

**UNAUDITED BUSINESS REPORT
OF THE INTEREUROPA GROUP
AND INTEREUROPA D.D.**

JANUARY–JUNE 2018

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INTRODUCTION

Pursuant to the Financial Instruments Market Act and the Ljubljana Stock Exchange Rules, Intereuropa d.d. hereby publishes the Unaudited business report of the Intereuropa Group and Intereuropa d.d. for the period January–June 2018.

The consolidated and separate financial statements for the periods January–June 2018 and January–June 2017 have not been audited, while the financial statements for the entire 2017 financial year have been audited. The financial statements are compiled in accordance with the International Financial Reporting Standards.

The Supervisory Board of Intereuropa d.d. discussed the Unaudited business report of the Intereuropa Group and Intereuropa d.d. for the period January–June at its session on 30 August 2018.

The document Unaudited business report of the Intereuropa Group and Intereuropa d.d. for the period January–June 2018 is available at the registered office of Intereuropa d.d., Vojkovo nabrežje 32, 6504 Koper and will also be published on Intereuropa d.d.'s website at www.intereuropa.si on 30 August 2018.

STATEMENT OF MEMBERS OF THE MANAGEMENT BOARD

The Management Board of Intereuropa d.d. hereby declares that, to the best of its knowledge, the financial report of Intereuropa, Globalni logistični servis, d.d. and the Intereuropa Group for the period January–June 2018 has been compiled in accordance with IAS 34, and must be read in conjunction with the annual financial statements compiled for the financial year ending 31 December 2017.

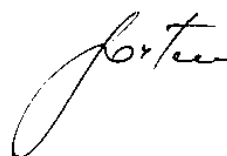
The financial report provides a true and fair picture of the assets, liabilities, financial position and operating results of Intereuropa, Globalni logistični servis, d.d. and the other companies included in consolidation.

The business report includes a fair presentation of information regarding material transactions with related parties and is compiled in accordance with the applicable accounting standards.

Intereuropa d.d.
Management Board

Koper, 29 August 2018

Ernest Gortan, MSc
President of the Management Board



Marko Rems
Member of the Management Board



Marko Cegnar
Member of the Management Board



KEY PERFORMANCE HIGHLIGHTS

Table 1: Key operating indicators of the Intereuropa Group and the parent company Intereuropa d.d.

in EUR thousand	INTEREUROPA GROUP			INTEREUROPA D.D.		
	Jan–Jun 2018	Jan–Jun 2017*	Index 18/17	Jan–Jun 2018	Jan–Jun 2017*	Index 18/17
Sales revenue	80,181	72,896	110	56,702	50,829	112
EBITDA	6,840	7,023	97	4,953	4,767	104
Operating profit (EBIT)	3,684	3,623	102	2,923	2,744	107
Loss from financing activities	-910	-1,303	-	-214	-482	-
Profit from ordinary operations	2,778	2,328	119	2,709	2,261	120
Net profit	2,691	1,954	138	2,273	1,958	116
EBITDA margin (in %)	8.5	9.6	89	8.7	9.4	93
EBIT margin (in %)	4.6	5.0	92	5.2	5.4	95
Sales revenue per employee/month	10.335	9.151	113	16.877	14.538	116
Value added per employee/month	2.683	2.544	105	4.163	3.827	109
ROE (in %)**	4.5	3.0	150	5.4	4.5	119
	30 June 2018	31 December 2017*	Index 18/17	30 June 2018	31 December 2017*	Index 18/17
Assets	234,803	233,759	100	185,297	184,366	101
Equity	123,314	121,136	102	86,735	84,884	102
Net debt	64,373	67,114	96	67,487	69,670	97
No. of employees	1,327	1,369	97	593	589	101
	Jan–Jun 2018	Jan–Dec 2017	Index 18/17			
Number of shares at the end of period	27,488,803	27,488,803	100			
Earnings per ordinary share (in EUR)	0.08	0.01	800			
Closing price at the end of period (in EUR)	2.36	2.00	118			
Book value per share at the end of period (in EUR)	3.16	3.09	102			
P/B	0.75	0.65	115			
P/E	14.8	200.0	7			

EBITDA: operating profit + depreciation/amortisation + revaluation operating expenses for intangible assets and property, plant and equipment – revaluation operating revenues from the reversal of impairments of intangible assets and property, plant and equipment

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

P/B = closing price at the end of period / book value per share.

P/E = closing price at the end of period / earnings per share on an annual basis.

* Adjusted; for more information, see the Introductory Notes section in the financial report of the Intereuropa Group, point 2.2c:

Changes in significant accounting policies, and the Introductory notes section in the financial report of the parent company

Intereuropa d.d., point 3.2c: Changes in significant accounting policies.

** Recalculated on an annual basis.

BASIC INFORMATION ABOUT THE GROUP

Table 2: Basic information about Intereuropa d.d. and the Intereuropa Group as at 30 June 2018.

Parent company	Intereuropa, Globalni logistični servis, d.d.
Abbreviated name	Intereuropa d.d.
Country of the parent company	Slovenia
Registered office of the parent company	Vojkovo nabrežje 32, 6000 Koper
Registration no.	5001684
Tax no.	56405006
Entry in the companies register	Registered with the Koper District Court, entry no. 1/00212/00
Share capital	EUR 27,488,803
Number of shares issued and paid up	27,488,803 no-par-value shares, of which 16,830,838 are ordinary shares (IEKG) and 10,657,965 are preference shares (IEKN)
Share listing	IEKG shares are listed on the prime market of the Ljubljana Stock Exchange, CEESEG.
Management Board	<ul style="list-style-type: none"> - Ernest Gortan, MSc, President of the Management Board - Marko Rems, member of the Management Board - Marko Cegnar, member of the Management Board
Chairman of the Supervisory Board	- Vojko Čok
Intereuropa Group	
No. of employees	1,327
Total closed warehousing area*	220,000 m ² of own warehousing area
Total land area	1,657,000 m ²
Membership in international organisations and logistics networks	FIATA, IATA, FONASBA, BIMCO, GS1, WCA, FETA, HCL
Quality certificates	ISO 9001:2008 certificate <ul style="list-style-type: none"> o Intereuropa d.d., Koper o Intereuropa, logističke usluge, d.o.o., Zagreb o Intereuropa RTC d.d., Sarajevo
Own branch network	Slovenia, Croatia, Montenegro, Bosnia and Herzegovina, Serbia, Kosovo, Macedonia, Albania and Ukraine

* Closed warehousing area, excluding tents and canopies owned by Intereuropa.

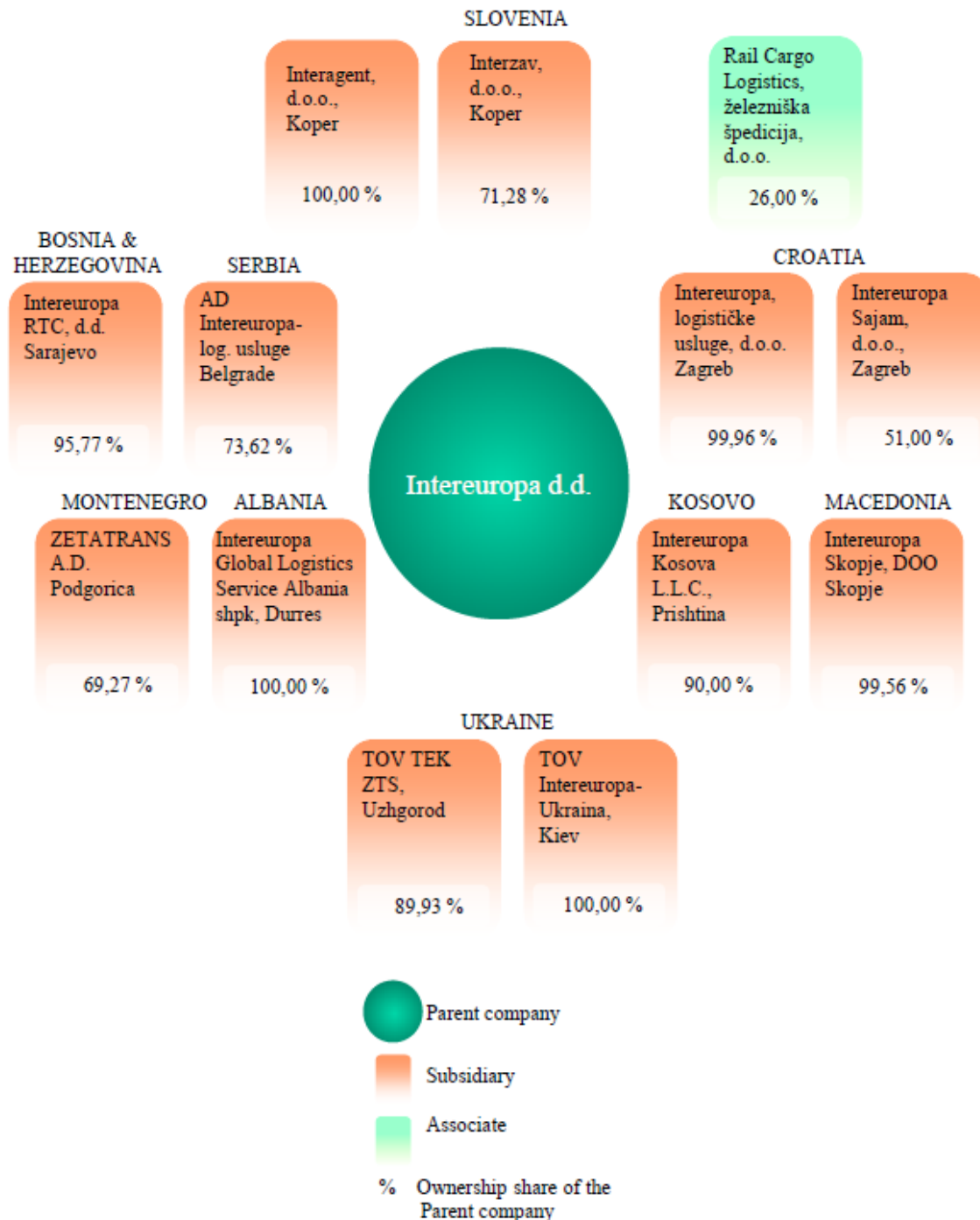


Figure 1: Intereuropa Group as at 30 June 2018

BUSINESS PLAN 2018

While drafting the business plan for 2018, the Intereuropa Group took into account the starting position of the Group as a whole at the end of 2017 and the points of departure set out in the Strategic Plan of the Intereuropa Group for the period 2015 to 2019, as well as trends in the logistics sector and forecasts of economic trends on the Group's key markets.

Taking into account the aforementioned points of departure, the following business and financial objectives were set for the Intereuropa Group for 2018:

Key objectives:

- to generate EUR 157.8 million in sales revenue through growth in revenues on all markets, except in Macedonia, and through growth in all business lines of the core activity in line with market potential, to strengthen cooperation with customers that require integrated logistics solutions through the entire supply chain in the region, and to attract new, profitable clients and key customers that will cooperate with the Group on a regional level;
- to control direct costs and sales margins in the context of growth in sales, through the active management of the costs of services via more favourable purchasing terms, in particular on account of an increase in the scope of operations and the centralisation of certain procurement functions; and
- to generate EBITDA of EUR 14.5 million and an operating profit (EBIT) of EUR 7.4 million.

Other objectives:

- to ensure a business environment that facilitates employees' rapid response to the demands of customers on the market, to maintain flexible forms of employment, and to establish IT support for management by objectives and the management of employee's work efficiency for the effective development of their key competences, with 1,406 employees at the end of the year;
- to ensure the cost-effectiveness of support functions for the performance of logistics processes;
- to effectively manage working capital and fulfil the commitments set out in the financial restructuring agreement;
- to continue the development of the integrated WexVS IT solution to support the logistics processes of the core business activity at the parent company and at selected subsidiaries, and to introduce a data warehouse with a platform for business decision-making and a customer relationship management (CRM) system within the Intereuropa Group;
- to establish a back-up location for server elements of the IT system and a disaster recovery plan (DRP), and to upgrade the secure data storage system;
- to invest EUR 7.9 million in projects that support the needs of the Intereuropa Group's customers, that generate a short-term return and that are indispensable for preserving the value of assets or that are dictated by law; and
- to enhance activities aimed at the sale of commercial real estate that is not required for the provision of logistics services and certain commercial real estate that is not of strategic importance and generates low returns.

SIGNIFICANT EVENTS

IN THE PERIOD JANUARY–JUNE 2018

January

- Intereuropa celebrated the 20th anniversary of the first day of the Company's listing on the regulated market of the Ljubljana Stock Exchange, which was 12 January 1998.

March

- On 29 March Intereuropa attended a business event organised by Luka Koper in Cairo, where the Company met with existing and potential customers from the perishable goods logistics segment. The aforementioned business event was attended by a large number of business partners from Egypt, the Egyptian International Freight Forwarding Association (an umbrella organisation) and the Association of Fruit and Vegetable Exporters.

April

- On 5 April 2018, Intereuropa d.d. was notified by SID banka d.d., Ljubljana, as coordinator of the collection of bids for financial consultancy services under a creditors' agreement, that SID banka d.d., Nova Ljubljanska banka d.d., Gorenjska banka d.d., SKB Banka d.d. and Banka Intesa Sanpaolo d.d. signed a term contract with the consultancy firm PwC SVETOVANJE d.o.o. on the sale of shares in Intereuropa. The sales package comprises 9,168,425 ordinary shares and 10,657,965 preference shares, representing 54.47% of voting rights and 72.13% of all shares of Intereuropa d.d.
- At its session held on 19 April, Intereuropa d.d.'s Supervisory Board adopted the audited annual report of the Intereuropa Group for the 2017 financial year, together with the independent auditor's report.
- Intereuropa d.d. was the main sponsor of the Slovenian Logistics Congress held in Portorož from 11 to 13 April.

May

- Together with an Austrian partner, Intereuropa successfully organised a charter flight of crucial spare parts on 22 May for MAGNA in Austria. An Antonov 26 airplane flew from the airport in Birmingham to Maribor, where an Intereuropa team from that city was waiting. Ground handling and associated operations, as well as further transport to MAGNA's factory in Graz were carried out flawlessly.

June

- Following the successful external assessment of its quality management system, Intereuropa received a new ISO 9001:2015 quality management system certificate in the provision of logistics services. That external assessment was performed in two parts, on 23 April and 14 May 2018. The certificate is valid for three years, i.e. until 2021.
- On 22 June, the general meeting of shareholders was briefed on the annual report of the Intereuropa Group for 2017, conferred official approval on the Management Board and Supervisory Board, and appointed KPMG Slovenija, d.o.o. as certified auditor for 2018. The

general meeting of shareholders also adopted a decision leaving the full amount of distributable profit for 2017 of EUR 3,849,131.80 undistributed.

OTHER EVENTS

June

→ On 4 June PwC Svetovanje published a call for declarations of interest in the purchase of a 72.13% participating interest in Intereuropa.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period.

BUSINESS REPORT

1. BUSINESS RESULTS OF THE INTEREUROPA GROUP

1.1 Financial results of the Intereuropa Group

Table 3: Financial results of the Intereuropa Group for the period January–June 2018, in EUR thousand

Item/Indicator	Jan–Jun 2018	Jan–Jun Plan 2018	Jan–Jun 2017*	Index 2018/plan	Index 18/17
Sales revenue	80,181	77,964	72,896	103	110
EBITDA	6,840	7,029	7,023	97	97
Operating profit	3,684	3,599	3,623	102	102
Loss from financing activities	-910	-1,106	-1,303	-	-
Profit from ordinary operations	2,778	2,511	2,328	111	119
Corporate income tax and deferred tax	87	335	374	26	23
Net profit	2,691	2,176	1,954	124	138
EBITDA margin (in %)	8.5	9.0	9.6	95	89
EBIT margin (in %)	4.6	4.6	5.0	100	92
Sales revenue per employee/month	10.335	9.593	9.151	108	113
Value added per employee/month	2.683	2.553	2.544	105	105
ROE (in %)**	4.5	2.8	3.0	158	150

Item/Indicator	30 June 2018	31 December 2017*	Index 18/17
Assets	234.803	233,759	100
Equity	123.314	121,136	102
Net debt	64.373	67,114	96
Current assets/current liabilities	1,37	1.34	102

* Adjusted; for more information, see the Introductory Notes section in the financial report of the Intereuropa Group, point 2.2c: Changes in significant accounting policies.

** Recalculated on an annual basis.

Operating profit and EBITDA

→ During the first half of the year, the Group exceeded both planned sales revenues and the sales revenues generated during the same period last year through intensive sales activities in the context of favourable economic conditions on the majority of markets where it operates. It also exceeded the planned operating profit, as well as the operating profit achieved during the same period last year. In addition to growth in sales, the

favourable results were also the result of the lower depreciation costs due to the revaluation of real estate in the previous year. Actual labour costs exceeded planned costs due to accrued expenses for the participation of employees in profit at the parent company in the amount of EUR 0.6 million, where as in the past years they werw not accounted for in yearly terms and not planned.

- The trend of a falling sales margin continued during the first half of this year. There is still a lack of transport capacities on the market which, in the context of higher oil prices, results in growth in direct costs.

Loss from financing activities

- The loss from financing activities was 30% better than planned as the result of lower net interest expenses and positive exchange rate differences.

