



Unaudited Report  
INTEREUROPA Group

January – December 2014

Koper, 5.3.2015



**Inter.europa**<sup>®</sup>

**Global Logistics Service**

The INTEREUROPA d.d. is publishing this Unaudited Report of Intereuropa Group for January - December 2014, in accordance with the Market in Financial Instruments Act (ZTFI).

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

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

The Unaudited Report of Intereuropa Group for January - December 2014 shall also be published on the web site of INTEREUROPA d.d. [www.intereuropa.si](http://www.intereuropa.si) on March 5, 2015.

## C O N T E N T S

<b>PERFORMANCE HIGHLIGHTS</b> .....	<b>3</b>
<b>GROUP PROFILE</b> .....	<b>4</b>
<b>STRATEGIC DIRECTIONS</b> .....	<b>6</b>
<b>BUSINESS PLAN 2015</b> .....	<b>7</b>
<b>MAJOR EVENTS</b> .....	<b>8</b>
<b>BUSINESS REPORT</b> .....	<b>11</b>
1. PERFORMANCE OF INTEREUROPA GROUP .....	11
1.1. Sales achievements.....	11
1.2. Financial result.....	20
1.3. Investments in fixed assets.....	21
1.4. Risk management.....	22
1.5. Human Resources Management.....	23
1.6. Total Quality Management.....	26
1.7. Share IEKG and ownership structure.....	28
2. PERFORMANCE OF THE COMPANY INTEREUROPA D.D. ....	32
<b>ACCOUNTING REPORT</b> .....	<b>32</b>
1. FINANCIAL REPORT FOR INTEREUROPA GROUP.....	34
1.1. Underlying financial statements of the Intereuropa Group.....	34
1.1. Notes to Financial Statements of the Intereuropa Group.....	41
2. FINANCIAL REPORT FOR THE PARENT COMPANY INTEREUROPA D.D.....	47
2.1. Underlying financial statements of the parent company Intereuropa d.d.....	47
2.1. Notes to Financial Statements of the Parent Company Intereuropa d.d.....	53
<b>IN BRIEF</b> .....	<b>58</b>

## PERFORMANCE HIGHLIGHTS

The geographical markets of Intereuropa saw the financial year 2014 earmarked by political tensions in Ukraine escalating into clashes of arms and affecting the economy not only in that country, but also in the wider region. After the EU-accession, Croatia has not made it (in its attempts) to push its economy forward yet; what is more, the economic situation was repeatedly hit by adverse natural disasters in Slovenia, Serbia and Bosnia and Herzegovina (sleet, floods). Although oil prices were falling in the world market, the pressure on prices has not eased up. In certain segments, Intereuropa recorded considerable growth in the physical volume of business, however, it did not reflect on the financial results to such an extent. The customers purchasing the logistics services are becoming more price-sensitive and further transfer the pricing pressures on to their suppliers. Among the streamlining activities launched in Intereuropa in the reporting year, the integrated information support to warehouse operations and the upgrade thereof in the area of Land Transport were the most important. Along with specific know-how and skills, a sophisticated information support is underlying for effective supply of services and a satisfied customer.

On the Group level, we achieved a sales revenue of € 140.8 million but remained 11 percent below the target. The sales plan was not fulfilled primarily due to impacts of the conflict in Ukraine on the performance of our Ukrainian subsidiary. Furthermore, adverse economic situation in Croatia aggravated our efforts to replace the loss of income from customs services after the accession to the EU. The Group closed the reporting term with an operating profit of € 5.1 million and a net profit of € 0.3 million. In the Parent Company Intereuropa d.d., the net profit came to € 0.3 million.

	INTEREUROPA GROUP			INTEREUROPA D.D.			
	(in 1000 €)	Jan-Dec 2014	Jan-Dec 2013	Index 14/13	Jan-Dec 2014	Jan-Dec 2013	Index 14/13
Sales Revenue		140,769	161,061	87	90,723	90,994	100
EBITDA		11,786	13,755	86	7,516	6,760	111
Operating profit or loss (EBIT)		5,052	5,301	95	3,547	2,602	136
Net profit or loss		329	2,152	15	339	1,000	34
EBITDA margin in %		8.4	8.5	98	8.3	7.4	112
EBIT margin in %		3.6	3.3	109	3.9	2.9	137
Sales Revenue per employee/month		8.445	8.778	96	12.465	11.404	109
Value Added per employee /month		2.229	2.296	97	3.171	3.014	105
	(in 1000 €)	31.12. 2014	31.12. 2013	Index 14/13	31.12. 2014	31.12. 2013	Index 14/13
Assets		295,246	313,419	94	228,976	240,974	95
Equity		147,638	153,763	96	96,753	100,712	96
Net debt		87,574	91,922	95	86,056	89,429	96
NFD/EBITDA		7.4	6.7	111	11.4	13.2	87
No. of employees		1,425	1,464	97	618	644	96
		Jan-Dec 2014	Jan-Dec 2013	Index 14/13	Jan-Dec 2014	Jan-Dec 2013	Index 14/13
No. of shares at the end of term		27,488,803	27,488,803	100			
Net earning per share (in €)		0.01	0.03	33			
Closing price at the end of term (in €)		1.18	0.44	268			
Book value of share at the end of term (in €)		3.52	3.67	96			
Closing price / Book value of share		0.34	0.12	280			
P/E		118.0	8.8	1.341			

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

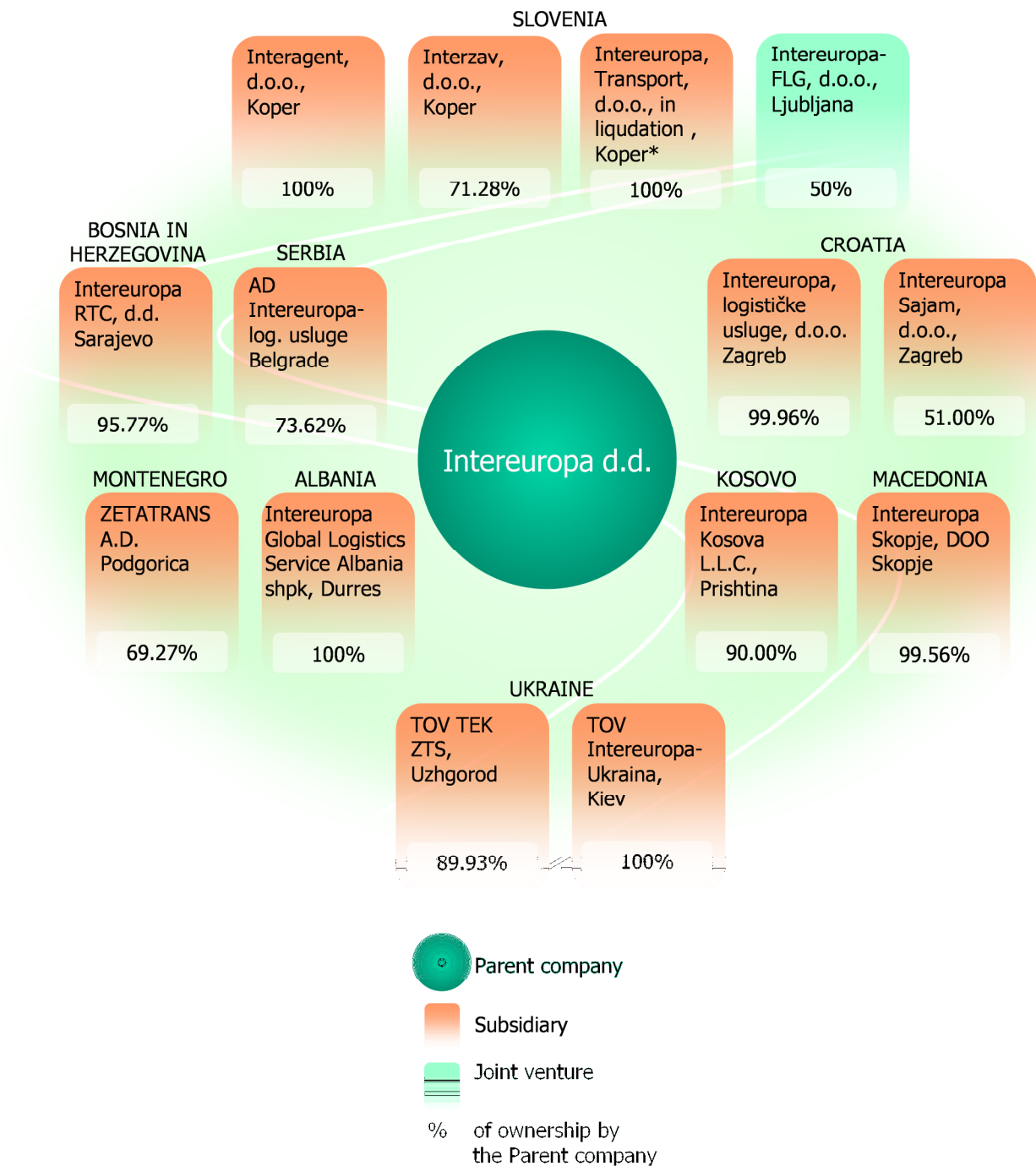
Net debt: financial liabilities – loans and deposits given - cash

P/E: Closing price at the end of term/ Net earning per share on year level

NFD/EBITDA: Net Financial Debt / EBITDA

## GROUP PROFILE

<b>Parent company</b>	<b>Intereuropa, Global Logistics Service, Ltd. Co.</b>
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 Prime Market on the Ljubljana Stock Exchange, CEESEG.
Management Board	Ernest Gortan, Msc., President of the Management Board Tatjana Vošinek Pucer, Deputy President of the Management Board
Chair of the Supervisory Board	Igor Mihajlović
<b>Intereuropa Group</b>	
No. of employees	1,425 employees
Vehicle fleet	112 company-owned trucks, tractors, and trailers and other commercial vehicles
Total warehousing area	232,200 m <sup>2</sup> in-house warehouse
Total land area	1,711,000 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



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

Figure 1: Intereuropa Group as of 31.12.2014

## STRATEGIC DIRECTIONS

The Intereuropa Group adopted its Strategic Plan for the term 2015 - 2019 in November.

### Vision

Being a top-ranked provider of integral logistics solutions.

### Mission

The mission of the Group is to meet the needs for logistics services and provide an 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

**Integrity.** We respect the highest ethical principles, good business practices and customs. We operate in full compliance with the applicable legislation, guidelines, recommendations, and internal regulations of our Company.

**Excellence.** Our services aim to offer the best solutions to the needs of our customers and are based on our advanced logistics know-how.

**Adaptability and flexibility.** Our services are prompt and tailored to our customers' needs. We achieve the required flexibility by applying innovative approaches and lean organisation.

**Responsibility.** We are distinguished by a high level of responsibility towards the obligations we undertake, the deals we make, as well as the social and natural environments in which we live.

**Teamwork and appreciation of employees.** The quality of our services is the result of the work of individuals and expert teams. We value diverse types of knowledge, experiences and different views.

The implementation of our corporate vision relies on a strategy of four key dimensions: Logistics-centred product development, customer management, geographical coverage and effective Group management.

The four dimensions of developmental strategy are underlying for the strategic baselines of the Group:

- consolidating and strengthening the position of the leading market provider of comprehensive logistics solutions in the countries of the former Yugoslavia,
- business process streamlining involving innovative IT solutions,
- building up the culture of an innovative organization, susceptible to change, around motivated workers and efficient team work,
- ensuring financial stability through divestment, de-leverage and effective management of working capital.

### Strategic Goals by 2019

1.	Sales revenue	€ 166.0 million
2.	EBITDA	€ 15.8 million
3.	Operating Profit or Loss (EBIT)	€ 7.8 million
4.	Investments	Depreciation at 66% on average In five years, total 24.5 m €
5.	Number of employees at end of period	1,405 employees
6.	Debt management	Net debt/EBITDA: 3,4

## BUSINESS PLAN 2015

The business plan for 2015 is designed on the starting position of the Intereuropa Group at the end of 2014, trends in the branch of logistics, strategic guidelines and forecasts of economic trends for our key markets.

In 2015, the Group will focus on intensified marketing activities and acquisition of new customers, watching closely the process optimisation and informatisation of operations.

### Key goal:

- Exceed the income of the year 2014, without affecting the profitability, based on a changed market approach and acquisition of new business.

### Other goals:

- retain and motivate our most promising staff, introduce a stimulating remuneration system based on achievement of the goals;
- active cost management in the segments of services by obtaining more favourable terms of purchase, by optimal use and cost efficiency of support functions;
- efficient management of working capital;
- on-going development of integrated IT solution to support the logistics processes of our core business, utilisation of the SAP solution in our major subsidiaries, and digitalisation of invoices;
- uniform capture of operational data by unification of IT solutions;
- investing in projects with a short-term return and supporting the needs of our customers that are indispensable for retaining the asset value, or imposed by law;
- disposal of non-operating assets.

### Core financial goals:

- Sales revenue: € 144.1 million;
- EBITDA: € 13.0 million;
- Operating Profit (or Loss): € 6.1 million;
- Investments: € 5.0 million;
- Number of employees at the year-end: 1.425.

## MAJOR EVENTS

### THE PERIOD OF JANUARY – DECEMBER 2014

#### January

- On 9 January, the Supervisory Board of Intereuropa d.d. unanimously adopted the planning document of the Intereuropa Group for the year 2014, in which the Group plans to achieve a net sales revenue of € 158.8 million. This year, the Intereuropa Group aims to achieve the EBITDA at € 15.4 million, the operating profit or loss at € 8.6 million, and the net operating profit at € 4.2 million.
- The bank Nova KBM d.d. notified Intereuropa on 9 January 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 applicable: 1,185,292 preference shares with the ticker symbol IEKN, representing 11.12 percent of all preference shares issued by Intereuropa.
- On 29 January 2014, Intereuropa was notified by the Nova Ljubljanska banka d.d. as Agent under the Intercreditors' Agreement 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 regarding the sale of Intereuropa shares with *Lazard & Co. GmbH and Raiffeisen Centrobank AG*. These shareholdings total 54.5% of voting rights, representing 67.8% in the structure of Intereuropa shares.

