

UNAUDITED REPORT

REPORT OF INTEREUROPA GROUP

January – December 2015



Inter.europa®

Global Logistics Service

The INTEREUROPA d.d. is publishing this Unaudited Report of Intereuropa Group for January - December 2015, in accordance with the Market in Financial Instruments Act (ZTFI).

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

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

The Unaudited Report of Intereuropa Group for January - December 2015 shall also be published on the web site of INTEREUROPA d.d. www.intereuropa.si on March 3, 2016.

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PERFORMANCE HIGHLIGHTS

The year 2015 brought a slight increase in the demand for logistics services on most geographical markets of Intereuropa: Croatia has finally come out of the long-lasting recession, and Serbia once again. The flows of goods in the region have strengthened moderately, unlike in Ukraine, which saw an even worse situation in its economy after Russia slid into recession again. In the reporting year, Intereuropa recorded an increased volume of orders from customers in numerous service segments, which brought higher income from all markets except Ukraine, Croatia and Macedonia. On account of the high loss of income in our Ukrainian subsidiary, the sales revenues of the Group fell 4 percent below the level of a year ago. Our key activities focused on intensifying the sales and optimizing the processes on the Group level, dedicating particular attention to improve the performance of the subsidiary in Croatia. We have developed improvements to the implementation of domestic transport service and continued developing the integrated information solution to support our logistics processes, and digitalization of outgoing invoices. Activities on the expansion of the SAP information solution to our major subsidiaries were carried on as planned. In the reporting year, the Group achieved a sales revenue of € 134.6 million, which was 7 percent or € 9.4 million below the target. The worst fall was recorded by our Ukrainian subsidiary in the railway transport services, which lost 65 percent or € 7.6 million of sales revenues. The Group closed the reporting term with an operating profit of € 4.7 million and a net profit of € 0.8 million. In the Parent Company Intereuropa d.d., the net profit came to € 1.2 million.

	INTEREUROPA GROUP			INTEREUROPA D.D.			
	(in 1000 €)	Jan-Dec 2015	Jan-Dec 2014	Index 15/14	Jan-Dec 2015	Jan-Dec 2014	Index 15/14
Sales Revenue		134,613	140,769	96	91,492	90,723	101
EBITDA		11,268	11,786	96	7,578	7,516	101
Operating profit or loss (EBIT)		4,733	5,052	94	3,624	3,547	102
Net profit or loss		797	329	242	1,229	339	363
EBITDA margin in %		8.4	8.4	100	8.3	8.3	100
EBIT margin in %		3.5	3.6	98	4.0	3.9	101
Sales Revenue per employee/month		8.188	8.445	97	12.563	12.465	101
Value Added per employee /month		2.222	2.229	100	3.207	3.171	101
	(in 1000 €)	31.12. 2015	31.12. 2014	Index 15/14	31.12. 2015	31.12. 2014	Index 15/14
Assets		292,420	295,246	99	226,292	228,976	99
Equity		148,174	147,638	100	97,976	96,753	101
Net debt		80,392	87,574	92	80,160	86,056	93
NFD/EBITDA		7.1	7.4	96	10.6	11.4	92
No. of employees		1,417	1,425	99	623	628	99
		jan-dec 2015	jan-dec 2014	Indeks 15/14			
No. of shares at the end of term		27,488,803	27,488,803	100			
Net earning per share (in €)		0.04	0.01	400			
Closing price at the end of term (in €)		0.53	1.18	45			
Book value of share at the end of term (in €)		3.57	3.52	101			
Closing price / Book value of share		0.15	0.16	93			
P/E		13.3	118.0	11			

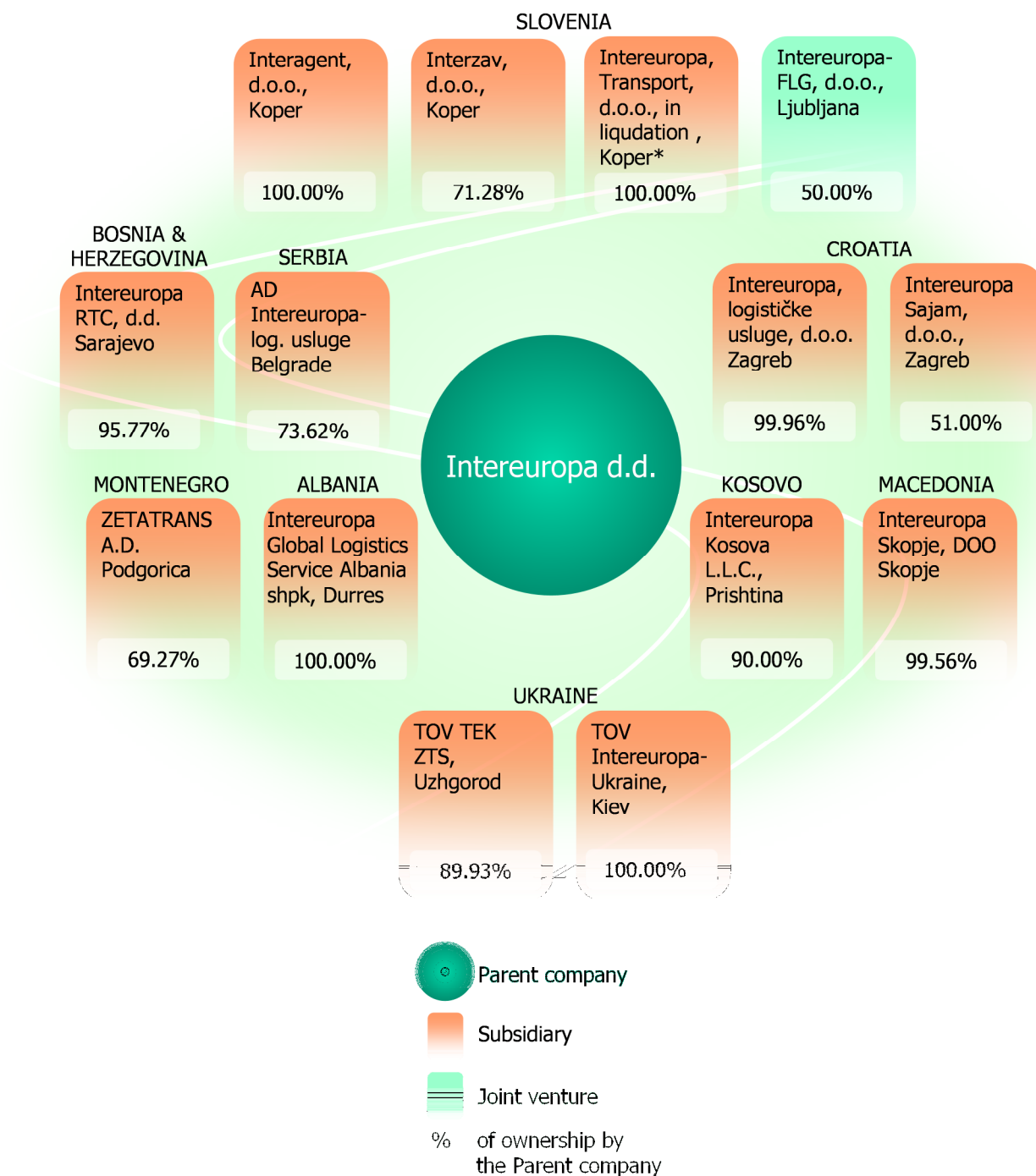
EBITDA: Earnings Before Interest, Taxes, Depreciation, Amortisation and Revaluation operating expenses for intangible and tangible assets

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 preferential (IEKN)
Share listing	Shares designated IEKG are included in Prime Market on the Ljubljana Stock Exchange, CEESEG.
Management Board	Ernest Gortan, Msc., President of the Management Board Tatjana Vošinek Pucer, Deputy President of the Management Board
Chair of the Supervisory Board	Klemen Boštjančič from 1.7.2015 Igor Mihajlović until 19.6.2015
Intereuropa Group	
No. of employees	1,417 employees
Vehicle fleet	106 group-owned trucks, tractors, and trailers and other commercial vehicles
Total warehousing area	232,400 m ² in-house warehouse
Total land area	1,711,000 m ² of land area
Membership in international organisations	FIATA, IATA, FETA, FONASBA, BIMCO, IRU
Quality certificates	certificate ISO 9001:2008: <ul style="list-style-type: none"> ○ Intereuropa d.d., Koper ○ Intereuropa, log. usluge d.o.o. Zagreb ○ Intereuropa RTC d.d. Sarajevo
Branch network	Slovenia, Croatia, Montenegro, Bosnia & Herzegovina, Serbia, Kosovo, Macedonia, Albania, Ukraine



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

Figure 1: Intereuropa Group as of 31.12.2015

STRATEGIC OBJECTIVES

Vision

Being a top-ranked provider of integral logistics solutions.

Mission

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

Values

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

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

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

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

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

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

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

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

Strategic Goals by 2019

1.	Sales revenue	€ 166.0 million
2.	EBITDA	€ 15.8 million
3.	Operating Profit (EBIT)	€ 7.8 million
4.	Investments	Depreciation at 66% on average In five years, total 24.5 m €
5.	Number of employees at end of period	1,405 employees
6.	Debt management	Net debt/EBITDA: 3.4

BUSINESS PLAN 2016

While preparing the business plan for 2016, we integrated the strategic guidelines for the coming year from the Strategic Plan of the Intereuropa Group for the term 2015-2019, based on the starting position of the Intereuropa Group at the end of 2015, trends in the branch of logistics and forecasts of economic trends for our key markets.

Our core activities for the year 2016 will be to develop our current business and acquire new customers, which will generate growth in all our markets, business areas and products of our core business. Much effort will be dedicated to the optimization of business processes, to cost management and to on-going informatisation of business processes in the Group.

Key goal:

→ Growth of revenues in all markets, business areas and core products, while maintaining or improving the profitability.

Other goals:

- active cost management in the segments of services by seeking the optimal execution thereof, by obtaining better terms of purchase, and by cost efficiency of support functions;
- efficient management of working capital;
- to retain and motivate our most promising staff, upgrade the incentive-based remuneration system, maintain flexible employment forms, aiming to develop the corporate organizational culture towards a dynamic organization, susceptible to change arising from the business environment;
- introducing our integrated IT solution supporting the logistics processes of core business and the SAP information solution in the target subsidiaries;
- investing in projects with a short-term return and supporting the needs of our customers that are indispensable for retaining the asset value, or imposed by law;
- disposal of real estate that does not yield the expected economic effects of € 3 million or more.

Core financial goals:

- Sales revenue: € 137.1 million;
- EBITDA: € 13,1 million;
- Operating Profit (EBIT): € 6,3 million;
- Investments: € 4,5 million;
- Number of employees at the year-end: 1,441.

MAJOR EVENTS

THE PERIOD OF JANUARY – DECEMBER 2015

January

→ On 27 and 28 January 2015, a sales workshop was held in Zagreb for the sales staff from all countries in which the Intereuropa Group operates. The participants attending the two-day event were informed on the corporate strategic goals and on the sales strategies by geographical areas /segments, and they acquired new selling skills.

February

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

Marec

→ On 10 March 2015, Intereuropa attended »The Port of Koper day in Cairo« - an event organised by the Port of Koper corporation, in cooperation with the Slovenian Embassy to Cairo. There, Intereuropa met new partners trading with perishable goods and established cooperation with them for this year's season.

→ Intereuropa organised comprehensive logistic support to the international wine evaluation »Finger Lakes International Wine Competition« in Rochester, USA.

→ A new warehouse with capacity of 1,000 qm was completed in Sarajevo for a known customer dealing in perishable goods.

April

→ Intereuropa attended the 34th FFSI conference (Feta Freight Systems International). In its presentation, 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.

→ On 28 April, the Supervisory Board of Intereuropa d.d. adopted the Audited Annual Report 2014 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 2014, following a due discussion of all reports.

May

→ On 14 May, the Supervisory Board unanimously reappointed the deputy president of the Managing Board of Intereuropa d.d., Tatjana Vošinek Pucer, for a five-year term of office commencing with 25 May 2015.

→ On 27 May, Intereuropa took part in the Port Day held in Tokio, where the Slovenian logistic operators presented the cargo transportation potential through the Adriatic region. In the follow-up of the presentation, Intereuropa's representatives met with Japanese partners and other logistics operators with potential cargo for Central and Eastern Europe through the Adriatic ports.

→ In May, Intereuropa Branch Office Ljubljana and our subsidiary AD Intereuropa - logistics service, Belgrade, provided logistics support to the Slovenian Army in organizing the military exercise »The Balkan Response«, in which several countries from that region were participating.

June

- On 12 June, the Intereuropa subsidiary »Zetatrans AD« in Montenegro celebrated its 50th anniversary of successful business. Today, it is the largest Montenegrin logistics provider that covers the whole territory of Montenegro with its own business units.
- On 19 June was held the 28th Annual General Meeting of Intereuropa d.d., in which the shareholders were informed on the 2014 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 2014, resolved on the appropriation of accumulated profit, and appointed the certified auditors for the year 2015. The General Meeting recalled the Supervisory Board member Mr Igor Mihajlović, and appointed Mr Jure Fišer as a new member of the Supervisory Board.

July

- The Supervisory Board of Intereuropa d.d. unanimously appointed Klemen Boštjančič as Supervisory Board President in the session held on 1 July.
- In the same session, the Supervisory Board was informed by the consultant of the Intereuropa Share Sellers' Consortium that a binding offer was received from Tuffieh Fund in the course of the sales procedure.

