



*InterEuropa*<sup>®</sup>

Global Logistics Service

# Unaudited Report

## INTEREUROPA Group

January - December  
2013

Koper, March 6, 2014

The INTEREUROPA d.d. is publishing this Unaudited Interim Report of Intereuropa Group for January - December 2013, 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 - December 2013 shall also be published on the web site of INTEREUROPA d.d. [www.intereuropa.si](http://www.intereuropa.si) on March 6, 2014.

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## PERFORMANCE HIGHLIGHTS

In the reporting year 2013, our markets were characterized by weak economic activity, increasingly tough competition and pressures on sales margins, as well as aggravating ill payment practices. The accession of Croatia to the European Union simplified the goods flows in the region, but the possibilities for goods flows in the region and as a consequence, the demand for services involved in customs procedures declined considerably in both Slovenia and Croatia. Following our preparations to that change of circumstances since the beginning of the year, the second half-year was spent on intensive activities addressing the restructuring in the area of customs services, along with adapting the efficiency of our services and developing an effective business model for our Group.

The sales revenue achieved on the Group level was € 161.1 million, which was 3 percent above the planned level for the reporting year. The best performing business area was Land Transport in which the targets were exceeded mostly in the services of Railway and Road Transport. The total sales revenue was 15 percent lower than in the year 2012 due to the realisation of the estimated decline in income following Croatia's joining the EU, the disposal of the logistics centre in Chekhov and a decreased demand for services by our major customer Top Shop Intl. We closed the reporting period with an operating profit of € 5.3 million and € 2.2 million of net profit on the Group level. The Parent Company Intereuropa d.d. recorded € 1.0 million of net profit.

| (in 1000 €)                                   | INTEREUROPA GROUP |                 |                | INTEREUROPA D.D. |                 |                |
|---|-------------------|-----------------|----------------|------------------|-----------------|----------------|
|   | Jan-Dec<br>2013   | Jan-Dec<br>2012 | Index<br>13/12 | Jan-Dec<br>2013  | Jan-Dec<br>2012 | Index<br>13/12 |
| Sales Revenue                                 | 161,061           | 188,409         | 85             | 90,994           | 108,222         | 84             |
| EBITDA  | 13,755            | 12,693          | 108            | 6,760            | 5,960           | 113            |
| Operating profit or loss (EBIT)               | 5,301             | -7,226          | -              | 2,602            | -8,558          | -              |
| Net profit or loss                            | 2,152             | -13,430         | -              | 1,000            | -6,619          | -              |
| EBITDA margin in %                            | 8.5               | 6.7             | 127            | 7.4              | 5.5             | 135            |
| EBIT margin in %                              | 3.3               | -3.8            | -              | 2.9              | -7.9            | -              |
| Sales Revenue per employee/month              | 8.777             | 8.355           | 105            | 11.404           | 12.331          | 92             |
| Value Added per employee /month               | 2.296             | 2.103           | 109            | 3.014            | 2.856           | 106            |
| (in 1000 €)                                   | 31.12.<br>2013    | 31.12.<br>2012  | Index<br>13/12 | 31.12.<br>2013   | 31.12.<br>2012  | Index<br>13/12 |
| Assets  | 313,419           | 322,969         | 97             | 240,974          | 244,758         | 98             |
| Equity  | 153,763           | 154,893         | 99             | 100,712          | 100,887         | 100            |
| Net debt                                      | 91,922            | 100,121         | 92             | 89,429           | 94,397          | 95             |
| No. of employees                              | 1,464             | 1,702           | 86             | 644              | 720             | 89             |
|   | Jan-Dec<br>2013   | Jan-Dec<br>2012 | Index<br>13/12 | Jan-Dec<br>2013  | Jan-Dec<br>2012 | Index<br>13/12 |
| No. of shares at the end of term              | 27,488,803        | 27,488,803      | 100            |                  |                 |                |
| Net earning per ordinary share (in €)         | 0.05              | -0.77           | -              |                  |                 |                |
| Closing price at the end of term (in €)       | 0.44              | 0.55            | 80             |                  |                 |                |
| Book value of share at the end of term (in €) | 3.67              | 3.67            | 100            |                  |                 |                |
| Closing price / Book value of share           | 0.12              | 0.15            | 80             |                  |                 |                |
| P/E   | 8.80              | -0.71           | -              |                  |                 |                |

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

Net debt: financial liabilities – loans and deposits given - cash

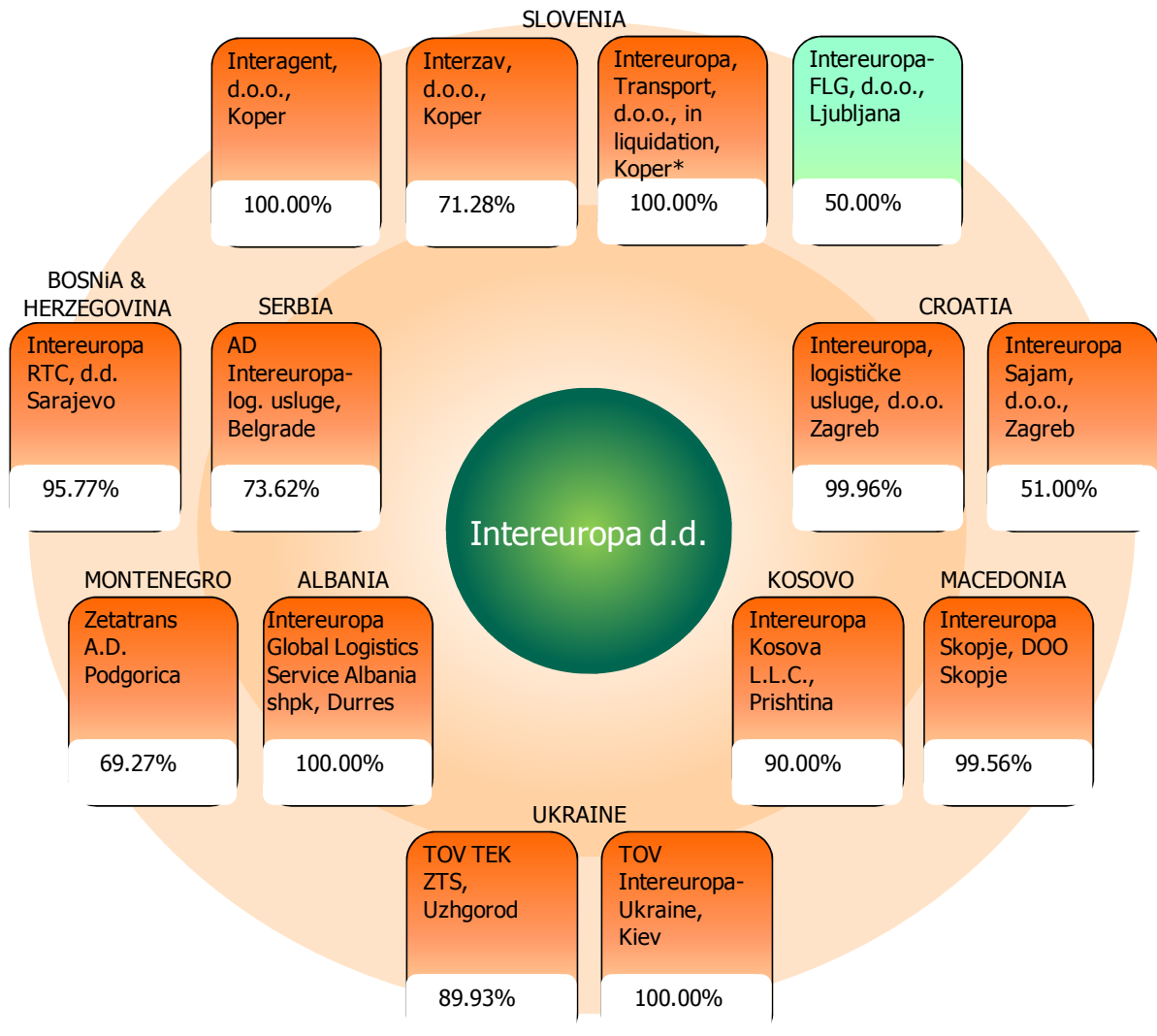
P/E: Closing price at the end of term/ Net earning per ordinary share




## GROUP PROFILE

| Parent company                         | Intereuropa, Global Logistics Service, Ltd. Co.  |
|--|--|
| Abbreviated name                       | Intereuropa d.d.   |
| Country of the parent company          | Slovenia   |
| Head office of the parent company      | Vojkovo nabrežje 32, 6000 Koper  |
| Comp. ID no.                           | 5001684  |
| Tax no.                                | 56405006   |
| Entry in Companies Register            | Registered with the District Court in Koper, file no. 1/00212/00   |
| Share capital                          | 27,488,803 €   |
| Number of of issued and paid-up shares | 27,488,803 no-par value shares, of which 16,830,838 ordinary (IEKG) and 10,657,965 preferential (IEKN)   |
| Share listing                          | Shares designated IEKG are included in blue chips on the Ljubljana Stock Exchange, CEESEG.   |
| Management Board                       | Ernest Gortan, Msc., President of the Management Board<br>Tatjana Vošinek Pucer, Deputy President of the Management Board                      |
| Chair of the Supervisory Board         | Igor Mihajlović (from September 11, 2013)<br>Bruno Korelič (until April 11, 2013)<br>Maksimilijan Babič, Deputy President (until July 7, 2013) |

### Intereuropa Group

|   |  |
|---|--|
| No. of employees                          | 1,464 employees  |
| Vehicle fleet                             | 113 company-owned trucks, tractors, and trailers and other commercial vehicles   |
| Total warehousing area                    | 235.100 m <sup>2</sup> in-house warehouse  |
| Total land area                           | 1.719.400 m <sup>2</sup> of land area  |
| Membership in international organisations | FIATA, IATA, FETA, FONASBA, BIMCO, IRU   |
| Quality certificates                      | certificate ISO 9001:2008: <ul style="list-style-type: none"> <li>○ Intereuropa d.d., Koper</li> <li>○ Intereuropa, log. usluge d.o.o. Zagreb</li> <li>○ Intereuropa RTC d.d. Sarajevo.</li> </ul> |
| Branch network                            | Slovenia, Croatia, Montenegro, Bosnia & Herzegovina, Serbia, Kosovo, Macedonia, Albania, Ukraine   |



-  Parent company
-  Subsidiary
-  Joint venture
- % of ownership by the parent company

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

Figure 1: Intereuropa Group as of 31.12.2013

## STRATEGIC OBJECTIVES

### 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 subsidiaries,
- established partnership network,
- a wide range of different products and our own infrastructure,
- technically qualified staff.

### The strategic objectives identified in the Strategic Plan of Intereuropa Group for the term 2010 – 2014:

- Maintaining and strengthening our position as the leading provider of comprehensive logistics services in Slovenia and the countries of the former Yugoslavia.
- Continuous optimization of processes in all business segments at the group level and within the consolidated companies.
- Ensuring financial stability through divestment, de-leverage, debt rescheduling and effective management of working capital.
- Establishing a strategic partnership in the company Intereuropa East Ltd., Moscow.
- Acquiring a strategic partner for Intereuropa d.d. that will carry out recapitalization, thus contributing to the group's financial stability as well as the development of our core business.

## BUSINESS PLAN 2014

The Business plan for 2014 is based on the actual year-end position of the Group, considering the socio-economic factors relevant for Intereuropa:

- essential decline in the demand for customs services in Slovenia and Croatia due to EU-accession of Croatia;
- aggravated liquidity situation in the markets, involving higher credit risk;
- pressure to optimise the logistical chains, resulting in lower income and reduced margins for logistics suppliers;
- increasing pressures of subcontractors on freight rates;
- trend of simplified customs procedures (local clearance, NCTS,..);
- northern Adriatic ports gaining importance in supplying the countries of SE and Central Europe;
- increasing demand on the part of foreign companies entering the Croatian market following the EU-accession;
- the Group is financially consolidated and able to settle all liabilities in due time.

**The key goal for 2014** is to maintain the income on the level of 2013, improve the profitability of earnings as well as comply with all the liabilities to the banks.

### Other goals:

- Intensifying marketing activities and acquiring new businesses;
- Effective management of working capital;
- Process optimization and rise in the quality of service;
- Assurance of competence and motivation of employees, in particular of key staff;
- Raising efficiency on the execution level of services;
- On-going development of the integrated information solutions supporting the logistics processes in our core activity, and digitalisation of documents in the Parent Company;
- Implementation of investments required to respond to and satisfy the needs of our customers, of investments necessary to maintain the asset value, or of those imposed by the law;
- Disposal of non-operating assets.

### Core financial goals:

- Sales Revenue: € 158.8 million;
- EBITDA: € 15.4 million;
- Operating Profit (or Loss): € 8.6 million;
- Net Profit (or Loss): € 4.2 million;
- Investments: € 2.9 million;
- Number of employees at the year-end: 1,421.

## MAJOR EVENTS

### MAJOR EVENTS IN THE PERIOD JANUARY – DECEMBER 2013

#### January

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

#### February

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

→ Intereuropa provided the comprehensive logistics support to the largest international travelling exhibition Da Vinci – the Genius, which in six years attracted millions of visitors in more than 40 cities worldwide.

#### March

→ On 4 March 2013 the Supervisory Board of Intereuropa d.d. was informed on the performance of the Intereuropa Group in the year 2012. According to unaudited data, the Intereuropa Group recorded a sales revenue at € 188.4 million, which was 2 percent below the sales target.

→ Intereuropa organised the comprehensive logistics support, inclusive of air transport to Rochester, which was the venue of international wine evaluation »Finger Lakes International Wine Competition«. It is the most reputable international assessment of wines on the American Eastern coast, which also has a strong link with charity.

#### April

→ The Supervisory Board of Intereuropa d.d. adopted on 9 April 2013 the Audited Annual Report 2012 for the Intereuropa Group along with the external Certified Auditor's Report. On the same day the Supervisory Board published the invitation of applications for substitute members of Supervisory Board, because the term of office of all the four members representing the shareholders expires this year.

→ On 19 April 2013 Intereuropa d.d. took part in the event for investors Day of Slovenian Capital Market organized by the Ljubljana Stock Exchange, and presented the corporate performance 2012 and the prospects for the future to potential institutional investors.

→ In the international conference ECU AIR / HCL, held from 10 to 13 April in Barcelona, Intereuropa was awarded with the "Best Network Agent in Managerial Reporting 2012" as the most responsive and organised agent in the group for that year.

→ On 19 April 2013 the Montenegrin Chamber of Commerce awarded our subsidiary AD Zetatrans Podgorica for good performance, innovation and successful management in 2012. The guest of honour and official speaker was the President of Montenegro Filip Vujanović.

#### May

→ On 15 May 2013 the Supervisory Board of Intereuropa d.d. was informed on the performance of the Intereuropa Group in the period January - March 2013. According to unaudited data, the Intereuropa Group in the first trimester recorded a sales revenue at



€ 39.8 million and operating profit at € 2.3 million and thereby achieve the planned level. The Group ended the period with € 1.0 million in net profit.

### June

→ On 21 June 2013 has taken place 26th Annual General Meeting of Intereuropa d.d. Shareholders got acquainted with the audited Annual Report of the Intereuropa Group for 2012. The Management Board and Supervisory Board were awarded the discharge, amendments to the Statute were adopted and the audit firm for the year 2013 was appointed. Based on tender and proposals received new members of the Supervisory Board were elected (Klemen Boštjančič, Igor Mihajlović and Miro Medvešek), Maša Čertalič was elected for another mandate.

### July

- With the accession of Croatia to the European Union on 1 July, the demand for Customs services is estimated to drop considerably; on the other hand new possibilities for a faster flow of goods have opened. Intereuropa was able to reduce the travel time of consignments in the groupage line to/from Croatia, which renders a new quality to this service.
- Along with Croatia's joining the EU, Intereuropa adapted the operations of the org. units on the border with Croatia to new situation. Customs formalities for the goods bound to/from third countries are still provided on the Slovenian/Croatian border passes Obrežje, Metlika, Gruškovje and Jelšane, for which Intereuropa has adapted the working hours and number of staff in the Intereuropa offices.
- On 8 July 2013, the President of the government of the Republic of Slovenia Alenka Bratušek, M.A., paid a visit to Intereuropa, accompanied by her team. Ernest Gortan, MSc, presented to the guests the Intereuropa Group, the current recovery process, the implemented strategic goals and new challenges that the Group is facing at present.
- In July, the present Deputy President of the Supervisory Board Mr. Maksimilijan Babič, who was a representative of employees, declared to resign. It was about compliance with the resolution of the General Meeting relating to decrease the number of Supervisory Board Members - representatives of employees. The Supervisory Board now consists of six members, thereof two members represent the employees.
- In July the TEN-T (The Trans-European Transport Network Executive Agency) confirmed the B2MoS Project (Business to Motorways of the Sea) for cofinancing on the tender TEN-T Call 2012 in the amount of € 270,000. Regarding the planned developmental activities of information support to logistics processes, Intereuropa and the leading partner on the Project (Port Authority of Valencia) applied for seven areas linked to the information solutions addressing the logistics via port. This Project that associates 32 partners from Slovenia, Italy, Spain, Germany, Great Britain and Greece is scheduled to be completed by the year-end 2015.