Profit from ordinary operations and net profit

- The Group exceeded planned profit from ordinary operations during the first half of the year by 11%. Its net profit amounted to EUR 2.7 million following the calculation of current and deferred income tax, which was 24% above planned net profit, and 38% higher than the net profit achieved during the comparable period last year.

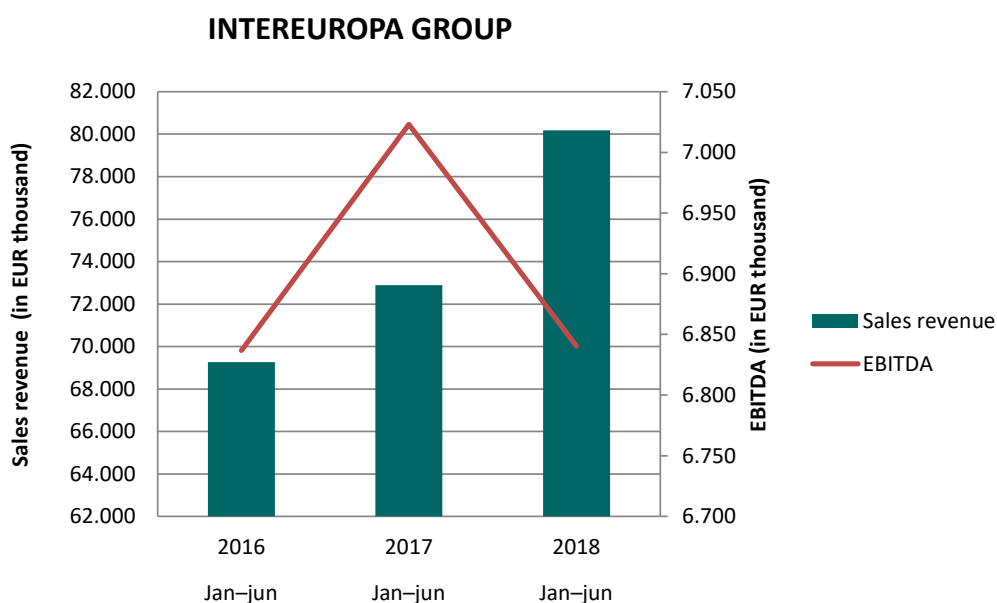


Figure 2: Change in EBITDA and sales revenue in the period January–June between 2016 and 2018

Structure of the statement of financial position

- On account of higher sales, current operating receivables were up slightly more than current operating liabilities, resulting in an increase in the current ratio.
- There was no significant change during the second quarter of 2018 in the Group's net debt, which remains at EUR 64.4 million, a decrease of 4% relative to the end of 2017.

1.2 Sales

The Intereuropa Group generated **EUR 80.2 million in sales revenue** in the period January–June 2018, an increase of 10% on the results generated during the same period last year. Sales revenue was up in all operating segments, with growth in sales of road, sea, groupage, domestic, railway and storage services standing out most.

In the land transport segment, which accounts for 53% of the Group's sales, sales revenue of EUR 42.6 million was generated during the first half of the year, an increase of 10% on the results achieved during the same period last year. The highest proportion or 62% of sales revenue from land transport was generated by the parent company in Slovenia, which recorded 12% growth in sales revenue relative to the same period last year. Sales revenue from road transport services, which account for 52% of sales in the land transport segment, was up by 10%. Groupage services, which account for 19% of total land transport services, recorded growth of 9%.

Sales revenue in the intercontinental transport segment totalled EUR 22.9 million during the period January–June 2018, an increase of 12% relative to the same period last year. The highest growth, of 19%, was recorded in the car logistics segment, followed by 19% growth in the air freight segment and 10% growth in the sea freight segment, primarily on account of growth in the container transport segment.

The Intereuropa Group generated EUR 11.4 million in sales revenue in the logistics solutions segment during the first half of 2018, an increase of 9% on the sales revenue generated in the same period in 2017. The highest proportion of sales revenue (69%) was generated by the parent company in Slovenia, where sales revenue was up by 10%.

Table 4: Sales revenue of the Intereuropa Group by operating segment, in EUR thousand

Operating segment	Jan–Jun 2018	Structure	Index 18/17	Index 2018/plan
Land transport	42,559	53%	110	102
Logistics solutions	11,437	14%	109	99
Intercontinental transport	22,850	28%	112	106
Other services	3,334	4%	101	104
TOTAL SALES REVENUE	80,181	100%	110	103

The majority of Group companies recorded an increase in sales revenue relative to the same period in 2017, most notably at parent company Intereuropa d.d., and the subsidiaries in Croatia and Bosnia and Herzegovina. A decrease in sales revenue was recorded at the companies in Macedonia and Serbia, and at the subsidiary specialising in shipping agency services in Slovenia.

Table 5: Sales revenue of the Intereuropa Group by country (with respect to a company's head office), in EUR thousand

	Geographical area (according to company's head office)	Jan–Jun 2018	Structure	Index 2018/2017
1	Slovenia	55,184	69%	111
2	Croatia	11,620	14%	112
3	Bosnia and Herzegovina	3,500	4%	113
4	Serbia	2,664	3%	94
5	Montenegro	2,931	4%	103
6	Ukraine	1,824	2%	124
7	Kosovo	1,510	2%	110
8	Macedonia	754	1%	64
9	Albania	194	0%	108
	TOTAL SALES REVENUE	80,181	100%	110
1	EU countries	66,804	83%	111
2	Non-EU countries	13,377	17%	103

During the period January–June 2018, companies in Slovenia together generated nearly three quarters of the Group's sales revenue, and recorded 11% growth in sales revenue relative to the same period in 2017. In addition to Slovenia, the highest growth in absolute terms was recorded by the companies in Bosnia and Herzegovina (in the road transport segment) and Croatia (in the distribution and domestic transport segments), while the sharpest drops were seen at the subsidiary in Macedonia (in the road transport segment, as the result of one-off transactions during the first half of 2017) and at the subsidiary in Serbia.

At the subsidiary AD Intereuropa logističke usluge, Belgrade, harmful conduct by the company's executive staff was identified during the second quarter of the year, which was reflected in a drop in revenues due to the channelling of transactions to another company and higher operating costs. For this reason, a new executive staff was put in place at the end of June to implement activities to rectify the situation. Negative effects are expected to be seen in operations during the second half of the year, as well.

Table 6: Sales revenue of the Intereuropa Group by country (with respect to a customer's head office), in EUR thousand

	Geographical area (according to customer's head office)	Jan–Jun 2018	Structure	Index 2018/2017
1	Slovenia	33,474	42%	110
2	Croatia	9,773	12%	111
3	Austria	4,038	5%	88
4	Germany	3,613	5%	125
5	Bosnia and Herzegovina	3,035	4%	102
6	Ukraine	287	0%	70
7	Other countries	25,961	32%	113
7a	Other EU countries	12,457	16%	121
7b	Rest of the world	13,504	17%	107
	TOTAL	80,181	100%	110

The largest proportion of the Intereuropa Group's sales revenue (42%) was generated by sales to customers with head offices in Slovenia, while customers from the other countries of

the former Yugoslavia accounted for 24% of sales. Sales to customers with head offices in all other countries accounted for 34% of the Group's total sales revenue.

LAND TRANSPORT

The Intereuropa Group generated sales revenue of EUR 42.6 million from land transport services in the period January–June 2018, with that amount representing 53% of the Group's total sales. The land transport segment exceeded planned sales revenue by 2% during the first half of 2018 and the revenues generated during the first half of 2017 by 10%. The parent company in Slovenia generated sales revenue of EUR 26.4 million from land transport services during the first half of 2018, with that amount representing 62% of the total sales of that segment, and exceeded the sales revenue generated in Slovenia during the same period last year by 12%.

The highest growth was recorded by companies in Slovenia, Bosnia and Herzegovina, Croatia and Ukraine, while the companies in Macedonia and Serbia failed to achieve the sales results achieved during the first half of 2017.

Physical growth in the land transport segment during the first half of 2018 was recorded primarily in groupage and road transport services.

Table 7: Revenues from the sale of land transport products (in EUR thousand)

INTEREUROPA GROUP	Jan–Jun 2018	Structure	Index 18/17
LAND TRANSPORT	42,559	100%	110
Groupage services	8,043	19%	108
Domestic transport	6,201	15%	111
Road transport	21,959	52%	110
Customs services	3,892	9%	100
Railway freight	2,464	6%	130

- The Group recorded an 11% increase in sale revenue from domestic transport services relative to the same period in 2017, while sale revenue was 20% higher than planned. In addition to the parent company in Slovenia, growth was recorded by the companies in Croatia and Montenegro, while a drop in revenues was recorded by the companies in Bosnia and Herzegovina and Serbia.
- The largest proportion of revenues from the sale of domestic transport services was generated by the subsidiary in Croatia (61%), followed by the company in Slovenia (24%), the subsidiary in Bosnia and Herzegovina (10%), and the subsidiaries in Serbia (4%) and Montenegro (1%).
- The Croatian company recorded 18% growth in sales revenue from domestic transport services relative to the same period in 2017, and exceeded planned targets by 38%.
- The parent company in Slovenia recorded 6% growth in sales revenue from domestic transport services and exceeded planned targets by 11%.
- The ExpressHR2018 project was completed in Croatia at the end of May with the aim of optimising execution and the sales function in the domestic transport segment. Functioning within that project were several groups allocated by area: operational sales (COM), production (TMS), throughput warehouses (TWS) and HR organisation. In addition to employees from the company in Croatia, the project also includes employees from the

parent company with the aim of sharing best practices. The effects of the project have already been seen in the improved operations of the domestic transport segment in Croatia.

- There is increased market demand for road transport services, which makes it much more difficult to ensure sufficient capacities to meet the demand of the Group's customers. Nevertheless, customers are still applying pressure on prices in tenders for long-term transactions.
- Contributing most to growth in sales revenue generated by the railway freight segment was the company in Ukraine, which recorded a 40% increase in sales during the first half of 2018 relative to the same period last year. However, sales revenue was still down by 54% relative to 2016. A positive trend of growth in sales by the railway freight segment was also recorded by the company in Slovenia.

The period of increased market demand for transport and logistics services continues, which is also reflected in a higher number of orders and an increase in the physical volume of transactions. Nevertheless, the pressure exerted by customers to reduce their logistics costs continues, which leads to lower margins for certain long-term transactions that are subject to constant pressure from the competition. Due to its model for the provision of road transport services, which is based on the capacities of subcontracted transporters, the land transport segment is in a weaker position than companies that market their own capacities (transporters) during a period of increased demand and limited capacities. Despite this fact, the road transport segment recorded growth in the number of orders and sales of all products.

LOGISTICS SOLUTIONS

The Intereuropa Group's logistics solutions segment generated EUR 11.4 million in sales revenue during the period January–June 2018 or 14% of the Group's total sales. This translates to 9% growth in sales in this segment relative to the same period in 2017, while actual sales were 1% below planned targets. An improving business climate can be seen on key markets.

In Slovenia, which accounts for half of the Group's storage capacities, the logistics solutions segment generated EUR 7.9 million in sales revenue in the period January–June 2018 or 69% of total sales of logistics solutions. Last year's sales revenue was exceeded by 10%, while sales revenue was slightly less than 1% below planned targets. These results are the fruit of new transactions and full storage capacities, and the increased turnover of goods in nearly all warehouses in Slovenia.

In Croatia, which accounts for nearly a quarter of the Group's storage capacities, the logistics solutions segment generated EUR 2.2 million in sales revenue in the period January–June 2018 or 19% of total sales of logistics solutions. During the aforementioned period, the two companies in Croatia together recorded a 9% increase in sales revenue relative to last year, while sales revenue was 1% below planned targets. Such high growth in sales revenue in that country was primarily due to a change in the booking of sales in the storage and distribution segment following the introduction of the WexVS system in March 2017. Those sales were recorded in the domestic transport segment prior to the introduction of WexVS.

In Montenegro, which accounts for almost 8% of the Group's storage capacities, the logistics solutions segment generated EUR 0.5 million in sales revenue in the period January–June

2018 or 4% of the Group's total sales of logistics solutions. During the aforementioned period, last year's sales revenue in Montenegro was exceeded by more than 1%, while sales revenue was 2% below planned targets.

In Serbia, which accounts for 10% of the Group's storage capacities, the logistics solutions segment generated EUR 0.5 million in sales revenue during the period January–June 2018 or 4% of total sales of logistics solutions. Sales revenue was down by 9% during the aforementioned period relative to last year, while results were 17% below planned targets, primarily due to the problems with executive management described in the introduction of this section.

The sales revenue generated by the logistics solution segment in Macedonia and Kosovo exceeded planned targets, by 32% in Macedonia and by 18% in Kosovo. Sales revenue in Macedonia was up by 33% on last year's results, while sales revenue in Kosovo was up by 20% relative to last year.

Numerous activities were carried out, particularly at companies in Slovenia, Croatia and Bosnia and Herzegovina, to utilise storage capacities and secure new transactions with higher value added. During this period, the Group continued to implement the WexVS information solution to support warehousing and storage activities in Slovenia and Croatia where, in addition to basic IT support, interfaces for the exchange of orders were developed and implemented between Intereuropa and the information systems of certain customers.

Table 8: Revenues from the sale of logistics solutions (in EUR thousand)

INTEREUROPA GROUP	Jan–Jun 2018	Structure	Index 18/17
LOGISTICS SOLUTIONS	11,437	100%	109
Warehousing and storage	10,111	88%	106
Distribution	1,326	12%	148

- The highest growth in revenues from the sale of storage services was recorded by the parent company, as the result of new transactions and the high utilisation of storage capacities. Growth was also recorded at other Group companies, with the exception of the company in Serbia.
- Growth was recorded in revenues from the sale of distribution services in both Slovenia and Croatia, where a change in the booking of sales following the introduction of WexVS in March 2017 had a significant effect on those results.

INTERCONTINENTAL TRANSPORT

Sales revenue in the intercontinental transport segment totalled EUR 22.9 million during the period January–June 2018, representing 28% of the Intereuropa Group's total sales. The Intereuropa Group recorded 12% growth in sales revenue relative to the same period in 2017 and exceeded planned targets by 6%.

Table 9: Revenues from the sale of intercontinental transport products (in EUR thousand)

INTEREUROPA GROUP	Jan–Jun 2018	Structure	Index 18/17
INTERCONTINENTAL TRANSPORT	22,850	100%	112
Sea freight	16,730	73%	110
Car logistics	2,846	12%	119
Shipping agency	232	1%	97
Air freight	3,042	13%	119

- The sea freight segment includes conventional freight, container shipping and RO-RO products. Only the container shipping segment is recording growth in sales, which is driven by growth in the physical number of transactions as the result of a more intensive market approach. The decline in the conventional freight segment is primarily a reflection of fewer transshipment transactions due to poor weather conditions in February, major railway infrastructure problems and thus fewer train dispatches, and fewer arrivals to and departures from the Port of Koper, as well as the withdrawal of a major customer who redirected its flows from the Port of Koper to another source. The decline in the number of transactions in the RO-RO segment is the result of fewer projects in this area.
- Growth in sales revenue in the car logistics segment is the result of an increase in volumes via key customers, which is also expected in the future primarily due to an increase in vehicle exports via the Port of Koper.
- More than 90% of the total revenues of the air freight segment were generated by the companies in Slovenia and Serbia. The highest growth was recorded in Slovenia, where there were successfully exploited the favourable market conditions through a slightly amended organisational plan. Sales activities and the development of a partner network will continue to be priorities in this product segment.

1.3 Investments in fixed assets

The Intereuropa Group invested EUR 1,280 thousand in fixed assets during the first half of 2018, one half more than invested during the comparable period last year. Of the aforementioned amount, EUR 290 thousand was invested in property, while EUR 990 thousand was invested in equipment and intangible assets. A total of 16% of the annual investment plan was thus achieved.

Table 10: Breakdown of investments in the period January–June 2018 (in EUR thousand)

Company	Total property			Total equipment and intangible assets			TOTAL INVESTMENTS			%
	2018 Jan–Jun	Plan 2018	2017 Jan–Jun	2018 Jan–Jun	Plan 2018	2017 Jan–Jun	2018 Jan–Jun	Plan 2018	2017 Jan–Jun	
Intereuropa d.d.	189	2,126	164	639	3,105	293	827	5,231	458	15.8
Subsidiaries	101	492	168	351	2,141	224	453	2,633	391	17.2
TOTAL	290	2,618	332	990	5,246	517	1,280	7,864	849	16.3

The parent company Intereuropa d.d. invested EUR 827 thousand in property, plant and intangible assets, while other Group companies invested EUR 453 thousand in fixed assets.

The majority of investments relates to the investment maintenance of buildings and associated equipment (EUR 704 thousand), and the purchase of motor vehicles (EUR 252 thousand) and computer equipment and software (EUR 324 thousand).

The Intereuropa Group began several new investments during the first half of 2018 that will be completed during the third and fourth quarters. Major investments include the construction of an eco-island with additional storage capacities in Celje, investments in intangible assets (software and licences), the purchase of forklifts at the parent company and the set-up of video surveillance systems at Intereuropa, logističke usluge d.o.o., Zagreb.