August

- On 28 August, the closing event on technical presentation of the 'Competence Centre for Logistics' was held at Bernardin. The project in which 16 enterprises - competitors from logistics industry were taking part lasted two years. Logistics providers liaised in order to achieve a higher level of qualification of employees implementing comprehensive logistics services, and to enhance the competitiveness of enterprises involved in this project.
- In August, Intereuropa d.d. obtained the SEVESO environmental licence for the storage of chemicals and plant protection products. Thereby, we follow the needs of our customers and the increased demand for storage in licenced warehouses for a permitted quantity of chemicals or dangerous substances, resp.

September

- Intereuropa has been a partner of the corporation Celje Fair Ltd. (Celjski sejem d. d.) for many years, involved as the official logistics provider for the exhibition. The Group presented its comprehensive range of logistics at own presentation stand at the international fair.
- Intereuropa acquired a new business - storage of pharmaceuticals for a well-known pharmaceutical company. To accommodate that complex business, a part of the warehouse at Logatec was reconstructed and the first shipment was accepted in September.

October

- On 15 October, the management and officers of the Intereuropa Group gathered at the annual conference to discuss the strategic guidelines and plan baselines for the financial year 2016.
- Intereuropa was chosen as the logistics provider for the renowned carmaker Daimler-Benz, who will be shipping its automobiles via Koper port to the Far East. The first shipment of automobiles bound for China sailed from Koper in the middle of October, shipped by MOL, for which our subsidiary, Interagent, was entrusted with the shipping agency service.

- In October, an internal audit under the SQAS (Safety & Quality Assessment System) was conducted at Intereuropa. The SQAS stands for a system of assessing the quality, safety and environmental handling by carriers of dangerous goods, as well as by other logistics service providers involved in the chain.

November

- In November, we upgraded our storage capacities in Belgrade for a new customer, customizing the facility for dangerous substances and goods with specific requirements for controlled temperature.

December

- In December, the Supervisory Board adopted the Business Plan of the Intereuropa Group for the year 2016.
- Intereuropa subsidiary in Zagreb strengthened its fleet by the purchase of five new heavy freight vehicles (Volvo Trucks). The new vehicles provide for more efficient and environmentally friendly utilization of the fleet, for transportation of a variety of goods, and contribute to expand the integral range of our logistic services.

EVENTS AFTER THE CLOSING OF THE PERIOD

- In January, Intereuropa joined the Slovenian business delegation to Iran and took part in the Slovenian-Iranian business forum. They met with Iranian logistics providers and other businessmen that open an opportunity for cooperation in automotive industry, pharmacy, steel industry, agricultural mechanization, etc. where Intereuropa can offer the services in shipping and land transport.
- On 19 February 2016, the Supervisory Board of Intereuropa d.d. appointed Marko Cegnar as a new member of the Managing Board, in charge of the sales for a four-year term of office.

BUSINESS REPORT

1. PERFORMANCE OF INTEREUROPA GROUP

1.1. Sales result

ECONOMIC TRENDS

The reporting year has brought a slightly lower growth than expected by the world economy. As per estimate by the International Monetary Fund of January, it grew by 3.1 percent on average. Compared with the year 2014, the growth improved slightly in advanced countries, but slowed down in emerging markets. The gap among regions remained considerable: advanced countries achieved an estimated growth of 1.9 percent, while the remaining economies were growing at 4.0 percent on average.

Euro Zone saw a more modest recovery, supported by lower oil prices, expansive monetary policy and decreased exchange ratio of the euro. All that fuelled the exports and retail consumption, which was the main driving force of the growth. Nevertheless, the dynamics of growth was still very moderate owing to low investing activity.

Gradual recovery was going on in Slovenia, too, thanks to exports. In addition to the growing income in retail trade, growth was felt in non-food trade, which points to further recovery of retail consumption in the segment of consumer durables. Also, the volume of production in processing industries has improved: higher output was seen in all medium-complex technological branches (with top rates in metal-processing industry) and in most of the technologically more complex branches.

Croatia finally stopped the downward trends in domestic demand after having struggled through the six-year recession.

In the second half-year, Serbia recorded the growth of industrial outcome and the GDP achieved the level from before 2008. Some promising indexes were felt in Bosnia and Herzegovina, too: the volume of industrial output has grown, but the level of economic activity remained moderate. In Montenegro, the economic growth was fuelled by new investments, whilst the retail consumption levelled off.

The Ukrainian economy shrunk more than expected for the reporting year. Despite the cease-fire in the second half-year, the situation in the eastern part of the country raises concern. The austerity measures, depreciation of the Ukrainian currency and bad relations with Russia, which has found itself in recession as well, have affected the weak economic activity and low investments.

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

Countries	GDP growth, in %		Inflation, in %		Exports of goods growth, in %		Imports of goods growth, in %	
	2015	2016	2015	2016	2015	2016	2015	2016
EU	1.9	1.9	0.6	1.3	4.4*	4.2*	5.0*	4.2*
Slovenia	2.7	2.3	0.1	1.2	5.3	5.4	5.4	3.8
Croatia	0.8	1.0	0.4	1.3	7.1	7.0	5.7	6.0
BiH	2.0	3.0	1.0	1.6	9.2	7.9	3.7	6.4
Serbia	0.5	1.5	2.5	4.1	8.4	4.8	5.5	3.0
Kosovo	3.2	3.8	-	1.5	-14.6	9.3	-11.5	9.2
Montenegro	3.2	4.9	1.8	1.5	-0.8	2.7	7.7	13.8
Macedonia	3.2	3.2	0.8	1.7	7.7	6.7	7.7	6.5
Albania	2.7	3.4	2.3	2.7	3.7	0.7	3.7	4.9
Ukraine	-9.0	2.0	45.8	12.0	-10.8	5.1	-23.1	5.6

* Eurozone data

SOURCES:

World Economic Outlook, IMF, October 2015

World Economic Outlook Update, IMF, January 2016

Autumn Forecast of Economic Trends 2015, IMAD, September 2015

Realisation overview of Autumn Forecast of Economic Trends 2015, IMAD, December 2015

SALES REVENUE

The dynamics of economic recovery was slower than expected for the year 2015, however, satisfactory enough to exert a positive influence on the demand for logistics and transport services. That were perceived primarily in the Slovenian part of our Group, in a growing physical volume of processed orders in many service segments of our Land Transport and Intercontinental Transport Areas. However, the customers' pressure on reducing their cost of logistics persisted and competitors did not rest, so the financial results recorded lower growth rates. Therefore, Intereuropa focused its activities on active cost management in the segment of services, primarily on optimizing the execution of domestic transport. Among other optimization-driven activities, we laid the greatest emphasis on the informatisation of operations and proceeded in the second half-year with the launch of IT support to warehouse operations in Slovenia and Croatia. In our Croatian subsidiary, the IT support was further enhanced with air-freight services, road transport and customs services; in our subsidiaries in Belgrade, Sarajevo and Podgorica, we started expanding our SAP information solution.

In terms of sales revenue, the last quarter of the reporting year was the most successful. We were able to cut the setback behind the sales targets and we generated **€ 134.6 million of sales revenues** on the yearly level. Despite 4-percent lower sales revenue than a year ago, we achieved improved results in several of our logistics products and we recorded growth in all our markets except Ukraine, Croatia and Macedonia. The improvement was best felt in the sale of sea-freight services (+ € 2.3 million), ca. 10-percent growth on average, the highest in container services. Our shipping agency recorded growth exceeding one third, and our air-freight segment achieved a 12-percent growth rate. Increased output was seen in most of our land transport services, in which domestic transport excelled with a 10-percent growth rate.

The downward trend in sales revenue from rail-freight services persisted, given that the tensions in Ukraine left negative economic outcome behind in the whole region. The revenue of this segment, which is the main area of our Ukrainian subsidiary, shrank by 54 percent (- € 7.7 million) in the reporting year. In part, the lower total sales on the Group level were also attributable to reduced sales revenue from services for car logistics, resulting from decreased physical volume of vehicles handled, and from changed features of this business.

Table 2: Sales revenue of the Intereuropa Group by business area, in 1000 €

Business area	Jan - Dec 2015	Structure	Index 2015/plan	Index 2015/2014
1 Land transport	76,564	57%	90	93
2 Logistics solutions	16,983	13%	93	99
3 Intercontinental transport	34,626	26%	101	100
4 Other services	6,440	5%	102	98
TOTAL SALES REVENUE	134,613	100%	93	96

The target sales revenue for the reporting term was not achieved. The major part of setback was recorded in the sale of rail-freight services in our Ukrainian subsidiary (nearly 70 percent below the target), and a part in the car logistics services: only 62 percent of the planned sales revenue was achieved.

The companies in Slovenia generated higher sales revenues by 1 percent: these stand for two thirds of the sales revenue of the Group. Sales growth was also achieved in all our subsidiaries except in Croatia, Ukraine and Macedonia.

Table 3: Sales revenue of Intereuropa Group by countries (by companies' head office) in 1000 €

Geographical area (by companies' head office)		Jan - Dec 2015	Structure	Index 2015/plan	Index 2015/2014
1	Slovenia	89,249	66%	102	101
2	Croatia	20,399	15%	91	97
3	Bosnia & Herzegovina	6,145	5%	107	107
4	Serbia	4,108	3%	104	111
5	Macedonia	1,404	1%	70	83
6	Kosovo	2,609	2%	111	122
7	Montenegro	5,069	4%	105	107
8	Albania	605	0%	106	109
9	Ukraine	5,025	4%	35	40
TOTAL SALES REVENUE		134,613	100%	93	96
1	EU countries	109,648	81%	99	100
2	Non-EU countries	24,964	19%	74	80

The structure of Intereuropa customers by size, branch of industry and geographical presence is quite dispersed. In the reporting year, the majority of our customers were based in the EU Member States (76 percent), most of them from the home country. Of other countries, 13 percent were located in the territory of former Yugoslavia (excl. Slovenia and Croatia).

Table 4: Sales revenue of the Intereuropa Group by countries (by customers' head office), in 1000 €

Geographical area (by customers' head office)		Jan - Dec 2015	Structure	Index 2015/2014
1	Slovenia	54,567	41%	103
2	Croatia	17,584	13%	97
3	Ukraine	2,740	2%	38
4	Austria	6,954	5%	94
5	Bosnia & Herzegovina	6,209	5%	112
6	Germany	5,807	4%	113
7	Other countries	40,752	30%	92
7a	Other EU countries	18,000	13%	83
7b	Other countries	22,752	17%	101
TOTAL SALES REVENUE		134,613	100%	96

Land Transport

The services of Land Transport generated a sales revenue of € 76.5 million, representing 57 percent in the sales structure of the entire Intereuropa Group. The highest share thereof (56 percent) was contributed by the Parent Company in Slovenia, which surpassed the plan by 3 percent.

On the level of the Group, the sales revenue in this area fell 8 percent below the level a year ago. That decrease was mainly attributable to the loss of operating revenues from Ukraine, due to adverse political and economic situation that impeded normal operations. Our Ukrainian subsidiary recorded a big fall (by € 7.8 million) in operating revenues below the figure achieved in 2014, primarily in rail-freight services and in road transport. That is very difficult to make good by higher sales in other products. As a result of decreased volume in road transport segment due to the loss of business in the Russian market, the fall in sales revenues was also felt in our Macedonian subsidiary. Our Croatian subsidiary succeeded in compensating for the loss of sales revenues in other land transport products by higher sales in domestic transport. On the other hand, the Parent Company and our subsidiaries in Bosnia and Herzegovina, Kosovo and Montenegro recorded better results than in the preceding year.

The underachievement of our sales target on the Group level is primarily attributable to the fallout due to the situation in Ukraine. The target was achieved by the Parent Company Intereuropa d.d. thanks to higher sales revenues in the products rail-freight, domestic transport and groupage services. The increased demand for transport and logistics services reflected in a higher placement of orders and in higher physical volume of operations. A significant increase above the plan was recorded by our subsidiary in Bosnia and Herzegovina, which exceeded the planned sales revenue in all its products. Also the subsidiaries in Montenegro and Kosovo performed better than planned. Other subsidiaries were behind the targets, worst of all was the Ukrainian subsidiary. In Serbia, despite the growth achieved, the result was slightly below the target sales due to the setback in the road transport services.

Positive results were visible in the physical volume of operations, given that the number of consignments was increasing (primarily in Slovenia), but the income earned did not keep up with that increase due to the customers' pressure on reducing their cost of logistics and increasing competition pushing the margins down. That encourages us to on-going operations streamlining on the one hand, and to intensifying our presence in the market on the other hand. Furthermore, we were facing ill payment practices on a large scale and financial difficulties of businesses, so we need to be cautious both in acquiring new opportunities and in doing business with our current customers.

Road transport:

- Road transport has the biggest share in the sales revenue structure (27 percent) among the services offered by the Group, and as high as a 48-percent share among the services in the scope of Land Transport.
- Operating revenues remained on the level of 2014, which means that we did not achieve the planned increase in operating outcome on the Group level.
- The decline in the volume of business bound for Russia, our subsidiaries in Croatia and Macedonia remained below the results of the preceding year. The setback was also recorded by our subsidiaries in Ukraine and Serbia.

