRENDS

Like in the first quarter of this year, the short-term economic activity ratios in the Euro Zone recorded a weak economic activity in the second quarterly term. The volume of industrial output in processing industries decreased, and downturn trends continued in the construction industry and retail trade. Also the economic sentiment was abating over the reporting half-year. The movement of crude oil price saw a downturn in the second quarterly term: after record peak values in March, the oil price hit the bottom in June, after one year and a half.

The short-term ratios for Slovenia reflect the global trends, just the output volume of processing industries was slightly higher than at the beginning of the year. In real terms, exports have been stagnating since January and reached the opening level from 2011 in April this year. Activity in the construction industry and retail trade has greatly declined: in the latter, the income fell to the lowest value in the last two years, as the shrinkage in the sale of food and non-food products was also accompanied by lower income from the sale of motor fuels. Similarly, the negative trends from the last quarter 2011 persisted in Croatia, too. The causes for the GDP drop, in real terms, are attributable to continued decline in domestic demand, cut in investing activity, and shrinking private and public consumption. Exports (primarily of services) represented the only category that was favourable for the Croatian economic growth. The dynamics of economic growth in other countries of the Western Balkans did not record any major changes.

On the contrary, Russia saw a sound economic growth. Its GDP strengthened by approximately 4 percent, on the annual level, in the second quarterly term. In part, such a growth rate resulted from high oil prices; concurrently, the country recorded a slow-down of industrial output and relatively modest foreign direct investments.

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	0.0	1.3	2.1	1.7	1.1*	3.1*	-0.8*	2.2*
CEE	1.9	2.9	5.3	4.1	5.2	3.8	8.5	4.0
Slovenia	-0.9	1.2	2.0	1.9	1.3	5.8	-2.0	5.0
Croatia	-0.5	1.0	2.5	2.7	2.1	1.5	-11.1	-1.5
BiH	0.0	1.0	2.2	2.1	1.8	5.4	1.9	4.5
Serbia	0.5	3.0	4.5	4.0	4.9	5.7	7.6	8.1
Kosovo	3.8	4.1	1.0	1.9	-0.3	7.3	-4.6	5.7
Montenegro	0.2	1.5	1.7	1.3	1.0	1.6	-0.1	3.4
Macedonia	2.0	3.2	2.0	2.0	7.2	10.7	6.0	9.4
Albania	0.5	1.7	3.1	3.0	1.4	6.7	-1.5	2.8
Russia	4.0	3.9	6.2	6.5	2.3	2.8	16.6	13.2
Ukraine	3.0	3.5	7.9	5.9	3.0	7.0	5.3	6.2

* Euro zone

Source:
World Economic Outlook, IMF, April 2012
Spring forecast of economic trends 2012, UMAR, March 2012
Economic mirror – June 2012, UMAR, July 2012

SALES REVENUE

The Intereuropa Group generated a **sales revenue of € 96.9 million** in the first half-year 2012, which was on the planned sales level. Our Land transport and Intercontinental transport exceeded the sales target, but we were not so successful in the sale of services in Logistics solutions. In the products road transport in Slovenia and car logistics in Russia we achieved better sales results than planned, and lower in the warehousing product in Croatia, where the impact of shrinking economy and stronger competition of foreign logistics providers reflected on the performance of our companies.

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

	Business area	Jan - Jun 2012	Structure	Index[1] 2012/plan	Index 2012/2011
1	Land transport	55,993	58%	103	82
2	Logistics solutions	12,387	13%	87	86
3	Intercontinental transport	25,168	26%	102	102
4	Other services	3,392	3%	97	136
	TOTAL SALES REVENUE	**96,940**	**100%**	**100**	**88**

In line with our planning, our sales result in the reporting term was 12 percent lower than in the first half-year 2011. Decline was recorded in Land transport and Logistics solutions, while the Intercontinental transport showed a 2 percent growth, resulting from better sales of services in car logistics. The biggest share of that decline in volume is mainly attributable to certain optimization activities within the group:

→ declining activity and the initiation of voluntary liquidation proceedings on our subsidiary Intereuropa Transport d.o.o.;

→ closing down our subsidiary company in Germany and the disposal of our subsidiary in France, and further development in these markets through our partner networks.

The sales volume lying below the achievement of the preceding year was also a logical consequence of the lower planned volume of operations of our Ukrainian company due to the declining volume of goods flows in transit in railway transport, and partly a consequence of a less favourable sales volume in Croatia and Bosnia and Herzegovina due to a slow-down in the economic activity in that region.

Table 3: Sales revenue of Intereuropa Group by geogr.area (by companies' head office) in € thousand

	Geografical area (by companies' head office)	Jan - Jun 2012	Structure	Index 2012/plan	Index 2012/2011
1	Slovenia	55,687	57%	101	93
2	Croatia	15,773	16%	94	96
3	Bosnia & Herzegovina	2,954	3%	94	84
4	Serbia	1,727	2%	103	109
5	Macedonia	706	1%	108	107
6	Kosovo	849	1%	110	113
7	Montenegro	2,522	3%	85	93
8	Albania	250	0%	106	90
9	Russia	8,164	8%	121	135
10	Ukraine	8,308	9%	97	57
	TOTAL SALES REVENUE	**96,940**	**100%**	**100**	**88**
1	EU countries	55,687	57%	101	93
2	Non-EU countries	41,253	43%	99	82

[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.

Table 4: Sales revenue of the Intereuropa Group by geographic area (by customers' head office), in € thousand

	Geografical area (by customers' head office)	Jan - Jun 2012	Structure	Index 2012/2011
1	Slovenia	28,819	30%	90
2	Croatia	14,812	15%	93
3	Russia	8,389	9%	132
4	Bosnia & Herzegovina	382	0%	10
5	Serbia	1,561	2%	97
6	Montenegro	2,378	2%	93
7	Other countries	40,600	42%	86
7a	Other EU countries	18,094	19%	59
7b	Other countries	22,505	23%	134
	TOTAL SALES REVENUE	**96,940**	**100%**	**88**

Land transport

The Land transport area contributes 58 percent to the sales revenue of the Group. In the reporting half-year we exceeded the target sales revenue by 2 percent; however, the revenue was 18 percent below the figure achieved in the comparable term last year.

More than one half of the setback behind last year's result is attributable to lower income from the road transport product, primarily as a consequence of the stoppage of operation of Intereuropa Transport d.o.o., and also due to the closing down of our subsidiary in Germany (in May 2011) and the disposal of the subsidiary in France (in June 2011). The remaining part of the setback was recorded in the railway transport product, due to a lower sales revenue in our Ukrainian company TEK ZTS Uzhgorod.

The trend of falling margins in the transport services has continued. The recession is felt in the markets that we supply with our services, resulting in a lower volume of trading in goods and further affected by aggravated ill payment practices, which calls for much caution in acquiring new business. Also the competitors are aware of these risks and try all the harder to acquire the business with "sound" customers. As the shrinkage on the cost-side affects our customers as well, all the more business can only be acquired by tenders, which leads to reduction of prices and our margins.

Groupage Services:

→ The sales plan was outstripped by 10 percent and 2 percent growth over the year 2011 was recorded on the group level.
→ In Slovenia, where 80 percent of all revenues are generated for this product, we achieved the sales target and exceeded the comparable figure of last year by one percent.
→ In Croatia, which is the second major market, we exceeded the sales plan but did not achieve the sales revenue of the year ago.
→ The greatest setback was recorded in our susbsdiary in Bosnia and Herzegovina.

Express service:

→ The Group stood 7 percent below the result of the comparable term last year and recorded a setback behind the plan at almost the same level.
→ The company in Slovenia saw the greatest setback (21 percent lower sales revenue than in 2011).
→ The restructuring process on this product is conducted both in Slovenia and Croatia.

Road transport:

→ Good results were achieved by the parent company Intereuropa d.d., which started to service the customers who were formerly doing business with Intereuropa Transport d.o.o., which is in the process of liquidation.

→ We surpassed the sales plan on the Group level, however, we earned 24 percent less sales revenue than last year: that is a consequence of closing down the subsidiary Intereuropa Transport d.o.o., the German subsidiary and the disposal of the subsidiary in France.

Customs services:

→ These services brought 2 percent more income than in the first half-year 2011.

→ The highest achievement above the plan was recorded in our Border Despatch Branch in the parent company, which generated 45 percent sales in this product, while the Croatian subsidiary saw the worst underachievement.

Rail Transport:

→ Due to reduced goods flows in transit, our Ukrainian subsidiary recorded a lower volume of operations than a year ago and also below the plan.

→ The specialized company Intereuropa-FLG d.o.o. Ljubljana was lagging behind the plan and below the achievement of the last year's comparable term.

In the coming term we expect a significant loss of income in Land transport area (road transport, customs services) due to the relocation of the customer Top Shop International SA. We further expect a loss of income from border despatch due to the accession of Croatia into the NCTS-system.

We will continue with the optimization of operations. The restructuring process on the Express Services product has continued both in Slovenia and Croatia. In the repeat slow-down of the international economy, the logistics business in Slovenia is exposed primarily through international exchange of goods. In the given situation, the recession in Europe and the general economic climate in Slovenia are not the best provisions for a more promising outlook up to the year-end.

Logistics solutions

The Logistics solutions segment achieved good operating results in the reporting period compared with the first half-year 2011. We made a sales revenue of € 12.4 million, or 13 percent in the total sales structure of the group, which resulted mostly from the sales revenue of the parent company in Slovenia, standing for 60 percent in the sales structure of that business segment. The sales revenues from warehousing products in Slovenia rose by 5 percent above the last-year's figures, and also exceeded the plan by 4 percent.

The second largest market in the Logistics solutions segment is Croatia which contributed 15 percent to the sales of this business area. Croatia recorded an underachievement in sales revenue of 14 percent below the comparable term last year. These results are attributable to the recession and financial crisis in the country, as well as to tougher competition of foreign logistics providers.