1.4 Human resource management

CHANGE IN NUMBER OF EMPLOYEES

- The Intereuropa Group had 1,327 employees as at 30 June 2018, a decrease of 3.1% or 42 employees relative to the last day of 2017.
- The Group hired 75 new employees during the first half of the year. The reasons for new hires were as follows: 30 workers were hired due to new transactions and the increased scope of work, 33 new employees were hired to replace workers who left the Company or changed positions within the Company, 10 workers were transferred from an employment agency to the parent company and two workers were rehired upon their return from military exercises.
- A total of 117 employees left the Intereuropa Group in the period January–June 2018 as follows: the employment of 79 workers was terminated by agreement at the request of those employees, 10 employees retired, the temporary employment contracts of 19 employees expired, four employees were laid off for business reasons due to the elimination of their positions, and five employees were laid off for other reasons.
- The turnover rate of key and perspective personnel who left their jobs at their own initiative was 6.5% at large Group companies, an increase of 3 percentage points on the same period last year.
- An average of 242 workers, recalculated as FTEs, performed work via employment agencies and student services during the first half of the year, an increase of 62 relative to the same period last year.
- An average of 129 workers, recalculated as FTEs, performed work via employment agencies and student services at the parent company during the first half of the year, an increase of 45 relative to the same period last year.

Table 11: Number of employees in the Intereuropa Group by country as at 30 June 2018

	30 June 2018	31 December 2017	Difference 18/17	Index 2018/2017
Slovenia	606	602	4	101
Croatia	301	303	-2	99
Bosnia and Herzegovina	124	124	0	100
Serbia	85	115	-30	74
Macedonia	32	33	-1	97
Kosovo	32	41	-9	78
Montenegro	111	115	-4	97
Albania	2	2	0	100
Ukraine	34	34	0	100
TOTAL	1,327	1,369	-42	97

As is evident from the table, the number of employees was down or unchanged at the majority of subsidiaries, and was only up at the parent company.

DEVELOPMENT, EDUCATION AND TRAINING

The Group earmarked EUR 49 thousand for the acquisition of new knowledge and skills during the reporting period (of the EUR 74 thousand planned for that period), an increase of more than EUR 11 thousand relative to the same period last year. Employees completed 6,206 training hours, which is 1,182 fewer hours than in the same period last year. This can be explained by the fact that more internal training hours were organised during the same period last year due to the introduction of WexVS IT support in Croatia.

Of the EUR 37 thousand spent by the parent company for employee training, EUR 15 thousand was received from the competence centre project in the area of logistics (LOGINS).

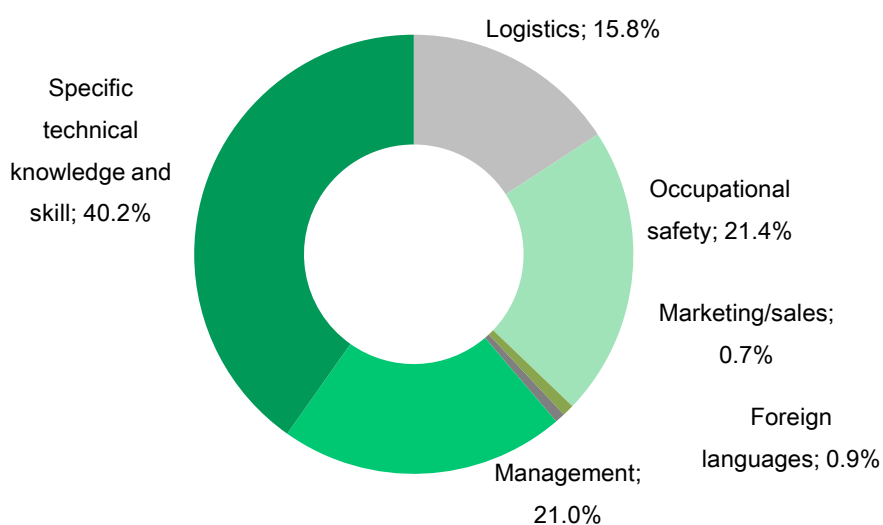


Figure 3: Breakdown of education and training at the Intereuropa Group in terms of hours and content

The majority of training at the Group level during the reporting period was carried out to acquire various specific technical knowledge and skills (e.g. auditing, finance, new regulations governing the protection of personal data, IT, insurance, computer programmes such as MS Excel, ISO standards and business communication), followed by management, occupational health, logistics, sales and foreign languages.

- At the Group level, employees received an average of 4.6 hours of training. Employees at Slovenian Group companies received an average of 4.3 hours of training, those at the subsidiary in Croatia (Intereuropa, logističke usluge, d.o.o., Zagreb) received an average of 10.9 hours and those at other foreign companies received an average of between 0 and 2.5 hours.
- Internal lecturers conducted 30% of training at the Group level during the reporting period. As previously mentioned, these included training courses in the area of IT support (WEX), workshops for warehouse managers, workshops on MS Excel at Slovenian Group companies, occupational safety at Slovenian and Croatian companies, a customs workshop at the subsidiary in Serbia and OPN and CRM training at the subsidiary in Croatia.

OCCUPATIONAL HEALTH AND SAFETY

The absenteeism rate due to sick leave was 6.8% at the parent company during the reporting period, which is above the planned rate of 4% and 1.4 percentage points above the rate recorded during the same period last year. The sick leave rate was also higher than planned target at the subsidiary in Croatia, where it stood at 5.4%, and at the subsidiary in Bosnia and Herzegovina, where it stood at 4.4%. The sick leave rate was as high as 1% at other Group companies.¹

A total of 23 employees were absent for more than three months at the parent company during the period January–June 2018. Of those employees, five were absent for more than a year.

Accounting for the highest proportion of reasons for extended sick leaves were muscular and bone disease amongst warehouse workers due to physical loads and amongst office workers due to forced posture, followed by accidents outside of the workplace, cardiovascular diseases, and stress and burnout amongst office workers as the result of the less-than-optimal organisation of work. Seasonal viruses were predominant among the reasons for short absences.

A total of 11 employees suffered minor workplace injuries at the Group level, which is one more than in 2017, translating to 0.77% of the total number of employees. Eight employees suffered minor injuries at the parent company, one full-time employee, six agency workers and one student, meaning an injury rate of 1.07% of total employees, which is lower than the target rate of 1.5%.

In accordance with measures defined in the Occupational Health Care Promotion Plan, fruit was supplied monthly, while recreation for employees at leased fitness facilities and a hike

¹ No data was received for the subsidiary in Serbia.

were organised at the parent company. Chair massages were introduced in Celje and Ljubljana for back and neck massages in the workplace.

The priority areas in terms of employee health issues remain the same for the revised Occupational Health Care Promotion Plan for the next three-year period: musculoskeletal diseases, burnout and stress, and seasonal diseases of the upper respiratory system. Measures to reduce absences are primarily aimed at the organisation of work (management), ergonomic solutions in the workplace, the strengthening of the mental and physical fitness of employees and the reduction of physical loads in warehouses.

The following activities were carried out in the areas of occupational health and safety, and fire safety:

- At the Group level, 136 employees were referred for preventive, preliminary, specific-purpose and periodic medical examinations, a decrease of 29.53% relative to 2017, while that figure was 83 employees at the parent company, a decrease of 17.00% relative to 2017.
- A total of 315 employees received training in the areas of occupational health and safety, and fire safety at the Group level, a decrease of 5.12% relative to 2017, while that figure was 191 employees at the parent company, a decrease of 14.73% relative to 2017.
- A total of 711 pieces of various work equipment were examined and tested at the Group level, a decrease of 7.06% relative to 2017, while that figure was 649 pieces at the parent company, a decrease of 6.35% relative to 2017.
- Special attention was given to ensuring the management of fire risks and to fire-prevention measures.
- Periodic inspections of facilities were carried out, and active and passive fire-fighting equipment (fire extinguishers and hydrants, fire detectors, domed smoke and heat vents, automatic fire-proof doors, etc.).

1.5 Risk management

An important element of the governance of the Group is risk management, which in turn is an integral part of business processes. An effective risk management system can contribute significantly to the successful operations of the Group.

Two new business risks were identified during the regular quarterly review of risks, both linked to the risk associated with the declining scope of operations at the subsidiary in Serbia. During that review, it was determined that two business risks were no longer significant. A total of 40 risks were identified and classified to three categories, as evident from Figure 4.

<i>Risk category</i>	<i>No. of risks</i>	<i>Area of risk</i>
Financial risks	2	Credit risk
	1	Interest-rate risk
	1	Currency risk
	1	Liquidity risk
Business risks	1	Risks associated with the implementation of changes to operational processes during the introduction of new IT solutions
	5	Risks associated with the land transport segment
	4	Risks associated with the intercontinental transport segment
	5	Risks associated with the logistics solutions segment
	1	Other business risks
Operational risks	5	Strategic risks
	3	Risks associated with ICT
	3	HR-related risks
	4	Risks associated with legislation and litigation
	2	Risks associated with the management and protection of assets
	1	Risks associated with environmental protection
	1	Risks associated with ensuring the quality of logistics services
Total:	40	

Figure 4: List of identified risks within the Intereuropa Group

The previously identified risk that the management staff at subsidiaries do not work for the good of a company and all owners ('principal-agent problem') was realised during the second quarter of the year. At the subsidiary AD Intereuropa logističke usluge, Belgrade, harmful conduct by the company's executive staff was identified during the second quarter of the year, which was reflected in a drop in revenues due to the channelling of transactions to another company and higher operating costs. For this reason, a new executive staff was put in place at the end of June to implement activities to rectify the situation.

Exposure to financial risks remains at the level seen at the end of 2017.

The Group is most exposed to business risks in the land transport and logistics solutions segments.

The most significant risks in the land transport segment remain risks associated with a lack of transport capacities on the market to meet the demands of customers and the accompanying increase in the purchase prices of suppliers, and risks associated with the loss of customs terminal status. With regard to the latter, an increase in the risk level was identified during the second quarter as the result of difficulties in obtaining the relevant documentation to renew authorisation to provide customs services at the subsidiary in Serbia due to the departure of licenced persons. There is still a risk of the loss of customs terminal status in Bosnia and Herzegovina, where all requirements set by the customs administration in that country were met by the subsidiary. That status could be lost over the medium term due to changes in the intended use of premises and for political reasons.

Risks associated with a lack of transport capacities on the market to meet the demands of customers and with rising purchase prices of suppliers remain at the previously identified

level. The lack of transport capacities persists on certain markets, which is being resolved through the active search for additional capacities on the market and an increase in the number of internal transporters, which is seen in a drop in the sales margin.

Amongst business risks in the area of logistics solutions, the highest assessed risk is the insufficient utilisation of warehouse capacities, which is linked to the activities of the competition.

Operational risks include four recognised risks of the highest levels: corruption risks, the risk that the management staff at subsidiaries do not work for the good of a company and all owners ('principal-agent problem'), risks associated with the unavailability of the information system and the malfunctioning thereof, and risks associated with the appropriate protection of assets. The identified risk level associated with all four risks was unchanged during the second quarter, while the risk described above has been realised at the subsidiary in Serbia, where new management staff is implementing measures to normalise operations.

No significant changes in HR-related risks were identified in our review of risks. The most significant risk in that area remains employee turnover. Several workers were hired via employment agencies during the previous quarter with the aim of ensuring the appropriate structure of employees.

During a review of risks associated with legislation and litigation, any major changes were not identified. However, the risk with the highest risk level, i.e. the risk of fraud and other criminal acts, persists and was realised at the subsidiary in Serbia. Activities to upgrade the corporate governance system and establish a system of controls over conflicts of interest are already in progress.

The Intereuropa Group gives special attention to risks associated with the achievement of established strategic objectives. The logistics sector is currently in a period of growth, and the Intereuropa Group is successfully exploiting the favourable conditions on the logistics market, which has a positive impact on the Group's operations and the achievement of strategic objectives. Group companies employ counter measures to adapt to changes in the business environment. In this way, risks are managed associated with external factors on the market.

1.6 Financial results of the operations of Intereuropa d.d.

Table 12: Operations of Intereuropa d.d. in the period January–June 2018 (in EUR thousand)

Item/Indicator	Jan–Jun 2018	Jan–Jun 2018 plan	Jan–Jun 2017*	Index 2018/plan	Index 2018/2017
Sales revenue	56,702	54,835	50,829	103	112
Land transport	26,396	25,982	23,467	102	112
Logistics solutions	7,854	7,904	7,132	99	110
Intercontinental transport	20,281	18,842	18,046	108	112
Other services	2,170	2,106	2,183	103	99
EBITDA	4,953	4,623	4,767	107	104
Operating profit	2,923	2,547	2,744	115	107
Loss from financing activities	-214	-260	-482	-	-
Profit from ordinary operations	2,709	2,288	2,261	119	120
Corporate income tax and deferred tax	436	202	303	215	144
Net profit	2,273	2,085	1,958	110	116
EBITDA margin (in %)	8.7	8.4	9.4	104	93
EBIT margin (in %)	5.2	4.6	5.4	112	95
Sales revenue per employee/month	16.877	15.588	14.538	108	116
Value added per employee/month	4.163	3.783	3.827	110	109
ROE (in %)**	5.4	3.2	4.5	167	119

Item/Indicator	30 June 2018	31 December 2017*	Index 2018/2017
Assets	185,297	184,366	101
Equity	86,735	84,884	102
Net debt	67,487	69,670	97
Current assets/current liabilities	1.11	1.14	97

* Adjusted; for more information, see the Introductory notes section in the financial report of Intereuropa d.d., point 3.2c: Changes in significant accounting policies.

** Recalculated on an annual basis.

Operating profit and EBITDA

→ The Company continued with intensive sales activities during the second quarter of the year and thus further exceeded planned sales revenue for the first half of the year and sales revenue achieved during the comparable period last year. Despite a drop in the sales margin, the Company exceeded both planned and last year's figures in terms of operating profit and EBITDA. The main factor in exceeding planned indicators was higher sales (in the context of a marginally lower sales margin). Actual labour costs exceeded planned costs due to accrued expenses for the participation of employees in profit in the amount of EUR 0.6 million, where as in the past years they were not accounted for in yearly terms and not planned.

Loss from financing activities

→ The loss from financing activities was EUR 46 thousand better than planned and EUR 269 thousand better than in the same period last year. The main factor in the improved result was lower net interest expense and revenues from participating interests in Group companies. The impairment of the investment in the subsidiary in the Ukraine had a negative effect.

Profit from ordinary operations and net profit

→ Intereuropa d.d. exceeded planned profit from ordinary operations during the first half of the year by 19%. The Company's net profit amounted to EUR 2.3 million following the calculation of current and deferred income tax, which was 10% or EUR 0.2 million higher than planned, and 16% or EUR 0.3 million higher than the net profit achieved during the first half of 2017.

Structure of the statement of financial position

→ The current ratio amounted to 1.11, a slightly decrease relative to the previous period. The sharpest increase amongst current assets was recorded by current operating receivables, while current financial liabilities recorded the sharpest increase amongst current liabilities (increase in loans received from Group companies). The ratio of equity to total assets currently stands at 46.8%.

→ There was no significant change during the second quarter of 2018 in the Company's net debt, which remains at EUR 67.5 million.

1.7 IEKG shares and ownership structure

The share capital of Intereuropa d.d. comprises 16,830,838 ordinary (IEKG) and 10,657,965 preference (IEKN) shares. Only ordinary IEKG shares are traded on the regulated securities market.

Table 13: Basic data regarding the shares of Intereuropa d.d. as at 30 June 2018

	30 June 2018	31 December 2017
Share capital in EUR	27,488,803	27,488,803
Total number of shares	27,488,803	27,488,803
Number of preference shares (IEKN)	10,657,965	10,657,965
Number of ordinary shares (IEKG)	16,830,838	16,830,838
of which treasury shares	18,135	18,135
Number of shareholders	3,959	4,051
Book value per share in EUR	3.16	3.09
Earnings per ordinary share in EUR*	0.08	0.01

* Data for the period.

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

Earnings per ordinary share = earnings per ordinary share / (number of ordinary shares – number of treasury shares).

KEY DATA REGARDING IEKG SHARES

Table 14: Key data regarding IEKG shares for the period January–June 2018

	Jan–Jun 2018	Jan–Dec 2017
Closing price at the end of period in EUR*	2.36	2.00
Weighted average price in EUR	2.25	2.26
Highest price in EUR	2.60	2.4
Lowest price in EUR	1.93	1.17
Market capitalisation in EUR thousand*	39,721	33,679
Turnover (in EUR thousand)	1,037	2,558
P/B	0.75	0.65
P/E	14.8	200
Capital yield	17.9%	69.6%

* As at the last day of the period.

Market capitalisation = closing price at the end of period * number of shares listed on the stock exchange.

P/B = closing price at the end of period / book value per share.

P/E = closing price at the end of period / earnings per share on an annual basis.

Capital yield = growth in share price during period.

TRADING IN IEKG SHARES

After a slow first quarter on the Ljubljana Stock Exchange, trading was somewhat livelier during the second quarter. Trading in IEKG shares was up sharply in the second quarter relative to the first quarter. Turnover during the first half of the year, however, lagged behind the turnover recorded during the same period in 2017. The market value of IEKG shares fluctuated between EUR 1.93 and EUR 2.60 per share, while the share price closed at EUR 2.36 at the end of the first half of the year. IEKG shares were up 17.9% over the first half of the year, while the Slovenian SBITOP index recorded a 10.0% increase.

