



UNAUDITED INTERIM REPORT INTEREUROPA GROUP

JANUARY–SEPTEMBER 2016

The INTEREUROPA d.d. is publishing this Unaudited Report of Intereuropa Group for January-September 2016, 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-September 2016 shall also be published on the web site of INTEREUROPA d.d. www.intereuropa.si on November 30, 2016.

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PERFORMANCE HIGHLIGHTS

The recovery of economic climate in European markets has continue in the third quarterly term, which reflected on the performance of companies in our Group. Last year's sales results were surpassed by all our companies except the Albanian subsidiary. Better than expected were our achievements in Logistics Solutions, primarily on account of increased turnover of goods and of inventories in major warehouses in Slovenia that represent the bulk of operations of this business area. Competitive struggle in the markets of transport and logistics services produces pressures on sales prices and thereby reduces the earning per unit. In Land Transport, financial results do not fully reflect the growth of operating volume and physical indices due to tough competition in the market, although the sales revenues in land transport were slightly better than in the comparable term a year ago. Also, our Intercontinental transport recorded better sales results than a year ago, although sea-freight and airfreight operators were exposed to great pricing pressures that reflected in volatility of sea-freight rates an airfreight terms. Our activities are tailored to acquisition of new business and addressing the measures in the organization of sales, aiming to enhance the sales focus of our Group. Concurrently, we dedicate our attention to supplier management in order to improve the transportation terms. In support of logistics processes, we proceed with development and launch of integrated information solutions for both, business and finance and accounting processes of the Group.

Table 1: Performance highlights of Intereuropa Group and parent company Intereuropa d.d.

in EUR 1000	INTEREUROPA GROUP			INTEREUROPA D.D.		
	Jan - Sep 2016	Jan - Sep 2015	Index 16/15	Jan - Sep 2016	Jan - Sep 2015	Index 16/15
Sales Revenue	102,200	99,577	103	67,996	67,916	100
EBITDA	10,393	8,032	129	6,590	5,517	119
Operating profit or loss (EBIT)	5,482	3,159	174	3,666	2,575	142
Net profit or loss	3,122	153	2,040	2,647	1,120	236
EBITDA margin in %	10.2	8.1	126	9.7	8.1	119
EBIT margin in %	5.4	3.2	169	5.4	3.8	142
Sales Revenue per employee/month	8.336	8,076	103	12.663	12.452	102
Value Added per employee /month	2.454	2.172	113	3.542	3.175	112
	30. 9. 2016	31.12. 2015	Index 16/15	30. 9. 2016	31.12. 2015	Index 16/15
Assets	283,548	291,893	97	217,709	226,292	96
Equity	150,855	147,137	103	100,641	97,976	103
Net debt	79,361	80,392	99	79,599	80,160	99
No. of employees	1,405	1,417	99	615	624	99
	Jan - Sep 2016	Jan - Dec 2015	Index 16/15			
No. of shares at the end of term	27,488,803	27,488,803	100			
Net earning per share (in EUR)	0.09	0.04	225			
Closing price at the end of term (in EUR)	1.14	0.53	215			
Book value of share at the end of term (in EUR)	3.66	3.57	103			
Closing price / Book value of share	0.31	0.15	210			
P/E	9.5	13.3	71			

EBITDA: Earnings Before Interest, Taxes, Depreciation, Amortisation and Revaluation operating expenses for intangible assets, plant, property and equipment.

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

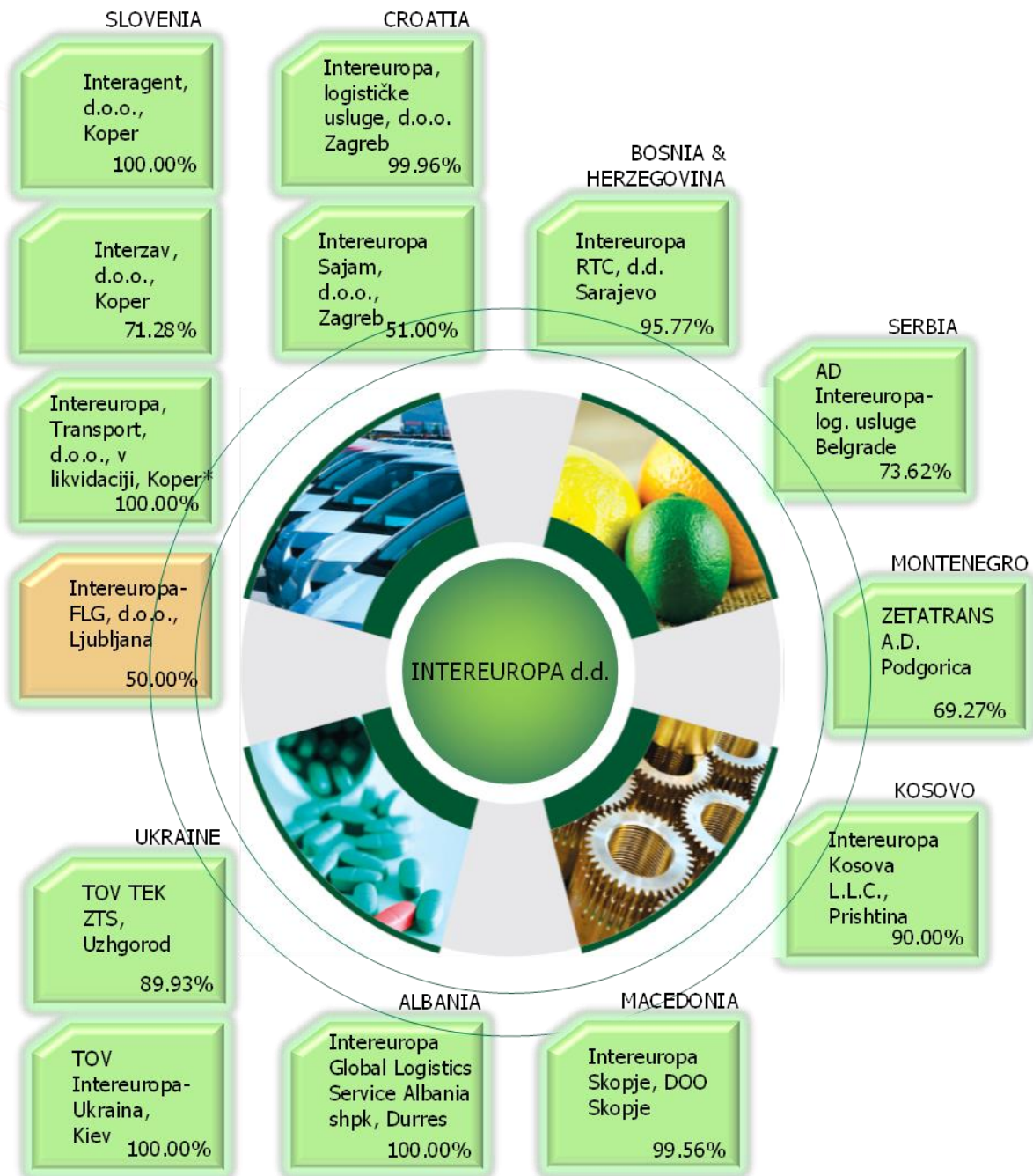
P/E: Closing price at the end of term/ Net earning per share on year level.

In the reporting term (January-September 2016), the Intereuropa Group achieved **EUR 102.2 million of sales revenue** and exceeded the result of the comparable term last year for 3%. Our **operating profit was EUR 5.5 million**, the Group closed the reporting term with a **net profit of EUR 3.1 million**. The parent company Intereuropa d.d. was successful too, **with EUR 2.6 million of net profit**.




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	EUR 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. Ernest Gortan, Msc., President of the Managing Board
Managing Board	Tatjana Vošinek Pucer, Deputy President of the Managing Board Marko Cegnar, Member of the Managing Board (from 19.2.2016)
Chair of the Supervisory Board	Klemen Boštjančič

Intereuropa Group	
No. of employees	1,405 employees
Vehicle fleet	112 group-owned trucks, tractors, trailers and other commercial vehicles
Total warehousing area	232,400 m ² in-house warehouse
Total land area	1,710,000 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 January 17, 2012.

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

Picture 1: Intereuropa Group as of 30. 9. 2016

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	EUR 166.0 million
2.	EBITDA	EUR 15.8 million
3.	Operating Profit (EBIT)	EUR 7.8 million
4.	Investments	Depreciation at 66% on average In five years, total 24.5 m EUR
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 EUR 3 million or more.

Core financial goals:

- Sales revenue: EUR 137.1 million;
- EBITDA: EUR 13.1 million;
- Operating Profit (EBIT): EUR 6.3 million;
- Investments: EUR 4.5 million;
- Number of employees at the year-end: 1,441.

MAJOR EVENTS



THE PERIOD OF JANUARY – SEPTEMBER 2016

January

- 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.

February

- 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.
- Our staff from conventional sea-freight segment attended the Fruit Logistics fair in Berlin, where they held meetings with customers and partners in business.
- In February, Intereuropa launched a regular groupage line for imports and exports between Serbia and Turkey, in which the Belgrade Hub is central for shipments from/to Turkey for the entire area in which the Group operates.

March

- In the session held on 3 March 2016, the Supervisory Board was informed on the performance of the Intereuropa Group in the financial year 2015. The Intereuropa Group made a sales revenue of EUR 134.6 million from the sale of logistics services. It achieved an operating profit of EUR 4.7 million, and a net profit of EUR 0.8 million.
- Between 8 and 12 March, Intereuropa took part in a partner conference organised by the HCL Conference (Ecu Air) in Lisbon, Portugal. Representatives of Intereuropa attended several meetings within the partner network and made new cooperation arrangements. Intereuropa received the award for being the 'most responsive agent in the HCL network'.
- Intereuropa also attended the meeting organised by the Port of Koper (Luka Koper d.d.) in Cairo, where our executives met with our current partners in business and made contacts with logistics operators from various partner networks.
- In March, Intereuropa established cooperation with a new partner for groupage services in Great Britain, jointly operating two regular weekly lines in import and export.
- On 31 March, Intereuropa attended the 7th Regional Business Plus Conference, in which regional companies discussed the role of branding.

April

- On 6 and 7 April, the Intereuropa' representatives took part in the congress on Supply Chain in Science and Practice, organised by the Slovenian Association for Logistics at Bernardin (Portorož). The convention offered an opportunity to meet with other players in the area of supply chain management, and Intereuropa made new acquaintances with prospects for cooperation.
- On 21 April, the Supervisory Board adopted the Audited Annual Report 2015, the Auditor's Report by the appointed external certified auditor, and the Report prepared by the Supervisory Board for the year 2015, following a due discussion of all reports.

May

- On 5 May, Intereuropa attended the Internautica (yacht exhibition) in the scope of organizing an event for our key customers, aiming to strengthen the ties of future business cooperation.
- On 10 May, Intereuropa took part in the employment fair "Employment - New Perspective", organized by the Koper Regional Unit of the Employment Service of the Republic of Slovenia. and presented its current or most frequently sought employee profiles.
- On 11 May, our representatives presented the logistic services of Intereuropa to potential customers and partners in business at the Port Day in Katowice (Poland).
- In the scope of our project 'Promoting Occupational Health in the Workplace', Intereuropa d.d. purchased four automatic external defibrillators (AED), that are located at the head-office of Intereuropa in Koper and in our facilities in Ljubljana, Celje and Maribor, available to any person in need.
- In the session of 18 May, the Supervisory Board took note of the unaudited annual report of the Intereuropa Group in the term January-March 2016, in which it generated EUR 33.7 million of revenues. It achieved an operating profit of EUR 1.7 million, and a net profit of EUR 0.7 million.
- On 25 May, Intereuropa attended the promotional event organized by Luka Koper (Port of Koper corporation) in Belgrade to strengthen our current business ties and presented our services to potential Serbian customers.

June

- From 31 May to 3 June, Intereuropa took part in the fair of sustainable intra-logistics, Intralogistics and Supply Chain Management (CeMAT) in Hannover.
- In Maribor, we completed the construction of new cool store facility with capacities for ca. 2,500 pallet spaces.

July

- On 8 July was held the 29th Annual General Meeting of Intereuropa d.d., in which the shareholders were informed on the 2015 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 2015, got informed on the appropriation of accumulated profit of the year 2015 that shall remain undistributed, and nominated the audit firm for the year 2016: KPMG, Slovenija, podjetje za revidiranje, d.o.o., Ljubljana.

August

- In its session held on 25 August, the Supervisory Board of Intereuropa d.d. was informed on the unaudited report for the Intereuropa Group in the term January-June 2016, in which the Intereuropa Group generated EUR 69.3 million of sales revenue and a net profit at EUR 2.0 million.
- Intereuropa subsidiary Zetatrans A.D., Podgorica contributed customs services and organization of transport to humanitarian aid programme by the government of the Republic of Montenegro, in cooperation with other companies, delivering help to the flood-stricken Macedonian regions.

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.

- Bavarian delegation visited Intereuropa in the organization of the Slovenian-German Chamber of Commerce and Industry, aimed at strengthening the current relations and establishing mutual economic ties.