The highest rise in the sales revenue was recorded by our subsidiary in Russia, which now stands for 13 percent in the sales of this business segment. The warehouse capacities in Russia were fully occupied, so the last year's achievement was exceeded by 112 percent and the plans by 21 percent. A positive trend was achieved by our subsidiary in Montenegro, which increased the sales revenue by 5 percent above the year ago and one percent above the plan.

The performance still reflects the adverse economic situation, with minor shifts to the positive trend in the movement of goods flows and consequently, the increase of the inventories of goods in warehouses.

Within this business segment we envision for this year
→ Intense marketing activities addressing large-scale logistics business,
→ Further extension of e-business (Electronic Data Interchange),
→ Improvement of efficiency and productivity (primarily in Slovenia).

Intercontinental transport

Our operations in this segment were within the sales targets for the reporting term. We achieved a sales revenue of € 25.1 million or 26 percent in the total sales of the group. Slovenia and Russia remain our most important markets in the seafreight and car logistics products. In particular, our best performing segment was car logistics, in which we outstripped the sales targets by 12 percent.

Sea-Freight:
→ The revenue in the first half-year was 4 percent below the achievement of the comparable period in 2011.
→ In conventional sea-freight revenue we surpassed the sales targets by 8 percent, thanks to a good season for the transportation of cooled fruit and vegetables via the Koper Port, and also to newly acquired business in this year.
→ In container transport services, we were faced with lower freight rates and a reduced volume of container transportation by trucks via Koper, so we have not achieved the plan.
→ Our RO-RO product was as expected, although 2 percent below the target for the first half-year, however, we expect it to improve and to close the year on the planned level.
→ Slovenia remains our key market, standing for 90 percent in the sales structure.
→ The sales targets were exceeded in Bosnia and Herzegovina, Macedonia and Croatia.

Car logistics:
→ The sales revenue amounted to € 11.0 million, which was 12 percent above the target, too.
→ Our key markets are Slovenia and Russia, where we achieve a similar volume of sales.
→ The number of vehicles handled in Slovenia, via the Koper port as well as via our car terminal in Koper, has risen and we also acquired new businesses.
→ A high occupancy of the car terminal was recorded in Russia, with existing customers, achieving a good vehicle turnover at the terminal as well – which contributes to the revenues from car transportation, handling and storage.
→ The target revenue is further estimated to be achieved in the second half-year of this year.

Shipping Agency:

→ Interagent d.o.o. was performing as planned and remains to be the leading shipping agency in terms of the number of ships represented in the Port of Koper.
→ We acquired the agency for new shipowners calling at Koper.
→ Activities are conducted to acquire the agency representation for a container service liner operating in the Adriatic, which could contribute to improved sales in the second half-year.
→ Our goal is to acquire agency representation in other Balkan countries as well.

Airfreight:

→ In the Airfreight product, the situation was different from our expectations and we remained behind the sales targets.
→ A significant growth was recorded in Serbia and Croatia.
→ We are faced with competitors who organize direct land transport to the European hub ports, and such an approach is also gaining ground in the Balkan region.
→ The adverse situation has induced more and more customers to opt for a cheaper transportation and seek an alternative for air-freight services, despite a longer total transport time.
→ We expect improvement for the second half-year, in particular in the last quarter.

1.2. Financial result

Tables 5 and 6: Financial results of the Intereuropa Group for January-June 2012, in thousand €

Item / Index	Jan - Jun 2012	Jan - Jun Plan 2012	Jan - Jun 2011	Index 2012/plan	Index 2012/2011
Sales revenue	96,940	96,758	109,615	100	88
EBITDA*	13,975	11,158	11,873	125	118
Operating profit or loss	9,160	5,910	5,620	155	163
Financing profit or loss	-3,855	-8,500	-5,784	-	-
Net profit or loss	2,958	-1,515	-258	-	-
EBIT margin in %	9.4%	6.1%	5.1%	155	184
Sales revenue per employee/month	8.356	8.051	8.414	104	99
Value added per employee/month	2.722	2.439	2.438	112	112

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

Item / Index	30.06. 2012	Plan 31.12.2012	31.12. 2011	Index 2012/plan	Index 2012/2011
Balance sheet total*	388,934	379,794	407,207	102	96
Equity*	146,076	146,892	140,988	99	104
Net debt**	170,884	173,614	176,567	98	97
Short-term assets/ Short-term liabilities*	0.33	1.25	0.35	26	93
Net Return On Equity (yearly level)***	3.71%	-1.16%	-1.45%	-	-

** 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 higher Operating profit is primarily attributable to the growing sales revenue in the parent company and subsidiary in Russia, concurrently with the efficient management of indirect costs. In the remaining companies of the group, we retained the same level of indirect costs, or were even able to cut the costs in some companies. As a result we have improved the profitability of the operations which reflects in a very high EBIT margin that is currently being maintained.

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

in 1000 €	Jan-Jun 2012	Jan-Jun 2011	Index 2012/2011
EBITDA	12,815	10,187	126
Operating profit or loss	8,051	3,966	203

The Financing profit or loss

→ Better Financing profit depends primarily on the non-occurrence of negative foreign exchange differences and lower interest expenses than in the preceding year (fall in interest rates), as well as lower net expenses resulting from the allowance for, and write-off of accounts receivables.

Net Profit or Loss

→ The Net operating profit reduces our tax liability for the corporate income tax. Most of these liabilities relate to deferred taxes of 2.3 million EUR, which are significantly dependent on the changes in taxation legislation in Slovenia.

1.3. Investments in fixed assets

In the first half-year 2012, the **investments in fixed assets** realized by the Intereuropa Group totalled **€ 402 thousand**, thereof 189 thousand in real estate and 213 thousand in plant /equipment and intangible assets. The annual plan of investments was completed to the level of 15 percent.

Table 7: Overview of Investment in January- June 2012, in thousand €

Company	Real property		Plant & Equipment		TOTAL INVESTMENTS		% of annual realiz.
	Jan-Jun 2012	Jan-Jun Plan 2012	Jan-Jun 2012	Jan-Jun Plan 2012	Jan-Jun 2012	Jan-Jun Plan 2012	
Intereuropa d.d.	80	756	95	947	175	1,704	10
Subsidiaries	109	404	118	627	227	1,031	22
TOTAL INVESTMENTS	**189**	**1,161**	**213**	**1,574**	**402**	**2,735**	**15**

The investments of the parent company Intereuropa d.d. were made in real estate, equipment and intangible assets (€ 175 thousand); other members of the group invested € 227 thousand in fixed assets. The most of invested funds were earmarked to:

- Buildings and equipment (€ 294 thousand),
- Repairs and purchase of motor vehicles (€ 35 thousand),
- Computer hardware and software (€ 33 thousand).

1.4. Risk Management

The central goal in risk management is to effectively address and reduce uncertainty in the company and thereby assure higher operating performance and retain the competitive advantages of the company. As of 30.06.2012, there were 73 types of risk identified in the company Intereuropa d.d., thereof 23 key risks. The most relevant risks for the company remain those related to assurance of financial stability and the risks for a decreased demand for our services.

In the first half-year we did not perceive any higher exposure to individual risk types, and no major negative effects were recorded. We achieved the target performance values in the operating indexes/ratios, and even exceeded them.

The liquidity risk is managed, and even decreased, by heightened control over the cash flows and the current/ working capital, as well as by the balancing of short-term credit facilities with the commercial banks. The decreasing variable Euribor interest rate has had a favourable influence on the interest rate risk, which we were able to halve.
Our major attention is dedicated to the selling risks adapting to individual needs of our customers. Despite increasing pressures on our rates, we have not recorded any downturn in the demand for our services to date; in fact we were able to increase the volume of our operations and improve the productivity. We also intensified our sales activities and enhanced our presence in the market. However, the prices in the logistics market remain volatile and we continue with our internal optimization and concurrently assure a high quality level of our services. The introduction of the new IT solution to support the logistics processes was one of the key elements in our internal management of change.

Our business achievements reflected on the HR area, too, in which the appropriate communication, motivation and rewarding system linked to efficiency are in the forefront. A survey measuring the employee satisfaction points to a positive trend, which is encouraging in the given uncertain situation.

The assurance of financial stability of the company is the key risk and most important in our daily focus: we endeavour to maintain it on an acceptable level (the agreed grace period for the repayment of principals, consistent implementation of the corporate business and financial restructuring programme).

The announcement of our major customer Top Shop International SA, and the approaching 30 September 2012, on which the grace period for the repayment of principals expires, implies the increased exposure of Intereuropa d.d. in the second half-year 2012.
To mitigate the loss of income from a major customer who is going to relocate, we adopted a number of measures in the sales, organization and finance on the group level and in our individual business units/ subisidary. The results of the effects will be measured monthly and in case of a variance, we will take additional action.

It is estimated that the action taken by Intereuropa d.d. in the second half-year 2012 will be essential for reducing the exposure to both selling and financial risks.

1.5. Human Resources Management

EMPLOYMENT TRENDS

On the group level, there were 175 fewer employees (8 percent) in the term January -June 2012. The downsizing trend was highest in the Slovenian part of the group, which resulted from the liquidation procedure instituted on our subsidiary Intereuropa Transport d.o.o., with 115 redundant workers. The number of employees was also reduced by 7 percent, or 34 employees, in our subsidiary in Zagreb.
Twenty-six employees terminated their labour relationship in the parent company Intereuropa d.d. and were substituted by 11 newcomers, so that the downsizing comprised 15 employees.