The market capitalisation of IEKG shares amounted to EUR 39.7 million at the end of June, accounting for 0.6% of the market capitalisation of all shares on the Ljubljana Stock Exchange.

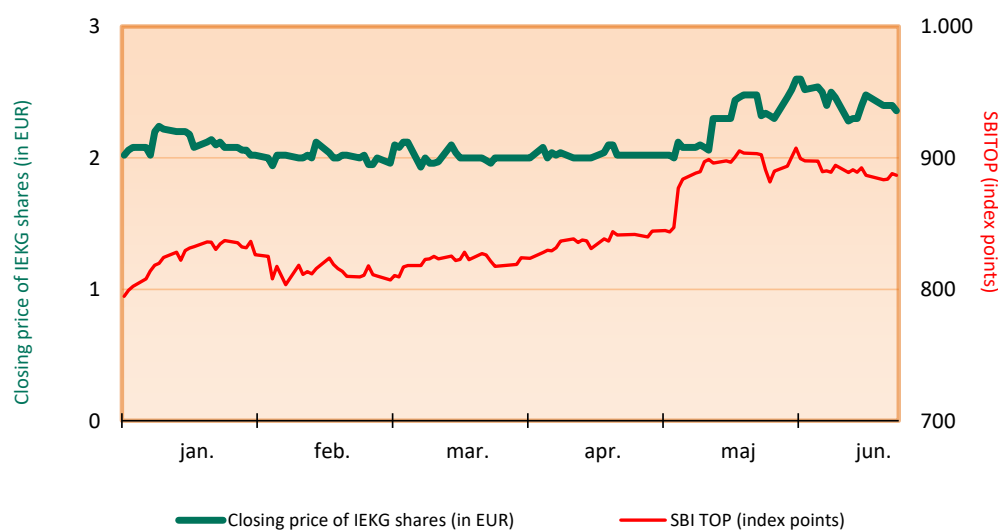


Figure 5: Changes to the closing price of IEKG shares and the SBITOP index in the period January–June 2018

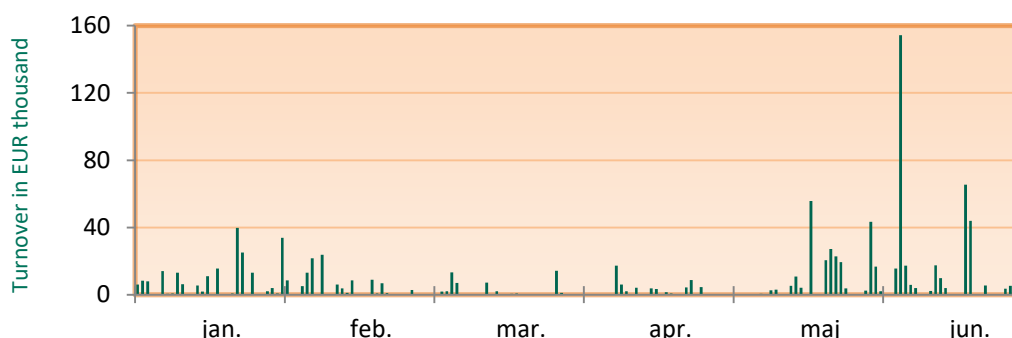


Figure 6: Turnover in IEKG shares in the period January–June 2018

OWNERSHIP STRUCTURE

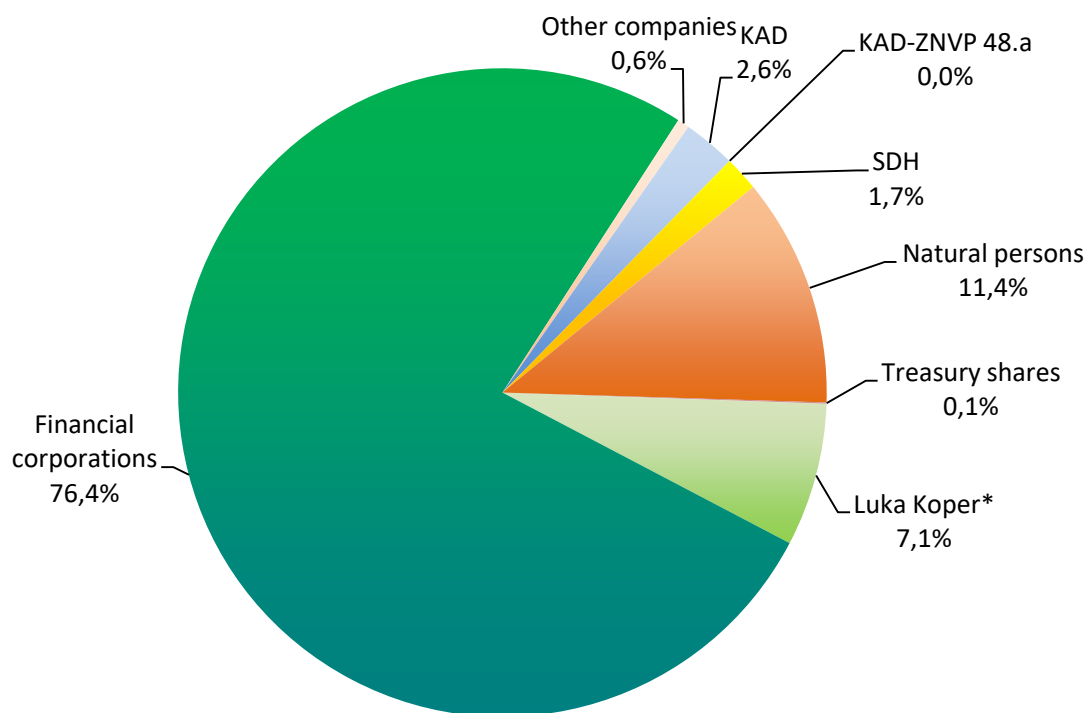
There were no significant changes in the Company's ownership structure during the first half of 2018. There were no changes in the Company's top ten shareholders, whose combined participating interest was unchanged relative to the end of 2017, at 83.6% of total capital.

Table 15: Top ten shareholders of Intereuropa d.d. as at 30 June 2018 relative to 31 December 2017

Shareholder	30 June 2018		31 December 2017		Index 18/17
	Number of shares	Participating interest %	Number of shares	(in %)	
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. Nova KBM d.d.	4,036,044	14.7	4,036,044	14.7	100
4. Gorenjska banka d.d., Kranj	3,068,990	11.2	3,068,990	11.2	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. Banka Intesa Sanpaolo d.d.	753,703	2.7	753,703	2.7	100
8. Kapitalska družba d.d.	719,797	2.6	719,797	2.6	100
9. Luka Koper INPO d.o.o.	615,730	2.2	615,730	2.2	100
10. SDH d.d.	474,926	1.7	474,926	1.7	100
Others	4,507,177	16.4	4,507,177	16.4	100
TOTAL	27,488,803	100.0	27,488,803	100.0	100

The proportion of shares held by foreign investors was up by 0.1 percentage points relative to the situation at the end of 2017, to stand at 0.8% at the end of the period.

At the end of the period, 115 ordinary shares were held on a special account of Kapitalska družba d.d. Those shares were waived by their holders in 2017 or belonged to the Republic of Slovenia, which may not exercise its voting rights (Article 48a of the Book-Entry Securities Act).



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

Figure 7: Ownership structure of Intereuropa d.d. as at 30 June 2018

OWNERSHIP OF IEKG SHARES BY MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

Members of the Management Board did not hold any shares of Intereuropa d.d. as at 30 June 2018. The shareholdings of Supervisory Board members are presented in the table below.

Table 16: Number of shares held by Supervisory Board members as at 30 June 2018

Supervisory Board	Number of shares	Participating interest (in %)
Tjaša Benčina, Deputy Chairwoman of the Supervisory Board	40	0.0001

TREASURY SHARES

Intereuropa d.d. did not trade treasury shares during the first half of 2018. It held 18,135 treasury shares (IEKG) as at 30 June 2018, representing 0.0660% of all shares. The proportion of treasury shares has not changed since 31 December 2017. The Company has no voting rights arising from its treasury shares in accordance with Article 249 of the Companies Act (ZGD-1).

DIVIDEND POLICY

The Company did not pay dividends between 2009 and 2017.

On 22 June 2018, the general meeting of shareholders adopted a decision leaving the full amount of distributable profit for 2017 of EUR 3,849,131.80 undistributed.

NOTIFICATION OF SHAREHOLDERS

The Company's communication strategy follows the principle of transparent communication, and the equal and timely provision of information to all stakeholders. Shareholders have significant influence over strategic decisions and business policies. The Company therefore sees regular and open communication with existing and potential shareholders as the proper way to strengthen the commercial success of Intereuropa.

The following channels are used to communicate with shareholders:

- ordinary general meetings of shareholders;
- presentations by the Company at conferences for investors in financial centres;
- the regular publication of business results and other price-sensitive information;
- regular communication via the SEOnet electronic system;
- regular communication with the media; and
- the regular publication of information regarding operations on the Company's website.

The Company collects the remarks and suggestions of shareholders at: info@intereuropa.si.

**FINANCIAL REPORT
OF THE INTEREUROPA GROUP
and
the PARENT COMPANY INTEREUROPA d.d.
for the period January-June 2018**

INTRODUCTORY NOTES

The Intereuropa Group comprises the parent company Intereuropa d.d., Koper and its subsidiaries. Intereuropa d.d. (hereinafter: the Company) is a company established in Slovenia, with its registered office at Vojkovo nabrežje 32, 6000 Koper. It is deemed a large company according to the criteria set out in the Companies Act. The Company's securities are traded on the regulated market. As the parent company, it is obliged to compile consolidated financial statements.

Due to problems in reporting at the subsidiary AD Intereuropa logističke usluge, Belgrade in connection with the departure of a large number of employees just before the financial reporting date, the figures in that company's financial statements are a best estimate of its operating results and financial position for the first half of the year in the given situation. The sales revenue achieved by AD Intereuropa logističke usluge, Belgrade during the first half of this year accounted for 3.7% of the Intereuropa Group's sale revenue, while its assets and liabilities accounted for 4.5% of the Group's assets and liabilities as at 30 June 2018.

2. FINANCIAL STATEMENTS OF THE INTEREUROPA GROUP

2.1 Basic financial statements of the Intereuropa Group

CONSOLIDATED INCOME STATEMENT OF THE INTEREUROPA GROUP

for the period 1 January 2018 to 30 June 2018

in EUR thousand	Jan–Jun 2018	Jan–Jun 2017 (adjusted)*
Sales revenue	80,181	72,896
Gains and losses from the derecognition of operating receivables	-87	2
Other operating revenues	686	191
Costs of goods, materials and services	-58,460	-51,655
Labour costs	-13,976	-13,246
Amortisation/depreciation	-3,157	-3,395
Loss due to the impairment of receivables	-171	-45
Other operating expenses	-1,332	-1,124
Operating profit	3,684	3,623
Interest income	83	107
Other finance income	53	4
Finance costs – costs of financing	-1,046	-1,175
Other finance costs	0	-240
Loss from financing activities	-910	-1,304
Investment result recognised according to the equity method	4	8
Profit from ordinary operations	2,778	2,327
Corporate income tax (including deferred taxes)	-87	-373
Net profit for the accounting period	2,691	1,954
Net profit pertaining to controlling interests	2,578	1,731
Net profit pertaining to non-controlling interests	113	223
Basic and diluted earnings per ordinary share (in EUR)	0.15	0.11

* Adjustments relate to the reclassification of items due to the transition to IFRS 9 and amendments to IAS 1. Disclosures are presented in Point 2.2c: Changes in significant accounting policies.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME OF THE INTEREUROPA GROUP

for the period 1 January 2018 to 30 June 2018

in EUR thousand	Jan–Jun 2018	Jan–Jun 2017
Net profit for the accounting period	2,691	1,954
Other comprehensive income	298	1,168
Items that will be reclassified to profit or loss	297	1,168
Change in the fair value of available-for-sale financial assets	-1	33
Change in deferred taxes in the revaluation surplus for available-for-sale financial assets	0	-6
Foreign currency translation differences	298	1.141
Items that will not be reclassified to profit or loss	2	0
Transfer of revaluation surplus for land to net profit or loss brought forward	-185	0
Change in deferred taxes	21	0
Change in net profit or loss brought forward from the transfer of the revaluation surplus for land	185	0
Corporate income tax on net profit or loss brought forward	-19	0
Total comprehensive income	2,989	3,122
Total comprehensive income pertaining to controlling interests	2,872	2,872
Total comprehensive income pertaining to non-controlling interests	117	250

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE INTEREUROPA GROUP as at
30 June 2018**

in EUR thousand	30 June 2018	31 December 2017 (adjusted)*
ASSETS		
Property, plant and equipment	162,226	166,263
Investment property	9,407	9,179
Intangible assets	3,687	3,816
Other non-current assets	25	29
Non-current operating receivables	29	16
Deferred tax assets	13,059	12,888
Long-term loans granted and deposits	13	57
Investment in joint venture	67	73
Other non-current financial assets	31	33
TOTAL NON-CURRENT ASSETS	188,544	192,354
Available-for-sale assets	2,043	272
Inventories	130	122
Short-term loans granted and deposits	1,496	1,992
Contract assets	1,334	1,291
Current operating receivables	36,642	32,961
Current receivables for corporate income tax	67	635
Other current assets	1,503	514
Cash and cash equivalents	3,044	3,618
TOTAL CURRENT ASSETS	46,259	41,405
TOTAL ASSETS	234,803	233,759
EQUITY		
Equity pertaining to controlling interests	115,661	113,395
Share capital	27,489	27,489
Share premium account	18,455	18,455
Profit reserves	5,584	5,584
Fair value reserves	47,212	47,371
Foreign currency translation differences	-6,375	-6,669
Net profit brought forward	20,718	22,167
Net profit	2,578	-1,002
Equity pertaining to non-controlling interests	7,653	7,741
TOTAL EQUITY	123,314	121,136
LIABILITIES		
Provisions	3,148	3,230
Non-current deferred income	93	92
Non-current financial liabilities	62,566	66,995
Non-current operating liabilities	885	377
Deferred tax liabilities	11,086	11,064
TOTAL NON-CURRENT LIABILITIES	77,778	81,758
Current financial liabilities	6,360	5,786
Contract liabilities	602	591
Current operating liabilities	26,521	24,247
Current corporate income tax liabilities	221	236
Current deferred revenues	7	5
TOTAL CURRENT LIABILITIES	33,711	30,865
TOTAL LIABILITIES	111,489	112,623
TOTAL EQUITY AND LIABILITIES	234,803	233,759

* Adjustments relate to the reclassification of items due to the transition to IFRS 15 and amendments to IAS 1. Disclosures are presented in Point 2.2c: Changes in significant accounting policies.

