Unaudited Interim Report INTEREUROPA Group

January – June 2014

Intereuropa®

Global Logistics Service

Koper, Avgust 28, 2014

The INTEREUROPA d.d. is publishing this Unaudited Interim Report of Intereuropa Group for January - June 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 Interim Report of Intereuropa Group for January - June 2014 shall also be published on the web site of INTEREUROPA d.d. www.intereuropa.si on August 28, 2014.

C O N T E N T S

PERFORMANCE HIGHLIGHTS

In the first half-year 2014, economic activity gradually awakened in the advanced markets of the European Union. Goods flows strengthened slightly, but the growth in the volume of consignments handled has not fully reflected on the sales revenue. Persisting price competition on the one hand, and demands for operations streamlining and reducing the costs of logistics on the part of customers led to lower earnings per unit. In the Western Balkans, the economic activity remained on a very low level, unlike Croatia - our second major market – that was still caught in recession. After the latter joined the European Union, the demand for customs services in Slovenia and Croatia fell considerably and resulted in a significant (sixty-percent) loss of income from these services. That was an additional ground for us to proceed with streamlining and informatisation of business processes, which was the only way to satisfy the needs of our customers and improve the profitability of earnings effectively. The revenue of our Ukrainian subsidiary was affected by the political situation - military conflicts that brought about declining goods flows in the southeast of the country; on top of that, the Ukrainian currency lost more than 40 percent against the euro in six months.

The Group achieved a sales revenue of €70.7 million that was 11 percent below the target. The sales revenue we planned was not achieved primarily due to unexpected developments in the Ukraine, and also unsuccessful acquisition of new businesses by which we planned to substitute the decrease in customs services revenue. The Group closed the reporting half-year with an operating profit of €2.4 million and a net profit of €0.1 million. In the Parent Company Intereuropa d.d., the net profit came to €1.1 million.

	INTEREUROPA GROUP			INTEREUROPA D.D.		
(in 1000 €)	Jan-Jun 2014	Jan-Jun 2013	Index 14/13	Jan-Jun 2014	Jan-Jun 2013	Index 14/13
Sales Revenue	70,665	82,541	86	44,947	47,227	95
EBITDA	5,851	8,746	67	3,640	4,561	80
Operating profit or loss (EBIT)	2,446	4,996	49	1,664	2,424	69
Net profit or loss	91	2,507	4	1,130	1,334	85
EBITDA margin in %	8.3	10.6	78	8.1	9.7	84
EBIT margin in %	3.5	6.1	57	3.7	5.1	72
Sales Revenue per employee/month	8.420	8.506	99	12.252	11.351	108
Value Added per employee /month	2.208	2.399	92	3.140	3.211	98
(in 1000 €)	30.6. 2014	31.12. 2013	Index 14/13	30.6. 2014	31.12. 2013	Index 14/13
Assets	307,283	313,419	98	238,520	240,974	99
Equity	153,295	153,763	100	101,945	100,712	101
Net debt	88,645	91,922	96	86,273	89,429	96
No. of employees	1,437	1,464	98	625	644	97

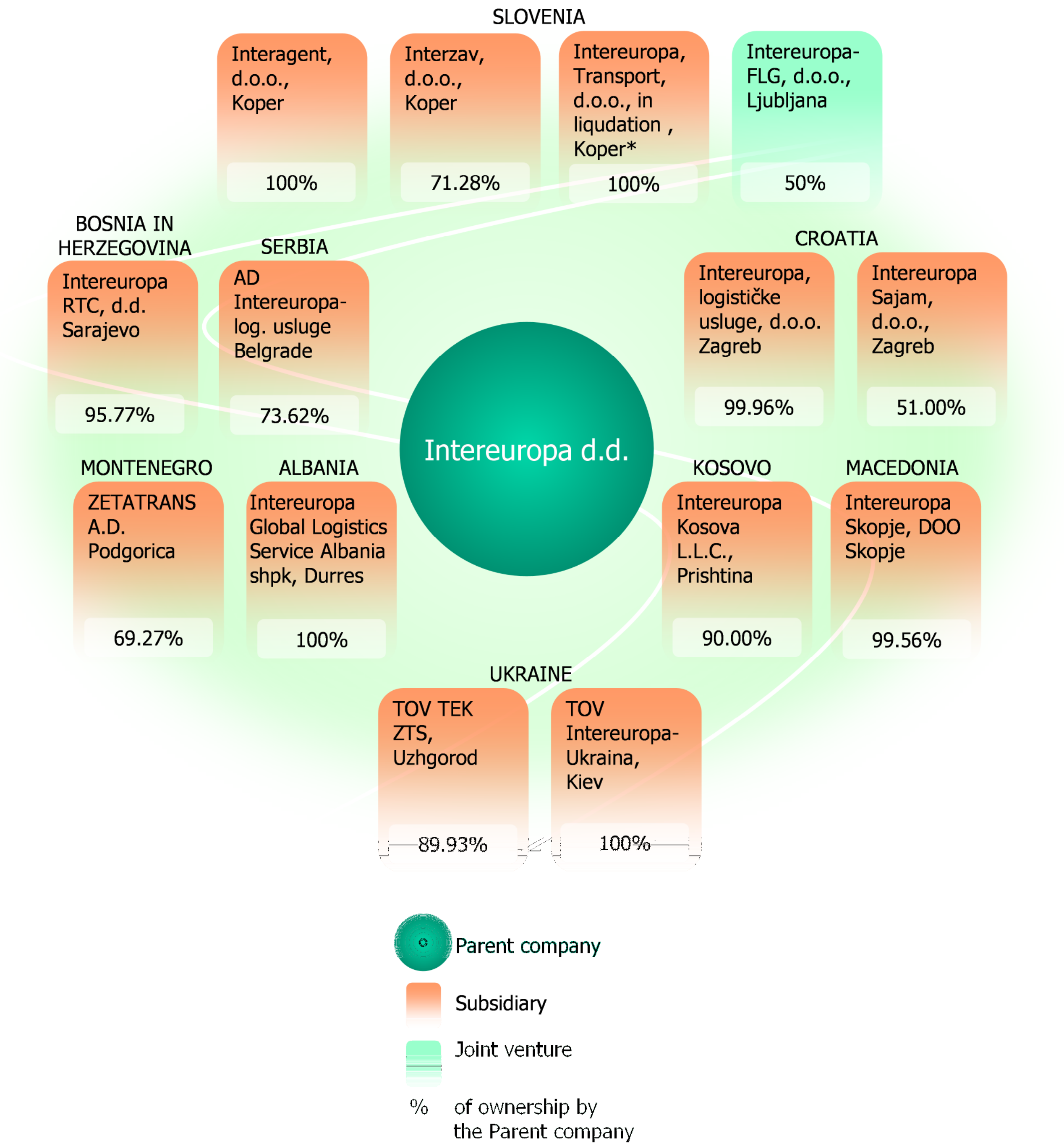
	Jan-Jun 2014	Jan-Dec 2013	Index 14/13
No. of shares at the end of term	27,488,803	27,488,803	100
Net earning per share (in €)	0.02	0.03	67
Closing price at the end of term (in €)	1.05	0.44	239
Book value of share at the end of term (in €)	3.71	3.67	101
Closing price / Book value of share	0.28	0.12	236
P/E	26.3	8.8	298

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

GROUP PROFILE

Parent company	**Intereuropa, Global Logistics Service, Ltd. Co.**
Abbreviated name	Intereuropa d.d.
Country of the parent company	Slovenia
Head office of the parent company	Vojkovo nabrežje 32, 6000 Koper
Comp. ID no.	5001684
Tax no.	56405006
Entry in Companies Register	Registered with the District Court in Koper, file no. 1/00212/00
Share capital	27,488,803 €
Number of of issued and paid-up shares	27,488,803 no-par value shares, of which 16,830,838 ordinary (IEKG) and 10,657,965 preferencial (IEKN)
Share listing	Shares 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

Intereuropa Group	
No. of employees	1,437 employees
Vehicle fleet	109 company-owned trucks, tractors, and trailers and other commercial vehicles
Total warehousing area	235,100 m^2 in-house warehouse
Total land area	1,719,000 m^2 of land area
Membership in international organisations	FIATA, IATA, FETA, FONASBA, BIMCO, IRU
Quality certificates	certificate ISO 9001:2008: o Intereuropa d.d., Koper o Intereuropa, log. usluge d.o.o. Zagreb
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 30.6.2014

STRATEGIC OBJECTIVES

Corporate vision

To become a top-ranked provider of integral logistics solutions.

Mission

The mission of the Intereuropa group is to meet the need for logistics services and provide the optimal functioning of supply chains to the complete satisfaction of our customers, while creating added value for shareholders, employees and other stake-holders in a socially responsible manner.

Values

Professional attitude towards customers. Our activities seek to offer optimal solutions for the logistics needs of each and every customer, based on advanced logistics know-how.
Adaptability and flexibility. Our services are prompt and tailored to customers' needs. They are based on inventive business solutions and good organization.
Responsibility. We are distinguished by a high level of responsibility for all obligations and arrangements undertaken, as well as for both the social and natural environments.
Team work and respect for co-workers. The quality of our services is the result of the work of individuals and excellent expert teams. We duly take into account co-workers' knowledge, experience and views.

Our organizational structure and professional competence will enable us to fully realize our competitive advantages:
→ own network of subsidiaries,
→ established partnership network,
→ a wide range of different products and our own infrastructure,
→ technically qualified staff.

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

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

BUSINESS PLAN 2014

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

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

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

Other goals:

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

Core financial goals:

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

MAJOR EVENTS

THE PERIOD OF JANUARY – JUNE 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 turnover 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 27th 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.

MAJOR EVENTS AFTER THE CLOSING OF THE PERIOD

No significant event or transaction occurred in July that could have influenced the operations of the Group.

1. PERFORMANCE OF INTEREUROPA GROUP

1.1. Sales achievements

ECONOMIC TRENDS

Growth was perceived in economies worldwide, originating mainly from improvements in advanced economies (primarily USA), while certain emerging markets faced a slow-down in their growth rates. Forecasts for the current year (2014) range from 2.2-percent average growth for developed, and 4.9 percent for other economies.

A large number of the EU Member States have also recorded economic growth in the last year. While growth was driven by exports during the recession, now it is the stronger domestic demand that contributes to overcoming the effects of economic crisis. The risks that may lead to lower growth than expected include the geo-political risks and a lower economic activity in the emerging market-based economies

In Slovenia, economic activity has strengthened during the year. In the first four months, exports and the volume of processing industry were much higher, in real terms, than in the comparable months a year ago. Construction business recovered and nearly achieved the level from three years ago, but the income in retail trade remained on a very low level. In June, Brent oil was €82.28 per barrel or 5 percent above the price in June last year.

Croatia has stuck in recession for five years already, and further shrinkage is forecast for the current year. Its weak domestic demand is stronger than positive effects of exports, which makes the economic growth - expected for the year 2015 - dependent mainly from outward demand. Other countries of the Western Balkans have recorded some signs of recovery, but facing a low consumption level, high unemployment rates and a slow implementation of measures for revival of their economies keep their economic activity fairly low.