#### February

- Employees of the Intereuropa d.d. joined the humanitarian campaign of the local media, Radio Capris and Primorske novice, to help the families struck by the natural disaster (sleet). The contributions collected in the campaign were spent on the purchase of food and beverages and delivered by the Intereuropa Express service to the Radio Capris as a relief to numerous families in distress.

#### March

- On 6 March 2014, the Supervisory Board was informed on the performance of the Intereuropa Group in the preceding year, in which the Intereuropa Group generated a sales revenue of € 161.1 million from the sale of services and exceeded the plan by 3 percent. For the first time after 2008, the Intereuropa Group closed the financial year with a net profit, at € 2.2 million.
- Intereuropa organised the comprehensive logistics support, inclusive of air transport to Rochester, which was the venue of international wine evaluation the »Finger Lakes International Wine Competition«, the most reputable international assessment of wines on the American Eastern coast, which also has a strong link with charity: a portion of the proceeds is earmarked to children with AIDS.

#### April

- On 17 April, the Supervisory Board of Intereuropa d.d. adopted the Audited Annual Report 2013 for the Intereuropa Group, the Auditor's Report by the appointed external certified auditor, and the Report prepared by the Supervisory Board for the year 2013, following a due discussion of all reports.



- On the same day, the Supervisory Board unanimously reappointed the president of the Managing Board of Intereuropa d.d., Ernest Gortan, MSc, for a five-year term of office commencing with 11 June 2014.
- Intereuropa attended the 33rd FFSI Conference (Feta Freight Systems International) and officially represented both countries, Slovenia and Croatia. The presentation of Intereuropa highlighted the developmental potential of the Adriatic ports as gates to the Central and SE Europe, in which Intereuropa owns internal terminals and can offer an excellent distribution network. Also, the Ljubljana airport was presented as a HUB for the SE Europe or the Balkans, respectively.

### May

- The Bank Assets Management Company on 9 May notified Intereuropa on having sold 1,185,292 Intereuropa shares with the ticker IEKN based on the Annex to the Contract on Implementation of Measures to Strengthen the Stability of Banks to the bank NKBM d.d. The above-mentioned shares represent 11.12 percent of all issued preference shares of Intereuropa.
- A strong economic delegation visited Serbia on 29 and 30 May, led by the Slovenian President Borut Pahor. During the 55th Serbian – Slovenian Business Conference, Intereuropa had numerous meetings with Serbian and also with Slovenian enterprises.

### June

- Intereuropa d.d. joined the largest international logistics network WCA - World Cargo Alliance, which includes more than 5,200 forwarders and logistics providers from 190 countries. The affiliation to the WCA brought a large partner network to the Intereuropa Group. Also the subsidiaries Intereuropa, log. usluge d.o.o., Zagreb (Croatia) and A.D. Intereuropa – log. usluge, Belgrade (Serbia) joined the network.
- On 20 June was held the 27<sup>th</sup> Annual General Meeting of Intereuropa d.d., the shareholders were informed on the 2013 Annual Report of the Intereuropa Group, incl. the Auditor's Opinion. They granted the note of discharge to the Supervisory Board and Managing Board for their work in 2013, resolved on the appropriation of accumulated profit, and appointed the certified auditors for the year 2014.

### August

- On 28 August, the Supervisory Board was informed on the unaudited report for the Intereuropa Group in the term January-June 2014, on the letter by the agent of the Intereuropa Share Sellers' Consortium on closing the required contracts with consultants in the process of sale, and on the draft Strategic Plan for the term 2015-2019.

### September

- Intereuropa took part in the 47<sup>th</sup> International Crafts and Entrepreneurship Fair in Celje and presented the range of our logistics service to visitors, as well as strengthened the business relations with our partners in business.

### October

- On 14 October 2014, Intereuropa and some other companies signed the Slovenian corporate integrity guidelines and joined the 28 corporate integrity ambassadors. Having adopted the Slovenian Corporate Integrity Guidelines, we wish to contribute to higher ethical standards and more transparent operations of the Slovenian economic sector.

**November**

→ In November, the Strategic Plan for the term 2015 – 2019 was adopted in which Intereuropa outlined the corporate vision, mission, values, strategic dimensions and directions, as well as the goals up to 2019.

**December**

- On 5 December, the shareholders announced the commencement of process of the sale of the 72.13 percent share in the Parent Company Intereuropa d.d.
- On the same day, the Annual Conference of the Intereuropa Group was held in Portorož, attended by executives and senior managers of all group members presenting their activities to achieve the goals set for the year 2015, as well as the integration of IT solutions applied by the Parent Company to some of the subsidiaries.
- On 23 December, the Supervisory Board adopted the Business Plan of the Intereuropa Group for the year 2015.

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

→ In February 2015, Intereuropa attended the Fruit Logistica 2015 in Berlin, which is the biggest European exhibition of fresh fruit and vegetables: logistics in this line of foodstuffs is gaining ground also in the goods flows via Koper Port.

## BUSINESS REPORT

### 1. PERFORMANCE OF INTEREUROPA GROUP

#### 1.1. Sales achievements

##### ECONOMIC TRENDS

According to the forecasts by the International Monetary Fund, the world economic output in 2014 grew by 3.3 percent on average. Developed countries achieved a growth of 1.8 percent, while the remaining economies were growing at 4.4 percent on average. Decrease in oil prices was favourable for the growth, however, the effect was smaller as investing remained at a moderate level, and geopolitical risks and tensions in some oil-producing countries were rising. The price of oil hit the bottom of the last five years (December 2014: Brent at € 50.60 per barrel).

After only one year of growth, the economy of the European Union began to lose steam in the spring 2014. The second half-year saw a very modest GDP growth, whilst the Eurozone faced almost with stagnation. The growth was primarily attributable to exports. Low investing activity, weak labour market and escalation of the conflict between Russia and Ukraine presented a huge obstacle to overall recovery.

In Slovenia, rather moderate recovery of economic activity continued primarily on account of accelerated growth of exports, but also thanks to the expansion of public investing resulting from increased drawing of EU funding. After two years of considerable downward trends, the labour market and the sentiment have improved and brought about a recovery of consumption in the households. The commenced rehabilitation of banking system and normalisation of international financial markets contributed to improved terms of financing of the country and increased confidence in consumers.

Croatian economy saw shrinking volumes for the sixth year in sequence. Caught in a shrinking domestic demand, the country also had to cope with rising unemployment rates, low consumption and incurring debts, which is characteristic of many other countries in that region. Devastating floods in the spring pushed the Serbian economy into recession, too, and further affected the modest economic activity in the territory of Bosnia and Herzegovina. Montenegro saw lower growth than expected, which resulted from lower volume of exports and postponing of some major projects.

As forecast for the year 2014, the Ukrainian economy was worst hit. The war raging in the east, the critical value decrease of Ukrainian currency, fiscal austerity and aggravated trade relations with Russia - all that led to a downturn in economic activity and shrinkage of investing.

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 %	
	2014	2015	2014	2015	2014	2015	2014	2015
EU	1.4	1.8	0.7	1.3	3.2*	4.2*	3.6*	3.9*
Slovenia	2.5	2.0	0.5	0.1	6.0	5.2	3.4	4.2
Croatia	-0.8	0.5	-0.1	0.4	2.7	0.7	-0.3	0.0
BiH	0.7	3.5	1.1	1.5	-5.0	14.3	14.1	0.0
Serbia	-0.5	1.0	3.3	4.2	7.4	6.5	4.2	2.0
Kosovo	2.7	3.3	1.7	1.2	5.0	2.7	4.4	5.2
Montenegro	2.3	3.4	0.4	1.3	-8.6	3.0	5.5	15.6
Macedonia	3.4	3.6	0.6	2.3	9.9	9.4	7.9	8.0
Albania	2.1	3.3	1.8	3.0	12.0	11.7	8.4	11.8
Ukraine	-6.5	1.0	19.0	9.0	-8.4	4.8	-21.4	-1.2

\* Eurozone data

##### SOURCES:

World Economic Outlook, IMF, October 2014

World Economic Outlook Update, IMF, January 2015

Review of the realisation of the Autumn Forecast of Economic Trends 2014, UMAR, December 2014

Economic Mirror – January 2014, February 2015

## SALES REVENUE OF INTEREUROPA GROUP

Improved economic situation that opened the reporting year has slowed down during the year, and goods flows in the markets in which Intereuropa operates have not brought significant improvements yet. The economies of some countries (Ukraine, Croatia) have shrunk, due to a variety of reasons. Positive outcome of the oil price sudden drop was visible only in part, given that investments in development were still very modest and certain markets faced with aggravating geopolitical tensions and even armed conflicts. Logistics providers had to adapt to the given diverse environments at their best efforts and capacity. The highest challenge was the pressure on prices that we struggled to overcome more or less effectively by improving our service and by services tailored to individual target groups of customers. Intereuropa found a relevant support in the gradual introduction of effective operational IT solutions, which has not been completed yet. In terms of volume of goods and number of consignments handled, we were more successful than a year ago, in particular in the container segment in sea freight. Our promotional activities aimed at addressing the segment of customers who appreciate quality and reliability of services and are able to return our commitment by good payment discipline, which is a demanding challenge in today's situation.

In the reporting year, the **revenue** of the Intereuropa Group from the sale of services came to **€ 140.8 million**, which was 13 percent below the year 2013. The fall-out was recorded primarily in the services of our Land Transport. The sales volume of these services was adversely affected by aggravating tensions in Ukraine, as well as by declining demand for customs services after the EU accession of Croatia, given that Slovenia and Croatia recorded a huge fall-out (60 percent) in the sale of customs services compared with the year ago. In Croatia, the pressure of competition following the accession slashed the prices of road transport services in Croatia, which brought less income from the sale of services. Our Ukrainian subsidiary that organises railway freight transport and performs road transport saw a halved sales revenue compared with the year 2013: that was primarily attributed to weak economic activity and to slashed goods flows transiting the Ukrainian territory.

Our Intercontinental Transport Area recorded a growing sales revenue. Our sales results were improved to the highest extent in the container services product in which we processed 60 percent more containers than a year ago and achieved 23 percent higher sales revenues.

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

Business Area	Jan - Dec 2014	Structure	Index 2014/plan	Index 2014/2013
1 Land transport	82,581	59%	82	80
2 Logistics solutions	17,100	12%	99	99
3 Intercontinental transport	34,548	25%	100	104
4 Other services	6,540	5%	101	98
<b>TOTAL SALES REVENUE</b>	<b>140,769</b>	<b>100%</b>	<b>89</b>	<b>87</b>

Given that the sales revenue was 11 percent below the plan, we did not achieve the target sales result in the reporting year. Due to the events in Ukraine, we recorded the worst loss of income in rail freight services as a result of decreased volume of operations of our major customer in this market. In Croatia, we succeeded only in part in implementing the envisioned projects by which we aimed to make good for the loss of revenue from customs broking services. A further obstacle impeding from improving the sales results in Croatia was the long lasting recession. Our subsidiaries in Serbia and Bosnia and Herzegovina were performing within our expectations despite devastating floods in the spring.

In the sales revenue structure by country in which a subsidiary is based, the revenue achieved by the Slovenian subsidiaries improved and was on the level of the year 2013. The same level as last year was achieved in Bosnia and Herzegovina; Serbia and Albania recorded growth, while other countries saw a decline in the sales.

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

Geographical area (by companies' head office)		Jan - Dec 2014	Structure	Index 2014/plan	Index 2014/2013
1	Slovenia	88,750	63%	100	100
2	Croatia	20,951	15%	92	78
3	Bosnia & Herzegovina	5,717	4%	101	100
4	Serbia	3,717	3%	101	110
5	Macedonia	1,685	1%	49	55
6	Kosovo	2,142	2%	91	96
7	Montenegro	4,723	3%	91	95
8	Albania	553	0%	103	107
9	Ukraine	12,530	9%	47	50
<b>TOTAL SALES REVENUE</b>		<b>140,769</b>	<b>100%</b>	<b>89</b>	<b>87</b>
1	EU countries	109,701	78%	99	95
2	Non-EU countries	31,068	22%	65	69

Intereuropa's range of logistics services is wide, and so are our customers all over the world. In the reporting year, three quarters of customers were from the European Union, and 12 percent from the territory of former Yugoslavia (not comprising Slovenia and Croatia).

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

Geographical area (by customers' head office)		Jan - Dec 2014	Structure	Index 2014/2013
1	Slovenia	53,146	38%	107
2	Croatia	18,209	13%	74
3	Austria	7,407	5%	96
4	Ukraine	7,122	5%	41
5	Bosnia & Herzegovina	5,534	4%	96
6	Germany	5,149	4%	100
7	Other countries	44,201	31%	87
7a	Other EU countries	21,777	15%	77
7b	Other countries	22,424	16%	99
<b>TOTAL SALES REVENUE</b>		<b>140,769</b>	<b>100%</b>	<b>87</b>

## Land Transport

Land Transport has the highest share in the Group's sales structure. The sales revenue achieved from the services of Land Transport came to € 82.6 million, representing 59 percent in the sales structure of the entire Intereuropa Group. The highest share thereof (53 percent) was generated by the Parent Company in Slovenia, which surpassed the plan by 3 percent.