Table 8: No. of employees in the Intereuropa Group according to countries, as of 30.06.2012

	30.6.2012	31.12.2011	Difference 12-11	Index 2012/2011
Slovenia	777	908	-131	86
Croatia	480	514	-34	93
Bosnia & Herzegovina	136	145	-9	94
Serbia	111	108	3	103
Macedonia	34	33	1	103
Kosovo	24	25	-1	96
Montenegro	157	162	-5	97
Albania	2	2	0	100
Russia	168	168	0	100
Ukraine	50	49	1	102
TOTAL No. OF EMPLOYEES	**1,939**	**2,114**	**-175**	**92**

In addition to permanent (full-time) staff, there were on average 163 persons per month working, recruited through other forms of labour, such as: hired from HR agencies and Students' Job Centres (this figure comprises the number of students with full-time employment).

DEVELOPMENT AND TRAINING

In the reporting half-year, 29 percent of employees (569 participations) were included in various forms of training and education to acquire new knowledge and skills, i.e. 4,881 hours in total. We spent less than one half of the budget earmarked thereto (€ 74 thousand). Forty percent or more of the training forms were implemented by internal human resources.
In the structure of hours, the greatest share of training was dedicated to acquire and upgrade the knowledge of occupational health and safety (30 percent), logistics (25 percent), and other technical and specialist knowledge/skills from various fields, such as auditing, accounting, etc. (25 percent).

In June we held a two-day workshop on the training in leadership skills, attended by 19 heads or executives from the parent company. Our sales staff (18 employees) took part in a training on efficient sales.

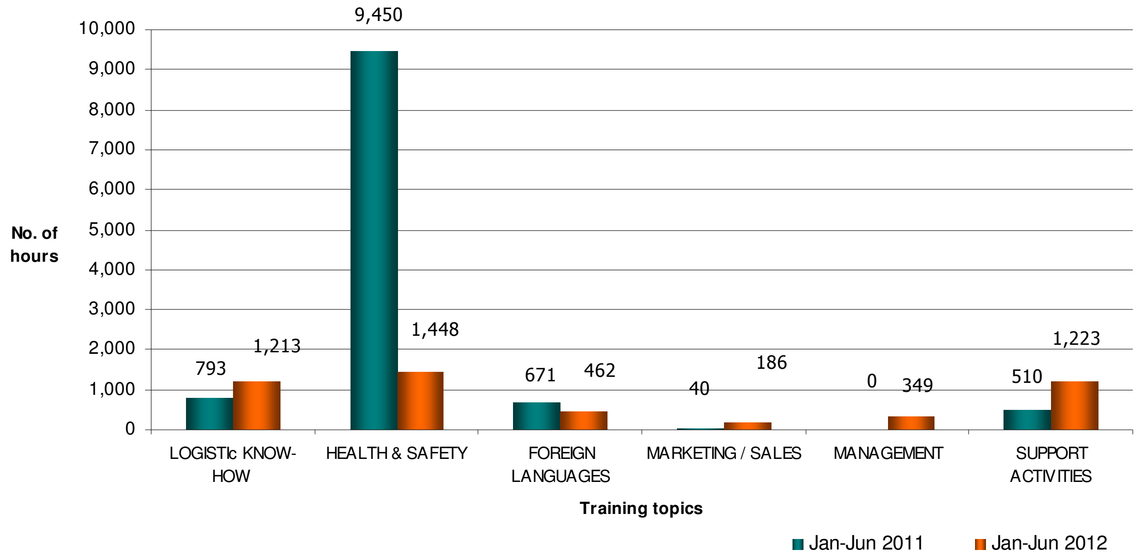


Figure 2: Structure of training hours in period January – June 2012 according to topics, in the Group

EMPLOYEE CARE AND WIDER SOCIAL ENVIRONMENT

→ Financial aid was provided to 42 employees in difficult health condition or inferior financial situation, in total amount of € 28 thousand (compared to 29 thousand in the same period last year);
→ We provided practicum to 63 secondary school and university students in the group (compared with 43 last year).

HEALTH PROTECTION

The following activities are being implemented in the parent company in this area:
→ Preparation of the health-strengthening programme – promoting the occupational health care in the workplace;
→ New fire-fighting regulations are being completed for each individual business unit,
→ "Operational regulations" for our private railway siding tracks are being completed,
→ Updating the current health and safety declaration with risk assessment,
→ Amending to, or harmonizing our internal acts/bylaws with the new occupational health and safety act,
→ Amending /updating the brief summary of fire-fighting regulations for the business units in which solar power plants were installed, and informing the individual fire brigades with the operation or function thereof,
→ Other current activities in the areas occupational safety and health, and fire safety.

This year, there were 622 sets of different working assets/ equipment examined, 205 preventive medical check-ups and the training for 220 employees (thereof 162 our employees, 31 persons working under other contracts, 27 students) undertaken on the group level.
In the reporting half-year, there were 10 employees injured at work, compared to 13 injuries in the first half-year 2011.

1.6. Total Quality Management

Three companies of the Intereuropa group (out of fourteen) hold a certification under the ISO 9001:2008 Standard. There are 66 percent of all employees working in the companies with certification for quality management. External Audits of the Quality Management System were conducted in Intereuropa d.d. and Intereuropa, log. usluge d.o.o Zagreb in the reporting term and the decision was made to discontinue the certification in two companies: Intereuropa Transport d.o.o. in liquidation, and in Interagent d.o.o.

Maintaining the ISO 9001:2008 Quality Management System

→ Yearly QMS reports were prepared for the year 2011 and the measures to improve the QM system were triggered in all the three companies.
→ A new Quality Management System Manual for the company Intereuropa d.d. was issued and the second version is in preparation.

Internal quality of service auditing

→ An internal audit of the on-load process was conducted in Intereuropa d.d. There were five recommendations for improvement issued, and one non-compliance found.

Quality control by QM indicators

→ There were 17% fewer complaints recorded in Intereuropa d.d., in the value involved therein was only one third of the value in the comparable term last year.

No. of complaints	Index 12/11	No. of claims	Value in 1000 €	Index 12/11	Approved Value in 1000 €	Index 12/11
258	83	95	50	33	22	34

External quality of service audit by the certification authority

→ The audit was the fourth re-certification (renewal) audit, thirteenth in sequence. It was conducted in the organizational units: Managing Board, business units (BU) Koper, Brnik, Celje, Maribor, Dravograd.
→ 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 implementation plan for the recommendations accepted on our part will be prepared; we will substantiate any recommendations that are not accepted. The report on measures taken was submitted to the certification body at the beginning of June.

The result of external audit in Intereuropa log. usluge d.o.o. Zagreb, conducted this year:
→ The audit was the first follow-up control audit following 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.
→ The auditors did not detect any non-compliance, but they issued 15 recommendations to which the company will respond in three months.

1.7. Share IEKG and ownership structure

KEY DATA ON SHARE

Table 9: Key Data on Intereuropa Share (IEKG) for the term January - June 2012

	Jan-Jun 2012	Jan-Dec 2011
No. of shares*	7,902,413	7,902,413
No. of treasury shares*	18,135	18,135
Share book value in €*	11.42	10.74
Earnings per share in €	0.27	-0.47
Market capitalisation in € thousand*	3,627	3,398
Trading volume in € thousand	132	433
Closing price in €	0.46	0.43
Weighted average price in €	0.52	2.62
Highest price in €	1.32	3.99
Lowest price in €	0.33	0.40
P/E	1.70	-0.91
Capital gain	6.7%	-89.0%

** as of the last day of the period*

Notes:
Book value = capital/ (number of ordinary 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 ordinary 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

The trading in shares on the Ljubljana Stock Exchange (SE) again marked a falling trend of the rates quoted, and extremely low liquidity of the securities traded. The SBITOP Index, which saw the lowest rates in its history as at the closing date of the first half-year, recorded an 11.8 percent drop.

In the first half-year 2012, the turnover with the IEKG share was very moderate, amounting to € 132 thousand. During the reporting period the trading comprised 218,758 IEKG shares, thereof the average daily turnover amounted to € 1.1 thousand. After the share rate hit the bottom at € 0.33 in January, and recorded the highest closing rate at € 1.32, the price of Intereuropa share started to drop towards € 0.40. On the last day of the reporting period it was worth € 0.46 and achieved a 6.7 percent growth.

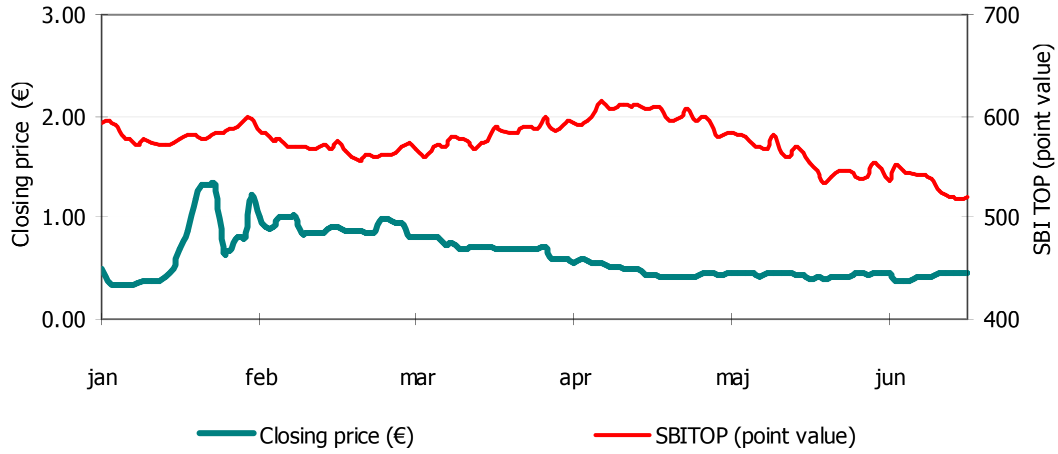


Figure 3: Closing prices of IEKG share and of SBITOP index in the period January – June 2012

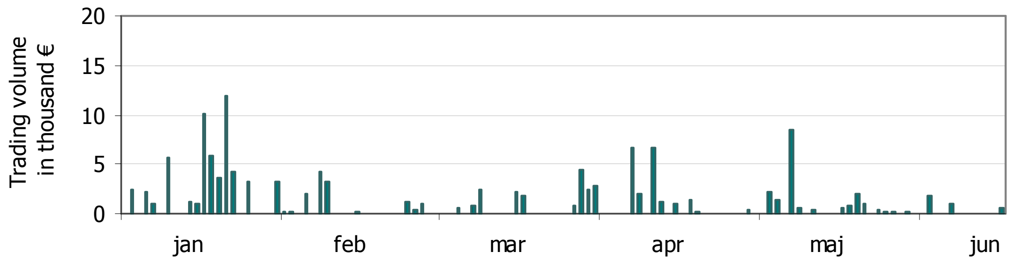


Figure 4: Trading volume of IEKG share in the period January – June 2012

OWNERSHIP STRUCTURE

The shareholdings of the top ten shareholders have remained unchanged from the year-end 2011. They were still holding 60.2 percent of Intereuropa at the end of the reporting term.