The Ukraine slid to recession again in the first quarter of this year. Political tensions, threatening armed combats in the east and currency devaluation have brought about decreased consumption and investments, and affected the trust in business. The Donetsk and Luhansk Regions where the situation is highly unstable represent 16 percent of the Ukrainian GDB and almost 30 percent of the national industrial output. The IMF has not made a forecast for the Ukraine, whereas certain sources estimate a 5-percent GDP decrease for that country.

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

Countries	BDP growth, in %		Inflation, in %		Exports of goods growth, in %		Imports of goods growth, in %	
	2014	2015	2014	2015	2014	2015	2014	2015
EU	1.6	1.8	1.3	1.4	3.2*	3.7*	2.8*	3.3*
Slovenia	0.5	0.7	0.8	1.4	4.6	5.2	3.6	5.5
Croatia	-0.6	0.4	1.0	1.4	-0.0	1.7	-1.6	1.4
BiH	2.0	3.2	1.1	1.5	9.1	11.4	8.1	5.9
Serbia	1.0	1.5	5.3	4.0	7.8	6.0	1.6	6.5
Kosovo	3.9	4.5	1.5	1.5	11.4	13.1	7.1	7.4
Montenegro	2.8	2.9	0.9	1.1	-4.6	2.6	9.6	11.4
Macedonia	3.2	3.4	2.3	2.3	7.6	9.0	6.0	8.0
Albania	2.1	3.3	2.6	3.0	11.9	10.3	9.2	11.2
Ukraine**	-5.0	1.5	16.0	8.0	-	-	-	-

* Eurozone data
** Estim. data for Ukraine

SOURCES:
World Economic Outlook, IMF, April 2014
European Economic Forecast Spring 2014, European commission, May 2014
Spring forecast of economic trends, IMAD, April 2014
Economic Mirror – June 2014, July 2014
U.S. – Ukraine Business Council, Ukraine Economic Situation, June 2014

SALES REVENUE OF INTEREUROPA GROUP

The markets of developed European economies felt shifts for the positive trend in the current first half-year, while the Western Balkans was still struggling with low economic growth or even with recession (Croatia). Despite very strong price competition in the market, Intereuropa endeavoured to offer the customers a wide range of logistic services on the required quality level and added value, which was a tough business in the given situation of weak goods flows, limited financial resources and extremely poor financial discipline. The situation in the Ukraine was particularly complex, with political conflicts escalating to that extent that negative impacts on the goods flows expanded region-wide.

In the first half-year 2014, the **revenue** of the Intereuropa Group from the sale of services came to **€70.7 million**, which was 14 percent less than in the first half-year 2013. The major part of the fall-out was recorded in the services of our Land Transport. That area of business was greatly affected by the accession of Croatia to the European Union, which slashed our current sales revenue from customs services, both in Croatia and Slovenia, by 60 percent. After the accession, the pressure of competition resulted in lower prices of road transport services in Croatia, which brought a loss of income from the sale of services. Another adverse impact on our income was felt in the Ukraine, where the unstable political situation and uncertain business environment reflected on lower economic activity and goods flows in general. Our Ukrainian subsidiary that operates near the Hungarian border, performing road transport and organising railway freight transport, recorded a 35-percent drop in the sales below the comparable figures of the first half-year 2013. The best-performing service of our Land Transport was groupage: the volume of consignments carried was higher than in the first half-year 2013 and growth was achieved on the Group level.
The sales revenue of our Logistics Solutions and Intercontinental Transport areas remained on the level of 2013.

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

	Business Area	Jan -Jun 2014	Structure	Index 2014/plan	Index 2014/2013
1	Land transport	42,051	60%	84	78
2	Logistics solutions	8,045	11%	95	99
3	Intercontinental transport	17,253	24%	97	101
4	Other services	3,316	5%	103	98
	TOTAL SALES REVENUE	**70,665**	**100%**	**89**	**86**

Given that the sales revenue was 11 percent below the plan, we did not achieve the target sales result. The decrease in revenue from customs services was expected, on account of the accession of Croatia to the EU; on the other hand, the growth of income in rail transport was not realised due to the political situation in the Ukraine. We planned to compensate for a certain portion of lost revenue from customs services with new businesses; however, we did not fully succeed in achieving that, which has reflected in variance from the sales targets in Croatia, above all.
In the reporting half-year, our Intercontinental Transport came closest to the target sales volume and represented almost one quarter of the sales revenue of our Group.
The volume of containers handled surpassed the volume in the comparable term a year ago by two thirds, and in the segment of container transport, we exceeded the targets by 21 percent; in conventional cargo and sea-freight services, the season of fruit and vegetables was one of the worst in the near past.

In the sales revenue structure by country in which a subsidiary is based, the revenue achieved by the Slovenian subsidiaries in the reporting half-year improved and came to €44.0 million. Serbia and Albania achieved a 5-percent growth, whilst other countries mostly recorded a drop in their sales.

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

	Geografical area (by companies' head office)	Jan - Jun 2014	Structure	Index 2014/plan	Index 2014/2013
1	Slovenia	43,953	62%	98	95
2	Croatia	10,762	15%	95	70
3	Bosnia & Herzegovina	2,739	4%	99	97
4	Serbia	1,712	2%	102	105
5	Macedonia	857	1%	48	47
6	Kosovo	1,021	1%	84	100
7	Montenegro	2,138	3%	84	87
8	Albania	237	0%	88	105
9	Ukraine	7,248	10%	57	65
	TOTAL SALES REVENUE	**70,665**	**100%**	**89**	**86**
1	EU countries	54,714	77%	97	89
2	Non-EU countries	15,951	23%	69	76

The customers of our services come from the whole world, but in the reporting half-year, nearly three out of four were from the European Union and 11 percent from the countries of former Yugoslavia (other than Slovenia and Croatia).

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

	Geografical area (by customers' head office)	Jan - Jun 2014	Structure	Index 2014/2013
1	Slovenia	26,044	37%	103
2	Croatia	9,498	13%	66
3	Russia	729	1%	55
4	Bosnia & Herzegovina	2,818	4%	99
5	Serbia	1,493	2%	96
6	Montenegro	2,079	3%	90
7	Other countries	28,003	40%	81
7a	Other EU countries	16,701	24%	92
7b	Other countries	11,302	16%	68
	TOTAL SALES REVENUE	**70,665**	**100%**	**86**

Land Transport

The services of our Land Transport had the highest share in the Group's sales structure. We achieved a sales revenue of € 42.1 million from the Land Transport Area in the reporting term, or 60 percent in the sales structure of the Intereuropa Group. The greatest part thereof (52 percent) was made by the Parent Company in Slovenia.

The sales revenue was expectedly 22 percent lower than in the first half-year 2013. After Croatia joined the European Union, customs services between Slovenia and Croatia were abolished and that resulted in a loss of income from customs broking. Our Ukrainian subsidiary was behind the last year's result due to unstable political situation that affected the economic trends. Only Serbia (in the groupage product) and Albania surpassed the results of the preceding year. In Albania, the improvement is attributable to channelling our groupage lines from a partner to our subsidiary (in February 2014), and to better sales of road transport services. Product-wise, growth was recorded only in groupage services. The worst fall-outs were recorded in the products Customs Broking (in Croatia and Slovenia), Railway Transport (in the Ukraine) and Road Transport (in Croatia, Macedonia, and in the Parent Company).

In terms of the plan, we were by 16 percent below the sales targets; the worst setback was recorded in our Ukrainian subsidiary. Unstable political situation in that country and its conflicts with Russia exerted a negative impact on the business of our customers in the rail transport segment. An additional adverse impact was the decrease in value of the Ukrainian currency against the euro. Only the Parent Company Intereuropa d.d. and the subsidiary in Belgrade achieved the plans. Within the Intereuropa d.d., the Branch in Celje recorded the highest over-achievement of the plan thanks to new business acquisition in railway transport. Apart from the Ukrainian subsidiary, our subsidiaries in the following countries were lagging behind the target results: Croatia (road transport, express transport), Macedonia (road transport), Montenegro (road transport, customs services, groupage) and Kosovo (road transport, groupage). Product-wise, our railway and road transport segments were recorded the worst setback behind the plans.

Road transport:

→ Road transport has the biggest share in the sales revenue structure (26 percent) among the products offered by Intereuropa, and a 43-percent share among the products in the scope of Land Transport.

→ We were 11 percent behind the sales plan on the Group level, and 11 percent below the achievement of the same term last year; such results are attributable to reduced volume of services in our Macedonian and Croatian subsidiaries; the latter was faced with a decline in the prices of transport services after the EU-accession of Croatia. The Parent Company generated as much as 71 percent of our aggregate sales revenue and achieved the plan. Compared with the same term last year, there was a general decrease in sales revenues, worst of all in Slovenia.

→ Pressures on prices continued and the resulting reduced sales margins persist for quite a long time. We are addressing that issue by active management of direct costs.

→ Goals for the coming term:
  - Our activities will focus on effective management of suppliers and control of direct costs combined with intensified commercial activities in all companies of our Group.

Customs services:

→ The sales revenue fell by 61 percent below the level in the comparable term a year ago. After the EU-accession of Croatia, the revenues from customs services shrank severely in our Slovenian and Croatian subsidiaries.

→ In Slovenia, we were just above on third of the figure achieved in the first half-year 2013, while in Croatia even worse - less than one fifth. Nevertheless, both subsidiaries exceeded their sales targets.

→ The subsidiary in Serbia exceeded the last year's result and the target for the reporting term on account of better revenue in the Border Despatch product. Also the subsidiary in Macedonia performed better than planned. On the other hand, the subsidiaries in Montenegro, Bosnia and Herzegovina, and in Kosovo were lagging behind the plan and below the results of the preceding year.

→ Goals for the coming term:
  - We will intensify the marketing of customs services and include them in our offer as a supporting product to as many customers as feasible.
  - Maintaining a high level of professional knowledge of our employees will continue to be our concern also to avoid the risks that may incur in the implementation of our services.

Groupage Services:

→ The sales revenue of this segment were 2 percent above the level of the first half-year of the preceding year.

→ Almost three quarters of all revenues from groupage services in the Group were generated in Slovenia. In spite of the considerable rise in the number/volume of consignments carried, the sales revenues were one percent below the first half-year 2013, which illustrates the escalation of price competition in this segment.

→ Higher sales revenues were recorded in the subsidiaries in Croatia, Bosnia and Herzegovina, and Serbia as a result of growing quantities of carried goods.

→ In February, we redirected the processing of our import groupage service to our subsidiary in Albania and assured that Intereuropa is managing that part of the business, too.

→ We upgraded the information solution WexVS with an application that enables the customers to trace their consignment and access to more information about it.

→ Goals for the coming term:
  - Aiming to reduce administrative procedures within the Group members, we will upgrade an application to enable a more effective data transmission among the companies.
  - Enhancing the extent of e-commerce with customers and primarily with our foreign partners in business.
  - Further cost reduction, increase the sales volume and enhance dynamics of delivery (e.g. between Belgrade and Podgorica).