On the level of the Group, the sales revenue in this area fell 20% below the level a year ago. Such a decrease was worse than expected. The highest fall-out was suffered in our Ukrainian subsidiary due to warfare in the eastern Ukraine. The decrease in value of the Ukrainian currency (hryvnia) against the Euro only added fuel to adverse situation in that country. The second factor that affected the operating income was anticipated, i.e. the heavy decrease in revenues from customs broking and from services in road transport, resulting from the accession of Croatia to the European Union. Accordingly, our subsidiaries in Ukraine and Croatia were worst hit. On the other hand, the subsidiaries in Serbia and in Bosnia and Herzegovina exceeded the results of the preceding year in the Groupage and Express transport products.

Due to extraordinary situation in Ukraine and due to recession in Croatia for the sixth year already, we recorded a setback behind the plans by 18 percent. In terms of plan fulfilment, the best sales result was achieved by the Parent Company Intereuropa d.d. followed by the subsidiaries in BiH, Serbia and Albania. All other subsidiaries remained behind the plans: in Ukraine, Croatia and Macedonia.

Our goals for the reporting year (2014) were set very highly, despite rather unfavourable market situation and unpredictable course of events in the markets we cover (Ukraine). Positive results are visible in the physical volume of operations, the number of consignments has been increasing (primarily in Slovenia), but the financial results take more time to follow due to continual pressures on prices; such trend has also been strongly felt by our Croatian subsidiary after Croatia's accession to the European Union. Therefore, our Group supports on-going activities towards higher cost efficiency and operation streamlining, as well as the activities aiming to increase the sales revenue. Concurrently, we endeavour to maintain a high quality level of our services. Furthermore, we are facing ill payment practices on a large scale and financial difficulties of businesses, so we need to be cautious both in acquiring new opportunities and in doing business with our current customers.

### Road transport:

- Road transport has the biggest share in the sales revenue structure (26 percent) among the products offered by Intereuropa, and a 44-percent share among the products in the scope of Land Transport.
- Compared with the preceding year (2013), 11 percent lower sales revenue was achieved, as a result of a heavy drop in the sales revenue in Croatia and a decline in the volume of transport services bound for Russia in Macedonia. That was not expected, so we remained behind the sales plan by 10 percent.
- The highest share (72 percent) of total sales revenue was generated in the Parent Company.
- Pressures on prices continued and the resulting reduced sales margins persist for quite a long time. We addressed that issue by active management of direct costs.
- **Key goals for 2015:**
  - strengthened commercial activities in international road transport in the Group;
  - activities for more effective management of suppliers in the entire Group;

- continual cost control and price control of suppliers, and activities to reduce direct costs;
- for Intereuropa d.d., to assure IT-support to mutual processes with suppliers – carrier contractors;
- staff training on risk management in international road transport.

### **Groupage Services:**

- The sales revenues in the reporting year were 2 percent above the level a year ago (2013).
- As much as three quarters of all revenues from groupage services in the Group were generated in Slovenia.
- Growing operating revenues were recorded in the subsidiaries in Slovenia, Serbia, Bosnia and Herzegovina, Kosovo, and Croatia as a result of growing quantities of carried goods. In Slovenia, the number of shipments carried rose by 15 percent.
- At the beginning of the year, we rerouted our groupage deliveries for Albania via our subsidiary in Durres, which had a favourable impact on the operating result of our Albanian subsidiary.
- **Key goals for 2015:**
  - 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;
  - continual process optimization aimed at shortening the transit times, increasing the frequency and reducing the cost of groupage deliveries;
  - Launch of the new IT solution to the Croatian subsidiary;
  - further enhance the level of service quality, using appropriate performance indicators.

### **Customs services:**

- The sales revenue of this product fell 43 percent below the level in the year ago. Following the EU-accession of Croatia, the revenues from customs services shrank severely in our Slovenian and Croatian subsidiaries.
- Nevertheless, the highest share of sales revenues from customs services was achieved by the Parent Company in Slovenia (33 percent), followed by our subsidiaries in Montenegro (20 percent), in BiH and Croatia (18-percent share).
- **Key goals for 2015:**
  - On-going training of employees to maintain their know-how on the highest level and to provide support to designated key commodity groups;
  - Continual effort to reduce the cost resulting from operational flaws, addressed by claim management and elimination of non-compliance in the work process; preparation of preventive and corrective measures providing the training to employees;
  - current monitoring of legislation, transfer of know-how among employees.

### **Express Transport:**

- Sales revenue in this segment rose by 3 percent in the reporting year, however, it remained 7 percent behind the plan primarily due to non-achievement of the plan in Croatia.
- The sales revenue achieved in Slovenia rose by 8 percent. Except our Croatian subsidiaries, all other subsidiaries recorded a growth.
- The highest sales revenue is still earned by the subsidiary in Croatia (56 percent), followed by the companies in Slovenia (28 percent), Bosnia and Herzegovina (11 percent) and Serbia (5 percent).

- This product provides an important support to other our products; as a stand-alone product, on the other hand, it faces an extremely tough competition in local markets and demands our continual attention and activities to streamline the operations.
- **Key goals for 2015:**
  - using the advantages of our new IT support in Slovenia (expanding the extent of e-business with customers), and transferring this IT solution to Croatia;
  - development of a new application for IP Android and transition from conventional OBC<sup>1</sup>'s to reading with smart telephones;
  - development of distribution services in the countries in which Intereuropa subsidiaries are based, to be able to provide support to other products and to selected commodity groups,
  - on-going process optimisation, cost management and optimum implementing solutions that will retain the quality of service on the highest level.

### **Rail Transport:**

- The Rail Transport product recorded a considerable (47 percent) setback behind the sales target and was underperforming (by 44 percent) compared to the result of the year 2013.
- That result is attributable to the situation in Ukraine, which led to a critical decline in operations of our key customer Lukoil. Our Ukrainian subsidiary generated as much as 82 percent of total sales revenues in our rail freight transport product.
- The company Intereuropa-FLG, d.o.o., Ljubljana, in which Intereuropa holds a 50-percent share, was behind the targets and even fell below the result of the year 2013.
- On the other hand, the Parent Company Intereuropa d.d. exceeded both the last year's result and the sales targets. The highest overachievement was recorded by our BU Celje, which more than doubled the revenue from this product thanks to a newly acquired business.
- **Key goals for 2015:**
  - In view of importance of the Rail freight product in multimodal transport chains, its vital role in the provision of logistics solutions for certain commodity groups, it requires experienced and skilled staff with a high level of know-how;
  - staff training and internal knowledge transfer in case of non-availability of skilled staff.

Despite such adverse conditions in logistics industry in the region covered by Intereuropa, we set very ambitious goals for the Land Transport area in the year 2015. Our activities will focus on effective management of suppliers and control of direct costs combined with more efficient commercial activities in all companies of our Group. The services of Land Transport are the key factor for the operation of 3PL (third party logistics) operators and provide vital support to designated commodity groups.

In the year 2015, intensive activities will be conducted to launch our new integrated information solution supporting the Land Transport products to our Croatian subsidiary that will allow for a better supervision over the provision of services; combined with enhanced traceability of consignments, it further improves the quality of our service.

---

<sup>1</sup> On-Board Computer



## Logistics Solutions

No considerable improvement in economic environment was seen in the key markets for logistics. The volume of operations and inventories of goods kept by our customers remained on relatively low levels. On top of that, we had to cope with pressures on the prices of logistics services and changed logistics concepts. We recorded a slight decline in the sales: 1 percent below the targets and below the results of the year 2013. The services of our Logistics Solutions Area contributed a sales revenue worth € 17.1 million, representing 12 percent in the sales structure of the Group.

In our key market – Slovenia – that stands for more than 60 percent in the sales of logistics solutions, we exceeded the last year's result by 1 percent but still remained 8 percent behind the plan – in spite of having acquired some new businesses (Koper, Maribor).

In other subsidiaries in our Group that operate warehouses, we achieved the results of the preceding year or surpassed them – in Bosnia and Herzegovina, Serbia, and Kosovo; our subsidiaries in Croatia, Montenegro and Macedonia were underperforming.

After Croatia's accession to the EU, logistics concepts saw some changes and accordingly, many activities thereunder focused on filling up their storage capacities and acquiring new business with a higher added value.

In the reporting year, we invested much energy in standardization and optimization of logistics processes. We were able to establish EDI connections with some of our key customers. In Slovenia and Croatia, we started implementing the integrated IT support to warehouse operations; the installation was completed and launched in our business units in Dravograd and Jesenice.

### Storage services:

- The sales revenue from storage services in the reporting year was € 15.0 million, representing 11 percent in the sales structure of the Group. We recorded a 4-percent rise over the achievement of last year, but an 8-percent setback below the plan. The worst underachievement (-14 percent) of the plan was recorded in Montenegro. In Slovenia, despite the 8-percent growth in the sales revenue, we were 9 percent behind the plan.
- By transferring the white goods from our customer's facilities to our warehouse in Celje, we filled up the free storage capacities in Celje.
- We acquired new business for our warehouse facilities in Koper and Maribor.
- In Serbia, we started with storage services for the goods of a major customer
- Construction of new storage capacities (1000 m<sup>2</sup>) for perishable goods began in Sarajevo.
- We completed the integrated IT support to warehouse operations in Dravograd and Jesenice, and we started with the implementation in Maribor.

### Distribution Services:

- Our revenue from the sale of distribution services came to € 2.1 million, or about 2 percent in the sales structure of the Logistics Solutions Area; on the Group level, that means 12 percent. In the given term, we doubled the target sales revenue, however, we remained 26 percent behind the results of the year 2013. The newly acquired business of our BU Jesenice contributed significantly to the growth of Distribution services.

### Plans for 2015:

- development of partner-like customer relations and enhanced cooperation with current customers;

- winning new logistics projects, primarily aiming to fill the unoccupied storage capacities in Slovenia and Croatia;
- Completion of installation of IT support to logistics solutions in Slovenia, continuation in Croatia;
- Improvement of energy efficiency (introducing LED-based illumination, replacing gas-driven forklift trucks with electric ones);
- continued specialisation and optimisation of logistic processes by commodity category.

## Intercontinental Transport

The sales revenues from the services of Intercontinental Transport Area came to € 34.5 million, standing for 25 percent in the sales structure of the Group. We accomplished the goals planned for the Area and achieved a 4-percent growth over the year 2013. The highest growth was recorded in the sea-freight services (incl. shipping agency), representing 68 percent in the sales structure of the Intercontinental Transport area, and 17 percent in the sales structure of the Group.

The services of container transport recorded the highest rise in the sales result: 23-percent growth over the results of the preceding year. A large portion of income came from the services supplied via the Koper port. The acquisition of agency for a container ship operator opens new opportunities for growth in other subsidiaries of our Group.

The newly acquired business in automotive logistics yielded € 6.9 million of sales revenue. However, we were 6 percent behind the plan due to withdrawal of our major customer in this segment of services – the dealer in Chevrolet vehicles - from Koper.

In the Airfreight segment, we exceeded the sales targets for the reporting year and generated a sales revenue of € 3.4 million.

### Sea-Freight:

- The sea-freight and shipping agency segments stood for 17 percent of the Group's total sales revenue in the reporting year. The revenue achieved was € 24.2 million. Thereof, well over 90 percent was achieved in the Slovenian market.
- Our sales targets were exceeded by 2 percent, and 7 percent above the achievement of the last year.
- In conventional cargo, we were 13 percent behind the sales target, but only 4 percent below the last year's results. Lower cargo volumes shipped meant lower earnings from alumina, oil derivatives, chilled/ conditioned fruit and vegetables, etc.
- In the container transport products, the growth of income was 23 percent above the year before, combined with the sales targets surpassed by 20 percent. In terms of physical volume of containers processed, we recorded a 60-percent growth. Slovenia saw the highest growth. The acquisition of agency for a container ship operator in Rijeka (Croatia) created sound foundation for development of this product in Croatia, too. Volatile sea-freight rates strongly affected the operations: ship operators were changing their rates on a weekly basis.
- The suspension of RO-RO line Koper-Albania last year had a significant impact on our RO-RO product. We shifted that share of operations to Trieste. Further development was re-directed to marketing of other service lines in the Mediterranean.
- In the Shipping Agency product, we were 1 percent below the result of the year 2013, but 6 percent behind the target sales revenue. The setback has primarily resulted from discontinued representation of a ship operator with automobiles, who appointed another agency in Koper that belongs to a wider agency network. We substituted the loss of that income, in part, by representing a container ship operator who established in the second half-year a direct service line from the Far East to Koper.

**Car logistics:**

- The Car Logistics segment was exposed to strong pressures on prices, and on top of that, to some changes of strategic importance (withdrawal of Chevrolet vehicles from Europe, strengthening of the European exports to the Far and Middle East, growth in manufacture of non-European car makers in the European market, etc.).
- Nevertheless, we achieved an 11-percent rise in the physical volume of vehicles handled via Koper Port, although Chevrolet was only present in the first half-year.
- The sales revenue achieved was € 6.9 million and remained 6 percent behind the plan.
- We have substituted the Chevrolet vehicles with a new export business by a German car manufacturer for the Turkish market; the quantities of imported vehicles of the make Opel have grown, and our car terminal in Koper was operating profitably: the occupancy of terminal facilities was very high.

**Airfreight:**

- The sales revenue from airfreight operations came to € 3.4 million. That was 4 percent better than the sales targets for the reporting year.
- The Slovenian market remains the most important market in the Group, although the promotional and operational activities are developing well in other vital markets of Serbia and Croatia. In Serbia, we achieved a 12-percent growth in the sales revenue, despite a decline in the representation of charter flights. Growing revenues were also recorded in Montenegro and in Croatia.
- In the second half-year, we acquired some major businesses, such as representing military aircrafts in Kosovo and a Russian carrier in Belgrade, etc., which means good prospects for our revenue from airfreight segment to rise in the year 2015 as well.
- For airfreight, cooperation with the partner network will remain to be of vital importance, enabling us to take part in large projects and tenders. Active marketing of this product in the restricted local market of the Balkans is of vital importance, given that the market remains much fragmented despite increasingly tough price pressures on the part of global logistics players.