Table 10: Top ten shareholders of Intereuropa d.d. as of 30.06.2012 compared to 31.12.2011

	Delničar	30.6.2012		31.12.2011		Index
		No. of shares	share %	No. of shares	share %	Jun12/ Dec11
1.	Luka Koper d.d.	1,960,513	24.8	1,960,513	24.8	100
2.	Kapitalska družba d.d.	719,797	9.1	719,797	9.1	100
3.	Slovenska odškodninska družba d.d.	474,926	6.0	474,926	6.0	100
4.	INFOND d.o.o. UVS Infond Global	313,391	4.0	313,391	4.0	100
5.	NFD 1 Delniški investicijski sklad d.d.	304,312	3.9	304,312	3.9	100
6.	Abanka Vipa d.d.	244,473	3.1	244,473	3.1	100
7.	NLB d.d.	240,000	3.0	240,000	3.0	100
6.	Zavarovalnica Triglav d.d.	213,640	2.7	213,640	2.7	100
9.	Delniški VS Triglav Steber I d.d.	152,482	1.9	152,482	1.9	100
10.	Interfin naložbe d.d.	129,862	1.6	129,862	1.6	100

In the reporting term, the number of shareholders was lower by 166 (- 3%) and fell to 5,557 shareholders in total. The share of foreign investors remained unchanged and the reporting term closed at 2.3 percent.

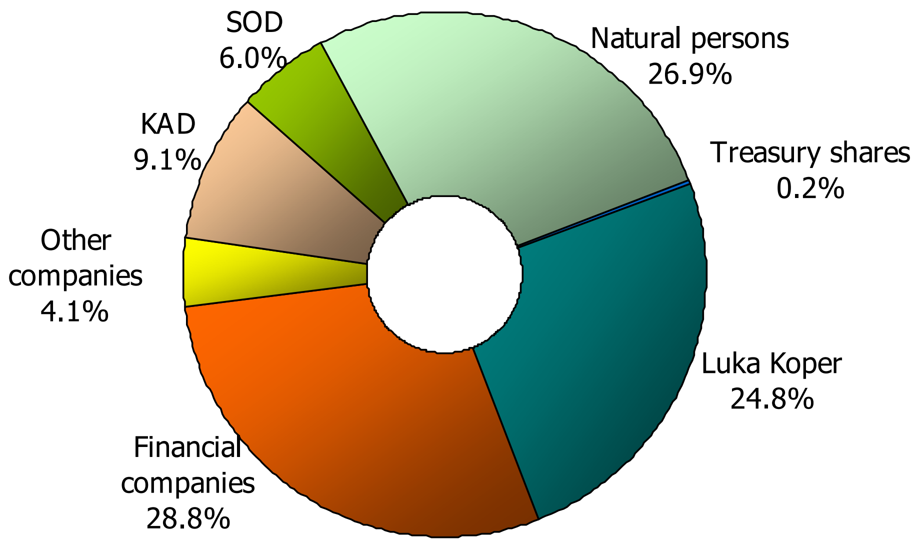


Figure 5: Ownership structure of Intereuropa d.d. as of 30.06.2012

SHARE OWNERSHIP BY THE MANAGEMENT AND SUPERVISORY BOARD MEMEBERS

The Managing Board President Ernest Gortan, and Deputy President Tatjana Vošinek Pucer did not own any Intereuropa shares on 30.06.2012.

Table 11: Shares held by Supervisory Board members, as of 30.06.2012

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 30.06.2012, the company Intereuropa d.d. held 18,135 treasury shares (IEKG) in total value of € 180 thousand, representing 0.2295 percent of all shares. The percentage of treasury shares has not changed since 31.12.2011.

AUTHORISED CAPITAL

According to the Resolution adopted by the General Meeting in its ordinary session of 1 July 2010, amending the Statute of Intereuropa d.d. in section 5.13 which authorises the Managing Board - in five years' time after this amendment to the Statute is registered in the Court Register of Companies, without having to issue a separate Resolution by the General Meeting but subject to the consent by the Supervisory Board - to increase the share capital by issuing new shares for contributions up to the amount of one half of the share capital existing on the day of adopting the Resolution in the 22nd General Meeting, which represents a nominal amount of € 16,488,092.56 (the authorized capital). As of the cut-off date (30.06.2012), the company has got authorized and unused capital in total amount of € 16,488,092.56.

DIVIDEND

Intereuropa d.d. does not plan to pay any dividend in the year 2012.

INFORMING THE SHAREHOLDERS

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

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

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

2. OPERATION OF THE COMPANY INTEREUROPA d.d.

Tables 12 and 13: Operations of Intereuropa d.d. in January - June 2012, in thousand €

Item/Index	Jan - Jun 2012	Jan - Jun Plan 2012	Jan - Jun 2011	Index 2012/plan	Index 2012/2011
Sales revenue	56,942	56,453	51,152	101	111
Land transport	29,271	27,171	22,897	108	128
Logistic solutions	7,364	7,537	7,617	98	97
Intercontinental transport	17,719	19,192	18,230	92	97
Other services	2,589	2,554	2,408	101	107
EBITDA*	6,586	5,275	4,570	125	144
Operating profit or loss	4,228	2,758	1,987	153	213
Financing profit or loss	-682	-549	-35	-	-
Net profit ot loss	2,168	2,054	2,150	106	101
EBIT margin in %	7.4%	4.9%	3.9%	152	191
Sales revenue per employee/month	12.802	12.543	11.511	102	111
Value added per employee/month	3.607	3.281	3.133	110	115

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

Item/Index	30.06. 2012	Plan 31.12.2012	31.12. 2011	Index 2012/plan	Index 2012/2011
Balance sheet total*	299,891	305,699	312,409	98	96
Equity*	90,015	92,923	84,645	97	106
Net debt**	119,035	112,716	118,224	106	101
Short-term assets/ Short-term liabilities *	0.34	1.76	0.36	19	95
Net Return on Equity (yearly level)***	2.75%	2.88%	1.20%	95	229

** 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 growth of the operating result and EBITDA is attributable to higher sales revenue, and lower rise in indirect costs. In the reporting term the parent company achieved high profitability ratios for the sales and selling efficiency thanks to successful rationalization of operations and growing sales volumes (as well as resulting from efficient service provided to the customers who belonged to our subsidiary Intereuropa Transport d.o.o., currently in the process of liquidation).

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

(in 1000 €)	Jan - Jun 2012	Jan - Jun 2011	Index 2012/2011
EBITDA	6,386	4,462	143
Operating profit or loss	4,028	1,886	214

Financing Profit or Loss

→ The Financing profit or loss for the reporting period is negative. The deterioration of the financial result compared with the same term last year has primarily resulted from lower revenues from the shareholdings, and as regards the achievement of the plan the less favourable result is attributable to higher expenses from the financial instrument for hedging against currency risk.

Net Profit or Loss

→ The Net Profit /Loss is reduced by the deferred tax in the amount of € 1.4 million**.** The reasons for that are in the changed national taxation laws.

Structure of Cash Flow Statement

→ The Current Ratio was very low. The reason for that is our reallocation of a large portion of long-term financial liabilities to the short-term financial liabilities at the year-end 2011. The majority of reallocations was undertaken because we did not achieve the financial commitments as required in the contracts (financial ratios), and not because the maturity of these loans be shorter than one year. We have settled all our liabilities to banks in due time.

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

Intercontinental Transport

The sale of cars in the Russian market grew 14 percent over the figures in comparable term last year. Our main customer for the car terminal services, General Motors, whose sales volume at the end of the reporting half-year made it to the leading supplier of cars of foreign make, greatly increased the sales volume over the last year's turnover, which reflected on the sales results of that business segment (€ 5.5 million). In June the average stock of GM cars rose by two thirds over the volume of January; the average vehicle turnover was 117 percent higher. As a result, the sales in the Intercontinental Transport segment outstripped the planned turnover by 30 percent, while the sales revenue of comparable term last year was exceeded by 16 percent.

Logistics Solutions

Practically all our warehouse capacities were occupied in the first half-year. With certain customers we negotiated higher rates for our services. In the second half-year we intend to continue with such pricing policy also for the customers whose contracts expire this year.

Land Transport

In Land transport the Company achieved sales revenue of € 1.0 million, 14 percent lower than the plan, but 77 percent higher than in the comparable term a year ago.
The sales were greatly improved in road transport (+85 percent), however, in the segment of customs services and railway transport organization we did not achieve the targets.
For the land transport and railway transport segments, we expect the sales to improve by the year-end. If the current trends (June, July) persist, the company will be able to approach closely to the sales targets for land transport.