### September

- On 11 September the Supervisory Board of Intereuropa d.d. met in its constituting session and appointed Mr Igor Mihajlović as President and Mrs Nevija Pečar as his Deputy. The Supervisory Board also appointed the members of Audit Committee: Mr Miro Medvešek for chairperson, and Mrs Maša Čertalič and Nevija Pečar as members. The Supervisory Board further set up the Personnel Committee and appointed Mr Klemen Boštjančič as the chairperson and Mr Igor Mihajlović and Mr Ljubo Kobale as members of the Personnel Committee.
- From 11 to 17 September 2013, Intereuropa took part in the 46<sup>th</sup> International Crafts Fair (MOS) and presented the entire range of products and services of the Group, acting also as the authorised forwarding agent for the Fair.

**October**

→ On 17<sup>th</sup> October, the Intereuropa Group organized the traditional annual conference attended by representatives of the Parent Company and of the management teams of subsidiaries. The key concern was the overview of strategic goal fulfilment and the presentation of planning baselines for the coming year 2014.

**November**

→ The Works Council of Intereuropa d.d. appointed in its 13<sup>th</sup> session the members of Supervisory Board representing the employees for a four-year term of office: Nevija Pečar and Ljubo Kobale.

→ In the interest of new business and expansion to international markets, Intereuropa took part in the Logitrans Fair in Istanbul from 21 to 23 November 2013.

**December**

→ The website of the Parent Intereuropa d.d. were redesigned.

**MAJOR EVENTS AFTER THE CLOSING OF THE YEAR**

→ On 9 January 2014, the Supervisory Board adopted the planning document of the Intereuropa Group for the year 2014.

→ On the same day, the bank Nova KBM d.d. notified Intereuropa of having classified the shares of Intereuropa d.d. to the list of transfers to the Bank Asset Management Company (DUTB), in accordance with the recent law: in total 1,185,292 preferential shares designated as IEKN (ticker symbol).

→ Nova Ljubljanska banka d.d. (NLB) acting as Agent under the Intercreditors' Agreement, notified Intereuropa on 29 January 2014 that the banks Gorenjska banka d.d., Raiffeisen banka d.d., SKB Banka d.d., Banka Koper d.d., SID banka d.d., and NLB d.d. signed the engagement letter (contract of mandate) regarding the sale of Intereuropa shares with the consultant »Lazard & Co.GmbH and Raiffeisen Centrobank AG«. The total shareholding of these banks represents 54.5 percent of voting rights, or 67.8 percent of total shares of Intereuropa d.d.

## BUSINESS REPORT

### 1. PERFORMANCE OF INTEREUROPA GROUP

#### 1.1. Sales achievements

#### ECONOMIC TRENDS

After a level off in 2012, the global economic activity started to improve in the second half-year 2013. According to the forecasts by the International Monetary Fund, the world economic output in 2013 grew by 3.0 percent on average. Developed countries achieved a growth of 1.3 percent, while the remaining economies were growing at 4.7 percent on average.

The economies in the Euro-Zone gradually started to rise from the recession in the second half-year 2013. Such a very moderate recovery was largely attributable to improved exports, while domestic demand remained approximately on the same level. The growth of industrial output in the last quarter was slightly better than expected; nevertheless, it was still well over 10 percent below the pre-crisis level. The economic sentiment indicators were improving towards the year-end. Despite major fluctuations during the year, the average oil price was 5.7 percent lower than in the preceding year, closing at € 81.66 per barrel.

Slovenia recorded mild signs of recovery in the last quarter 2013, thanks to the increase of exports, in real terms, which was subsequently followed by imports as well. The exports of goods to the markets of EU Member States increased, while the exports to non-EU markets were gradually decreasing. Considering just the major trading partners, the exports improved most notably to Russia, Austria and Italy, but slightly less to Germany. The declining trend of imports, in real terms, ended in October and showed a similar trend as the year before (2012). Apart from the aggravated business and financial environment, the GDP movement depended mostly on export competitiveness and overcoming the obstacles that prevent the investment from starting. Competitors pressed on the sales prices and triggered higher prices for input components, which resulted in lower added value for enterprises.

Western Balkan countries had high unemployment rates, low consumption, on-going indebtedness, and low or negative economic growth, as well as bureaucratic obstacles hindering the operations for entrepreneurs on top of their developmental lag behind Western Europe.

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

| Countries  | BDP growth, in % |      | Inflation, in % |      | Exports of goods growth, in % |      | Imports of goods growth, in % |      |
|------------|------------------|------|-----------------|------|-------------------------------|------|-------------------------------|------|
|            | 2013             | 2014 | 2013            | 2014 | 2013                          | 2014 | 2013                          | 2014 |
| EU         | 0.0              | 1.3  | 1.6             | 1.7  | 1.9*                          | 4.5* | 0.4*                          | 3.9* |
| CEE        | 2.3              | 2.8  | 4.6             | 3.9  | 3.5                           | 5.0  | 4.0                           | 4.7  |
| Slovenia   | -2.4             | -0.8 | 2.3             | 1.4  | 1.6                           | 3.1  | 0.3                           | 2.0  |
| Croatia    | -0.6             | 1.5  | 2.3             | 2.5  | -1.9                          | 3.0  | -1.4                          | 3.9  |
| BiH        | 0.5              | 2.0  | 1.8             | 1.8  | 7.3                           | 10.7 | 6.4                           | 7.4  |
| Serbia     | 2.0              | 2.0  | 5.0             | 4.8  | 12.0                          | 10.0 | 3.7                           | 4.6  |
| Kosovo     | 2.6              | 4.2  | 1.6             | 1.7  | 8.0                           | 14.3 | 8.4                           | 3.7  |
| Montenegro | 1.5              | 2.2  | 2.8             | 2.3  | 0.4                           | 1.5  | 0.1                           | 3.9  |
| Macedonia  | 2.2              | 3.2  | 2.2             | 2.0  | 3.9                           | 10.5 | 4.9                           | 10.0 |
| Albania    | 1.7              | 2.1  | 2.5             | 3.0  | 14.6                          | 1.7  | 3.8                           | 8.3  |
| Ukraine    | 0.4              | 1.5  | 0.8             | 2.3  | -2.6                          | 4.6  | -6.4                          | 4.7  |

\* Eurozone data

## SALES REVENUE OF INTEREUROPA GROUP

In the reporting year, the economic activity and overall economic situation in Slovenia were not favourable, but turned for the better in the last quarter of the year. The markets in the west of Balkans did not see any improvement yet; on the other hand, the EU-accession of Croatia brought about changes in the area of customs services for both parts of the Intereuropa Group – Slovenia and Croatia. Accordingly, the first half-year was spent on intensive preparations, after the accession numerous activities were launched towards the restructuring of customs service area. During the year, we were looking for new opportunities in the market of logistics, along with upgrading our range of services. Particular attention was dedicated to management of current assets and we had to restrict doing business with certain risky customers due to increasing ill payment practices.

In the reporting year 2013, the Intereuropa Group generated a **sales revenue of € 161.1 million** from the sale of our services and exceeded the plan by 3 percent. Our sales plan for 2013 already envisioned certain impacts of the accession of Croatia to the European Union (decline in customs services), of the sale of our logistics centre in Russia (reducing the volume of car logistics) and of the slashed volume of services supplied to customer Top Shop Intl. (warehousing services and road transport); however, we did not expect such stronger sales of railway services in our Ukrainian subsidiary, and the downturn in our sea freight segment.

The best performing business area was land transport: we outstripped the sales target by 14 percent. In that scope, we would highlight the results of our Ukrainian subsidiary, which increased the sale of railway transport services by more than 30 percent, and the improvement achieved by our Macedonian subsidiary in road transport.

Compared with the year ago, the total sales turnover was 15 percent lower. On top of all the a.m. factors, lower sales were also recorded because of general **downturn in the manufacture of automobiles**, and a considerable fall of sea-freight rates for containers in the second half-year.

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

| Business Area                | Jan - Dec<br>2013 | Structure   | Index<br>2013/plan | Index<br>2013/2012 |
|------------------------------|-------------------|-------------|--------------------|--------------------|
| 1 Land transport             | 104,895           | 65%         | 114                | 94                 |
| 2 Logistics solutions        | 16,289            | 10%         | 94                 | 72                 |
| 3 Intercontinental transport | 33,214            | 21%         | 82                 | 70                 |
| 4 Other services             | 6,662             | 4%          | 108                | 100                |
| <b>TOTAL SALES REVENUE</b>   | <b>161,061</b>    | <b>100%</b> | <b>103</b>         | <b>85</b>          |

The structure of sales revenue by country and location of Group members changed only slightly from the year 2012. Slovenian subsidiaries achieved € 89.0 million of sales revenues, or 55 percent in the sales structure of the entire Group. Greatly improved sales were recorded in our subsidiaries in Macedonia, the Ukraine and in Kosovo. In the sales structure, the share of the Ukrainian subsidiary rose 6 percentage points over the achievement of the year before.

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

| Geographical area<br>(by companies' head office) | Jan - Dec<br>2013 | Structure   | Index<br>2013/plan | Index<br>2013/2012 |
|--|-------------------|-------------|--------------------|--------------------|
| 1 Slovenia                                       | 88,956            | 55%         | 95                 | 84                 |
| 2 Croatia  | 26,974            | 17%         | 100                | 87                 |
| 3 Bosnia & Herzegovina                           | 5,708             | 4%          | 96                 | 95                 |
| 4 Serbia   | 3,391             | 2%          | 98                 | 96                 |
| 5 Macedonia                                      | 3,071             | 2%          | 201                | 194                |
| 6 Kosovo   | 2,237             | 1%          | 118                | 128                |
| 7 Montenegro                                     | 4,946             | 3%          | 92                 | 91                 |
| 8 Albania  | 519               | 0%          | 91                 | 87                 |
| 9 Ukraine  | 25,258            | 16%         | 157                | 129                |
| <b>TOTAL SALES REVENUE</b>                       | <b>161,061</b>    | <b>100%</b> | <b>103</b>         | <b>85</b>          |
| 1 EU countries*                                  | 115,930           | 72%         | 96                 | 85                 |
| 2 Non-EU countries                               | 45,131            | 28%         | 129                | 87                 |

\* The full-year figure for Croatia is included in the segment "EU countries".

The nature of our services involves a wide customer portfolio from numerous countries. In the reporting year, 31 percent of our sales revenues originated from the sales to Slovenian customers, 38 percent from other EU countries (including Croatia), and 10 percent from the countries of former Yugoslavia.

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

| Geographical area<br>(by customers' head office) | Jan - Dec<br>2013 | Structure   | Index<br>2013/2012 |
|--|-------------------|-------------|--------------------|
| 1 Slovenia                                       | 49,508            | 31%         | 88                 |
| 2 Croatia  | 24,487            | 15%         | 81                 |
| 3 Russja   | 1,912             | 1%          | 14                 |
| 4 Bosnia & Herzegovina                           | 5,757             | 4%          | 91                 |
| 5 Serbia   | 3,184             | 2%          | 99                 |
| 6 Montenegro                                     | 4,740             | 3%          | 93                 |
| 7 Other countries                                | 71,473            | 44%         | 97                 |
| 7a Other EU countries                            | 36,190            | 22%         | 100                |
| 7b Other countries                               | 35,282            | 22%         | 95                 |
| <b>TOTAL SALES REVENUE</b>                       | <b>161,061</b>    | <b>100%</b> | <b>85</b>          |

## Land Transport

The sales revenues of our Land Transport Area in the year 2013 yielded € 104.9 million, which represents the highest share (65 percent) in the sales structure of the Intereuropa Group. The highest share was generated by the Parent Company that contributed 43 percent of total sales revenues from the services of Land Transport.

Compared with the year 2012, the sales revenue was expectedly 6 percent lower. Such a drop was mainly attributable to the accession of Croatia to the European Union, which affected the revenue from customs broking. Further factors relevant for the lower operating revenue were the disposal of logistics centre in Russia (fall in the sales revenue from road transport) and the loss of a major customer in Slovenia (already in the year 2012), which had a bearing on lower earnings from road transport and customs services. Slovenia saw the worst setback, whereas the Ukrainian subsidiary TEK ZTS Uzhgorod recorded in railway transport the highest surpass over the preceding year.

The sales plan was exceeded by 14 percent; most successful was the Ukrainian subsidiary. Also the Parent Company Intereuropa d.d. and the subsidiaries in Macedonia, Montenegro, and Kosovo were performing better than planned. On the other hand, the subsidiaries in Croatia, Bosnia and Herzegovina, and Serbia were underperforming.

The year 2013 was marked by the EU-accession of Croatia, which had a significant impact on our operations. We focused our preparations to it in the first half-year. In the follow-up, numerous activities were conducted to adapting to the new situation (such as restructuring of customs services, introducing new services in groupage transports, and adaptation of pricing policy). We also proceeded with the activities leading to cost efficiency and operational optimisation.

In 2014, we plan to transfer the new information solution supporting the Land Transport products to the subsidiary in Croatia. That IT solution will allow for a better supervision over the implementation of services, and combined with enhanced traceability of consignments it further improves the quality of our service.

### **Road transport:**

- Among the products provided by Intereuropa, Road Transport stands for the highest share in sales revenue structure (26 percent).
- On the Group level, we surpassed the sales plan by 14 percent; however, our sales revenue was 8 percent lower than in the year 2012, which was attributable to lower volume of services for a major customer (Top Shop Intl.) in the Parent Company, and to loss of income due to disposal of our subsidiary in Russia.
- Pressures on prices continued and the resulting reduced sales margins persist for quite a long time.
- Key activities for 2014:
  - Better coordination of commercial and implementing activities in Intereuropa d.d. and within the Group;
  - Assuring a high quality level of the organization of international road transports, and achieving key performance indicators to satisfy our customers;
  - Seeking complementary transport orders to improve the utilisation of transport capacities;
  - Comprehensive management of suppliers - road transport contractors;
  - Gradual centralisation of purchasing by target markets;
  - Management and containment of the share of direct costs in the sales structure.

### **Customs services:**

- After 1 July 2013, the accession of Croatia to the European Union, the revenues from customs services were slashed in both countries.
  - The highest share in the sales revenue of this product in 2013 was generated in Slovenia, followed by the subsidiary in Croatia (combined, standing for over 65 percent of overall revenues from customs broking in the Group).
- Key activities for 2014:
  - Current activities to align the operations with the new market situations in the Parent Intereuropa d.d. and in the subsidiary in Croatia, focusing on the portfolio of services;
  - Scheduled training forms, current monitoring of legislation, transfer of know-how among employees.



**Groupage Services:**

- The sales revenues in the reporting year were 2 percent below the level a year ago (2012).
- Three quarters of all revenues from groupage services in the Group were generated in Slovenia.
- Growing sales revenues were recorded in the subsidiaries in Serbia, Macedonia and Kosovo, as a result of growing quantities of carried goods.
- Due to Croatia's accession to the EU, the activities to align the operations to the new market situation continued in both countries, in Slovenia and in Croatia. With 1 July 2013, we established an even more competitive two daily groupage lines between Slovenia and Croatia with guaranteed delivery on the next working day. We also adapted the prices for Croatia and the countries of the SE Europe to the new market situation.
- Key activities for 2014:
  - Maintain the position of the leading provider of groupage services in Slovenia, Croatia, Bosnia and Herzegovina and Serbia, and increase the market shares in all countries in which Intereuropa is present with own subsidiaries;
  - Utilisation of synergies in the Group to contain the costs, increase the sales volume and enhance dynamics;
  - Employ the information solutions to assure process optimisation and enhance the extent of e-commerce with customers and partners in business;
  - Monitor additional quality indicators and introduce the measures leading to a higher quality level of service.

**Express Transport:**

- Sales revenue maintained the level of 2012, as planned.
- The highest share of sales turnover was again earned by the subsidiary in Croatia (61 percent), followed by Slovenia (24 percent), Bosnia and Herzegovina (10 percent) and Serbia (4 percent).
- Slovenia saw a decline in revenue. The shortage was compensated by our subsidiaries outside Slovenia.
- Activities to achieve cost efficiency and enhance the standardisation of operations were conducted in all parts of the Group. The companies in Slovenia and Croatia dedicated much effort to restructure sales segments and streamline the operations.
- Based on a new sales concept for smaller shipments between Slovenia and Croatia that was applied after Croatia's accession to the EU, we were able to reduce the travel time of such shipments.
- Key activities for 2014:
  - Enhance the extent of e-commerce with customers;
  - Transfer the new information solution to the Croatian subsidiary;
  - Development of distribution services as a support product in the remaining companies of the Group;
  - Optimisation of business processes and aligning the execution in view of cost containment, while preserving the high quality of service;
  - Target-driven sales.