EVENTS AFTER PERIOD CLOSING

- On 20 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 2017.
- On 10 November 2016, Intereuropa d.d. concluded a Share Purchase Agreement for the 24% share of investment in the joint venture Intereuropa-FLG d.o.o. under the suspensive condition of acquiring the preliminary consent from the Slovenian Competition Protection Agency, and will retain 26% in said joint venture following the completion of sales procedure.

BUSINESS REPORT

1. PERFORMANCE OF INTEREUROPA GROUP

1.1 Sales results

ECONOMIC TRENDS

In its October estimate, the International Monetary Fund (IMF) maintains its previous global economic growth forecast (3.1 percent) and estimates an even higher growth (3.4 percent) for the coming year. While the IMF has slightly lowered the prospects for advanced countries, it improved the prospects for developing countries for the first time after six years. The prospects for economic growth in the Euro Zone remain favourable. Main risks include a weak foreign demand and potentially adverse consequences of the United Kingdom exit from the EU (Brexit). Indicators of economic sentiments point to continued economic growth in the coming months, too.

Most short-term economic activity indices in Slovenia have further risen at the beginning of the third quarterly term. Growth of exports and processing industries output continued and for the first time surpassed the levels from the year 2008. Improved situation in the labour market and favourable growth of retail consumption fuelled the growth in certain trade segments. Recent months show stronger activity in the construction sector, with improved prospects. The sentiment in the economy and among consumers remains high and implies favourable trends to persist.

Croatian economy recovered thanks to increased domestic demand and well performing tourism. Retail trade has improved, unemployment continued to decrease and industrial output gradually fuels the growth. In Serbia, the growing domestic demand is the driving macroeconomic factor and industry has been rising again. After a drop at the beginning of the year, Montenegrin economy saw a rise thanks to public investments, retail sales and a revival of industrial production. The economic forecast for Bosnia and Herzegovina has remained unchanged. Macedonian political situation remains uncertain until the polls scheduled for December, which slows down exports and cools off domestic demand. In Kosovo, retail trade increased above the preceding reporting period, and industrial output grew at a two-digit rate. Despite export squeeze, imports recorded a growth in August. Ukraine faces weak goods flows due to Russian embargo on Ukrainian goods. Recovery remains slow and uncertain.

Table 2: 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 %	
	2016	2017	2016	2017	2016	2017	2016	2017
EU	1.9	1.6	0.7	1.3	2,8*	3,4*	3,6*	3,7*
Slovenia	2.3	2.9	1.1	1.4	5.9	5.8	5.8	6.2
Croatia	1.9	2.1	-0.1	1.2	9.4	8.5	8.8	8.9
BiH	3.0	3.2	-0.3	0.7	4.8	5.4	5.9	6.7
Serbia	2.5	2.8	2.0	3.5	9.9	8.8	6.9	6.2
Kosovo	4.1	3.3	0.5	1.7	3.1	11.4	5.5	6.7
Montenegro	5.1	3.6	1.0	1.4	2.6	1.8	15.0	4.1
Macedonia	2.2	3.5	0.5	1.0	6.5	10.2	6.4	7.8
Albania	3.4	3.7	1.8	2.3	-6.6	1.0	4.8	3.1
Ukraine	1.5	2.5	13.0	8.5	-4.1	3.7	-1.8	4.0

* Eurozone data.

VIRI:
World Economic Outlook, IMF, October 2016,
Jesenska napoved gospodarskih gibanj 2016, UMAR, September 2016,
Ekonomsko ogledalo št. 6, UMAR, October 2016.

SALES REVENUES

European markets saw a continued recovery of economic climate in the third quarterly term. In the nine months' term, we recorded a 3-percent growth over the comparable term last year and achieved **EUR 102.2 million sales revenues** on the Group level. We surpassed the results of the comparable term last year in all business areas. Our products Warehousing, Domestic transport and Containerized sea-freight were best performing and exceeded the sales targets.

The highest rise in sales and surpass of sales targets were recorded in our Logistics Solutions, primarily on account of increased turnover of goods and newly acquired business in our major warehouses in Slovenia. Also our Land Transport improved its sales turnover above the level of comparable term a year ago in the products Groupage services, Domestic, and Railfreight Transport. However, we did not achieve the sales targets mainly due to the loss of some businesses in the parent company, combined with a repeated loss of operating income in our Ukrainian subsidiary in the second half-year. Improved sales results compared with last year's term were recorded by all other group members, except the Albanian subsidiary. In our Intercontinental Transport, we exceeded the volume of services of the same term last year. Better than expected were our products Container and RO-RO service, and the operations in Shipping Agency and Airfreight segments. On the other hand, conventional sea-freight and car logistics did not meet the sales targets, which resulted in a setback behind the planned objectives of that business area.

In a number of selected subsidiaries, we continued expanding the IT support to logistics services to enable a better control over services and enhanced traceability of consignments, which raises the quality of our service. After having put in operation the new information support for the products Road transport and Customs Services in Croatia, our activities now focus on introducing the new information support to the segments Groupage and Domestic transport. In our subsidiary in Kosovo, we launched the IT solution for Road transport, Customs services, Seafreight and Airfreight segments. The new Seafreight IT solution was integrated in the operations of our subsidiary Interagent d.o.o., Koper, too. In Slovenia and Croatia, we carried on with IT support to warehousing operations according to individual customers. Our subsidiaries in Serbia, Bosnia and Herzegovina, and Montenegro started using the SAP information solution for finance and accounting, which facilitates the transparency of operations.

In the reporting nine-month term, the companies in Slovenia generated two thirds of sales turnover, which remained on the level of comparable term last year. All Group members except the subsidiary in Albania recorded growth. Increased growth rate of sales revenues in Ukraine has primarily resulted from the growth in the first half-year, which levelled off towards the end of the reporting term due to still weak goods flows in the country.

Table 3: Sales revenue of the Intereuropa Group by business area, in EUR 1000

	Business area	Jan - Sep 2016	Structure	Index 2016/plan	Index 2016/2015
1	Land Transport	57,176	56%	99	101
2	Logistics Solutions	14,182	14%	102	114
3	Intercontinental Transport	25,902	25%	98	101
4	Other services	4,940	5%	104	102
	TOTAL SALES REVENUE	102,200	100%	99	103

Table 4: Sales revenue of Intereuropa Group by countries (by companies' head office) in EUR 1000

	Geographical area (by companies' head office)	Jan - Sep 2016	Structure	Index 2016/plan	Index 2016/2015
1	Slovenia	66,603	65%	98	100
2	Croatia	15,713	15%	98	102
3	Bosnia and Hercegovina	4,753	5%	102	107
4	Ukraine	4,605	5%	121	136
5	Montenegro	4,052	4%	103	109
6	Serbia	3,069	3%	98	102
7	Kosovo	2,063	2%	110	113
8	Macedonia	1,046	1%	105	106
9	Albania	296	0%	63	65
	TOTAL SALES REVENUE	102,200	100%	99	103
1	EU Countries	82,316	81%	98	101
2	Non – EU Countries	19,884	19%	105	111

The nature of our services involves a wide customer portfolio from numerous countries. According to market structure, 39 percent of our sales revenues originated from the sales to Slovenian customers, 36 percent from other EU Member States, and 13 percent from the countries of former Yugoslavia.

Table 5: Sales revenue of the Intereuropa Group by countries (by customers' head office'), in EUR 1000

	Geographical area (by customers' head office)	Jan - Sep 2016	Structure	Index 2016/2015
1	Slovenia	39,570	39%	97
2	Croatia	13,348	13%	100
3	Austria	5,594	5%	114
4	Bosnia and Hercegovina	4,703	5%	115
5	Germany	4,456	4%	105
6	Ukraine	3,070	3%	190
7	Other countries	31,458	31%	103
7a	Other EU countries	14,063	14%	104
7b	Other countries	17,395	17%	102
	TOTAL SALES REVENUE	102,200	100%	103

LAND TRANSPORT

The services from our Land Transport Area generated a sales turnover of EUR 57.2 million in the reporting nine months, which represented 56 percent in the sales structure of the Intereuropa Group. The highest share was contributed by the Parent Company that earned 57 percent of total sales revenues from the services of Land Transport.

Sales revenues were better than last year. After several years of losses, the Ukrainian subsidiary achieved growth and increased sales revenue in the rail-freight product. The increase was achieved in the first half-year, whilst the second half-year began with a repeated drop of operating revenue below the result of the comparable quarterly term last year. Other subsidiaries outside Slovenia, except in Albania, surpassed the results of the comparable term last year. Regretfully, we were behind the last year's results in the parent company in Slovenia, which generates the highest share of all revenues and has a bearing on the operating result of the entire business area.

The overview of sales revenues by product shows that our products Groupage services, Domestic transport, and Rail-freight have performed better than last year. No surpass was recorded in the products Road transport and Customs services.

In terms of the plan, we were 1 percent below the sales targets; most of that setback was recorded in Slovenia. The Albanian subsidiary was behind the plan, too. All other companies in the Group exceeded the sales targets: Intereuropa logističke usluge d.o.o., Zagreb (in the products Groupage, Domestic transport and Customs services), A.D. Intereuropa logističke usluge, Belgrade (in all products except Road transport), Intereuropa RTC d.d., Sarajevo (in all products except Customs services), Zetatrans A.D., Podgorica (in the products Domestic and Road transport), Intereuropa Kosova L.L.C., Prishtina (in the products Groupage and Customs services), Intereuropa Skopje DOO, Skopje (in the products Road transport and Customs services) and TOV TEK ZTS, Uzhgorod (in the product Rail-Freight).

The reporting nine-month term was earmarked by growing physical volume of orders processed, which brought higher sales revenue in all products of our Land Transport Area but Road transport. We recorded a fall of revenues despite 3-percent higher number of orders processed. This year's weaker result is primarily attributable to a loss of certain businesses.

Road Transport:

- With 25 percent, Road transport has the biggest share in the sales revenue structure among the services offered by the Group, and as high as a 45-percent share among the services in the scope of Land Transport.
- Compared with the same term 2015, we recorded a 5 percent fall in the sales revenue and were 7 percent below the sales target.
- The worst fall in sales revenues in absolute terms was recorded in Slovenia, where the revenues fell by 9 percent mainly as an outcome of the loss of some major businesses.
- The biggest relative setback struck our subsidiary in Albania, which halved its earnings due to the loss of a key customer. Decrease in sales revenues was also recorded by our subsidiaries in Serbia and Kosovo.
- Our subsidiary Intereuropa, Logističke usluge, d.o.o., Zagreb, which renewed its fleet by the purchase of five new Volvo Trucks in 2015, increased the sales revenue by 2 percent but remained 4 percent behind the targets.
- Better results were also achieved in Bosnia and Herzegovina (acquisition of a major business) and in Montenegro (new businesses).
- Pressures on prices (all major businesses are obtained by tender) continued and the resulting reduced sales margins persisted for quite a long time. We are addressing that issue by active management of direct costs.
- Our IT solution WexVS was launched in our subsidiary in Kosovo on the product of Road transport.
- Activities were conducted to ensure IT support to mutual processes with suppliers - carriers in Intereuropa d.d. The solution will be launched by the year-end 2016.

Groupage Services:

- In the reporting nine-month term, the sales revenues of this segment rose by 4 percent and exceeded the target by 3 percent.
- Nearly three quarters of all revenues from Groupage services in the Group were generated in Slovenia. The number of orders processed rose by 4 percent, but our sales revenues were 1 percent higher than the comparable term last year.
- In March, we established cooperation with a new partner in Great Britain.

- The subsidiary in Serbia surpassed both the last year's results (+25 percent) and the target (+20 percent). After establishing the line between Turkey and Serbia, the role of Belgrade-based subsidiary was strengthened, as it became an important hub in the Group.
- Growing sales revenues and exceeding the targets were further recorded in the subsidiaries in Croatia, Bosnia and Herzegovina, and Kosovo, as a result of increased quantities of carried goods.
- On the other hand, the subsidiaries in Macedonia and Albania recorded a downturn in the sales and a setback behind the targets, whilst the Montenegrin subsidiary was slightly above the last year's result, although behind the targets.
- In June, Intereuropa d.d. established electronic exchange of routing orders and statuses thereof with a foreign customer, which will serve as the groundwork for introducing this solution with other customers and partners in business.
- Our IT solution WexVS was launched in our subsidiary in Kosovo on the product of Groupage services.

Customs Services:

- Sales revenue was 4 percent lower than in the comparable term a year ago. Bosnia and Herzegovina, Montenegro, and Serbia recorded losses in operating revenue from customs services.
- Slovenia, which earns as many as 37 percent of the entire sales turnover from Customs services, saw a considerable increase in sales revenue by 11 percent, and exceeded the sales target by 10 percent.
- On 1 July 2016, changes in fiscal legislation governing imports of goods from third countries - non-EU member states - entered into effect. As per recent law amendment, the Value-Added Tax is no longer payable as if it was an import duty, but it shall be based on self-assessment, provided that certain conditions are met. That fact led to a certain decrease of income for Intereuropa d.d., which resulted in lower sales revenue in the reporting term.
- In Croatia, the sales revenue from customs services rose by 7 percent.
- The subsidiaries in Macedonia and Kosovo recorded higher operating revenues than last year and surpassed the sales targets.
- Our IT solution WexVS was launched in our subsidiary in Kosovo on the product of Customs services.