Tables 14 and 15: Operations of Intereuropa-East Ltd., Moscow, January - June 2012, in thousand €

Item/Index	Jan - Jun 2012	Jan - Jun Plan 2012	Jan - Jun 2011	Index 2012/plan	Index 2012/2011
Sales revenue	8,165	6,759	6,100	121	134
Land transport	1,000	1,164	566	86	177
Logistics solutions	1,560	1,288	734	121	212
Intercontinental transport	5,528	4,244	4,745	130	116
Other services	77	63	55	122	140
EBITDA*	3,167	1,322	1,243	240	255
Operating profit or loss	2,497	690	602	362	415
Financing profit or loss	-935	-5,051	-1,996	-	-
Net profit ot loss	1,046	-2,784	-1,400	-	-
EBIT margin in %	30.6%	10.2%	9.9%	299	310
Sales revenue per employee/month	9.633	6.621	5.815	145	166
Value added per employee/month	5.486	2.656	2.565	207	214

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

Item/Index	30.06. 2012	Plan 31.12.2012	31.12. 2011	Index 2012/plan	Index 2012/2011
Balance sheet total*	58,837	53,752	57,516	109	102
Equity*	-15,185	-22,138	-16,036	-	-
Net debt**	46,056	54,576	48,770	84	94
Short-term assets/ Short-term liabilities *	0.13	0.04	0.10	303	141
Net Return on Equity (yearly level)***	-6.2%	31.1%	-115.8%	-	-

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

Operating profit or loss, and EBITDA The growth of the operating result and EBITDA is attributable to higher sales revenue, and lower rise in indirect costs.

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

(in 1000 €)	Jan - Jun 2012	Jan - Jun 2011	Index 2012/2011
EBITDA	2,525	1,243	203
Operating profit or loss	1,854	602	308

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 € 663 thousand in the reporting half-year.

FINANCIAL REPORT

The unaudited financial statements of the Parent Company and the consolidated financial statements for the Group are prepared in accordance with the law and the International Financial Reporting Standards (IFRS).

The same accounting guidelines were applied in the consolidated financial statements as in those of the parent company, as indicated in the accounting report for the financial year 2011. The management also reviewed the estimations, audits and presumptions and assessed that these remained unchanged in comparison with the preceding year.

STATEMENT OF THE MEMBERS OF THE MANAGEMENT

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

INTEREUROPA d.d.
The 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 30.06.2012

in € thousand	January - June 2012	January - June 2011
Sales revenues	**96,940**	**109,615**
Other operating revenues	1,160	1,686
Costs of services	-62,151	-71,925
Labour costs	-17,602	-19,889
Depreciation	-4,764	-6,220
Other operating expenses	-4,424	-7,647
Operating profit/loss	**9,160**	**5,620**
Financial income	1,828	1,876
Financial expenses	-5,683	-7,660
Profit/loss from financial operations	**-3,855**	**-5,784**
Result recognized according to equity method	19	19
Profit/loss from regular operations	**5,323**	**-145**
Corporate income tax (with deferred tax)	-2,365	-113
Net profit /loss for the period	**2,958**	**-258**
Net profit or loss / non-controlling interest	86	164
Net profit or loss / controlling interest	2,872	-422
Basic and diluted earnings per share (in €)	0.36	-0.05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR INTEREUROPA GROUP from 1.1.2012 to 30.06.2012

in € thousand	January - June 2012	January - June 2011
Net profit or loss	**2,958**	**-258**
Other Comprehensive Income	**2,487**	**-2,863**
Change in fair value of land	0	-3,930
Transfer of land revaluation surplus to retained earnings (from sale of land)	0	-309
Deferred tax in revaluation surplus of land	3,186	817
Change in fair value of financial assets available for sale	33	-40
Deferred tax in revaluation surplus of financial assets for sale	-16	9
Transfer of revaluation surplus of financial assets for sale to revenues (at sale of financial investments)	0	-3
Retained earnings from land revaluation (at sale)	0	309
Deferred tax from retained earnings	0	-3
Current tax from retained earnings	0	-29
Other changes in retained earnings	-4	-7
Exchange rate translation differencies	-712	323
Comprehensive income total	**5,445**	**-3,121**
Comprehensive income total - non-controlling part	-133	361
Comprehensive income total - controlling part	5,578	-3,482

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR INTEREUROPA GROUP as at 30.06.2012

in € thousand	30.6.2012	31.12.2011
ASSETS		
Tangible fixed assets	297,373	300,849
Investment property	6,261	6,375
Intangible assets	7,927	8,170
Other non-current operating assets	398	474
Deferred tax assets	9,701	11,755
Loans given	60	75
Investment in a jointly controlled company	120	136
Other financial investments	3,587	3,556
TOTAL NON-CURRENT ASSETS	**325,427**	**331,390**
Available-for-sale assets	53	3,310
Inventories	234	241
Loans given and deposits	4,984	8,518
Short-term operating receivables	45,557	46,053
Short-term income tax receivables	317	44
Cash and cash equivalents	12,362	17,651
TOTAL CURRENT ASSETS	**63,507**	**75,817**
TOTAL ASSETS	**388,934**	**407,207**
CAPITAL		
Capital - controlling interest	**136,875**	**131,296**
Share capital	32,976	32,976
Treasury shares	-180	-180
Reserves	62,245	59,143
Retained earnings	41,834	39,357
Capital - non-controlling interest	**9,201**	**9,692**
TOTAL CAPITAL	**146,076**	**140,988**
LIABILITIES		
Provisions and long-term deferred revenues	2,422	2,726
Long-term borrowings	28,519	27,401
Other long-term financial liabilities	3,031	2,721
Long-term operating liabilities	1,259	1,203
Deferred tax liabilities	13,913	16,982
TOTAL NON-CURRENT LIABILITIES	**49,144**	**51,033**
Short-term borrowings	155,153	170,749
Other short-term financial liabilities	1,587	1,940
Short-term operating liabilities	36,874	41,988
Short-term income tax liabilities	100	509
TOTAL CURRENT LIABILITIES	**193,714**	**215,186**
TOTAL LIABILITIES	**242,858**	**266,219**
TOTAL CAPITAL AND LIABILITIES	**388,934**	**407,207**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR INTEREUROPA GROUP
from 1.1.2012 to 30.06.2012

in € thousand	January - June 2012	January - June 2011
Cash flows from operating activities		
Net profit/loss for the period	**2,958**	**-258**
Adjustments for:		
- Depreciation	4,764	6,220
- Profit from disposal of tangible fixed assets and investment property	-189	-1,383
- Loss from disposal of tangible fixed assets	52	33
- Non-monetary expenses	35	174
- Non-monetary revenues	-107	-9
- Financial revenues	-1,828	-1,876
- Impaired receivables payed	632	923
- Recognized result of jointly controlled company according to equity method	-19	-19
- Financial expenses	5,683	7,660
- Income tax	2,365	113
Operating profit before changes in net working capital and taxes	**14,346**	**11,578**
Changes in net working capital and provisions		
Changes in receivables	-977	-1,190
Changes in inventories	7	40
Changes in operating liabilities	-4,255	-1,017
Changes in provisions	-231	-116
Changes in corporate income tax	-238	-337
Cash from operating activities	**8,652**	**8,958**
Cash flows from investing activities		
Disposal of subsidiary after deduction of cash received	0	-86
Interest income	645	657
Dividens and shares in profit received	1	26
Inflows from disposal of tangible fixed assets and investment property	2,832	5,639
Inflows from long-term loans given	17	4
Inflows from decrease of short-term loans and deposits given	3,599	0
Outflows for acquisition of tangible fixed assets	-423	-1,553
Outflows for acquisitions of intangible assets	-106	-162
Outflows from increase of short-term loans and deposits given	-65	-7
Outflows from settlement of derivative financial instruments	-1,144	-950
Cash from investing activities	**5,356**	**3,568**
Cash flows from financing activities		
Inflows from long-term borrowings received	0	2,203
Paid interest	-5,115	-5,503

Outflows from repayment of long-term borrowings	-2,564	-6,286
Outflows from decrease of short-term borrowings	-11,602	-1,567
Paid dividend	-26	-238
Cash from financing activities	**-19,307**	**-11,391**
Cash and cash equivalents at beginning of period	**17,651**	**12,216**
Exchange rate differences from cash	10	-22
Net increase/decrease in cash	**-5,289**	**1,113**
Cash and cash equivalents at end of period	**12,362**	**13,329**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR INTEREUROPA GROUP from 1.1.2012 to 30.06.2012

in € thousand	Share capital	Own shares	RESERVES			Retained earnings	Capital - controlling interest	Capital - non-controlling interest	Total capital
			Reserves from profit	Translation reserves	Reserves for fair value				
Opening balance as at 1.1.2012	**32,976**	**-180**	**2,585**	**-11,346**	**67,905**	**39,357**	**131,296**	**9,692**	**140,988**
Total comprehensive income	**0**	**0**	**0**	**-494**	**3,203**	**2,869**	**5,578**	**-133**	**5,445**
Net profit/loss	0	0	0	0	0	2,872	2,872	86	2,958
Other comprehensive income	0	0	0	-494	3,203	-3	2,706	-219	2,487
Transactions with owners									
Payment of dividends or profit participations	0	0	0	0	0	0	0	-358	-358
Transfer of retained earnings to reserves	0	0	392	0	0	-392	0	0	0
Closing balance as at 30.6.2012	**32,976**	**-180**	**2,977**	**-11,840**	**71,108**	**41,834**	**136,874**	**9,201**	**146,076**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR INTEREUROPA GROUP from 1.1.2012 to 30.06.2011

in € thousand	Share capital	Own shares	RESERVES			Retained earnings	Capital - controlling interest	Capital - non-controlling interest	Total capital
			Capital surplus	Reserves from profit	Translation reserves				
Opening balance as at 1.1.2011	**32,976**	**-180**	**6,247**	**-10,636**	**71,378**	**38,136**	**137,921**	**10,242**	**148,163**
Total comprehensive income	**0**	**0**	**0**	**123**	**-3,443**	**-162**	**-3,482**	**361**	**-3,121**
Net profit/loss	0	0	0	0	0	-422	-422	164	-258
Other comprehensive income	0	0	0	123	-3,443	260	-3,060	197	-2,863
Transactions with owners									
Payment of dividends or profit participations	0	0	0	0	0	0	0	-773	-773
Disposal of subisidiary	0	0	0	0	0	0	0	-14	-14
Transfer of retained earnings to reserves	0	0	29	0	0	-29	0	0	0
Closing balance as at 30.6.2011	**32,976**	**-180**	**6,276**	**-10,513**	**67,935**	**37,945**	**134,439**	**9,816**	**144,255**

1.2. Notes to Financial Statements of the Intereuropa Group

a) Notes to the CONSOLIIDATED INCOME STATEMENT

Sales revenues amounting to € 96,940 thousand represent the revenues from services supplied. The Group also earned Other Operating Revenue in the amount of € 1,160 thousand.