Express Transport:

→ The sales revenue in this segment was just under the level of the previous year, and 4 percent lower than planned.

→ The highest share of sales revenue (60 percent) in this segment was again achieved by the subsidiary in Croatia, although the share has slightly reduced on account of the setback of said subsidiary behind the figure achieved last year (by 3 percent) and 7 percent below the sales target. According to the size of their share in the sales structure, the Slovenian company followed with 26 percent, the Bosnian subsidiary with 10 percent, and the Serbian with 4 percent.

→ In Slovenia, we recorded a 3-percent growth of sales revenue and exceeded the sales targets by 8 percent.
→ Goals for the coming term:
  - Activities to achieve cost efficiency and enhance the standardisation of operations are conducted in all parts of the Group.
  - Persisting concern in optimising the business processes and aligning the execution in view of cost containment, while preserving the high quality of service.
  - Activities to enhance the extent of e-commerce with customers in order to reduce the administrative costs.

Rail Transport:
→ The Rail Transport product recorded a considerable (37 percent) setback behind the sales target and was underperforming (by 28 percent) in view of the result of the comparable term 2013.
→ The performance of this segment was greatly affected by the specific situation of the subsidiary TEK ZTS, Uzhgorod: the unstable political situation in the Ukraine reflected adversely on the economy and on the national currency exchange rate. Despite lower earnings from rail transport services, the Ukrainian subsidiary contributed 16 percent of total sales revenue in our Land Transport area.
→ Also the company Intereuropa-FLG d.o.o., Ljubljana recorded a lower operating revenue.
→ On the other hand, the Parent Company Intereuropa d.d. exceeded both the last year's results and the sales targets. Our branch in Celje contributed the highest positive shift over the achievement in the first half-year 2013, by acquisition of a new business that has doubled the income from these services.

Despite unfavourable market situation, we have set very ambitious goals for the current year. 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 EU. 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.

The performance of our Land Transport will remain vulnerable in the second half-year, too, and exposed to the unstable political situation in the Ukraine, given that our Ukrainian subsidiary generates its entire operating income exclusively in Land Transport and contributes, mainly by railway transport, as much as 19 percent to the total sales of this area (Land Transport). We can only hope that the situation in the country will settle as soon as possible.

In the second half-year 2014 we will conduct intensive activities to launch our new integrated information solution supporting the Land Transport products to the subsidiary in Zagreb that will add to a better control over the implementation of services in Croatia as well. In addition to traceability, that solution will further improve the quality of our service.

Logistics Solutions

In the Logistics Solutions Area, the sales revenue in the reporting half-year came to €8.0 million, representing 11 percent in the sales structure of the Intereuropa Group. In our key markets for logistics solutions, we were operating in unfavourable economic conditions, facing the downward pressures on prices of our services and coping with the change of logistics concepts.

Two thirds of this area's sales revenue were contributed by the Parent Company in Slovenia, and 18 percent by the Croatian subsidiary. The economic environment remained severe also in other countries in the Balkans, in which our storage capacities are located. Within Intereuropa, these markets stand for 16 percent in the sale of services of our Logistics Solutions Area.

Warehousing:

→ The sales revenue from storage services in the reporting half-year was €7.4 million, representing 10 percent in the sales structure of the Group. Our setback behind the plan was 7 percent and the result achieved was on the same level as in the first half-year 2013. We recorded a decline in the sale of our services in Slovenia, which is our key market representing 63 percent in the sales structure of this segment.
→ After shifting the white goods (large household appliances) from the facility of our customer into our warehouse in Celje, we filled the vacant storage capacities in Celje and increased our sales revenue from our key customer.
→ We also acquired new business via Koper warehouse and filled our capacities there.
→ Also, we started with storage services for the goods of a major customer in Serbia.
→ In March, we launched our IT support and introduced data interchange with a key customer in Ljubljana.
→ The implementation of our integrated IT support to warehouse operations Wex.WMS was launched in Slovenia.
→ Our unit in Maribor acquired new businesses for warehousing of white goods (household appliances) and of dangerous goods.

Distribution:

→ The sales revenue from Distribution services in the reporting half-year was €0.6 million, representing one percent in the sales structure of the Intereuropa Group, or 10 percent in the sales structure of the Logistics Solutions Area, respectively. We surpassed the target sales by 23 percent, but were 8 percent below the result of the first half-year 2013. A major contribution to such growth rate was the transfer of white goods from our customer's facilities in Ljubljana to our warehouse in Celje, and newly acquired business in Jesenice.

Goals for the coming term:

→ Continue with the implementation of the new integrated IT solution supporting the warehouse processes in Slovenia and Croatia.
→ Proceed with acquisition activities for major logistical projects.
→ Optimise and fill-in the vacant storage facilities.
→ Continue streamlining the logistic processes by commodity category.

Intercontinental Transport

The sales revenues in our products of the Intercontinental Transport Area came to €17.3 million. We achieved one percent higher turnover than in the first half-year 2013. The share in the sales structure of the Group remained 24 percent, the same as in the first quarter this year.
Our sales improved considerably in the Container Services product, resulting in a 19 percent growth over the first half-year 2013. In this product, we exceeded the sales targets by 21 percent. In other services, we recorded a decline that resulted in underachievement (by 3 percentage points) of sales targets in the entire range of services of the Intercontinental Transport area.
Volatile sea-freight and air-freight rates aggravate the achievement of sales targets: the variance in sea-freight can range up to 50 percent in one month only. As regards conventional cargo, the season of fruit and vegetables was one of the worst in the last period. In car logistics, the period of uncertainty for the sales of new vehicles in the European market persists, forcing the manufacturers to change the established logistical chains and re-launch the manufacture in Europe.

Sea-Freight Transport:

→ The sea-freight and shipping agency segments combined represented 17 percent of the Group's sales revenue in the reporting term. We made a sales revenue of €12.0 million, thereof 90 percent in the Slovenian market.

→ We achieved the sales targets and exceeded last year's interim results by 5 percent.

→ In conventional sea-freight our setback was 17 percent behind the target. Lower cargo volumes led to less income for alumina, oil derivatives, chilled fruit and vegetables, etc.

→ In the container transport products, the growth of income was 19 percent above the first half-year 2013, but we surpassed the sales targets by 21 percent. We processed 63 percent more containers than in the comparable term a year ago. The highest growth was achieved in Slovenia, in handling container turnover via Koper.

→ The suspension of RO-RO line Koper-Albania last year had a significant impact on our RO-RO product, which was also felt in this year's results. There has been no announcement to resume the line yet, so we can expect similar operating results for this year.

→ Our Shipping Agency product was one percent below the last year's interim result and 5 percent behind the sales target. In the second quarter of this year, a container ship operator established a direct line service, which had a favourable effect on the income in June. The favourable influence will also be felt in the second half-year, by achieving the sales targets in the shipping agency. We retained the leading position among shipping agencies in the number of ships represented in the Port of Koper.

→ Goals for the coming term:
  - In the second half-year we plan to launch intensified sales activities by commodity groups shipped through warehouse and within the newly formed partner network under the contract on collaboration with the global logistics partner, as we joined the largest network of independent forwarders - the WCA.

Car logistics:

→ The car logistics segment continued to be exposed to the pressures of the situation in the European economy. That reflected in new integrations between manufacturers and logistics providers, as well as in bringing the production sites closer to buyers while orders for manufacture are given according to actually sold vehicles. The latter applies to our customer GM (Chevrolet) which has stopped delivery of vehicles for the European market.

→ Our sales revenue in the reporting half-year was €3.3 million, which was 14 percent behind the sales targets. The physical volume of vehicles handled dropped by 10 percent, which is considerably less than the loss of the Chevrolet vehicles.
→ We have substituted the latter (Chevrolet) with a new export business by a German manufacturer for the Turkish market; the quantities of imported vehicles of the make Opel have grown, and our car terminal in Koper is operating profitably.
→ Goals for the coming term:
  - Despite changes in the market, the car logistics segment remains one of our key products of this business area and of the Group, given that the annual turnover for car logistics is envisioned to be developed for a volume of 100,000 vehicles.

Air-freight Transport:

→ The sales revenue from air-freight operations came to €1.6 million. We exceeded the sales targets by 1 percent.
→ A significant growth (33 percent) was recorded in the Serbian market, which is the second major air-freight market with a 17-percent share in the sales structure of our Group.
→ In Slovenia, we achieved a growth of physical volume of cargo (expressed in tons) with fewer consignments, but the number of heavier consignments was higher and affected the 10 percent lower sales revenue than in the first half-year 2013.
→ In the reporting half-year, we intensified the sales activities and integration in partner networks. We expect slightly better results by the year-end as the second half-year is a more active business period for airfreight logistics.

1.2. Financial result

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

Item / Index	Jan - Jun 2014	Jan - Jun Plan 2014	Jan - Jun 2013	Index 2014/plan	Index 2014/2013
Sales revenue	70,665	79,289	82,541	89	86
EBITDA*	5,851	7,052	8,746	83	67
Operating profit or loss	2,446	3,616	4,996	68	49
Financing profit or loss	-2,267	-1,692	-1,675	-	-
Net profit or loss	91	1,488	2,507	6	4
EBIT margin in %	3.5%	4.6%	6.1%	76	57
Sales revenue per employee/month	8.420	9.423	8.506	89	99
Value added per employee/month	2.208	2.413	2.399	92	92

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

Item / Index	30.6. 2014	Plan 31.12.2014	31.12. 2013	Index 2014/plan	Index 2014/2013
Balance sheet total*	307,283	311,859	313,419	99	98
Equity*	153,295	161,005	153,763	95	100
Net debt**	88,645	76,854	91,922	115	96
Short-term assets/ Short-term liabilities*	1.59	1.75	1.61	91	99
Net Return On Equity (yearly level)***	0.48%	2.68%	3.08%	18	16

** as of the last day of the reporting period*
*** financial liabilities – loans and deposits given - cash*
**** average equity of the report. period, excluded one-off events*

Operating Profit or Loss, and EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)

→ 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 the Ukraine, primarily resulting from the aggravated political situation that consequently reflected on the economy. Other adverse impacts for non-achievement of the plan were the expenses payable as compensation for land use that essentially exceeded the expenses envisioned for the real estate tax in the Slovenian part of the Group (that was not enacted, after all).

Financing Profit or Loss

→ The negative Financing Profit/ Loss achieved was attributable to net interest expenses and to high foreign exchange losses at €704 thousand that were not envisioned (mostly arising from the Ukrainian currency value decrease). The latter were the major cause for the non-achievement of the plan and of the financing result of a year ago.

Net profit / loss

→ The net profit or loss was decreased by the corporate income tax and deferred tax assets.

Structure of Statement of Financial Position

→ The current ratio was slightly lower than a year ago, and the share of equity in the liabilities structure rose by 0.8 percentage point and now amounts to 49.9 percent.

1.3. Investments in fixed assets

In the reporting half-year January - June 2014, the Group invested in fixed assets **€ 528 thousand**, thereof 250 thousand in real estate and 278 thousand in plant /equipment and intangible assets. The annual plan of investments was completed to the level of 19 percent.