Domestic Transport:

- The sales revenue was 7 percent higher than in the comparable term 2015, which meant 6 percent more than planned. Growth was recorded in all subsidiaries offering this service, the highest of all in Bosnia and Herzegovina.
- The highest share of sales turnover was earned by the subsidiary in Croatia (58 percent), followed by Slovenia (24 percent), the subsidiaries in Bosnia and Herzegovina (13 percent), in Serbia (4 percent), and in Montenegro (1 percent).
- In Croatia, sales turnover grew by 5 percent and outstripped the target by 9 percent.
- In Slovenia, despite a 1-percent growth in the sales turnover, we did not achieve the target.
- This product provides an important support to other our products; as a stand-alone product, on the other hand, it faces an extremely tough competition in local markets and demands our continual attention and activities to streamline the operations.
- 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.

- In Slovenia, we tested the application and devices supporting the migration from conventional OBC's to smart phones for code reading. Phones already replaced a part of OBC's.
- In Croatia, preparatory activities to introduce the WexVS solution are conducted to utilize the advantages thereof, as well as a further process optimization, cost management and search for optimum implementation solutions that will retain the quality of service on the highest level.

Railway Transport:

- In the reporting nine-month term, the Railway Transport product recorded a considerable increase (8 percent) over the sales target and was 19 percent higher than in the comparable term 2015.
- The performance of this product was greatly attributable to the improved situation in Ukraine, where our subsidiary TOV TEK ZTS of Uzhgorod is based: in the first half-year, the sales revenues from rail-freight more than doubled but then fell considerably. Our Ukrainian subsidiary generated 71 percent of total sales revenues in our railfreight transport product.
- The Parent Company in Slovenia was below the results of the comparable term 2015 and behind the sales targets. That has resulted from changed transport routes of a major a customer (migration from railway to road).

Increased demand for transport and logistic services has been felt in the market, reflecting in positive results in the physical volume, however, with scarcely any bearing on the financial results. Customers are pressing on the costs when acquiring business by tender and by checking the market prices from day to day. Logistics providers struggle for each shipment; some of them offer dumping prices, which slashes the sales margin. Moreover, ill payment practices require great caution in acquisition of new business, as well as in doing business with our present customers. The operating result is dependent on economic and political situation in the countries and markets in which we operate, primarily in Europe. Over the last few years, the results of Land Transport closely reflected the situation in Ukraine, along with financial results of our subsidiary in that country.

In all products of our Land Transport Area, we rely on informatisation of operations to optimise the processes and provide for traceability that our customers expect from us. In Croatia, we put our IT solution WexVS in use for two Land Transport products: Road transport and Customs services. By the end of this year, the new IT solution will be launched in the Groupage and Domestic Transport segments. In July, we introduced the new IT solution to our subsidiary in Kosovo for two products: Road transport, Customs services, and Groupage services. Preliminary activities to expand the information solution to other subsidiaries of the Group are conducted, to allow for better supervision over the provision of services; combined with enhanced traceability of consignments, it further improves the quality of our service.

We are committed to maintaining a high quality level of our service at all times, which is a prerequisite for success in the market. For the remaining reporting term, our activities will address cost efficiency and operations streamlining, and first and foremost, focus on intensified commercial activities overall the Group, in particular in Slovenia.

LOGISTIC SOLUTION

In the reporting nine months, the Logistics Solutions Area generated EUR 14.2 million of sales revenues, or 14 percent of total sales turnover of the Group. Therefore, we recorded a

14-percent growth over the comparable term last year, and exceeded the target by 2 percent. An improved business sentiment was perceived in our key markets.

In Slovenia, which represents 68 percent in the sales structure of our logistic services as our key market, we outstripped the last year's results by 19 percent. We surpassed the targets by 5 percent, primarily on account of increased turnover of goods and of inventories in our warehouse in Logatec, and of newly acquired business for Jesenice, Maribor and Koper.

As regards achieving the targets, we were lagging behind in Croatia (9 percent), in Bosnia and Herzegovina (5 percent) and in Kosovo by 25 percent. Nevertheless, sales targets for the year 2016 in other companies of the Group with warehouse facilities were surpassed.

Our companies in Slovenia and in Croatia conducted numerous activities to fill-up storage capacities and acquire new business with a higher added value, which contributed to improved profitability of Slovenian warehouses. We also continued to improve business processes towards streamlining and launching the new integrated IT solution that supports warehouse processes.

Warehousing / Storage services:

- The sales turnover from storage services in the reporting nine months was EUR 13.4 million, representing 13 percent in the sales structure of the Group, or 94 percent in the sales revenue of logistics solutions. We recorded a rise in the sales turnover by 18 percent and exceeded the targets by 9 percent.
- In Slovenia, we were 13 percent above the plan despite the 22-percent growth in the sales turnover. In Croatia, 6-percent growth in the sales turnover was achieved and the plan was exceeded by 2 percent. In Serbia, despite the 15-percent growth in the sales turnover, the plan was surpassed by 13 percent. Montenegro saw a 29-percent growth in the sales turnover and was 7 percent above the plan. Bosnia and Herzegovina achieved a 5-percent growth in the sales turnover but remained 5 percent below the plan; other countries did not achieve the plan.
- In Maribor, the construction of new cool store facility was completed, with capacities for ca. 2,500 pallet spaces.
- We launched activities to build cool store capacities in Celje for fresh meat storage.
- 18 new forklift trucks were purchased.

Distribution Services:

- The sales turnover from Distribution services in the reporting nine months was EUR 0.8 million, representing about one percent in the sales structure of the Intereuropa Group.

Key activities for the Logistics Solutions Area in this year:

- development of partnership relations and enhanced cooperation with current customers;
- winning new logistics projects, primarily aiming to fill the available, still unoccupied storage capacities in Slovenia and Croatia;
- process optimisation and continued installation of IT support to logistics solutions in Slovenia and in Croatia;
- improving energy efficiency (introducing LED-based illumination).

INTERCONTINENTAL TRANSPORT

In the nine-month term, the sales revenues in our Intercontinental Transport products amounted to EUR 25.9 million and were 1 percent above the results of the comparable term last year. The products of sea-freight container segment, »ro-ro« services, shipping agency and air-freight were performing better than planned; unlike the former segments, the

conventional Sea-Freight and car logistics were behind the targets and that setback brought to the underachievement of sales targets of the entire Area by 2 percentage points.

The highest overachievement of sales targets and growth in the volume over the comparable term last year was recorded in our RO-RO products (69 percent above the plan). The target sales results of container transport were exceeded by 4 percent, of the shipping agency by 6 percent and of the airfreight by 5 percent.

Sea-freight and airfreight operators were exposed to great pricing pressures that reflected in volatility of sea-freight rates and airfreight terms. Ship operators increase sea-freight rates. Such a trend is expected to persist until the year-end, in the light of estimated decrease of cargo space on main container lines from/to the Adriatic and reorganization of certain shipping services.

Sea-Freight:

- The products of our Sea-Freight segment (incl. shipping agency) yielded EUR 19.8 million of sales revenues for the nine-month term. That was still 2 percent below the sales targets.
- Among Sea-Freight products, our container transport segment was the best performing segment. It yielded EUR 10.6 million and surpassed the sales target by 4 percent. Slovenia recorded significant growth in the exports of steel, refractory bricks and dangerous goods, and imports of containers with phytopharmaceutical products and fertilizers bound for the Central European markets. Higher sales revenue was also recorded in intermodal deliveries from the Port of Koper. The good results from container transport reflected in high occupancy of warehouse facilities in Koper and in their extremely good performance.
- In the January-September term, our conventional sea-freight segment achieved a sales turnover of EUR 7.6 million, which was slightly underperforming. The biggest variances from targets were recorded in imports of fresh fruit and vegetables in the first half-year, which were generally observed in the Port of Koper. We recorded an increase in deliveries of liquid cargo (petroleum products). In this segment, we acquired a new major customer in the third quarterly term. We resumed with the organization of transport services for liquid cargo to hinterland markets. Our operations in the last quarterly term will largely depend on the new season of Mediterranean fruit and vegetables.
- Our RO-RO product outstripped the sales targets by 69 percent. These good results rely on the higher volume of project goods via Koper port, both in import and export. We acquired new businesses in export of specialized vehicles and equipment via Koper, bound for the markets of the Mediterranean and Middle East. Surpassing of sales targets is expected for the last quarterly term, too.
- Our shipping agency was performing better than expected in Slovenia and in Croatia, and exceeded the volumes planned for the first nine months by 6 percent. We recorded a 17-percent growth over the comparable term last year. Good performance mainly relied on agency representation of the Chinese container ship operator who was our customer until September, when it merged with the ship operator COSCO. In the reporting nine months, we also recorded an increased number of calls by the fleet of a Japanese shipowner who loads Daimler-Benz vehicles in Koper. For the last quarterly term, we expect lower income as a result of discontinued cooperation with the Chinese container ship operator.
- Several meetings were held with our partner network to ensure the competitiveness of purchase terms in sea-freight. We took part in several commercial/ promotional events abroad and strengthened our presence in our key market. Based on the

activities launched, we expect a stable business development for the last quarterly term. Our shipping agency faces some uncertainty until a new container ship operator maintaining service for the Adriatic has been acquired.

- Activities to launch the IT solution WexVS were conducted in Slovenia and Kosovo for the sea-freight product. This IT solution was installed in our companies Interagent d.o.o., Koper and in Kosovo. In addition, we launched several applied IT solutions for e-commerce with customers and suppliers.

Car Logistics:

- In this segment, we recorded EUR 3.2 million of sales revenue in the nine-month term 2016. Last year's sales revenues were surpassed by 4 percentage points, but sales targets were achieved at 92 percent. Our performance was better in the second and third quarterly term, thanks to higher volume of cars handled in the year 2016. The setback behind the target is attributable to a lower quantity of GM vehicles than planned, and to discontinued business for a Short-Sea shipowner.
- The growth of sales revenue has resulted from a higher number of vehicles handled via Koper port and via our car terminals. We handled 54 percent more vehicles than in the comparable term a year ago. Growth is attributable to the development of new business for Daimler-Mercedes and for some traditional customers who boost the number of vehicles in the markets of Slovenia and of SE Europe.
- Our car terminals in Slovenia and Serbia recorded a higher number of vehicles on store that - due to favourable turnover - significantly contributed to the sales revenue in the reporting nine months. In Serbia, we closed a deal for storage of Renault vehicles with a new customer.
- We estimate our operations for the last quarterly term as stable and in line with the sales targets. The achievement or overachievement thereof will depend on the outcome of negotiations for additional business via Koper port.

Airfreight:

- The sales revenues from Airfreight were 8 percent higher than in the comparable nine months a year ago. We were 5 percent above the sales targets, and achieved EUR 2.9 million of sales revenues.
- The highest growth of revenues was recorded in Slovenia, Serbia, and Montenegro, thanks to good performance. In Slovenia, our sales targets were surpassed by 17 percent.
- In Serbia, airfreight deliveries were organized by charter flights from Niš airport bound for the Middle East, some deliveries are scheduled for the last quarterly term. We negotiated a GSA (General Sales Agent) representation for the Turkish airline Pegasus Airlines, which faces a promising development in Serbia. The target sales turnover for Serbia was surpassed by 52 percent, the
- In the third quarterly term, we agreed to continue providing logistics for the German Army at the Prishtina airport in Kosovo.
- In addition to higher export activity in the Balkans, we also record enhanced activity of our partner network. We took part in several meetings with our partner network to improve cooperation with our partners in business. We made, or extended agency contracts for representation of partners in the Balkans.
- Usually, the last quarterly term each year is the peak season for airfreight operations, so we expect a similar positive trend and higher sales revenues.
- Following the activities to introduce the IT solution WexVS for the airfreight product in Kosovo closed with the launch in September.

1.2 Financial Result

Table 6: Financial results of the Intereuropa Group for the period January – September 2016, in EUR 1000

Item/Index	Jan - Sep 2016	Jan - Sep Plan 2016	Jan - Sep 2015	Index 2016/plan	Index 2016/2015
Sales revenue	102,00	102,828	99,577	99	103
EBITDA*	10,393	10,262	8,032	101	122
Operating profit or loss	5,482	5,172	3,159	106	174
Financing profit or loss	-2,235	-2,222	-2,667	-	-
Profit or loss	3,122	2,611	153	120	2,040
EBIT margin in %	5.4%	5.0%	3.2 %	107	169
Sales revenue per employee/ month	8.336	8.144	8.076	102	103
Value added per employee/month	2.454	2.353	2.172	104	113

* EBITDA: Earnings Before Interest, Taxes, Depreciation, Amortisation and Revaluation operating expenses for intangible assets, plant, property and equipment.

Item/Index	30.9. 2016	31.12. 2015	Index 2016/2015
Balance sheet total	283,548	291,893	97
Equity	150,855	147,137	103
Net debt*	79,361	80,392	99
Current assets/ Current liabilities	1.52	1.55	98

* Financial liabilities – loans and deposits given – cash.

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

→ Despite minimum underachievement of the target sales turnover, the Group has exceeded the target operating profit and EBIT margin¹ for the nine months 2016. Better results than planned are primarily attributable to higher sales margin, which has mainly resulted from the changes in the sales structure.