The highest share in the **costs of services** totalling € 62,151 thousand represents the direct costs (€ 53,556 thousand).

Labour costs

Table 16: Labour cost of the Intereuropa group in the term January-June 2012, in thousand €

in € thousand	January - June 2012	January - June 2011
Wages and salaries	12,745	14,414
Pension insurance costs	1,512	1,488
Other social security costs	1,211	1,485
Other labour costs:	2,134	2,502
holiday allowance	614	629
transport and meals	1,288	1,417
other labour costs	232	456
Total labour costs	**17,602**	**19,889**

The **depreciation and amortization costs** amounted to € 4,764 thousand, which is almost one quarter less than in the comparable term last year.

Other operating expenses of the group came to € 4,424 thousand, which was lower than the figure achieved in the comparable term a year ago mainly on account of lower costs of materials.

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

Table 17: The effect of financial revenues and expenses on the profit or loss of the Intereuropa Group in the term January-June 2012, in thousand €

in € thousand	January - June 2012	January - June 2011
Interest income	541	463
Dividend income and participation in profit of others	1	4
Profit from disposal of financial investments	0	5
Income from cancelled value adjustments of receivables and recovery of written-off receivables	632	923
Income from written-off debt	2	1
Net exchange rate differences	652	480
Total financial income	**1,828**	**1,876**
Interest expenses	-4,452	-5,807
Financial expenses from impairments and written-off financial investments	-1	0
Expenses from derivative financial instruments	-515	-413
Expenses from value adjustments and written-off receivables	-715	-1,440
Total financial expenses	**-5,683**	**-7,660**
Financing profit/loss	**-3,855**	**-5,784**

Two expense items that were lower than expected: Interest paid, and Expenses for allowances and write-offs of receivables, contributed to a less negative Financing Profit /Loss.

The Group achieved the **Profit or Loss from ordinary activities** in the amount of € 5,323 thousand, which is further reduced by the deferred tax expense of € 2,365 thousand. The **net profit** achieved in the reporting half-year amounted to € 2,958 thousand, thereof the amount of € 2,872 thousand for the controlling part, and € 86 thousand for the controlled part.

b) Notes to the CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Tangible fixed assets

Table 18: Tangible fixed assets of the Intereuropa Group as at 30.06.2012, in thousand €

in € thousand	30.6.2012	31. 12. 2011
Land and buildings	285,528	285,194
a) Land	133,534	130,488
b) Buildings	151,994	154,706
Other property, plant and equipment	6,705	10,648
Tangible fixed assets under construction	5,140	5,007
Total tangible fixed assets	**297,373**	**300,849**

Intangible assets

Table 19: Intangible assets of the Intereuropa Group as at 30.06.2012, in thousand €

in € thousand	30.6.2012	31.12.2011
Long-term title rights	2,584	2,923
Goodwill	1,281	1,281
Long-term deferred development costs	4,063	3,966
Total intangible assets	**7,927**	**8,170**

Loans and deposits given

Table 20: Loans and deposits given of the Intereuropa group as at 30.06.2012, in thousand €

in € thousand	30.6.2012	31.12.2011
Long-term loans given and deposits	**60**	**75**
- loans given	41	39
- deposits	19	36
Short-term loans given and deposits	**4,984**	**8,518**
- loans given	98	33
- deposits	4,886	8,485
Total loans given	**5,044**	**8,593**

Other financial investments in the amount of € 3,587 thousand relate to the item "Financial assets available for sale".

Among the **Assets held for sale**, the **Financial assets available for sale** were decreased due to the affiliation of the company that was recognized as a financial investment held for disposal. These assets amount to € 53 thousand and represent the tangible fixed assets held for sale.

Short-term operating receivables

Table 21: Short-term operating receivables of the Intereuropa group as at 30.06.2012, in thousand €

in € thousand	30.6.2012	31.12.2011
Short-term operating receivables from buyers	43,012	42,451
Short-term operating receivables from others	2,545	3,603
Total short-term operating receivables	**45,557**	**46,053**

Equity

On the group level, the Equity amounts to at € 146,076 thousand and represents 38 percent of the liabilities to sources of funding. Compared to the reporting date a year ago, this amount has increased by € 5,088 thousand.

Provisions and long-term deferred revenue

Table 22: Provisions and long-term deferred revenue of the Intereuropa Group as at 30.06.2012, in thousand €

in € thousand	30.6.2012	31.12.2011
Provisions for terminal bonus payments on retirement	1,833	1,877
Provisions on litigations and other provisions	471	729
Long-term deferred income	118	119
Total provisions and long-term deferred revenue	**2,422**	**2,726**

The **long-term loans received and financial leases** amounted to € 28,519 thousand. This item was increased in the reporting period from the grace period granted under the short-term portion of the loan € 1,175 thousand, and decreased on account of foreign exchange differences (€ -57 thousand). As of the reporting date, all the due liabilities under the loan agreements have been settled. However, the financial commitments under some loan agreements have not been fulfilled yet or changed respectively; for that reason we reallocated – as of the reporting date 31.12.2011 - all the long-term financial liabilities under these agreements to short-term financial liabilities.

The **short-term received loans and financial leases** showed a decrease by € 15,596 thousand.

Other long-term and short-term financial liabilities

Table 23: Other long-term and short-term financial liabilities of the Intereuropa Group as at 30.06.2012, in thousand €

in € thousand	30.6.2012	31.12.2011
Long-term liabilities at fair value through profit/loss	3,031	2,721
Total other long-term financial liabilities	**3,031**	**2,721**
Short-term financial liabilities at fair value through profit/loss	821	1,505
Liabilities for dividends and other participations	766	435
Total other short-term financial liabilities	**1,587**	**1,940**

The item **Other long-term financial liabilities** in the amount of € 3,031 thousand and **Other short-term financial liabilities** at € 821 thousand relate to the liabilities under financial instruments at fair value through Profit of Loss. They stand for the net present value of the derivative financial instrument of cross-currency swap with currency option.

Short-term operating liabilities

Table 24: Short-term operating liabilities of the Intereuropa Group as at 30.06.2012, in thousand €

in € thousand	30.6.2012	31.12.2011
Short-term operating liabilities to suppliers	30,514	33,503
Short-term operating liabilities from advances	1,290	1,099
Other short-term operating liabilities	5,069	7,387
Total short-term operating liabilities	**36,874**	**41,988**

Contingent liabilities

Table 25: Contingent liabilities of the Intereuropa Group as at 30.06.2012, in thousand €

in € thousand	30.6.2012	31.12.2011
Arising from bank guarantees and guaratees given	11,203	11,328
Arising from legal proceedings	1,898	2,990
From D.S.U., družba za svetovanje in upravljanje	250	250
Total contingent liabilities	**13,351**	**14,569**

INFORMATION ACCORDING TO BUSINESS SEGMENTS FOR JANUARY - JUNE 2012

Table 26: Business segments of the Intereuropa Group in the term January-June 2012, in thousand €

in 1000 €	Slovenia		Croatia		Bosnia & Herzegovina		Serbia		Montenegro	
	Jan-Jun 2012	Jan-Jun 2011	Jan-Jun 2012	Jan-Jun 2011	Jan-Jun 2012	Jan-Jun 2011	Jan-Jun 2012	Jan-Jun 2011	Jan-Jun 2012	Jan-Jun 2011
Revenues from external customers	55,646	59,577	15,773	16,496	2,954	3,529	1,727	1,580	2,522	2,707
Revenues from business with other segments	2,379	3,603	333	420	240	258	345	358	39	26
Total revenues	58,026	63,180	16,106	16,916	3,193	3,788	2,072	1,938	2,561	2,733
Depreciation	2,363	3,556	991	1,177	203	227	124	141	302	311
Operating profit or loss	3,877	1,393	1,824	2,461	213	796	274	213	260	330
Revenues from interest rates	2,109	2,323	114	186	0	2	12	28	49	73
Expenses from interest rates	4,115	5,338	210	407	41	62	127	154	0	0
Net profit or loss from ordinary activities	3,210	1,236	1,792	1,933	142	561	-128	180	297	368
Corporate income tax	1,389	-184	369	122	15	68	-1	13	31	46
Assets	302,135	324,061	72,452	80,143	17,539	18,425	10,272	12,738	23,279	24,580
Tangible fixed assets under construction	120	12	84	85	60	636	7	16	239	100
Long-term assets	241,105	257,437	60,686	60,877	16,176	16,847	9,254	11,510	19,426	19,792
Operating liabilities	33,525	44,733	10,549	12,124	1,784	2,158	1,485	1,676	985	1,004
Financial liabilities	178,948	186,489	7,836	13,967	1,052	1,537	2,658	3,479	1,340	2,231
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