**Rail Transport :**

- We outstripped the sales target for this product by 50 percent, as well as the result achieved a year ago,

- the biggest contributor was the subsidiary TEK ZTS, Uzhgorod. The Ukrainian company thus generated as much as 24 percent of total sales revenues in the Land Transport Area.
- Key activities for 2014:
  - Increasing the cooperation among subsidiaries and development of intermodal solutions;
  - Maintaining the high level of know-how and experience of our employees in this product, and transferring the good business practices from providers specialised in the organization of railway transport;
  - taking advantage of favourable geographical position at an intersection of the Fifth and the Tenth European Corridor.

The reporting year saw a fall in the goods flows and increasing competition in our markets, which resulted in stronger pressures to reduce the margins. Our customers are working very hard to reduce their logistics costs, so it is difficult to compete in international tenders and the earning is getting lower from tender to tender. We are therefore compelled to an on-going streamlining of our operations, along with intensified presence in the market, with blanket coverage, in order to struggle for every shipment. We have witnessed ill payment practices on a large scale and financial difficulties of businesses in general, and need to be cautious in acquiring new business.

Despite such adverse conditions in logistics trade in the region covered by Intereuropa, we set very ambitious goals for the coming year. We envision replacing almost the entire 50-percent loss of customs services in both Member States, Slovenia and Croatia, after the EU-accession of Croatia, by increasing the operating revenue in other products and maintaining the sales turnover approximately on the level of 2013. To this end, we will intensify our marketing activities to acquire new business and align the cost management in all cost groups, focusing on direct costs.

## Logistics Solutions

The Logistics Solutions Area contributed in the reporting year 10 percent, or €16.3 million of sales revenues in the revenue structure of the Group.

The year 2013 was another year to cope with a tough economic situation that resulted in a decline in goods flows. Our customers adapted to the situation by increasing the pressure on prices of services and optimising their inventories in warehouses; some of the customers even changed their logistics concepts. A comprehensive range of logistics has been continually gaining ground over the ordinary goods storage services, and such complex service now makes more than three quarters of our sales revenue of this Area.

In the reporting year, we were struck by a setback of 6 percent behind the sales targets for the Logistics Solutions and 28 percent below the sales result of 2012.

Lower sales volumes were recorded in all our markets, in particular on two key markets: Slovenia and Croatia. Both these markets represented 84 percent in the sales of logistics solutions and were worst hit by adverse economic trends and financial crisis.

Also in other countries of the Balkans in which our Company operates warehouses, we are faced with a weaker demand for logistics solutions, considerably stronger competition and excessive, unoccupied storage and industrial capacities. As a result, sales revenues fell below the level of the preceding year in the markets of Bosnia and Herzegovina, Montenegro,



Serbia, Macedonia and Kosovo that in total represent 16 percent in the sales structure of this business area.

In accordance with the corporate guidelines of the Group, we dedicated much effort to target-based sales of logistics solutions and optimization in the course of the reporting year.

→ Key activities for 2014:

- Building partner-like customer relations and expanding the cooperation with current customers to our other products/ services;
- Winning new logistics projects, primarily to improve the utilisation of unoccupied storage capacities and equipment;
- Effective implementation of IT support to warehousing operations in most of our warehouses in Slovenia, and launching the implementing activities in Croatia;
- Persisting with cost-effective operations and ecological efficiency (increasing the share of LED-based illumination and electric forklifts);
- Acquiring the SEVESO status for larger quantities of dangerous goods (for our locations Maribor, Celje);
- continued specialisation and optimisation of logistic processes by commodity category.

### Intercontinental Transport

The sales revenues in our products of the Intercontinental Transport Area came to € 33.2 million. That result was below the sales targets for this Area. On account of shrunken revenues from car logistics, the share of sales revenues from the sea-freight product rose to 66 percent in the sales structure of the Intercontinental Transport. Better performance than a year ago was recorded in the airfreight and shipping agency segments.

The trend of aggravated business in the key markets of this Area continued in the reporting year. Also, certain ship-owners, airlines and intermodal operators perceived an adverse situation and some of them suspended their own service to the Eastern Adriatic ports and to the airports of the Balkans.

#### Sea-Freight:

- The sea-freight and shipping agency segments stood for 14 percent of the Group's sales revenue in the reporting year. Sea-freight contributed € 22.6 million of sales revenue, which was 11 percent below the result of the year ago. Lower sales were reported from all our markets except Serbia, which has only a minor share in the sales structure of this segment.
- On the Group level, conventional cargo represented nearly one half of the sales in the sea-freight turnover. We were 13 percent behind the sales target, and 14 percent below the achievement of this segment in the year 2012. We processed 3 million tons of varied liquid and general cargoes shipped via the Port of Koper.
- In the container transport product, the setback behind the year before was slightly lower, by 6 percent. Sea-freight rates oscillated considerably during the year, as the ship-owners and operators were adjusting their shipping terms to the demand in the market. Some of them decided to discontinue their service to certain Adriatic ports.
- In the container transport segment, we processed 40 percent more containers than a year ago. The highest growth was achieved in container turnover via Koper.
- The suspension of RO-RO line Koper-Albania had a significant impact on our RO-RO product. We achieved only 65 percent of the planned sales revenue from this product. A similar turnover is expected for the coming year, since no announcement to resume the line for Albania has been received.

- Our shipping agency was performing on the level of the year ago, however, behind the plan baselines. Non-achievement of the sales targets has resulted from too ambitious expectations for the development of a container service, which the respective ship-owner did not realize in the reporting year. We represented 264 ships and maintained the leading position among shipping agencies in the number of ships represented in the Port of Koper.
- Development of sea-freight in the companies of our Group remains the key guideline for this Area in the coming year, too. The development will focus on enhanced commercial activity of all sea-freight offices/ business units, coordinated operations with our continental business units, and on strengthening the partnership connections with overseas offices of our partners in business.

### **Car logistics:**

- The Car Logistics segment has been under strong pressure of the declining output of the entire automotive industry in Europe and other continents, which was strongly felt in our Car logistics product in the reporting year: we achieved € 7 million of sales revenue, which was 30 percent below the targets.
- After the disposal of our car terminal in Russia, Slovenia remains our key market: we operate two company-owned car terminals and keep the cars of various carmakers in store. Car storage is also offered in Serbia, where we acquired a new customer with another automotive brand at the end of the year.
- Some new recently acquired export businesses via Koper promise a sound basis for the development of this segment. Upon favourable conditions and a recovery of automotive industry, there are prospects for the development of this product in other countries covered by our Group.
- With more than 100 thousand vehicles handled per year, Car Logistics remains an important segment for the Intercontinental Transport and for our Group.

### **Air-freight Transport:**

- We generated €3.6 million of sales revenue and exceeded the result of the preceding year by 8 percent.
- A significant 23-percent growth was recorded in Slovenia, which brings 65 percent of revenue in the sales structure of this segment.
- Growth was also achieved in two minor markets: Macedonia and Kosovo. On the other hand, our second biggest market - Serbia - saw a decline that was attributable to a lower number of organised export charter flights.
- Very good and close cooperation with our partner network proved to be of key importance in the reporting year, along with intensified marketing of this product with our current and potential customers, given that it is a specific organization of the functioning of supply chains.
- We were processing mostly the shipments of higher value cargo that requires a short delivery time: that requirement is more difficult to satisfy in the fragmented market of the Balkans. That region is known for a strong competition of international logistics providers, which in addition fragments the relatively closed circle of customers and cargo available.
- Key activities for 2014:
  - Strengthening the sales activities on sea-freight products in the sea-freight offices /business units of the Group, and enhancing the cooperation with back offices on the continent;

- Development of international partnership cooperation, inclusion in independent logistics partner networks (such as the AON, WCA, etc.) for the sea-freight and air-freight products;
- On-going active development of logistics via Koper, focusing on more complex logistics operations in and outside Slovenia;
- Additional development of the LCL-service in import and export, and seeking synergies in the ECU Line network (mainly with the IT offices),
- Stronger cooperation with air carriers in the region, primarily on the LJ-ZG-BG axis (Ljubljana – Zagreb – Belgrade);
- Inclusion of agency representation for our container ship owner in integral supply chains on the markets of our Group;
- carrying on the activities to acquire the agency for a container ship operator in other ports on the Eastern Adriatic Coast;
- development (and introduction) of IT support to sea-freight products in Slovenia.

## 1.2. Financial result

Tables 5 and 6: Financial results of the Intereuropa group for the year 2013, in thousand €

| Item / Index                        | Jan - dec<br>2013 | Jan - Dec<br>Plan 2013 | Jan - Dec<br>2012 | Index<br>2013/plan | Index<br>2013/2012 |
|-------------------------------------|-------------------|------------------------|-------------------|--------------------|--------------------|
| Sales revenue                       | 161,061           | 156,042                | 188,409           | 103                | 85                 |
| EBITDA*                             | 13,755            | 15,875                 | 12,693            | 87                 | 108                |
| Operating profit or loss            | 5,301             | 8,347                  | -7,226            | 63                 | -                  |
| Financing profit or loss            | -4,790            | -4,216                 | -13,046           | -                  | -                  |
| Net profit or loss                  | 2,152             | 3,880                  | -13,430           | 55                 | -                  |
| EBIT margin in %                    | 3.3%              | 5.3%                   | -3.8%             | 62                 | -                  |
| Sales revenue per<br>employee/month | 8.777             | 8.384                  | 8.355             | 105                | 105                |
| Value added per employee/month      | 2.296             | 2.331                  | 2.103             | 98                 | 109                |

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

| Item / Index                                  | 31.12.<br>2013 | Plan<br>31.12.2013 | 31.12.<br>2012 | Index<br>2013/plan | Index<br>2013/2012 |
|---|----------------|--------------------|----------------|--------------------|--------------------|
| Balance sheet total*                          | 313,419        | 319,809            | 322,969        | 98                 | 97                 |
| Equity*                                       | 153,763        | 165,445            | 154,893        | 93                 | 99                 |
| Net debt**                                    | 91,922         | 90,624             | 100,121        | 101                | 92                 |
| Short-term assets/ Short-term<br>liabilities* | 1.61           | 1.77               | 1.56           | 91                 | 103                |
| Net Return On Equity (yearly<br>level)***     | 1.40%          | 2.40%              | -8.68%         | 58                 | -                  |

\* 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 (Earnings Before Interest, Taxes, Depreciation and Amortisation)

→ The underachievement of the planned Operating Profit/ Loss was attributable to lower margins (downward price pressures on the part of customers, changed sales structure in favour of lower-margin products), higher labour costs (a significant impact of the calculated termination benefits and unused annual leave), and higher allowances for receivables and revaluation expenses for fixed assets (impairment to the land in Zagreb).

### Financing Profit or Loss

→ The negative Financing Profit/ Loss was under a strong impact of interest expenses and the impairment of certain financial investments. Better financing result than in the comparable period a year ago was mostly attributable to lower interest expenses (thanks to successful financial restructuring) and minor foreign exchange losses (in 2012, the latter originated mostly from the subsidiary in Russia). The higher negative financing result than planned was the consequence of the allowance for the long-term financial investments.

### Net profit / loss

→ The net profit or loss is decreased by the corporate income tax and increased by deferred tax assets (the major part thereof pertaining to the parent company Intereuropa d.d.).

### Structure of Statement of Financial Position

→ The current ratio has slightly risen over the figure achieved in the preceding year, so has the share of capital in the sources of finance.

### 1.3. Investments in fixed assets

In 2013, the **investments in fixed assets** realized by the Intereuropa Group totalled **EUR 2,180 thousand**, thereof 530 thousand in real estate and 1,650 thousand in equipment and intangible assets. The annual plan of investments was completed to the level of 58 percent.

Table 7: Overview of Investment in the year 2013, in thousand €

| Company                      | Real property   |              | Plant & Equipment,<br>Intang. assets |              | TOTAL           |              | Real<br>property |
|------------------------------|-----------------|--------------|--------------------------------------|--------------|-----------------|--------------|------------------|
|                              | Jan-Dec<br>2013 | Plan<br>2013 | Jan-Dec<br>2013                      | Plan<br>2013 | Jan-Dec<br>2013 | Plan<br>2013 |                  |
| Intereuropa d.d.             | 166             | 1,050        | 659                                  | 1,050        | 824             | 2,100        | 39               |
| Subsidiaries                 | 364             | 258          | 991                                  | 1,397        | 1,356           | 1,655        | 82               |
| <b>TOTAL<br/>INVESTMENTS</b> | <b>530</b>      | <b>1,308</b> | <b>1,650</b>                         | <b>2,447</b> | <b>2,180</b>    | <b>3,755</b> | <b>58</b>        |

The investments of the Parent Company Intereuropa d.d. were made in real estate, equipment and intangible assets (€ 824 thousand); other members of the Group invested € 1,356 thousand in fixed assets. The major investment was the purchase of four head trucks with semi-trailers by the subsidiary in Croatia (€ 438 thousand) in the first quarter 2013.

The invested funds were earmarked to:

- Buildings and fittings/ equipment (€ 901 thousand),
- Repairs and purchase of motor vehicles (€ 895 thousand),
- Computer hardware and software (€ 384 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 the year-end 2013, there were 58 types of risk identified in the company Intereuropa d.d., thereof 7 key risks. In the reporting year, the overall exposure to risks decreased, however, there was an increase in the exposure to the sales risk of a decreased demand for our services, pressure on the prices and consequently, lower gross margins. Intensified sales activities and acquisition of new customers helped us to compensate, in part, for that loss of income. The impact of the general economic situation in the country is seen in poor liquidity and reflects in extended payment terms on the part of our customers.

The sales risk is viewed as our most significant risk and enjoys our full attention. In that segment we identified 20 risk types, thereof 2 key risks. Despite stronger sales activities, we have not achieved the targets as a result of pressures on pricing policy and declining demand for our services on the part of certain customers. Our customers expect a reduction in our prices for the same quality level. We succeeded to acquire some major customers and thus partly compensate for the declining volume in the demand of our present customers. Also, our further activities are focused on acquiring new customers, along with increasing the productivity in our employees. Price sensitivity has been rising, which calls for internal streamlining of processes and cost containment as even more important.

In view of the sales risk management, we expect to be exposed to the risks involved in the services of our Land and Intercontinental Transport, while we expect to win a new demand for our Logistics Solutions, or to increase the volume of business with the present customers.

The credit risk has been constantly increasing for several years as a result of overall economic situation in Slovenia, in the European Union and also in the countries in which the Intereuropa Group is operating. Higher liquidity risk is shown in higher current ratio of operating receivables turnover rate (i.e., payment). Our day-to-day activities are focused on efficient and timely collection of accounts receivable. Observance of the limits for our exposure to certain customers is of key importance. Liquidity risk is controlled by a system of day-to-day control of the working capital and of our exposure to individual customers. The Managing Board controls its financial condition and exposure to certain customers on a regular basis.

Personnel risk and other operational risks (strategic risks, IT risks, legislation risks and those related to real estate) were maintained on acceptable levels, no significant discrepancy has been perceived. Individual risk managers monitor the exposure to risks and manage the risks on the level of the Company, customer, unit or of a concrete business.

We expect the exposure of the Company to sales risks to further rise in the coming year; therefore, we have taken additional measures in the area of sales and productivity of employees. Our response to the complex market situation is by individual approach to customers, adapting our prices and range of services to individual customers, and by enhancing the productivity and streamlining the operations.

## 1.5. Human Resources Management

### EMPLOYMENT TRENDS

At the end of the year 2013, the Intereuropa Group had 1,464 employees. Thereof, 45 percent were employed in Slovenia, 22 percent in Croatia, 33 percent in the remaining subsidiaries abroad. Compared with the end of 2012, the number of our employees was 14 percent (or 238 employees) lower.

In the reporting year, the accession of Croatia to the European Union and the respective abolition of customs frontiers brought about a big loss of customs services for Intereuropa, which resulted in layoffs in the Parent Company and in our Croatian subsidiaries. The overall fluctuation rate recorded in our bigger companies was 20 percent.

Table 8: No. of employees in the Intereuropa Group according to countries, as of 31.12.2013

|                      | 31.12.2013   | 31.12.2012   | Difference<br>13-12 | Index<br>2013/2012 |
|----------------------|--------------|--------------|---------------------|--------------------|
| Slovenia             | 665          | 740          | -75                 | 90                 |
| Croatia              | 318          | 461          | -143                | 69                 |
| Bosnia & Herzegovina | 127          | 131          | -4                  | 97                 |
| Serbia               | 106          | 108          | -2                  | 98                 |
| Macedonia            | 35           | 33           | 2                   | 106                |
| Kosovo               | 24           | 25           | -1                  | 96                 |
| Montenegro           | 139          | 153          | -14                 | 91                 |
| Albania              | 2            | 2            | 0                   | 100                |
| Ukraine              | 48           | 49           | -1                  | 98                 |
| <b>TOTAL</b>         | <b>1,464</b> | <b>1,702</b> | <b>-238</b>         | <b>86</b>          |

We matched the structure and number of employees to current operational needs. In the Slovenian part of the Group, there were 128 employees transferred to a new area of work. We applied more flexible employment forms (such as sole traders, HR agencies, the Students' Job Centre) to cope with temporary needs for staff mostly for work in warehouse operations. In this way, 115 persons had work in our Group, representing additional 8 percent of the workforce as at 31.12.2013.