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

Company	Real property		Plant & Equipment, Intang. assets		TOTAL		% of annual realization
	Jan-Jun 2014	Plan 2014	Jan-Jun 2014	Plan 2014	Jan-Jun 2014	Plan 2014	
Intereuropa d.d.	174	530	185	1,344	359	1,874	19
Subsidiaries	76	163	93	824	169	987	17
TOTAL INVESTMENTS	**250**	**693**	**278**	**2,168**	**528**	**2,861**	**19**

The investments of the Parent Company Intereuropa d.d. were made in real estate, equipment and intangible assets (€359 thousand); other members of the Group invested € 163 thousand in fixed assets. Individual investments were not very substantial.
The invested funds were earmarked to:

- Buildings and fittings/ equipment (€350 thousand),
- Computer hardware and software (€99 thousand),
- Repairs and purchase of motor vehicles (€79 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.

There were 58 types of risk identified in the company Intereuropa d.d., thereof 7 key risks. Our highest exposure is to the sales risk, in particular to the downward pricing pressure and the decreased demand for our services. The impact of the overall economic situation in the country is perceived in generally aggravated liquidity.

Our greatest attention is dedicated to the sales risk. Downward pressure on our prices and a decreased demand for certain services were not as strong as last year, but we did perceive a certain loss of income on that ground. 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. Our sales activities are focused on acquiring new customers and increasing the productivity in our employees. Price sensitivity is increasing and therefore, internal process streamlining and cost management are all the more important, in particular in the area of warehousing where the fixed costs are the highest. In the Company, we consistently implemented our sales strategy and placed additional focus on new customer acquisition along with an offer for comprehensive service to our current customers.

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 Intereuropa is operating. Our activities are directed to debt collection, which is very difficult to achieve 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. We address the liquidity risk by daily control of working capital and exposure to individual customers and units in the Company. The Managing Board controls its financial condition and exposure to certain customers on a regular basis.

We estimate for the second half-year that Intereuropa d.d. will be exposed mainly to the sales and financial risks. The measures adopted and activities in implementation we envision to reduce the exposure of the Company to risks and to achieve the planned results.

1.5. Human Resources Management

EMPLOYMENT TRENDS

The downsizing trend has continued in the Intereuropa Group: compared with the year-end 2013, the number of our employees was 2 percent (or 27 employees) lower.

As of 30.06.2014, there were 1,437 employees in the Intereuropa Group. The staff was reduced mainly in the Parent Company (-19), in which economic reasons prevailed for termination of employment, and in Intereuropa, logistične usluge, d.o.o. Zagreb, which lost 7 employees. No major changes were recorded in other subsidiaries of the Group.

Table 8: No. of employees in the Intereuropa Group according to countries, as of 30.6.2014

	30.6.2014	31.12.2013	Difference 14-13	Index 2014/2013
Slovenia	646	665	-19	97
Croatia	311	318	-7	98
Bosnia & Herzegovina	128	127	1	101
Serbia	106	106	0	100
Macedonia	35	35	0	100
Kosovo	24	24	0	100
Montenegro	137	139	-2	99
Albania	2	2	0	100
Ukraine	48	48	0	100
TOTAL	**1.437**	**1.464**	**-26**	**98**

On the Group level, there were 84 persons recruited for work through other forms of labour (such as employment agencies, contracts for work/services and student job services) or additional 6 percent as at 30.06.2014.

DEVELOPMENT AND TRAINING

On the Group level, we allocated 7,580 hours to functional training, which was slightly less than in the first half-year 2013: then, the number of hours (11,745 hours) was higher on account of intensive training on occupational safety. This year, we greatly increased the number of training dedicated to foreign languages, logistics, sales and marketing, and management in accordance with our plan. The average for the Group was 6 hours of training per employee; in Slovenia 9, in Croatia 5, on average.

The funds allocated to acquisition of new knowledge amounted to € 49 thousand on the Group level, and € 39 thousand in the Slovenian part of the Group. Training forms in the Parent Company were mostly funded under the public tender ˝Competence Centre for HR Development in Logistics". In accordance with the nature of the public tender, the major part of training thereunder was implemented in the first half-year given that the financing for the current year closes by the end of October.

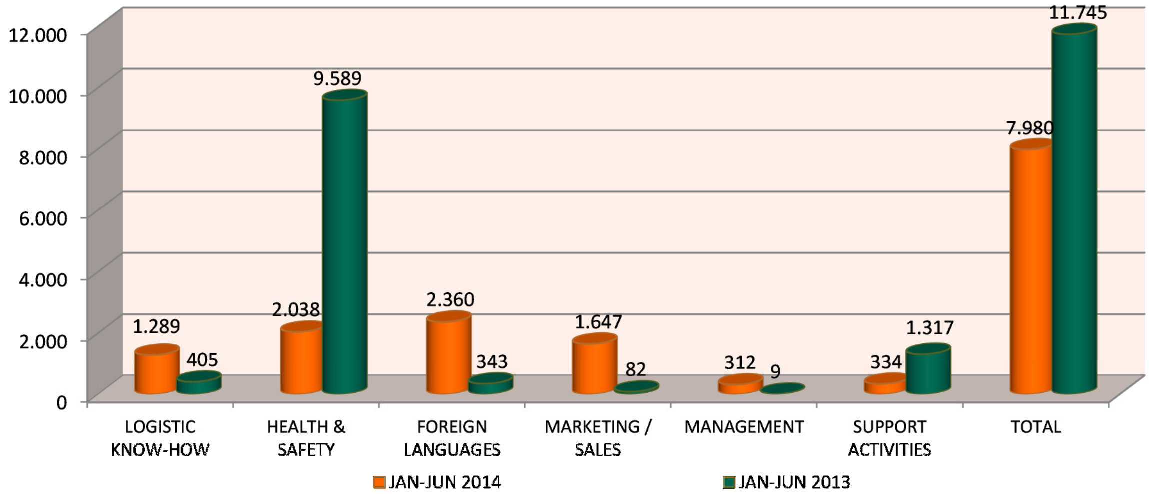


Figure 2: Training hours in the period January - June 2014 according to topics (for the Group)

Some highlights of the first half-year:

- In the Slovenian part of the Group, there were at least 180 employees included in training forms to accomplish their selling and negotiating skills, business communication, understanding mutual relations, and motivation;
- A group of 25 managers were acquiring the management skills in the workshop "Strengthening the Winning Mindset for Managers";
- 180 hours were spent on the training of the members of the project team for ''Promoting the Occupational Health Care in the Workplace";
- In March we started with internal training on the IT application WexVS supporting warehouse operations, to which we allocated at least 760 hours;
- In other companies, the training focused on logistics and foreign languages; the subsidiary based in Zagreb focused on the knowledge from the area of occupational health;
- The highest share of education forms (30 percent) in the Group was dedicated to foreign language learning.

EMPLOYEE CARE AND WIDER SOCIAL ENVIRONMENT

- Financial aid was granted to 23 our employees who were affected by difficult health condition or inferior financial position in their family, primarily caused by the natural disaster (sleet) in Slovenia. On the Group level, we earmarked a total of € 13 thousand (compared with €16 thousand in the first quarter last year).
- On the Group level, we provided obligatory work practice to 26 secondary school and tertiary level students.
- We designed an updated form on how to conduct an annual interview between the manager and employee.

HEALTH PROTECTION

Project promoting occupational health in the workplace

- Financial aid was granted to 23 our employees who were affected by difficult health condition or inferior financial position in their family, primarily caused by the natural

disaster (sleet) in Slovenia. On the Group level, we earmarked a total of €13 thousand (compared with €16 thousand in the first half year 2013).
- On the Group level, we provided obligatory work practice to 26 secondary school and tertiary level students.
- We designed an updated form on how to conduct an annual interview between the manager and employee.

Activities on Health and Fire Safety

In the field of health safety and fire safety and precautions, the following activities were implemented:
- 145 preventive medical check-ups for employees of the Group,
- Training forms on occupational and fire safety (230 employees),
- Testing for osteomuscular diseases in the scope of the Health Promoting Project, and taking part in targeted regular training (40 employees),
- Preparing the Statements on Safety and Risk Assessment for the subsidiary Interzav d.o.o.,
- Preparations for documentation upgrade regarding the response in emergency and the action to be taken in handling dangerous goods,
- Inspection of safety illumination in business unit Celje;
- Tests of fire extinguishers and hydrant supply network, and other control checks in the Parent Company,
- Checking of operational adequacy and response of fire detectors in warehouse facilities in Koper;
- Amending or harmonizing the internal acts of the subsidiary Interagent d.o.o. with the new Fire Safety Regulations;
- Evacuation exercises for business units Celje and Brnik.

There were 632 sets of machines and working assets/ equipment examined on the Group level. There was only one employee with a light injury in the entire Group.

1.6. Total Quality Management

Two companies of the Intereuropa Group (out of 12) hold a certification under the ISO 9001:2008 Standard. Of the entire staff of the Group, 65 percent are employed in these certified companies (Intereuropa d.d., and Intereuropa, logističke usluge d.o.o., Zagreb). An External Audit of the Quality Management System of Intereuropa d.d. was conducted in the reporting half-year.

Maintaining the ISO 9001:2008 Quality Management System

→ Two yearly QMS reports were prepared for the year 2013 and the measures to improve the QM system were triggered.
→ A new, third edition of the Quality Management System Manual for the company Intereuropa d.d. was issued.
→ New instructions were issued for full load shipments for the customer Renault.

Internal auditing of service quality

→ An internal audit of the air-freight process was conducted in Intereuropa d.d.

Quality control by QM indicators

The number of complaints was on the same level as last year; however, the value under complaints rose by 29 percent.

Table 9: Complaints, claims and approved value for the period January – June 2014

No. of complaints	Index 13/12	No. of claims	Value in 1000 €	Index 13/12	Approved Value in 1000 €	Index 13/12
222	100	139	66	129	19	104

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.
Auditors have confirmed that operations were conducted in compliance with the requirements of the ISO 9001 standard. They 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 on 2 June 2014.

→ **Intereuropa, logističke usluge d.o.o. Zagreb** – Renewal audit is scheduled for September.

1.7. Share IEKG and ownership structure

KEY DATA ON SHARE

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

	Jan-Jun 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
od which no. of treasury shares*	18,135	18,135
Share book value in €*	3.71	3.67
Earnings per share in €	0.02	0.03
Market capitalisation in € thousand*	17,706	7,406
Trading volume in € thousand	1,140	938
Closing price in €	1.05	0.44
Weighted average price in €	1.00	0.50
Highest price in €	1.22	0.85
Lowest price in €	0.44	0.32
P/E	26.3	8.80
Capital gain	139.1%	-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

Trading in shares on the Ljubljana Stock Exchange has been livelier this year: the share-trading turnover recorded a rise of nearly 70 percent above the level of the first half-year 2013. The IEKG share followed in a similar trend: investors made a turnover of € 1.1 million at the price of about 1.00 euro, representing a 90-percent higher turnover than in the first six months of 2013.