CONSOLIDATED STATEMENT OF CASH FLOWS OF THE INTEREUROPA GROUP FOR THE PERIOD 1 JANUARY 2018 TO 30 JUNE 2018

in EUR thousand	Jan–Jun 2018	Jan–Jun 2017 (adjusted)*
Cash flows from operating activities		
Net profit for the accounting period	2,691	1,954
Adjustments for:		
- amortisation and depreciation	3,157	3,395
- impairments and write-offs of property, plant and equipment and intangible assets	0	4
- gains on the sale of property, plant and equipment, and investment property	-353	-37
- loss due to the impairment of receivables	171	45
- finance income from interest	-83	-107
- other finance income	-53	-4
- finance costs – costs of financing	1,046	1,175
- other finance costs	0	240
- result recognised according to the equity method	-4	-8
- corporate income tax (including deferred taxes)	87	373
Operating profit before changes in net working capital and taxes	6,660	7,030
Changes in net working capital and provisions		
Changes in contract assets	-43	-241
Changes in receivables	-4,420	-5,257
Changes in inventories	-7	-7
Changes in other current assets	-991	-704
Changes in contract liabilities	11	216
Changes in operating liabilities	3,273	3,447
Changes in provisions	-80	-34
Changes in non-current deferred income	1	0
Income tax paid	321	-774
Net cash flow from operating activities	4,725	3,676
Cash flows from investing activities		
Interest received	80	126
Dividends received and shares in profit	0	4
Inflows from sale of property, plant and equipment	945	360
Inflows from long-term deposits placed	30	30
Net cash flow from short-term loans granted	77	-8
Net cash flow from short-term deposits placed	415	328
Inflows from the sale of other financial assets	9	4
Outflows for the acquisition of property, plant and equipment	-1,613	-1,225
Outflows for the acquisition of intangible assets	-130	-41
Outflows for long-term deposits placed	0	-50
Net cash flow from investing activities	-187	-472
Cash flows from financing activities		
Net cash flow from short-term loans and finance leases	592	38
Interest paid	-1,054	-1,205
Outflows for the repayment of long-term loans and finance leases	-4,565	-3,346
Dividends paid	-51	-49
Net cash flow from financing activities	-5,078	-4,562
Opening balance of cash and cash equivalents	3,618	5,294
Exchange rate differences relating to cash	-34	-48
Net cash flow for the period from ordinary operations	-540	-1,358
Closing balance of cash and cash equivalents	3,044	3,888

* Adjustments relate to the reclassification of items due to the transition to IFRS 9 and IFRS 15, and amendments to IAS 1. Disclosures are presented in Point 2.2c: Changes in significant accounting policies.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF THE INTEREUROPA GROUP

for the period 1 January 2018 to 30 June 2018

in EUR thousand	PROFIT RESERVES							RETAINED EARNINGS						
	Share capital	Share premium account	Legal reserves	Reserves for treasury shares	Treasury shares (as deduction item)	Reserves under the articles of association	Other reserves	Fair value reserves	Foreign currency translation differences	Net profit brought forward	Net profit or loss for the accounting period	Equity pertaining to controlling interests	Equity pertaining to non-controlling interests	Total equity
Reported as at 31 December 2017	27,489	18,455	4,653	180	-180	15	916	47,371	-6,669	22,167	-1,002	113,395	7,741	121,136
Adjustment for the initial application of IFRS 9*	0	0	0	0	0	0	0	0	0	-607	0	-607	-41	-648
Balance as at 1 January 2018	27,489	18,455	4,653	180	-180	15	916	47,371	-6,669	21,560	-1,002	112,788	7,700	120,488
Total comprehensive income	0	0	0	0	0	0	0	-159	294	159	2,578	2,872	117	2,989
Net profit for the financial year	0	0	0	0	0	0	0	0	0	0	2,578	2,578	113	2,691
Other comprehensive income	0	0	0	0	0	0	0	-159	294	159	0	294	4	298
Transactions with owners												0		
Transfer of net profit from the previous year to net profit brought forward	0	0	0	0	0	0	0	0	0	-1,002	1,002	0	0	0
Dividends and shares in profit	0	0	0	0	0	0	0	0	0	0	0	0	-164	-164
Other changes	0	0	0	0	0	0	0	0	0	1	0	1	0	1
Closing balance as at 30 June 2018	27,489	18,455	4,653	180	-180	15	916	47,212	-6,375	20,718	2,578	115,661	7,653	123,314

* Adjustments are disclosed in point 2.2c: Changes in significant accounting policies.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF THE INTEREUROPA GROUP

for the period 1 January 2017 to 30 June 2017

	Share capital	Share premium account	PROFIT RESERVES					Fair value reserves	Foreign currency translation differences	RETAINED EARNINGS		Equity pertaining to controlling interests	Equity pertaining to non-controlling interests	Total equity
			Legal reserves	Reserves for treasury shares	Treasury shares (as deduction item)	Reserves under the articles of association	Other reserves			Net profit brought forward	Net profit or loss for the accounting period			
Reported as at 1 January 2017	27,489	18,455	4,653	180	-180	15	609	50,575	-7,486	33,686	1,500	129,496	9,066	138,562
Correction of error	0	0	0	0	0	0	0	-2	0	0	-259	-261	-116	-377
Reported as at 31 December 2016 after correction of error	27,489	18,455	4,653	180	-180	15	609	50,573	-7,486	33,686	1,241	129,235	8,950	138,185
Total comprehensive income	0	0	0	0	0	0	0	27	1,114	0	1,731	2,872	250	3,122
Net profit for the financial year	0	0	0	0	0	0	0	0	0	0	1,731	1,731	223	1,954
Other comprehensive income	0	0	0	0	0	0	0	27	1,114	0	0	1.141	27	1,168
Transactions with owners														
Transfer of net profit from the previous year to net profit brought forward	0	0	0	0	0	0	0	0	0	1,241	-1,241	0	0	0
Dividends and shares in profit	0	0	0	0	0	0	0	0	0	0	0	0	-57	-57
Transfer of retained earnings to reserves	0	0	0	0	0	0	298	0	0	-298	0	0	0	0
Closing balance as at 30 June 2017	27,489	18,455	4,653	180	-180	15	907	50,600	-6,372	34,629	1,731	132,107	9,143	141,250

2.2 Notes to the financial statements of the Intereuropa Group

a) Basis for compiling the financial statements

The explanatory notes are included in the report in order to explain the business events and transactions that are material for understanding the changes in the financial position and profit or loss of the Intereuropa Group in the period since the last annual report.

b) Use of estimates and judgements

The senior management has verified estimates, judgements and assumptions, and concluded that they were the same as those that applied at the time the financial statements as at 31 December 2017 were compiled, except for assessments and judgements that relate to the initial application of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers (the Group began applying the aforementioned standards on 1 January 2018), as described in the following point (2.2c). Changes in significant accounting policies.

c) Changes in significant accounting policies.

Transition to IFRS 9 Financial Instruments

IFRS 9 Financial Instruments, adopted by the EU on 22 November 2016 (applicable to annual periods beginning on or after 1 January 2018). The Group began applying the aforementioned standard on 1 January 2018. Comparable data have thus not been recalculated. In doing so, it complied with the provision of the aforementioned standard that requires the recognition of any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application in net profit or loss brought forward (or another component of equity, if appropriate) in the annual reporting period that includes the date of initial application.

The adoption of IFRS 9 also resulted in amendments to IAS 1 Presentation of Financial Statements, which requires the following special items to be included in the income statement: 'loss due to the impairment of receivables', 'finance income from interest' and 'finance costs – costs of financing'. The Group therefore made the following reclassifications in the comparable data:

- the item 'loss due to the impairment of receivables', which was disclosed in the previously reported data in two items ('other operating revenues' in the amount of EUR 132 thousand and 'other operating expenses' in the amount of EUR 187 thousand), was disclosed in the net amount of those two items (EUR 55 thousand);
- the previously reported item 'finance income' (EUR 52 thousand) was reclassified in full to the item 'finance income from interest'; and
- the previously reported item 'finance costs' (EUR 731 thousand) was reclassified to the items 'finance costs – costs of financing' (EUR 580 thousand) and 'other finance costs' (EUR 151 thousand).

IFRS 9 includes requirements regarding recognition and measurement, the impairment and derecognition of financial instruments, and general hedge accounting associated with financial instruments. The trade receivables recorded by the Group also include receivables from leasing. The Group accounts for an investment in an associate in accordance with IAS

28 Investments in Associates and Joint Ventures. That investment is therefore exempt from the treatment prescribed by IFRS 9.

Table 1: Summary of changes in the Group's equity as at 1 January 2018

in EUR thousand	Reported as at 31 December 2017	Adjustment for the initial application of IFRS 9 due to the impairment of receivables and deposits	Adjusted balance as at 1 January 2018
Net profit or loss brought forward – majority shareholder	22,167	-607	21,560
Equity pertaining to non-controlling interests	7,741	-41	7,700

Classification and measurement of financial assets and financial liabilities

IFRS 9 replaces the previous classification of financial assets held by the Group as at 31 December 2017 and that was defined in IAS 39 Financial Instruments: Recognition and Measurement (loans and receivables, and available-for-sale financial assets), and introduces new categories of financial assets (financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss).

IFRS 9 largely maintains the previous classification and measurement of financial liabilities. There are thus no differences relative to IAS 39 for those liabilities at the Group level.

In accordance with IFRS 9, financial assets are classified to the above-mentioned categories based on the business model used to manage financial assets, and on the cash flow characteristics of financial assets. Moreover, the Group may make an irrevocable decision at initial recognition to measure certain equity instruments that are not held for trading and that would otherwise be measured at fair value through profit or loss at fair value through other comprehensive income, and likewise present subsequent changes in fair value in other comprehensive income.

Table 2: Classification of financial assets based on the business model used to manage financial assets, and on the cash flow characteristics of financial assets

Group of financial assets	Types of financial assets
Financial assets measured at amortised cost	Trade receivables, including receivables from leasing and other operating receivables, contract assets, loans and deposits.
Financial assets measured at fair value through other comprehensive income	Equity instruments not held for trading, for which the Group makes an irrevocable decision at initial recognition to measure those instruments at fair value through other comprehensive income.
Financial assets measured at fair value through profit or loss	Equity instruments not held for trading, for which the Group does not make a decision at initial recognition to measure those instruments at fair value through other comprehensive income.

Table 3: Accounting policies for the subsequent measurement of financial assets taking into account the requirements of the IFRS

Group of financial assets	Subsequent measurement of financial assets
Financial assets measured at amortised cost	Following initial recognition, these financial assets are measured at amortised cost using the effective interest method. Gains (including dividends) and losses are recognised in the income statement.
Financial assets measured at fair value through other comprehensive income	Following initial recognition, these financial assets are measured at fair value. Interest and exchange rate differences are recognised in the income statement, while other gains and losses are recognised in other comprehensive income. When an asset is derecognised, gains and losses recognised in other comprehensive income (revaluation surplus) are transferred to net profit or loss brought forward.
Financial assets measured at fair value through profit or loss	Following initial recognition, these financial assets are measured at fair value. Gains and losses are recognised in the income statement.

Effect of the transition to the IFRS on the carrying amount of financial assets as at 1 January 2018

The effect of the transition to the IFRS on the carrying amount of financial assets as at 1 January 2018 relates solely to the additional impairment of financial assets.

Table 4: Carrying amount of financial assets in accordance with IAS 39 and new values in accordance with the IFRS by type of asset

in EUR thousand	Classification in accordance with IAS 39	New classification in accordance with IFRS 9	Carrying amount in accordance with IAS 39	Carrying amount in accordance with IFRS 9
Investments in shares and participating interests (excluding investments in subsidiaries and an associate)	Available-for-sale financial assets	Financial assets measured at fair value through profit or loss	32	32
Loans granted and deposits	Loans and receivables	Financial assets measured at amortised cost	1,966	1,963
Non-current operating receivables	Loans and receivables	Financial assets measured at amortised cost	16	16
Current operating receivables	Loans and receivables	Financial assets measured at amortised cost	32,961	32,316
Cash and cash equivalents	Loans and receivables	Financial assets measured at amortised cost	3,618	3,618

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model defined in IAS 39 with an 'expected loss' model, and requires the earlier recognition of expected credit losses.

The Group impairs financial assets disclosed at amortised cost as a value adjustment based on expected credit losses over the entire life of a financial asset.

Losses due to the impairment of trade receivables and other operating receivables (including the reversal of impairment losses) is disclosed in the income statement in the item 'loss due to the impairment of receivables'. Losses associated with other financial assets are disclosed in the item 'other finance costs'.

The Group measures losses from the impairment of trade receivables, including receivables from leasing, as the amount equal to expected credit losses over the entire life of such assets. When measuring expected credit losses associated with such assets, the Group applies a simplified approach using a 'provision matrix' where, based on past experiences regarding written-off receivables and estimates for the future, it creates a provision matrix with impairment percentages for trade receivables by maturity interval.

The Group has assessed that the transition to the IFRS on 1 January 2018 will result in additional impairments of financial assets, as shown in the table below.

Table 5: Effect of additional impairments of financial assets as at 1 January 2018 using the new model in accordance with IFRS 9

in EUR thousand	Additional value adjustment as at 1 January 2018
Trade receivables	560
Other current receivables	85
Short-term loans granted and deposits	3
Total	648

Table 6: Exposure to credit risk and expected credit losses in connection with current trade receivables

in EUR thousand	Gross value as at 1 January 2018	Average percentage of value adjustments created	Value adjustment as at 1 January 2018
Non-past-due	21,929	0.51%	111
0 to 30 days past due	5,157	0.42%	21
31 to 90 days past due	2,235	2.66%	59
91 to 180 days past due	787	15.03%	118
More than 180 days past due	4,823	99.91%	4,818
Exchange rate differences	0		5
Total	34,929		5,134

IFRS 15 Revenue from Contracts with Customers

IFRS 15 superseded IAS 18 Revenues and IAS 11 Construction Contracts, and numerous other interpretations relating to revenues. The core principle of the new standard is that the recognition of revenues depicts the transfer of goods or services to a customer in an amount that reflects the consideration (i.e. payment) that the Group expects in exchange for those goods or services.

The Group analysed valid contracts with customers in terms of the presence of significant performance obligations, and assessed that the introduction of the new IFRS 15 on 1 January 2018 will not have an effect on its equity. Given the nature of the Group's operations and the types of revenues it generates, the timing of recognition and the measurement of its revenues are not expected to change with the application of the new standard.

Classification and measurement

Revenues from services rendered are recognised in the income statement taking into account the stage of completion of a transaction at the end of reporting period or when performance obligations are fulfilled. The stage of completion is assessed on the basis of a review of costs incurred (review of work performed – measurement of the progress of a transaction).

Revenues from services rendered are measured at the transaction prices of completed services stated in invoices (fulfilment of performance obligations at a given moment) or other documents, or at the prices of incomplete services taking into account the stage of completion thereof (performance obligations are fulfilled over time).

In cases when a particular transaction (performance obligation) is not completed (fulfilled) as at the statement of financial position date, the Group believes that no reliable assessment can be made as to the outcome of such a transaction, but that the progress of that transaction can be reasonably measured. Thus the Group only recognises revenues up to the amount of direct costs incurred, and for which it can be expected that they will be covered (contribution method).

Amounts collected on behalf of third parties, such as charged value-added tax and other levies (e.g. customs duties) are excluded from sales revenue.

Liabilities from contracts with customers represent an obligation to transfer goods or services to a customer for which consideration was received from the customer (liabilities for advances received).

Contract assets represent the Group's right to consideration for the exchange of goods or services that it has transferred to its customers (current accrued revenues). They also comprise receivables from uncharged customs and other duties that arise in customs clearance procedures that are charged to customers and treated as suspense items.

To ensure the comparability and transparency of items in the Group's statement of financial position, the Group reclassified items of comparable data for assets and liabilities from contracts with customers.

Reclassification of items of comparable data in the statement of financial position:

- the Group excluded the item 'contract assets' (EUR 1,291 thousand) from the reported item 'current operating receivables' (EUR 34,252 thousand); and
- the Group excluded the item 'contract liabilities' (EUR 591 thousand) from the reported item 'current operating liabilities' (EUR 24,838 thousand).

Those reclassifications also affected the Group's statement of cash flows.

A) NOTES TO THE CONSOLIDATED INCOME STATEMENT

Sales revenue amounted to EUR 80,181 thousand (compared with EUR 72,896 thousand during the comparable period), while revenues for unfinished services accounted for EUR 1,225 thousand of that amount (EUR 885 thousand during the comparable period). The Group generated EUR 686 thousand in **other operating revenues** that are mainly accounted for by gains on the sale of property, plant and equipment (EUR 353 thousand).

Costs of goods, materials and services

Table 7: Costs of goods, materials and services of the Intereuropa Group in the period January–June 2018

in EUR thousand	Jan–Jun 2018	Jan–Jun 2017
Costs of materials and historical cost of goods sold	2,142	2,143
Costs of services	56,318	49,511
direct costs	50,111	44,213
costs of telecommunication services	258	221
maintenance costs	1,196	1,080
insurance premiums	415	386
training and education costs	50	37
other costs of services	4,288	3,574
Total	58,460	51,655

Direct costs primarily comprise the costs of subcontractors (transportation, port-related services, etc.) that are directly related to the provision of the Group's services.

Labour costs

Table 8: Labour costs of the Intereuropa Group in the period January–June 2018

in EUR thousand	Jan–Jun 2018	Jan–Jun 2017
Costs of wages and salaries	9,788	9,328
Social security costs	2,140	2,046
Other labour costs:	2,048	1,871
annual leave allowance	412	712
transportation and meal allowances	943	999
other labour costs	119	160
expenses for employee participation in profits	574	0
Total	13,976	13,246

Labour costs were higher during the reporting period primarily as the result of accrued costs for the participation of employees in profit, and unused annual leave and Christmas bonuses, which were not accrued in the comparable period. The costs of annual leave allowances were disclosed in the full calculated amount during the comparable period, while they were accrued for the first half of the year during the reporting period.

Amortisation/depreciation

Table 9: Amortisation and depreciation costs of the Intereuropa Group in the period January–June 2018

in EUR thousand	Jan–Jun 2018	Jan–Jun 2017
Amortisation of intangible assets	258	258
Depreciation of property, plant and equipment and investment property	2,898	3,137
Total	3,157	3,395

Other operating expenses

Table 10: Other operating expenses of the Intereuropa Group in the period January–June 2018

in EUR thousand	Jan–Jun 2018	Jan–Jun 2017
Building land use fees and similar expenses	810	751
Other operating expenses	522	373
Total	1,332	1,124

Finance income and costs

Table 11: Effect of finance income and costs of the Intereuropa Group in the period January–June 2018

in EUR thousand	Jan–Jun 2018	Jan–Jun 2017
Interest income	83	107
Income from dividends and other shares in profit	0	4
Revenues from the disposal of financial assets	9	0
Net exchange rate differences	44	0
Total finance income	136	111
Interest expense	-1,046	-1,175
Expenses from the disposal of financial assets	0	-16
Finance costs from impairments and write-offs of financial assets	0	-6
Net exchange rate differences	0	-218
Total finance costs	-1,046	-1,415
Loss from financing activities	-910	-1,304

The Group generated a **profit from ordinary operations** of EUR 2,778 thousand.

Corporate income tax was negative in the amount of EUR 87 thousand, comprising current tax in the negative amount of EUR 214 thousand and deferred tax in the amount of EUR 127 thousand. Deferred tax relates to expenses in the amount of EUR 307 thousand (primarily from the coverage of tax losses by the parent company in the amount of EUR 292 thousand) and revenues in the amount of EUR 434 thousand (almost all of that amount from the impairment of real estate at two subsidiaries from previous years in the amount of EUR 433 thousand).