### DEVELOPMENT AND TRAINING

We allocated 17,572 hours to education/ training for our human resources to acquire new knowledge/ skills, or in terms of budget € 56 thousand, which means that 89 percent of employees were involved. On the Group level, the average amount of training was 12 hours per participant: in the Parent Company 7 hours, in the Croatian subsidiary as much as 39 hours. More than one half of the budget was used for education/ training in the Group, involving internal lecturers in two thirds of training forms in the reporting year.

According to the subject field, the highest share of training forms was dedicated to acquiring new knowledge and skills in the field of occupational safety and health. In addition to this field of training, we increased the number of hours dedicated to sales skills over the preceding year. Other subject fields were included on a smaller scale than a year ago due to a late start of intensive training forms (towards the year-end) in the Slovenian part of the



Group: we completed the 'Competencies Model' and the 'Training Programme' in the frame of the project 'Competence Centre for HR Development in Logistics' earlier in the year.

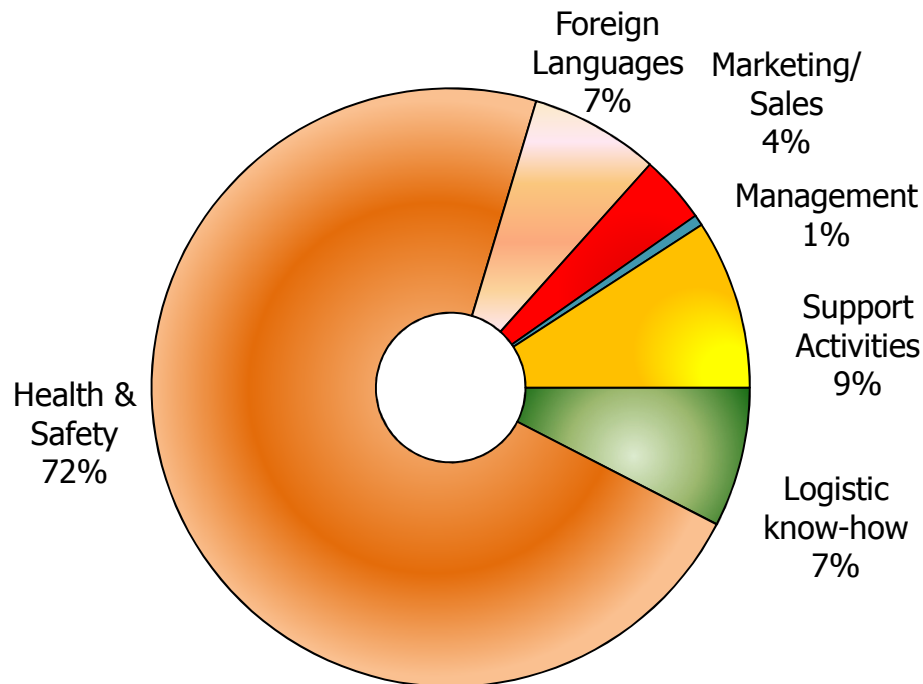


Figure 2: Structure of training hours in the year 2013 according to topics (for the Group)

### **The »Competence Centre for HR development in Logistics« Project**

Within this project we first prepared, in the Slovenian part of the Group, the 'Competencies Model' and the training programmes, and then we held lengthier training forms for the sales and executive staff, in which the participants were acquiring skills for sales promotion and motivation raising to achieve the target results. We organised internal training on risk management in logistics, on customs operations, courses of foreign languages, training on occupational safety and health, etc. All the educational forms will be financed largely by public funds.

## **EMPLOYEE CARE AND WIDER SOCIAL ENVIRONMENT**

Despite cost containment and restricted financial resources in all areas, we endeavour to maintain a good work atmosphere for our employees. We applied the following measures to achieve our goal:

- Presentations of achievements and of good business practices in individual business units and by individual employees were published on the intranet;
- Summaries from training forms attended by our employees were published on the intranet;
- In the Slovenian part of the Group, 147 children received a gift coupon of 30 EUR for the New Year /holiday season;
- At least 92 employees were awarded on the occasion of a round anniversary of service, on the Group level;



- Our present and retired employees were offered to spend a holiday in our holiday accommodation facilities at favourable prices; the occupancy in 2013 was 38 percent, or 2 percent better than a year ago;
- Financial aid in total amount of € 32 thousand was granted to 59 employees who were affected by difficult health condition or had to cope with inferior financial position, death of family members and similar;
- Additional voluntary pension insurance was paid for 623 (94 percent) of our employees in the Slovenian part of the Group, on average amounting to € 37.70 per month and employee;
- We cultivate our relations and connections with educational institutions in the local and broader environment: we provided obligatory work practice to 53 secondary school and tertiary level students; it can also be arranged that students select topics for seminar papers or diploma thesis, incl. technical assistance;
- Our employees are encouraged to take part in recreational activities to maintain and promote health, and "team-building" events within or among individual business units;

### HEALTH PROTECTION

The following activities were implemented in this area:

- 359 preventive medical check-ups for employees of the Group,
- vaccination against flue was organised, participated by 76 employees,
- Training forms on occupational and fire safety for 854 employees,
- We joined the project "Promoting the occupational health care in the workplace".

In the field of fire safety and precautions, we conducted the following activities:

- our employees took part in the training on fire-safety measures,
- Regular inspections of facilities, work environment, active and passive fire-fighting equipment (fire extinguishers and hydrant network, fire detectors, domed smoke and heat vents/exhausts, automatic fire-proof doors, etc.) were conducted in the scope of fire safety and prevention;
- in June 2013, we carried out a practical exercise of evacuation of employees and tenants/ lessees of the premises in BU Ljubljana, and organised a training for employees on fire-fighting at an early stage of brand, with fire extinguishers.

There were 1,795 pieces of working assets/ equipment and machines examined on the Group level in the reporting year. On the Group level were 23 injured in accidents at work (2 with severe outcome); in the Slovenian part, there were 5 slight injuries in the workplace.

## 1.6. Total Quality Management

Two companies of the Intereuropa Group (out of 12) hold a certification under the ISO 9001:2008 Standard. Of the entire staff of the Group, 65 percent are employed in these certified companies (Intereuropa d.d., and Intereuropa, logističke usluge d.o.o., Zagreb). In the area of quality management, the year 2013 was marked by successfully completed external audits; however, certification was discontinued in our subsidiary Intereuropa RTC d.d., Sarajevo.

### Maintaining the ISO 9001:2008 Quality Management System

- Yearly Quality Management System (QMS) reports were prepared and the measures to improve the QM system were triggered in all both companies.
- A new version – version 2 of the Quality Management System Manual for the company Intereuropa d.d. was issued and the third version is in preparation.
- We modernised the procedures, instructions and circular letters in customs broking.
- In the Parent Company, we launched the procedure for assessment of suppliers of road transport services.
- All the sales procedures and instructions were modernised; the information support to active sales and key account management is still in preparatory stage.
- The preparation of process-based Key Performance Indicators (KPI) is being prepared.
- The instructions and procedures changing with the accession of Croatia to the EU were updated in the subsidiary Intereuropa, logističke usluge d.o.o., Zagreb.

### Internal auditing of service quality

- We conducted an audit of process on the Intereuropa Express product in the Parent Company and issued 14 recommendations for improvement.

### Quality control by QM indicators

There were almost 15 percent fewer complaints than in the comparable year 2012 and the total amount under complaint fell by 32 percent.

*Tabela 9: Complaints, claims and approved value for the year 2013*

| No. of complaints | Index 13/12 | No. of claims | Value<br>in 1000 € | Index 13/12 | Approved Value<br>in 1000 € | Index 13/12 |
|-------------------|-------------|---------------|--------------------|-------------|-----------------------------|-------------|
| 400               | 85          | 202           | 125                | 68          | 63                          | 56          |

### External quality of service audit by the certification authority

The Results of External Audit in 2013:

- **Intereuropa d.d.** - the ordinary audit was the fifteenth in sequence. The audit was conducted in the following organizational units: Managing Board, Management of Forwarding and Logistics, the Department for Real Estate Management and Central Purchasing, the Finance Department, local office in Kranj, and BU Jesenice and Ljubljana. Auditors have confirmed 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 16 recommendations for improvement. The persons responsible prepared the implementation plan for the recommendations accepted on our part, and substantiated the grounds for any recommendation not accepted. At the beginning of June, the report on measures taken was submitted to the certification body.

→ Intereuropa, logističke usluge d.o.o., Zagreb – Upon request of the management the external audit scheduled for June was postponed to the second half of September due to preparations and organizational changes addressing the EU accession of Croatia. The audit was an ordinary one, the third in sequence. Auditors confirmed that the operations were conducted in compliance with the requirements of the ISO 9001 standard. They did not find any non-compliance; however, they issued 13 recommendations for improvement of the quality management system ((ISO 9001 and ISO 22000).

### **Food Safety Management System**

- Intereuropa d.d. – a non-certified system of food safety management under the HACCP system has been in use since 2004. The audit of the HACCP system, comprising the compliance check and updating of all rules and procedures relevant for food safety was done in February. The verification of the HACCP system was performed in October and November. There were four recommendations relating to cleanliness and equipment.
- Intereuropa d.o.o., Zagreb - External audit of the food safety management was undertaken concurrently with the external audit of the quality management system. Auditors did not detect any non-compliance, but issued one recommendation.

## 1.7. Share IEKG and ownership structure

### KEY DATA ON SHARE

Table 10: Key Data on Intereuropa Share (IEKG) for the year 2103

|                                      | Jan-Dec<br>2013 | Jan-Dec<br>2012 |
|--------------------------------------|-----------------|-----------------|
| No. of shares*                       | 27,488,803      | 27,488,803      |
| No. of preference shares IEKN*       | 10,657,965      | 10,657,965      |
| No. of ordinary shares IEKG*         | 16,830,838      | 16,830,838      |
| of which no. of treasury shares*     | 18,135          | 18,135          |
| Share book value in €*               | 3.67            | 3.67            |
| Earnings per share in €              | 0.05            | -0.77           |
| Market capitalisation in € thousand* | 7,406           | 9,257           |
| Trading volume in € thousand         | 938             | 223             |
| Closing price in €                   | 0.44            | 0.55            |
| Weighted average price in €          | 0.50            | 0.64            |
| Highest price in €                   | 0.85            | 1.32            |
| Lowest price in €                    | 0.32            | 0.30            |
| P/E                                  | 8.80            | -0.71           |
| Capital gain                         | -20.0%          | 27.9%           |

\* as of the last day of the period

#### Notes:

Book value = capital / (number of all shares – number of treasury shares)

Market capitalisation = closing price at the end of period \* number of shares listed in SE

Earnings per share = Net profit / (number of all shares – number of treasury shares)

P/E = closing price at the end of period / Net earnings per share

Capital gain = price increase in period

### SHARE TRADING

The situation and development in the Slovenian economic and banking sector reflected on the volume of trading in securities on the Ljubljana Stock Exchange. Despite a rise in the prices of most shares, the share-trading turnover was one percent lower than a year ago. On the contrary, the trading volume in Intereuropa IEKG share in 2013 strengthened and recorded a notable increase after five year of downward trend.

Since 2007, the trading volume in Intereuropa share had been falling drastically, until 2013, when we recorded growth and slightly better liquidity of our shares. Compared with 2012, the share trading volume in the reporting year was four times bigger, amounting to € 938 thousand. A significant transaction was the April sale of 615,730 IEKG shares by Luka Koper d.d. to its (100-percent owned) daughter company Luka Koper INPO d.o.o.: the reason for that trading was tax optimization.

The market price of the IEKG share fluctuated between € 0.32 and € 0.85 per share. The price in the first half-year was taking a negative trend, and then it levelled off at about € 0.40, with minor oscillations. It ended with € 0.44 on the last trading day in the reporting year. In one year, the share lost 20.0 percent of its value, while the Slovenian Stock Exchange Index (SBITOP Index) recorded a 3.2 percent rise in the same period. The market capitalization closed the year at € 7.4 million, which stands for 0.3 percentage points of the market capitalization of all shares on the Ljubljana SE.

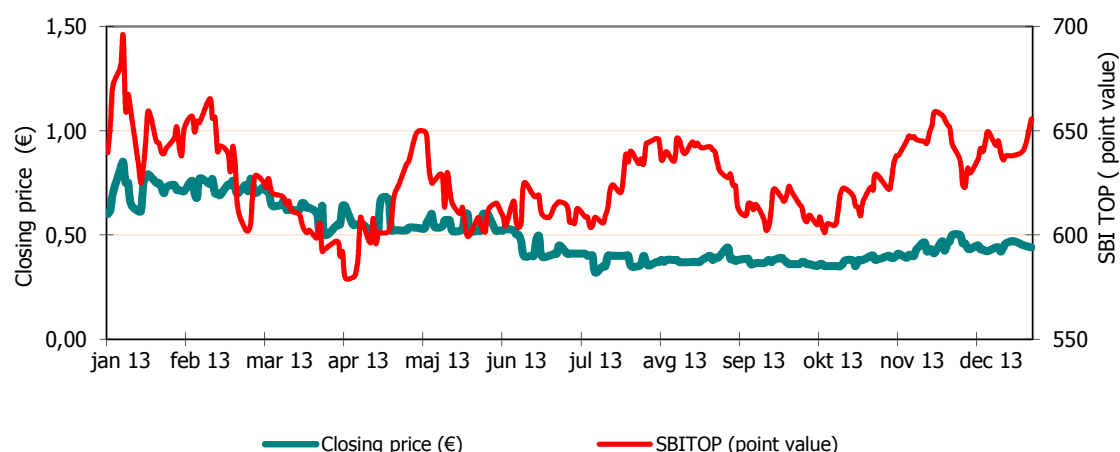


Figure 3: Closing prices of IEKG share and SBITOP index in the year 2013

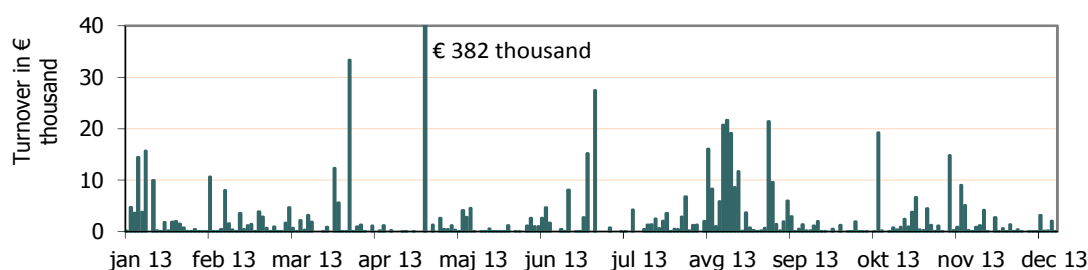


Figure 4: Trading volume of IEKG share in the year 2013

## OWNERSHIP STRUCTURE

The ownership structure saw no major changes in 2013. After a purchase of shares, a new shareholder entered among the top ten shareholders of Intereuropa: Luka Koper INPO d.o.o., a daughter company of the current shareholder Luka Koper d.d. The second change in the top ten shareholders was the transfer of shares owned by the bank NKBM d.d. till December 2013 to the newly established Bank Asset Management Company (DUTB d.d.).