Financing Profit or Loss

→ The negative Financing Profit/ Loss was attributable to net interest expenses and to foreign exchange losses at EUR 0.3 million that were not envisioned (mostly arising from the Ukrainian currency value decrease). The latter were also the ground for slight underachievement of the target 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 EUR 3.1 million.

Structure of Statement of Financial Position

→ The current ratio came to 1.52 and fell by 0.11 percentage point below the preceding term primarily due to decrease in cash and cash equivalents, whilst the share of capital in the balance sheet total rose by 1.7 percentage points as a result of the decrease in long-term financial liabilities.

¹ The share of the operating profit in the sales turnover structure.

1.3 Investments in Fixed Assets

In the first three quarterly terms 2016, the investments in fixed assets realized by the Intereuropa Group totalled **EUR 2,789 thousand**, thereof EUR 639 thousand in real estate and EUR 2,150 thousand in equipment and intangible assets. The annual plan of investments was completed to the level of 62 percent.

Table 7: Overview of investment in the period January – September 2016 (in EUR 1000)

Company	Real property		Plant & Equipment, Intangible assets		TOTAL		% of annual realisation
	Jan - Sep 2016	Plan 2016	Jan - Sep 2016	Plan 2016	Jan - Sep 2016	Plan 2016	
Intereuropa d.d.	358	563	1,240	1,737	1,598	2,300	70
Subsidiaries	281	546	910	1,639	1,191	2,185	55
TOTAL	639	1,109	2,150	3,376	2,789	4,485	62

The investments of the Parent Company Intereuropa d.d. were made in real estate, equipment and intangible assets (EUR 1,598 thousand); other members of the Group invested EUR 1,191 thousand in fixed assets. The invested funds were earmarked to:

- buildings and fittings/ equipment (EUR 1,844 thousand),
- purchase of vehicles (EUR 762 thousand),
- computer hardware and software (EUR 183 thousand).

Our major investments included: completion of stage V of the cold store in warehouse facility in Maribor, purchase of 4 head truck & semitrailer combinations in Zagreb, purchase of 15 forklift trucks for various business units in the parent company, purchase of 12 delivery vans in Sarajevo and Zagreb, completion of stage III of the cooling store in Celje, and refurbishment of warehouse in Belgrade.

1.4 Risk Management

Risk identification and response thereto is an integral part of corporate planning process, decision-making and day-to-day operations.

There were 47 types of risk identified in the company Intereuropa d.d., thereof 4 key risks. 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 also exposed to the risk associated with ensuring financial stability of the Company.

In the area of sales, we dedicate great attention to the management of sales risks. The price of our services is subject to a variety of factors and impacts, such as economic and political change, fuel prices, availability of free storage and transport capacities, and competition. The latter has a material impact on the markets in which we are operating: it gives opportunity to customers to press the prices for services downwards, and concurrently, the need for optimization of their own business compels them to reduce the costs for logistics. We focus our sales activities on acquiring new customers, improving the productivity of staff and on higher utilization of logistics capacities, along with internal streamlining of processes and costs. To facilitate and optimize the management of our services, we are upgrading the IT support to processes.

We are greatly exposed to credit risk as the logistics business demands from service providers to make high outlays of funds to pay for freight, customs duty and other levies. Ill payment practices and financial difficulties of numerous enterprises are still quite common in the markets in which we are operating, so it demands caution both in doing business with

our current customers and in addressing new prospects. 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 successfully cope 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, combined with activities leading to additional de-leverage by disposal of the assets that are not sufficiently utilised in economic terms.

To date, we have not perceived any significant change that would materially affect our business. We have monitored all the identified risks and managed them with due care.

1.5 Human Resources Management

EMPLOYMENT TRENDS

In the term January – September, the number of employees in the Group decreased by 12 employees compared with the year-end 2015, and came to 1,405 as at 30.09.2016.

- There were 72 newly recruited staff primarily to replace those who left (38) and the temporarily absent employees (10), as well as due to increased volume of work (21).
- Labour relationship terminated for 84 employees, thereof 32 left the company by agreement and 19 because of expiry of their fixed-term contract, while 16 employees retired.
- The highest dynamics of newly employed (30) and leaving staff (40) was recorded in our subsidiary Intereuropa, Logističke usluge d.o.o., Zagreb, mainly warehousemen.
- The highest recruitment was recorded in the subsidiary Intereuropa Kosova L.L.C., Prishtina whose workforce rose by 14 employees from 31. 12. 2015, thereof 15 newly recruited warehousemen to handle newly acquired businesses as of 16 new employments in total.
- Additional 10.2 percent of the work force or 143 persons were hired through HR agencies and students' job centres as at 30.09.16.

Table 8: No. of employees in the Intereuropa Group according to countries, as of 30.9.2016

	30.9.2016	31.12.2015	Difference 16-15	Index 2016/2015
Slovenia	633	643	-10	98
Croatia	299	309	-10	97
Bosnia & Herzegovina	128	130	-2	98
Serbia	104	103	1	101
Macedonia	33	33	0	100
Kosovo	43	29	14	148
Montenegro	124	127	-3	98
Albania	2	2	0	100
Ukraine	39	41	-2	95
TOTAL	1,405	1,417	-12	99

DEVELOPMENT, EDUCATION AND TRAINING

In line with the strategic guidelines of the Group, there were 6,947 hours of training dedicated to, and EUR 39 thousand (of EUR 99 thousand planned) were spent on the scheme of acquiring key branch-specific competences in logistics (altogether 40 percent of the funds earmarked for the reporting term).

- The average amount of training was 5 hours per employee.
- In the Group, the training forms on occupational health and safety had the highest share (51 percent); followed by upgrading logistics skills (26 percent), other technical specific knowledge on finance, tax, real estate management, etc. (10 percent), foreign languages (6 percent), sales skills (6 percent), and management /leadership (1 percent).
- In the Slovenian part of the Group, the prevailing topics were changes to customs legislation and origin of goods, stress management, and computer skills (Excel, WexVS in Interagent d.o.o., Koper).
- 150 employees were included in a testing stage of e-learning forms for foreign languages, which proved as an effective method to supplement the conventional learning methods.
- In our subsidiaries, the training participants were acquiring knowledge in the field of occupational health and safety (794 hours in Croatia and 1,112 hours in Serbia), of sales skills in Bosnia and Herzegovina (384 hours; 48 participants), language skills in Serbia (128 hours), BiH (96 hours) and Montenegro (58 hours), and logistics know-how in Kosovo (832 hours dedicated to WexVS), Serbia (272 hours) and BiH (66 hours).
- Internal lecturers were involved in about 34 percent of training forms (2,379 hours) in the reporting year: training forms on occupational health and safety (1,398 hours) and use of computer software /applications Excel, WexVS (1017 hours).

HEALTH PROTECTION

Promoting Occupational Health in the Workplace

In accordance with the measures from our 'Occupational Health Care Promotion Plan', this year's highlight of the Slovenian part of the Group was put on the measures improving physical health (against stress, depression) and prevention of respiratory diseases and cancer incidence:

- we held 2 workshops dedicated to health risks in Koper,
- 20 employees took part in e-learning of stress management,
- 474 employees (incl. hired workers) had their annual interview with their superior on the work performed, their achievement of goals, and career planning.

The Statistical Office (SURS) sent us the Analysis on health diagnoses of Intereuropa employees for the year 2015, which points to osteomuscular diseases as the key area for sickness incidence. We encourage our employees to recreation, active breaks for exercising, gymnastic exercises in fitness studios and swimming pools, we organize hiking tours, etc.

Among other benefits, the goal of all these measures is to reduce the sickness absenteeism from the current 5.13 percent to 4 percent in larger companies of the Group.

Health and Fire Safety

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

- We referred 261 employees to preventive preliminary, periodical, and target medical check-ups (thereof 180 employees in the parent company, 81 in subsidiaries).
- Particular attention was dedicated to providing sufficient control over fire safety and precautions. Evacuation exercises were carried out in our business units Dravograd, Celje and Ljubljana.
- 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.
- We took part in acquiring the fire-safety documentation for the renovation of cold store facility in Maribor.
- We prepared the fire-fighting documentation for two lessees of our business premises, and an updated fire-fighting emergency plan for our business unit Ljubljana.
- In individual organizational units in Slovenia, 1,516 sets of different working assets/equipment were examined and tested, or 1,572 sets in the whole Group, respectively.
- There were 13 injuries at work in the whole Intereuropa Group or 1 percent (vs. 17 injuries last year); thereof, 9 injuries in the Slovenian part of the Group (vs. 11 last year).

1.6 Total Quality Management

Three companies of the Intereuropa Group (out of twelve) hold a certification under the ISO 9001:2008 Standard. Of the entire staff of the Group, 73.7 percent are employed in these certified companies (Intereuropa d.d., Intereuropa, logističke usluge d.o.o., Zagreb, and Intereuropa RTC d.d. Sarajevo).

External Audit of the Quality Management System of Intereuropa d.d. and Intereuropa d.o.o. Zagreb was conducted in the reporting term.

Maintaining the ISO 9001:2008 Quality Management System

- Two yearly QMS reports were prepared for the year 2015 and the measures to improve the QM system were triggered.
- The Parent Company issued a new, the fifth edition of the Quality Management System Manual for the company Intereuropa d.d.

Internal auditing of service quality

- No internal audit of processes was conducted in Intereuropa d.d. in the reporting term.

Quality control by QM indicators

- The number of complaints fell by 17 percent; the value thereof was at the same level as last year. The pay-out under complaints rose due to faster claim resolving procedure. Twenty-nine percent from the paid out complaints were covered from cargo insurance.

Table 9: Complaints, claims and approved value in Intereuropa d.d. for the period January – September 2016

No. of complaints	Index 16/15	No. of claims	Value in EUR 1000	Index 16/15	Approved Value in EUR 1000	Index 16/15
284	83	158	207	100	77	108

External quality of service audit by the certification authority

- **Intereuropa d.d.** - the ordinary external audit was the nineteenth in sequence. The audit was conducted in the following organizational units: Managing Board, Management of Forwarding and Logistics, Department for Computerisation of Operations, Human Resources and General Department, BU Maribor, offices in Novo mesto and in Obrežje. In their report, the auditors confirmed that operations were conducted in compliance with the requirements of the ISO 9001 standard. They did not find any non-compliance, however, they issued 18 recommendations for improvement. We prepared the implementation plan for the recommendations accepted on our part, and substantiated the recommendations that were not accepted. The Report on the Measures Taken as a follow-up to recommendations received was sent to the certification authority SIQ in due time.
- **Intereuropa, logističke usluge d.o.o., Zagreb** – The audit was the second ordinary and the sixth in sequence since the company certifies its QM system on its own. The audit was conducted by one auditor in Split and Zadar. One non-compliance and six recommendations for improvement were given
- **Intereuropa RTC d.d. Sarajevo** – Audit is scheduled for October or November. It will be a Renewal audit, and the company Intereuropa RTC d.d., Sarajevo will be the first subsidiary in our Group to migrate to the new ISO 9001:2015 quality standard.

External quality of service audit by the Customers

- In addition to quality service audits on the part of certification authority, we also held an audit under the 'third party principle' in the road transport segment (Kranj local office). We received six recommendations, and responded to auditors in due time to the recommendations received.

2. PERFORMANCE OF THE COMPANY INTEREUROPA d.d.

2.1 Financial Result

Table 10: Operations of Intereuropa d.d. in the period January – September 2016, in EUR 1000

Item/Index	Jan - Sep 2016	Jan - Sep Plan 2016	Jan – Sep 2015	Index 2016/plan	Index 2016/2015
Sales revenue	67,996	69,511	67,916	98	100
Land Transport	32,132	34,012	33,920	94	95
Logistic Slutions	9,641	9,152	8,119	105	119
Intercontinental Transport	22,897	23,033	22,527	99	102
Other services	3,326	3,314	3,350	100	99
EBITDA*	6,590	6,140	5,517	107	119
Operating profit or loss	3,666	3,129	2,575	117	142
Financing profit or loss	-1,019	-1,244	-1,192	-	-
Profit ot loss	2,647	1,740	1,120	152	236
EBIT margin in %	5.4%	4.5%	3.8%	120	142
Sales revenue per employee/month	12.663	12.547	12.452	101	102
Value added per employee/month	3.542	3.314	3.175	107	112

* EBITDA: Earnings Before Interest, Taxes, Depreciation, Amortisation and Revaluation operating expenses for intangible assets, plant, property and equipment.

Item/Index	30.9. 2016	31.12. 2015	Index 2016/2015
Balance sheet total	217,709	226,292	96
Equity	100,641	97,976	103
Net debt*	79,599	80,160	99
Current assets/ Current liabilities	1.51	1.59	95

* Financial liabilities – loans and deposits given - cash.

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

→ The sales turnover planned for the reporting nine-month term was only slightly below the target, but the Company succeeded in improving the EBIT margin, which was partly attributable to the changed product-based sales structure, and led to a better operating profit or loss and of EBITDA than planned.

Financing Profit or Loss

→ The Financing profit or loss was negative, but better than expected. The major impacts were net interest expenses and the revenues from shares in Group members.