The market price of the IEKG share fluctuated between €0.44 and €1.22 per share, and closed the half-year at €1.05. In half a year the share gained 139.1 percent, while the SBITOP-index only rose by 25.4 percent. The market capitalization closed the term at €17.7 million, which stands for 0.4 percent of the market capitalization of all shares on the Ljubljana Stock Exchange.

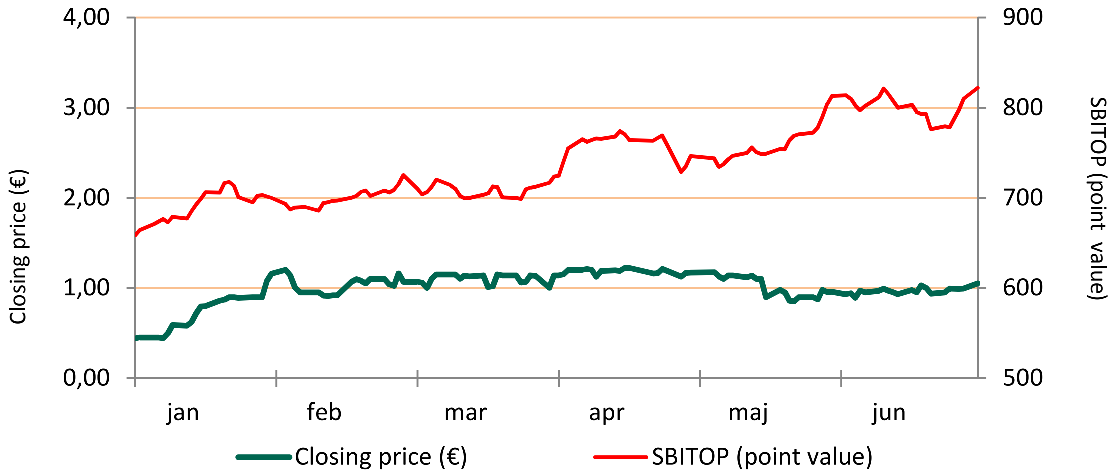


Figure 3: Closing prices of IEKG share and SBITOP index in the period January – June 2014

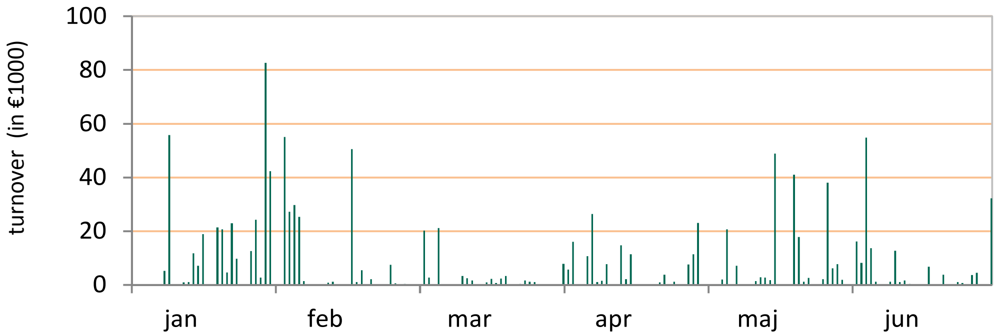


Figure 4: Trading volume of IEKG share in the period January – June 2014

OWNERSHIP STRUCTURE

The ownership structure saw no major changes in the reporting half-year. 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.

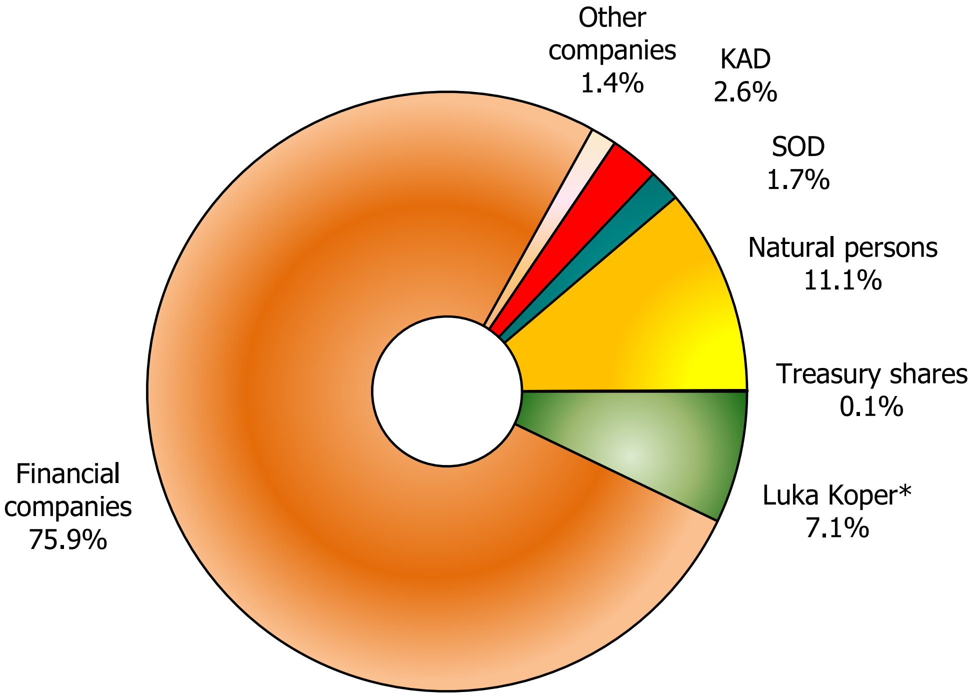
Table 11: Top ten shareholders of Intereuropa d.d. as of 30.6.2014 compared to 31.12.2013

	Shareholder	30.6.2014		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. As at the end of the reporting term, they held in total 81.9-percent shares in equity of Intereuropa.

At the end of the first half-year 2014, there were 5,291 shareholders entered in the Shareholders' Register of Intereuropa d.d., or one percent less than at the year-end 2013. The shareholdings of foreign investors came to 0.5 percent at the end of the reporting term.



* 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 30.6.2014

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 30.6.2014 compared to 31.12.2013

	Shareholder	30.6.2014		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 30.06.2014, 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 30.6.2014.

Table 13: Shares held by Supervisory Board members, as of 30.6.2014

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 30.6.2014, 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 22nd General Meeting, which represents a nominal amount of € 16,488,092.56 (the authorized capital). As of 30.6.2014, 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.

2. PERFORMANCE OF THE COMPANY INTEREUROPA d.d.

Tables 14 and 15: Operations of Intereuropa d.d. in the period January – June 2014, in thousand €

Item/Index	Jan - Jun 2014	Jan - Jun Plan 2014	Jan - Jun 2013	Index 2014/plan	Index 2014/2013
Sales revenue	44,947	45,827	47,227	98	95
Land transport	21,932	21,782	24,199	101	91
Logistic solutions	5,305	5,680	5,294	93	100
Intercontinental transport	15,275	16,002	15,330	95	100
Other services	2,436	2,364	2,403	103	101
EBITDA*	3,640	3,976	4,561	92	80
Operating profit or loss	1,664	2,031	2,424	82	69
Financing profit or loss	-493	-293	-734	-	-
Net profit ot loss	1,130	1,576	1,334	72	85
EBIT margin in %	3.7%	4.4%	5.1%	84	72
Sales revenue per employee/month	12.252	12.529	11.351	98	108
Value added per employee/month	3.140	3.328	3.211	94	98

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

Item/Index	30.6. 2014	Plan 31.12.2014	31.12. 2013	Index 2014/plan	Index 2014/2013
Balance sheet total*	238,520	238,585	240,974	100	99
Equity*	101,945	104,164	100,712	98	101
Net debt**	86,273	80,332	89,429	107	96
Short-term assets/ Short-term liabilities *	1.58	1.69	1.66	94	96
Net Return on Equity (yearly level)***	2.28%	2.38%	1.83%	96	125

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

Operating Profit or Loss, and EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)

→ The Operating Profit did not achieve the target: that was attributable to the setback in sales and to the expenses payable as compensation for land use that essentially exceeded the expenses envisioned for the real estate tax (which was not enacted).

Financing Profit or Loss

→ The Financing profit or loss for the reporting period was negative and was mainly attributable to interest expenses, whilst the underachievement of the plan and last year's figures resulted from the unrealised revenues from shares in Group members as they were planned.

Net profit / loss

→ The net profit was lower on account of deferred tax.

Structure of Statement of Financial Position

→ In the reporting term, the current ratio fell below the figure achieved in the preceding financial year, primarily due to a downturn in current assets. The share of equity in the liabilities structure rose by 1 percentage point and amounts to 42.7 percent of all liabilities of the Company.

ACCOUNTING REPORT

The interim report for the first half-year ended at 30 June 2014 contains concise consolidated and non-consolidated financial statements, with notes thereto, and has to be read with the annual report of the Intereuropa Group and of the company Intereuropa d.d. for the financial year 2013. The unaudited consolidated and non-consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU, and in compliance with current legislation.

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 the interim financial statements, the management reviewed the assessments, estimations and presumptions and estimated them to be the same as those applied in the course of preparation of annual financial statements as at 31st December 2013. 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 30.6.2014

in 1000 €	January - June 2014	January - June 2013
Sales revenues	**70,665**	**82,541**
Other operating revenues	1,399	1,974
Costs of goods, material and services	-51,705	-58,511
Labour costs	-12,680	-14,530
Write-downs in value	-4,431	-5,687
Other operating expenses	-802	-791
Operating profit/loss	**2,446**	**4,996**
Financial income	365	425
Financial expenses	-2,632	-2,099
Profit/loss from financial operations	**-2,267**	**-1,675**
Result recognized according to equity method	16	15
Profit/loss from regular operations	**195**	**3,336**
Corporate income tax (with deferred tax)	-104	-829
Net profit /loss for the period	**91**	**2,507**
Net profit or loss / non-controlling interest	104	134
Net profit or loss / controlling interest	-13	2,373

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR INTEREUROPA GROUP
from 1.1.2014 to 30.6.2014

in 1000 €	January - June 2014	January - June 2013
Net profit or loss	**91**	**2,507**
Other Comprehensive Income	**-207**	**829**
Items to be reclassified to profit/loss	**-20**	**829**
Change in fair value of financial assets available for sale	123	3
Deferred tax in revaluation surplus of financial assets for sale	-21	0
Exchange rate translation differencies	-122	826
Items not to be reclassified to profit/loss	**-187**	**0**
Deferred tax in revaluation surplus of land	-192	0
Other changes in retained earnings	5	0
Comprehensive income total	**-116**	**3,336**
Comprehensive income total - non-controlling part	20	151
Comprehensive income total - controlling part	-136	3,185