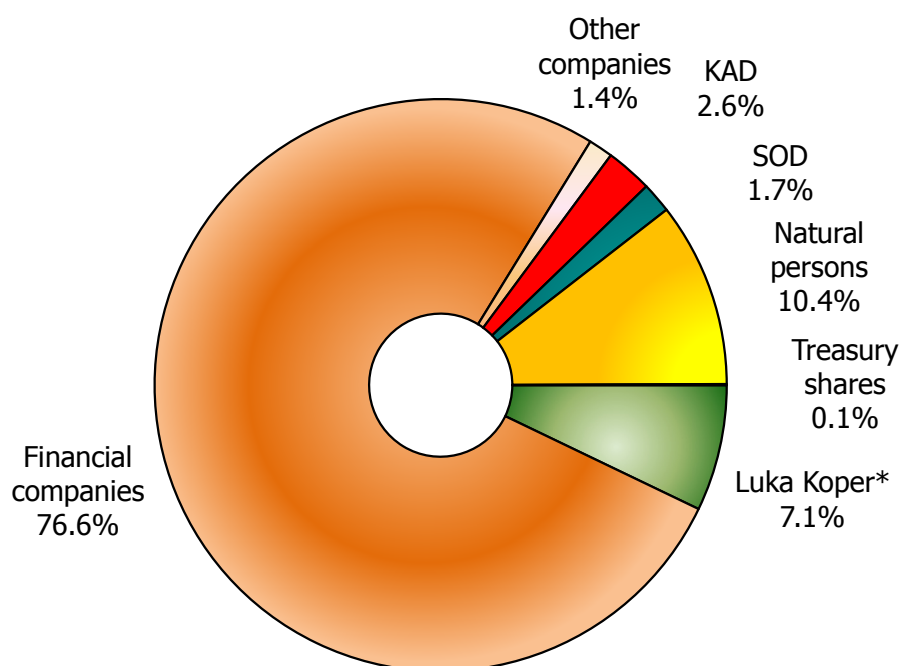
Table 11: Top ten shareholders of Intereuropa d.d. as of 31.12.2013 compared to 31.12.2012

| Shareholder                    | 31.12.2013    |         | 31.12.2012    |         | Index 13 / 12 |
|--------------------------------|---------------|---------|---------------|---------|---------------|
|                                | No. of shares | share % | No. of shares | share % |               |
| 1. SID banka d.d.              | 4,942,072     | 18.0    | 4,942,072     | 18.0    | 100           |
| 2. NLB d.d.                    | 4,770,601     | 17.4    | 4,770,601     | 17.4    | 100           |
| 3. Gorenjska banka d.d., Kranj | 3,068,990     | 11.2    | 3,068,990     | 11.2    | 100           |
| 4. Raiffeisen banka d.d.       | 2,850,752     | 10.4    | 2,850,752     | 10.4    | 100           |
| 5. SKB d.d.                    | 2,254,980     | 8.2     | 2,254,980     | 8.2     | 100           |
| 6. Luka Koper d.d.             | 1,344,783     | 4.9     | 1,960,513     | 7.1     | 69            |
| 7. DUTB d.d.*                  | 1,185,292     | 4.3     | 1,185,292     | 4.3     | 100           |
| 8. Banka Koper d.d.            | 753,703       | 2.7     | 753,703       | 2.7     | 100           |
| 9. Kapitalska družba d.d.      | 719,797       | 2.6     | 719,797       | 2.6     | 100           |
| 10. Luka Koper INPO d.o.o.     | 615,730       | 2.2     | 0             | 0.0     | -             |

\* transfer of ownership form NKBM d.d. to DUTB d.d. in December 2013

As at 31.12.2013, the top ten shareholders held in total 81.9-percent shares in equity of Intereuropa.

As at year-end 2013, there were 5,340 shareholders entered in the Share Register or 3 percent fewer shareholders than at the year-end 2012. The shareholdings of foreign investors rose by 0.2 percent: at the end of the reporting year, they held 0.8 percent.



\* including shareholding of the company Luka Koper d.d. and its 100%-owned subsidiary Luka Koper INPO d.o.o.

Figure 5: Ownership structure of Intereuropa d.d. as of 31.12.2013

Table 12: The largest holders of ordinary shares with voting rights of Intereuropa d.d. as of 31.12.2013 compared to 31.12.2012

| Shareholder                           | 31.12.2013            |            | 31.12.2012            |            | Indeks<br>13 /12 |
|---------------------------------------|-----------------------|------------|-----------------------|------------|------------------|
|                                       | No. of<br>vot. rights | share<br>% | No. of<br>vot. rights | share<br>% |                  |
| 1. Gorenjska banka d.d., Kranj        | 3,068,990             | 18.2       | 3,068,990             | 18.2       | 100              |
| 2. Raiffeisen banka d.d.              | 2,850,752             | 16.9       | 2,850,752             | 16.9       | 100              |
| 3. SKB d.d.                           | 2,254,980             | 13.4       | 2,254,980             | 13.4       | 100              |
| 4. Luka Koper d.d.                    | 1,344,783             | 8.0        | 1,960,513             | 11.6       | 69               |
| 5. Banka Koper d.d.                   | 753,703               | 4.5        | 753,703               | 4.5        | 100              |
| 6. Kapitalska družba d.d.             | 719,797               | 4.3        | 719,797               | 4.3        | 100              |
| 7. Luka Koper INPO d.o.o.             | 615,730               | 3.7        | 0                     | 0.0        | -                |
| 8. Slovenska odškodninska družba d.d. | 474,926               | 2.8        | 474,926               | 2.8        | 100              |
| 9. INFOND d.o.o. Infond Global mešani | 300,401               | 1.8        | 313,391               | 1.9        | 96               |
| 10. NLB d.d.                          | 240,000               | 1.4        | 240,000               | 1.4        | 100              |

## SHARE OWNERSHIP BY THE MANAGEMENT AND SUPERVISORY BOARD MEMEBERS

The Management Board President Ernest Gortan, and Deputy President Tatjana Vošinek Pucer did not own any Intereuropa shares on 31.12.2013.

*Table 13: Shares held by Supervisory Board members, as of 31.12.2013*

| Supervisory Board                                   | No. of shares | share in % |
|---|---------------|------------|
| Nevija Pečar, deputy president of Supervisory Board | 4,185         | 0.053      |
| Maša Čertalič, Msc., member of Supervisory Board    | 99            | 0.001      |

## TREASURY SHARES

As of 31.12.2013, the company Intereuropa d.d. held 18,135 treasury shares (IEKG) representing 0.0660 percent of all shares. The percentage of treasury shares has not changed since 31.12.2012.

## AUTHORISED CAPITAL

In accordance with the Statute of Intereuropa d.d. the Managing Board is authorized - in five years' time after this amendment to the Statute is registered in the Court Register of Companies, without having to issue a separate Resolution by the General Meeting but subject to the consent by the Supervisory Board - to increase the share capital by issuing new shares for contributions up to the amount of one half of the share capital existing on the day of adopting the Resolution amending the Statute in the 22<sup>nd</sup> General Meeting, which represents a nominal amount of € 16,488,092.56 (the authorized capital). As of 31.12.2013, the company has got authorized and unused capital in total amount of € 16,488,092.56.

## DIVIDEND

Intereuropa d.d. did not pay any dividend in the year 2013. Depending on the implementation of the strategic goals set and following the improvement of operating results, the Managing Board will re-define its dividend policy.

## INFORMING THE SHAREHOLDERS

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

In our communication with the shareholders are used:

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

Our shareholders can e-mail their remarks and proposals to us at: [info@intereuropa.si](mailto:info@intereuropa.si).

## 2. PERFORMANCE OF THE COMPANY INTEREUROPA d.d.

Tables 14 and 15: Operations of Intereuropa d.d. in the year 2013, in thousand €

| Item/Index                       | Jan - Dec<br>2013 | Jan - Dec<br>Plan 2013 | Jan - Dec<br>2012 | Index<br>2013/plan | Index<br>2013/2012 |
|----------------------------------|-------------------|------------------------|-------------------|--------------------|--------------------|
| Sales revenue                    | 90,994            | 96,417                 | 108,222           | 94                 | 84                 |
| Land transport                   | 46,107            | 44,486                 | 55,337            | 104                | 83                 |
| Logistic solutions               | 10,599            | 11,204                 | 13,231            | 95                 | 80                 |
| Intercontinental transport       | 29,590            | 36,211                 | 34,686            | 82                 | 85                 |
| Other services                   | 4,700             | 4,516                  | 4,968             | 104                | 95                 |
| EBITDA*                          | 6,760             | 8,403                  | 5,960             | 80                 | 113                |
| Operating profit or loss         | 2,602             | 4,138                  | -8,558            | 63                 | -                  |
| Financing profit or loss         | -3,575            | -2,718                 | -6,779            | -                  | -                  |
| Net profit or loss               | 1,000             | 1,311                  | -6,619            | 76                 | -                  |
| EBIT margin in %                 | 2.9%              | 4.3%                   | -7.9%             | 67                 | -                  |
| Sales revenue per employee/month | 11.404            | 11.976                 | 12.331            | 95                 | 92                 |
| Value added per employee/month   | 3.014             | 3.089                  | 2.856             | 98                 | 106                |

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

| Item/Index                                  | 31.12.<br>2013 | Plan<br>31.12.2013 | 31.12.<br>2012 | Index<br>2013/plan | Index<br>2013/2012 |
|---|----------------|--------------------|----------------|--------------------|--------------------|
| Balance sheet total*                        | 240,974        | 243,897            | 244,758        | 99                 | 98                 |
| Equity*                                     | 100,712        | 108,986            | 100,887        | 92                 | 100                |
| Net debt**                                  | 89,429         | 89,886             | 94,397         | 99                 | 95                 |
| Short-term assets/ Short-term liabilities * | 1.66           | 1.97               | 1.81           | 84                 | 91                 |
| Net Return on Equity (yearly level)***      | 1.00%          | 1.22%              | -6.89%         | 82                 | -                  |

\* 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 (Earnings Before Interest, Taxes, Depreciation and Amortisation)

→ The underachievement of the planned Operating Profit was primarily due to a lower sales turnover in spite of having realised the target margin levels and streamlined indirect cost of services. Additional factors affecting the non-achievement of the planned operating result were: higher labour costs (the calculated termination benefits and expenses for unused annual leave), and allowances for receivables.

### Financing Profit or Loss

→ The Financing profit or loss for the reporting period is negative. Interest expenses had the most relevant impact thereon. Compared with the result achieved a year ago, the setback was mainly attributable to the adjustments /allowances for long-term financial investments.

### Net profit / loss

→ The net profit or loss is decreased by the corporate income tax and increased by deferred tax assets (mostly arising from the tax losses, due to changed taxation laws).

### Structure of Statement of Financial Position

→ The current ratio has slightly decreased in the reporting year in comparison with the levels of the preceding terms, and so has the share of capital in the sources of finance.



## ACCOUNTING REPORT

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

The same accounting guidelines were applied in the consolidated financial statements as in those of the Parent Company, as indicated in the Financial Report for the financial year 2012, except for the provisions for termination benefits on retirement and years-of-service rewards, where we recognised the actuarial profits /losses in the Retained Net Profit/ Loss based on the amended international accounting standard IAS 19 (unlike in the preceding year, when they were stated directly in the Profit or Loss Statement). We estimate the respective change to have no relevant impact on financial statements.

In the given term, the subsidiary Intereuropa Transport d.o.o. was in liquidation proceedings; for the subsidiary Intereuropa Transport & Spedition GmbH, Troisdorf, the closing liquidation balance sheet was confirmed and the remaining capital appropriated in the comparable term, and the company was finally deleted from the Register of Companies in June 2013. Capital increase was undertaken in the Ukrainian subsidiary TOV Intereuropa – Ukraine, Kiev; on the other hand, the registered capital was decreased in the subsidiary Intereuropa Sajam d.o.o., Zagreb.

The financial year 2012 ended with the sale of the Russian subsidiary, inclusive of the land, loans and interest receivables of the Parent Company due from the disposed subsidiary; therefore, the information on the reporting period does not comprise these data.

### STATEMENT OF THE MEMBERS OF THE MANAGEMENT

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

INTEREUROPA d.d.  
The Management Board

## 1. FINANCIAL REPORT FOR INTEREUROPA GROUP

### 1.1. Underlying financial statements of the Intereuropa Group

#### CONSOLIDATED INCOME STATEMENT FOR INTEREUROPA GROUP from 1.1.2013 to 31.12.2013

| in 1000 €   | 2013           | 2012           |
|---|----------------|----------------|
| <b>Sales revenues</b>   | <b>161,061</b> | <b>188,409</b> |
| Other operating revenues  | 3,748          | 4,556          |
| Costs of material and services                                  | -117,768       | -128,978       |
| Labour costs  | -28,372        | -34,725        |
| Write-downs in value  | -11,270        | -21,669        |
| Other operating expenses  | -2,098         | -14,819        |
| <b>Operating profit/loss</b>                                    | <b>5,301</b>   | <b>-7,226</b>  |
| Financial income  | 817            | 1,037          |
| Financial expenses  | -5,608         | -14,083        |
| <b>Profit/loss from financial operations</b>                    | <b>-4,791</b>  | <b>-13,046</b> |
| Result recognized according to equity method                    | 34             | 34             |
| <b>Profit/loss from regular operations</b>                      | <b>544</b>     | <b>-20,238</b> |
| Corporate income tax (with deferred tax)                        | 1,608          | 6,808          |
| <b>Net profit /loss for the period</b>                          | <b>2,152</b>   | <b>-13,430</b> |
| Net profit or loss / non-controlling interest                   | 352            | 368            |
| Net profit or loss / controlling interest                       | 1,800          | -13,798        |
| <b>Basic and diluted net earnings per ordinary share (in €)</b> | <b>0.10</b>    | <b>-1.60</b>   |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR INTEREUROPA GROUP**  
**from 1.1.2013 to 31.12.2013**

| in 1000 €  | 2013          | 2012           |
|--|---------------|----------------|
| <b>Net profit or loss</b>  | <b>2,152</b>  | <b>-13,430</b> |
| <b>Other Comprehensive Income</b>  | <b>-2,887</b> | <b>8,108</b>   |
| Change in fair value of land   | -1,376        | 0              |
| Transfer of land revaluation surplus to retained earnings<br>(from sale of land)   | -54           | 0              |
| Deferred tax in revaluation surplus of land  | -986          | 3,186          |
| Change in fair value of financial assets available for sale  | 18            | 112            |
| Transfer of revaluation surplus of financial assets for sale to<br>revenues  | 12            | 0              |
| Deferred tax in revaluation surplus of financial assets for sale   | -4            | -29            |
| Retained earnings from land revaluation (at sale of land)  | 54            | 0              |
| Current tax from retained earnings   | -4            | 0              |
| Actuarial net profit/loss from termination benefits upon<br>retirement and pay years-of-service rewards in retained<br>profit/loss | 71            | 0              |
| Other changes in retained earnings   | 0             | -4             |
| Exchange rate translation differences  | -618          | 4,843          |
| <b>Comprehensive income total</b>  | <b>-735</b>   | <b>-5,322</b>  |
| Comprehensive income total - non-controlling part  | 343           | 201            |
| Comprehensive income total - controlling part  | -1,078        | -5,523         |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR INTEREUROPA GROUP**  
as at 31.12.2013

| in 1000 €   | 31.12.2013     | 31.12.2012     |
|---|----------------|----------------|
| <b>ASSETS</b>   |                |                |
| Tangible fixed assets   | 226,852        | 234,727        |
| Investment property   | 6,345          | 6,585          |
| Intangible assets   | 7,124          | 7,513          |
| Other non-current operating assets                            | 175            | 317            |
| Deferred tax assets   | 16,843         | 14,775         |
| Long-term loans given and deposits                            | 83             | 54             |
| Investment in a jointly controlled company                    | 135            | 135            |
| Other financial investments                                   | 1,813          | 3,106          |
| <b>TOTAL NON-CURRENT ASSETS</b>                               | <b>259,370</b> | <b>267,212</b> |
| Available-for-sale assets                                     | 0              | 0              |
| Inventories   | 241            | 143            |
| Short-term loans given, deposits and certificates of deposits | 13,132         | 10,779         |
| Short-term operating receivables                              | 32,872         | 35,630         |
| Short-term income tax receivables                             | 678            | 815            |
| Cash and cash equivalents                                     | 7,126          | 8,390          |
| <b>TOTAL CURRENT ASSETS</b>                                   | <b>54,049</b>  | <b>55,757</b>  |
| <b>TOTAL ASSETS</b>   | <b>313,419</b> | <b>322,969</b> |
| <b>EQUITY</b>   |                |                |
| <b>Equity - controlling interest</b>                          | <b>144,282</b> | <b>145,361</b> |
| Share capital   | 27,489         | 27,489         |
| Equity reserves   | 18,455         | 18,455         |
| Revenue reserves  | 3,840          | 2,804          |
| Revaluation surplus   | 68,777         | 71,176         |
| Translation exchange differences                              | -6,937         | -6,339         |
| Transferred net profit/loss                                   | 31,865         | 38,955         |
| Net profit/loss   | 793            | -7,179         |
| <b>Equity - non-controlling interest</b>                      | <b>9,481</b>   | <b>9,532</b>   |
| <b>TOTAL EQUITY</b>   | <b>153,763</b> | <b>154,893</b> |
| <b>LIABILITIES</b>  |                |                |
| Provisions and long-term deferred revenue                     | 5,647          | 7,034          |
| Long-term borrowings and financial leases                     | 105,611        | 111,663        |
| Other long-term financial liabilities                         | 0              | 0              |
| Long-term operating liabilities                               | 668            | 434            |
| Deferred tax liabilities                                      | 14,191         | 13,216         |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                          | <b>126,117</b> | <b>132,347</b> |
| Short-term borrowings and financial leases                    | 6,192          | 5,975          |
| Other short-term financial liabilities                        | 460            | 1,706          |
| Short-term operating liabilities                              | 26,650         | 27,904         |
| Short-term income tax liabilities                             | 237            | 144            |
| <b>TOTAL CURRENT LIABILITIES</b>                              | <b>33,539</b>  | <b>35,729</b>  |
| <b>TOTAL LIABILITIES</b>                                      | <b>159,656</b> | <b>168,076</b> |
| <b>TOTAL CAPITAL AND LIABILITIES</b>                          | <b>313,419</b> | <b>322,969</b> |