in 1000 €	Ukraine		Russia		Others		Total		Adjustments*		Group	
	Jan-Jun 2012	Jan-Jun 2011	Jan-Jun 2012	Jan-Jun 2011	Jan-Jun 2012	Jan-Jun 2011	Jan-Jun 2012	Jan-Jun 2011	Jan-Jun 2012	Jan-Jun 2011	Jan-Jun 2012	Jan-Jun 2011
Revenues from external customers	8,308	14,651	8,164	6,031	1,805	5,055	96,899	109,626	41	-11	96,940	109,615
Revenues from business with other segments	57	0	1	69	195	309	3,588	5,043	-3,588	-5,043	0	0
Total revenues	8,365	14,651	8,165	6,100	2,000	5,364	100,487	114,669	-3,547	-5,054	96,940	109,615
Depreciation	68	113	670	641	43	54	4,764	6,220	0	0	4,764	6,220
Operating profit or loss	170	92	2,497	602	45	29	9,160	5,915	0	-295	9,160	5,620
Revenues from interest rates	1	0	27	23	0	1	2,312	2,637	-1,771	-2,174	541	463
Expenses from interest rates	88	73	1,642	1,944	-0	3	6,223	7,981	-1,771	-2,174	4,452	5,807
Net profit or loss from ordinary activities	202	-291	1,562	-1,395	32	27	7,109	2,620	-1,786	-2,765	5,323	-145
Corporate income tax	44	40	516	5	2	2	2,365	113	0	0	2,365	113
Assets	5,768	5,879	58,837	65,998	2,999	3,175	493,281	534,998	-104,347	-121,784	388,934	413,214
Tangible fixed assets under construction	4	4	4,626	5,265	0	0	5,140	6,118	0	0	5,140	6,118
Long-term assets	4,244	3,853	52,916	54,481	1,200	1,266	405,007	426,063	-79,579	-86,948	325,427	339,114
Operating liabilities	1,290	1,961	25,428	21,296	920	905	75,965	85,857	-21,397	-18,308	54,568	67,549
Financial liabilities	2,472	2,511	48,595	57,585	21	104	242,922	267,902	-54,633	-66,492	188,290	201,410
Investment in jointly controlled entities	0	0	0	0	0	0	75	75	44	57	120	132
Revenues from investment in jointly controlled entities	0	0	0	0	0	0	35	22	-17	-3	19	19

** All adjustments are subject to consolidation procedures*

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 30.06.2012

in € thousand	January - June 2012	January - June 2011
Sales revenues	**56,942**	**51,152**
Other operating revenues	200	107
Costs of services	-39,424	-35,693
Labour costs	-9,459	-9,352
Depreciation	-2,358	-2,576
Other operating expenses	-1,673	-1,651
Operating profit/loss	**4,228**	**1,987**
Financial income	4,233	6,295
Financial expenses	-4,915	-6,330
Profit/loss from financial operations	**-682**	**-35**
Profit/loss from regular operations	**3,546**	**1,952**
Corporate income tax (with deferred tax)	-1,378	198
Net profit /loss for the period	**2,168**	**2,150**
Basic and diluted earnings per share (in €)	0.27	0.27

STATEMENT OF COMPREHENSIVE INCOME FOR INTEREUROPA d.d. from 1.1.2012 to 30.06.2012

in € thousand	January - June 2012	January - June 2011
Net profit or loss	**2,168**	**2,150**
Other Comprehensive Income	**3,202**	**-34**
Transfer of land revaluation surplus to retained earnings from sale of land	0	-18
Deferred tax in revaluation surplus of land	3,186	4
Fair value revaluation of financial investments available for sale	32	-40
Transfer of revaluation surplus of financial assets for sale to revenues/expenses (at sale of financial assets)	0	-3
Deferred tax in revaluation surplus of financial assets for sale	-16	9
Retained earnings from land revaluation (at sale)	0	18
Deferred tax from retained earnings	0	-4
Comprehensive income total	**5,370**	**2,116**

STATEMENT OF FINANCIAL POSITION FOR INTEREUROPA d.d.
as at 30.06.2012

v 1000 €	30.6.2012	31.12.2011
ASSETS		
Tangible fixed assets	140,849	142,629
Investment property	5,620	5,724
Intangible assets	6,444	6,634
Other non-current operating assets	390	474
Deferred tax assets	4,452	5,846
Loans given	29,839	29,840
Investment in subsidiaries	49,842	49,842
Investment in a jointly controlled company	75	75
Other financial investments	3,568	3,536
TOTAL NON-CURRENT ASSETS	**241,079**	**244,600**
Inventories	33	35
Loans given and deposits	23,370	29,250
Short-term operating receivables	30,145	29,149
Short-term income tax receivables	30	4
Cash and cash equivalents	5,234	9,371
TOTAL CURRENT ASSETS	**58,812**	**67,809**
TOTAL ASSETS	**299,891**	**312,409**
CAPITAL		
Share capital	32,976	32,976
Treasury shares	-180	-180
Reserves	55,051	51,849
Retained earnings	2,168	0
TOTAL CAPITAL	**90,015**	**84,645**
LIABILITIES		
Provisions and long-term deferred revenues	1,729	2,001
Long-term borrowings and financial leases	22,086	20,911
Other long-term financial liabilities	3,031	2,721
Long-term operating liabilities	1,159	1,101
Deferred tax liabilities	9,558	12,744
TOTAL NON-CURRENT LIABILITIES	**37,563**	**39,478**
Short-term borrowings and financial leases	151,465	161,474
Other short-term financial liabilities	896	1,579
Short term operating liabilities	19,952	25,233
TOTAL CURRENT LIABILITIES	**172,313**	**188,286**
TOTAL LIABILITIES	**209,876**	**227,764**
TOTAL CAPITAL AND LIABILITIES	**299,891**	**312,409**

STATEMENT OF CASH FLOWS FOR INTEREUROPA d.d.
from 1.1. 2012 to 30.06.2012

in € thousand	January - June 2012	January - June 2011
Cash flows from operating activities		
Net profit/loss for the period	**2,168**	**2,150**
Adjustments for:		
- Depreciation	2,358	2,576
- Profit from disposal of tangible fixed assets and investment property	-48	-46
- Loss from disposal of tangible fixed assets	0	6
- Non-monetary expenses	32	7
- Non-monetary revenues	-105	-9
- Financial revenues	-4,233	-6,295
- Impaired receivables payed	187	482
- Financial expenses	4,915	6,330
- Income tax (deferred tax incl.)	1,378	-198
Operating profit before changes in net working capital and taxes	**6,652**	**5,003**
Changes in net working capital and provisions		
Changes in receivables	1,884	-781
Changes n inventories	2	3
Changes in operating liabilities	-4,501	-1,721
Changes in provisions	-197	2
Profit tax paid	-26	0
Cash from operating activities	**3,814**	**2,506**
Cash flows from investing activities		
Interest income	535	668
Dividend income and participations in profit	315	4
Inflows from disposal of tangible fixed assets	59	147
Inflows from long-term loans given	1,716	553
Inflows from decrease of short-term loans given	714	5,990
Inflows from decrease of short-term deposits	3,450	0
Outflows for acquisition of tangible fixed assets	-97	-214
Outflows for acquisitions of intangible assets	-214	-157
Outflows from settlement of derivative financial instruments	-889	-821
Cash from investing activities	**5,589**	**6,170**
Cash flows from financing activities		
Inflows from long-term loans received	0	1,963
Paid interest	-4,707	-4,965
Outflows from repayment of long-term borrowings	-164	-4,796
Outflows from decrease of short-term borrowings	-8,669	-747
Cash from financing activities	**-13,540**	**-8,545**

Cash and cash equivalents at beginning of period	**9,371**	**155**
Net increase/decrease in cash from regular operations	**-4,137**	**131**
Cash and cash equivalents at end of period	**5,234**	**286**

STATEMENT OF CHANGES IN EQUITY FOR INTEREUROPA d.d.
from 1.1.2012 to 30.06.2012

in € thousand	Share capital	Treasury shares	RESERVES		Retained earnings	Total capital
			Reserves from profit	Reserves for fair value		
Opening balance as at 1.1.2012	**32,976**	**-180**	**1,056**	**50,793**	**0**	**84,645**
Total comprehensive income	**0**	**0**	**0**	**3,202**	**2,168**	**5,370**
Net profit/loss	0	0	0	0	2,168	2,168
Other comprehensive income	0	0	0	3,202	0	3,202
Closing balance as at 30.6.2012	**32,976**	**-180**	**1,056**	**53,995**	**2,168**	**90,015**

STATEMENT OF CHANGES IN EQUITY FOR INTEREUROPA d.d.
from 1.1.2011 to 30.06.2011

in € thousand	Share capital	Treasury shares	RESERVES		Retained earnings	Total capital
			Reserves from profit	Reserves for fair value		
Opening balance as at 1.1.2011	**32,976**	**-180**	**4,754**	**50,848**	**0**	**88,398**
Total comprehensive income	**0**	**0**	**0**	**-48**	**2,164**	**2,116**
Net profit/loss	0	0	0	0	2,150	2,150
Other comprehensive income	0	0	0	-48	14	-34
Closing balance as at 30.6.2011	**32,976**	**-180**	**4,754**	**50,800**	**2,164**	**90,514**

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

a) Notes to the INCOME STATEMENT

Sales revenues amounting to € 56,942 thousand represent the revenues arising from the services supplied. Compared with the same period a year ago, the sales revenue was higher by € 5,790 thousand. The cost of services were at € 39,424 thousand, but they were higher by € 3,731 thousand. Direct costs represent 87 percent in the cost structure of services.

Labour costs

Table 27: Labour cost of the company Intereuropa d.d. in the term January-June 2012, in thousand €

in € thousand	January - June 2012	January - June 2011
Wages and salaries	6,627	6,474
Pension insurance costs	732	573
Other social security costs	480	479
Other labour costs:	1,620	1,826
holiday allowance	581	572
transport and meals	987	980
other labour costs	52	274
Taotal labour costs	**9,459**	**9,352**

Other operating expenses

Table 28: Other operating expenses of the company Intereuropa d.d. in the term January-June 2012, in thousand €

in € thousand	January - June 2012	January - June 2011
Costs of material	998	1,067
Loss in disposal of tangible fixed assets	0	6
City land tax and similar expenses	525	485
Other operating expenses	150	93
Total other operating expenses	**1,673**	**1,651**

The **Operating Profit/Loss** for the reporting half-year was € 4,227 thousand, which is attributable to higher revenues earned and lower cost categories incurred than in the comparable term last year.