The Group generated a **net profit** of EUR 2,691 thousand during the reporting period. Of that amount, EUR 2,578 thousand pertains to **controlling** interests, while EUR 113 thousand pertains to **non-controlling** interests.

B) NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Property, plant and equipment

Table 12: Property, plant and equipment of the Intereuropa Group as at 30 June 2018

in EUR thousand	30 June 2018	31 December 2017
Land and buildings	154,642	158,789
a) Land	78,776	79,438
b) Buildings	75,866	79,351
Other plant and equipment	6,768	6,891
Investments in foreign fixed assets	2	2
Property, plant and equipment in acquisition	814	582
Total	162,226	166,263

The carrying amount of property, plant and equipment (land and buildings) pledged as collateral was EUR 113,772 thousand as at 30 June 2018 (comprising collateral for loans received and contingent liabilities). The Intereuropa Group had no other legal restrictions on the disposal of aforementioned assets.

Investment property

The carrying amount of investment property was EUR 9,407 thousand as at 30 June 2018. The increase in the value of investment property during the accounting period was the result of a transfer from property, plant and equipment in the amount of EUR 343 thousand, while the value of investment property was reduced by EUR 115 thousand on account of depreciation.

The carrying amount of investment property pledged as collateral was EUR 8,521 thousand as at 30 June 2018. That amount represents additional collateral for liabilities for which the underlying collateral comprises pledged items of property, plant and equipment.

Intangible assets

Table 13: Intangible assets of the Intereuropa Group as at 30 June 2018

in EUR thousand	30 June 2018	31 December 2017
Long-term property rights	528	625
Goodwill	42	42
Other intangible assets	2,765	2,917
Intangible assets under construction	353	232
Total	3,687	3,816

Loans granted and deposits

Table 14: Loans granted and deposits of the Intereuropa Group as at 30 June 2018

in EUR thousand	30 June 2018	31 December 2017
Long-term loans and deposits	13	57
- loans granted	3	4
- deposits	10	54
Short-term loans and deposits	1,496	1,992
- loans granted	1	79
- deposits	1,495	1,913
Total	1,509	2,051

As at 30 June 2018, the Intereuropa Group had pledged long-term deposits in the amount of EUR 10 thousand and short-term deposits in the amount of EUR 630 thousand as collateral for contingent liabilities.

Current operating receivables

Table 15: Current operating receivables of the Intereuropa Group as at 30 June 2018

in EUR thousand	30 June 2018	31 December 2017
Current trade receivables	35,152	30,355
Other current operating receivables	1,491	2,606
Total	36,642	32,961

The Intereuropa Group had current trade receivables with a carrying amount of EUR 10,000 thousand pledged as collateral as at 30 June 2018. That amount represents additional collateral for contingent liabilities for which the underlying collateral comprises pledged items of property, plant and equipment.

Other current assets amounting to EUR 1,503 thousand comprise current deferred costs.

Provisions

Table 16: Provisions of the Intereuropa Group as at 30 June 2018

in EUR thousand	30 June 2018	31 December 2017
Provisions for retirement benefits and loyalty bonuses	1,272	1,340
Provisions for lawsuits	999	1,012
Other provisions	878	878
Total	3,148	3,230

Non-current financial liabilities comprise loans and finance leases, and amounted to EUR 62,566 thousand.

Current financial liabilities

Table 17: Current financial liabilities of the Intereuropa Group as at 30 June 2018

in EUR thousand	30 June 2018	31 December 2017
Short-term loans and finance leases received	5,306	4,846
Liabilities for dividends and other shares in profit	1,054	941
Total	6,360	5,786

All of the Group's due liabilities under loan agreements were settled as at the reporting date.

Current operating liabilities

Table 18: Current operating liabilities of the Intereuropa Group as at 30 June 2018

in EUR thousand	30 June 2018	31 December 2017
Current trade payables	22,414	20,998
Other current operating liabilities	4,107	3,249
Total	26,521	24,247

C) OTHER NOTES

Contingent liabilities

Table 19: Contingent liabilities of the Intereuropa Group as at 30 June 2018

in EUR thousand	30 June 2018	31 December 2017
Contingent liabilities from bank guarantees and guarantees given to others	18,387	16,965
Contingent liabilities from lawsuits and other legal proceedings	892	858
Contingent liabilities to D.S.U., družba za svetovanje in upravljanje, d.o.o.	126	126
Total contingent liabilities	19,405	17,949

Fair value

Table 20: Fair value of financial instruments of the Intereuropa Group as at 30 June 2018

in EUR thousand	30 June 2018		31 December 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets measured at fair value through other comprehensive income*	4	4	0	0
Financial assets measured at fair value through profit or loss*	27	27	0	0
Loans and deposits	1,509	1,509	2,049	2,049
Operating receivables	36,671	36,671	32,977	32,977
Cash and cash equivalents	3,044	3,044	3,618	3,618
Total	41,228	41,228	38,644	38,644
Financial liabilities				
Loans and finance leases	67,872	67,872	71,841	71,841
- at fixed interest rates	643	643	949	949
- at variable interest rates	67,229	67,229	70,892	70,892
Liabilities for dividends and other shares in profit	1,054	1,054	941	941
Operating liabilities	27,406	27,406	24,624	24,624
Total	96,332	96,332	97,406	97,406

* The Group began applying IFRS 9 on 1 January 2018. Comparable data have thus not been recalculated.

Table 21: Fair value hierarchy of assets in the Intereuropa Group as at 30 June 2018

in EUR thousand	30 June 2018				
	Fair value hierarchy	Level 1	Level 2	Level 3	Total
Land		0	0	78,776	78,776
Financial assets measured at fair value through other comprehensive income*		4	0	0	4
Financial assets measured at fair value through profit or loss*		0	0	27	27
Total		4	0	78,803	78,807

in EUR thousand	31 December 2017				
	Fair value hierarchy	Level 1	Level 2	Level 3	Total
Land		0	0	79,438	79,438
Total		0	0	79,438	79,438

* The Group began applying IFRS 9 on 1 January 2018. Comparable data have thus not been recalculated.

The table only includes assets measured at fair value. The Group assesses that the carrying amount of financial assets and financial liabilities not measured at fair value reflects their fair value.

TRANSACTIONS BETWEEN RELATED PARTIES

Table 22: Transactions between related parties

Revenues from the sale of services		
in EUR thousand	Jan–Jun 2018	Jan–Jun 2017
Associate	313	360
Companies that are controlled or jointly controlled by an individual, or a member of their immediate family, who is in a relationship with the Intereuropa Group	33	23
Costs of services		
in EUR thousand	Jan–Jun 2018	Jan–Jun 2017
Associate	2,063	2,085
Companies that are controlled or jointly controlled by an individual, or a member of their immediate family, who is in a relationship with the Intereuropa Group	12	0
Balance of operating receivables		
in EUR thousand	30 June 2018	31 December 2017
Associate	127	104
Companies that are controlled or jointly controlled by an individual, or a member of their immediate family, who is in a relationship with the Intereuropa Group	11	7
Balance of operating liabilities		
in EUR thousand	30 June 2018	31 December 2017
Associate	599	534

INFORMATION BY OPERATING SEGMENTS FOR THE PERIOD JANUARY–JUNE 2018

Table 23: Geographical business segments of the Intereuropa Group in the period January–June 2018

in EUR thousand	Slovenia		Croatia		Bosnia and Herzegovina		Serbia		Montenegro	
	Jan–Jun 2018	Jan–Jun 2017	Jan–Jun 2018	Jan–Jun 2017	Jan–Jun 2018	Jan–Jun 2017	Jan–Jun 2018	Jan–Jun 2017	Jan–Jun 2018	Jan–Jun 2017
Revenues from external customers	55,179	49,498	11,620	10,407	3,500	3,085	2,664	2,832	2,931	2,837
Revenues from transactions with other segments	1,830	1,640	343	286	264	198	303	330	50	38
Total revenues	57,009	51,138	11,964	10,694	3,765	3,283	2,967	3,162	2,981	2,875
Amortisation/depreciation	2,032	2,021	664	830	131	180	98	91	174	216
Operating profit or loss	2,977	2,766	359	-112	143	73	-232	314	410	434
Interest income	86	101	5	12	0	2	1	2	32	13
Interest expense	957	1,064	23	38	32	4	26	32	0	0
Profit or loss from ordinary operations	2,742	2,246	322	-158	111	70	-257	294	442	448
Revenues from investments valued according to the equity method	10	39	0	0	0	0	0	0	0	0
Corporate income tax	443	309	15	6	15	8	0	33	44	1

in EUR thousand	Ukraine		Other		Total		Adjustments (including eliminations)*		Group	
	Jan–Jun 2018	Jan–Jun 2017	Jan–Jun 2018	Jan–Jun 2017	Jan–Jun 2018	Jan–Jun 2017	Jan–Jun 2018	Jan–Jun 2017	Jan–Jun 2018	Jan–Jun 2017
Revenues from external customers	1,824	1,465	2,458	2,736	80,176	72,861	5	35	80,181	72,896
Revenues from transactions with other segments	0	0	514	607	3,305	3,099	-3,305	-3,099	0	0
Total revenues	1,824	1,465	2,972	3,343	83,482	75,960	-3,301	-3,064	80,181	72,896
Amortisation/depreciation	24	23	35	35	3,156	3,395	0	0	3,156	3,395
Operating profit or loss	-14	-9	42	164	3,685	3,631	-1	-8	3,684	3,623
Interest income	0	0	0	0	124	130	-42	-130	83	107
Interest expense	45	61	5	0	1,087	1,199	-42	-24	1,046	1,175
Profit or loss from ordinary operations	100	-165	37	159	3,497	2,894	-720	-566	2,778	2,327
Revenues from investments valued according to the equity method	0	0	0	0	10	39	-6	-31	4	8
Corporate income tax	0	0	8	17	525	373	-439	0	87	373

* All adjustments are subject to consolidation procedures.

in EUR thousand	Slovenia		Croatia		Bosnia and Herzegovina		Serbia		Montenegro	
	Jan–Jun 2018	Jan–Dec 2017	Jan–Jun 2018	Jan–Dec 2017	Jan–Jun 2018	Jan–Dec 2017	Jan–Jun 2018	Jan–Dec 2017	Jan–Jun 2018	Jan–Dec 2017
Assets	186,355	185,931	50,679	49,865	13,592	12,932	10,618	10,536	17,570	17,296
Non-current assets	156,349	158,000	41,621	43,844	11,568	11,498	9,144	9,111	12,218	12,466
Operating liabilities	20,443	18,933	3,666	3,220	1,425	1,157	1,125	614	734	712
Financial liabilities	68,952	71,523	639	937	124	154	885	1,042	775	392
Investments according to the equity method	39	39	0	0	0	0	0	0	0	0

in EUR thousand	Ukraine		Other		Total		Adjustments (including eliminations)*		Group	
	Jan–Jun 2018	Jan–Dec 2017	Jan–Jun 2018	Jan–Dec 2017	Jan–Jun 2018	Jan–Dec 2017	Jan–Jun 2018	Jan–Dec 2017	Jan–Jun 2018	Jan–Dec 2017
Assets	1,833	1,912	3,408	3,297	284,054	281,771	-49,251	-48,012	234,803	233,759
Non-current assets	1,251	1,228	1,032	1,045	233,184	237,192	-44,641	-44,838	188,544	192,354
Operating liabilities	654	697	975	716	29,023	26,049	-1,617	-1,425	27,406	24,624
Financial liabilities	1,423	1,538	0	0	72,797	75,587	-3,871	-2,805	68,926	72,781
Investments in joint venture according to equity method	0	0	0	0	39	39	28	34	67	73

* All adjustments are subject to consolidation procedures.

Table 24: Sales revenue of the Intereuropa Group by business segment in the period January–June 2018

<i>in EUR thousand</i>	Jan–Jun 2018	Jan–Jun 2017	Jan–Jun 2018	Jan–Jun 2017	Jan–Jun 2018	Jan–Jun 2017	Jan–Jun 2018	Jan–Jun 2017	Jan–Jun 2018	Jan–Jun 2017
	Land transport		Logistics solutions		Intercontinental transport		Other services		Total	
Sales revenue	42,559	38,771	11,437	10,475	22,850	20,354	3,334	3,296	80,181	72,896

FINANCIAL RISKS

The Intereuropa Group manages liquidity risk through the active management of cash, which includes:

- the monitoring and planning of cash flows;
- regular collection activities and daily contact with major customers; and
- the option of using short-term credit lines via banks.

The table illustrates estimated undiscounted cash flows, including future interest.

Table 25: Liquidity risk as at 30 June 2018

<i>in EUR thousand</i>							
30 June 2018	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Loans from banks and others	67,230	69,396	3,864	3,100	62,431	0	0
Loans received on the basis of finance leases	643	688	59	56	170	404	0
Liabilities for dividends and other shares in profit	1,054	1,054	1,054	0	0	0	0
Trade payables	22,696	22,696	22,392	19	122	71	92
Other operating liabilities	4,709	4,709	4,107	0	602	0	0
Total	96,331	98,543	31,476	3,175	63,325	475	92

Table 26: Liquidity risk as at 31 December 2017

<i>in EUR thousand</i>							
31 December 2017	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Loans from banks and others	70,892	74,057	3,047	3,298	67,712	0	0
Loans received on the basis of finance leases	941	941	392	533	0	0	0
Liabilities for dividends and other shares in profit	949	1,021	317	68	488	147	0
Trade payables	21,280	21,280	20,966	32	119	71	92
Other operating liabilities	3,344	3,344	3,249	4	91	0	0
Total	97,406	100,643	27,971	3,935	68,410	218	92

Financial liabilities from bank loans based on a financial restructuring agreement fall due for payment during the second half of 2019. The Company is planning to implement a strategy in 2018 aimed at the sale of certain non-strategic real estate and further reduce the balance of long-term bank loans received, which in turn will reduce liquidity risk. The Company intends to refinance the remainder of principal that will fall due during the second half of 2019.

Table 27: Currency risk as at 30 June 2018

30 June 2018	in EUR thousand				
	EUR	HRK	RSD	Other	Total
Operating receivables	27,918	5,397	848	2,508	36,671
Long-term loans granted and deposits	10	0	0	3	13
Short-term loans granted and deposits	1,320	124	0	52	1,496
Long-term loans received	-61,969	-551	0	-46	-62,566
Short-term loans received	-5,928	-88	-264	-80	-6,360
Operating liabilities	-21,523	-3,223	-983	-1,677	-27,406
Exposure disclosed in the statement of financial position	-60,172	1,659	-399	760	-58,152

Table 28: Currency risk as at 31 December 2017

31 December 2017	in EUR thousand				
	EUR	HRK	RSD	Other	Total
Operating receivables	25,593	4,058	903	2,423	32,977
Long-term loans granted and deposits	54	0	0	4	57
Short-term loans granted and deposits	1,850	125	0	17	1,992
					-
Long-term loans received	-66,327	-591	0	-77	66,995
Short-term loans received	-5,088	-346	-263	-89	-5,786
					-
Operating liabilities	-19,640	-2,841	-472	-1,671	24,624
Exposure disclosed in the statement of financial position	-63,559	405	168	607	62,379

Table 29: Exposure to credit risk and expected credit losses in connection with current trade receivables

in EUR thousand	Gross value as at 30 June 2018	Average percentage of value adjustments created	Value adjustment as at 30 June 2018
Non-past-due	26,854	0.48%	128
0 to 30 days past due	5,446	0.87%	47
31 to 90 days past due	2,288	2.47%	56
91 to 180 days past due	892	10.85%	97
More than 180 days past due	4,818	100.00%	4,818
Exchange rate differences	1		1
Total	40,299		5,147

Table 30: Changes in adjustments to the value of current trade receivables

in EUR thousand	30 June 2018
Adjustment to value of receivables as at 1 January*	5,134
- write-offs of receivables	-159
- net effect of the impairment of receivables (loss due to the impairment of receivables, including the reversal of impairment losses)	171
- exchange rate differences	1
Total	5,147

* The Group began applying IFRS 9 on 1 January 2018. Comparable data have thus not been recalculated.

Table 31: Exposure to credit risk and expected credit losses in connection with other current operating receivables

in EUR thousand	Gross value as at 30 June 2018	Value adjustment as at 30 June 2018
Non-past-due	1,209	0
Past-due	1,647	1,365
Total	2,856	1,365

Table 32: Changes in adjustments to the value of other current operating receivables

in EUR thousand	30 June 2018
Adjustment to value of receivables as at 1 January	1,357
- write-offs of receivables	0
- net effect of the impairment of receivables (loss due to the impairment of receivables, including the reversal of impairment losses)	8
Total	1,365

The Group believes that credit risk is appropriately managed. The most significant risk in the aforementioned category is the risk of payment delays and default by customers, where control limits and mechanisms are in place for approving exposure to credit risk for major customers. Those limits and mechanisms apply to all Group companies.

The table below presents an interest-rate sensitivity analysis and the impact on profit or loss from ordinary operations.