**Plans for 2015:**

- 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 to achieve the envisioned growth of sales revenues,
- Inclusion of agency representation in Koper and in Rijeka, for our container ship owner in integral supply chains on the markets of our Group;
- participation in tenders for logistics projects in car logistics via Koper port, employing our car terminals;
- execution of air-freight projects via airports in the Balkans that were launched at the year-end 2014,
- Acquisition of agency representation for an airfreight carrier in the Region,
- development and launch of IT support to sea-freight products in Slovenia,
- development of IT support for the operations of shipping agencies and air-freight branches/ units in other subsidiaries of the Group,
- Further development of overseas partner network and building up the cooperation in the sea-freight and air-freight products.

## 1.2. Financial result

Tables 5 and 6: Financial results of the Intereuropa Group for the period January – December 2014, in thousand €

Item / Index	Jan - Dec 2014	Jan - Dec Plan 2014	Jan - Dec 2013	Index 2014/plan	Index 2014/2013
Sales revenue	140,769	158,761	161,061	89	87
EBITDA*	11,786	15,433	13,755	76	86
Operating profit or loss	5,052	8,609	5,301	59	95
Financing profit or loss	-4,672	-3,485	-4,791	-	-
Net profit or loss	329	4,217	2,152	8	15
EBIT margin in %	3.6%	5.4%	3.3%	66	109
Sales revenue per employee/month	8.445	9.480	8.778	89	96
Value added per employee/month	2.229	2.469	2.296	90	97

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

Item / Index	31.12. 2014	31.12. 2013	Index 2014/2013
Balance sheet total*	295,246	313,419	94
Equity*	147,638	153,763	96
Net debt**	87,574	91,922	95
Short-term assets/ Short-term liabilities*	1.60	1.61	99
Net Return On Equity (yearly level)***	0.22%	1.40%	16

\* as of the last day of the reporting period

\*\* financial liabilities – loans and deposits given - cash

\*\*\* average equity of the report. period

### Operating Profit or Loss, and EBITDA

→ The underachievement of the planned operating profit is largely attributable to the loss of sales revenue: The worst drop in the sales was recorded in Ukraine, primarily resulting from the aggravated political situation that consequently reflected on the economy; considerable setback of the sales revenue behind the plan has also hit the Croatian and Macedonian subsidiaries. Another adverse impact was the expense payable as compensation for land use that essentially exceeded the expenses envisioned for the (not enacted) real estate tax in the Slovenian part of the Group.

### Financing Profit or Loss

→ The negative Financing Profit/ Loss achieved was attributable to net interest expenses, impairment of financial investments, and to unexpectedly high foreign exchange losses at € 1.1 million (mostly arising from the value decrease of the Ukrainian currency). The impairment of investments and foreign exchange losses were the major cause for underachievement of the plan.

### Net profit / loss

→ The net profit/loss was reduced by the accrued and deferred corporate income tax.

### Structure of Statement of Financial Position

→ The current ratio remained unchanged compared with the preceding financial year, and the share of equity in the liabilities structure rose by 0.9 percentage point and now amounts to 50.0 percent.

### 1.3. Investments in fixed assets

The investments in fixed assets realized by the Intereuropa Group in 2014 totalled **€ 2,450 thousand**, thereof 954 thousand in real estate and 1,496 thousand in equipment and intangible assets. The annual plan of investments was completed to the level of 74 percent.

Table 7: Overview of investment in the period January – December 2014, in thousand €

Company	Real property		Plant & Equipment, Intang. assets		TOTAL		% of annual realization
	Jan-Dec 2014	Plan 2014	Jan-Dec 2014	Plan 2014	Jan-Dec 2014	Plan 2014	
Intereuropa d.d.	468	641	1,042	1,344	1,510	1,985	76
Subsidiaries	486	502	454	843	940	1,345	70
<b>TOTAL INVESTMENTS</b>	<b>954</b>	<b>1,143</b>	<b>1,496</b>	<b>2,187</b>	<b>2,450</b>	<b>3,330</b>	<b>74</b>

The investments of the Parent Company Intereuropa d.d. were made in real estate, equipment and intangible assets (€ 1,510 thousand); other members of the Group invested € 940 thousand in fixed assets. The largest investment in 2014 was the completion of the warehouse in our subsidiary in Sarajevo (€ 339 thousand).

The invested funds were earmarked to:

- Buildings and fittings/ equipment (€ 1,350 thousand),
- Computer hardware and software (€ 690 thousand),
- Repairs and purchase of motor vehicles (€ 410 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 2014, there were 46 types of risk identified in the company Intereuropa d.d., thereof 5 key risks. Our highest exposure was to the sales risk, in particular to the downward pricing pressures on our services. Certain sales risks came true in the reporting year, despite various measures and activities undertaken. Having increased the sales activities, we were able to neutralise the effects of those risks and to achieve the target revenue from the sale of our services. We controlled the impact of general economic condition in the country and managed the liquidity risk successfully, by having reduced our exposure to credit risk.

The strategic risk to assure financial stability for the Company Intereuropa d.d. is the key risk of our Company, and our activities in various fields of operation enabled to maintain the risks on an acceptable level.

Our greatest attention is dedicated to the sales risk. Downward pressure on our prices and a decreased demand for certain services were slightly lower than last year (2013), nevertheless, a loss of income resulting therefrom was perceived. We fully adapt to the needs of our customers, which means additional price reductions in our current services, or offering a larger scale of services for the same price. In the Company, we consistently implemented our sales strategy and placed focus on new customer acquisition along with an offer for comprehensive logistics solution to our customers. In line with that, we increased the volume of operations with our major customers and acquired some new key accounts. Price sensitivity was a vital element for decision making in the reporting year, and we continued with internal process streamlining and the launch of a new IT solutions.

Great attention is dedicated to the exposure to credit risk in the light of the overall economic situation – not only at home and in the entire EU, but also in the countries in which the subsidiaries of our Group operate. In the first place, our activities are directed to preventive action in contracting, which is very difficult to implement in the face of concurrent pressure to expand, or at least maintain the volume. Observance of the limits for our exposure to certain customers is of key importance.

Day-to-day control of working capital and of our exposure to individual customers allows us to manage the liquidity risk with due care and caution. The Managing Board controls its financial condition and exposure to certain customers on a regular basis.

We estimate that by applying the measures and activities, Intereuropa d.d. did effectively manage the key risks of the Company, primarily the exposure to sales and financial risks, in the reporting year.

## 1.5. Human Resources Management

### EMPLOYMENT TRENDS

The Intereuropa Group closed the year 2014 with 1,425 employees. Thereof, 45 percent were employed in Slovenia and 55 percent in the subsidiaries abroad. The number of employees fell by 3 percent, or 39 employees less, compared with the year-end 2013.

On the Group level, 68 new employees were recruited and 107 employees terminated their employment in our Group. The number of employees rose in our subsidiaries in Bosnia and Herzegovina and in Kosovo, but declined in the Parent Company (-26), in which economic reasons prevailed for termination, and in our Croatian subsidiary Intereuropa, logistične usluge, d.o.o. Zagreb (-13), which was still aligning its workforce with the reduced volume of operations following Croatia's accession to the EU.

Table 8: No. of employees in the Intereuropa Group according to countries, as of 31.12.2014

	31.12.2014	31.12.2013	Difference 14-13	Index 2014/2013
Slovenia	637	665	-28	96
Croatia	305	318	-13	96
Bosnia & Herzegovina	137	127	10	108
Serbia	103	106	-3	97
Macedonia	35	35	0	100
Kosovo	27	24	3	113
Montenegro	133	139	-6	96
Albania	2	2	0	100
Ukraine	46	48	-2	96
<b>TOTAL</b>	<b>1,425</b>	<b>1,464</b>	<b>-39</b>	<b>97</b>

Temporary requirements for workforce were filled up through other forms of labour (such as employment agencies, contracts for work/services and student job services): there were 85 persons recruited for work on the Group level, or additional 6 percent as at 31.12.2014.

### DEVELOPMENT AND TRAINING

In line with the strategic guidelines of the Group, key emphases in education /training forms were laid on a rise of competences in our staff engaged in the sales and marketing, IT and automatization of business processes, including language skills, management and motivation, as well as branch-specific competences covering various aspects of our core business (customs clearance, storage, logistics, support functions). In all these areas of business, we increased the volume of training forms/hours over the last year's volume. In the reporting year, the focus was put on foreign languages, marketing/sales, but the largest share of training forms addressed the training in occupational safety and health, both in the Slovenian part of the Group and in our subsidiaries abroad.

- Our Group dedicated altogether 12,417 hours, or well over € 77 thousand (out of the 81 thousands planned) to acquisition of new skills.
- There were 90.4 percent of our workforce included in the training process.
- On the level of our Group, the employees used 9 hours on average in training forms, compared with 11 hours in the Slovenian part of the Group and with 12 hours in our

subsidiary in Coati. In other subsidiaries abroad, the average amount of training was 3 hours per employee.

- In total, training on occupational safety and health represented the highest share (34 percent), and foreign language courses 34 percent in the training structure of the Group.
- In our subsidiaries, the training focused on logistics and foreign languages; the subsidiary based in Zagreb focused on the area of occupational health; in Bosnia and Herzegovina, marketing and sales skills were also attended.
- In 2014, the KOC Logistika<sup>2</sup> successfully implemented the second training for participants to qualify for the examination to acquire the Licence for representation in customs procedures in Koper. The lectures were attended by 37 participants, thereof 23 from partner enterprises. They were held in the afternoon, comprising a total of 55 hours (of 45 minutes each) per participant.
- About 30 percent of training forms were conducted by internal lecturers.

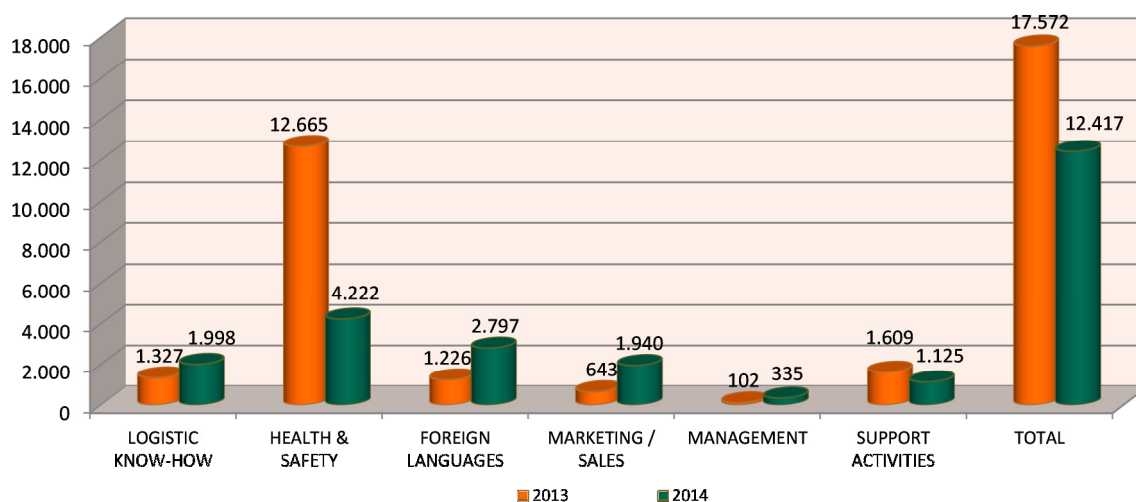


Figure 2: No. of training hours in 2013 and 2014 according to topics (for the Group)

## HEALTH PROTECTION

### Project Promoting Occupational Health in the Workplace

In Slovenian part of the Group, we prepared and adopted the Health Promotion Plan for the next three-year term and launched the first activities in the second half-year: Organization of hiking tours, encouraging people to use the stairs instead the elevator; advice on how to lift loads correctly; introducing 10-minute stretching exercises during the worktime; hiring gyms for sports activities; organization of gymnastic exercises in a fitness studio, and workshops on effective stress management. The participation in various training forms in the Health Promotion Project was good: 116 employees attended the programmes spending 445 hours in total.

<sup>2</sup> Project »Competence Centre for HR Development in Logistics«



## Activities on Health and Fire Safety

In the field of health safety and fire safety and precautions, the following activities were implemented:

- We referred 380 employees to preventive preliminary, periodical, and target medical check-ups (thereof 219 employees in the Parent Company).
- In the Slovenian part of the Group, we organised vaccination against flue: 51 employees took part.
- With a variety of preventive measures in health protection of our employees, the sickness absenteeism is maintained within a manageable scope.
- Particular attention was dedicated to providing sufficient control over fire safety and precautions.
- 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 2014, we carried out a practical evacuation exercise for employees and tenants/lessees of the premises in BU Brnik Airport and BU Celje, and organised a training for employees on fire-fighting at an early stage of brand, with fire extinguishers.
- In individual organizational units in Slovenia, 1,622 sets of different working assets/equipment were examined and tested, or 1,704 in the whole Group.
- There were 12 injured (thereof two with severe outcome) in accidents at work on the level of the Group. In Slovenia, there were five injured.

## 1.6. Total Quality Management

Three companies of the Intereuropa Group (out of twelve) hold a certification under the ISO 9001:2008 Standard. Of the entire staff of the Group, 74 percent are employed in these certified companies (Intereuropa d.d., Intereuropa, logističke usluge d.o.o., Zagreb, and Intereuropa RTC d.d. Sarajevo).

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

- Yearly QMS reports were prepared for the year 2013 and the measures to improve the QM system were triggered.
- All the three companies issued a new third edition of the Quality Management Manual.
- New instructions were issued for full load shipments for a known car manufacturer.
- User manual and work instructions for the IT solution Wex Vs are being updated.