Net profit / loss

→ The Profit or loss from ordinary activities equalled the net profit of loss and amounted to EUR 2.6 million.

Structure of Statement of Financial Position

→ The current ratio came to 1.51 and fell by 0.1 percentage point below the preceding term primarily due to decrease in cash and cash equivalents, whilst the share of capital in the balance sheet total rose by 2.0 percentage points as a result of the decrease in long-term financial liabilities.

2.2 IEKG Share and Ownership structure

KEY DATA ON SHARE

Table 11: Key Data on Intereuropa Share (IEKG) for the period January – September 2016

	Jan - Sep 2016	Jan - Dec 2015
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 EUR*	3.66	3.57
Earnings per share in EUR	0.09	0.04
Market capitalisation in EUR 1000*	19,187	8,920
Trading volume in EUR thousand	333	538
Closing price in EUR	1.14	0.53
Weighted average price in EUR	1.01	1.17
Highest price in EUR	1.36	1.27
Lowest price in EUR	0.50	0.50
P/E	9.5	13.3
Capital gain	115.3%	-55.2%

* As of the last day of the period.

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).

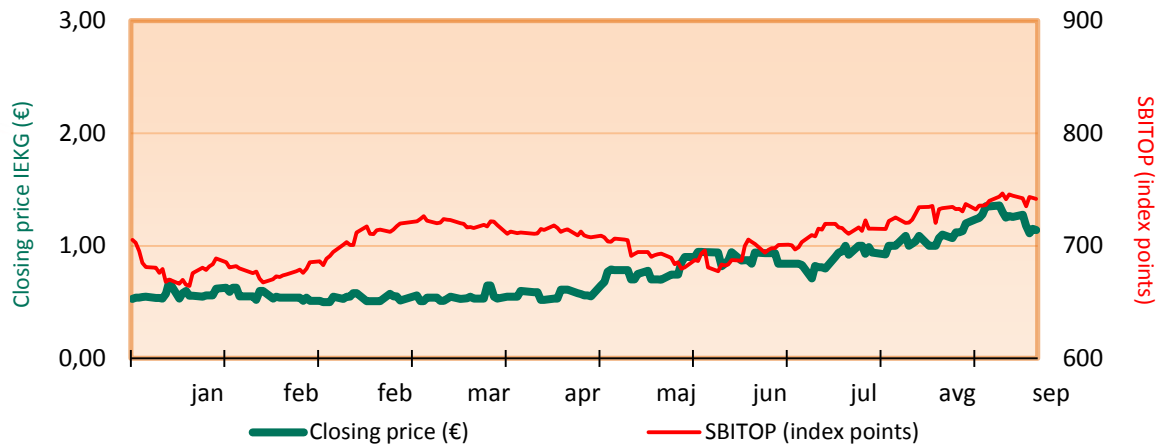
P/E = closing price at the end of period / Net earnings per share on a year level.

Capital gain = price increase in period.

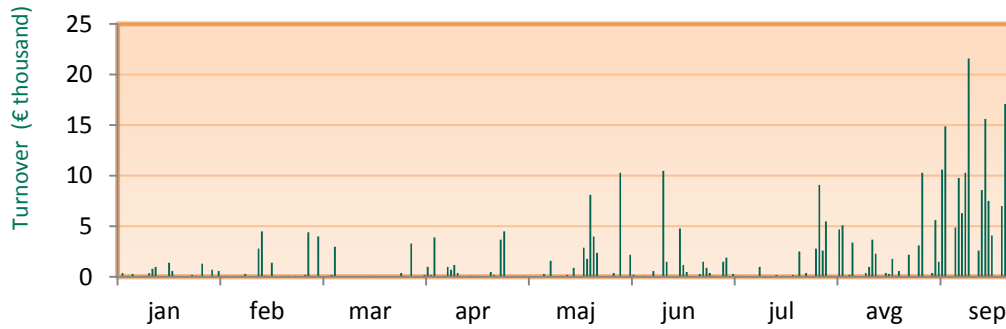
The Company's share capital consists of 16,830,838 ordinary (IEKG) and 10,657,965 preference (IEKN) shares. Only the ordinary IEKG shares are traded on a regulated market.

SHARE TRADING

Trading in shares on the Ljubljana Stock Exchange was moderate: the trading volume of all shares was 16 percent lower than in the nine-month-term 2015. The Intereuropa share recorded a similar trend in the first half-year; a revival of trading in September improved its liquidity and the price. In the reporting term, the market price of the IEKG share fluctuated between EUR 0.50 and EUR 1.36 per share. Over the nine months, the share price increased by 115.3 percent and closed the reporting term at EUR 1.14. The Slovenian Stock Exchange Index (SBITOP Index) gained 6.5 percent in the same term. The market capitalization of the IEKG share closed the reporting term at EUR 19.2 million, which stands for 0.4 percentage points of the market capitalization of all shares on the Ljubljana SE.



Picture 2: Closing prices of IEKG share and SBITOP index in the period January – September 2016



Picture 3: Trading volume of IEKG share in the period January – September 2016

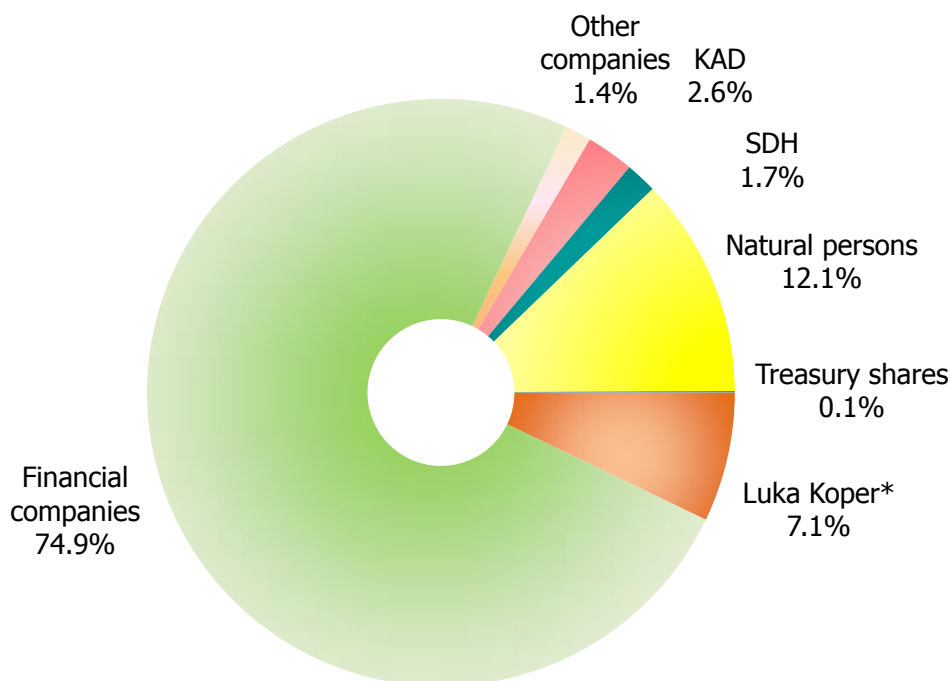
OWNERSHIP STRUCTURE

There were no major changes in the ownership structure in this reporting term. The top ten shareholders remained unchanged and were still holding an 81.9-percent share.

Table 12: Top ten shareholders of Intereuropa d.d. as of 30.9.2016 compared to 31.12.2015

Shareholder	30.9.2016		31.12.2015		Index 16 /15
	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. KBS banka d.d. ²	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 end of September, there were 4,832 shareholders in the Shareholders' Register of Intereuropa d.d., or 4 percent less than at the year-end 2015. The shareholdings of foreign investors fell by 0.1 percentage point below the year-end 2015, and amounted to 0.5 percent at the end of September.



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

Picture 4: Ownership structure of Intereuropa d.d. as of 30.9.2016

² Up to 30. 6. 2016 was Raiffeisen banka d.d.

SHAREHOLDINGS BY MEMBERS OF THE MANAGING BOARD AND SUPERVISORY BOARD

As at 30 September 2016, members of the Managing Board did not hold any shares of Intereuropa. The shareholdings by Supervisory Board members is shown in the table below.

Table 13: Shares held by Supervisory Board members, as of 30.9.2016

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

TREASURY SHARES

As of 30 September 2016, Intereuropa d.d. was holding 18,135 treasury shares (IEKG), which represents 0.0660 percent of all shares. The percentage of treasury shares has not changed since 31.12.2015. The Company has no voting rights arising from its treasury shares, in accordance with Article 249 of Companies Act /ZGD-1/.

DIVIDEND POLICY

Intereuropa d.d. does not plan to pay any dividend in the year 2016.

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.
letu 2016 družba Intereuropa d.d. ne načrtuje izplačila dividend.

ACCOUNTING REPORT

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

The explanatory notes are included in the Report for the purpose of explaining business events and transactions that are material for understanding the changes in financial position and in the profit or loss (income Statement) of the Intereuropa Group and of the controlling company in the interim term after the last annual report.

The management examined the estimations, assessments and presumptions and concluded that they were the same as those applied at the time of compiling the financial statements as at 31 December 2015, except the changed depreciation rates from 20% to 15 percent for certain equipment items (the effect of that change is lower depreciation by EUR 47 thousand for Intereuropa d.d., and by EUR 66 thousand for the Intereuropa Group).

In the reporting term, the subsidiary Intereuropa Transport d.o.o. was in liquidation proceedings. The structure of the Group has remained unchanged.

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 2015. In the Income Statement, the amount EUR 485 thousand was reclassified, in accordance with comparable data, from the item 'Cost of goods, materials and services' to the item 'Other operating expenses' because said amount relates to levies/duties. In the Statement of Financial Position, we reclassified EUR 90 thousand from the item 'Short-term operating receivables' to the item 'Other current assets' because they relate to short-term deferred costs, in accordance with comparable data.

Correction of any material error

In remedy of a material error that had been disclosed, we re-calculated comparable data in financial statements of the Intereuropa Group for the year 2015. The error relates to the effect of an extraordinary event arising from a fraud in the storage segment in the subsidiary AD Zetatrans, Podgorica (amounting to EUR 1,037 thousand).

In accordance with the findings, we undertook a re-calculation of financial data for the years 2014 and 2015, as shown in the tables below.

Table 14: Effect of error on the reported items in the Statement of Financial Position as at 31.12.2014

in € thousand			
The effect on the statement of financial position of the Group	Reporting in 2014, after correcting error	Correction of error	Reporting year 2014
Capital	147,110	-528	147,638
Short operating liabilities	25,108	510	24,598
Short operating receivables	31,442	-18	31,460

Table 15: Effect of error on the reported items in the Statement of Financial Position as at 31.12.2015

in € thousand

The effect on the statement of financial position of the Group	Reporting in 2015, after correcting error	Correction of error	Reporting year 2015
Capital	147,137	-1,037	148,174
Short operating liabilities	26,116	510	25,606
Short operating receivables	31,075	-527	31,602

Table 16: Effect of error on the reported items in the Income Statement for the term January – September 2015

in € thousand

The effect on the income statement Group	Reporting in 2015, after correcting error	Correction of error	Reporting year 2015
Impairment (impairment of receivables)	6,371	509	5,862
Profit	153	-509	662

ISTATEMENT OF THE MEMBERS OF THE MANAGEMENT

The Managing Board of Intereuropa d.d. declare that according to the best of their knowledge, the financial reports of the Company Intereuropa, Global Logistics Service Ltd. Co., and of the Intereuropa Group have been compiled in accordance with the IAS 34 and need to be read in connection with the audited annual financial statements compiled for the financial year ended as at 31 December 2015. The financial report presents a true and fair view of the assets and liabilities, of the financial position and of the profit or loss statement of the Company Intereuropa, Global Logistics Service Ltd., and of other Group members 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 Managing Board

3. FINANCIAL REPORT FOR INTEREUROPA GROUP

3.1 Underlying financial statements of the Intereuropa Group

CONSOLIDATED INCOME STATEMENT FOR INTEREUROPA GROUP

from 1.1.2016 to 30.9.2016

in € thousand	January - September 2016	January - September 2015
Sales revenue	102,200	99,577
Other operating income	886	1,182
Costs of goods, material and services	-70,556	-70,168
Labour costs	-19,688	-18,749
Amortisation, depreciation and write offs	-5,446	-6,371
Other operating expenses	-1,914	-2,312
Operating profit	5,482	3,159
Financial income	232	287
Financial expenses	-2,467	-2,954
Loss from financial operations	-2,235	-2,667
Share of profit of joint venture	43	33
Profit before income tax	3,290	525
Income tax (with deferred tax)	-168	-372
Profit for the period	3,122	153
Attributable to non controlling interests	296	51
Attributable to equity holders of the parent	2,826	102

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR INTEREUROPA GROUP

from 1.1.2016 to 30.9.2016

in € thousand	January - September 2016	January - September 2015
Profit	3,122	153
Other comprehensive Income	751	2
Items to be reclassified to profit/loss	784	14
Change in fair value of available for sale financial assets	23	-17
Deferred tax effect	-5	3
Translation exchange differences	766	28
Items not to be reclassified to profit/loss	-33	-12
Other changes	-33	-12
Comprehensive income total	3,873	155
Attributable to non controlling interests	277	49
Attributable to equity holders of the parent	3,596	106