Table 33: Interest-rate risk as at 30 June 2018

Type of variable interest rate	Loan amount 30 June 2018	Increase in IR by 10 basis points	Increase in IR by 25 basis points	in EUR thousand
				Increase in IR by 50 basis points
3-month EURIBOR	66,966	-67	-167	-335
1-month EURIBOR	264	0	-1	-1
Total	67,230	-67	-168	-336

Table 34: Interest-rate risk as at 31 December 2017

Type of variable interest rate	Loan amount 31 December 2017	Increase in IR by 10 basis points	Increase in IR by 25 basis points	in EUR thousand	
				Increase in IR by 50 basis points	
3-month EURIBOR	70,628	-71	-177	-353	
1-month EURIBOR	263	0	-1	-1	
Total	70,892	-71	-177	-354	

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period.

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

3.1 Basic financial statements of the parent company Intereuropa d.d.

INCOME STATEMENT OF INTEREUROPA D.D.

for the period 1 January 2018 to 30 June 2018

in EUR thousand	Jan–Jun 2018	Jan–Jun 2017 (adjusted)*
Sales revenue	56,702	50,829
Gains and losses from the derecognition of operating receivables	-11	2
Other operating revenues	357	119
Costs of goods, materials and services	-42,442	-37,053
Labour costs	-9,036	-8,616
Amortisation/depreciation	-2,030	-2,019
Loss due to the impairment of receivables	-90	55
Other operating expenses	-527	-573
Operating profit	2,923	2,744
Interest income	85	102
Other finance income	752	502
Finance costs – costs of financing	-957	-1,064
Other finance costs	-94	-23
Loss from financing activities	-214	-483
Profit from ordinary operations	2,709	2,261
Corporate income tax (including deferred taxes)	-436	-303
Net profit for the accounting period	2,273	1,958
Basic and diluted earnings per ordinary share (in EUR)	0,08	0.07

* Adjustments relate to the reclassification of items due to the transition to IFRS 9 and amendments to IAS 1. Disclosures are presented in Point 3.2c: Changes in significant accounting policies.

STATEMENT OF OTHER COMPREHENSIVE INCOME OF INTEREUROPA D.D.

for the period 1 January 2018 to 30 June 2018

in EUR thousand	Jan–Jun 2018	Jan–Jun 2017
Net profit for the accounting period	2,273	1,958
Other comprehensive income	5	28
Items that will be reclassified to profit or loss	0	28
	0	35
Gains and losses from investments in equity instruments measured at fair value through other comprehensive income upon initial recognition		
Change in deferred taxes from investments in equity instruments	0	-7
Items that will not be reclassified to profit or loss	5	0
Transfer of revaluation surplus for land to net profit or loss brought forward	-32	0
Change in deferred taxes	6	0
Change in net profit or loss brought forward from the transfer of the revaluation surplus for land	32	0
Corporate income tax on net profit or loss brought forward	-1	0
Total comprehensive income	2,278	1,986

STATEMENT OF FINANCIAL POSITION OF INTEREUROPA D.D.

AS AT 30 JUNE

2018

in EUR thousand	30 June 2018	31 December 2017 (adjusted)*
ASSETS		
Property, plant and equipment	88,456	89,848
Investment property	8,905	8,668
Intangible assets	3,436	3,552
Other non-current assets	24	29
Non-current operating receivables	16	16
Deferred tax assets	11,024	11,315
Long-term loans granted and deposits	151	229
Other non-current financial assets	44,323	44,323
TOTAL NON-CURRENT ASSETS	156,335	157,980
Available-for-sale assets	0	237
Inventories	9	9
Short-term loans granted and deposits	1,213	1,211
Contract assets	1,088	1,064
Current operating receivables	25,545	22,750
Current receivables for corporate income tax	6	566
Other current assets	1,000	136
Cash and cash equivalents	101	413
TOTAL CURRENT ASSETS	28,962	26,386
TOTAL ASSETS	185,297	184,366
EQUITY		
Share capital	27,489	27,489
Share premium account	18,455	18,455
Profit reserves	2,749	2,749
Fair value reserves	32,317	32,342
Net profit brought forward	3,452	3,509
Net profit	2,273	340
TOTAL EQUITY	86,735	84,884
LIABILITIES		
Provisions	1,948	1,986
Non-current deferred income	93	92
Non-current financial liabilities	61,969	66,327
Non-current operating liabilities	883	372
Deferred tax liabilities	7,580	7,587
TOTAL NON-CURRENT LIABILITIES	72,473	76,364
Current financial liabilities	6,983	5,196
Contract liabilities	43	46
Current operating liabilities	18,918	17,829
Current corporate income tax liabilities	145	47
TOTAL CURRENT LIABILITIES	26,089	23,118
TOTAL LIABILITIES	98,562	99,482
TOTAL EQUITY AND LIABILITIES	185,297	184,366

* Adjustments relate to the reclassification of items due to the transition to IFRS 15 and amendments to IAS 1. Disclosures are presented in Point 3.2c: Changes in significant accounting policies.

STATEMENT OF CASH FLOWS OF INTEREUROPA D.D.

for the period 1 January 2018 to 30 June 2018

in EUR thousand	Jan–Jun 2018	Jan–Jun 2017 (adjusted)*
Cash flows from operating activities		
Net profit for the accounting period	2,273	1,958
Adjustments for:		
- amortisation and depreciation	2,030	2,019
- impairments and write-offs of property, plant and equipment and intangible assets	0	4
- gains on the sale of property, plant and equipment	-108	-21
- loss due to the impairment of receivables	90	-55
- finance income from interest	-85	-102
- other finance income	-752	-502
- finance costs – costs of financing	957	1,064
- other finance costs	94	23
- corporate income tax (including deferred taxes)	436	303
Operating profit before changes in net working capital and taxes	4,935	4,691
Changes in net working capital and provisions		
Changes in contract assets	-24	-177
Changes in receivables	-2,996	-2,840
Changes in other current assets	-866	-496
Changes in contract liabilities	-3	22
Changes in operating liabilities	1,947	2,087
Changes in provisions	-37	-28
Changes in non-current deferred income	1	1
Income tax	516	-733
Net cash flow from operating activities	3,473	2,527
Cash flows from investing activities		
Interest received	65	84
Dividends received and shares in profit	448	142
Inflows from the sale of property, plant and equipment, and assets held for sale	413	346
Inflows from long-term loans granted	76	20
Inflows from long-term deposits placed	0	30
Inflows from the disposal of other non-current financial assets	9	3
Net cash flow from short-term loans granted	0	62
Net cash flow from short-term deposits placed	0	20
Outflows for the acquisition of property, plant and equipment, and investment property	-1,049	-787
Outflows for the acquisition of intangible assets	-123	-40
Outflows for long-term deposits placed	0	-50
Outflows for increase in capital of subsidiaries	-92	-19
Net cash flow from investing activities	-253	-189
Cash flows from financing activities		
Interest paid	-961	-1,083
Outflows for the repayment of long-term loans	-4,221	-1,992
Net cash flow from short-term loans received	1,650	0
Net cash flow from financing activities	-3,532	-3,075
Opening balance of cash and cash equivalents	413	1,822
Net cash for the period	-312	-737
Closing balance of cash and cash equivalents	101	1,085

* Adjustments relate to the reclassification of items due to the transition to IFRS 9 and IFRS 15, and amendments to IAS 1. Disclosures are presented in Point 3.2c: Changes in significant accounting policies.

STATEMENT OF CHANGES IN EQUITY OF INTEREUROPA d.d.

for the period 1 January 2018 to 30 June 2018

in EUR thousand	Share capital	Share premium account	PROFIT RESERVES			Fair value reserves	RETAINED EARNINGS		Total equity
			Legal reserves	Reserves for treasury shares	Treasury shares (as deduction item)		Net profit brought forward	Net profit	
Reported as at 31 December 2017	27,489	18,455	2,749	180	-180	32,342	3,509	340	84,884
Adjustment for the initial application of IFRS 9*	0	0	0	0	0	0	-428	0	-428
Balance as at 1 January 2018	27,489	18,455	2,749	180	-180	32,342	3,081	340	84,456
Total comprehensive income for the period	0	0	0	0	0	-26	31	2,273	2,278
Net profit	0	0	0	0	0	0	0	2,273	2,273
Other comprehensive income	0	0	0	0	0	-26	31	0	5
Other changes	0	0	0	0	0	1	0	0	1
Transactions with owners									
Transfer of net profit from the previous year to net profit brought forward	0	0	0	0	0	0	340	-340	0
Closing balance as at 30 June 2018	27,489	18,455	2,749	180	-180	32,317	3,452	2,273	86,735

* Adjustments are disclosed in point 3.2c: Changes in significant accounting policies.

STATEMENT OF CHANGES IN EQUITY OF INTEREUROPA d.d.

for the period 1 January 2017 to 30 June 2017

in EUR thousand	Share capital	Share premium account	PROFIT RESERVES			Fair value reserves	RETAINED EARNINGS		Total equity
			Legal reserves	Reserves for treasury shares	Treasury shares (as deduction item)		Net profit brought forward	Net profit	
Opening balance as at 1 January 2017	27,489	18,455	2,749	180	-180	34,929	3,496	0	87,118
Total comprehensive income for the period	0	0	0	0	0	27	0	1,958	1,985
Net profit	0	0	0	0	0	0	0	1,958	1,958
Other comprehensive income	0	0	0	0	0	27	0	0	27
Closing balance as at 30 June 2017	27,489	18,455	2,749	180	-180	34,956	3,496	1,958	89,103

3.2 Notes to the financial statements of the parent company Intereuropa d.d.

a) Basis for compiling the financial statements

The explanatory notes are included in the report in order to explain the business events and transactions that are material for understanding the changes in the financial position and profit or loss of the parent company in the period since the last annual report.

b) Use of estimates and judgements

The senior management has verified estimates, judgements and assumptions, and concluded that they were the same as those that applied at the time the financial statements as at 31 December 2017 were compiled, except for assessments and judgements that relate to the initial application of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers (the Company began applying the aforementioned standards on 1 January 2018), as described in the following point (3.2c). Changes in significant accounting policies.

c) Changes in significant accounting policies.

Transition to IFRS 9 Financial Instruments

IFRS 9 Financial Instruments, adopted by the EU on 22 November 2016 (applicable to annual periods beginning on or after 1 January 2018). The Company began applying the aforementioned standard on 1 January 2018. Comparable data have thus not been recalculated. In doing so, it complied with the provision of the aforementioned standard that requires the recognition of any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application in net profit or loss brought forward (or another component of equity, if appropriate) in the annual reporting period that includes the date of initial application.

The adoption of IFRS 9 also resulted in amendments to IAS 1 Presentation of Financial Statements, which requires the following special items to be included in the income statement: 'loss due to the impairment of receivables', 'finance income from interest' and 'finance costs – costs of financing'. The Company therefore made the following reclassifications in the comparable data:

- the item 'loss due to the impairment of receivables', which was disclosed in the previously reported data in two items ('other operating revenues' in the amount of EUR 56 thousand and 'other operating expenses' in the amount of EUR 73 thousand), was disclosed in the net amount of those two items (EUR 17 thousand);
- the Company split the item 'finance income' (EUR 185 thousand) into two items: 'finance income from interest' (EUR 48 thousand) and 'income from participating interests in Group companies' (EUR 138 thousand). The latter is included in the item 'other finance income'; and
- the Company split the item 'finance costs' (EUR 550 thousand) to the items 'finance costs – costs of financing' (EUR 528 thousand) and 'other finance costs' (EUR 22 thousand), which includes expenses from the disposal of financial assets (EUR 16 thousand), finance costs from the impairment and write-off of financial assets (EUR 2 thousand) and negative exchange rate differences (EUR 4 thousand).

IFRS 9 includes requirements regarding recognition and measurement, the impairment and derecognition of financial instruments, and general hedge accounting associated with financial instruments. The trade receivables recorded by the Company also include receivables from leasing. The Company accounts for investments in subsidiaries at historical cost in accordance with IAS 27 Separate Financial Statements, while it accounts for an investment in an associate in accordance with IAS 28 Investments in Associates and Joint Ventures. That investment is therefore exempt from the treatment prescribed by IFRS 9.

Table 35: Summary of changes in the Company's equity as at 1 January 2018

in EUR thousand	Reported as at 31 December 2017	Adjustment for the initial application of IFRS 9 due to the impairment of receivables	Adjusted balance as at 1 January 2018
Net profit brought forward	3,509	-428	3,081

Classification and measurement of financial assets and financial liabilities

IFRS 9 replaces the previous classification of financial assets held by the Company as at 31 December 2017 and that was defined in IAS 39 Financial Instruments: Recognition and Measurement (loans and receivables, and available-for-sale financial assets), and introduces new categories of financial assets (financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss).

IFRS 9 largely maintains the previous classification and measurement of financial liabilities. There are thus no differences relative to IAS 39 for those liabilities at the Company level.

In accordance with IFRS 9, financial assets are classified to the above-mentioned categories based on the business model used to manage financial assets, and on the cash flow characteristics of financial assets. Moreover, the Company may make an irrevocable decision at initial recognition to measure certain equity instruments that are not held for trading and that would otherwise be measured at fair value through profit or loss at fair value through other comprehensive income, and likewise present subsequent changes in fair value in other comprehensive income.

Table 36: Classification of financial assets based on the business model used to manage financial assets, and on the cash flow characteristics of financial assets

Group of financial assets	Types of financial assets
Financial assets measured at amortised cost	Trade receivables, including receivables from leasing and other operating receivables, contract assets, loans and deposits.
Financial assets measured at fair value through other comprehensive income	Equity instruments not held for trading, for which a Group company makes an irrevocable decision at initial recognition to measure those instruments at fair value through other comprehensive income.
Financial assets measured at fair value through profit or loss	Equity instruments not held for trading, for which a Group company does not make an irrevocable decision at initial recognition to measure those instruments at fair value other comprehensive income.

Table 37: Accounting policies for the subsequent measurement of financial assets taking into account the requirements of the IFRS

Group of financial assets	Subsequent measurement of financial assets
Financial assets measured at amortised cost	Following initial recognition, these financial assets are measured at amortised cost using the effective interest method. Gains (including dividends) and losses are recognised in the income statement.
Financial assets measured at fair value through other comprehensive income	Following initial recognition, these financial assets are measured at fair value. Interest and exchange rate differences are recognised in the income statement, while other gains and losses are recognised in other comprehensive income. When an asset is derecognised, gains and losses recognised in other comprehensive income (revaluation surplus) are transferred to net profit or loss brought forward.
Financial assets measured at fair value through profit or loss	Following initial recognition, these financial assets are measured at fair value. Gains and losses are recognised in the income statement.

Effect of the transition to the IFRS on the carrying amount of financial assets as at 1 January 2018

The effect of the transition to the IFRS on the carrying amount of financial assets as at 1 January 2018 relates solely to the additional impairment of trade receivables.

Table 38: Carrying amount of financial assets in accordance with IAS 39 and new values in accordance with the IFRS by type of asset

in EUR thousand	Classification in accordance with IAS 39	New classification in accordance with IFRS 9	Carrying amount in accordance with IAS 39	Carrying amount in accordance with IFRS 9
Investments in shares and participating interests (excluding investments in subsidiaries and an associate)	Available-for-sale financial assets	Financial assets measured at fair value through profit or loss	27	27
Operating receivable (including contract assets)	Loans and receivables	Financial assets measured at amortised cost	23,830	23,402
Cash and cash equivalents	Loans and receivables	Financial assets measured at amortised cost	413	413

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model defined in IAS 39 with an 'expected loss' model, and requires the earlier recognition of expected credit losses.

The Group impairs financial assets disclosed at amortised cost as a value adjustment based on expected credit losses over the entire life of a financial asset.

Losses due to the impairment of trade receivables and other operating receivables (including the reversal of impairment losses) is disclosed in the income statement in the item 'loss due to the impairment of receivables'. Losses associated with other financial assets are disclosed in the item 'other finance costs'.

The Company measures losses from the impairment of trade receivables, including receivables from leasing, as the amount equal to expected credit losses over the entire life of such assets. When measuring expected credit losses associated with such assets, the Company applies a simplified approach using a 'provision matrix' where, based on past experiences regarding written-off receivables and estimates for the future, it creates a provision matrix with impairment percentages by maturity interval.

As at 1 January 2018, the Company determined the need for the additional impairment of financial assets covered by IFRS 9, as shown in the table below.

Table 39: Effect of additional impairments of financial assets using the new model in accordance with IFRS 9

in EUR thousand	Additional value adjustment as at 1 January 2018
Trade receivables (excluding the Group)	-326
Trade receivables within the Group	-102
Total	-428

Table 40: Exposure to credit risk and expected credit losses in connection with current trade receivables (excluding the Group)

in EUR thousand	Gross value as at 1 January 2018	Average percentage of value adjustments created	Value adjustment as at 1 January 2018
Non-past-due	16,697	0.24%	40
0 to 30 days past due	2,966	0.35%	10
31 to 90 days past due	1,118	2.96%	33
91 to 180 days past due	300	28.81%	87
More than 180 days past due	2,253	99.80%	2,248
Exchange rate differences	-4		0
Total	23,330		2,418

IFRS 15 Revenue from Contracts with Customers

IFRS 15 superseded IAS 18 Revenues and IAS 11 Construction Contracts, and numerous other interpretations relating to revenues. The core principle of the new standard is that the recognition of revenues depicts the transfer of goods or services to a customer in an amount that reflects the consideration (i.e. payment) that the Group expects in exchange for those goods or services.