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR INTEREUROPA GROUP**  
**from 1.1.2013 to 31.12.2013**

| in 1000 €   | 2013          | 2012           |
|---|---------------|----------------|
| <b>Cash flows from operating activities</b>   |               |                |
| <b>Net profit/loss for the period</b>   | <b>2,152</b>  | <b>-13,430</b> |
| <b>Adjustments for:</b>   |               |                |
| - Depreciation  | 7,245         | 9,165          |
| - Impairment and writedowns of tangible fixed assets and intangible assets                      | 1,098         | 881            |
| - Revaluation operating revenues from disposal of tangible fixed assets and investment property | -591          | -1,328         |
| - Revaluation operating expenses from disposal of tangible fixed assets and investment property | 111           | 9,873          |
| - Impairment of receivables   | 2,815         | 1,750          |
| - Non-monetary expenses   | 397           | 11,295         |
| - Non-monetary revenues   | -626          | -962           |
| - Financial revenues  | -817          | -1,037         |
| - Recognized result of jointly controlled company according to equity method                    | -34           | -34            |
| - Financial expenses  | 5,608         | 14,083         |
| - Income tax (incl. deferred tax)   | -1,608        | -6,808         |
| <b>Operating profit before changes in net working capital and taxes</b>                         | <b>15,751</b> | <b>23,448</b>  |
| <b>Changes in net working capital and provisions</b>  |               |                |
| Changes in receivables  | -169          | 6,586          |
| Changes in inventories  | -98           | 98             |
| Changes in operating liabilities  | -1,578        | -8,812         |
| Changes in provisions and long-term deferred revenue  | -1,183        | -525           |
| Corporate income tax payed  | -220          | -1,513         |
| <b>Cash from operating activities</b>   | <b>12,503</b> | <b>19,282</b>  |
| <b>Cash flows from investing activities</b>   |               |                |
| Disposal of subsidiary after deduction of cash received   | 0             | 43,177         |
| Interest income   | 888           | 1,086          |
| Dividens and shares in profit received  | 38            | 1              |
| Inflows from disposal of tangible fixed assets  | 967           | 5,324          |
| Inflows from long-term deposits given   | 14            | 28             |
| Outflows for acquisition of tangible fixed assets   | -1,625        | -1,945         |
| Outflows for acquisitions of intangible assets  | -179          | -119           |
| Outflows for long-term deposits given   | -50           | -11            |
| Outflows from increase of short-term loans given  | -48           | -77            |
| Outflows from increase of short-term deposits and certificates of deposits given                | -2,299        | -2,180         |
| Outflows from settlement of derivative financial instruments                                    | 0             | -1,342         |
| <b>Cash from investing activities</b>   | <b>-2,294</b> | <b>43,942</b>  |

|   |                |                |
|---|----------------|----------------|
| <b>Cash flows from financing activities</b>                         |                |                |
| Inflows from long-term borrowings received and financial leasing    | 698            | 547            |
| Paid interest   | -4,023         | -8,882         |
| Outflows from repayment of long-term borrowings                     | -5,299         | -49,243        |
| Outflows from decrease of short-term borrowings                     | -1,203         | -12,217        |
| Outflows from decrease of other short-term financial liabilities    | -1,267         | -2,317         |
| Paid dividend and payment from share capital decrease of subsidiary | -373           | -353           |
| <b>Cash from financing activities</b>                               | <b>-11,467</b> | <b>-72,465</b> |
| <b>Cash and cash equivalents at beginning of period</b>             | <b>8,390</b>   | <b>17,651</b>  |
| Exchange rate differences from cash                                 | -6             | -20            |
| <b>Net increase/decrease in cash</b>                                | <b>-1,264</b>  | <b>-9,261</b>  |
| <b>Cash and cash equivalents at end of period</b>                   | <b>7,126</b>   | <b>8,390</b>   |

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR INTEREUROPA GROUP**  
from 1.1.2013 to 31.12.2013

| in 1000 €  | Share capital | Equity reserves | REVENUE RESERVES |                              |                              |                    | Revaluation surplus | Translation exchange differences | RETAINED EARNINGS             |                              | Equity - controlling interest | Equity - non-controlling interest | Total equity   |
|--|---------------|-----------------|------------------|------------------------------|------------------------------|--------------------|---------------------|----------------------------------|-------------------------------|------------------------------|-------------------------------|-----------------------------------|----------------|
|  |               |                 | Legal reserves   | Reserves for treasury shares | Treasury shares (deductible) | Statutory reserves |                     |                                  | Transferred net profit/losses | Net profit/loss for the year |                               |                                   |                |
| <b>Opening balance as at 1.1.2013</b>  | <b>27,489</b> | <b>18,455</b>   | <b>2,601</b>     | <b>180</b>                   | <b>-180</b>                  | <b>203</b>         | <b>71,176</b>       | <b>-6,339</b>                    | <b>38,955</b>                 | <b>-7,179</b>                | <b>145,361</b>                | <b>9,532</b>                      | <b>154,893</b> |
| <b>Total comprehensive income</b>  | <b>0</b>      | <b>0</b>        | <b>0</b>         | <b>0</b>                     | <b>0</b>                     | <b>0</b>           | <b>-2,399</b>       | <b>-598</b>                      | <b>119</b>                    | <b>1,800</b>                 | <b>-1,078</b>                 | <b>343</b>                        | <b>-735</b>    |
| Net profit/loss  | 0             | 0               | 0                | 0                            | 0                            | 0                  | 0                   | 0                                | 0                             | 1,800                        | 1,800                         | 352                               | 2,152          |
| Other comprehensive income   | 0             | 0               | 0                | 0                            | 0                            | 0                  | -2,399              | -598                             | 119                           | 0                            | -2,878                        | -9                                | -2,887         |
| <b>Transactions with owners</b>  |               |                 |                  |                              |                              |                    |                     |                                  |                               |                              |                               |                                   |                |
| Transfer of net profit/loss for the previous year to transferred retained earnings | 0             | 0               | 0                | 0                            | 0                            | 0                  | 0                   | 0                                | -7,179                        | 7,179                        | 0                             | 0                                 | 0              |
| Payment of dividends or profit participations                                      | 0             | 0               | 0                | 0                            | 0                            | 0                  | 0                   | 0                                | 0                             | 0                            | 0                             | -305                              | -305           |
| Payment from share capital decrease in subsidiary                                  |               | 0               | 0                | 0                            | 0                            | 0                  | 0                   | 0                                | 0                             | 0                            | 0                             | -89                               | -89            |
| Transfer of retained earnings to reserves  | 0             | 0               | 1,028            | 0                            | 0                            | 9                  | 0                   | 0                                | -37                           | -1,000                       | 0                             |                                   | 0              |
| Transfer between Reserves items  | 0             | 0               | 53               | 0                            | 0                            | -53                | 0                   | 0                                | 0                             | 0                            | 0                             |                                   | 0              |
| Coverage of loss from previous years   |               | 0               | 0                | 0                            | 0                            | 0                  | 0                   | 0                                | 7                             | -7                           | 0                             | 0                                 | 0              |
| <b>Closing balance as at 31.12.2013</b>  | <b>27,489</b> | <b>18,455</b>   | <b>3,682</b>     | <b>180</b>                   | <b>-180</b>                  | <b>158</b>         | <b>68,777</b>       | <b>-6,937</b>                    | <b>31,865</b>                 | <b>793</b>                   | <b>144,282</b>                | <b>9,481</b>                      | <b>153,763</b> |



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

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

## 1.1. Notes to Financial Statements of the Intereuropa Group

### a) Notes to the CONSOLIDATED INCOME STATEMENT

**Sales revenues** amounting to € 161,061 thousand represent the revenues from services supplied.

The Company also realized **other operating revenues**, amounting to € 3,748 thousand, mainly consisting of the proceeds from damages received from the settlement of customs duty on account of an incomplete transit procedure under the Decision by the Customs Administration of the Republic of Slovenia (amounting to € 1,076 thousand), for which the provisions made in the preceding year were used. The Group estimates the collection of respective compensation for damages will be aggravated, therefore the operating receivable was impaired in full and recognised in write-offs. The remaining portion of other operating revenues relates to the revenue from elimination of allowances for and write-offs of receivables (€ 990 thousand), revaluation operating revenues from disposal of items of plant, property and equipment (€ 591 thousand), revenues from state grants awarded for co-financing of projects and funds obtained from employing disabled persons above the quota (€ 335 thousand), revenues from elimination of provisions (€ 141 thousand), revenues from write-offs of debts (€109 thousand), and other revenues ( € 506 thousand).

#### Costs of material and services

Table 16: Costs of material and services of the Intereuropa group in the period January – December 2013

| in 1000 €                   | 2013           | 2012           |
|-----------------------------|----------------|----------------|
| Cost of material            | 4,242          | 5,389          |
| Cost of services            | 113,526        | 123,589        |
| Direct costs                | 101,990        | 106,902        |
| Telephone costs             | 541            | 741            |
| Maintenance costs           | 2,487          | 3,416          |
| Insurance premiums          | 811            | 1,149          |
| Traning and education costs | 54             | 64             |
| Professional services costs | 511            | 731            |
| Other costs of services     | 7,131          | 10,586         |
| <b>Total</b>                | <b>117,768</b> | <b>128,978</b> |

#### Labour costs

Table 17: Labour cost of the Intereuropa group in the period January – December 2013

| v 1000 €                    | 2013          | 2012          |
|-----------------------------|---------------|---------------|
| Wages and salaries          | 20,139        | 24,657        |
| Pension insurance costs     | 2,527         | 2,876         |
| Other social security costs | 2,073         | 2,303         |
| Other labour costs:         | 3,632         | 4,889         |
| holiday allowance           | 606           | 918           |
| transport and meals         | 2,233         | 2,523         |
| other labour costs          | 793           | 1,447         |
| <b>Total</b>                | <b>28,372</b> | <b>34,725</b> |

## Write-offs

Table 18: Write-offs of the Intereuropa group in the period January – December 2013

| in 1000 €   | 2013          | 2012          |
|---|---------------|---------------|
| Amortisation of intangible assets   | 591           | 688           |
| Depreciation of property, plant and equipment and investment properties         | 6,654         | 8,476         |
| Revaluatory operating expenses of intangible and tangible fixed assets          | 1,209         | 10,754        |
| Expenses from revaluation adjustments (impairments) and written-off receivables | 2,815         | 1,750         |
| <b>Total</b>  | <b>11,270</b> | <b>21,669</b> |

**Other operating expenses** amounted to € 2,098 thousand, mainly relating to land-use fees and similar expenses (€ 1,199 thousand).

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

Table 19: The effect of financial revenues and expenses on the profit or loss of the Intereuropa group in the period January – December 2013

| in 1000 €   | 2013          | 2012           |
|---|---------------|----------------|
| Interest income   | 800           | 1,035          |
| Dividend income and participation in profit of others                     | 4             | 1              |
| Profit from disposal of financial investments                             | 0             | 1              |
| Revenue from elimination of impairments of financial investments          | 13            | 0              |
| <b>Total financial income</b>   | <b>817</b>    | <b>1,037</b>   |
| Interest expenses   | -4,155        | -7,711         |
| Expenses at disposal of financial investments                             | -12           | 0              |
| Financial expenses from impairments and written-off financial investments | -1,324        | -561           |
| Expenses from derivative financial instruments                            | 0             | -699           |
| Net exchange rate differences   | -117          | -5,112         |
| <b>Total financial expenses</b>   | <b>-5,608</b> | <b>-14,083</b> |
| <b>Profit/loss from financing activities</b>                              | <b>-4,791</b> | <b>-13,046</b> |

The less negative Financing Result is primarily attributable to lower items of the Foreign Exchange Differences and Interest Expenses.

The Group achieved the **Operating Profit or Loss from ordinary activities** in the amount of € 544 thousand, which is being decreased by the tax assessed at € 389 thousand and by the non-deductible tax withheld € 60 thousand, and increased by the revenues from deferred tax assets €2,059 thousand primarily arising from the recalculation of deferred tax assets of the Parent Company from the 15-percent tax rate to 17 percent (the total effect of tax comes to € 1,608 thousand and increases the operating result).

The **Net Profit** achieved in the reporting term amounted to € 2,152 thousand, thereof the amount of €1,800 thousand for the **controlling part**, and € 352 thousand for the **controlled part**.

## b) Notes to the CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### Tangible fixed assets

Table 20: Tangible fixed assets of the Intereuropa group as at 31.12.2013

| in 1000 €                                | 31.12.2013     | 31.12.2012     |
|--|----------------|----------------|
| Land and buildings                       | 221,759        | 228,768        |
| a) Land                                  | 115,017        | 117,863        |
| b) Buildings                             | 106,742        | 110,905        |
| Other property, plant and equipment      | 4,825          | 5,501          |
| Tangible fixed assets under construction | 268            | 459            |
| <b>Total</b>                             | <b>226,852</b> | <b>234,727</b> |

### Intangible assets

Table 21: Intangible assets of the Intereuropa group as at 31.12.2013

| v 1000 €                             | 31.12.2013   | 31.12.2012   |
|--------------------------------------|--------------|--------------|
| Long-term title rights               | 2,032        | 2,331        |
| Goodwill                             | 1,275        | 1,275        |
| Long-term deferred development costs | 3,817        | 3,906        |
| <b>Total</b>                         | <b>7,124</b> | <b>7,513</b> |

### Loans given, deposits and certificates of deposit

Table 22: Loans given, deposits and certificates of deposit of the Intereuropa group as 31.12.2013

| v 1000 €  | 31.12.2013    | 31.12.2012    |
|---|---------------|---------------|
| <b>Long-term loans given and deposits</b>                           | <b>83</b>     | <b>54</b>     |
| - loans given   | 22            | 28            |
| - deposits  | 61            | 26            |
| <b>Short-term loans given, deposits and certificates of deposit</b> | <b>13,132</b> | <b>10,779</b> |
| - loans given   | 161           | 114           |
| - deposits and certificates of deposit                              | 12,970        | 10,665        |
| <b>Total</b>  | <b>13,215</b> | <b>10,833</b> |

**Other financial investments** in the amount of € 3,117 thousand relate to the item "Financial assets available for sale".

## Short-term operating receivables

Table 23: Short-term operating receivables of the Intereuropa group as at 31.12.2013

| in 1000 €                                     | 31.12.2013    | 31.12.2012    |
|---|---------------|---------------|
| Short-term operating receivables from buyers  | 30,292        | 33,022        |
| Short-term operating receivables from others  | 2,581         | 2,608         |
| <b>Total short-term operating receivables</b> | <b>32,872</b> | <b>35,630</b> |

## Equity

On the Group level, the **Equity** amounts to at € 153,763 thousand and represents 49 percent of the liabilities to sources of funding.

## Provisions and long-term deferred revenue

Table 24: Provisions and long-term deferred revenue of the Intereuropa group as at 31.12.2013

| in 1000 €  | 31.12.2013   | 31.12.2012   |
|--|--------------|--------------|
| Provisions for terminal bonus payments on retirement | 1,134        | 1,192        |
| Provisions on litigations                            | 120          | 241          |
| Other provisions                                     | 4,160        | 5,480        |
| Long-term deferred income                            | 233          | 121          |
| <b>Total</b>   | <b>5,647</b> | <b>7,034</b> |

The **long-term loans received and financial leases** amounted to EUR 105,611 thousand. This item was increased in the reporting period by € 698 thousand on account of financial leases and decreased by € 4,756 thousand due to transfer to the short-term portion of loans and financial leases, by € 1,963 thousand due to repayments, and by € 31 thousand on account of foreign exchange differences.

The **short-term loans received and financial leases** amounted to **€ 6,192 thousand**. As of the reporting date, all the liabilities due by the Group under the loan agreements were settled.

## Other long-term and short-term financial liabilities

Table 25: Other long-term and short-term financial liabilities of the Intereuropa group as at 31.12.2013

| in 1000 €  | 31.12.2013 | 31.12.2012   |
|--|------------|--------------|
| Liabilities for dividends and other participations | 460        | 439          |
| Other short-term financial liabilities             | 0          | 1,266        |
| <b>Total</b>                                       | <b>460</b> | <b>1,706</b> |

**Other short-term financial liabilities** arise from the early termination of the derivative financial instrument of cross-currency swap with currency option in the year 2012. At the time of termination of the derivative, the unsettled liabilities were recognized as Other Short-Term Financial Liabilities, and have been fully settled as of the Balance Sheet Date.