- Pressures on prices continued and the resulting reduced sales margins has persisted for quite a long time. We addressed those pressures by active management of suppliers and of direct costs.
- In Croatia, the operations based on the IT solution WexVS Road started in July.
- Our subsidiary in Zagreb strengthened its fleet by the purchase of five new Volvo Trucks.
- **Key goals for 2016:**
 - intensified commercial activities in international road transport in the Group, identifying the potential and seeking the synergies;
 - continual cost control and price control of suppliers, and activities to reduce direct costs;
 - assuring IT-support to mutual processes with suppliers – carrier contractors for Intereuropa d.d.;
 - staff training on risk management in international road transport, and knowledge transfer within the Group.

Groupage Services:

- The sales revenues in the reporting year were one percent higher than a year ago (2014).
- Three quarters of all revenues from groupage services in the Group were generated in Slovenia, where the number of orders processed was 6 percent higher, and sales revenues 3 percent higher than in 2014.
- Growing operating revenues were recorded in the subsidiaries in Bosnia and Herzegovina, Serbia, Kosovo and Montenegro, unlike the subsidiary in Croatia that saw a decline.
- We again recorded an ample increase in the revenue of shipments between Slovenia and Croatia: two daily groupage lines (Ljubljana-Zagreb and Celje-Maribor-Zagreb, and vice versa) operate with big shipments and smaller package consignments.
- A groupage line was established between Turkey and Serbia, aiming to strengthen the role of our subsidiary in Belgrade as a major throughput hub for the Group.
- **Key goals for 2016:**
 - maintain and improve the position of the leading provider of groupage services in Slovenia, Croatia, Bosnia and Herzegovina and Serbia, and increase the market shares in all countries in which Intereuropa is present with own subsidiaries;
 - launch of operations based on the new IT solution WexVS in the Croatian subsidiary;
 - ensuring an enhanced electronic data interchange (of routing orders with our partners based abroad);
 - continual process optimization aimed at shortening the transit times, increasing the frequency and reducing the cost of groupage deliveries;
 - intensified use of sales leads as a significant sales tool (intra Group and with partners based abroad);
 - further enhance the level of service quality, using appropriate performance indicators.

Customs services:

- Compared with a year ago, 3 percent higher sales revenue was achieved by this segment.
- Except for Croatia, where declining sales revenue from customs services continued as expected, all our subsidiaries recorded growth over the results of the year ago and exceeded the targets.
- The highest share in the sales revenue structure for this product was achieved by the Slovenian company (33 percent), followed by the subsidiaries in Montenegro and BiH (19 percent in both) and Croatia (16 percent).

- The IT solution WexVS was launched to support the Customs Service product in the subsidiary Intereuropa, log. usluge d.o.o. Zagreb.
- Complaint management and elimination of non-compliances in the work process, continued activities as well as preventive and corrective measures are conducted to reduce the cost resulting from operational flaws.
- **Key goals for 2016:**
 - On-going training of employees to maintain their know-how on the highest level and to provide support to designated key commodity groups;
 - continual effort to reduce the cost resulting from operational flaws, addressed by claim management and elimination of non-compliance in the work process;
 - Current monitoring of legislation, transfer of know-how among employees.

Domestic Transport¹:

- >The sales revenues from Domestic transport rose 10 percent above last year and exceeded the sales target by 11 percent, on account of the increased result in Croatia.
- The highest sales revenue is still earned by the subsidiary in Croatia (58 percent), followed by the companies in Slovenia (25 percent), Bosnia and Herzegovina (12 percent) and Serbia (4 percent).
- In Slovenia, we increased the sales revenue by one percent and surpassed the planned result by 18 percent.
- All other subsidiaries, except for the subsidiaries in Serbia and Montenegro, recorded growth.
- This product provides an important support to other our products; as a stand-alone product, on the other hand, it faced an extremely tough competition in local markets and demanded our continual attention and activities to streamline the operations.
- All companies in the Group conduct on-going activities on process optimisation, cost management and optimum implementing solutions that will retain the quality of service on the highest level and reduce the cost on the other hand.
- **Key goals for 2016:**
 - Introduction of the WexVS solution to Croatia, utilizing the advantages thereof, and on-going process optimization, cost management and search for optimum implementation solutions that will retain the quality of service on the highest level;
 - migration from conventional OBC²- to reading with smart telephones;
 - development of distribution services in the countries in which Intereuropa subsidiaries are based, to be able to provide support to other products and to selected commodity groups.

Railway Transport:

- The Rail Transport product recorded a considerable (58 percent) setback behind the sales target. It was underperforming (by 54 percent) also compared to the result of the year 2014.
- The result of this product was mostly affected by unstable situation in Ukraine; despite the decline in sales revenue, our subsidiary in that country generated 62 percent of our total sales revenues from the rail-freight product.
- **Key goals for 2016:**
 - satisfy the requirements for quality services, experienced and skilled staff with a high level of know-how, in view of importance of the Railfreight product in multimodal transport chains, and its vital role in logistics solutions for certain commodity groups;
 - staff training and internal knowledge transfer in case of non-availability of skilled staff.

¹ The product »Express transport« was renamed to »Domestic transport«.

² On-Board Computer

Despite unfavourable conditions in logistics industry in various markets covered by Intereuropa, we set very ambitious goals for our Land Transport area in the year 2016. Our activities will address cost efficiency and the streamlining of operations, and first and foremost, support intensified commercial activities in all Group members. Furthermore, we keep on maintaining a high quality level of our service, which is a prerequisite for success in the market. The services of Land Transport are the key factor for the operation of 3PL (third party logistics) operators and provide vital support to target commodity groups.

Logistics market demands informatisation of operations for us to be able to cope with tenders: it can take the administrative work away from us and satisfy the need for consignment traceability, as well as meet increasing requirements for numerous indicators of the quality of service that our customers expect from us. At present, the new IT solution is being introduced to our Croatian subsidiary the solution is already used in two products of our Land Transport Area: road transport and customs services. This year (2016), we plan to introduce the IT solution to the products Groupage and Domestic Transport. Preparatory activities to expand the information solution to other subsidiaries of the Group are conducted. The new IT solution will allow for better supervision over the provision of services; combined with enhanced traceability of consignments, it further improves the quality of our service.

Logistics Solutions

In the reporting year, we earned a sales revenue of € 17.0 million in this business area, which stands for 13 percent in the sales revenue structure of the Group. There was only a minimal drop below the level of 2014, and a 7-percent setback behind the targets. Our key markets have not perceived any essential improvement yet. The volume of operations and inventories of goods kept by our customers remained on relatively low levels.

In Slovenia, being our key market, standing for 66 percent in the sales structure of logistics solutions, we exceeded our last year's results by 5 percent thanks to acquisition of new business.

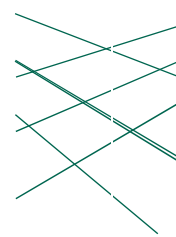
Except in Bosnia, other subsidiaries of the Group remained below the results from the year 2014.

Our subsidiary in Croatia conducted numerous activities to fill-up storage capacities and acquire new business with a higher added value, as well as to launch the new IT solution supporting the warehouse processes.

Furthermore, we invested much energy in standardization and optimization of logistics processes. We established EDI connections with some of our key customers. As regards technology, implementation of integral IT support to warehouse operations was carried on in Croatia and Slovenia. Our warehouses in Logatec, Sarajevo, Belgrade and Skopje were refurbished to satisfy the requirements for the goods requiring specific storage regimes.

Storage services:

- Our revenue from the sale of storage services came to € 15.6 million, representing 12 percent in the sales structure of the Group, or 92 percent on the level of the Logistics Solutions Area. We recorded a 4-percent rise over the achievement of last year, but a 3-percent setback behind the targets.
- Slovenia achieved an 8-percent growth in the sales revenue and exceeded the plan by 2 percent; the plan was not achieved in other countries.



- We finished with refurbishment of warehouse in Logatec for the needs of a new customer dealing in pharmaceuticals, and the first shipment of pharmaceuticals was warehoused.
- In Belgrade, we upgraded our storage capacities for a new customer, customizing the facility for dangerous substances and goods with specific requirements for controlled temperature.
- New business was acquired for our warehouse in Koper, handling the goods from Central Europe bound for the Far East.
- In Croatia, we acquired a new major customer and filled the storage capacities in Varaždin.
- A new warehouse with capacity of 1,000 qm (m²) was completed in Sarajevo for a known customer dealing in fruit and vegetables.
- Our warehouse in Skopje was enlarged by adding storage capacities for temperature-controlled regimes.

Distribution Services:

- The sales revenue from Distribution services in the reporting year was € 1.4 million, representing ca. one percent in the sales structure of the Intereuropa Group. A decline in the business with a key customer resulted in a 40-percent fall in the sales revenue on the Group level, as well as in underperforming (by 36 percent) below the year 2014.

Key activities for 2016:

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

Intercontinental Transport

The sales revenues from our services of the Intercontinental Transport Area came to € 34.6 million. Our sales result was on the same level as a year ago and slightly above the sales targets for our area. The share of revenues of our area in the total sales structure of the Group rose to 26 percent. The highest growth was achieved in sea-freight segment, in which the container transport and shipping agency excelled. The rising revenue in our shipping agency services derived from our successful representation of a container ship operator in Koper and in Rijeka. With inclusion of air-freight services, the segment 'organization of logistics' yielded 12 percent higher sales revenue.

The sales results increased in all our products except in car logistics, where a key customer rerouted a part of vehicles to Italian ports, which brought to a loss of physical volume of vehicles handled in the second half-year. In addition, we started with weekly car deliveries of Daimler-Mercedes in the last quarter of the year.

Extremely low and volatile of sea-freight rates persisted in the last quarter of the year as a result of oversized vacant capacities of ship operators and of a decline in demand for

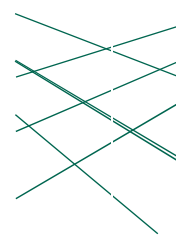
overseas shipping, primarily from Asia. Low demand for shipping services reflected in extremely low Baltic Dry Index value: the latter hit the bottom at the year-end.

Sea-Freight:

- The products of our sea-freight segment (incl. shipping agency) yielded € 25.8 million of sales revenues. The growth achieved here was 10 percent. The share of this segment in the total sales structure of the Group has been growing and reached 19 percent.
- In container transport, we achieved the highest growth rate of 15 percent, resulting from the growing volume of container transport organization in Slovenia and in Serbia. Our sales revenues came to € 13.9 million. Notable improvement was seen in exports via Adriatic ports. In container consolidation services, we reached an agreement with a partner for joint use of as many as 13 direct consolidation lines from the Far East.
- In conventional shipping, we achieved a sales revenue of € 11.1 million and exceeded the targets by 8 percent. Increased revenue in conventional sea-freight transport was attributable to higher liquid, dry-bulk and bulk cargo volumes and to cargo shipped from the Middle East and requiring a specific temperature regime (we acquired a major customer).
- In the RO-RO product, we achieved a 6-percent growth of sales revenue. Synergies in uniting the Departments of RO-RO and car logistics were beneficial for some newly acquired businesses that demand a combined approach and competences. Project goods were higher, both in import and export.
- Our shipping agency segment performed better than expected, surpassing the plan baselines by 84 percent. Improved results were achieved in Slovenia, which is our key market, and in Croatia with our representation of a container ship operator who maintains a regular weekly service to Rijeka Port. In the last quarter of this year, we started representing a Japanese car-shipping operator in Koper, who has established a regular weekly service for the Far East.
- The forecasts for the first quarter 2016 are favourable, despite occasional congestions in deliveries from the Koper port. The latter might affect some newly acquired business from/to transit markets. Also the in sea-freight rates will have a bearing on the revenue; ship operators are aware of uncertainty and concerned about the development in shipping market after the Chinese new year. The information regarding alliances of Chinese container ship operators COSCO and CSCL add to uncertainty and might affect the income of our shipping agency in 2016.

Car logistics:

- In this segment, we recorded € 4.0 million of sales revenue. The realization of sales revenues was 58 percent of the volume a year ago, although we physically processed 9 percent more vehicle.
- The decline in income is connected with the share of supply of integral logistics services, given that we lost the organization of shipping and land transport of vehicles in some project, but we retained the logistic services via port and our car terminals.
- Growing physical volume of vehicles handled was achieved despite the fact that our key customer GM decided to reroute a part of deliveries in import to an Italian port.
- At the end of the quarter of the year, we succeeded in winning a new major business in car logistics for Mercedes automobiles in export bound for the Far East, which is expected to greatly increase the physical volume of operations and our income from car logistics.
- The car logistics product remains one of key products of our Intercontinental Transport and of the entire Group, as we are able to provide the logistics for a yearly turnover of 110,000 vehicles via port and our through terminals in Slovenia, Serbia and Montenegro.



- We are involved in new negotiations on import and export business for handling vehicles via Koper port for the markets in the Mediterranean and from the Far East that could be realized in 2016.

Airfreight:

- Despite huge pressures on our rates and stronger competition of logistics providers, we achieved € 3.8 million of revenue in air-freight segment, which was 12 percent higher than a year ago. Our sales targets were surpassed by 9 percentage points.
- In all our major markets, we were performing better than estimated. Significant growth was achieved in the markets of Slovenia, Croatia, Serbia and Kosovo.
- In Slovenia, which is our largest and key market, we recorded a 14-percent growth. Slovenia remains the holder for air-freight logistics in the year 2016, and the internal coordination hub for the development of this segment in the region.
- In Kosovo, we provided logistics for the German Army; in Croatia, we recorded several one-off businesses, whilst in Serbia we represented several charter flights in export via Belgrade and Niš airports.
- An agreement for commercial representation in the markets of former Yugoslavia was negotiated with some regional air carriers.
- Further growth of income is expected for the year 2016. The prospects will be visible in the first quarter of the year, in which the income is traditionally slightly lower due to lower season in air-freight services.