### Internal auditing of service quality

- In Intereuropa d.d., an internal audit of processes was conducted in air-freight transport and in warehousing and distribution. Three recommendations were issued in the audit on process in the airfreight transport segment, and more than ten in the audit in warehousing and distribution.

### Quality control by QM indicators

The number of complaints in Intereuropa d.d. rose by ten percent, however, the value under complaints rose by one third.

Table 9: Complaints, claims and approved value in Intereuropa d.d. for the period January – Decemehr 2014

No. of complaints	Index 14/13	No. of claims	Value in 1000 €	Index 14/13	Approved Value in 1000 €	Index 14/13
439	110	278	167	133	57	331

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

The Results of External Audit in 2014:

- **Intereuropa d.d.** - the ordinary audit was the seventeenth in sequence. The audit was conducted in the following organizational units: Managing Board, Management of Forwarding and Logistics, Full Loads Section, Human and General Resources Department, Department for Computerisation of Operations, Local Office in Vrtojba, BU Maribor and BU Dravograd.

It was confirmed that operations were conducted in compliance with the requirements of the ISO 9001 standard. Auditors did not find any non-compliance; however, they issued 18 recommendations for improvement. Report on measures recommended to be taken was submitted to the certification body in June.

In September, a major customer conducted an audit in the Logatec Terminal. There were 15 recommendation issued and we responded in November.

- **Intereuropa, logističke usluge d.o.o. Zagreb** - The audit was a re-certification audit, the fourth in sequence, conducted in September in the units Zagreb, Samobor and Varaždin. There was no non-compliance found, but 14 recommendations for improvement were issued.

→ **Intereuropa RTC d.d. Sarajevo** – the external audit was the first control audit after the second re-certification audit of the year 2013. It was held in October. The Company holds a quality management certificate for seven years.

There was no non-compliance found, but 8 recommendations for improvement were issued.

### **Food Safety Management System**

Intereuropa d.d. – In the Parent Company, a non-certified system of food safety management under the HACCP-system has been in use since 2004. In November, the verification of the HACCP system was performed in the throughput warehouses in Koper, Jesenice, Vrtojba, and in the foodstuff store in Celje. Two recommendations were issued, addressing the maintenance of equipment and the deficient instructions.

### **External audit of the control system and storage of ecologic products imported from third countries**

→ In the Koper Branch, external audit of the compliance of the storage system of organic products imported from third countries with the (European Organic) Regulations (EC) 834/2007 and 889/2008 No. 834/2007 was conducted for the eighth time in sequence. The auditor did not find any non-compliance and issued no recommendation.

## 1.7. Share IEKG and ownership structure

### KEY DATA ON SHARE

Table 10: Key Data on Intereuropa Share (IEKG) for the period January – December 2014

	Jan-Dec 2014	Jan-Dec 2013
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 €*	3.52	3.67
Earnings per share in €	0.01	0.03
Market capitalisation in € thousand*	19,911	7,406
Trading volume in € thousand	2,113	938
Closing price in €	1.18	0.44
Weighted average price in €	1.39	0.50
Highest price in €	1.78	0.85
Lowest price in €	0.44	0.32
P/E	118.0	8.8
Capital gain	168.9%	-20.0%

\* as of the last day of the period

#### Notes:

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

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

*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 on a year level*

*Capital gain = price increase in period*

### SHARE TRADING

Similarly as the rate of the IEKG share, also the turnover with the share recorded a favourable trend in the reporting year. Compared with the preceding year (2013), twice as big turnover was generated, at € 2,113 thousand in total. The market price of the IEKG share fluctuated between € 0.44 and € 1.78 per share. In February 2014, the price of the share exceeded the market value of €1.00 for the first time after two years, and maintained that price of above until the year-end. It ended with € 1.18 on the last trading day in the reporting year. In one year, it gained 168.9 percent of its value, while the Slovenian Stock Exchange Index (SBITOP Index) recorded a 19.6 percent rise in the same period. The market capitalization closed the year at € 19.9 million, which stands for 0.3 percentage points of the market capitalization of all shares on the Ljubljana Stock Exchange.

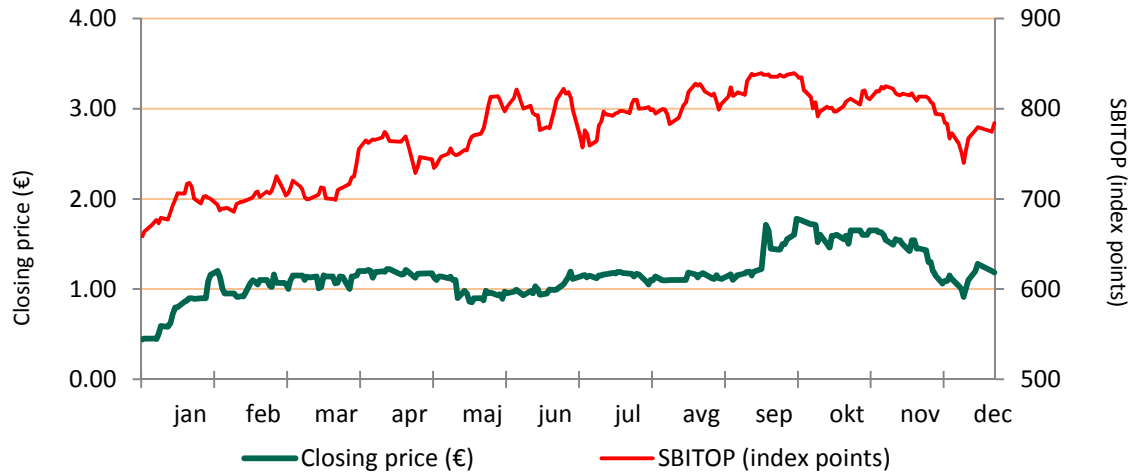


Figure 3: Closing prices of IEKG share and SBITOP index in the year 2014

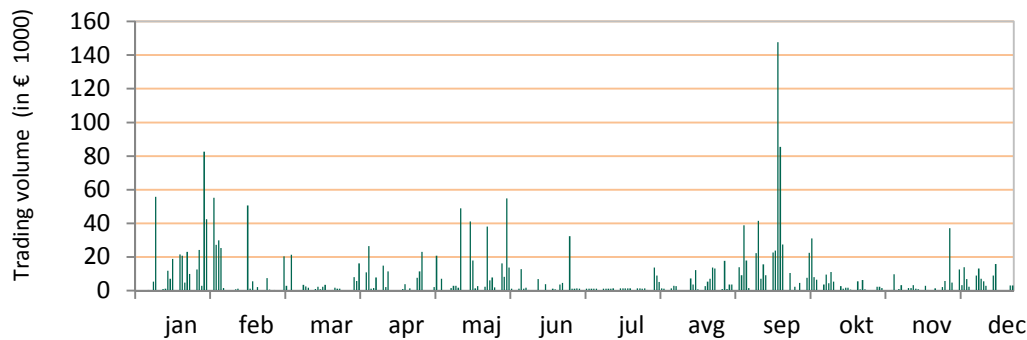


Figure 4: Trading volume of IEKG share in the year 2014

## OWNERSHIP STRUCTURE

The ownership structure saw no major changes in 2014. In May, the Bank Asset Management Company (DUTB d.d.) transferred 1,185,292 Intereuropa shares on the bank NKBM d.d.: the transfer involved the same shares that were transferred from the bank NKBM d.d. to the DUTB d.d. in December 2013.

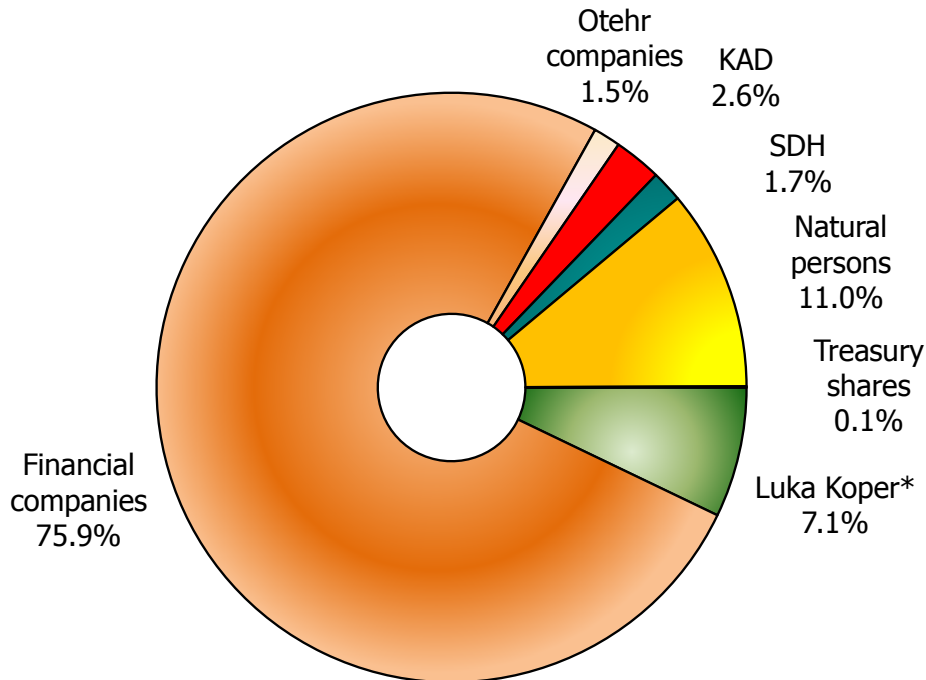
Table 11: Top ten shareholders of Intereuropa d.d. as of 31.12.2014 compared to 31.12.2013

Shareholder	31.12.2014		31.12.2013		Index 14 / 13
	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	1,344,783	4.9	100
7. NKBM 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	615,730	2.2	100

\* As at 31.12.2013 the owner of the 1.185.292 shares was the Bank Asset Management Company (DUTB d.d.)

There were no changes to the top ten shareholders in the year 2014. As at the year-end, they held in total 81.9-percent shares in equity of Intereuropa.

At the end of December, there were 5,197 shareholders entered in the Shareholders' Register of Intereuropa d.d., or 3 percent less than at the year-end 2013. The shareholdings of foreign investors came to 0.5 percent at the end of the year.



\* 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 31.12.2014

The Company's share capital consists of 16,830,838 ordinary (IEKG) and 10,657,965 preference (IEKN) shares. The shareholder structure according to the number of ordinary voting shares has not changed.

Table 12: The largest holders of ordinary shares with voting rights of Intereuropa d.d. as of 31.12.2014 compared to 31.12.2013

Shareholder	31.12.2014		31.12.2013		Index 14 /13
	No. of vot. rights	share %	No. of vot. rights	share %	
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	1,344,783	8.0	100
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	615,730	3.7	100
8. SDH d.d.*	474,926	2.8	474,926	2.8	100
9. NLB d.d.	240,000	1.4	240,000	1.4	100
10. Zavarovalnica Triglav d.d.	213,640	1.3	213,640	1.3	100

\* previously SOD d.d.

As at 31.12.2014, the top ten ordinary shareholders were holding 74.5 percent of voting rights.

## 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 31.12.2014.

*Table 13: Shares held by Supervisory Board members, as of 31.12.2014*

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 31.12.2014, 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 31.12.2013.

## 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 31.12.2014, the company has got authorized and unused capital in total amount of € 16,488,092.56.

## DIVIDEND

Intereuropa d.d. does not plan to pay any dividend in the year 2014.

## 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 period January – December 2014, in thousand €

Item/Index	Jan - Dec 2014	Jan - Dec Plan 2014	Jan - Dec 2013	Index 2014/plan	Index 2014/2013
Sales revenue	90,723	90,241	90,994	101	100
Land transport	44,728	43,323	46,105	103	97
Logistic solutions	10,662	11,546	10,599	92	101
Intercontinental transport	30,673	30,652	29,590	100	104
Other services	4,660	4,720	4,700	99	99
EBITDA*	7,516	8,647	6,760	87	111
Operating profit or loss	3,547	4,778	2,602	74	136
Financing profit or loss	-3,209	-2,031	-3,575	-	-
Net profit or loss	339	2,421	1,000	14	34
EBIT margin in %	3.9%	5.3%	2.9%	74	137
Sales revenue per employee/month	12.465	12.348	11.404	101	109
Value added per employee/month	3.171	3.355	3.014	95	105

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

Item/Index	31.12. 2014	31.12. 2013	Index 2014/2013
Balance sheet total*	228,976	240,974	95
Equity*	96,753	100,712	96
Net debt**	86,056	89,429	96
Short-term assets/ Short-term liabilities *	1.57	1.66	95
Net Return on Equity (yearly level)***	0.34%	1.00%	34

\* as of the last day of the reporting period

\*\* financial liabilities – loans and deposits given - cash

\*\*\* average equity (capital) of the report. period

### Operating Profit or Loss, and EBITDA

→ The setback behind the planned operating profit was attributable to slightly changed structure of sales revenues by product that resulted in a higher share of direct costs, and to expenses payable as compensation for land use that essentially exceeded the expenses envisioned for the (not enacted) real estate tax.

### Financing Profit or Loss

→ The Financing profit or loss for the reporting period was negative. The major impacts were net interest expenses and the impairment of financial investments. The setback behind the plan further resulted from the unrealised revenues from shares in Group members.

### Net profit / loss

→ The net profit/loss was reduced by the accrued and deferred corporate income tax.

### Structure of Statement of Financial Position

→ In the reporting year, the current ratio was slightly lower - by 0.1 percentage point - than the preceding financial year, and the share of equity in the liabilities structure rose by 0.5 percentage point and now amounts to 42.3 percent of total liabilities of the Company.