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR INTEREUROPA GROUP

as at 30.9.2016

in € thousand	30. 9. 2016	31. 12. 2015
ASSETS		
Property, plant and equipment	206,234	207,338
Investment property	11,079	11,278
Intangible assets	6,235	6,553
Other non-current assets	38	62
Operating receivables	45	44
Deferred tax assets	16,652	16,666
Loans and deposits	53	45
Investment in a jointly controlled company	143	135
Other financial investments	522	518
TOTAL NON-CURRENT ASSETS	241,001	242,639
Available-for-sale assets	0	0
Inventories	142	137
Loans, deposits and certificates of deposits	6,735	6,604
Operating receivables	30,124	30,985
Income tax receivables	51	57
Cash and cash equivalents	4,729	11,107
Other current assets	766	364
TOTAL CURRENT ASSETS	42,547	49,254
TOTAL ASSETS	283,548	291,893
EQUITY		
Equity of holders of the parent	141,832	138,236
Share capital	27,489	27,489
Equity reserves	18,455	18,455
Revenue reserves	5,263	5,029
Revaluation reserves	64,086	64,086
Fair value reserves	21	3
Translation exchange differences	-7,121	-7,902
Retained earnings	30,813	31,597
Profit/loss	2,826	-521
Equity of non-controlling interest	9,023	8,901
TOTAL EQUITY	150,855	147,137
LIABILITIES		
Provisions and deferred revenue	5,792	6,282
Financial liabilities	85,133	92,499
Operating liabilities	331	691
Deferred tax liabilities	13,453	13,406
TOTAL NON-CURRENT LIABILITIES	104,709	112,878
Financial liabilities	5,238	5,232
Other financial liabilities	507	416
Operating liabilities	22,077	26,116
Income tax liabilities	66	113
Short-term deferred revenues	96	0
TOTAL CURRENT LIABILITIES	27,984	31,878
TOTAL LIABILITIES	132,693	144,756
TOTAL CAPITAL AND LIABILITIES	283,548	291,893

CONSOLIDATED STATEMENT OF CASH FLOWS FOR INTEREUROPA GROUP

from 1.1.2016 to 30.9.2016

in € thousand	January - September 2016	January - September 2015
Cash flows from operating activities		
Net profit/loss for the period	3,122	153
Adjustments for:		
- Depreciation	4,911	4,862
- Impairment and writedowns of tangible fixed assets and intangible assets	0	0
- Gain on sale of property, plant, equipment and investment property	-190	-55
- Revaluation operating expenses from disposal of tangible fixed assets and investment property	1	11
- Impairment and write-offs of receivables and inventories	535	1,499
- Non-monetary expenses	20	686
- Non-monetary revenues	-70	-51
- Financial revenues	-232	-287
- Share of profit of joint venture	-43	-33
- Financial expenses	2,467	2,954
- Income tax (incl. deferred tax)	168	372
Operating profit before changes in net working capital and taxes	10,688	10,112
Changes in net working capital and provisions		
Changes in receivables	-166	-1,984
Changes in inventories	-7	14
Changes in other short-term assets	-402	-281
Changes in operating liabilities	-3,482	1,459
Changes in provisions and long-term deferred revenue	-353	-54
Income tax	-197	-61
Cash from operating activities	6,081	9,205
Cash flows from investing activities		
Disposal of subsidiary after deduction of cash received		
Interest income	196	356
Dividens and shares in profit received	43	8
Inflows from disposal of property, plant and equipment	210	124
Inflows from decrease of short-term borrowings	1	0
Inflows from decrease of short-term deposits and certificates of deposits given	0	707
Inflows from sale of other investments	37	0
Outflows for acquisition of property, plant and equipment	-2,925	-2,212
Outflows for acquisitions of intangible assets	-75	-215
Outflows for non current deposits given	-10	-30
Outflows for increase in the short-term loans	0	-20
Outflows from increase of current deposits and certificates of deposits given	-132	0
Cash from investing activities	-2,655	-1,282
Cash flows from financing activities		
Inflows from non current financial liabilities	617	36
Inflows from increase in current borrowings	0	353
Interest paid	-2,222	-2,471
Outflows from repayment of non current financial liabilities	-7,998	-3,915
Outflows for the reduction of short-term loans and finance leases	-24	0
Dividend payout	-66	-224
Cash from financing activities	-9,693	-6,221
Cash and cash equivalents at beginning of period	11,107	6,757
Exchange rate differences from cash	-111	1
Net increase/decrease in cash	-6,267	1,701
Cash and cash equivalents at end of period	4,729	8,459

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR INTEREUROPA GROUP

from 1.1.2016 to 30.9.2016

in € thousand	Share capital	Share premium	REVENUE RESERVES					Revaluation reserves	Fair value reserves	Translation exchange differences	RETAINED EARNINGS		Equity of holders of parent	Equity - non-controlling interest	Total equity
			Legal reserves	Reserves for treasury shares	Treasury shares (deductible)	Statutory reserves	Other reserves				Retained earnings	Profit/loss for the period			
Reported on 31. 12. 2015	27,489	18,455	4,691	180	-180	338	0	64,086	3	-7,902	31,962	-168	138,954	9,220	148,174
Correcting mistakes	0	0	0	0	0	0	0	0	0	0	-365	-353	-718	-319	-1,037
Reporting on 31. 12. 2015 at correcting mistakes	27,489	18,455	4,691	180	-180	338	0	64,086	3	-7,902	31,597	-521	138,236	8,901	147,137
Total comprehensive income	0	0	0	0	0	0	0	0	18	781	-29	2,826	3,596	277	3,873
Profit	0	0	0	0	0	0	0	0	0	0	0	2,826	2,826	296	3,122
Other comprehensive income	0	0	0	0	0	0	0	0	18	781	-29	0	770	-19	751
Transactions with owners															
Transfer of profit/loss for the previous year to transferred retained earnings	0	0	0	0	0	0	0	0	0	0	-521	521	0	0	0
Payment of dividends or profit participations	0	0	0	0	0	0	0	0	0	0	0	0	0	-155	-155
Transfer of retained earnings to reserves	0	0	0	0	0	0	234	0	0	0	-234	0	0	0	0
Other changes	0	0	0	0	0	-323	323	0	0	0	0	0	0	0	0
Closing balance as at 30. 9. 2016	27,489	18,455	4,691	180	-180	15	557	64,086	21	-7,121	30,813	2,826	141,832	122	150,855

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR INTEREUROPA GROUP

from 1.1.2015 to 30.9.2015

in € thousand	Share capital	Equity reserves	REVENUE RESERVES				Revaluation surplus	Fair value reserves	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 retained earnings	Retained earnings for the period			
Reported on 31. 12. 2014	27,489	18,455	3,976	180	-180	326	64,086	186	-7,917	32,088	-267	138,422	9,216	147,638
Correcting mistakes	0	0	0	0	0	0	0	0	0	-365	0	-365	-163	-528
Reporting on 31. 12. 2014 at correcting mistakes	27,489	18,455	3,976	180	-180	326	64,086	186	-7,917	31,723	-267	138,056	9,054	147,110
Total comprehensive income	0	0	0	0	0	0	0	-14	27	-9	102	106	49	155
Net profit/loss	0	0	0	0	0	0	0	0	0	0	102	102	51	153
Other comprehensive income	0	0	0	0	0	0	0	-14	27	-9	0	4	-2	2
Transactions with owners														
Transfer of profit for the previous year to transferred retained earnings	0	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	0	-246	-246
Transfer of retained earnings to reserves	0	0	20	0	0	12	0	0	0	-32	0	0	0	0
Other changes	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing balance as at 30. 9. 2015	27,489	18,455	3,996	180	-180	338	64,086	172	-7,890	31,415	102	138,162	8,857	147,019

3.1 Notes to Financial Statements of the Intereuropa Group

A) NOTES TO THE CONSOLIDATED INCOME STATEMENT

The **Sales Revenues** amounted to EUR 102,200 thousand. The Group realised EUR 886 thousand of **other operating revenues** that mainly represent the revenues from elimination of allowances for and write-offs of receivables (EUR 549 thousand), the remaining part relates to revaluation operating revenues from disposal of items of plant, property and equipment (EUR 190 thousand), the revenues from state grants awarded for co-financing of projects and funds obtained from employing disabled persons above the quota (EUR 55 thousand), and other revenues (EUR 92 thousand).

Costs of goods, material and services

Table 17: Costs of goods, material and services of the Intereuropa Group in the period January – September 2016

in € thousand	January - September 2016	January - September 2015
Cost of goods and materials sold and costs of materials used	2,930	3,048
Cost of services	67,626	67,120
Direct costs	60,139	59,515
The cost of telecommunications services	350	321
Maintenance costs	1,693	1,778
Insurance premiums	579	554
Traning and education costs	33	43
Other costs of services	4,833	4,906
Total	70,556	70,168

Direct costs comprise the costs of subcontractors that are directly related to our supply of services.

Labour costs

Table 18: Labour costs of the Intereuropa Group in the period January – September 2016

in € thousand	January - September 2016	January - September 2015
Wages and salaries	14,242	13,723
Other social security costs	2,920	2,786
Other labour costs:	2,526	2,239
Holiday allowance	780	581
Transport and meals	1,551	1,548
Other labour costs	195	109
Total	19,688	18,749

Amortisation, depreciation and write-offs

Table 19: Amortisation, depreciation and write-offs of the Intereuropa Group in the period January - September 2016

in € thousand	January - September 2016	January - September 2015
Amortisation of intangible assets	375	408
Depreciation of property, plant and equipment and investment properties	4,536	4,454
Revaluatory operating expenses of intangible and tangible fixed assets	1	11
Expenses from revaluation adjustments (impairments) and written-off receivables	532	1,499
Expenses from revaluation adjustments (impairments) and written-off inventories	2	0
Total	5,446	6,371

Other operating expenses amounted to EUR 1,914 thousand (thereof land-use fees and similar expenses EUR 888 thousand).

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

Table 20: The effect of financial revenues and expenses on the profit or loss of the Intereuropa Group in the period January – September 2016

in € thousand	January - September 2016	January - September 2015
Interest income	191	271
Dividend income and participation in profit of others	9	8
Income from elimination of impairment of loans and bills of exchange	32	8
Total financial income	232	287
Interest expenses	-2,208	-2,471
Expenses from the disposal of financial investments	-1	0
Financial expenses from impairments and written-off financial investments	-6	-14
Net exchange rate differences	-251	-468
Total financial expenses	-2,467	-2,954
Profit/loss from financing activities	-2,235	-2,667

The Group achieved the **Profit or Loss from Ordinary Activities** at EUR 3,290 thousand, which is further reduced by the effect of assessed and deferred tax expense of EUR -168 thousand.

The **Net Profit** achieved on the Group level in the reporting term amounted to EUR 3,122 thousand, thereof the amount of EUR 2,826 thousand for the **controlling part**, and EUR 296 thousand for the **controlled part**.

B) NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Property, plant and equipment

Table 21: Property, plant and equipment of the Intereuropa Group as at 30.9.2016

in € thousand	30. 9. 2016	31. 12. 2015
Land and buildings	199,011	201,648
a) Land	102,932	102,827
b) Buildings	96,079	98,821
Other property, plant and equipment	5,847	5,369
Property, plant and equipment under construction	1,377	320
Total	206,234	207,338

Intangible assets

Table 22: Intangible assets of the Intereuropa Group as at 30.9.2016

in € thousand	30. 9. 2016	31. 12. 2015
Long-term title rights	1,574	1,605
Goodwill	1,275	1,275
Advances given	8	0
Other intangible assets	3,378	3,673
Total	6,235	6,553

Loans given, deposits and certificates of deposits

Table 23: Loans given, deposits and certificates of deposits of the Intereuropa Group as at 30.9.2016

in € thousand	30. 9. 2016	31. 12. 2015
Long-term loans given and deposits	53	45
- Loans given	5	7
- Deposits	48	38
Short-term loans given, deposits and certificates of deposits	6,736	6,604
- Loans and bills of exchange given	70	79
- Deposits and certificates of deposits	6,665	6,525
Total	6,789	6,649

Other financial investments in the amount of EUR 522 thousand stand for the item "Financial assets available for sale".

Trade and other receivables

Table 24: Trade and other receivables of the Intereuropa Group as at 30.9.2016

in € thousand	30. 9. 2016	31.12.2015
Operating receivables from buyers	28,041	28,169
Operating receivables from others	2,082	2,816
Total	30,124	30,985

Other short-term assets amounting to EUR 766 thousand relate to the short-term deferred costs.

Capital

On the Group level, the Equity amounts to EUR 150,855 thousand and represents 53 percent of the liabilities to sources of funding.

Provisions and deferred revenue

Table 25: Provisions and deferred revenue of the Intereuropa Group as at 30.9.2016

in € thousand	30. 9. 2016	31. 12. 2015
Provisions for employee benefits	989	1,072
Provisions on litigations	531	919
Other provisions	4,160	4,172
Deferred income	113	119
Total	5,792	6,282

The decreased provisions for potential liabilities arising from lawsuits was **largely** attributed to the settlement of a lawsuit by the Parent Company (EUR 396 thousand) that totalled EUR 600 thousand; the amount exceeding the provisions made (EUR 204 thousand) is shown in Other operating expenses.