1.2. Financial result

Tables 5 and 6: Financial results of the Intereuropa Group for the year 2015, in 1000 €

Item / Index	Jan - Dec 2015	Jan - Dec Plan 2015	Jan - Dec 2014	Index 2015/plan	Index 2015/2014
Sales revenue	134,613	144,056	140,769	93	96
EBITDA*	11,268	12,957	11,786	87	96
Operating profit or loss	4,733	6,108	5,052	77	94
Financing profit or loss	-3,496	-3,333	-4,672	-	-
Net profit or loss	797	2,080	329	38	242
EBIT margin in %	3.5%	4.2%	3.6%	83	98
Sales revenue per employee/month	8.188	8.677	8.445	94	97
Value added per employee/month	2.222	2.288	2.229	97	100

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

Item / Index	31.12. 2015	31.12. 2014	Index 2015/2014
Balance sheet total	292,420	295,246	99
Equity	148,174	147,638	100
Net debt*	80,392	87,574	92
Short-term assets/ Short-term liabilities	1.59	1.60	99
Net Return On Equity (yearly level)**	0.54%	0.22%	245

* financial liabilities – loans and deposits given - cash

** average equity of the report. period

Operating Profit or Loss, and EBITDA

→ The underachievement of the operating profit planned for the reporting year was largely attributable to lower sales revenue and to other unforeseen operating expenses for the provisions for lawsuits in the Parent Company, amounting to € 0.5 million and in our subsidiary € 0.4 million. Excluding the latter, the EBITDA of the Group would come to € 12.2 million.

Financing Profit or Loss

→ The negative Financing Profit/ Loss was attributable to net interest expenses and to foreign exchange losses at € 0.5 million that were not envisioned (mostly arising from the Ukrainian currency value decrease). The latter were also the ground for underachievement of the planned financing result.

Net profit / loss

→ The profit/loss from ordinary activities was reduced by the accrued and deferred corporate income tax. The resulting Net Profit was € 0.8 million.

Structure of Statement of Financial Position

→ The current ratio came to 1.59 and was slightly lower than a year ago, whilst the share of capital in the balance sheet total remained essentially unchanged.

1.3. Investments in fixed assets

The investments in fixed assets realized by the Intereuropa Group in 2015 totalled **€ 3,962 thousand**, thereof 1,317 thousand in real estate and 2,645 thousand in equipment and intangible assets. The annual plan of investments was completed to the level of 79 percent.

Table 7: Overview of investment in the year 2015, in 1000 €

Company	Real property		Plant & Equipment, Intangible assets		TOTAL		% letne realiz.
	Jan - Dec 2015	Plan 2015	Jan - Dec 2015	Plan 2015	Jan - Dec 2015	Plan 2015	
Intereuropa d.d.	876	1,145	1,277	1,054	2,153	2,200	98
Subsidiaries	441	979	1,367	1,815	1,809	2,794	65
TOTAL	1,317	2,125	2,645	2,869	3,962	4,994	79

The investments of the Parent Company Intereuropa d.d. were made in real estate, equipment and intangible assets (€ 2,153 thousand); other members of the Group invested € 1,809 thousand in fixed assets. The biggest investments in the reporting year were the reconstruction of warehouse in Logatec for the needs of our key customer, and the purchase of five trucks with trailers in Croatia.

The invested funds were earmarked to:

- buildings and equipment (€ 1,949 thousand),
- Repairs and purchase of motor vehicles (€ 1,241 thousand),
- Computer hardware and software (€ 773 thousand).

1.4. Risk Management

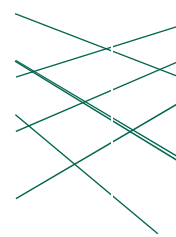
Effective risk management and rapid response to the identified risks can significantly influence the planning and achievement of operating goals. Risk identification and acceptance is an integral part of corporate planning process, decision-making and day-to-day operations.

There are 46 types of risk identified in the company Intereuropa d.d., thereof 6 key risks were acknowledged. Our highest exposure was to the sales risk of downward pricing pressures, and to credit risk. Due to our financial commitments under the financial restructuring programme, we are further exposed to the risks associated with maintaining financial stability. Thanks to more favourable economic situation and to the measures we implemented, we estimate that our exposure to risks is decreasing; however, new risks cannot be avoided due to dynamics of operations and our focus on acquiring new business.

Our highest attention is dedicated to manage the risks in the sales area. Moderate recovery in global economy has slightly increased the goods flows and thereby the demand for logistic services, which is mainly seen in higher physical volume of goods; however, there is a huge pressure on the price of logistic services and the competition intensifies in all our markets. We adapt our services to the needs of our customers, negotiate our operating terms to satisfy them, and establish dialog and closer relationship with them. Most of our sales activities are focused on acquiring new customers and thereby increasing the productivity in our employees and the utilisation rate of our logistics facilities. In response to increasing price sensitivity in our customers, our internal process streamlining and cost management are very important, in particular in the area of warehousing where the fixed costs are the highest. Underlying for these efforts is the information support to processes, in the upgrading of which we dedicate much energy and investment. On the Group level, we are consistently implementing the sales strategy in which we highlight close cooperation, approaching to and keeping up with development of our current customers, and winning new customers. Our subsidiaries operate in international environment and are exposed to external risks resulting from social, economic and political changes in respective countries. Lately, we perceived such risks as an outcome of unstable social and political situation in Ukraine and Russia, of long-lasting recession in Croatia and EU-accession, and of increased immigration flows overflowing the Balkans.

Doing business in logistics requires ample outlays of financial funds from suppliers, to pay for freight, customs duties and similar. Therefore, this branch of industry involves credit risk. Ill payment practices and financial difficulties of numerous customers in our markets demands caution both in doing business with our current customers and in addressing new opportunities. While striving for retaining the volume of business or acquiring new customers, the management of credit risk in major business projects is vital for us. We address the risk by imposing adequate measures, such as active monitoring and collection of outstanding receivables, preventive checks of credit rating, setting appropriate credit limits, and arranging instruments to secure risky receivables. By keeping a close eye on the business and liquidity planning, orderly relations with all the stakeholders and prudent cash management, we estimate to have successfully coped with our exposure to credit and liquidity risks.

Due to our financial commitments under the financial restructuring programme, we reduce our exposure to the risk associated with maintaining financial stability in the Company by



regular repayment of our debt and by active management of working capital. Concurrently, we conduct activities of additional de-leverage by disposal of the assets that are not sufficiently utilised in economic terms.

We did not recognise any significant changes in strategic risks and operational risks in the area of personnel management, legislation and legal processes, asset management and security, environmental protection, information and communication technologies. The risks remain on the acceptable levels. Individual risk managers monitor the exposure to risks and manage the risks on the level of the Company, customer, unit or of a concrete business.

Having successfully coped with all the key and major risks in the reporting year, we contributed to the implementation of goals set.

1.5. Human Resources Management

EMPLOYMENT TRENDS

The number of employees in our Group fell by one percent (8 employees) and totalled 1,417 as at 31.12.2015. At the beginning of the year, 96 employees terminated their employment and 88 employees were newly recruited, mainly to substitute those who left and due to increased volume of work.

Table 8: No. of employees in the Intereuropa Group according to countries, as of 31.12.2015

	31.12.2015	31.12.2014	Difference 15-14	Index 2015/2014
Slovenia	643	637	6	101
Croatia	309	305	4	101
Bosnia & Herzegovina	130	137	-7	95
Serbia	103	103	0	100
Macedonia	33	35	-2	94
Kosovo	29	27	2	107
Montenegro	127	133	-6	95
Albania	2	2	0	100
Ukraine	41	46	-5	89
TOTAL	1,417	1,425	-8	99

Additional 9 percent of the work force, or 132 persons were hired through HR agencies and students' job centres as at 31 December 2015.

DEVELOPMENT, EDUCATION AND TRAINING

In line with the strategic guidelines of the Group, our key emphases for education /training were laid on improving the competences in our staff and on the transfer of good business practices to our subsidiaries. We invested in training forms on IT and automation of business processes (SAP for financial functions in our subsidiaries in Montenegro, Bosnia and Herzegovina and Serbia, and WexVS in Croatia), as well as on leadership and motivation and branch-specific competences covering various aspects of logistics (customs clearance, storage, transportation). In all these areas of business, we increased the volume of training forms/hours over the last year's volume. Unlike the preceding year, we slightly reduced the number of hours dedicated to foreign language courses and sales skills.

For the first time, the employees in our subsidiaries received a much bigger quota of training than the employees in the parent company of the Group.

- Our Group dedicated altogether 13,417 hours, or € 79 thousand (out of the 89 thousands planned) to acquisition of new skills.
- On the level of our Group, the employees used 9.5 hours per employee on average in training forms, compared with 8 hours/employee in the Slovenian part of the Group and with 18 hours/ employee in our subsidiary in Croatia. In our subsidiaries located abroad, the employees took part in training programmes for 28 hours/employee on average.
- The sales staff of the parent company and of subsidiaries attended a two-day internal workshop on sales and marketing, conducted by the executive director and product managers in Zagreb and in Koper.

- All executive staff members in Slovenia and Croatia were included in the workshop on the annual interview and started implementing the interviews aiming to improve the commitment, motivation and productivity of employees.
- Our subsidiaries in Serbia, Montenegro, and Bosnia and Herzegovina organised most comprehensive training forms on the SAP information support, logistics and foreign languages; in Zagreb, priority was given to training forms on occupational health, logistics (WexVS) and leadership.
- Internal lecturers were involved in about 51 percent of training forms in the reporting year (compared to 30 percent in 2014).

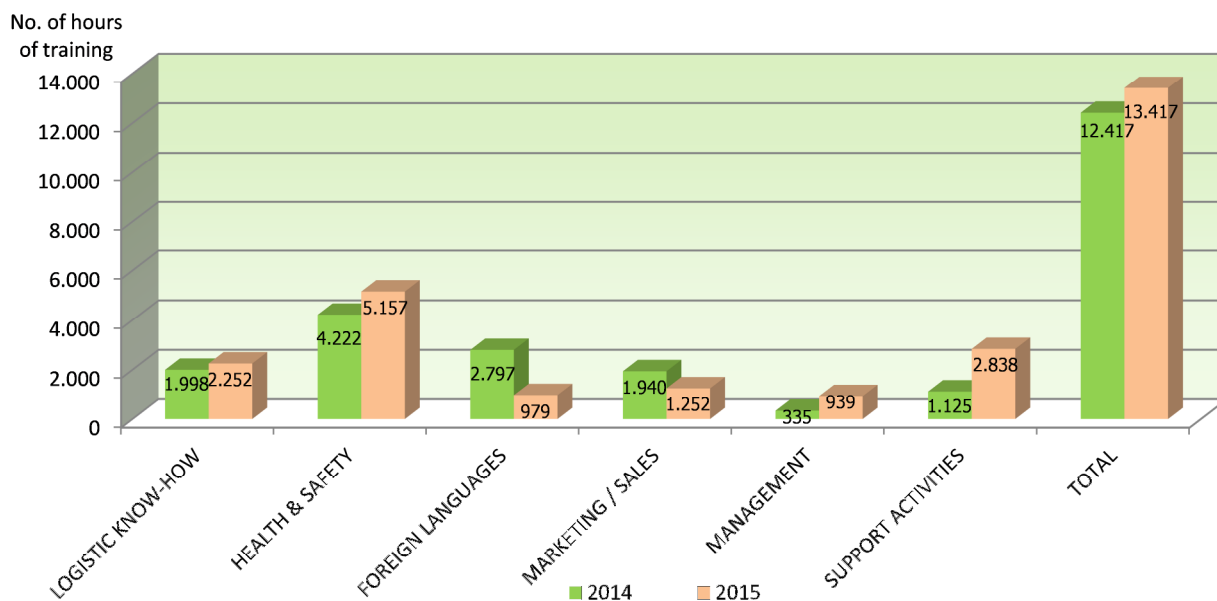


Figure 2: Training hours in the years 2014 and 2015 according to topics

Worth mentioning among major events in the reporting year was the conference by the Centre of Competence for HR development upon completion of a nearly three-year project, in which the achievements of the project and future challenges for logistics provider were presented.

HEALTH PROTECTION

Project Promoting Occupational Health in the Workplace

In the scope of activities implemented within the “Health Promotion Plan”, we took active measures to reduce the most frequent or the inveterate health problems of our employees, addressing four areas: bone and muscular diseases, mental disorders (stress, tension, burn-out, depression), respiratory diseases and neoplasms (cancer).

The following activities were included: Organization of hiking tours, encouraging people to use the stairs instead of elevator; introducing 10-minute stretching exercises during the worktime; hiring gyms or fitness studios for sports activities; subsidizing tickets for swimming pools; checking ergonomics in individual workplaces; producing and distributing folders on how to lift loads correctly, exercising and effective stress management at work.

These activities are coordinated by the Group for Health, which includes 18 qualified employees representing each business unit in the Slovenian part of the Group. For the sake of prevention of occupational diseases, the measures are tailored to various groups of employees.

A rough division in groups covers the clerical staff, in which the continual forced sedentary position involves the main risks for diseases and affects the shoulder section and wrists, lumbar and cervical spine sections, and the eyes. The second group covers the employees in terminals and warehouses, who are faced with higher risks of serious injuries at work. Health risks in that group are mostly the risks of back injuries due to incorrect lifting of loads or incorrect use of means of work.