## 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 Accounting Report for the financial year 2013.

While preparing these statements, the management reviewed the assessments, estimations and assumptions and estimated them to be the same as those applied in the annual financial statements as at 31<sup>st</sup> December 2014. Actual results may differ from such estimates.

In the reporting term, the subsidiary Intereuropa Transport d.o.o., was in liquidation proceedings. Capital increase was implemented in the Ukrainian subsidiary TOV Intereuropa-Ukraine, Kiev.

### 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 1.1.2014 to 31.12.2014

in 1000 €	January - December 2014	January - December 2013
<b>Sales revenues</b>	<b>140,769</b>	<b>161,061</b>
Other operating revenues	2,253	3,748
Costs of goods, material and services	-102,663	-117,768
Labour costs	-25,371	-28,372
Write-downs in value	-8,190	-11,270
Other operating expenses	-1,746	-2,098
<b>Operating profit/loss</b>	<b>5,052</b>	<b>5,301</b>
Financial income	638	817
Financial expenses	-5,310	-5,608
<b>Profit/loss from financial operations</b>	<b>-4,672</b>	<b>-4,791</b>
Result recognized according to equity method	41	34
<b>Profit/loss from regular operations</b>	<b>421</b>	<b>544</b>
Corporate income tax (with deferred tax)	-92	1,608
<b>Net profit /loss for the period</b>	<b>329</b>	<b>2,152</b>
Net profit or loss / non-controlling interest	258	352
Net profit or loss / controlling interest	72	1,800

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR INTEREUROPA GROUP**  
**from 1.1.2014 to 31.12.2014**

in 1000 €	January - December 2014	January - December 2013
<b>Net profit or loss</b>	<b>329</b>	<b>2,152</b>
<b>Other Comprehensive Income</b>	<b>-6,102</b>	<b>-2,887</b>
<b>Items to be reclassified to profit/loss</b>	<b>-979</b>	<b>-592</b>
Change in fair value of financial assets available for sale	146	18
Transfer of revaluation surplus of financial assets for sale to revenues /expenses (at disposal of financial investments)	0	12
Deferred tax in revaluation surplus of financial assets for sale	-24	-4
Exchange rate translation differences	-1,101	-618
<b>Items not to be reclassified to profit/loss</b>	<b>-5,123</b>	<b>-2,295</b>
Change in fair value of land	-5,622	-1,376
Transfer of land revaluation surplus to retained earnings (from sale of land)	-14	-54
Deferred tax in revaluation surplus of land	781	-986
Retained earnings from land revaluation (at sale of land)	14	54
Tax from retained earnings	0	-4
Actuarial net profit/loss from termination benefits upon retirement in revaluation surplus	57	71
Other changes in retained earnings	-339	0
<b>Comprehensive income total</b>	<b>-5,772</b>	<b>-735</b>
Comprehensive income total - non-controlling part	88	343
Comprehensive income total - controlling part	-5,860	-1,078

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR INTEREUROPA GROUP**  
as at 31.12.2014

in 1000 €	31.12.2014	31.12.2013
<b>ASSETS</b>		
Tangible fixed assets	209,989	226,852
Investment property	11,565	6,345
Intangible assets	6,698	7,124
Other non-current operating assets	105	175
Deferred tax assets	16,937	16,843
Long-term loans given and deposits	44	83
Investment in a jointly controlled company	141	135
Other financial investments	1,559	1,813
<b>TOTAL NON-CURRENT ASSETS</b>	<b>247,038</b>	<b>259,370</b>
Inventories	249	241
Short-term loans given, deposits and certificates of deposits	9,180	13,132
Short-term operating receivables	31,831	32,872
Short-term income tax receivables	191	678
Cash and cash equivalents	6,757	7,126
<b>TOTAL CURRENT ASSETS</b>	<b>48,208</b>	<b>54,049</b>
<b>TOTAL ASSETS</b>	<b>295,246</b>	<b>313,419</b>
<b>EQUITY</b>		
<b>Equity - controlling interest</b>	<b>138,422</b>	<b>144,282</b>
Share capital	27,489	27,489
Equity reserves	18,455	18,455
Revenue reserves	4,302	3,840
Revaluation surplus	64,272	68,777
Translation exchange differences	-7,917	-6,937
Transferred net profit/loss	32,088	31,865
Net profit/loss	-267	793
<b>Equity - non-controlling interest</b>	<b>9,216</b>	<b>9,481</b>
<b>TOTAL EQUITY</b>	<b>147,638</b>	<b>153,763</b>
<b>LIABILITIES</b>		
Provisions and long-term deferred revenue	5,471	5,647
Long-term borrowings and financial leases	98,196	105,611
Long-term operating liabilities	454	668
Deferred tax liabilities	13,396	14,191
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>117,517</b>	<b>126,117</b>
Short-term borrowings and financial leases	4,950	6,192
Other short-term financial liabilities	409	460
Short-term operating liabilities	24,598	26,650
Short-term income tax liabilities	134	237
<b>TOTAL CURRENT LIABILITIES</b>	<b>30,091</b>	<b>33,539</b>
<b>TOTAL LIABILITIES</b>	<b>147,608</b>	<b>159,656</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>295,246</b>	<b>313,419</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR INTEREUROPA GROUP**  
**from 1.1.2013 to 31.12.2014**

in 1000 €	January - December 2014	January - December 2013
<b>Cash flows from operating activities</b>		
<b>Net profit/loss for the period</b>	<b>329</b>	<b>2,152</b>
<b>Adjustments for:</b>		
- Depreciation	6,655	7,245
- Impairment and writedowns of tangible fixed assets and intangible assets	75	1,098
- Revaluation operating revenues from disposal of tangible fixed assets and investment property	-181	-591
- Revaluation operating expenses from disposal of tangible fixed assets and investment property	4	111
- Impairment and write-offs of receivables	1,456	2,815
- Non-monetary expenses	282	397
- Non-monetary revenues	-487	-626
- Financial revenues	-638	-817
- Recognized result of jointly controlled company according to equity method	-41	-34
- Financial expenses	5,310	5,608
- Income tax (incl. deferred tax)	92	-1,608
<b>Operating profit before changes in net working capital and taxes</b>	<b>12,856</b>	<b>15,751</b>
<b>Changes in net working capital and provisions</b>		
Changes in receivables	-254	-169
Changes in inventories	-8	-98
Changes in operating liabilities	-2,644	-1,578
Changes in provisions and long-term deferred revenue	-116	-1,183
Corporate income tax	17	-220
<b>Cash from operating activities</b>	<b>9,851</b>	<b>12,503</b>
<b>Cash flows from investing activities</b>		
Interest income	650	888
Dividens and shares in profit received	37	38
Inflows from disposal of tangible fixed assets	286	967
Inflows from long-term borrowings	2	0
Inflows from long-term deposits given	0	14
Inflows from decrease of short-term	45	0
Inflows from decrease of short-term deposits and certificates of deposits given	3,898	0
Inflows from disposal of other financial investments	0	0
Outflows for acquisition of tangible fixed assets	-2,085	-1,625
Outflows for acquisitions of intangible assets	-267	-179
Outflows for long-term deposits given	-20	-50
Outflows from increase of short-term loans given	0	-48

Outflows from increase of short-term deposits and certificates of deposits given	0	-2,299
Other financial outflows	-130	0
<b>Cash from investing activities</b>	<b>2,416</b>	<b>-2,294</b>
<b>Cash flows from financing activities</b>		
Inflows from long-term borrowings received and financial leasing	271	698
Paid interest	-3,755	-4,023
Outflows from repayment of long-term borrowings and financial leases	-7,448	-5,299
Outflows from decrease of short-term borrowings and financial leases	-1,315	-1,203
Outflows from decrease of other short-term financial liabilities	0	-1,267
Paid dividend	-403	-373
<b>Cash from financing activities</b>	<b>-12,650</b>	<b>-11,467</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>7,126</b>	<b>8,390</b>
Exchange rate differences from cash	14	-6
<b>Net increase/decrease in cash</b>	<b>-369</b>	<b>-1,264</b>
<b>Cash and cash equivalents at end of period</b>	<b>6,757</b>	<b>7,126</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR INTEREUROPA GROUP**  
from 1.1.2014 to 31.12.2014

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/loss	Net profit/loss for the year			
<b>Opening balance as at 1.1.2014</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>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-4,626</b>	<b>-980</b>	<b>-326</b>	<b>72</b>	<b>-5,860</b>	<b>88</b>	<b>-5,772</b>
Net profit/loss	0	0	0	0	0	0	0	0	0	72	72	258	329
Other comprehensive income	0	0	0	0	0	0	-4,626	-980	-326	0	-5,932	-170	-6,102
<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	793	-793	0	0	0
Payment of dividends or profit participations	0	0	0	0	0	0	0	0	0	0	0	-353	-353
Transfer of retained earnings to reserves	0	0	294	0	0	168	0	0	-283	-179	0	0	0
Other changes	0	0	0	0	0	0	121	0	-121	0	0	0	0
Coverage of loss from previous years	0	0	0	0	0	0	0	0	160	-160	0	0	0
<b>Closing balance as at 31.12.2014</b>	<b>27,489</b>	<b>18,455</b>	<b>3,976</b>	<b>180</b>	<b>-180</b>	<b>326</b>	<b>64,272</b>	<b>-7,917</b>	<b>32,088</b>	<b>-267</b>	<b>138,422</b>	<b>9,216</b>	<b>147,638</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/loss	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 decrease of share capital of subsidiary	0	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	0
Transfer between Reserves items	0	0	53	0	0	-53	0	0	0	0	0	0	0
Coverage of loss from previous years	0	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>



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

### a) Notes to the CONSOLIDATED INCOME STATEMENT

The **Sales Revenues** amounted to € 140,769 thousand. The Group also has realised € 2,253 thousand of **other operating revenues** that mainly represent the revenues from elimination of allowances for and write-offs of receivables and debts (€ 1,603 thousand), the revaluation operating revenues from disposal of items of plant, property and equipment (€ 181 thousand), the revenues from co-financing of projects and funds obtained from employing disabled persons above the quota (€ 261 thousand), and other revenues (€ 208 thousand).

#### Costs of goods, material and services

Table 16: Costs of goods, material and services of the Intereuropa Group in the year 2014

in 1000 €	January - December 2014	January - December 2013
Cost of goods and materials sold and costs of materials used	4,509	4,242
Cost of services	98,154	113,526
Direct costs	87,240	101,990
Telephone costs	493	541
Maintenance costs	2,454	2,487
Insurance premiums	709	811
Traning and education costs	72	54
Other costs of services	7,186	7,643
<b>Total</b>	<b>102,663</b>	<b>117,768</b>

#### Labour costs

Table 17: Labour cost of the Intereuropa Group in the year 2014

in 1000 €	January - December 2014	January - December 2013
Wages and salaries	18,119	20,139
Pension insurance costs	1,633	2,527
Other social security costs	2,581	2,073
Other labour costs:	3,039	3,632
Holiday allowance	711	606
Transport and meals	2,048	2,233
Other labour costs	280	793
<b>Total</b>	<b>25,371</b>	<b>28,372</b>

## Write-offs

Table 18: Write-offs of the Intereuropa Group in the year 2014

in 1000 €	January - December 2014	January - December 2013
Amortisation of intangible assets	546	591
Depreciation of property, plant and equipment and investment properties	6,109	6,654
Revaluatory operating expenses of intangible and tangible fixed assets	79	1,209
Expenses from revaluation adjustments (impairments) and written-off receivables	1,456	2,815
<b>Total</b>	<b>8,190</b>	<b>11,270</b>

**Other operating expenses** amounted to € 1,746 thousand, mainly relating to land-use fees and similar expenses (€ 1,166 thousand).

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

Table 19: The effect of financial revenues and expenses on the profit or loss of the Intereuropa Group in the year 2014

in 1000 €	January - December 2014	January - December 2013
Interest income	626	800
Dividend income and participation in profit of others	3	4
Profit from disposal of financial investments	0	13
Revenue from elimination of impairments of financial investments	9	0
<b>Total financial income</b>	<b>638</b>	<b>817</b>
Interest expenses	-3,785	-4,155
Expenses at disposal of financial investments	0	-12
Financial expenses from impairments and written-off financial investments	-468	-1,324
Net exchange rate differences	-1,057	-117
<b>Total financial expenses</b>	<b>-5,310</b>	<b>-5,608</b>
<b>Profit/loss from financing activities</b>	<b>-4,672</b>	<b>-4,791</b>

The Group achieved the **Profit or Loss from ordinary activities** at € 421 thousand, which is further reduced by the effect of assessed and deferred tax expense of € -92 thousand.

The **Net Profit** achieved on the Group level in the reporting term amounted to € 329 thousand, thereof the amount of € 72 thousand for the **controlling part**, and € 258 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 31.12.2014

in 1000 €	31.12.2014	31.12.2013
Land and buildings	204,979	221,759
a) Land	103,163	115,017
b) Buildings	101,816	106,742
Other property, plant and equipment	4,195	4,825
Tangible fixed assets under construction	815	268
<b>Total</b>	<b>209,989</b>	<b>226,852</b>

### Intangible assets

Table 21: Intangible assets of the Intereuropa Group as at 31.12.2014

in 1000 €	31.12.2014	31.12.2013
Long-term title rights	1,785	2,032
Goodwill	1,275	1,275
Long-term deferred development costs	3,620	3,817
Advances given	18	0
<b>Total</b>	<b>6,698</b>	<b>7,124</b>

### Loans given, deposits and certificates of deposit

Table 22: Loans given, deposits and certificates of deposit of the Intereuropa Group as 31.12.2014

in 1000 €	31.12.2014	31.12.2013
<b>Long-term loans given and deposits</b>	<b>44</b>	<b>83</b>
- Loans given	11	22
- Deposits	32	61
<b>Short-term loans given, deposits and certificates of deposit</b>	<b>9,180</b>	<b>13,132</b>
- Loans given	58	161
- Deposits and certificates of deposit	9,122	12,970
<b>Total</b>	<b>9,224</b>	<b>13,215</b>

**Other financial investments** in the amount of € 1,559 thousand stand for the item "Financial assets available for sale".