The **long-term loans received and financial leases** amounted to EUR 85,133 thousand.

The short-term loans received and financial leases amounted to EUR 5,238 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 EUR 507 thousand and related to liabilities for dividends and other participations.

Operating liabilities

Table 26: Operating liabilities of the Intereuropa Group as at 30.9.2016

in € thousand	30. 9. 2016	31.12.2015
Operating liabilities to suppliers	17,946	22,163
Liabilities for obtained advances	650	680
Other operating liabilities	3,481	3,273
Total	22,077	26,116

Contingent liabilities

Table 27: Contingent liabilities of the Intereuropa Group as at 30.9.2016

in € thousand	30. 9. 2016	31. 12. 2015
Arising from bank guarantees and guarantees given	14,968	11,771
Arising from legal proceedings	838	1,140
From D.S.U., družba za svetovanje in upravljanje	250	250
Other contingent liabilities	105	105
Total	16,162	13,266

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 28: Levels of fair values in the Intereuropa Group as at 30.9.2016

in € thousand	30. 9. 2016			
Fair value levels	Level 1	Level 2	Level 3	Total
Financial assets, available for sale	437	0	85	522
in € thousand	31. 12. 2015			
Fair value levels	Level 1	Level 2	Level 3	Total
Financial assets, available for sale	407	0	111	518

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

TRANSACTIONS AMONG ASSOCIATED PARTIES

Table 29: Transaction among associated parties

Revenue from services		
€ thousand	January - September 2016	January - September 2015
Joint venture	756	1,074
Costs of services		
€ thousand	January - September 2016	January - September 2015
Joint venture	2,797	3,227
Balance operating receivables		
€ thousand	30. 9. 2016	31. 12. 2015
Joint venture	98	91
Balance in operating liabilities		
€ thousand	30. 9. 2016	31. 12. 2015
Joint venture	426	555

INFORMATION ACCORDING TO BUSINESS SEGMENTS FOR THE PERIOD JANUARY – SEPTEMBER 2016

Table 30: Geographical business segments of the Intereuropa Group in the period January – September 2016

in € thousand	Slovenia		Croatia		Bosnia & Herzegovina		Serbia		Montenegro	
	jan-sep 2016	jan-sep 2015	jan-sep 2016	jan-sep 2015	jan-sep 2016	jan-sep 2015	jan-sep 2016	jan-sep 2015	jan-sep 2016	jan-sep 2015
Revenues from external customers	66,353	66,389	15,713	15,390	4,753	4,445	3,069	3,001	4,052	3,729
Revenues from business with other segments	2,373	2,175	405	309	278	323	689	464	124	46
Total revenues	68,727	68,565	16,118	15,699	5,030	4,768	3,758	3,465	4,176	3,775
Depreciation	2,928	2,943	1,160	1,106	264	247	137	145	332	328
Operating profit or loss	3,829	2,703	159	-300	234	250	418	379	568	-114
Revenues from interest rates	183	230	16	36	0	0	4	6	31	40
Expenses from interest rates	2,040	2,295	37	37	8	10	58	77	0	0
Net profit or loss from ordinary activities	2,805	1,550	134	-289	225	240	347	303	599	-74
Corporate income tax	27	297	26	-59	22	25	8	30	62	61
Assets	219,284	229,780	59,160	58,632	17,610	17,490	9,849	9,795	22,156	21,070
Tangible fixed assets under construction	1,049	831	159	156	0	461	3	99	161	55
Long-term assets	189,619	192,589	53,418	52,768	15,660	15,728	8,494	8,593	17,904	18,042
Operating liabilities	15,741	19,641	2,991	3,097	1,408	1,217	937	768	1,192	1,318
Financial liabilities	87,048	97,148	1,859	1,874	487	550	1,289	1,630	704	423
Investment in jointly controlled entities	75	75	0	0	0	0	0	0	0	0
Revenues from investment in jointly controlled entities	34	41	0	0	0	0	0	0	0	0

in € thousand	Ukraine		Others		Total		Adjustments*		Group	
	jan-sep 2016	jan-sep 2015	jan-sep 2016	jan-sep 2015	jan-sep 2016	jan-sep 2015	jan-sep 2016	jan-sep 2015	jan-sep 2016	jan-sep 2015
Revenues from external customers	4,605	3,399	3,405	3,262	101,950	99,614	250	-38	102,200	99,577
Revenues from business with other segments	1	1	458	548	4,328	3,866	-4,328	-3,866	0	0
Total revenues	4,606	3,400	3,863	3,810	106,278	103,481	-4,078	-3,904	102,200	99,577
Depreciation	38	46	52	48	4,911	4,862	0	0	4,911	4,862
Operating profit or loss	121	117	180	150	5,509	3,693	-27	-25	5,482	3,159
Revenues from interest rates	2	7	0	2	236	322	-45	-51	191	271
Expenses from interest rates	110	103	0	1	2,253	2,522	-45	-51	2,208	2,471
Net profit or loss from ordinary activities	-117	-388	178	145	4,171	1,996	-881	-961	3,290	525
Corporate income tax	0	0	21	19	168	372	0	0	168	372
Assets	1,913	2,212	3,059	3,031	333,030	343,048	-49,481	-49,398	283,548	292,614
Tangible fixed assets under construction	6	6	0	0	1,377	1,608	0	0	1,377	1,608
Long-term assets	1,172	1,440	1,084	1,100	287,351	290,261	-46,350	-46,889	241,001	243,372
Operating liabilities	818	909	666	754	23,753	27,193	-1,344	-1,241	22,409	26,463
Financial liabilities	1,227	1,251	0	0	92,615	102,876	-1,737	-2,859	90,878	100,018
Investment in jointly controlled entities	0	0	0	0	75	75	68	59	143	134
Revenues from investment in jointly controlled entities	0	0	0	0	34	41	9	-8	43	33

* All adjustments are subject to consolidation procedures.

Table 31: Sales revenue of the Intereuropa Group by business segments (in thousand EUR)

<i>€ thousand</i>	Jan– Sep 2016	Jan– Sep 2015	Jan– Sep 2016	Jan– Sep 2015	Jan– Sep 2016	Jan– Sep 2015	Jan– Sep 2016	Jan– Sep 2015	Jan– Sep 2016	Jan– Sep 2015
	Land Transport		Logistics Solutions		Intercontinental Transport		Other Services		Group	
Sales revenue	57,176	56,657	14,182	12,400	25,902	25,658	4,940	4,861	102,200	99,577

EVENTS AFTER THE REPORTING PERIOD CUT-OFF DATE

After the cut-off date, the EUR 4,160-thousand-deposit that was made as a warranty by Intereuropa d.d. at the time of disposal of subsidiary in Russia was realized; the required provisions had been formed to the full amount of the deposit.

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

4.1 Underlying Financial Statements of the Parent company Intereuropa d.d.

INCOME STATEMENT OF INTEREUROPA D.D.

from 1.1.2016 to 30.9.2016

in € thousand	January - September 2016	January - September 2015
Sales revenue	67,996	67,916
Other operating income	267	424
Costs of goods, material and services	-48,037	-49,474
Employee benefits expense	-12,430	-11,797
Amortisation and depreciation	-3,048	-3,153
Other operating expenses	-1,082	-1,341
Operating profit	3,666	2,575
Financial income	2,350	1,122
Financial expenses	-3,369	-2,314
Loss from financial operations	-1,019	-1,192
Profit before income tax	2,647	1,383
Income tax expense	0	-263
Profit	2,647	1,120
Basic and diluted earnings per ordinary share (in €)	0.09	0.04

STATEMENT OF COMPREHENSIVE INCOME FOR INTEREUROPA D.D.

from 1.1.2016 to 30.9.2016

in € thousand	January - September 2016	January - September 2015
Profit	2,647	1,120
Other Comprehensive Income	18	-14
Items to be reclassified to profit/loss	18	-14
Change in fair value of available for sale financial assets	23	-17
Deferred tax effect	-5	3
Items not to be reclassified to profit/loss	0	0
Comprehensive income total	2,665	1,106

STATEMENT OF FINANCIAL POSITION FOR INTEREUROPA D.D.

as at 30.9.2016

in € thousand	30. 9. 2016	31. 12. 2015
ASSETS		
Property, plant and equipment	111,199	112,019
Investment property	10,133	10,308
Intangible assets	4,722	5,048
Other non-current assets	38	62
Deferred tax assets	16,413	16,413
Financial investments excl. loans and deposits	47,047	47,036
Loans and deposits	40	253
TOTAL NON-CURRENT ASSETS	189,592	191,139
Inventories	9	9
Financial investment excl. loans, deposits and certificates of deposits	250	250
Loans, deposits and certificates of deposits	5,472	5,279
Trade and other receivables	20,071	21,406
Income tax receivables	6	0
Cash and cash equivalents	1,936	8,169
Other current assets	373	40
TOTAL CURRENT ASSETS	28,117	35,153
TOTAL ASSETS	217,709	226,292
EQUITY		
Share capital	27,489	27,489
Equity reserves	18,455	18,455
Revenue reserves	2,749	2,749
Revaluation reserves	48,611	48,611
Fair value reserves	66	48
Retained earnings	624	89
Profit	2,647	535
TOTAL EQUITY	100,641	97,976
LIABILITIES		
Provisions and deferred revenue	5,078	5,539
Financial liabilities	83,120	90,109
Operating liabilities	331	656
Deferred tax liabilities	9,970	9,966
TOTAL NON-CURRENT LIABILITIES	98,499	106,270
Financial liabilities	3,927	3,752
Operating liabilities	14,642	18,294
Short-term liabilities for income tax	0	0
Short-term deferred revenues	0	0
TOTAL CURRENT LIABILITIES	18,569	22,046
TOTAL LIABILITIES	117,068	128,316
TOTAL CAPITAL AND LIABILITIES	217,709	226,292

STATEMENT OF CASH FLOWS FOR INTEREUROPA D.D.

from 1.1.2016 to 30.9.2016

in € thousand	January - September 2016	January - September 2015
Cash flows from operating activities		
Net profit/loss for the period	2,647	1,120
Adjustments for:		
- Depreciation of property, plant, equipment, investment property	2,924	2,938
- Gain on sale on disposal of property, plant and equipment, investment property	-50	-30
- Revaluatory operating expenses from disposal of property, plant and equipment	0	4
- Impairment and write-offs of receivables	123	211
- Non-monetary expenses	0	480
- Non-monetary revenues	-47	-46
- Financial revenues	-2,350	-1,122
- Financial expenses	3,369	2,314
- Income tax (deferred tax incl.)	0	263
Operating profit before changes in net working capital and taxes	6,616	6,132
Changes in net working capital and provisions		
Changes in receivables	1,756	591
Changes in inventories	0	10
Changes in other current assets	-333	-317
Changes in operating liabilities	-3,790	558
Changes in provisions and deferred income	-414	7
Cash from operating activities	3,835	6,981
Cash flows from investing activities		
Interest income	132	219
Dividend income and participations in profit	323	589
Inflows from disposal of property, plant and equipment	55	61
Inflows from non current loans given	0	240
Inflows from sale of other long-term investments	37	0
Inflows from decrease of current loans given	11	35
Inflows from decrease of current deposits and certificates of deposits	18	32
Outflows for acquisition of property, plant and equipment	-1,723	-1,535
Outflows for acquisitions of intangible assets	-40	-174
Outflows for non current deposits given	-10	-30
Outflows for capital increase in subsidiaries	-8	-17
Cash from investing activities	-1,205	-580
Cash flows from financing activities		
Paid interest	-2,049	-2,288
Outflows from repayment of non current financial liabilities	-6,814	-2,647
Cash from financing activities	-8,863	-4,935
Cash and cash equivalents at beginning of period	8,169	4,594
Net increase/decrease in cash from regular operations	-6,233	1,466
Cash and cash equivalents at end of period	1,936	6,060

STATEMENT OF CHANGES IN EQUITY FOR INTEREUROPA d.d.

from 1.1.2016 to 30.9.2016

in € thousand	Share capital	Share premium	REVENUE RESERVES			Revaluation reserves	Fair value reserves	RETAINED EARNINGS		Total equity
			Legal reserves	Reserves for treasury shares	Treasury shares (deductible)			Retained earnings	Profit for the period	
Opening balance as at 1. 1. 2016	27,489	18,455	2,749	180	-180	48,611	48	89	535	97,976
Total comprehensive income	0	0	0	0	0	0	18	0	2,647	2,665
Profit	0	0	0	0	0	0	0	0	2,647	2,647
Other comprehensive income	0	0	0	0	0	0	18	0	0	18
Transactions with owners										
Transfer of profit for previous year to retained earnings	0	0	0	0	0	0	0	535	-535	0
Closing balance as at 30. 9. 2016	27,489	18,455	2,749	180	-180	48,611	66	624	2,647	100,641

STATEMENT OF CHANGES IN EQUITY FOR INTEREUROPA d.d.

from 1.1.2015 to 30.9.2015

in € thousand	Share capital	Share premium	REVENUE RESERVES			Revaluation reserves	Fair value reserves	RETAINED EARNINGS		Total equity
			Legal reserves	Reserves for treasury shares	Treasury shares (deductible)			Retained earnings	Profit for the period	
Opening balance as at 1. 1. 2015	27,489	18,455	2,054	180	-180	48,611	144	0	0	96,753
Total comprehensive income	0	0	0	0	0	0	-14	0	1,120	1,106
Profit	0	0	0	0	0	0	0	0	1,120	1,120
Other comprehensive income	0	0	0	0	0	0	-14	0	0	-14
Transactions with owners										
Closing balance as at 30.9.2015	27,489	18,455	2,054	180	-180	48,755	130	0	0	97,859

4.2 Notes to Financial statements of the Parent company Intereuropa d.d.

A) NOTES TO INCOME STATEMENT

Sales revenue

Table 32: Sales revenue of the Intereuropa d.d. in the period January - September 2016

in € thousand	January - September 2016	January - September 2015
Sales revenue within the Group	2,371	2,145
Sales revenue (excl. the Group)	65,625	65,771
Total	67,996	67,916

Other operating revenues (EUR 267 thousand) represent the revenues from elimination of allowances for and write-offs of receivables (EUR 122 thousand), revenues from state grants awarded for co-financing of projects and funds obtained from employing disabled persons above the quota (EUR 50 thousand), disposal of fixed assets (EUR 50 thousand), and other revenues (EUR 45 thousand).