Health and Fire Safety

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

- We referred 337 employees to preventive preliminary, periodical, and target medical check-ups (thereof 191 employees in the Parent Company).
- Particular attention was dedicated to providing sufficient control over fire safety and precautions.
- Regular inspections of facilities, work environment, active and passive fire-fighting equipment (fire extinguishers and hydrant network, fire detectors, domed smoke and heat vents/exhausts, automatic fire-proof doors, etc.) were conducted in the scope of fire safety and prevention.
- In individual organizational units in Slovenia, 2,506 sets of different working assets/equipment were examined and tested, or 2,581 sets in the whole Group, respectively.
- On the level of the Group, there were 18 injured, thereof 12 in the Slovenian part of the Group in accidents at work (6 more than a year ago). Injuries occurred mostly due to human factor of the individual persons: Slips, falls, squeezes between pallets, and similar. Causes for accidents were lack of attention, incorrect approach to work, etc.

1.6. Total Quality Management

Three companies of the Intereuropa Group (out of twelve operating companies) hold a certification under the ISO 9001:2008 Standard. Of the entire staff of the Group, 74 percent are employed in these certified companies (Intereuropa d.d., Intereuropa, logističke usluge d.o.o., Zagreb, and Intereuropa RTC d.d. Sarajevo). The year was marked by increased number of external audits of quality management audited by the customers in Slovenia, and an audit of handling dangerous goods under the Safety and Quality Assessment System (SQAS).

Vzdrževanje sistema vodenja kakovosti ISO 9001:2008

- Yearly reports on the quality management system (QMS) were prepared for the year 2014 and for the first half-year 2015.
- The Parent Company issued the fourth edition of the Quality Management System Manual for the company Intereuropa d.d.
- User manual and work instructions for the IT solution WexVS are being updated.

Notranje preverjanje kakovosti storitev

- In the reporting year, no internal process audit was conducted in Intereuropa d.d. In May, internal audits of the quality management system were conducted in Intereuropa, log. usluge d.o.o. Zagreb and in Intereuropa RTC d.d. Sarajevo (in the latter, another audit followed in September).

Nadziranje kakovosti s pokazatelji kakovosti

- The number of complaints in Intereuropa d.d. rose by five percent, however, the value under complaints rose by one half, mainly on account of some complaints addressed to transport services provided by our sub-contractors. The compensation for complaints in the reporting term totalled € 94 thousand.

Table 9: Complaints, claims and approved value in Intereuropa d.d. for the year 2015

No. of complaints	Index 15/14	No. of claims	Value in 1000 €	Index 15/14	Approved Value in 1000 €	Index 15/14
462	105	303	250	150	94	164

- **Intereuropa d.d.** - the renewal audit was the eighteenth in sequence. The audit was conducted in the following organizational units: Managing Board, Management of Forwarding and Logistics, Department for Real Estate Management and Central Purchasing, BU Koper, Brnik, Celje and Jesenice with local office in Kranj, and BU Ljubljana with local office Logatec.

It was confirmed that operations were conducted in compliance with the requirements of the ISO 9001 standard. Auditors did not find any non-compliance, however, they issued 24 recommendations for improvement. Report on the measures implemented based on the recommendations was sent to the certification body in three months' time.

- **Intereuropa, logističke usluge d.o.o., Zagreb** – The audit was the first ordinary or the fifth in sequence since the company certifies its QM system on its own. It was carried out in Zagreb, Samobor and Rijeka. Non-compliance was not found, but 8 recommendations for improvement were given.

- **Intereuropa RTC d.d. Sarajevo** – the (second) ordinary audit was the ninth in sequence, conducted in Sarajevo. Non-compliance was not found, but 7 recommendations for improvement were given.

External quality of service audit by the Customers

- In addition to auditing the quality management system by certification authorities, there were three second-party audits, two in our warehouses in Maribor and one in the warehouse Logatec. Three customers audited the quality of operations. Based on the non-compliance ascertained, or recommendations respectively, we introduced measures to improve work processes.

Food Safety Management System

- **HACCP:** In Intereuropa d.d., a non-certified system of food safety management under the HACCP-system has been in use since 2004. In October and November, the verification of the HACCP system was performed in the warehouse facilities in Dravograd, Maribor, Ljubljana, Celje, and an extraordinary verification in Logatec. Three non-compliances were ascertained and two recommendations issued.
- External audit of the control system and storage of ecologic products imported from third countries:
In the Koper Branch of Intereuropa d.d., external audit of the compliance of the storage system of organic products imported from third countries with the (European Organic) Regulations (EC) 834/2007 and 889/2008 No. 834/2007 was conducted for the ninth year in sequence. The auditor did not find any non-compliance and issue any recommendation.

System of handling dangerous goods under the SQAS standard

- In October, external audit of the system of handling dangerous goods under the SQAS standard (Safety & Quality Assessment System) was conducted by the certification firm BV for the first time. It was conducted for the module of transport service in the business unit (BU) Koper and for storage services in BU Maribor.
- The decision for audit was made on customers' requests. The SQAS stands for the system for a unified assessment of quality and safety, but in business practice it concerns the assessment of safety in handling dangerous substances in transportation and storage.
- The assessment under the audit (general module 68.1 percent, transport service module 72.5 percent, and storage module 77.0 percent) will remain valid for three years.

1.7. Share IEKG and ownership structure

KEY DATA ON SHARE

Table 10: Key Data on Intereuropa Share (IEKG) for the year 2015

	Jan - Dec 2015	Jan - Dec 2014
No. of shares*	27,488,803	27,488,803
No. of preference shares IEKN*	10,657,965	10,657,965
No. of ordinary shares IEKG*	16,830,838	16,830,838
of which no. of treasury shares*	18,135	18,135
Share book value in €*	3.57	3.52
Earnings per share in €	0.04	0.01
Market capitalisation in € thousand*	8,920	19,911
Trading volume in € thousand	538	2,113
Closing price in €	0.53	1.18
Weighted average price in €	1.17	1.39
Highest price in €	1.27	1.78
Lowest price in €	0.50	0.44
P/E	13.3	118,0
Capital gain	-55.2%	168.9%

* as of the last day of the period

Notes:

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

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

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

P/E = closing price at the end of period / Net earnings per share on a year level

Capital gain = price increase in period

SHARE TRADING

Despite slightly better general economic indicators, the trading in shares on the Ljubljana Stock Exchange achieved a considerably lower volume than a year ago. The IEKG share recorded a much lower turnover - only a quarter of the figure achieved in 2014. That was attributable to decreased price, in particular in the second half-year, but also to the overall atmosphere on the share market. The market price of the IEKG share fluctuated between € 0.50 and € 1.27 per share. In the first half-year, the price remained at about € 1.00; then it turned downward and closed the year at € 0.53 on the last trading day. In one year, it lost 55.2 percent of its value, while the Slovenian Stock Exchange Index (SBITOP Index) recorded a 11.2 percent fall. The market capitalization closed the year at € 8.9 million, which stands for 0.2 percentage points of the market capitalization of all shares on the Ljubljana Stock Exchange.

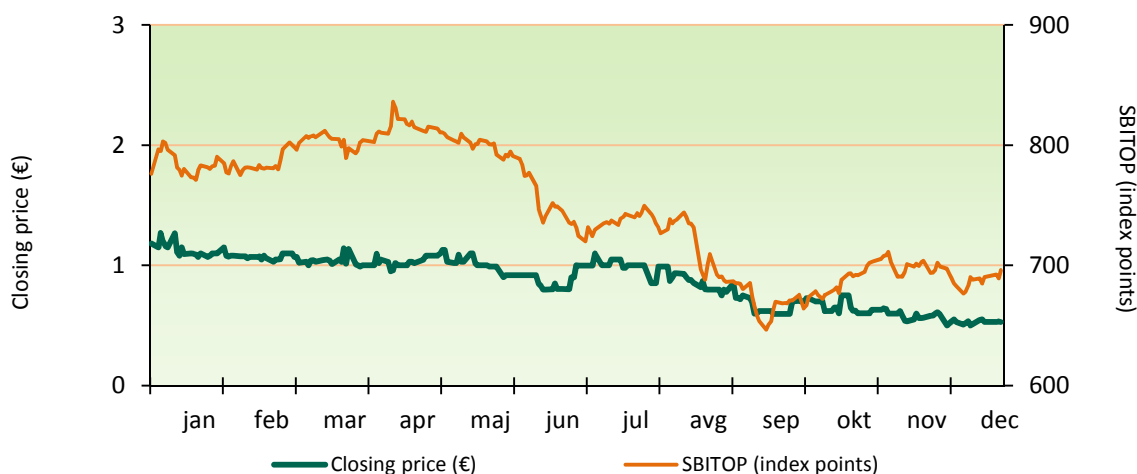


Figure 3: Closing prices of IEKG share and SBITOP index in the year 2015

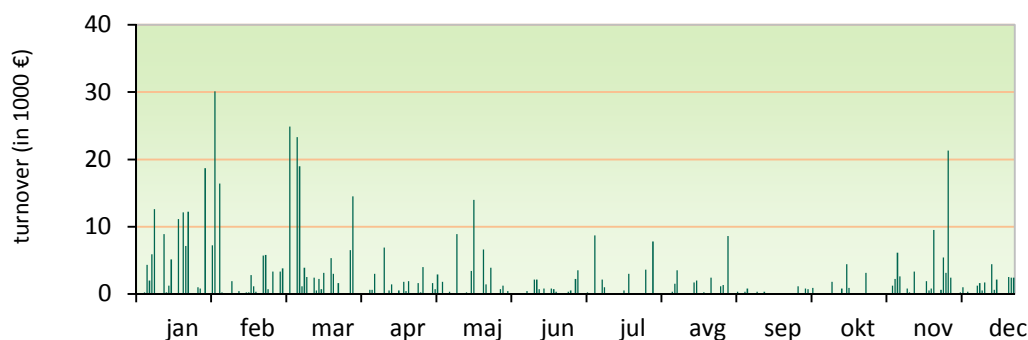


Figure 4: Trading volume of IEKG share in the year 2015

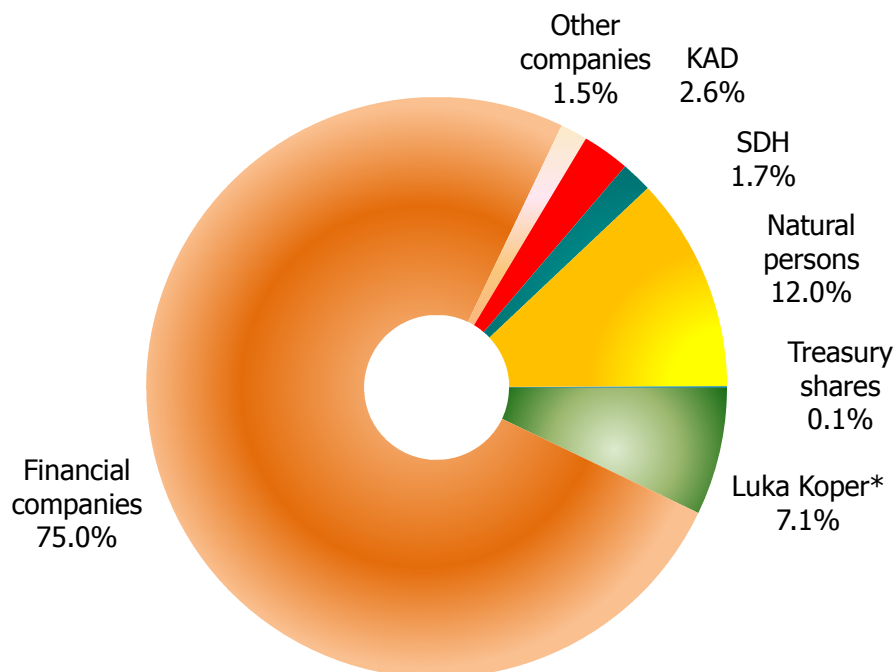
OWNERSHIP STRUCTURE

There were no major changes in the ownership structure in the year 2015. The top ten shareholders still held 81.9 percent in the Company, as their shareholdings have not changed.

Table 11: Top ten shareholders of Intereuropa d.d. as of 31.12.2015 compared to 31.12.2014

Shareholder	31.12.2015		31.12.2014		Index 15 /14
	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. Nova KBM 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

At the year-end, there were 5,053 shareholders entered in the Shareholders' Register of Intereuropa d.d., or 3 percent less than at the year-end 2014. The shareholdings of foreign investors came to 0.6 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 31.12.2015

The Company's share capital consists of 16,830,838 ordinary (IEKG) and 10,657,965 preference (IEKN) shares. In the Annual General Meeting held in June, the shareholders exercised the voting rights arising from those shares for the first time. Of the entire number of shares 27,488,803, the voting right was vested in 27,470,668 shares or 99.93 percent of all shares in the General Meeting. Only treasury shares had no voting rights.

SHARE OWNERSHIP BY THE MANAGEMENT AND SUPERVISORY BOARD MEMEBERS

The Management Board President Ernest Gortan, and Deputy President Tatjana Vošinek Pucer did not own any Intereuropa shares on 31.12.2015.

Table 12: Shares held by Supervisory Board members, as of 31.12.2015

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

TREASURY SHARES

As of 31.12.2015, 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

As of 31 December 2015, the Company has no authorized capital.

DIVIDEND

Intereuropa d.d. did not pay dividends in the year 2015.