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

Table 29: The effect of financial income and expenses on the profit or loss of the company Intereuropa d.d. in the term January-June 2012, in thousand €

in € thousand	January - June 2012	January - June 2011
Interest income from group members	1,771	2,168
Interest income from others	311	144
Income from intra-group participations	1,926	3,447
Income from stakes in jointly controlled company	35	22
Income from dividend and participations in profit to others	1	4
Profit from disposal of financial investments	0	5
Net exchange rate differences	0	24
Income from cancelled value adjustments of receivables and recovery of written-off receivables	187	482
Income from written-off debt	1	0
Total financial income	**4,233**	**6,295**
Interest expenses	-4,077	-5,240
Loss from disposal of financial investments within the Group	0	-198
Expenses from derivative financial instruments	-515	-392
Net exchange rate differences	-19	0
Expenses from value adjustments and written-off receivables	-304	-501
Total financial expenses	**-4,915**	**-6,330**
Financing profit/loss	**-682**	**-35**

Financial revenues, as well as **Financial expenses** were lower than in the comparable term last year, the Financing profit or loss came to € -682 thousand. The achieved **Profit or loss from ordinary activities** of € 3,546 thousand resulted from the achieved Operating Profit/Loss from ordinary activities in the amount of € 4,228 thousand and the Financing Profit/Loss.

The **Tax on corporate income** stands for the expenses for deferred tax at € 1,378 thousand, which resulted primarily from the recalculation applying the changed tax rate under the taxation laws adopted in April 2012.

b) Notes to the STATEMENT OF FINANCIAL POSITION

Tangible fixed assets

Table 30: Tangible fixed assets of the company Intereuropa d.d. as at 30.06.2012, in thousand €

in € thousand	30.6.2012	31.12.2011
Land and buildings	137,847	139,100
a) Land	86,116	86,116
b) Buildings	51,731	52,984
Other property, plant and equipment	2,882	3,524
Tangible fixed assets under construction	120	6
Total tangible fixed assets	**140,849**	**142,629**

Intangible assets

Table 31: Intangible assets of the company Intereuropa d.d. as at 30.06.2012, in thousand €

in € thousand	30.6.2012	31.12.2011
Long-term title rights	2,381	2,668
Long-term deferred development costs	4,063	3,966
Total intangible assets	**6,444**	**6,634**

Loans and deposits given

Table 32: Loans and deposits given of the company Intereuropa d.d. as at 30.06.2012, in thousand €

in € thousand	30.6.2012	31.12.2011
Long-term loans given	**29,839**	**29,840**
- to subsidiaries	29,829	29,829
- to others	10	10
Short-term loans given and deposits	**23,370**	**29,250**
- to subsidiaries	19,806	22,232
- to others	8	13
- deposits	3,556	7,006
Total loans given	**53,210**	**59,090**

Other financial investments in the amount of € 3,568 thousand relate to the item "Financial assets available for sale".

Short-term operating receivables

Table 33: Short-term operating receivables of the company Intereuropa d.d. as at 30.06.2012, in thousand €

in € thousand	30.6.2012	31.12.2011
Short-term operating receivables within the Group	1,110	1,242
Short-term interest receivables from Group companies	1,774	184
Other short-term operating receivables from Group companies	1,746	135
Short-term operating receivables from buyers (excl. the Group)	25,101	26,684
Short-term operating receivables from others	372	739
Other short-term assets	43	166
Total short-term operating receivables	**30,145**	**29,149**

Equity

The capital expresses equity financing of the Company and is regarded as its liability to the owners. In view of the comparable reporting date a year ago, the share of the capital in the liabilities structure rose by 6 percentage points, amounting to 30 percent of all liabilities to sources.

Provisions and Long-term deferred revenues amount to € 1,729 thousand, the major part thereof stands for the provisions for termination benefits on retirement and years-of-service rewards.

The **long-term received loans and financial leases** are stated at € 22,086 thousand. This item was increased in the reporting period by € 1,175 thousand owing to the deferral of repayment granted for the short-term portion of the long-term loan, while in **the short-term loans received and financial leases** we recorded a decrease by € 10,009 thousand. As of the reporting date, all the due liabilities under the loan agreements have been settled. However, the financial commitments under some loan agreements have not been fulfilled yet or changed respectively; for that reason we reallocated – as of 31.12.2011 - all the long-term financial liabilities under these agreements to short-term financial liabilities.

Other long-term and short-term financial liabilities

Table 34: Other long-term and short-term financial liabilities of the company Intereuropa d.d. as at 30.06.2012, in thousand €

in € thousand	30.6.2012	31.12.2011
Long-term liabilities at fair value through profit/loss	3,031	2,721
Total other long-term financial liabilities	**3,031**	**2,721**
Short-term liabilities	821	1,505
Liabilities for dividends	74	74
Total other short-term financial liabilities	**896**	**1,579**

The item **Other long-term financial liabilities** in the amount of € 3,031 thousand relates to the liabilities under financial instruments at fair value through Profit of Loss. They stand for the net present value of the derivative financial instrument of cross-currency swap with currency option. The short-term portion of the financial instrument due for payment in the year 2012 is posted under **Other short-term financial liabilities** in the amount of € 821 thousand.

Short-term operating liabilities

Table 35: Short-term operating liabilities of the company Intereuropa d.d. as at 30.06.2012, in thousand €

in € thousand	30.6.2012	31.12.2011
Short-term opertaing liabilities to companies within the Group	305	1,251
Short-term opertaing liabilities to suppliers	16,910	20,334
Short-term opertaing liabilities from advances	61	24
Other short-term opertaing liabilities	2,676	3,623
Total short-term opertaing liabilities	**19,952**	**25,233**

Contingent liabilities

Table 36: Contingent liabilities of the company Intereuropa d.d. as at 30.06.2012, in thousand €

in € thousand	30.6.2012	31.12.2011
Arising from bank guarantees and guaratees given	16,161	19,847
- from bank guarantees and guaratees given to Group members	9,967	13,737
- from bank guarantees and guaratees given to others	6,194	6,110
Arising from legal proceedings	1,672	2,761
From D.S.U., družba za svetovanje in upravljanje	250	250
Total contingent liabilities	**18,083**	**22,858**

Related parties are the subsidiaries and the joint venture in the form of an entity in joint control, and the key managerial staff members/executives of the parent company and of the controlled companies. Transactions with the controlled companies in the business and financial area are conducted under market conditions.

IN BRIEF …

In the second quarter the Intereuropa Group was able to maintain the positive trend of this year's first quarterly term, and achieved most of the financial goals by the end of the first half-year. Negative trends prevailed and governed the economic environment, which slowed down the growth in some markets and slashed in others. The aggregate sales revenue of the group was lower than in the first half-year 2011 due to the stoppage of operation of some companies in the group, however, still complying with our sales targets. We continued with our activities towards business optimization (enhanced restructuring of transport services, IT-implementation of processes and simplification of supporting processes) which had already yielded positive results in efficiency, cost-effectiveness and return during the preceding months.

The Intereuropa Group generated a **sales revenue of € 96.9 million** in the first half-year 2012, which was on the planned sales level. In the products road transport in Slovenia and cr logistics in Russia we achieved better sales results than planned, and lower in the warehousing product in Croatia, where the impact of shrinking economy and stronger competition of foreign logistics providers reflected on the performance of our companies.
In line with our planning, the sales result in the reporting term was 12 percent lower than in the first half-year 2011. The biggest share of that decline in the sales volume has resulted from the stoppage of operation of some group members, while the other factors leading to the downturn are attributable to decreased volume of operations planned for our Ukrainian company, and partly a consequence of a less favourable sales achievements in Croatia and Bosnia and Herzegovina due to a slow-down in the economic activity in that region.

The **Operating Profit or Loss** of the Group was increased by 63 percent to **€ 9.2 million** over the figure achieved in the first half-year 2011. Such a rise has primarily resulted from the growing sales revenue in the parent company and subsidiary in Russia, in addition to efficient containment of indirect costs. Also in the remaining companies of the group we succeeded to retain the indirect costs at the same or even lower level, and improved the profitability on the level of the group.

The **Financing profit or Loss** at **€ -3.9 million** was by € 4.6 million better than planned, primarily on account of non-occurrence of negative foreign exchange differences; it also exceeded the achievement in the first half-year 2011 by € 1.9 million. After tax, the **net profit** of the group as at 30 June came to **€ 3.0 million.**

At the end of the term the group recorded a **net financial debt at € 170.9 million**, which is 3 percent lower than at the year-end 2011.

After the respite granted in February for the repayment of principals by 30 September 2012, we carried on negotiations with creditor banks who expressed their readiness to approach to financial restructuring. The major shareholders are not willing to participate in the capital increase of the parent company, therefore the restructuring is only feasible by the engagement of creditor banks. The concept of restructuring requires further disinvestment (primarily of the company Intereuropa - East, Ltd., Moscow) and increase in share capital by new contributions in kind, representing the claims receivable of creditor banks from Intereuropa d.d., to be followed by the residual debt rescheduling in a modality that provides for financial sustainability, along with a quest for strategic partner who would assure development to the company in the long run.

On 27 July 2012 we published the letter convening the 24th General Meeting in which the Managing Board and Supervisory Board propose to the shareholders to adopt the Resolutions on

→ Decrease of share capital of the company by transfer to capital reserves, and
→ Increase of share capital by contributions in kind (conversion of a portion of receivables of creditor banks into equity).

If the General Meeting should not vote for these resolution proposals, it will be necessary to check the readiness of creditor banks to continue to support financial restructuring of the company.

On the other hand, by adopting these resolutions the shareholders would enable the financial restructuring of the company to be implemented, and hand in hand with the creditor banks create a favourable situation for further activities assuring a long-term development for the company.

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