## Short-term operating liabilities

Table 26: Short-term operating liabilities of the Intereuropa group as at 31.12.2013

| in 1000 €                                      | 31.12.2013    | 31.12.2012    |
|--|---------------|---------------|
| Short-term operating liabilities to suppliers  | 20,962        | 21,336        |
| Short-term operating liabilities from advances | 1,991         | 1,458         |
| Other short-term operating liabilities         | 3,697         | 5,110         |
| <b>Total</b>                                   | <b>26,650</b> | <b>27,904</b> |

## Contingent liabilities

Table 27: Contingent liabilities of the Intereuropa group as at 31.12.2013

| in 1000 €   | 31.12.2013    | 31.12.2012    |
|---|---------------|---------------|
| Arising from bank guarantees and guarantees given | 12,505        | 11,172        |
| Arising from legal proceedings                    | 3,261         | 2,023         |
| From D.S.U., družba za svetovanje in upravljanje  | 250           | 250           |
| Other contingent liabilities                      | 311           | 206           |
| <b>Total</b>                                      | <b>16,327</b> | <b>13,651</b> |

## INFORMATION ACCORDING TO BUSINESS SEGMENTS FOR THE YEAR 2013

Table 28: Business segments of the Intereuropa Group in the year 2013

| in 1000 €   | Slovenia       |                | Croatia       |               | Bosnia & Herzegovina |               | Serbia        |               | Montenegro    |               |              |              |
|---|----------------|----------------|---------------|---------------|----------------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|
|   | Jan-Dec 2013   | Jan-Dec 2012   | Jan-Dec 2013  | Jan-Dec 2012  | Jan-Dec 2013         | Jan-Dec 2012  | Jan-Dec 2013  | Jan-Dec 2012  | Jan-Dec 2013  | Jan-Dec 2012  | Jan-Dec 2013 | Jan-Dec 2012 |
| Revenues from external customers                        | 88,969         | 105,509        | 26,974        | 30,897        | 5,708                | 5,990         | 3,391         | 3,539         | 4,946         | 5,434         |              |              |
| Revenues from business with other segments              | 2,906          | 4,248          | 357           | 583           | 420                  | 462           | 674           | 695           | 155           | 79            |              |              |
| <b>Total revenues</b>                                   | <b>91,875</b>  | <b>109,757</b> | <b>27,331</b> | <b>31,479</b> | <b>6,128</b>         | <b>6,452</b>  | <b>4,065</b>  | <b>4,234</b>  | <b>5,101</b>  | <b>5,514</b>  |              |              |
| Depreciation  | 4,149          | 4,595          | 1,728         | 1,929         | 369                  | 398           | 239           | 242           | 558           | 601           |              |              |
| <b>Operating profit or loss</b>                         | <b>2,700</b>   | <b>-8,881</b>  | <b>0</b>      | <b>2,568</b>  | <b>565</b>           | <b>125</b>    | <b>520</b>    | <b>520</b>    | <b>573</b>    | <b>1,059</b>  |              |              |
| Revenues from interest rates                            | 663            | 3,533          | 114           | 229           | 1                    | 2             | 13            | 21            | 129           | 116           |              |              |
| Expenses from interest rates                            | 3,709          | 7,136          | 184           | 335           | 40                   | 69            | 190           | 237           | 0             | 0             |              |              |
| <b>Net profit or loss from ordinary activities</b>      | <b>-835</b>    | <b>-15,683</b> | <b>-87</b>    | <b>2,451</b>  | <b>525</b>           | <b>59</b>     | <b>301</b>    | <b>52</b>     | <b>702</b>    | <b>1,175</b>  |              |              |
| Corporate income tax                                    | -1,949         | -8,699         | -7            | 522           | 55                   | 7             | 19            | -0            | 106           | 110           |              |              |
| <b>Assets</b>   | <b>243,047</b> | <b>246,860</b> | <b>63,041</b> | <b>68,700</b> | <b>16,715</b>        | <b>16,989</b> | <b>10,238</b> | <b>10,336</b> | <b>22,895</b> | <b>23,071</b> |              |              |
| Tangible fixed assets under construction                | 59             | 7              | 87            | 88            | 55                   | 72            | 23            | 7             | 40            | 281           |              |              |
| Long-term assets  | 203,922        | 206,043        | 55,497        | 59,562        | 15,659               | 16,013        | 9,242         | 9,492         | 18,628        | 18,900        |              |              |
| Operating liabilities                                   | 36,742         | 35,473         | 5,989         | 7,919         | 1,272                | 1,808         | 1,239         | 1,371         | 1,120         | 963           |              |              |
| Financial liabilities                                   | 105,921        | 110,871        | 4,647         | 6,498         | 343                  | 553           | 2,235         | 2,437         | 385           | 365           |              |              |
| Investment in jointly controlled entities               | 75             | 75             | 0             | 0             | 0                    | 0             | 0             | 0             | 0             | 0             |              |              |
| Revenues from investment in jointly controlled entities | 34             | 35             | 0             | 0             | 0                    | 0             | 0             | 0             | 0             | 0             |              |              |

| in 1000 €   | Ukraine       |               | Russia       |               | Others       |              | Total          |                | Adjustments*   |                | Group          |                |
|---|---------------|---------------|--------------|---------------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|----------------|
|   | Jan-Dec 2013  | Jan-Dec 2012  | Jan-Dec 2013 | Jan-Dec 2012  | Jan-Dec 2013 | Jan-Dec 2012 | Jan-Dec 2013   | Jan-Dec 2012   | Jan-Dec 2013   | Jan-Dec 2012   | Jan-Dec 2013   | Jan-Dec 2012   |
| Revenues from external customers                        | 25,258        | 19,593        | 0            | 13,513        | 5,827        | 3,930        | 161,074        | 188,405        | -13            | 4              | 161,061        | 188,409        |
| Revenues from business with other segments              | 1             | 57            | 0            | 1             | 613          | 647          | 5,126          | 6,773          | -5,126         | -6,773         | 0              | 0              |
| <b>Total revenues</b>                                   | <b>25,259</b> | <b>19,650</b> | <b>0</b>     | <b>13,514</b> | <b>6,440</b> | <b>4,577</b> | <b>166,200</b> | <b>195,177</b> | <b>-5,139</b>  | <b>-6,768</b>  | <b>161,061</b> | <b>188,409</b> |
| Depreciation  | 145           | 157           | 0            | 1,168         | 57           | 74           | 7,245          | 9,165          | 0              | -1             | 7,245          | 9,164          |
| <b>Operating profit or loss</b>                         | <b>801</b>    | <b>-275</b>   | <b>0</b>     | <b>2,928</b>  | <b>141</b>   | <b>117</b>   | <b>5,301</b>   | <b>-1,839</b>  | <b>0</b>       | <b>-5,387</b>  | <b>5,301</b>   | <b>-7,226</b>  |
| Revenues from interest rates                            | 13            | 4             | 0            | 45            | 5            | 2            | 938            | 3,953          | -137           | -2,918         | 801            | 1,035          |
| Expenses from interest rates                            | 168           | 187           | 0            | 2,664         | 1            | 0            | 4,292          | 10,628         | -137           | -2,918         | 4,155          | 7,711          |
| <b>Net profit or loss from ordinary activities</b>      | <b>597</b>    | <b>-511</b>   | <b>0</b>     | <b>2,339</b>  | <b>145</b>   | <b>121</b>   | <b>1,349</b>   | <b>-9,997</b>  | <b>-805</b>    | <b>-10,240</b> | <b>544</b>     | <b>-20,238</b> |
| Corporate income tax                                    | 157           | 134           | 0            | 1,109         | 11           | 6            | -1,608         | -6,813         | 0              | 5              | -1,608         | -6,808         |
| <b>Assets</b>   | <b>4,996</b>  | <b>5,534</b>  | <b>0</b>     | <b>0</b>      | <b>3,127</b> | <b>2,867</b> | <b>364,058</b> | <b>374,358</b> | <b>-50,638</b> | <b>-51,390</b> | <b>313,419</b> | <b>322,969</b> |
| Tangible fixed assets under construction                | 3             | 4             | 0            | 0             | 0            | 0            | 268            | 459            | 0              | 0              | 268            | 459            |
| Long-term assets  | 3,395         | 3,421         | 0            | 0             | 1,137        | 1,159        | 307,479        | 314,591        | -48,109        | -47,380        | 259,370        | 267,212        |
| Operating liabilities                                   | 1,386         | 2,024         | 0            | 0             | 938          | 772          | 48,686         | 50,330         | -1,293         | -1,598         | 47,393         | 48,732         |
| Financial liabilities                                   | 2,093         | 2,409         | 0            | 0             | 35           | 0            | 115,660        | 123,132        | -3,397         | -3,789         | 112,263        | 119,344        |
| Investment in jointly controlled entities               | 0             | 0             | 0            | 0             | 0            | 0            | 75             | 75             | 60             | 60             | 135            | 135            |
| Revenues from investment in jointly controlled entities | 0             | 0             | 0            | 0             | 0            | 0            | 34             | 35             | -1             | -1             | 34             | 34             |

\* 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 1.1.2013 to 31.12.2013**

| <b>in 1000 €</b>  | <b>2013</b>   | <b>2012</b>    |
|---|---------------|----------------|
| <b>Sales revenues</b>   | <b>90,994</b> | <b>108,222</b> |
| Other operating revenues  | 1,929         | 1,512          |
| Costs of material and services                                  | -65,507       | -77,075        |
| Labour costs  | -17,293       | -19,105        |
| Write-downs in value  | -6,001        | -15,441        |
| Other operating expenses  | -1,520        | -6,671         |
| <b>Operating profit/loss</b>                                    | <b>2,602</b>  | <b>-8,558</b>  |
| Financial income  | 1,561         | 6,154          |
| Financial expenses  | -5,136        | -12,933        |
| <b>Profit/loss from financial operations</b>                    | <b>-3,575</b> | <b>-6,779</b>  |
| <b>Profit/loss from regular operations</b>                      | <b>-973</b>   | <b>-15,337</b> |
| Corporate income tax (with deferred tax)                        | 1,973         | 8,718          |
| <b>Net profit /loss for the period</b>                          | <b>1,000</b>  | <b>-6,619</b>  |
| <b>Basic and diluted net earnings per ordinary share (in €)</b> | <b>0.05</b>   | <b>-0.77</b>   |



**STATEMENT OF COMPREHENSIVE INCOME FOR INTEREUROPA d.d.  
from 1.1.2013 to 31.12.2013**

| in 1000 €  | 2013          | 2012          |
|--|---------------|---------------|
| <b>Net profit or loss</b>  | <b>1,000</b>  | <b>-6,619</b> |
| <b>Other Comprehensive Income</b>  | <b>-1,175</b> | <b>3,275</b>  |
| Revaluation of land to fair value  |               |               |
| Transfer of land revaluation surplus to retained earnings from sale of land  | -7            | 0             |
| Deferred tax in revaluation surplus of land  | -1,273        | 3,186         |
| Revaluation of financial investments available for sale to fair value  | 18            | 118           |
| Transfer of revaluation surplus of financial assets for sale to revenues/expenses (at sale of financial assets)              | 12            | 0             |
| Deferred tax in revaluation surplus of financial assets for sale   | -3            | -29           |
| Retained earnings from land revaluation (at sale)  | 7             | 0             |
| Actuarial net profit/loss from termination benefits upon retirement and pay years-of-service rewards in retained profit/loss | 71            | 0             |
| <b>Comprehensive income total</b>  | <b>-175</b>   | <b>-3,344</b> |

**STATEMENT OF FINANCIAL POSITION FOR INTEREUROPA d.d.  
as at 31.12.2013**

| <b>in 1000 €</b>   | <b>31.12.2013</b> | <b>31.12.2012</b> |
|--|-------------------|-------------------|
| <b>ASSETS</b>  |                   |                   |
| Tangible fixed assets  | 125,862           | 128,804           |
| Investment property  | 5,307             | 5,516             |
| Intangible assets  | 5,735             | 6,092             |
| Other non-current operating assets   | 177               | 312               |
| Deferred tax assets  | 16,669            | 14,639            |
| Long-term financial investment excl. loans given and deposits                            | 49,223            | 50,650            |
| Long-term loans given and deposits   | 913               | 7                 |
| <b>TOTAL NON-CURRENT ASSETS</b>  | <b>203,886</b>    | <b>206,020</b>    |
| Inventories  | 29                | 33                |
| Short-term financial investment excl. loans given, deposits and certificates of deposits | 250               | 250               |
| Short-term loans given, deposits and certificates of deposits                            | 10,851            | 11,620            |
| Short-term operating receivables   | 22,375            | 23,209            |
| Short-term income tax receivables  | 177               | 177               |
| Cash and cash equivalents  | 3,406             | 3,449             |
| <b>TOTAL CURRENT ASSETS</b>  | <b>37,088</b>     | <b>38,738</b>     |
| <b>TOTAL ASSETS</b>  | <b>240,974</b>    | <b>244,758</b>    |
| <b>EQUITY</b>  |                   |                   |
| Share capital  | 27,489            | 27,489            |
| Equity reserves  | 18,455            | 18,455            |
| Revenue reserves   | 1,875             | 875               |
| Revaluation surplus  | 52,815            | 54,068            |
| Transferred net profit/loss  | 78                | 0                 |
| Net profit/loss  | 0                 | 0                 |
| <b>TOTAL EQUITY</b>  | <b>100,712</b>    | <b>100,887</b>    |
| <b>LIABILITIES</b>   |                   |                   |
| Provisions and long-term deferred revenue  | 5,192             | 6,251             |
| Long-term borrowings and financial leases  | 101,202           | 106,279           |
| Long-term operating liabilities  | 646               | 414               |
| Deferred tax liabilities   | 10,831            | 9,558             |
| <b>TOTAL NON-CURRENT LIABILITIES</b>   | <b>117,871</b>    | <b>122,502</b>    |
| Short-term borrowings and financial leases   | 3,323             | 1,853             |
| Other short-term financial liabilities   | 74                | 1,341             |
| Short term operating liabilities   | 18,994            | 18,175            |
| Short-term liabilities for income tax  | 0                 | 0                 |
| <b>TOTAL CURRENT LIABILITIES</b>   | <b>22,391</b>     | <b>21,369</b>     |
| <b>TOTAL LIABILITIES</b>   | <b>140,262</b>    | <b>143,871</b>    |
| <b>TOTAL CAPITAL AND LIABILITIES</b>   | <b>240,974</b>    | <b>244,758</b>    |

**STATEMENT OF CASH FLOWS FOR INTEREUROPA d.d.  
from 1.1.2013 to 31.12.2013**

| in 1000 €   | 2013         | 2012          |
|---|--------------|---------------|
| <b>Cash flows from operating activities</b>   |              |               |
| <b>Net profit/loss for the period</b>   | <b>1,000</b> | <b>-6,619</b> |
| <b>Adjustments for:</b>   |              |               |
| - Depreciation  | 4,143        | 4,587         |
| - Impairment and writedowns of tangible fixed assets and intangible assets                      | 5            | 109           |
| - Revaluation operating revenues from disposal of tangible fixed assets and investment property | -140         | -299          |
| - Revaluation operating expenses from disposal of tangible fixed assets                         | 9            | 9,821         |
| - Impairment of receivables   | 1,843        | 924           |
| - Other non-monetary expenses   | 341          | 5,315         |
| - Non-monetary revenues   | -162         | -868          |
| - Financial revenues  | -1,561       | -6,154        |
| - Financial expenses  | 5,136        | 12,933        |
| - Income tax (deferred tax incl.)   | -1,973       | -8,718        |
| <b>Operating profit before changes in net working capital and taxes</b>                         | <b>8,642</b> | <b>11,032</b> |
| <b>Changes in net working capital and provisions</b>  |              |               |
| Changes in receivables  | -1,024       | 4,773         |
| Changes in inventories  | 4            | 2             |
| Changes in operating liabilities  | 505          | -6,502        |
| Changes in provisions   | -904         | -208          |
| Corporate income tax payed  | -61          | -278          |
| <b>Cash from operating activities</b>   | <b>7,162</b> | <b>8,819</b>  |
| <b>Cash flows from investing activities</b>   |              |               |
| Interest income   | 640          | 3,723         |
| Dividend income and participations in profit  | 855          | 1,963         |
| Inflows from disposal of tangible fixed assets  | 320          | 1,313         |
| Inflows from long-term loans given  | 577          | 34,376        |
| Inflows from decrease of short-term loans given   | 0            | 13,765        |
| Inflows from decrease of short-term deposits and certificates of deposits                       | 0            | 0             |
| Outflows for acquisition of tangible fixed assets   | -408         | -779          |
| Outflows for acquisitions of intangible assets  | -136         | -109          |
| Outflows for long-term deposits given   | -50          | 0             |
| Outflows from increase of short-term loans given  | -59          | -2,204        |
| Outflows from increase of short-term deposits and certificates of deposits                      | -449         | 0             |
| Outflows for capital increase in subsidiaries   | -50          | 0             |
| Outflows from acquisition of other financial investment   | 0            | -256          |

|  |               |                |
|--|---------------|----------------|
| Outflows from settlement of derivative financial instruments     | 0             | -1,342         |
| <b>Cash from investing activities</b>                            | <b>1,240</b>  | <b>50,450</b>  |
| <b>Cash flows from financing activities</b>                      |               |                |
| Paid interest  | -3,571        | -8,209         |
| Outflows from repayment of long-term borrowings                  | -3,607        | -45,993        |
| Outflows from decrease of short-term borrowings                  | 0             | -8,672         |
| Outflows from decrease of other short-term financial liabilities | -1,267        | -2,317         |
| <b>Cash from financing activities</b>                            | <b>-8,445</b> | <b>-65,191</b> |
| <b>Cash and cash equivalents at beginning of period</b>          | <b>3,449</b>  | <b>9,371</b>   |
| <b>Net increase/decrease in cash from regular operations</b>     | <b>-43</b>    | <b>-5,922</b>  |
| <b>Cash and cash equivalents at end of period</b>                | <b>3,406</b>  | <b>3,449</b>   |