Costs of goods, material and services

Table 33: Costs of goods, material and services of the Intereuropa d.d. in the period January - September 2016

in € thousand	January - September 2016	January - September 2015
Cost of goods and materials sold and costs of materials used	1,188	1,136
Cost of services within the Group	1,550	1,596
Cost of services (excl. the Group):	45,299	46,742
direct costs	41,095	42,665
cost of telecommunications services	122	87
maintenance costs	1,133	1,177
insurance premiums	365	357
training and education costs	20	23
other costs of services	2,565	2,432
Total	48,037	49,474

Direct costs comprise the costs of subcontractors that are directly related to our supply of services.

Labour costs

Table 34: Labour costs of the company Intereuropa d.d. in the period January - September 2016

in € thousand	January - September 2016	January - September 2015
Wages and salaries	8,818	8,443
Pension insurance costs	1,043	974
Other social security costs	638	610
Other labour costs:	1,932	1,770
holiday allowance	687	490
transport and meals	1,199	1,212
other labour costs	45	68
Total	12,430	11,797

Amortisation, depreciation and write-offs

Table 35: Amortisation, depreciation and write-offs of the company Intereuropa d.d. in the period January - September 2016

in € thousand	January - September 2016	January - September 2015
Amortisation of intangible assets	350	392
Depreciation of property, plant and equipment and investment properties	2,575	2,546
Revaluatory operating expenses of intangible and tangible fixed assets	0	4
Expenses from impairments and written-off receivables	123	211
Total	3,048	3,153

Other operating expenses

Table 36: Other operating expenses of the company Intereuropa d.d. in the period January - September 2016

in € thousand	January - September 2016	January - September 2015
City land tax and similar expenses	806	788
Other operating expenses	276	553
Total	1,082	1,341

The main portion of other operating expenses incurred from the settlement of a lawsuit (EUR 204 thousand) that exceeded the amount of long-term provisions for potential liabilities arising from lawsuits that were already formed and used.

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

Table 37: The effect of financial revenues and expenses on the profit or loss in the company Intereuropa d.d. in the period January – September 2016

in € thousand	January - September 2016	January - September 2015
Interest income from group members	45	50
Interest income from others	132	165
Income from intra-group participations	774	851
Income from stakes in joint venture	34	41
Income from stakes to others	8	8
Income from elimination of impairment of loans and bills of exchange	1,354	8
Net exchange rate differences	3	0
Total financial income	2,350	1,122
Interest expenses and other borrowing expenses	-2,040	-2,293
Expenses from impairments and written-off financial investments in stakes and shares	-1,322	0
Expenses for the impairment of other investments	-6	-14
Expenses from impairments of financial investments	-1	0
Net exchange rate differences	0	-6
Total financial expenses	-3,369	-2,314
Profit/loss from financing activities	-1,019	-1,192

The revenues from reversal of impairment that result from derecognition of impairment of a loan granted to the subsidiary Intereuropa Transport d.o.o., in liquidation, by which the capital increase in that subsidiary was performed in the form of an in-kind contribution. In the same amount was impaired the long-term financial investment in shares in that subsidiary, which resulted in expenses owing to impairment and in write-offs of financial investment in shares of group members.

The achieved **Profit or Loss from Ordinary Activities** of EUR 2,647 thousand resulted from the Operating Profit/Loss (EUR 3,666 thousand) and from the Financing Profit/Loss (-1,019 thousand EUR).

B) NOTES TO STATEMENT OF FINANCIAL POSITION

Property, plant and equipment

Table 38: Property, plant and equipment of the company Intereuropa d.d. as at 30.9.2016

in € thousand	30. 9. 2016	31. 12. 2015
Land and buildings	107,090	108,941
a) Land	65,283	65,287
b) Buildings	41,806	43,654
Other property, plant and equipment	3,061	2,959
Property, plant and equipment under construction	1,049	119
Total	111,199	112,019

Intangible assets

Table 39: Intangible assets of the company Intereuropa d.d. as at 30.9.2016

in € thousand	30. 9. 2016	31. 12. 2015
Long-term title rights	1,339	1,473
Advances for intangible assets	8	0
Other intangible assets	3,376	3,576
Total	4,722	5,048

Non current financial investments except loans given and deposits

Table 40: Non current financial investments except loans given and deposits of the company Intereuropa d.d. as at 30.9.2016

in € thousand	30. 9. 2016	31. 12. 2015
Investments in shares and stakes of subsidiaries	46,461	46,453
Investments in stake of jointly controlled company	75	75
Other financial investments	511	508
Total	47,047	47,036

Loans, deposits and certificates of deposits given

Table 41: Loans, deposits and certificates of deposits given of the company Intereuropa d.d. as at 30.9.2016

in € thousand	30. 9. 2016	31. 12. 2015
Non current loans given and deposits	40	253
- to subsidiaries	0	223
- deposits	40	30
Current loans given, deposits and certificates of deposits	5,472	5,279
- to subsidiaries	1,293	1,070
- to others	0	11
- deposits and certificates of deposits	4,180	4,198
Total	5,512	5,532

Trade and other receivables

Table 42: Trade and other receivables of the company Intereuropa d.d. as at 30.9.2016

in € thousand	30. 9. 2016	31. 12. 2015
Operating receivables within the Group	575	571
Interest receivables from Group companies	202	172
Short-term receivables for dividends and other shares in profits of group companies	494	0
Operating receivables from buyers (excl. The Group)	18,184	20,011
Other operating receivables	616	652
Total	20,071	21,406

Other short-term assets amounting to EUR 373 thousand relate to the short-term deferred costs.

Capital

Equity expresses equity financing of the Company and is regarded as its liability to shareholders. The share thereof in the liabilities structure is 46 percent.

Provisions and Deferred Revenue

Table 43: Provisions and deferred revenue of the company Intereuropa d.d. as at 30.9.2016

in € thousand	30. 9. 2016	31. 12. 2015
Provisions for employee benefits	721	780
Provisions on litigations	85	481
Other provisions	4,160	4,160
Deferred income	112	118
Total	5,078	5,539

The decreased provisions for potential liabilities arising from lawsuits was attributed to the settlement of a lawsuit by the Parent Company (EUR 396 thousand) that totalled EUR 600 thousand; the amount exceeding the provisions made (EUR 204 thousand) is shown in Other operating expenses.

In the frame of **long-term bank loans received and financial leases**, the entire amount (EUR 83,120 thousand) relates to long-term loans received.

The short-term borrowings and financial leases come to EUR 3,927 thousand and represent the short-term portion of long-term loans.

Operating liabilities

Table 44: Operating liabilities of the company Intereuropa d.d. as at 30.9.2016

in € thousand	30. 9. 2016	31. 12. 2015
Operating liabilities to companies within the Group	305	347
Operating liabilities to suppliers	12,060	16,077
Operating liabilities from advances	55	81
Other operating liabilities	2,222	1,789
Total	14,641	18,294

Contingent liabilities

Table 45: Contingent liabilities of the company Intereuropa d.d. as at 30.9.2016

in € thousand	30. 9. 2016	31. 12. 2015
From bank guarantees and guarantees given to Group members	2,070	2,922
From bank guarantees and guarantees given to others	5,091	4,695
Arising from legal proceedings	294	603
From company D.S.U., družba za svetovanje in upravljanje	250	250
Total	7,705	8,470

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 46: Levels of fair values in the company Intereuropa d.d. as at 30.9.2016

in € thousand	30. 9. 2016			
Fair value levels	Level 1	Level 2	Level 3	Total
Financial assets, available for sale	426	0	85	511
in € thousand	31. 12. 2015			
Fair value levels	Level 1	Level 2	Level 3	Total
Financial assets, available for sale	404	0	104	508

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

TRANSACTIONS AMONG ASSOCIATED PARTIES

Table 47: Transactions among associated parties

Revenue from services		
€ thousand	January - September 2016	January - September 2015
Subsidiaries	2,371	2,145
Joint venture	470	607
Costs of services		
€ thousand	January - September 2016	January - September 2015
Subsidiaries	1,550	1,596
Joint venture	2,795	3,213
Interest income		
€ thousand	January - September 2016	January - September 2015
Subsidiaries	45	50
Income from shares		
€ thousand	January - September 2016	January - September 2015
Subsidiaries	774	851
Joint venture	34	41
Balance operating receivables		
€ thousand	30. 9. 2016	31. 12. 2015
Subsidiaries	1,271	743
Joint venture	98	91
Balance in operating liabilities		
€ thousand	30. 9. 2016	31. 12. 2015
Subsidiaries	305	347
Joint venture	426	555
Given loans		
€ thousand	30. 9. 2016	31. 12. 2015
Subsidiaries	1,293	1,293
Receivable for shares in profit		
€ thousand	30. 9. 2016	31. 12. 2015
Subsidiaries	494	0

EVENTS AFTER THE REPORTING PERIOD CUT-OFF DATE

After the cut-off date, the EUR 4,160-thousand-deposit that was made as a warranty by Intereuropa d.d. at the time of disposal of subsidiary in Russia was realized; the required provisions had been formed to the full amount of the deposit.

IN BRIEF ...



In the reporting term, continue favourable economic climate on European markets reflected on the performance of companies in the Group. Last year's sales results were surpassed by all subsidiaries except the Albanian subsidiary. In the nine months' term, we recorded a 3-percent growth over the comparable term last year and achieved **EUR 102.2 million sales revenues** on the Group level. The sales results were surpassed in all our business areas. Better than expected were our achievements in Logistics Solutions, primarily on account of increased turnover of goods and of inventories in major warehouses in Slovenia that represent the bulk of operations of this business area. Also, our Land Transport exceeded the results of the comparable term last year. However, that was not enough to achieve the sales targets: we were just one percent below, Slovenia recorded the greatest portion of the setback. Despite the 3-percent growth in the physical volume of orders processed in Slovenia, we suffered a loss of income and of some major business. Other companies, except the Albanian subsidiary, surpassed last year's results. Also our Intercontinental Transport performed better than last year: the sales results were higher in the products Container and RO-RO transport, Shipping agency and Airfreight. However, the target sales revenue for this area was not achieved (by 2 percent) due to the setback recorded in the products Conventional sea-freight and Car logistics.

Our activities are tailored to acquisition of new business and addressing the measures in the organization of sales, aiming to enhance the sales focus of our Group. Concurrently, we dedicate our attention to supplier management in order to improve the transportation terms. We proceed with development of integration of information solutions in support of logistics processes.

Growing sales and active cost management were the crucial factors for the improved **Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)**, which came to **EUR 10.4 million**. The **operating profit** in the reporting term was **EUR 5.5 million**. The profitability of sales revenues (EBIT margin) was greatly improved: from 3.7 last year it rose to 5.4 percent.

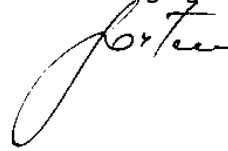
The **Financing Profit/ Loss** at **-2.2 million EUR** was attributable to net interest expenses and to foreign exchange losses EUR 0.3 million (which primarily originated from the fall of the Ukrainian currency.) The latter were also the ground for slight underachievement of the target financing result. The Group closed the reporting term with a **net profit of EUR 3.1 million**, and with a **net financial debt at EUR 79.3 million**.

We will continue to focus on development of our current business and acquiring new ones to achieve growth in all our markets, areas/segments and products of our core business. Our top-ranked goals remain maintaining or enhancing the profitability of operations.

The results of the reporting nine months 2016 confirm the correct strategy taken by the Managing Board, as well as the quality of work of all employees in the Group. We take them as encouragement for implementing the necessary activities with full commitment and to achieve the goals set.

INTEREUROPA d.d.

Ernest Gortan, Msc.
President of Managing Board



Tatjana Vošinek Pucer, Msc.
Deputy President of Managing Board



Marko Cegnar
Member of Managing Board



Koper, 27. 11. 2016