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 13 and 14: Operations of Intereuropa d.d. in the year 2015, in 1000 €

Item / Index	Jan - Dec 2015	Jan - Dec Plan 2015	Jan - Dec 2014	Index 2015/plan	Index 2015/2014
Sales revenue	91,492	90,023	90,723	102	101
Land transport	45,397	43,996	44,637	103	102
Logistic solutions	11,192	11,359	10,662	99	105
Intercontinental transport	30,393	30,159	30,673	101	99
Other services	4,494	4,509	4,660	100	96
EBITDA*	7,578	7,657	7,516	99	101
Operating profit or loss	3,624	3,712	3,547	98	102
Financing profit or loss	-2,150	-2,155	-3,209	-	-
Net profit or loss	1,229	1,240	339	99	363
EBIT margin in %	4.0%	4.1%	3.9%	96	101
Sales revenue per employee/month	12,563	12,346	12,465	102	101
Value added per employee/month	3,207	3,148	3,171	102	101

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

Item / Index	31.12. 2015	31.12. 2014	Index 2015/2014
Balance sheet total	226,292	228,976	99
Equity	97,976	96,753	101
Net debt*	80,160	86,056	93
Short-term assets/ Short-term liabilities	1.59	1.57	101
Net Return on Equity (yearly level)**	1.27%	0.34%	374

* financial liabilities – loans and deposits given - cash

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

Operating Profit or Loss, and EBITDA

- The sales revenue was better than we planned, however, due to slightly changed structure of sales revenues by product, the share of direct costs has decreased minimally.
- The underachievement of the operating profit planned for the reporting term was largely attributable to other unforeseen operating expenses - the provisions for lawsuits in the amount of € 0.5 million. Excluding the latter, the EBITDA of the Company would come to € 8.1 million

Financing Profit or Loss

- The Financing profit or loss was negative, on the expected level. On the negative side, the result was primarily attributable to net interest expenses and to a lesser extent to the expenses owing to impairment and write-offs of financial investments; on the positive side, to the revenues from shares in group members.

Net profit / loss

- The profit/loss from ordinary activities was reduced by the deferred corporate income tax. The resulting Net Profit was € 1.2 million.

Structure of Statement of Financial Position

- The current ratio came to 1.59 and was lower than a year ago, whilst the share of capital in the balance sheet total of the Company increased.

ACCOUNTING REPORT

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

The same accounting guidelines were applied in the consolidated financial statements as in those of the Parent Company, as indicated in the Accounting Report for the financial year 2014. In the Statement of Financial Position and in the Statement of Cash Flows we have presented separately the item Other current assets that were in previous statements included in short-term receivables, and we adjusted the comparable data.

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

In the reporting term, the subsidiary Intereuropa Transport d.o.o. was in liquidation proceedings. Capital increase was implemented in the Ukrainian subsidiary TOV Intereuropa-Ukraina, 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 1.1.2015 to 31.12.2015

in 1000 €	January - December 2015	January - December 2014
Sales revenues	134,613	140,769
Other operating revenues	1,614	2,253
Costs of goods, material and services	-95,706	-102,663
Labour costs	-25,213	-25,371
Write-downs in value	-7,728	-8,190
Other operating expenses	-2,847	-1,746
Operating profit/loss	4,733	5,052
Financial income	365	638
Financial expenses	-3,861	-5,310
Profit/loss from financial operations	-3,496	-4,672
Result recognized according to equity method	34	41
Profit/loss from regular operations	1,271	421
Corporate income tax (with deferred tax)	-474	-92
Net profit /loss for the period	797	329
Net profit or loss / non-controlling interest	272	258
Net profit or loss / controlling interest	526	72

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR INTEREUROPA GROUP from 1.1.2015 to 31.12.2015

in 1000 €	January - December 2015	January - December 2014
Net profit or loss	798	329
Other Comprehensive Income	820	-11,914
Items to be reclassified to profit/loss	19	-999
Change in fair value of financial assets available for sale	25	123
Deferred tax in revaluation surplus of financial assets for sale	-4	-21
Exchange rate translation differences	-2	-1,101
Items not to be reclassified to profit/loss	801	-10,915
Change in fair value of land	0	-5,622
Transfer of land revaluation surplus to retained earnings (from sale of land)	0	-14
Deferred tax in revaluation surplus of land	0	781
Retained earnings from land revaluation (at sale of land)	0	14
Actuarial net profit/loss from termination benefits upon retirement in revaluation surplus	0	57
Other changes	-8	-339
Comprehensive income total	809	-5,792
Comprehensive income total - non-controlling part	250	88
Comprehensive income total - controlling part	531	-5,860

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR INTEREUROPA GROUP as at 31.12.2015

in 1000 €	31.12.2015	31.12.2014
ASSETS		
Tangible fixed assets	207,338	209,989
Investment property	11,278	11,565
Intangible assets	6,553	6,698
Other non-current assets	62	105
Long-term operating receivables	44	0
Deferred tax assets	16,666	16,937
Long-term loans given and deposits	45	44
Investment in a jointly controlled company	135	141
Other financial investments	518	1,559
TOTAL NON-CURRENT ASSETS	242,639	247,038
Inventories	137	249
Short-term loans given, deposits and certificates of deposits	6,604	9,180
Short-term operating receivables	31,602	31,460
Short-term income tax receivables	57	191
Cash and cash equivalents	11,107	6,757
Other short-term assets	274	371
TOTAL CURRENT ASSETS	49,781	48,208
TOTAL ASSETS	292,420	295,246
EQUITY		
Equity - controlling interest	138,954	138,422
Share capital	27,489	27,489
Equity reserves	18,455	18,455
Revenue reserves	5,029	4,302
Revaluation surplus	64,089	64,272
Translation exchange differences	-7,902	-7,917
Transferred net profit/loss	31,962	32,088
Net profit/loss	-168	-267
Equity - non-controlling interest	9,220	9,216
TOTAL EQUITY	148,174	147,638
LIABILITIES		
Provisions and long-term deferred revenue	6,282	5,471
Long-term borrowings and financial leases	92,499	98,196
Long-term operating liabilities	691	454
Deferred tax liabilities	13,406	13,396
TOTAL NON-CURRENT LIABILITIES	112,878	117,517
Short-term borrowings and financial leases	5,232	4,950
Other short-term financial liabilities	416	409
Short-term operating liabilities	25,606	24,598
Short-term income tax liabilities	113	134
TOTAL CURRENT LIABILITIES	31,368	30,091
TOTAL LIABILITIES	144,246	147,608
TOTAL CAPITAL AND LIABILITIES	292,420	295,246

CONSOLIDATED STATEMENT OF CASH FLOWS FOR INTEREUROPA GROUP
from 1.1.2015 to 31.12.2015

in 1000 €	January - December 2015	January - December 2014
Cash flows from operating activities		
Net profit/loss for the period	797	329
Adjustments for:		
- Depreciation	6,502	6,655
- Impairment and writedowns of tangible fixed assets and intangible assets	21	75
- Revaluation operating revenues from disposal of tangible fixed assets and investment property	-192	-181
- Revaluation operating expenses from disposal of tangible fixed assets and investment property	12	4
- Impairment and write-offs of receivables	1,139	1,456
- Non-monetary expenses	1,308	282
- Non-monetary revenues	-186	-487
- Financial revenues	-365	-638
- Recognized result of joint venture according to equity method	-34	-41
- Financial expenses	3,861	5,310
- Income tax (incl. deferred tax)	474	92
Operating profit before changes in net working capital and taxes	13,336	12,856
Changes in net working capital and provisions		
Changes in receivables	-1,378	-145
Changes in inventories	63	-8
Changes in other short-term assets	97	-109
Changes in operating liabilities	1,040	-2,644
Changes in provisions and long-term deferred revenue	-23	-116
Corporate income tax	-80	17
Cash from operating activities	13,055	9,851
Cash flows from investing activities		
Interest income	385	650
Dividens and shares in profit received	49	37
Inflows from disposal of tangible fixed assets	306	286
Inflows from long-term borrowings	2	2
Inflows from long-term deposits given	52	
Inflows from decrease of short-term borrowings	0	45
Inflows from decrease of short-term deposits and certificates of deposits given	2,567	3,898
Inflows from disposal of other financial investments	1,000	0
Outflows for acquisition of tangible fixed assets	-3,605	-2,085
Outflows for acquisitions of intangible assets	-420	-267
Outflows for long-term deposits given	-30	-20
Outflows from increase of short-term loans given	-11	0

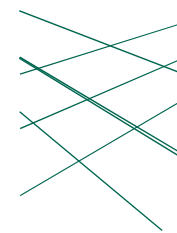
Other financial outflows	0	-130
Cash from investing activities	295	2,416
Cash flows from financing activities		
Inflows from long-term borrowings received and financial leasing	756	271
Inflows from increase in short-term borrowings	448	0
Paid interest	-3,335	-3,755
Outflows from repayment of long-term borrowings and financial leases	-6,608	-7,448
Outflows from decrease of short-term borrowings and financial leases	0	-1,315
Paid dividend	-246	-403
Cash from financing activities	-8,985	-12,650
Cash and cash equivalents at beginning of period	6,757	7,126
Exchange rate differences from cash	-15	14
Net increase/decrease in cash	4,350	-369
Cash and cash equivalents at end of period	11,107	6,757

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR INTEREUROPA GROUP
from 1.1.2015 to 31.12.2015

in 1000 €	Share capital	Equity reserves	REVENUE RESERVES				Revaluation surplus	Translation exchange differences	RETAINED EARNINGS		Equity - controlling interest	Equity - non-controlling interest	Total equity
			Legal reserves	Reserves for treasury shares	Treasury shares (deductible)	Statutory reserves			Transferred net profit/loss	Net profit/loss for the year			
Opening balance as at 1.1.2015	27,489	18,455	3,976	180	-180	326	64,272	-7,917	32,088	-267	138,422	9,216	147,638
Total comprehensive income	0	0	0	0	0	0	-7	15	-3	526	531	250	781
Net profit/loss	0	0	0	0	0	0	0	0	0	526	526	272	798
Other comprehensive income	0	0	0	0	0	0	-7	15	-3	0	5	-22	-17
Transactions with owners													
Transfer of net profit/loss for the previous year to transferred retained earnings	0	0	0	0	0	0	0	0	-267	267	0	0	0
Payment of dividends or profit participations	0	0	0	0	0	0	0	0	0	0	0	-246	-246
Transfer of retained earnings to reserves	0	0	714	0	0	12	0	0	-32	-694	0	0	0
Other changes	0	0	1	0	0	0	-176	0	176	0	1	0	1
Closing balance as at 31.12.2015	27,489	18,455	4,691	180	-180	338	64,089	-7,902	31,962	-168	138,954	9,220	148,174

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

in 1000 €	Share capital	Equity reserves	Legal reserves	REVENUE RESERVES			Revaluation surplus	Translation exchange differences	RETAINED EARNINGS		Equity - controlling interest	Equity - non-controlling interest	Total equity
				Reserves for treasury shares	Treasury shares (deductible)	Statutory reserves			Transferred retained earnings	Retained earnings for the period			
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	-4,626	-980	-326	72	-5,860	88	-5,772
Net profit/loss	0	0	0	0	0	0	0	0	0	72	72	258	329
Other comprehensive income	0	0	0	0	0	0	-4,626	-980	-326	0	-5,932	-170	-6,102
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	-353	-353
Transfer of retained earnings to reserves	0	0	294	0	0	168	0	0	-283	-179	0	0	0
Other changes	0	0	0	0	0	0	121	0	-121	0	0	0	0
Coverage of loss from previous years	0	0	0	0	0	0	0	0	160	-160	0	0	0
Closing balance as at 31.12.2014	27,489	18,455	3,976	180	-180	326	64,272	-7,917	32,088	-267	138,422	9,216	147,638



1.1. Notes to Financial Statements of the Intereuropa Group

a) Notes to the CONSOLIDATED INCOME STATEMENT

The **Sales Revenues** amounted to € 134,613 thousand. The Group also realised € 1,614 thousand of **Other Operating Revenues** that mainly represent the revenues from elimination of allowances for and write-offs of receivables (€ 935 thousand), the remaining part relates to revaluation operating revenues from disposal of items of plant, property and equipment (€ 192 thousand), the revenues from state grants awarded for co-financing of projects and funds obtained from employing disabled persons above the quota (€ 213 thousand), and other revenues (€ 274 thousand).

Costs of goods, material and services

Table 15: Costs of goods, material and services of the Intereuropa Group in the year 2015

in 1000 €	January - December 2015	January - December 2014
Cost of goods and materials sold and costs of materials used	4,168	4,509
Cost of services	91,538	98,154
Direct costs	80,565	87,240
Telephone costs	427	493
Maintenance costs	2,390	2,454
Insurance premiums	735	709
Training and education costs	79	72
Other costs of services	7,344	7,186
Total	95,706	102,663

The prevailing part of other cost of services stands for the cost of labour hired, rentals/leases, the cost of security and of public utilities.

Labour costs

Table 16: Labour cost of the Intereuropa Group in the year 2015

in 1000 €	January - December 2015	January - December 2014
Wages and salaries	18,608	18,501
Other social security costs	3,761	3,832
Other labour costs:	2,844	3,039
Holiday allowance	603	711
Transport and meals	2,065	2,048
Other labour costs	176	280
Total	25,213	25,371

Write-offs

Table 17: Write-offs of the Intereuropa Group in the year 2015

in 1000 €	January - December 2015	January - December 2014
Amortisation of intangible assets	548	546
Depreciation of property, plant and equipment and investment properties	5,954	6,109
Revaluatory operating expenses of intangible and tangible fixed assets	33	79
Expenses from revaluation adjustments (impairments) and written-off receivables	1,139	1,456
Expenses from revaluation adjustments (impairments) and written-off inventories	54	0
Total	7,728	8,190

Other operating expenses amounting to € 2,847 thousand primarily relate to the provisions for potential liabilities arising from lawsuit (€ 891 thousand) and to land-use fees and similar expenses (€ 1,178 thousand).