**STATEMENT OF CHANGES IN EQUITY FOR INTEREUROPA d.d.  
from 1.1.2013 to 31.12.2013**

| in 1000 €                               | Share capital | Equity reserves | REVENUE RESERVES |                              |                              | Revaluation surplus | RETAINED EARNINGS             |                              | Total equity   |
|---|---------------|-----------------|------------------|------------------------------|------------------------------|---------------------|-------------------------------|------------------------------|----------------|
|   |               |                 | Legal reserves   | Reserves for treasury shares | Treasury shares (deductible) |                     | Transferred net profit/losses | Net profit/loss for the year |                |
| <b>Opening balance as at 1.1.2013</b>   | <b>27,489</b> | <b>18,455</b>   | <b>875</b>       | <b>180</b>                   | <b>-180</b>                  | <b>54,068</b>       | <b>0</b>                      | <b>0</b>                     | <b>100,887</b> |
| <b>Total comprehensive income</b>       | <b>0</b>      | <b>0</b>        | <b>0</b>         |                              | <b>0</b>                     | <b>-1,253</b>       | <b>78</b>                     | <b>1,000</b>                 | <b>-175</b>    |
| Net profit/loss                         | 0             | 0               | 0                | 0                            | 0                            | 0                   | 0                             | 1,000                        | 1,000          |
| Other comprehensive income              | 0             | 0               | 0                | 0                            | 0                            | -1,253              | 78                            | 0                            | -1,175         |
| <b>Transactions with owners</b>         |               |                 |                  |                              |                              |                     |                               |                              |                |
| Transfer of net profit/loss to reserves | 0             | 0               | 1,000            | 0                            | 0                            |                     |                               | -1,000                       | 0              |
| <b>Closing balance as at 31.12.2013</b> | <b>27,489</b> | <b>18,455</b>   | <b>1,875</b>     | <b>180</b>                   | <b>-180</b>                  | <b>52,815</b>       | <b>78</b>                     | <b>0</b>                     | <b>100,712</b> |

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

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

## 2.1. Notes to Financial Statements of the Parent Company Intereuropa d.d.

### a) Notes to the INCOME STATEMENT

**Sales revenues** amounting to € 90,994 thousand represent the revenues arising from the services supplied.

**Other Operating Revenues** mainly stand for the proceeds from damages received from the payment/ settlement of customs duty on account of an incomplete transit procedure under the Decision by the Customs Administration of the Republic of Slovenia (amounting to € 1,076 thousand), for which the provisions made in the preceding year were used. The Company estimates the collection of respective compensation for damages will be aggravated, therefore the receivable was impaired in full and recognised in write-offs. The remaining portion of other operating revenues stands for the revenue from state grants awarded for co-financing of projects and funds obtained from employing disabled persons above the quota (€ 325 thousand), revenues from elimination of allowances for and write-offs of receivables (€ 207 thousand), as well as other revenues (€ 111 thousand).

### Costs of material and services

Table 29: Costs of material and services of the Intereuropa d.d. in the period January – December 2013

| in 1000 €                          | 2013          | 2012          |
|------------------------------------|---------------|---------------|
| Cost of material                   | 1,722         | 1,883         |
| Cost of services within the Group  | 1,899         | 2,306         |
| Cost of services (excl. the Group) | 61,886        | 72,886        |
| Direct costs                       | 56,382        | 65,627        |
| Telephone costs                    | 180           | 213           |
| Maintenance costs                  | 1,605         | 1,776         |
| Insurance premiums                 | 447           | 588           |
| Traning and education costs        | 35            | 44            |
| Professional services costs        | 297           | 488           |
| Other costs of services            | 2,940         | 4,150         |
| <b>Total</b>                       | <b>65,507</b> | <b>77,075</b> |

### Labour costs

Table 30: Labour cost of the company Intereuropa d.d. in the period January – December 2013

| in 1000 €                   | 2013          | 2012          |
|-----------------------------|---------------|---------------|
| Wages and salaries          | 12,326        | 13,197        |
| Pension insurance costs     | 1,376         | 1,456         |
| Other social security costs | 910           | 964           |
| Other labour costs:         | 2,681         | 3,488         |
| holiday allowance           | 536           | 765           |
| transport and meals         | 1,723         | 1,939         |
| other labour costs          | 421           | 784           |
| <b>Total</b>                | <b>17,293</b> | <b>19,105</b> |

## Write-offs

Table 31: Write-offs of the company Intereuropa d.d. in the period January – December 2013

| in 1000 €   | 2013         | 2012          |
|---|--------------|---------------|
| Amortisation of intangible assets   | 518          | 577           |
| Depreciation of property, plant and equipment and investment properties         | 3,625        | 4,010         |
| Revaluatory operating expenses of intangible and tangible fixed assets          | 15           | 9,931         |
| Expenses from revaluation adjustments (impairments) and written-off receivables | 1,843        | 924           |
| <b>Total</b>  | <b>6,001</b> | <b>15,441</b> |

## Other operating expenses

Table 32: Other operating expenses of the company Intereuropa d.d. in the period January – December 2013

| in 1000 €                          | 2013         | 2012         |
|------------------------------------|--------------|--------------|
| City land tax and similar expenses | 1,050        | 1,063        |
| Other operating expenses           | 496          | 5,608        |
| <b>Total</b>                       | <b>1,546</b> | <b>6,671</b> |

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

Table 33: Other operating expenses of the company Intereuropa d.d. in the period January – December 2013

| in 1000 €  | 2013          | 2012           |
|--|---------------|----------------|
| Interest income from group members   | 136           | 2,918          |
| Interest income from others  | 490           | 572            |
| Income from intra-group participations   | 817           | 1,926          |
| Income from stakes in jointly controlled company                                     | 34            | 35             |
| Income from stakes to others   | 4             | 1              |
| Income from removal of loan impairment within the Group                              | 76            | 702            |
| Net exchange rate differences  | 3             | 0              |
| <b>Total financial income</b>  | <b>1,561</b>  | <b>6,154</b>   |
| Interest expenses and other borrowing expenses                                       | -3,708        | -7,070         |
| Expenses from disposal of financial investments                                      | -12           | -2,256         |
| Expenses from impairments and written-off financial investments in stakes and shares | -92           | -2,339         |
| Expenses from impairments of loans given within the Group                            | 0             | 0              |
| Expenses from impairments and written-off other financial investments                | -1,324        | -561           |
| Expenses from derivative financial instruments                                       | 0             | -699           |
| Net exchange rate differences  | 0             | -8             |
| <b>Total financial expenses</b>  | <b>-5,136</b> | <b>-12,933</b> |
| <b>Profit/loss from financing activities</b>   | <b>-3,575</b> | <b>-6,779</b>  |



**Financial revenues**, as well as **Financial expenses** were lower than in the comparable term last year, the Financing profit or loss came to € -3,575 thousand.

The achieved **Profit or loss from ordinary activities** of € -973 thousand resulted from the Operating Profit/Loss from ordinary activities (€ 2,602 thousand) and the Financing Profit/Loss (-3,575 thousand €).

The **Corporate Income Tax** stands for the expenses from the non-deductible withholding tax in the amount of -€ 60 thousand and the revenues from deferred tax at € 2,033 thousand. The assessment of the corporate income tax was based on the 17-percent tax rate (Official Gazette of the Republic of Slovenia (RS), no. 81/13).

## b) Notes to the STATEMENT OF FINANCIAL POSITION

### Tangible fixed assets

Table 34: Tangible fixed assets of the company Intereuropa d.d. as at 31.12.2013

| in 1000 €                                | 31.12.2013     | 31.12.2012     |
|--|----------------|----------------|
| Land and buildings                       | 123,810        | 126,284        |
| a) Land                                  | 75,385         | 75,397         |
| b) Buildings                             | 48,425         | 50,887         |
| Other property, plant and equipment      | 1,993          | 2,513          |
| Tangible fixed assets under construction | 59             | 7              |
| <b>Total</b>                             | <b>125,862</b> | <b>128,804</b> |

The lower value of the item Property, Plant and Equipment was primarily attributable to the depreciation costs.

### Intangible assets

Table 35: Intangible assets of the company Intereuropa d.d. as at 31.12.2013

| in 1000 €                            | 31.12.2013   | 31.12.2012   |
|--------------------------------------|--------------|--------------|
| Long-term title rights               | 1,918        | 2,186        |
| Long-term deferred development costs | 3,817        | 3,906        |
| <b>Total</b>                         | <b>5,735</b> | <b>6,092</b> |

### Long-term financial investments excl. loans given and deposits

Tabela 36: Long-term financial investments excl. loans given and deposits of the company Intereuropa d.d. as at 31.12.2013

| v 1000 €   | 31.12.2013    | 31.12.2012    |
|--|---------------|---------------|
| Investments in shares and stakes of subsidiaries   | 47,347        | 47,481        |
| Investments in stake of jointly controlled company | 75            | 75            |
| Investments in other shares and stakes             | 1,801         | 3,093         |
| <b>Total</b>                                       | <b>49,223</b> | <b>50,650</b> |

## Loans, deposits and certificates of deposits given

Table 37: Loans, deposits and certificates of deposits given of the company Intereuropa d.d. as at 31.12.2013

| in 1000 €   | 31.12.2013    | 31.12.2012    |
|---|---------------|---------------|
| <b>Long-term loans given</b>  | <b>913</b>    | <b>7</b>      |
| - to subsidiaries   | 863           | 0             |
| - to others   | 0             | 1             |
| - deposits  | 50            | 6             |
| <b>Short-term loans given, deposits and certificates of deposit</b> | <b>10,851</b> | <b>11,620</b> |
| - to subsidiaries   | 1,185         | 2,397         |
| - to others   | 0             | 13            |
| - deposits and certificates of deposit                              | 9,666         | 9,210         |
| <b>Total</b>  | <b>11,764</b> | <b>11,627</b> |

## Short-term operating receivables

Table 38: Short-term operating receivables of the company Intereuropa d.d. as at 31.12.2013

| v 1000 €   | 31.12.2013    | 31.12.2012    |
|--|---------------|---------------|
| Short-term operating receivables within the Group              | 609           | 827           |
| Short-term interest receivables from Group companies           | 151           | 139           |
| Other short-term operating receivables from Group companies    | 0             | 0             |
| Short-term operating receivables from buyers (excl. the Group) | 20,983        | 21,762        |
| Short-term operating receivables from others                   | 607           | 435           |
| Other short-term assets  | 25            | 46            |
| <b>Total</b>   | <b>22,375</b> | <b>23,209</b> |

## Equity

Equity expresses equity financing of the Company and is regarded as its liability to shareholders. Compared with the reporting date a year ago, the share of equity in the liabilities structure rose by one percentage point and amounts to 42 percent.

The Company's share capital amounts to € 27,488,803 and is divided into 16,830,836 ordinary freely transferable no-par value shares and 10,657,965 preference shares. Preference shares entitle their holders to participation priority in the profit, in the amount of 0.01 EUR per share. The preferential amount is paid out in addition to participation in the profit pertaining to the holders of ordinary shares, in accordance with the Resolution on appropriation of accumulated profit.

**Provisions and long-term Deferred Revenues** amount to € 5,192 thousand. The prevailing part (€ 4,160 thousand) comprises the provisions made to cover the liabilities from past operations.

The **long-term loans received and financial leases** amounted to € 101,202 thousand. In the reporting term, this item decreased as a result of transfer to short-term liabilities € 3,323 thousand, and of the repayments amounting to € 1,754 thousand.

**The short-term loans received and financial leases** amounted to € 3,323 thousand and represent the short-term portion of long-term loans.

### Other short-term financial liabilities

Table 39: Other short-term financial liabilities of the company Intereuropa d.d. as at 31.12.2013

| in 1000 €                              | 31.12.2013 | 31.12.2012   |
|--|------------|--------------|
| Liabilities for dividends              | 74         | 74           |
| Other short-term financial liabilities | 0          | 1,266        |
| <b>Total</b>                           | <b>74</b>  | <b>1,341</b> |

**Other short-term financial liabilities arise from the early termination** of the derivative financial instrument of cross-currency swap with currency option in the year 2012. At the time of termination of the derivative, the unsettled liabilities were recognized as Other Short-Term Financial Liabilities, and have been fully settled as of the Balance Sheet Date.

### Short-term operating liabilities

Table 40: Short-term operating liabilities of the company Intereuropa d.d. as at 31.12.2013

| in 1000 €  | 31.12.2013    | 31.12.2012    |
|--|---------------|---------------|
| Short-term operating liabilities to companies within the Group | 265           | 252           |
| Short-term operating liabilities to suppliers                  | 15,520        | 14,587        |
| Short-term operating liabilities from advances                 | 977           | 19            |
| Other short-term operating liabilities                         | 2,231         | 3,317         |
| <b>Total short-term operating liabilities</b>                  | <b>18,994</b> | <b>18,175</b> |

### Contingent liabilities

Table 41: Contingent liabilities of the company Intereuropa d.d. as at 31.12.2013

| in 1000 €  | 31.12.2013    | 31.12.2012    |
|--|---------------|---------------|
| From bank guarantees and guarantees given to Group members | 7,371         | 8,612         |
| From bank guarantees and guarantees given to others        | 7,416         | 6,088         |
| Arising from legal proceedings                             | 2,793         | 1,739         |
| From D.S.U., družba za svetovanje in upravljanje           | 250           | 250           |
| <b>Total</b>   | <b>17,830</b> | <b>16,689</b> |

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

**IN BRIEF ...**

The reporting year was the first year after successfully concluded financial restructuring for Intereuropa. The environment in which we operated was not encouraging: we faced almost the entire year with adverse economic conditions. The pressures on logistics chain optimization were still strong, and consequently the downward trend of margins and income continued for logistics providers. The second half-year was marked by Croatia's accession to the EU, which despite simplified goods flows in the region meant for us lower demand for undertaking customs procedures in Slovenia and Croatia, resulting in a loss of a portion of revenue from customs services. In response to that issue, we launched numerous intensive activities to restructure the customs service area from the beginning of the year. Along with upgrading our range of services, we were looking for new opportunities in the market of logistics. Particular attention was dedicated to management of current assets and we had to restrict doing business with certain risky customers due to increasing ill payment practices.

In the reporting year 2013, the Intereuropa Group generated a **sales revenue of € 161.1 million** from the sale of our services and exceeded the plan by 3 percent. Our sales plan for 2013 already envisioned certain negative impacts of the EU-accession of Croatia, of the disposal of our logistics centre in Russia and of the slashed volume of services supplied to customer Top Shop Intl.; however, we did not expect such increase in the sales of railway services in our Ukrainian subsidiary, and the downturn in our sea freight segment. The best performing business area was land transport: we outstripped the sales target by 14 percent. Compared with the year ago, the total sales revenue was 15 percent lower. On top of all the a.m. factors, lower sales were also recorded because of general downturn in the manufacture of automobiles, and a considerable fall of sea-freight rates for containers in the second half-year.

Most subsidiaries of the Group recorded falling margins, which resulted from coping with tough situation in logistics markets in the region. The result of the Group was **€ 13.8 million of earnings before interest, taxes, depreciation and amortisation (EBITDA), and € 5.3 million of operating profit.**

The **Financing profit or loss** was negative **-4.8 million €**, which is entirely attributable to interest expenses and impairment of certain financial investments. The Group closed the year with a **net financial debt of € 91.9 million**, which was 8 percent lower than at the year-end 2012. After four years of negative result, we succeeded to make a profit in the year 2013. The **net profit** of the Group came to **€ 2.2 million.**

Our investments in real estate, equipment and intangible assets amounted to € 2.2 million. Our future approach to investment will be selective, scrutinising individually such investments that add to the quality of services and necessary to maintain the asset value. Our key goal for 2014 is to maintain the income on the level of the year 2013, improve the profitability of earnings as well as comply with all the liabilities to the banks. Our integrated information support will help us to continue developing an effective business model for the Group while using systematised marketing activities and taking advantage of the improvements of quality and efficiency of our services.

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