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR INTEREUROPA GROUP as at 30.6.2014

in 1000 €	30.6.2014	31.12.2013
ASSETS		
Tangible fixed assets	223,558	226,852
Investment property	6,225	6,345
Intangible assets	6,854	7,124
Other non-current operating assets	129	175
Deferred tax assets	16,814	16,843
Long-term loans given and deposits	97	83
Investment in a jointly controlled company	117	135
Other financial investments	1,936	1,813
TOTAL NON-CURRENT ASSETS	**255,730**	**259,370**
Inventories	263	241
Short-term loans given, deposits and cerificates of deposits	11,660	13,132
Short-term operating receivables	33,632	32,872
Short-term income tax receivables	162	678
Cash and cash equivalents	5,836	7,126
TOTAL CURRENT ASSETS	**51,553**	**54,049**
TOTAL ASSETS	**307,283**	**313,419**
EQUITY		
Equity - controlling interest	**144,146**	**144,282**
Share capital	27,489	27,489
Equity reserves	18,455	18,455
Revenue reserves	4,022	3,840
Revaluation surplus	68,738	68,777
Translation exchange differencies	-7,025	-6,937
Transferred net profit/loss	32,480	31,865
Net profit/loss	-13	793
Equity - non-controlling interest	**9,149**	**9,481**
TOTAL EQUITY	**153,295**	**153,763**
LIABILITIES		
Provisions and long-term deferred revenue	5,639	5,647
Long-term borrowings and financial leases	100,813	105,611
Long-term operating liabilities	653	668
Deferred tax liabilities	14,412	14,191
TOTAL NON-CURRENT LIABILITIES	**121,517**	**126,117**
Short-term borrowings and financial leases	4,794	6,192
Other short-term financial liabilities	631	460
Short-term operating liabilities	26,919	26,650
Short-term income tax liabilities	127	237
TOTAL CURRENT LIABILITIES	**32,471**	**33,539**
TOTAL LIABILITIES	**153,988**	**159,656**
TOTAL CAPITAL AND LIABILITIES	**307,283**	**313,419**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR INTEREUROPA GROUP from 1.1.2013 to 30.6.2014

in 1000 €	January - June 2014	January - June 2013
Cash flows from operating activities		
Net profit/loss for the period	**91**	**2,507**
Adjustments for:		
- Depreciation	3,400	3,740
- Impairment and writedowns of tangible fixed assets and intangible assets	3	2
- Revaluation operating revenues from disposal of tangible fixed assets and investment property	-149	-159
- Revaluation operating expenses from disposal of tangible fixed assets and investment property	1	8
- Impairment of receivables	1,026	1,937
- Non-monetary expenses	32	2
- Non-monetary revenues	-137	-163
- Financial revenues	-365	-425
- Recognized result of jointly controlled company according to equity method	-16	-15
- Financial expenses	2,632	2,099
- Income tax (incl. deferred tax)	104	829
Operating profit before changes in net working capital and taxes	**6,623**	**10,362**
Changes in net working capital and provisions		
Changes in receivables	-1,590	-3,606
Changes in inventories	-22	-16
Changes in operating liabilities	622	1,253
Changes in provisions and long-term deferred revenue	16	-1,212
Corporate income tax	151	106
Cash from operating activities	**5,800**	**6,887**
Cash flows from investing activities		
Interest income	383	442
Dividens and shares in profit received	0	3
Inflows from disposal of tangible fixed assets	191	207
Inflows from decrease of short-term borrowings	116	0
Inflows from decrease of short-term deposits and cerificates of deposits given	1,357	0
Outflows for acquisition of tangible fixed assets	-817	-837
Outflows for acquisitions of intangible assets	-171	-69
Outflows for long-term deposits given	-20	-50
Outflows from increase of short-term deposits and cerificates of deposits given	0	-8
Cash from investing activities	**1,039**	**-312**

Cash flows from financing activities		
Inflows from long-term borrowings received and financial leasing	0	523
Paid interest	-1,906	-2,035
Outflows from repayment of long-term borrowings and financial leases	-4,447	-1,673
Outflows from decrease of short-term borrowings and financial leases	-1,668	-564
Outflows from decrease of other short-term financial liabilities	0	-633
Paid dividend	-107	-7
Cash from financing activities	**-8,128**	**-4,389**
Cash and cash equivalents at beginning of period	**7,126**	**8,390**
Exchange rate differences from cash	-1	3
Net increase/decrease in cash	**-1,290**	**2,189**
Cash and cash equivalents at end of period	**5,836**	**10,579**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR INTEREUROPA GROUP
from 1.1.2014 to 30.6.2014

in 1000 €	Share capital	Equity reserves	REVENUE RESERVES				Reval. surplus	Transla-tion exchange differen-cies	RETAINED EARNINGS		Equity - controlling interest	Equity - non-controlling interest	Total equity
			Legal reserves	Reserves for treasury shares	Treasury shares (deduct.)	Statutory reserves			Transfer. net profit/ loss	Net profit/loss for the year			
Opening balance as at 1.1.2014	**27,489**	**18,455**	**3,682**	**180**	**-180**	**158**	**68,777**	**-6,937**	**31,865**	**793**	**144,282**	**9,481**	**153,763**
Total comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**	**-39**	**-88**	**4**	**-13**	**-136**	**20**	**-116**
Net profit/loss	0	0	0	0	0	0	0	0	0	-13	**-13**	104	**91**
Other comprehensive income	0	0	0	0	0	0	-39	-88	4	0	**-123**	-84	**-207**
Transactions with owners													
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**	-352	**-352**
Transfer of retained earnings to reserves	0	0	14	0	0	168	0	0	-182	0	**0**	0	**0**
Closing balance as at 30.6.2014	**27,489**	**18,455**	**3,696**	**180**	**-180**	**326**	**68,738**	**-7,025**	**32,480**	**-13**	**144,146**	**9,149**	**153,295**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR INTEREUROPA GROUP from 1.1.2013 to 30.6.2013

in 1000 €	Share capital	Equity reserves	REVENUE RESERVES				Reval. surplus	Translation exchange differencies	RETAINED EARNINGS		Equity - controlling interest	Equity - non-controlling interest	Total equity
			Legal reserves	Reserves for treasury shares	Treasury shares (deduct.)	Statutory reserves			Transfer. net profit/ loss	Net profit/loss for the year			
Opening balance as at 1.1.2013	**27,489**	**18,455**	**2,601**	**180**	**-180**	**203**	**71,176**	**-6,339**	**38,955**	**-7,179**	**145,361**	**9,532**	**154,893**
Total comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**	**3**	**810**	**0**	**2,373**	**3,185**	**151**	**3,336**
Net profit/loss	0	0	0	0	0	0	0	0	0	2,373	**2,373**	134	**2,507**
Other comprehensive income	0	0	0	0	0	0	3	810	0	0	**812**	17	**829**
Transactions with owners													
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**
Transfer of retained earnings to reserves	0	0	18	0	0	9	0	0	-27	0	**0**	0	**0**
Transfer between Reserves items	0	0	53	0	0	-53	0	0	0	0	**0**	0	**0**
Closing balance as at 30.6.2013	**27,489**	**18,455**	**2,672**	**180**	**-180**	**159**	**71,179**	**-5,529**	**31,749**	**2,373**	**148,546**	**9,378**	**157,924**

1.1. Notes to Financial Statements of the Intereuropa Group

a) Notes to the CONSOLIDATED INCOME STATEMENT

The **Sales Revenues** amounted to €70,665 thousand. The Group also has realised €1,399 thousand of **other operating revenues** that mainly represent the revenues from elimination of allowances for and write-offs of receivables and debts (€1,036 thousand), the revaluation operating revenues from disposal of items of plant, property and equipment (€149 thousand), the revenues from state grants awarded for co-financing of projects and funds obtained from employing disabled persons above the quota (€124 thousand), and other revenues (€90 thousand).

Costs of goods, material and services

Table 16: Costs of goods, material and services of the Intereuropa Group in the period January – June 2014

in 1000 €	January - June 2014	January - June 2013
Cost of goods and materials sold and costs of materials used	2,085	2,100
Cost of services	49,620	56,411
Direct costs	44,363	49,878
Telephone costs	243	288
Mainteinence costs	1,193	1,255
Insurance premiums	358	437
Traning and education costs	46	20
Other costs of services	3,418	4,532
Total	**51,705**	**58,511**

Labour costs

Table 17: Labour cost of the Intereuropa Group in the period January – June 2014

in 1000 €	January - June 2014	January - June 2013
Wages and salaries	8,833	10,334
Pension insurance costs	807	899
Other social security costs	1,260	1,433
Other labour costs:	1,780	1,864
Holiday allowance	656	555
Transport and meals	1,049	1,188
Other labour costs	76	121
Total	**12,680**	**14,530**

Write-offs

Table 18: Write-offs of the Intereuropa Group in the period January – June 2014

in 1000 €	January - June 2014	January - June 2013
Amortisation of intangible assets	285	318
Depreciation of property, plant and equipment and investment properties	3,115	3,421
Revaluatory operating expenses of intangible and tangible fixed assets	4	10
Expenses from revaluation adjustments (impairments) and written-off receivables	1,026	1,937
Total	**4,431**	**5,687**

Other operating expenses amounted to €802 thousand, mainly relating to land-use fees and similar expenses (€590 thousand).

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

Table 19: The effect of financial revenues and expenses on the profit or loss of the Intereuropa Group in the period January – June 2014

in 1000 €	January - June 2014	January - June 2013
Interest income	362	410
Dividend income and participation in profit of others	2	3
Net exchange rate differences	0	11
Total financial income	**365**	**425**
Interest expenses	-1,929	-2,087
Financial expenses from impairments and written-off financial investments	0	-13
Net exchange rate differences	-703	0
Total financial expenses	**-2,632**	**-2,099**
Profit/loss from financing activities	**-2,267**	**-1,675**

The negative financial result for the reporting period was additionally increased by foreign exchange differences arising from decreased value of the Ukrainian currency.

The Group achieved the **profit or loss from ordinary activities** at €195 thousand, which is further decreased by the expense for tax assessed at €78 thousand and for deferred tax at €26 thousand.

The **Net Profit** achieved in the reporting term amounted to €91 thousand, thereof the amount - €13 thousand for the **controlling part,** and €104 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 30.6.2014

in 1000 €	30.6.2014	31.12.2013
Land and buildings	219,111	221,759
a) Land	114,380	115,017
b) Buildings	104,732	106,742
Other property, plant and equipment	4,076	4,825
Tangible fixed assets under construction	370	268
Total	**223,558**	**226,852**

Intangible assets

Table 21: Intangible assets of the Intereuropa Group as at 30.6.2014

in 1000 €	30.6.2014	31.12.2013
Long-term title rights	1,878	2,032
Goodwill	1,275	1,275
Long-term deferred development costs	3,701	3,817
Total	**6,854**	**7,124**

Loans given, deposits and certificates of deposit

Table 22: Loans given, deposits and certificates of deposit of the Intereuropa Group as 30.6.2014

in 1000 €	30.6.2014	31.12.2013
Long-term loans given and deposits	**97**	**83**
- Loans given	14	22
- Deposits	82	61
Short-term loans given, deposits and certificates of deposit	**11,660**	**13,132**
- Loans given	46	161
- Deposits and certificates of deposit	11,614	12,970
Total	**11,756**	**13,215**

Other financial investments in the amount of €1,936 thousand relate to the item "Financial assets available for sale".