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

Table 18: The effect of financial revenues and expenses on the profit or loss of the Intereuropa Group in the year 2015

in 1000 €	January - December 2015	January - December 2014
Interest income	340	626
Dividend income and participation in profit of others	8	3
Income from elimination of impairment of loans and bills of exchange	18	9
Total financial income	365	638
Interest expenses	-3,270	-3,785
Financial expenses from impairments and written-off financial investments	-38	-468
Net exchange rate differences	-553	-1,057
Total financial expenses	-3,861	-5,310
Profit/loss from financing activities	-3,496	-4,672

The Group achieved the **Profit or Loss from Ordinary Activities** at € 1,271 thousand, which is further reduced by the effect of assessed and deferred tax expense of € -474 thousand.

The **Net Profit** achieved on the Group level in the reporting term amounted to € 797 thousand, thereof the amount of € 526 thousand for the **controlling part**, and € 272 thousand for the **controlled part**.

b) Notes to the CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Tangible fixed assets

Table 19: Tangible fixed assets of the Intereuropa Group as at 31.12.2015

in 1000 €	31.12.2015	31.12.2014
Land and buildings	201,648	204,979
a) Land	102,827	103,163
b) Buildings	98,821	101,816
Other property, plant and equipment	5,369	4,195
Tangible fixed assets under construction	320	815
Total	207,338	209,989

Intangible assets

Table 20: Intangible assets of the Intereuropa Group as at 31.12.2015

in 1000 €	31.12.2015	31.12.2014
Long-term title rights	1,605	1,785
Goodwill	1,275	1,275
Long-term deferred development costs	0	3,620
Advances given	0	18
Other intangible assets	3,577	0
Intangible assets under construction	96	0
Total	6,553	6,698

In 2015, the long-term deferred development costs relating to the IT solution supporting integral logistics services were reallocated to other Intangible assets within the Intangible Assets.

Loans given, deposits and certificates of deposit

Table 21: Loans given, deposits and certificates of deposit of the Intereuropa Group as at 31.12.2015

in 1000 €	31.12.2015	31.12.2014
Long-term loans given and deposits	45	44
- Loans given	7	11
- Deposits	38	32
Short-term loans given, deposits and certificates of deposit	6,604	9,180
- Loans and bills of exchange given	79	58
- Deposits and certificates of deposit	6,525	9,122
Total	6,649	9,224

Other financial investments in the amount of € 518 thousand stand for the item "Financial assets available for sale". They were lower mainly on account of the disposal (encashment) of a financial instrument.

Short-term operating receivables

Table 22: Short-term operating receivables of the Intereuropa Group as at 31.12.2015

in 1000 €	31.12.2015	31.12.2014
Short-term operating receivables from buyers	28,696	29,242
Short-term operating receivables from others	2,906	2,218
Total	31,602	31,460

Other short-term assets amounting to € 274 thousand relate to the short-term deferred costs.

Equity

On the Group level, the Equity amounts to € 148,174 thousand and represents 51 percent of the liabilities to sources of funding.

Provisions and long-term deferred revenue

Table 23: Provisions and long-term deferred revenue of the Intereuropa Group as at 31.12.2015

in 1000 €	31.12.2015	31.12.2014
Provisions for employee benefits	1,072	1,128
Provisions on litigations	919	51
Other provisions	4,172	4,160
Long-term deferred income	119	132
Total	6,282	5,471

The **long-term loans received and financial leases** amounted to € 92,499 thousand.

In the financial year 2015, we were acting towards fulfilment of financial goals and commitments agreed with the banks in the Contract on Financial Restructuring from the year 2012. Although the Parent Company fulfilled all the commitments thereunder, the Group failed to accomplish one of them, namely the financial leverage ratio. The reason for that non-achievement is attributed from the formation of unplanned provisions for lawsuits arising from disputes in the past. Creditor banks approved the preliminary waiver of breach of financial commitments.

The **short-term loans received and financial leases** amounted to € 5,232 thousand. All the liabilities due by the Group under loan agreements as at the reporting date were settled.

Other short-term financial liabilities amounted to € 416 thousand and related to liabilities for dividends and other participations.

Short-term operating liabilities

Table 24: Short-term operating liabilities of the Intereuropa Group as at 31.12.2015

in 1000 €	31.12.2015	31.12.2014
Short-term operating liabilities to suppliers	21,653	20,220
Short-term operating liabilities from advances	680	518
Other short-term operating liabilities	3,273	3,860
Total	25,606	24,598

Contingent liabilities

Table 25: Contingent liabilities of the Intereuropa Group as at 31.12.2015

in 1000 €	11.771	8.470
Arising from bank guarantees and guarantees given	11,771	11,246
Arising from legal proceedings	1,140	1,866
From D.S.U., družba za svetovanje in upravljanje	250	250
Other contingent liabilities	105	105
Total	13,266	13,467

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 26: Levels of fair values in the Intereuropa Group as at 31.12.2015 and 31.12.2014

in 1000 €	31.12.2015			
	Level 1	Level 2	Level 3	Total
Financial assets, available for sale	407	0	111	518
	31.12.2014			
	Level 1	Level 2	Level 3	Total
Financial assets, available for sale	1,420	0	139	1,559

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

INFORMATION ACCORDING TO BUSINESS SEGMENTS FOR THE YEAR 2015

Table 27: Business segments of the Intereuropa Group in the year 2015

in 1000 €	Slovenia		Croatia		Bosnia & Herzegovina		Serbia		Montenegro	
	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Revenues from external customers	89,264	88,725	20,399	20,951	6,145	5,717	4,108	3,717	5,069	4,723
Revenues from business with other segments	3,144	2,826	423	336	433	404	648	628	131	127
Total revenues	92,408	91,551	20,822	21,287	6,579	6,121	4,756	4,345	5,200	4,850
Depreciation	3,946	3,899	1,481	1,611	328	330	193	209	430	452
Operating profit or loss	3,682	3,635	-712	-688	358	318	558	577	479	418
Revenues from interest rates	295	553	42	76	0	0	7	9	52	73
Expenses from interest rates	3,041	3,495	48	83	14	12	99	137	0	0
Net profit or loss from ordinary activities	1,580	453	-698	-691	344	306	436	329	531	490
Corporate income tax	279	11	10	-108	38	32	71	22	43	80
Assets	228,289	230,814	59,006	58,909	17,072	17,004	9,553	9,645	22,202	22,334
Tangible fixed assets under construction	119	103	156	189	0	391	0	40	39	83
Long-term assets	191,170	194,852	53,157	53,576	15,737	15,764	8,577	8,576	18,080	18,317
Operating liabilities	35,662	34,818	6,250	5,187	1,478	1,421	1,192	1,219	1,156	1,114
Financial liabilities	95,184	99,794	2,125	2,485	268	290	1,519	1,903	409	408
Investment in jointly controlled entities	75	75	0	0	0	0	0	0	0	0
Revenues from investment in jointly controlled entities	41	34	0	0	0	0	0	0	0	0

in 1000 €	Ukraine		Others		Total		Adjustments*		Group	
	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2015	Jan-Dec 2014	Jan-Dec 2015	Jan-Dec 2014
Revenues from external customers	5,025	12,530	4,617	4,381	134,628	140,744	-16	25	134,613	140,769
Revenues from business with other segments	1	1	743	710	5,523	5,031	-5,523	-5,031	0	0
Total revenues	5,026	12,530	5,360	5,091	140,152	145,775	-5,539	-5,006	134,613	140,769
Depreciation	60	94	63	60	6,502	6,655	0	0	6,502	6,655
Operating profit or loss	162	671	225	165	4,753	5,097	-21	-45	4,733	5,052
Revenues from interest rates	8	14	2	4	406	729	-65	-103	340	626
Expenses from interest rates	131	159	1	2	3,335	3,888	-65	-103	3,270	3,785
Net profit or loss from ordinary activities	-509	-446	206	165	1,891	606	-620	-185	1,271	421
Corporate income tax	0	34	32	21	474	92	0	0	474	92
Assets	2,186	2,883	3,086	3,105	341,394	344,694	-48,974	-49,448	292,420	295,246
Tangible fixed assets under construction	6	8	0	0	320	815	0	0	320	815
Long-term assets	1,388	1,958	1,106	1,098	289,214	294,143	-46,574	-47,104	242,640	247,039
Operating liabilities	940	714	767	833	47,445	45,307	-1,346	-1,254	46,098	44,053
Financial liabilities	1,304	1,639	0	35	100,809	106,554	-2,662	-2,998	98,148	103,556
Investment in jointly controlled entities	0	0	0	0	75	75	60	66	135	141
Revenues from investment in jointly controlled entities	0	0	0	0	41	34	-7	7	34	41

* All adjustments are subject to consolidation procedures.

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

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

INCOME STATEMENT OF INTEREUROPA d.d. from 1.1.2015 to 31.12.2015

in 1000 €	January – December 2015	January – December 2014
Sales revenues	91,492	90,723
Other operating revenues	583	1,063
Costs of goods, material and services	-66,469	-66,876
Labour costs	-15,777	-15,562
Write-downs in value	-4,246	-4,547
Other operating expenses	-1,959	-1,254
Operating profit/loss	3,624	3,547
Financial income	1,181	1,496
Financial expenses	-3,331	-4,705
Profit/loss from financial operations	-2,150	-3,209
Profit/loss from regular operations	1,474	338
Corporate income tax (with deferred tax)	-245	1
Net profit /loss for the period	1,229	339
Basic and diluted net earnings per ordinary share (in €)	0.04	0.01

**STATEMENT OF COMPREHENSIVE INCOME FOR INTEREUROPA d.d.
 from 1.1.2015 to 31.12.2015**

in 1000 €	January – December 2015	January – December 2014
Net profit or loss	1,229	339
Other Comprehensive Income	-7	-4,298
Items to be reclassified to profit/loss	-7	120
Revaluation of financial investments available for sale to fair value	-9	144
Deferred tax in revaluation surplus of financial assets for sale	2	-24
Items not to be reclassified to profit/loss	0	-4,418
Change in fair value of land	0	-5,129
Transfer of land revaluation surplus to retained earnings from sale of land	0	-13
Deferred tax in revaluation surplus of land	0	874
Retained earnings from land revaluation (at sale of land)	0	13
Actuarial net profit/loss from termination benefits upon retirement and pay years-of-service rewards in revaluation surplus	0	-33
Other changes	0	-130
Comprehensive income total	1,222	-3,959

**STATEMENT OF FINANCIAL POSITION FOR INTEREUROPA d.d.
 as at 31.12.2015**

in 1000 €	31.12.2015	31.12.2014
ASSETS		
Tangible fixed assets	112,019	113,297
Investment property	10,308	10,562
Intangible assets	5,048	5,347
Other non-current operating assets	62	105
Deferred tax assets	16,413	16,658
Long-term financial investment excl. loans given and deposits	47,036	48,288
Long-term loans given and deposits	253	563
TOTAL NON-CURRENT ASSETS	191,139	194,820
Inventories	9	28
Short-term financial investment excl. loans given, deposits and certificates of deposits	250	250
Short-term loans given, deposits and certificates of deposits	5,279	7,260
Short-term operating receivables	21,406	21,985
Short-term income tax receivables	0	0
Cash and cash equivalents	8,169	4,594
Other short-term assets	40	39
TOTAL CURRENT ASSETS	35,153	34,156
TOTAL ASSETS	226,292	228,976
EQUITY		
Share capital	27,489	27,489
Equity reserves	18,455	18,455
Revenue reserves	2,749	2,054
Revaluation surplus	48,659	48,755
Transferred net profit/loss	89	0
Net profit/loss	535	0
TOTAL EQUITY	97,976	96,753
LIABILITIES		
Provisions and long-term deferred revenue	5,539	5,129
Long-term borrowings and financial leases	90,109	94,944
Long-term operating liabilities	656	445
Deferred tax liabilities	9,966	9,968
TOTAL NON-CURRENT LIABILITIES	106,270	110,486
Short-term borrowings and financial leases	3,752	3,529
Short term operating liabilities	18,294	18,208
TOTAL CURRENT LIABILITIES	22,046	21,737
TOTAL LIABILITIES	128,316	132,223
TOTAL CAPITAL AND LIABILITIES	226,292	228,976