## Short-term operating receivables

Table 23: Short-term operating receivables of the Intereuropa Group as at 31.12.2014

in 1000 €	31.12.2014	31.12.2013
Short-term operating receivables from buyers	29,242	30,292
Short-term operating receivables from others	2,590	2,581
<b>Total</b>	<b>31,831</b>	<b>32,872</b>

## Equity

On the Group level, the Equity amounts to at € 147,638 thousand and represents 50 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 31.12.2014

in 1000 €	31.12.2014	31.12.2013
Provisions for terminal bonus payments on retirement	1,128	1,134
Provisions on litigations	51	120
Other provisions	4,160	4,160
Long-term deferred income	132	233
<b>Total</b>	<b>5,471</b>	<b>5,647</b>

The **long-term loans received and financial leases** amounted to € 98,196 thousand.

**The short-term loans received and financial leases amounted to € 4,950 thousand.** As of the reporting date, all the liabilities due by the Group under the loan agreements were settled.

**Other short-term financial liabilities** amounted to € 409 thousand and related to liabilities for dividends and other participations.

## Short-term operating liabilities

Table 25: Short-term operating liabilities of the Intereuropa Group as at 31.12.2014

in 1000 €	31.12.2014	31.12.2013
Short-term operating liabilities to suppliers	20,220	20,962
Short-term operating liabilities from advances	518	1,991
Other short-term operating liabilities	3,860	3,697
<b>Total</b>	<b>24,598</b>	<b>26,650</b>

## Contingent liabilities

Table 26: Contingent liabilities of the Intereuropa Group as at 31.12.2014

in 1000 €	31.12.2014	31.12.2013
Arising from bank guarantees and guarantees given	11,246	12,505
Arising from legal proceedings	1,866	3,261
From D.S.U., družba za svetovanje in upravljanje	250	250
Other contingent liabilities	105	311
<b>Total</b>	<b>13,467</b>	<b>16,327</b>

## Fair value of financial instruments

With regard to calculation of their fair value, they are classified in three levels:

- **Level 1** considers the unadjusted price listed in an active market on the date of measurement;
- **Level 2** considers the inputs other than the listed price of Level 1, and such inputs can be directly or indirectly monitored for assets or liabilities;
- **Level 3** considers unmonitored inputs for an asset or liability.

Table 27: Levels of fair values in the Intereuropa Group as at 31.12.2014 and 31.12.2013

in 1000 €	31.12.2014			
	Level 1	Level 2	Level 3	Total
Financial assets, available for sale	1,420	0	139	1,559
	31.12.2013			
	Level 1	Level 2	Level 3	Total
Financial assets, available for sale	1,272	0	541	1,813

We estimate that the carrying amounts (book values) of other financial instruments reflect their fair values.

## INFORMATION ACCORDING TO BUSINESS SEGMENTS FOR THE PERIOD JANUARY – DECEMBER 2014

Tabela 28: Business segments of the Intereuropa Group in the period January – December 2014

in 1000 €	Slovenia		Croatia		Bosnia & Herzegovina		Serbia		Montenegro	
	Jan-Dec 2014	Jan-Dec 2013	Jan-Dec 2014	Jan-Dec 2013	Jan-Dec 2014	Jan-Dec 2013	Jan-Dec 2014	Jan-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Revenues from external customers	88,725	88,969	20,951	26,974	5,717	5,708	3,717	3,391	4,723	4,946
Revenues from business with other segments	2,826	2,906	336	357	404	420	628	674	127	155
Total revenues	91,551	91,875	21,287	27,331	6,121	6,128	4,345	4,065	4,850	5,101
Depreciation	3,899	4,149	1,611	1,728	330	369	209	239	452	558
Operating profit or loss	3,635	2,700	-688	0	318	565	577	520	418	573
Revenues from interest rates	553	663	76	114	0	1	9	13	73	129
Expenses from interest rates	3,495	3,709	83	184	12	40	137	190	0	0
Net profit or loss from ordinary activities	453	-835	-691	-87	306	525	329	301	490	702
Corporate income tax	11	-1,949	-108	-7	32	55	22	19	80	106
Assets	230,814	243,047	58,909	63,041	17,004	16,715	9,645	10,238	22,334	22,895
Tangible fixed assets under construction	103	59	189	87	391	55	40	23	83	40
Long-term assets	194,852	203,922	53,576	55,497	15,764	15,659	8,576	9,242	18,317	18,628
Operating liabilities	34,818	36,742	5,187	5,989	1,421	1,272	1,219	1,239	1,114	1,120
Financial liabilities	99,794	105,921	2,485	4,647	290	343	1,903	2,235	408	385
Investment in jointly controlled entities	75	75	0	0	0	0	0	0	0	0
Revenues from investment in jointly controlled entities	34	34	0	0	0	0	0	0	0	0
in 1000 €	Ukraine		Others		Total		Adjustments*		Group	
	Jan-Dec 2014	Jan-Dec 2013	Jan-Dec 2014	Jan-Dec 2013	Jan-Dec 2014	Jan-Dec 2013	Jan-Dec 2014	Jan-Dec 2013	Jan-Dec 2014	Jan-Dec 2013
Revenues from external customers	12,530	25,258	4,381	5,827	140,744	161,074	25	-13	140,769	161,061
Revenues from business with other segments	1	1	710	613	5,031	5,126	-5,031	-5,126	0	0
Total revenues	12,530	25,259	5,091	6,440	145,775	166,200	-5,006	-5,139	140,769	161,061
Depreciation	94	145	60	57	6,655	7,245	0	0	6,655	7,245
Operating profit or loss	671	801	165	141	5,097	5,301	-45	0	5,052	5,301
Revenues from interest rates	14	13	4	5	729	938	-103	-137	626	801
Expenses from interest rates	159	168	2	1	3,888	4,292	-103	-137	3,785	4,155
Net profit or loss from ordinary activities	-446	597	165	145	606	1,349	-185	-805	421	544
Corporate income tax	34	157	21	11	92	-1,608	0	0	92	-1,608
Assets	2,883	4,996	3,105	3,127	344,694	364,058	-49,448	-50,638	295,246	313,419
Tangible fixed assets under construction	8	3	0	0	815	268	0	0	815	268
Long-term assets	1,958	3,395	1,098	1,137	294,143	307,479	-47,105	-48,109	247,038	259,370
Operating liabilities	714	1,386	833	938	45,307	48,686	-1,254	-1,293	44,053	47,393
Financial liabilities	1,639	2,093	35	35	106,554	115,660	-2,999	-3,397	103,555	112,263
Investment in jointly controlled entities	0	0	0	0	75	75	66	60	141	135
Revenues from investment in jointly controlled entities	0	0	0	0	34	34	6	-1	40	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 1.1.2014 to 31.12.2014**

<b>in 1000 €</b>	<b>January – December 2014</b>	<b>January – December 2013</b>
<b>Sales revenues</b>	<b>90,723</b>	<b>90,994</b>
Other operating revenues	1,063	1,929
Costs of goods, material and services	-66,876	-65,507
Labour costs	-15,562	-17,293
Write-downs in value	-4,547	-6,001
Other operating expenses	-1,254	-1,520
<b>Operating profit/loss</b>	<b>3,547</b>	<b>2,602</b>
Financial income	1,496	1,561
Financial expenses	-4,705	-5,136
<b>Profit/loss from financial operations</b>	<b>-3,209</b>	<b>-3,575</b>
<b>Profit/loss from regular operations</b>	<b>338</b>	<b>-973</b>
Corporate income tax (with deferred tax)	1	1,973
<b>Net profit /loss for the period</b>	<b>339</b>	<b>1,000</b>
<b>Basic and diluted net earnings per ordinary share ( in €)</b>	<b>0.01</b>	<b>0.03</b>

**STATEMENT OF COMPREHENSIVE INCOME FOR INTEREUROPA d.d.**  
**from 1.1.2014 to 31.12.2014**

in 1000 €	January – December 2014	January – December 2013
<b>Net profit or loss</b>	<b>339</b>	<b>1,000</b>
<b>Other Comprehensive Income</b>	<b>-4,298</b>	<b>-1,175</b>
<b>Items to be reclassified to profit/loss</b>	<b>120</b>	<b>27</b>
Revaluation of financial investments available for sale to fair value	144	18
Transfer of revaluation surplus of financial assets for sale to revenues/expenses (at sale of financial assets)	0	12
Deferred tax in revaluation surplus of financial assets for sale	-24	-3
<b>Items not to be reclassified to profit/loss</b>	<b>-4,418</b>	<b>-1,202</b>
Change in fair value of land	-5,129	0
Transfer of land revaluation surplus to retained earnings from sale of land	-13	-7
Deferred tax in revaluation surplus of land	874	-1,273
Retained earnings from land revaluation (at sale of land)	13	7
Actuarial net profit/loss from termination benefits upon retirement and pay years-of-service rewards in revaluation surplus	-33	71
Other changes	-130	0
<b>Comprehensive income total</b>	<b>-3,959</b>	<b>-175</b>



**STATEMENT OF FINANCIAL POSITION FOR INTEREUROPA d.d.**  
as at 31.12.2014

in 1000 €	31.12.2014	31.12.2013
<b>ASSETS</b>		
Tangible fixed assets	113,297	125,862
Investment property	10,562	5,307
Intangible assets	5,347	5,735
Other non-current operating assets	105	177
Deferred tax assets	16,658	16,669
Long-term financial investment excl. loans given and deposits	48,288	49,223
Long-term loans given and deposits	563	913
<b>TOTAL NON-CURRENT ASSETS</b>	<b>194,820</b>	<b>203,886</b>
Inventories	28	29
Short-term financial investment excl. loans given, deposits and certificates of deposits	250	250
Short-term loans given, deposits and certificates of deposits	7,260	10,851
Short-term operating receivables	22,024	22,375
Short-term income tax receivables	0	177
Cash and cash equivalents	4,594	3,406
<b>TOTAL CURRENT ASSETS</b>	<b>34,156</b>	<b>37,088</b>
<b>TOTAL ASSETS</b>	<b>228,976</b>	<b>240,974</b>
<b>EQUITY</b>		
Share capital	27,489	27,489
Equity reserves	18,455	18,455
Revenue reserves	2,054	1,875
Revaluation surplus	48,755	52,815
Transferred net profit/loss	0	78
<b>TOTAL EQUITY</b>	<b>96,753</b>	<b>100,712</b>
<b>LIABILITIES</b>		
Provisions and long-term deferred revenue	5,129	5,192
Long-term borrowings and financial leases	94,944	101,202
Long-term operating liabilities	445	646
Deferred tax liabilities	9,968	10,831
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>110,486</b>	<b>117,871</b>
Short-term borrowings and financial leases	3,529	3,323
Other short-term financial liabilities	0	74
Short term operating liabilities	18,208	18,994
<b>TOTAL CURRENT LIABILITIES</b>	<b>21,737</b>	<b>22,391</b>
<b>TOTAL LIABILITIES</b>	<b>132,223</b>	<b>140,262</b>
<b>TOTAL CAPITAL AND LIABILITIES</b>	<b>228,976</b>	<b>240,974</b>

**STATEMENT OF CASH FLOWS FOR INTEREUROPA d.d.**  
**from 1.1.2014 to 31.12.2014**

in 1000 €	January – December 2014	January – December 2013
<b>Cash flows from operating activities</b>		
<b>Net profit/loss for the period</b>	<b>339</b>	<b>1,000</b>
<b>Adjustments for:</b>		
- Depreciation	3,892	4,143
- Impairment and writedowns of tangible fixed assets and Intangible assets	75	5
- Revaluation operating revenues from disposal of tangible fixed assets and investment property	-155	-140
- Revaluation operating expenses from disposal of tangible fixed assets	2	9
- Impairment and write-offs of receivables	578	1,843
- Other non-monetary expenses	196	341
- Non-monetary revenues	-333	-162
- Financial revenues	-1,496	-1,561
- Financial expenses	4,705	5,136
- Income tax (deferred tax incl.)	-1	-1,973
<b>Operating profit before changes in net working capital and taxes</b>	<b>7,803</b>	<b>8,642</b>
<b>Changes in net working capital and provisions</b>		
Changes in receivables	-85	-1,024
Changes in inventories	0	4
Changes in operating liabilities	-961	505
Changes in provisions and long-term deferred revenue	-48	-904
Corporate income tax payed	0	-61
<b>Cash from operating activities</b>	<b>6,709</b>	<b>7,162</b>
<b>Cash flows from investing activities</b>		
Interest income	526	640
Dividend income and participations in profit	955	855
Inflows from disposal of tangible fixed assets	264	320
Inflows from long-term loans given	321	577
Inflows from decrease of short-term loans given	76	0
Inflows from decrease of short-term deposits and certificates of deposits	3,506	0
Outflows for acquisition of tangible fixed assets	-1,246	-408
Outflows for acquisitions of intangible assets	-248	-136
Outflows for long-term deposits given	-20	-50
Outflows from increase of short-term loans given	0	-59
Outflows from increase of short-term deposits and certificates of deposits	0	-449
Outflows for capital increase in subsidiaries	-25	-50
Other financial outflows	-130	0

<b>Cash from investing activities</b>	<b>3,979</b>	<b>1,240</b>
<b>Cash flows from financing activities</b>		
Paid interest	-3,448	-3,571
Outflows from repayment of long-term borrowings	-6,052	-3,607
Outflows from decrease of other short-term financial liabilities	0	-1,267
<b>Cash from financing activities</b>	<b>-9,500</b>	<b>-8,445</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>3,406</b>	<b>3,449</b>
<b>Net increase/decrease in cash from regular operations</b>	<b>1,188</b>	<b>-43</b>
<b>Cash and cash equivalents at end of period</b>	<b>4,594</b>	<b>3,406</b>

**STATEMENT OF CHANGES IN EQUITY FOR INTEREUROPA d.d.**  
from 1.1.2014 to 31.12.2014

in 1000 €	Share capital	Equity reserves	REVENUE RESERVES			Revaluation surplus	RETAINED EARNINGS		Total equity
			Legal reserves	Reserves for treasury shares	Treasury shares (deductible)		Transferred net profit/loss	Net profit/loss for the year	
<b>Opening balance as at 1.1.2014</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>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>-4,181</b>	<b>-117</b>	<b>339</b>	<b>-3,959</b>
Net profit/loss	0	0	0	0	0	0	0	339	339
Other comprehensive income	0	0	0	0	0	-4,181	-117	0	-4,298
<b>Transactions with owners</b>									
Other changes	0	0	0	0	0	121	-121	0	0
Coverage of transferred loss	0	0	0	0	0	0	160	-160	0
Transfer of net profit/loss to reserves	0	0	179	0	0	0	0	-179	0
<b>Closing balance as at 31.12.2014</b>	<b>27,489</b>	<b>18,455</b>	<b>2,054</b>	<b>180</b>	<b>-180</b>	<b>48,755</b>	<b>0</b>	<b>0</b>	<b>96,753</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/loss	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									
<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>1,000</b>	<b>100,712</b>

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

### a) Notes to the INCOME STATEMENT

The **Sales Revenues** amounted to € 90,723 thousand.