Short-term operating receivables

Table 23: Short-term operating receivables of the Intereuropa Group as at 30.6.2014

in 1000 €	30.6.2014	31.12.2013
Short-term operating receivables from buyers	31,259	30,292
Short-term operating receivables from others	2,372	2,581
Total	**33,632**	**32,872**

Equity

On the Group level, the Equity amounts to at €153,295 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 30.6.2014

in 1000 €	30.6.2014	31.12.2013
Provisions for terminal bonus payments on retirement	1,115	1,134
Provisions on litigations	123	120
Other provisions	4,160	4,160
Long-term deferred income	241	233
Total	**5,639**	**5,647**

The **long-term loans received and financial leases** amounted to €100,813 thousand.

The short-term loans received and financial leases amounted to €4,794 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 €631 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 30.6.2014

in 1000 €	30.6.2014	31.12.2013
Short-term operating liabilities to suppliers	22,082	20,962
Short-term operating liabilities from advances	853	1,991
Other short-term operating liabilities	3,984	3,697
Total	**26,919**	**26,650**

Contingent liabilities

Table 26: Contingent liabilities of the Intereuropa Group as at 30.6.2014

in 1000 €	30.6.2014	31.12.2013
Arising from bank guarantees and guaratees given	11,125	12,505
Arising from legal proceedings	2,207	3,261
From D.S.U., družba za svetovanje in upravljanje	250	250
Other contingent liabilities	311	311
Total	**13,893**	**16,327**

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 30.6.2014 and 31.12.2013

in 1000 €	30.6.2014			
	Level 1	Level 2	Level 3	Total
Financial assets, available for sale	1,396	0	540	1,936
	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 – JUNE 2014

Table 28: Business segments of the Intereuropa Group in the period January – June 2014

	Slovenia		Croatia		Bosnia & Herzegovina		Serbia		Montenegro	
in 1000 €	Jan-Jun 2014	Jan-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Jan-Jun 2014	Jan-Jun 2013
Revenues from external customers	43,951	46,152	10,762	15,280	2,739	2,833	1,712	1,624	2,138	2,445
Revenues from business with other segments	1,416	1,515	164	187	192	197	303	328	79	78
Total revenues	45,368	47,667	10,926	15,467	2,931	3,030	2,015	1,952	2,217	2,523
Depreciation	1,975	2,130	843	885	166	194	106	121	228	292
Operating profit or loss	1,723	2,497	-165	1,745	135	114	259	242	206	164
Revenues from interest rates	323	336	41	55	0	0	5	6	40	75
Expenses from interest rates	1,774	1,853	47	100	9	22	71	102	0	0
Net profit or loss from ordinary activities	1,242	1,780	-162	1,676	126	92	165	132	246	239
Corporate income tax	49	368	-35	341	13	9	32	12	39	39
Assets	240,406	245,055	61,477	71,728	16,764	16,964	10,233	10,553	22,968	23,458
Tangible fixed assets under construction	136	173	83	89	52	52	34	16	62	328
Long-term assets	202,156	203,964	55,099	59,892	15,516	15,847	9,029	9,442	18,475	18,734
Operating liabilities	37,152	33,897	5,873	9,469	1,499	1,639	1,453	1,631	1,051	1,156
Financial liabilities	101,687	109,300	3,044	5,832	132	615	2,153	2,236	1,307	1,345
Investment in jointly controlled entities	75	75	0	0	0	0	0	0	0	0
Revenues from investment in jointly controlled entities	34	0	0	0	0	0	0	0	0	0

	Ukraine		Others		Total		Adjustments*		Group	
in 1000 €	Jan-Jun 2014	Jan-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Jan-Jun 2014	Jan-Jun 2013	Jan-Jun 2014	Jan-Jun 2013
Revenues from external customers	7,248	11,134	2,114	3,061	70,664	82,529	1	11	70,665	82,541
Revenues from business with other segments	1	0	342	283	2,497	2,588	-2,497	-2,588	0	0
Total revenues	7,248	11,134	2,456	3,343	73,161	85,117	-2,496	-2,576	70,665	82,541
Depreciation	52	90	30	28	3,400	3,740	0	0	3,400	3,740
Operating profit or loss	238	290	82	39	2,479	5,091	-33	-95	2,446	4,996
Revenues from interest rates	7	8	2	2	417	481	-55	-71	362	410
Expenses from interest rates	82	81	1	-0	1,983	2,158	-55	-71	1,929	2,087
Net profit or loss from ordinary activities	-524	290	82	42	1,174	4,250	-979	-914	195	3,336
Corporate income tax	0	57	5	3	104	829	0	0	104	829
Assets	3,524	4,875	3,152	3,181	358,524	375,815	-51,240	-51,800	307,283	324,014
Tangible fixed assets under construction	2	4	0	0	370	662	0	0	370	662
Long-term assets	2,323	3,342	1,119	1,133	303,717	312,354	-47,986	-47,389	255,730	264,965
Operating liabilities	1,085	1,430	895	1,135	49,009	50,358	-1,257	-1,623	47,752	48,734
Financial liabilities	1,823	2,081	85	0	110,231	121,409	-3,994	-4,052	106,237	117,356
Investment in jointly controlled entities	0	0	0	0	75	75	42	75	117	150
Revenues from investment in jointly controlled entities	0	0	0	0	34	0	-18	15	16	15

** All adjustments are subjec 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 30.6.2014

in 1000 €	January – June 2014	January – June 2013
Sales revenues	**44,947**	**47,227**
Other operating revenues	637	1,365
Costs of goods, material and services	-33,031	-33,183
Labour costs	-7,879	-8,798
Write-downs in value	-2,405	-3,582
Other operating expenses	-606	-605
Operating profit/loss	**1,664**	**2,424**
Financial income	1,308	1,141
Financial expenses	-1,801	-1,875
Profit/loss from financial operations	**-493**	**-734**
Profit/loss from regular operations	**1,171**	**1,690**
Corporate income tax (with deferred tax)	-41	-356
Net profit /loss for the period	**1,130**	**1,334**
Basic and diluted net earnings per ordinary share (in €)	0.02	0.03

STATEMENT OF COMPREHENSIVE INCOME FOR INTEREUROPA d.d.
from 1.1.2014 to 30.6.2014

in 1000 €	January – June 2014	January – June 2013
Net profit or loss	**1,130**	**1,334**
Other Comprehensive Income	**103**	**3**
Items to be reclassified to profit/loss	**103**	**3**
Revaluation of financial investments available for sale to fair value	124	3
Deferred tax in revaluation surplus of financial assets for sale	-21	0
Items not to be reclassified to profit/loss	0	0
Comprehensive income total	**1,233**	**1,337**

STATEMENT OF FINANCIAL POSITION FOR INTEREUROPA d.d.
as at 30.6.2014

in 1000 €	30.6.2014	31.12.2013
ASSETS		
Tangible fixed assets	124,542	125,862
Investment property	5,203	5,307
Intangible assets	5,496	5,735
Other non-current operating assets	130	177
Deferred tax assets	16,615	16,669
Long-term financial investment excl. loans given and deposits	49,366	49,223
Long-term loans given and deposits	773	913
TOTAL NON-CURRENT ASSETS	**202,125**	**203,886**
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	9,270	10,851
Short-term operating receivables	22,796	22,375
Short-term income tax receivables	6	177
Cash and cash equivalents	4,045	3,406
TOTAL CURRENT ASSETS	**36,395**	**37,088**
TOTAL ASSETS	**238,520**	**240,974**
EQUITY		
Share capital	27,489	27,489
Equity reserves	18,455	18,455
Revenue reserves	1,875	1,875
Revaluation surplus	52,918	52,815
Transferred net profit/loss	78	78
Net profit/loss	1,130	0
TOTAL EQUITY	**101,945**	**100,712**
LIABILITIES		
Provisions and long-term deferred revenue	5,199	5,192
Long-term borrowings and financial leases	96,937	101,202
Long-term operating liabilities	635	646
Deferred tax liabilities	10,839	10,831
TOTAL NON-CURRENT LIABILITIES	**113,610**	**117,871**
Short-term borrowings and financial leases	3,424	3,323
Other short-term financial liabilities	0	74
Short term operating liabilities	19,541	18,994
TOTAL CURRENT LIABILITIES	**22,965**	**22,391**
TOTAL LIABILITIES	**136,575**	**140,262**
TOTAL CAPITAL AND LIABILITIES	**238,520**	**240,974**

STATEMENT OF CASH FLOWS FOR INTEREUROPA d.d. from 1.1.2014 to 30.6.2014

in 1000 €	January – June 2014	January – June 2013
Cash flows from operating activities		
Net profit/loss for the period	**1,130**	**1,334**
Adjustments for:		
- Depreciation	1,972	2,127
- Impairment and writedowns of tangible fixed assets and intangible assets	3	2
- Revaluation operating revenues from disposal of tangible fixed assets and investment property	-141	-12
- Revaluation operating expenses from disposal of tangible fixed assets	1	8
- Impairment of receivables	428	1,445
- Other non-monetary expenses	15	2
- Non-monetary revenues	-113	-70
- Financial revenues	-1,308	-1,141
- Financial expenses	1,801	1,875
- Income tax (deferred tax incl.)	41	356
Operating profit before changes in net working capital and taxes	**3,829**	**5,925**
Changes in net working capital and provisions		
Changes in receivables	147	209
Changes in inventories	1	0
Changes in operating liabilities	932	-426
Changes in provisions	30	-1,005
Corporate income tax payed	-6	-14
Cash from operating activities	**4,933**	**4,689**
Cash flows from investing activities		
Interest income	314	333
Dividend income and participations in profit	150	131
Inflows from disposal of tangible fixed assets	185	29
Inflows from long-term loans given	161	396
Inflows from decrease of short-term loans given	75	10
Inflows from decrease of short-term deposits and certificates of deposits	1,506	50
Outflows for acquisition of tangible fixed assets	-568	-202
Outflows for acquisitions of intangible assets	-172	-77
Outflows for long-term deposits given	-20	-50
Outflows for capital increase in subsidiaries	-20	0
Outflows from acquisition of other financial investment	0	-25
Cash from investing activities	**1,611**	**595**

Cash flows from financing activities		
Paid interest	-1,742	-1,795
Outflows from repayment of long-term borrowings	-4,163	-929
Outflows from decrease of other short-term financial liabilities	0	-633
Cash from financing activities	**-5,905**	**-3,357**
Cash and cash equivalents at beginning of period	**3,406**	**3,449**
Net increase/decrease in cash from regular operations	**639**	**1,927**
Cash and cash equivalents at end of period	**4,045**	**5,376**

STATEMENT OF CHANGES IN EQUITY FOR INTEREUROPA d.d.
from 1.1.2014 to 30.6.2014

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	
Opening balance as at 1.1.2014	**27,489**	**18,455**	**1,875**	**180**	**-180**	**52,815**	**78**	**0**	**100,712**
Total comprehensive income	**0**	**0**	**0**		**0**	**103**	**0**	**1,130**	**1,233**
Net profit/loss	0	0	0	0	0	0	0	1,130	1,130
Other comprehensive income	0	0	0	0	0	103	0	0	103
Closing balance as at 30.6.2014	**27,489**	**18,455**	**1,875**	**180**	**-180**	**52,918**	**78**	**1,130**	**101,945**

STATEMENT OF CHANGES IN EQUITY FOR INTEREUROPA d.d.
from 1.1.2013 to 30.6.2013

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	
Opening balance as at 1.1.2013	**27,489**	**18,455**	**875**	**180**	**-180**	**54,068**	**0**	**0**	**100,887**
Total comprehensive income	**0**	**0**	**0**		**0**	**3**	**0**	**1,334**	**1,337**
Net profit/loss	0	0	0	0	0	0	0	1,334	1,334
Other comprehensive income	0	0	0	0	0	3	0	0	3
Closing balance as at 30.6.2013	**27,489**	**18,455**	**875**	**180**	**-180**	**54,071**	**0**	**1,334**	**102,224**

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

a) Notes to the INCOME STATEMENT

The **Sales Revenues** amounted to €44,947 thousand.