**STATEMENT OF CASH FLOWS FOR INTEREUROPA d.d.
 from 1.1.2015 to 31.12.2015**

in 1000 €	January – December 2015	January – December 2014
Cash flows from operating activities		
Net profit/loss for the period	1,229	339
Adjustments for:		
- Depreciation	3,940	3,892
- Impairment and writedowns of tangible fixed assets and intangible assets	9	75
- Revaluation operating revenues from disposal of tangible fixed assets and investment property	-34	-155
- Revaluation operating expenses from disposal of tangible fixed assets	5	2
- Impairment and write-offs of receivables	291	578
- Other non-monetary expenses	809	196
- Non-monetary revenues	-144	-333
- Financial revenues	-1,181	-1,496
- Financial expenses	3,331	4,705
- Income tax (deferred tax incl.)	245	-1
Operating profit before changes in net working capital and taxes	8,501	7,803
Changes in net working capital and provisions		
Changes in receivables	274	-72
Changes in inventories	19	0
Changes in other short-term assets	-1	-13
Changes in operating liabilities	202	-961
Changes in provisions and long-term deferred revenue	-14	-48
Corporate income tax paid	0	0
Cash from operating activities	8,981	6,709
Cash flows from investing activities		
Interest income	291	526
Dividend income and participations in profit	886	955
Inflows from disposal of tangible fixed assets	68	264
Inflows from long-term loans given	240	321
Inflows from long-term deposits	50	0
Inflows from disposal of other long-term financial investments	1,000	0
Inflows from decrease of short-term loans given	60	76
Inflows from decrease of short-term deposits and certificates of deposits	1,983	3,506
Outflows for acquisition of tangible fixed assets	-1,972	-1,246
Outflows for acquisitions of intangible assets	-241	-248
Outflows for long-term deposits given	-30	-20

Outflows from increase of short-term deposits and certificates of deposits	0	0
Outflows for capital increase in subsidiaries	-31	-25
Other financial outflows	0	-130
Cash from investing activities	2,304	3,979
Cash flows from financing activities		
Paid interest	-3,099	-3,448
Outflows from repayment of long-term borrowings	-4,611	-6,052
Cash from financing activities	-7,710	-9,500
Cash and cash equivalents at beginning of period	4,594	3,406
Net increase/decrease in cash from regular operations	3,575	1,188
Cash and cash equivalents at end of period	8,169	4,594

STATEMENT OF CHANGES IN EQUITY FOR INTEREUROPA d.d.
from 1.1.2015 to 31.12.2015

in 1000 €	Share capital	Equity reserves	REVENUE RESERVES			Revaluation surplus	RETAINED EARNINGS		Total equity
			Legal reserves	Reserves for treasury shares	Treasury shares (deductible)		Legal reserves	Reserves for treasury shares	
Opening balance as at 1.1.2015	27,489	18,455	2,054	180	-180	48,755	0	0	96,753
Total comprehensive income	0	0	0	0	0	-7	0	1,229	1,222
Net profit/loss	0	0	0	0	0	0	0	1,229	1,229
Other comprehensive income	0	0	0	0	0	-7	0	0	-7
Other changes	0	0	1	0	0	-89	89	0	1
Transfer of net profit/loss to reserves	0	0	694	0	0	0	0	-694	0
Closing balance as at 31.12.2015	27,489	18,455	2,749	180	-180	48,659	89	535	97,976

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

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

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

a) Notes to the INCOME STATEMENT

Sales revenues

Table 28: Sales revenues of the Intereuropa d.d. in the year 2015

in 1000 €	January – December 2015	January – December 2014
Sales revenues within the Group	3,104	2,767
Sales revenues (excl. the Group)	88,387	87,957
Total	91,492	90,723

Other operating revenues (€ 583 thousand) represent the revenues from elimination of allowances for and write-offs of receivables (€ 241 thousand), revenues from state grants awarded for co-financing of projects and funds obtained from employing disabled persons above the quota (€ 197 thousand), the operating revenues from disposal of items of plant, property and equipment (€ 34 thousand), and other revenues (€ 111 thousand).

Costs of goods, material and services

Table 29: Costs of goods, material and services of the Intereuropa d.d. in the year 2015

in 1000 €	January – December 2015	January – December 2014
Cost of goods and materials sold and costs of materials used	1,617	1,667
Cost of services within the Group	2,182	1,841
Cost of services (excl. the Group)	62,670	63,368
Direct costs	57,161	57,906
Telephone costs	119	162
Maintenance costs	1,573	1,672
Insurance premiums	456	402
Training and education costs	39	53
Other costs of services	3,323	3,173
Total	66,469	66,876

The prevailing part of other cost of services stands for the cost of labour hired, rentals/leases, the cost of security and of public utilities.

Labour costs

Table 30: Labour cost of the company Intereuropa d.d. in the year 2015

in 1000 €	January – December 2015	January – December 2014
Wages and salaries	11,427	11,172
Pension insurance costs	1,321	1,243
Other social security costs	826	808
Other labour costs:	2,203	2,340
holiday allowance	492	593
transport and meals	1,619	1,626
other labour costs	92	122
Total	15,777	15,562

Write-offs

Table 31: Write-offs of the company Intereuropa d.d. in the year 2015

in 1000 €	January – December 2015	January – December 2014
Amortisation of intangible assets	528	501
Depreciation of property, plant and equipment and investment properties	3,412	3,391
Revaluatory operating expenses of intangible and tangible fixed assets	14	77
Expenses from revaluation adjustments (impairments) and written-off receivables	291	578
Total	4,246	4,547

Other operating expenses

Table 32: Other operating expenses of the company Intereuropa d.d. in the year 2015

in 1000 €	January – December 2015	January – December 2014
City land tax and similar expenses	1,051	1,031
Other operating expenses	908	223
Total	1,959	1,254

Other operating expenses mostly relate to the provisions for lawsuits (€ 485 thousand) and to the expenses for employee profit sharing payout (€ 325 thousand).

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

Table 33: Other operating expenses of the company Intereuropa d.d. in the year 2015

in 1000 €	January – December 2015	January – December 2014
Interest income from group members	64	101
Interest income from others	213	430
Income from intra-group participations	838	918
Income from stakes in joint venture	41	34
Income from stakes to others	8	3
Income from elimination of impairment of loans and bills of exchange	18	9
Net exchange rate differences		
Total financial income	1,181	1,496
Interest expenses an other borrowing expenses	-3,040	-3,493
Expenses from impairments and written-off financial investments in stakes and shares	-247	-703
Expenses from impairments of other financial investments	-34	-468
Net exchange rate differences	-10	-41
Total financial expenses	-3,331	-4,705

The achieved **Profit or Loss from Ordinary Activities** of € 1,474 thousand resulted from the Operating Profit/Loss (€ 3,624 thousand) and from the Financing Profit/Loss (-2,150 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 31.12.2015

in 1000 €	31.12.2015	31.12.2014
Land and buildings	108,941	111,024
a) Land	65,287	65,287
b) Buildings	43,654	45,737
Other property, plant and equipment	2,959	2,170
Tangible fixed assets under construction	119	103
Total	112,019	113,297

Intangible assets

Table 35: Intangible assets of the company Intereuropa d.d. as at 31.12.2015

in 1000 €	31.12.2015	31.12.2014
Long-term title rights	1,473	1,709
Long-term deferred development costs	0	3,620
Advances for intangible assets	0	18
Other intangible assets	3,576	0
Total	5,048	5,347

In 2015, the long-term deferred development costs relating to the IT solution supporting integral logistics services were reallocated to other Intangible assets within the Intangible Assets.

Long-term financial investments excl. loans given and deposits

Table 36: Long-term financial investments excl. loans given and deposits of the company Intereuropa d.d. as at 31.12.2015

in 1000 €	31.12.2015	31.12.2014
Investments in shares and stakes of subsidiaries	46,453	46,669
Investments in stake of jointly controlled company	75	75
Other long-term financial investments	508	1,544
Total	47,036	48,288

Other long-term investments were lower primarily on account of the disposal (encashment) of a financial instrument.

Loans, deposits and certificates of deposits given

Table 37: Loans, deposits and certificates of deposits given of the company Intereuropa d.d. as at 31.12.2015

in 1000 €	31.12.2015	31.12.2014
Long-term loans given	253	563
- to subsidiaries	223	543
- deposits	30	20
Short-term loans given, deposits and certificates of deposit	5,279	7,260
- to subsidiaries	1,070	1,050
- to others	11	0
- deposits and certificates of deposit	4,198	6,210
Total	5,532	7,823

Short-term operating receivables

Table 38: Short-term operating receivables of the company Intereuropa d.d. as at 31.12.2015

in 1000 €	31.12.2015	31.12.2014
Short-term operating receivables within the Group	571	515
Short-term interest receivables from Group companies	172	166
Other short-term operating receivables from Group companies	0	0
Short-term operating receivables from buyers (excl. the Group)	20,011	20,657
Short-term operating receivables from others	652	646
Total	21,406	21,985

Other short-term assets amounting to € 40 thousand relate to the short-term deferred costs.

Equity

Equity expresses equity financing of the Company and is regarded as its liability to shareholders. The share thereof in the liabilities structure is 43 percent.

Provisions and long-term Deferred Revenues

Table 39: Provisions and long-term deferred revenue of the company Intereuropa d.d. as at 31.12.2015

in 1000 €	31.12.2015	31.12.2014
Provisions for employee benefits	780	824
Provisions on litigations	481	14
Other provisions	4,160	4,160
Long-term deferred income	118	131
Total	5,539	5,129

In the frame of **long-term bank loans received and financial leases**, the entire amount (€ **90,109 thousand**) relates to long-term loans received.

In the financial year 2015, we were acting towards fulfilment of financial goals and commitments agreed with the banks in the Contract on Financial Restructuring from the year 2012. Although the Parent Company fulfilled all the commitments thereunder, the Group failed to accomplish one of them, namely the financial leverage ratio. The reason for that non-achievement is attributed from the formation of unplanned provisions for lawsuits arising from disputes in the past. Creditor banks approved the preliminary waiver of breach of financial commitments.

The short-term loans received and financial leases come to € 3,752 thousand and represent the short-term portion of long-term loans.

Short-term operating liabilities

Table 40: Short-term operating liabilities of the company Intereuropa d.d. as at 31.12.2015

in 1000 €	31.12.2015	31.12.2014
Short-term operating liabilities to companies within the Group	347	283
Short-term operating liabilities to suppliers	16,077	15,658
Short-term operating liabilities from advances	81	66
Other short-term operating liabilities	1,789	2,201
Total	18,294	18,208

Contingent liabilities

Table 41: Contingent liabilities of the company Intereuropa d.d. as at 31.12.2015

in 1000 €	31.12.2015	31.12.2014
From bank guarantees and guarantees given to Group members	2,922	4,880
From bank guarantees and guarantees given to others	4,695	4,888
Arising from legal proceedings	603	782
From D.S.U., družba za svetovanje in upravljanje	250	250
Total	8,470	10,800

Fair value of financial instruments

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

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

Table 42: Levels of fair values in the company Intereuropa d.d. as at 31.12.2015 and 31.12.2014

in 1000 €	31.12.2015			
	Level 1	Level 2	Level 3	Total
Financial assets, available for sale	404	0	104	508
	31.12.2014			
	Level 1	Level 2	Level 3	Total
Financial assets, available for sale	1,412	0	132	1,544

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

IN BRIEF ...

Despite a slow-down in the growth of some world economies, the year 2015 brought to the markets of Intereuropa (except Ukraine) a moderate recovery of goods flows and a rise in the demand for logistics and transport services. The Group recorded an increased volume of orders from customers in numerous service segments, which brought higher sales revenues in all our markets except Ukraine, Croatia and Macedonia.

Our key activities were dedicated to intensifying the sales and optimizing the processes, and concurrently, having entered into new projects involving development of logistics services for goods requiring specific storage regimes, we upgraded our storage facilities in Logatec, Sarajevo, Belgrade and Skopje. Particular attention was given to improve the performance of the subsidiary in Croatia, in which we enhanced the information support with air-freight services, road transport and customs services. Our major optimization activities included improved implementation of domestic transport service and numerous activities in informatisation of operations that support flexibility and effective competitiveness of our services in the market. In the scope of development of the integrated information solution supporting the logistics processes, the IT support to warehouse operations was launched in Slovenia and Croatia in the second half-year, and preparatory activities to introduce the SAP information solution to our subsidiaries in Belgrade, Sarajevo and Podgorica have started.

Our performance in the last quarter of the year was successful and we achieved **€ 134.6 million of sales revenues** in the reporting year. Although growth in physical indicators was recorded for many service segments in our land and intercontinental transport, the pressures to cut the cost of logistics and reduce the sales margin did not alleviate; the resulting growth of revenues was lower than the growth recorded in the market. The 4-percent decline in the revenues of the Group below the level of 2014 (by € 6.2 million) was primarily attributable to the 65-percent loss of revenues from the rail-freight services in our Ukrainian subsidiary (by € 7,6 million). Due to the conflicts, the Ukrainian economy continued shrinking in the year 2015, too, and that development affected the economies in the whole region after Russia was stricken by recession anew.

Supported by intensified cost management of our services, the Group generated an **EBITDA at € 11.3 million**; assuming that one-off expenses on account of creating the provisions for lawsuits from previous years were excluded, the EBITDA would have amounted to € 12.2 million. We closed the year with an **operating profit of € 4.7 million**.

The **Financing Result** amounted to **-3,5 million €**, thereof € 0,5 million were foreign exchange losses resulting mostly from the depreciation of the Ukrainian currency. The Group closed the year with a **net profit of € 0.8 million**.

At the year-end, the **net financial debt** was 8 percent lower than a year ago and came to **€ 80.4 million**.

The year was marked by the activities for the disposal of the company, led by the consortium of banks - owners of Intereuropa d.d. The banks informed us in July of having received a binding offer from Tuffieh Fund. The process of sale is still running, and in this sensitive time, the Managing Board of Intereuropa will concern itself with minimizing any adverse consequences of the process of sale for the operation of the Company.

In December, the business plan of the Group for the year 2016 was adopted: it envisions growth of income in all markets, business areas and products of our core business, while maintaining or improving the current profitability. We will continue to dedicate great emphasis on the optimization of business processes, to cost management and to on-going informatisation of business processes in the Group.

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