Other operating revenues (**€ 1,063 thousand**) represent the revenues from elimination of allowances for and write-offs of receivables and debts (€ 601 thousand), revenues from co-financing of projects and funds obtained from employing disabled persons above the quota (€ 252 thousand), the revaluation operating revenues from disposal of items of plant, property and equipment (€ 154 thousand), and other revenues (€ 56 thousand).

### Costs of goods, material and services

Table 29: Costs of goods, material and services of the Intereuropa d.d. in the year 2014

in 1000 €	January – December 2014	January – December 2013
Cost of goods and materials sold and costs of materials used	1,667	1,722
Cost of services within the Group	1,841	1,899
Cost of services (excl. the Group)	63,368	61,885
Direct costs	57,906	56,382
Telephone costs	162	180
Maintenance costs	1,672	1,605
Insurance premiums	402	447
Traning and education costs	53	35
Other costs of services	3,173	3,237
<b>Total</b>	<b>66,876</b>	<b>65,507</b>

### Labour costs

Table 30: Labour cost of the company Intereuropa d.d. in the year 2014

in 1000 €	January – December 2014	January – December 2013
Wages and salaries	11,172	12,326
Pension insurance costs	1,243	1,376
Other social security costs	808	910
Other labour costs:	2,340	2,681
holiday allowance	593	536
transport and meals	1,626	1,723
other labour costs	122	421
<b>Total</b>	<b>15,562</b>	<b>17,293</b>

## Write-offs

Table 31: Write-offs of the company Intereuropa d.d. in the year 2014

in 1000 €	January – December 2014	January – December 2013
Amortisation of intangible assets	501	518
Depreciation of property, plant and equipment and investment properties	3,391	3,625
Revaluatory operating expenses of intangible and tangible fixed assets	77	15
Expenses from revaluation adjustments (impairments) and written-off receivables	578	1,843
<b>Total</b>	<b>4,547</b>	<b>6,001</b>

## Other operating expenses

Table 32: Other operating expenses of the company Intereuropa d.d. in the year 2014

in 1000 €	January – December 2014	January – December 2013
City land tax and similar expenses	1,031	1,050
Other operating expenses	223	470
<b>Total</b>	<b>1,254</b>	<b>1,520</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 year 2014

in 1000 €	January – December 2014	January – December 2013
Interest income from group members	101	136
Interest income from others	430	490
Income from intra-group participations	918	817
Income from stakes in jointly controlled company	34	34
Income from stakes to others	3	4
Income from removal of loan impairment within the Group	0	76
Income from removal of loan impairment outside the Group	9	0
Net exchange rate differences	0	3
<b>Total financial income</b>	<b>1,496</b>	<b>1,561</b>
Interest expenses and other borrowing expenses	-3,493	-3,708
Expenses from disposal of financial investments	0	-12
Expenses from impairments and written-off financial investments in stakes and shares	-703	-92
Expenses from impairments and written-off other financial investments	-468	-1,324
Net exchange rate differences	-41	0
<b>Total financial expenses</b>	<b>-4,705</b>	<b>-5,136</b>
<b>Profit/loss from financing activities</b>	<b>-3,209</b>	<b>-3,575</b>

The achieved **Profit or Loss from Ordinary Activities** of € 338 thousand resulted from the Operating Profit/Loss (€ 3,547 thousand) and from the Financing Profit/Loss (-3,209 thousand €). **Tax on profit** stands for an income from deferred tax amounting to € 1 thousand.

## b) Notes to the STATEMENT OF FINANCIAL POSITION

### Tangible fixed assets

*Tabela 34: Tangible fixed assets of the company Intereuropa d.d. as at 31.12.2014*

in 1000 €	31.12.2014	31.12.2013
Land and buildings	111,024	123,810
a) Land	65,287	75,385
b) Buildings	45,737	48,425
Other property, plant and equipment	2,170	1,993
Tangible fixed assets under construction	103	59
<b>Total</b>	<b>113,297</b>	<b>125,862</b>

The lower value of the item Tangible fixed assets was largely attributable to the depreciation costs, revaluation of land and transfer of assets to item »Investment property«.

### Intangible assets

*Table 35: Intangible assets of the company Intereuropa d.d. as at 31.12.2014*

in 1000 €	31.12.2014	31.12.2013
Long-term title rights	1,709	1,918
Long-term deferred development costs	3,620	3,817
Advances for intangible assets	18	0
<b>Total</b>	<b>5,347</b>	<b>5,735</b>

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

*Table 36: Long-term financial investments excl. loans given and deposits of the company Intereuropa d.d. as at 31.12.2014*

in 1000 €	31.12.2014	31.12.2013
Investments in shares and stakes of subsidiaries	46,669	47,347
Investments in stake of jointly controlled company	75	75
Other long-term financial investments	1,544	1,801
<b>Total</b>	<b>48,288</b>	<b>49,223</b>

The item Long-term Financial Investments was reduced owing to the impairment of financial investment in the subsidiary TOV Intereuropa – Ukraine, Kiev, and to the impairment of other financial investments.

## Loans, deposits and certificates of deposits given

Table 37: Loans, deposits and certificates of deposits given of the company Intereuropa d.d. as at 31.12.2014

in 1000 €	31.12.2014	31.12.2013
<b>Long-term loans given</b>	<b>563</b>	<b>913</b>
- to subsidiaries	543	863
- deposits	20	50
<b>Short-term loans given, deposits and certificates of deposit</b>	<b>7,260</b>	<b>10,851</b>
- to subsidiaries	1,050	1,185
- deposits and certificates of deposit	6,210	9,666
<b>Total</b>	<b>7,823</b>	<b>11,764</b>

## Short-term operating receivables

Table 38: Short-term operating receivables of the company Intereuropa d.d. as at 31.12.2014

in 1000 €	31.12.2014	31.12.2013
Short-term operating receivables within the Group	515	609
Short-term interest receivables from Group companies	166	151
Short-term operating receivables from buyers (excl. the Group)	20,657	20,983
Short-term operating receivables from others	646	607
Other short-term assets	39	25
<b>Total</b>	<b>22,024</b>	<b>22,375</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 amounted to 42 percent.

## Provisions and long-term Deferred Revenues

Table 39: Provisions and long-term deferred revenue of the company Intereuropa d.d. as at 31.12.2014

in 1000 €	31.12.2014	31.12.2013
Provisions for terminal bonus payments on retirement	824	749
Provisions on litigations	14	54
Other provisions	4,160	4,160
Long-term deferred income	131	229
<b>Total</b>	<b>5,129</b>	<b>5,192</b>

The **long-term loans received and financial leases** amounted to € 94,944 thousand.

The **short-term loans received and financial leases** came to € 3,529 thousand and represent the short-term portion of long-term loans.



## Short-term operating liabilities

Table 40: Short-term operating liabilities of the company Intereuropa d.d. as at 31.12.2014

in 1000 €	31.12.2014	31.12.2013
Short-term operating liabilities to companies within the Group	283	265
Short-term operating liabilities to suppliers	15,658	15,520
Short-term operating liabilities from advances	66	977
Other short-term operating liabilities	2,201	2,231
<b>Total</b>	<b>18,208</b>	<b>18,994</b>

## Contingent liabilities

Tabela 41: Contingent liabilities of the company Intereuropa d.d. as at 31.12.2014

in 1000 €	31.12.2014	31.12.2013
From bank guarantees and guarantees given to Group members	4,880	7,371
From bank guarantees and guarantees given to others	4,888	7,416
Arising from legal proceedings	782	2,793
From D.S.U., družba za svetovanje in upravljanje	250	250
<b>Total</b>	<b>10,800</b>	<b>17,830</b>

## Fair value of financial instruments

With regard to calculation of their fair value, they are classified in three levels:

- **Level 1** considers the unadjusted price listed in an active market on the date of measurement;
- **Level 2** considers the inputs other than the listed price of Level 1, and such inputs can be directly or indirectly monitored for assets or liabilities;
- **Level 3** considers unmonitored inputs for an asset or liability.

Table 42: Levels of fair values in the company Intereuropa d.d. as at 31.12.2014 and 31.12.2013

in 1000 €	31.12.2014			
	Level 1	Level 2	Level 3	Total
Financial assets, available for sale	1,412		132	1,544
in 1000 €	31.12.2013			
	Level 1	Level 2	Level 3	Total
Financial assets, available for sale	1,268	0	533	1,801

We estimate that the carrying amounts (book values) of other financial instruments reflect their fair values.

**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 operation of the Intereuropa Group in the year 2014 was stable. Though unable to maintain the sales revenue on the level of the preceding year 2013, we improved the profitability thereof and fulfilled all our obligations to banks, which was the key goal of the annual business plan.

After an optimistic start of the year, the economic situation in Europe levelled off and did not bring major changes. Croatia did not succeed in pushing its economy forward since the EU-accession and it remained in recession for the sixth year in sequence; in part, the situation in our markets was repeatedly hit by adverse natural disasters in Slovenia, Serbia and Bosnia and Herzegovina (sleet, floods). Although oil prices were falling in the world market, the pressure on prices has not eased up. The customers purchasing our logistics services were more price-sensitive and further transferred the pricing pressures on to their suppliers. We responded to such trends by streamlining activities that have proved to be an effective tool for achieving our goals over a longer period. These efforts were substantially supported by the launch of integrated IT support to warehouse operations and upgrading thereof in the area of Land Transport during the reporting year. In terms of volume of goods and number of consignments handled, we were more successful than a year ago, in particular in the container segment in sea freight. Our promotional activities aimed at addressing the segment of customers who appreciate quality and reliability of services and are able to return our commitment by good payment discipline, which is a demanding challenge in today's situation.

The sales of logistic services yielded **€ 140.8 million of sales revenues** this year, which was 13 percent lower than in the preceding year 2013. Declining trends were mainly perceived in the services rendered by land transport area. The sales result of the Group was significantly affected by political tensions and the war escalating in the east of Ukraine, critical value decrease of the Ukrainian currency, and by aggravated trade relations with Russia, all of which led to shrinkage of economy. The sales revenue was worst hit in our Ukrainian subsidiary operating primarily in organising railway freight transport and performing road transport. In the year 2014, the sales revenue in this subsidiary was halved due to a fall-out in volume of operations of our major customer of rail freight services.

As expected, the demand for customs services in both Slovenia and Croatia was much reduced after the EU accession of the latter (by 60 percent). While Slovenia succeeded in replacing that fall-out by the sales of other services, our subsidiary in Croatia was not so successful and this task is awaiting. In addition, the pressure of competition following the accession resulted in lower prices of road transport services in Croatia, which brought less income from the sale of services.

Given that the sales revenue was 11 percent below the plan, we did not achieve the target sales result in the reporting year. Decline was recorded primarily in the rail freight services (Ukraine) and customs services (Croatia).

In addition to lower sales revenues (Ukraine, Croatia, Macedonia), the slightly changed product structure in the Parent Company that resulted in a higher share of direct costs had a bearing on the operating profit. The setback from the planned operating result was also affected by the compensation for land use that essentially exceeded the expenses envisioned for the real estate tax in the Slovenian part of the Group (which was not enacted, after all) in the Slovenian part of the Group. The result of the Group was **€ 11.8 million of earnings before interest, taxes, depreciation and amortisation (EBITDA)**, with **€ 5.1 million of operating profit**.

The **Financing Profit or Loss at -4.7 million €** was slightly lower than planned on account of negative foreign exchange differences at € 1.1 million, which mostly resulted from the value decrease of the Ukrainian currency. **The net profit** came to **€ 0.3 million** at the end of the reporting year.

The **Net Financial Debt** as at the last day of 2014, amounting to **€ 87.6 million**, was 5 percent lower than at the year-end 2013.

Our plans for the coming year 2015 envision better sales results, so our efforts and energy will focus on intensifying marketing activities and on acquiring new businesses. Particular attention is given to process optimisation and informatisation of operations, by which we aim to achieve positive effects within our operational processes and offer to our customers logistics services tailored to their needs. Our key goal for the year 2015 is to exceed the sales revenues of the year 2014, without affecting the profitability, based on a changed market approach and acquisition.

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