Other operating revenues (€637 thousand) represent the revenues from elimination of allowances for and write-offs of receivables and debts (€362 thousand), revenues from state grants awarded for co-financing of projects and funds obtained from employing disabled persons above the quota (€120 thousand), the revaluation operating revenues from disposal of items of plant, property and equipment (€141 thousand), and other revenues (€14 thousand).

Costs of goods, material and services

Table 29: Costs of goods, material and services of the Intereuropa d.d. in the period January – June 2014

in 1000 €	January – June 2014	January – June 2013
Cost of goods and materials sold and costs of materials used	900	909
Cost of services within the Group	882	888
Cost of services (excl. the Group)	31,249	31,386
Direct costs	28,582	28,601
Telephone costs	85	94
Mainteinence costs	841	814
Insurance premiums	198	242
Traning and education costs	39	8
Other costs of services	1,505	1,627
Total	**33,031**	**33,183**

Labour costs

Table 30: Labour cost of the company Intereuropa d.d. in the period January – June 2014

in 1000 €	January – June 2014	January – June 2013
Wages and salaries	5,416	6,182
Pension insurance costs	606	684
Other social security costs	392	448
Other labour costs:	1,466	1,485
holiday allowance	593	533
transport and meals	837	914
other labour costs	36	39
Total	**7,879**	**8,798**

Write-offs

Table 31: Write-offs of the company Intereuropa d.d. in the period January – June 2014

in 1000 €	January – June 2014	January – June 2013
Amortisation of intangible assets	251	267
Depreciation of property, plant and equipment and investment properties	1,721	1,860
Revaluatory operating expenses of intangible and tangible fixed assets	4	10
Expenses from revaluation adjustments (impairments) and written-off receivables	428	1,445
Total	**2,405**	**3,582**

Other operating expenses

Table 32: Other operating expenses of the company Intereuropa d.d. in the period January – June 2014

in 1000 €	January – June 2014	January – June 2013
City land tax and similar expenses	525	522
Other operating expenses	82	82
Total	**606**	**605**

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

Table 33: Other operating expenses of the company Intereuropa d.d. in the period January – June 2014

in 1000 €	January – June 2014	January – June 2013
Interest income from group members	53	71
Interest income from others	259	251
Income from intra-group participations	959	816
Income from stakes in jointly controlled company	34	0
Income from stakes to others	2	3
Total financial income	**1,308**	**1,141**
Interest expenses an other borrowing expenses	-1,773	-1,853
Expenses from impairments and written-off other financial investments	0	-13
Net exchange rate differences	-28	-10
Total financial expenses	**-1,801**	**-1,875**
Profit/loss from financing activities	**-493**	**-734**

Higher **Financial Revenues**, as well as slightly lower **Financial Expenses** contributed to the **Financing Profit or Loss** at €-493 thousand.

The achieved **Profit or Loss from Ordinary Activities** of €1,171 thousand resulted from the Operating Profit/Loss (€1,664 thousand) and from the Financing Profit/Loss (-493 thousand €). **Tax on profit** stands for the expenses for deferred tax arising from the tax loss amounting to €41 thousand.

b) Notes to the STATEMENT OF FINANCIAL POSITION

Tangible fixed assets

Table 34: Tangible fixed assets of the company Intereuropa d.d. as at 30.6.2014

in 1000 €	30.6.2014	31.12.2013
Land and buildings	122,593	123,810
a) Land	75,373	75,385
b) Buildings	47,220	48,425
Other property, plant and equipment	1,813	1,993
Tangible fixed assets under construction	136	59
Total	**124,542**	**125,862**

The lower value of the item Tangible fixed assets was largely attributable to the depreciation costs.

Intangible assets

Table 35: Intangible assets of the company Intereuropa d.d. as at 30.6.2014

in 1000 €	30.6.2014	31.12.2013
Long-term title rights	1,795	1,918
Long-term deferred development costs	3,701	3,817
Total	**5,496**	**5,735**

Long-term financial investments excl. loans given and deposits

Tabela 36: Long-term financial investments excl. loans given and deposits of the company Intereuropa d.d. as at 30.6.2014

in 1000 €	30.6.2014	31.12.2013
Investments in shares and stakes of subsidiaries	47.367	47.347
Investments in stake of joitly controlled company	75	75
Investments in other shares and stakes	1.924	1.801
Total	**49.366**	**49.223**

The capital increase in the Ukrainian subsidiary TOV Intereuropa – Ukraine, Kiev, contributed to the increased value of investments in subsidiaries at €20 thousand, while the revaluation of investments in securities available for sale resulted in higher value of investments in other shares by €124 thousand.

Loans, deposits and certificates of deposits given

Table 37: Loans, deposits and cetrificates of deposits given of the company Intereuropa d.d. as at 30.6.2014

in 1000 €	30.6.2014	31.12.2013
Long-term loans given	**773**	**913**
- to subsidiaries	703	863
- deposits	70	50
Short-term loans given, deposits and certificates of deposit	**9,270**	**10,851**
- to subsidiaries	1,110	1,185
- deposits and certificats of deposit	8,160	9,666
Total	**10,043**	**11,764**

Short-term operating receivables

Table 38: Short-term operating receivables of the company Intereuropa d.d. as at 30.6.2014

in 1000 €	30.6.2014	31.12.2013
Short-term operating receivables within the Group	553	609
Short-term interest receivables from Group companies	158	151
Other short-term operating receivables from Group companies	809	0
Short-term operating receivables from buyers (excl. the Group)	20,844	20,983
Short-term operating receivables from others	376	607
Other short-term assets	55	25
Total	**22,796**	**22,375**

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 was one percentage point higher, at 43 percent.

Provisions and long-term Deferred Revenues

Table 39: Provisions and long-term deferred revenue of the company Intereuropa d.d. as at 30.6.2014

in 1000 €	30.6.2014	31.12.2013
Provisions for terminal bonus payments on retirement	729	749
Provisions on litigations	69	54
Other provisions	4,160	4,160
Long-term deferred income	241	229
Total	**5,199**	**5,192**

The **long-term loans received and financial leases** amounted to €96,937 thousand.

The short-term loans received and financial leases amounted to €3,424 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 30.6.2014

in 1000 €	30.6.2014	31.12.2013
Short-term opertaing liabilities to companies within the Group	253	265
Short-term opertaing liabilities to suppliers	16,674	15,520
Short-term opertaing liabilities from advances	168	977
Other short-term opertaing liabilities	2,446	2,231
Total	**19,541**	**18,994**

Contingent liabilities

Table 41: Contingent liabilities of the company Intereuropa d.d. as at 30.6.2014

in 1000 €	30.6.2014	31.12.2013
From bank guarantees and guaratees given to Group members	5,445	7,371
From bank guarantees and guaratees given to others	6,218	7,416
Arising from legal proceedings	1,734	2,793
From D.S.U., družba za svetovanje in upravljanje	250	250
Total	**13,647**	**17,830**

Fair value of financial instruments

Levels of fair values 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 30.6.2014 and 31.12.2013

in 1000 €	30.6.2014			
	Level 1	Level 2	Level 3	Total
Financial assets, available for sale	1,391	0	533	1,924
	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 year 2014 has brought a revival of goods flows to the advanced economies of the European Union and raised some moderate optimism. Despite slight recovery of regional goods flows in the first six months, the increased volume of goods and consignments processed by Intereuropa did not reflect in higher sales revenues. Persisting price competition on the one hand, and demands for operations streamlining and reducing the costs of logistics on the part of customers led to lower earnings per unit. Our markets in the Western Balkans saw a very low economic activity, except for our second major market - Croatia – in which the recession continued. The decrease in revenue in our Ukrainian subsidiary was attributable to political and military tensions that brought about declining goods flows in the areas of conflict; moreover, the Ukrainian currency lost more than 40 percent against the euro in six months.

In the first half-year 2014, the Group earned **€70.7 million of revenue** from the sale of services: that figure was 14 percent below the same term a year ago. The major part of the fall-out was recorded in the services of our Land Transport as a result of the EU-accession of Croatia: this year, our sales of customs services in Croatia and Slovenia were slashed by 60 percent. A further adverse impact on our income is attributable to instable political situation in the Ukraine. Our subsidiary there suffered a 35-percent loss of sales revenue compared with the same term in 2013. The best-performing service of our Land Transport was groupage: the volume of consignments carried was higher than in the first half-year 2013 and growth was achieved on the Group level. The sales revenue of our Logistics Solutions and Intercontinental Transport areas remained on the level of 2013.

The sales revenue planned for the Group was not achieved - it was lower by 11 percent. The decrease in revenue from customs services was expected, on account of the accession of Croatia to the EU; on the other hand, the growth of income in rail transport was not realised due to the political situation in the Ukraine. We aimed to substitute a part of income from the customs services with new business; however, we could not implement that goal in full. In the six-month term, our Intercontinental Transport came closest to the planned volume of sales. The volume of containers handled surpassed the volume in the comparable term a year ago by two thirds, and in the segment of container transports we exceeded the targets by 21 percent; in conventional cargo and sea-freight services, the season of fruit and vegetables was quite meagre.

In addition to lower sales revenues, the 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). The result of the Group was **€5.9 million of earnings before interest, taxes, depreciation and amortisation (EBITDA),** with **€2.4 million of operating profit.**
The **Financing Profit or Loss at -2.3 million €** was slightly lower than planned on account of negative foreign exchange differences at € 0.7 million, which mostly resulted from the value decrease of the Ukrainian currency. **The net profit** came to **€0.1 million** at the end of the reporting term.
The **Net Financial Debt** as at the last day of June, amounting to **€88.6 million**, was 4 percent lower than at the year-end 2013.

As it appears, the situation in the Ukraine will further affect the achievement of our goals for the current year: maintaining the income on the last year's level and improving the profitability of earnings. In the highly competitive markets, Intereuropa will keep the focus on efficient marketing of our logistic services on the required quality and reliability level, and on process optimization and informatisation in the coming months.

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