The Company analysed valid contracts with customers in terms of the presence of significant performance obligations, and assessed that the introduction of the new IFRS 15 on 1 January 2018 will not have an effect on its equity. Given the nature of the Company's operations and the types of revenues it generates, the timing of recognition and the measurement of its revenues are not expected to change with the application of the new standard.

Classification and measurement

Revenues from services rendered are recognised in the income statement taking into account the stage of completion of a transaction at the end of reporting period or when performance obligations are fulfilled. The stage of completion is assessed on the basis of a review of costs incurred (review of work performed – measurement of the progress of a transaction).

Revenues from services rendered are measured at the transaction prices of completed services stated in invoices (fulfilment of performance obligations at a given moment) or other documents, or at the prices of incomplete services taking into account the stage of completion thereof (performance obligations are fulfilled over time).

In cases when a particular transaction (performance obligation) is not completed (fulfilled) as at the statement of financial position date, the Company believes that no reliable assessment can be made as to the outcome of such a transaction, but that the progress of that

transaction can be reasonably measured. Thus the Company only recognises revenues up to the amount of direct costs incurred, and for which it can be expected that they will be covered (contribution method).

Amounts collected on behalf of third parties, such as charged value-added tax and other levies (e.g. customs duties) are excluded from sales revenue.

Liabilities from contracts with customers represent an obligation to transfer goods or services to a customer for which consideration was received from the customer (liabilities for advances received).

Contract assets represent the Company's right to consideration for the exchange of goods or services that it has transferred to its customers (current accrued revenues). They also comprise receivables from uncharged customs and other duties that arise in customs clearance procedures that are charged to customers and treated as suspense items.

To ensure the comparability and transparency of items in the Company's statement of financial position, items of comparable data for assets and liabilities were reclassified from contracts with customers.

Reclassification of items of comparable data in the statement of financial position:

- the Company excluded the item 'contract assets' (EUR 1,064 thousand) from the reported item 'current operating receivables' (EUR 23,814 thousand); and
- the Company excluded the item 'contract liabilities' (EUR 46 thousand) from the reported item 'current operating liabilities' (EUR 17,875 thousand).

Those reclassifications also affected the Company's statement of cash flows.

A) NOTES TO THE INCOME STATEMENT

Sales revenue

Sales revenue amounted to EUR 56,702 thousand (compared with EUR 50,829 thousand in the comparable period), while revenues for unfinished services accounted for EUR 1,032 thousand of that amount (EUR 743 thousand during the comparable period).

Table 41: Sales revenue of Intereuropa d.d. by business segment in the period January–June 2018

in EUR thousand	Jan– Jun 2018	Jan– Jun 2017	Jan– Jun 2018	Jan– Jun 2017	Jan– Jun 2018	Jan– Jun 2017	Jan– Jun 2018	Jan– Jun 2017	Jan– Jun 2018	Jan– Jun 2017
	Land transport		Logistics solutions		Intercontinental transport		Other services		Total	
Sales revenue	26,396	23,467	7,854	7,132	20,281	18,046	2,170	2,183	56,702	50,829

Other operating revenues totalled EUR 357 thousand. They mainly relate to revenues from compensation (EUR 111 thousand) and gains on the sale of property, plant and equipment (EUR 108 thousand).

Costs of goods, materials and services

Table 42: Costs of goods, materials and services of Intereuropa d.d. in the period January–June 2018

in EUR thousand	Jan–Jun 2018	Jan–Jun 2017
Costs of materials and historical cost of goods sold	937	906
Cost of services within the Group	1,019	1,040
Cost of services (excluding the Group):	40,486	35,107
direct costs	36,646	32,004
costs of telecommunication services	112	81
maintenance costs	812	718
insurance premiums	222	238
training and education costs	37	26
other costs of services	2,656	2,041
Total	42,442	37,053

Direct costs comprise the costs of subcontractors (transportation, port-related services, etc.) that are directly related to the provision of our services.

Labour costs

Table 43: Labour costs of Intereuropa d.d. in the period January–June 2018

in EUR thousand	Jan–Jun 2018	Jan–Jun 2017
Costs of wages and salaries	6,043	5,796
Social security costs	1,293	1,231
Other labour costs:	1,700	1,590
annual leave allowance	343	666
transportation and meal allowances	747	796
other labour costs	36	128
expenses for employee participation in profits	574	0
Total	9,036	8,616

Labour costs were higher during the reporting period primarily as the result of accrued costs for the participation of employees in profit, and unused annual leave and Christmas bonuses, which were not accrued in the comparable period. The costs of annual leave allowances were disclosed in the full calculated amount during the comparable period, while they were accrued for the first half of the year during the reporting period.

Amortisation/depreciation

Table 44: Amortisation and depreciation of Intereuropa d.d. in the period January–June 2018

in EUR thousand	Jan–Jun 2018	Jan–Jun 2017
Depreciation of property, plant and equipment and investment property	1,791	1,780
Amortisation of intangible assets	239	240
Total	2,030	2,019

Other operating expenses

Table 45: Other operating expenses of Intereuropa d.d. in the period January–June 2018

in EUR thousand	Jan–Jun 2018	Jan–Jun 2017
Building land use fees and similar expenses	484	496
Other operating expenses	43	77
Total	527	573

Finance income and costs

Table 46: Finance income and costs of Intereuropa d.d. in the period January–June 2018

in EUR thousand	Jan–Jun 2018	Jan–Jun 2017
Interest income from Group companies	22	22
Interest income from others	63	79
Income from dividends and other shares in profit from Group companies	733	460
Income from participating interest in joint venture	10	38
Income from dividends and other shares in profit from other companies	0	4
Gains the disposal of financial assets	9	0
Total finance income	837	603
Interest expense and other borrowing expenses	-957	-1,063
Expenses from impairments of investments in participating interests and shares in Group companies	-92	0
Expenses from impairments of other financial assets	0	-5
Expenses from the disposal of financial assets	0	-16
Net exchange rate differences	-2	-2
Total finance costs	-1,051	-1,086
Loss from financing activities	-214	-483

The **profit from ordinary operations** in the amount of EUR 2,709 thousand was the result of operating profit in the amount of EUR 2,923 thousand and a loss from financing activities in the amount of EUR 214 thousand.

Corporate income tax for the reporting period was negative in the amount of EUR 436 thousand, comprising current tax in the negative amount of EUR 144 thousand and deferred tax in the negative amount of EUR 292 thousand.

A **net profit** in the amount of EUR 2,273 thousand was thus achieved taking into account corporate income tax.

B) NOTES TO THE STATEMENT OF FINANCIAL POSITION

Property, plant and equipment

Table 47: Property, plant and equipment of Intereuropa d.d. as at 30 June 2018

in EUR thousand	30 June 2018	31 December 2017
Land and buildings	83,982	85,582
a) Land	46,619	46,639
b) Buildings	37,364	38,943
Plant and equipment	4,155	4,192
Investments in foreign fixed assets	2	2
Property, plant and equipment in acquisition	317	72
Total	88,456	89,848

The carrying amount of property, plant and equipment (land and buildings) under mortgage was EUR 76,672 thousand as at 30 June 2018 (comprising collateral for loans received and contingent liabilities). Intereuropa d.d. had no other legal restrictions on the disposal of the aforementioned assets.

Investment property

The carrying amount of investment property was EUR 8,905 thousand as at 30 June 2018. The increase in the value of investment property during the accounting period was the result of a transfer from property, plant and equipment in the amount of EUR 343 thousand, while the value of investment property was reduced by EUR 106 thousand on account of depreciation.

The carrying amount of investment property pledged as collateral was EUR 8,521 thousand as at 30 June 2018. That amount represents additional collateral for liabilities for which the underlying collateral comprises pledged items of property, plant and equipment.

Intangible assets

Table 48: Intangible assets of Intereuropa d.d. as at 30 June 2018

in EUR thousand	30 June 2018	31 December 2017
Long-term property rights	323	411
Other intangible assets	2,760	2,912
Intangible assets under construction	352	229
Total	3,436	3,552

Loans granted and deposits

Table 49: Loans granted and deposits of Intereuropa d.d. as at 30 June 2018.

in EUR thousand	30 June 2018	31 December 2017
Long-term loans granted and deposits	151	229
- loans to subsidiaries	141	189
- deposits	10	40
Short-term loans granted and deposits	1,213	1,211
- loans to subsidiaries	1,183	1,181
- deposits	30	30
Total	1,365	1,441

As at 30 June 2018, the Company had pledged long-term deposits in the amount of EUR 10 thousand and short-term deposits in the amount of EUR 30 thousand as collateral for contingent liabilities.

Other non-current financial assets

Table 50: Other non-current financial assets of Intereuropa d.d. as at 30 June 2018

in EUR thousand	30 June 2018	31 December 2017
Non-current investments in shares and participating interests in subsidiaries	44,257	44,257
Non-current investment in a participating interest in an associate	39	39
Other non-current financial assets	27	27
Total	44,323	44,323

The carrying amount of pledged investments in shares and participating interests in subsidiaries was EUR 9,274 thousand. That amount represents additional collateral for liabilities for which the underlying collateral comprises pledged items of property, plant and equipment.

Current operating receivables

Table 51: Current operating receivables of Intereuropa d.d. as at 30 June 2018

in EUR thousand	30 June 2018	31 December 2017
Current operating receivables from Group companies	549	581
Current operating receivables from Group companies for interest	188	188
Current receivables for dividends and other shares in profit of Group companies	285	0
Current trade receivables (excluding the Group)	24,063	21,238
Other current operating receivables	460	742
Total	25,545	22,750

The Company had current trade receivables with a carrying amount of EUR 10,000 thousand pledged as collateral. That amount represents additional collateral for contingent liabilities for which the underlying collateral comprises pledged items of property, plant and equipment.

Other current assets amounting to EUR 1.000 thousand comprise current deferred costs.

Provisions

Table 52: Provisions of Intereuropa d.d. as at 30 June 2018.

in EUR thousand	30 June 2018	31 December 2017
Provisions for retirement benefits and loyalty bonuses	985	1,023
Provisions for lawsuits	85	85
Other provisions	878	878
Total	1,948	1,986

The full amount of **non-current financial liabilities** (EUR 61,969 thousand) relates to long-term loans received.

Current financial liabilities amounted to EUR 6,983 thousand and comprise the current portion of long-term loans (EUR 4,300 thousand), short-term loans (EUR 2,150 thousand) and liabilities for preferred dividends (EUR 533 thousand).

Current operating liabilities

Table 53: Current operating liabilities of Intereuropa d.d. as at 30 June 2018

in EUR thousand	30 June 2018	31 December 2017
Current operating liabilities to group companies	383	357
Current trade payables (excluding the Group)	15,752	15,467
Other current operating liabilities	2,782	2,005
Total	18,918	17,829

C) OTHER NOTES

Contingent liabilities

Table 54: Contingent liabilities of Intereuropa d.d. as at 30 June 2018

in EUR thousand	30 June 2018	31 December 2017
From bank guarantees and guarantees given to Group companies	624	1,075
From bank guarantees and guarantees given to others	9,555	9,555
From lawsuits	76	58
To D.S.U., družba za svetovanje in upravljanje, d.o.o.	126	126
Total	10,381	10,814

Fair value

Table 55: Fair value of financial instruments of Intereuropa d.d. as at 30 June 2018

in EUR thousand	30 June 2018		31 December 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Financial assets measured at fair value through profit or loss*	27	27	0	0
Loans and deposits	1,365	1,365	1,441	1,441
Operating receivables	25,561	25,561	22,766	22,766
Cash and cash equivalents	101	101	413	413
Total	27,053	27,053	24,619	24,619
Liabilities				
Loans	68,419	68,419	70,990	70,990
- at fixed interest rates	1,560	1,560	500	500
- at variable interest rates	66,859	66,859	70,490	70,490
Liabilities for dividends	533	533	533	533
Operating liabilities	19,801	19,801	18,201	18,201
Total	88,753	88,753	89,724	89,724

* The Company began applying IFRS 9 on 1 January 2018. Comparable data have thus not been recalculated.

Table 56: Fair value hierarchy of assets at Intereuropa d.d. as at 30 June 2018

in EUR thousand	30 June 2018			
	Level 1	Level 2	Level 3	Total
Fair value hierarchy				
Land	0	0	46,619	46,619
Financial assets measured at fair value through profit or loss*	0	0	27	27
Total	0	0	46,646	46,646
in EUR thousand	31 December 2017			
	Level 1	Level 2	Level 3	Total
Fair value hierarchy				
Land	0	0	46,639	46,639
Total	0	0	46,639	46,639

* The Company began applying IFRS 9 on 1 January 2018. Comparable data have thus not been recalculated.

The table only includes assets measured at fair value. The Company assesses that the carrying amount of financial assets and financial liabilities not measured at fair value reflects their fair value.

TRANSACTIONS BETWEEN RELATED PARTIES

Table 57: Transactions between related parties

Revenues from the sale of services in EUR thousand	Jan–Jun 2018	Jan–Jun 2017
Subsidiaries	1,823	1,668
Associate	313	360
Companies that are controlled or jointly controlled by an individual, or a member of their immediate family, who is in a relationship with Intereuropa d.d.	30	23
Costs of services in EUR thousand	Jan–Jun 2018	Jan–Jun 2017
Subsidiaries	1,019	1,040
Associate	2,063	2,084
Companies that are controlled or jointly controlled by an individual, or a member of their immediate family, who is in a relationship with Intereuropa d.d.	9	0
Interest income in EUR thousand	Jan–Jun 2018	Jan–Jun 2017
Subsidiaries	22	22
Interest expense in EUR thousand	Jan–Jun 2018	Jan–Jun 2017
Subsidiaries	8	0
Income from participating interests in EUR thousand	Jan–Jun 2018	Jan–Jun 2017
Subsidiaries	8	0
Associate	10	
Balance of operating receivables in EUR thousand	30 June 2018	31 December 2017
Subsidiaries	1,022	769
Associate	127	104
Companies that are controlled or jointly controlled by an individual, or a member of their immediate family, who is in a relationship with Intereuropa d.d.	5	7

Balance of operating liabilities in EUR thousand	30 June 2018	31 December 2017
Subsidiaries	383	357
Associate	599	534

Loans granted in EUR thousand	30 June 2018	31 December 2017
Subsidiaries	1,324	1,370

Loans received in EUR thousand	30 June 2018	31 December 2017
Subsidiaries	1,560	500

FINANCIAL RISKS

The Company manages liquidity risk through the active management of cash, which includes:

- the monitoring and planning of cash flows;
- regular collection activities and daily contact with major customers; and
- the option of using short-term credit lines via banks.

The table illustrates estimated undiscounted cash flows, including future interest.

Table 58: Liquidity risk as at 30 June 2018

in EUR thousand							
30 June 2018	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Loans received within the Group on the basis of loan agreements	1,560	1,580	514	1,066	0	0	0
Loans received from others on the basis of loan agreements	66,859	69,025	3,570	3,070	62,385	0	0
Liabilities for dividends	533	533	533	0	0	0	0
Operating liabilities to Group companies	383	383	383	0	0	0	0
Trade payables (excluding the Group)	16,034	16,034	15,730	19	122	71	92
Other operating liabilities	3,384	3,384	2,782	0	602	0	0
Total	88,753	90,939	23,513	4,155	63,109	71	92

Table 59: Liquidity risk as at 31 December 2017

in EUR thousand							
31 December 2017	Carrying amount	Total contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Loans received within the Group on the basis of loan agreements	500	509	5	504	0	0	0
Loans received from others on the basis of loan agreements	70,490	73,656	3,016	3,004	67,636	0	0
Liabilities for dividends	533	533	0	533	0	0	0
Operating liabilities to Group companies	357	357	357	0	0	0	0
Trade payables (excluding the Group)	15,749	15,749	15,442	25	119	71	92
Other operating liabilities	2,095	2,095	2,005	0	90	0	0
Total	89,724	92,898	20,825	4,065	67,845	71	92

Financial liabilities from bank loans based on a financial restructuring agreement fall due for payment during the second half of 2019. The Company is planning to implement a strategy in 2018 aimed at the sale of certain non-strategic real estate and further reduce the balance of long-term bank loans received, which in turn will reduce liquidity risk. The Company intends to refinance the remainder of principal that will fall due during the second half of 2019.

Table 60: Currency risk as at 30 June 2018

in EUR thousand				
30 June 2018	EUR	USD	Other	Total
Operating receivables from Group companies	1,022	0	0	1,022
Other operating receivables	24,314	220	5	24,539
- of which trade receivables	23,875	202	2	24,079
Short-term loans to Group companies	1,183	0	0	1,183
Long-term loans to Group companies	141	0	0	141
Long-term deposits placed	10	0	0	10
Short-term loans granted and deposits placed with others	30	0	0	30
Short-term loans received from Group companies	-1,560	0	0	-1,560
Long-term loans from others	-61,969	0	0	-61,969
Short-term loans received from others and other current financial liabilities	-5,423	0	0	-5,423
Operating liabilities within the Group	-383	0	0	-383
Current operating liabilities to others	-19,258	-119	-41	-19,418
- of which trade payables	-15,892	-101	-41	-16,034
Exposure disclosed in the statement of financial position	-61,893	101	-37	-61,828

Table 61: Currency risk as at 31 December 2017

in EUR thousand				
31 December 2017	EUR	USD	Other	Total
Operating receivables from Group companies	769	0	0	769
Other operating receivables	21,815	175	6	21,997
- of which trade receivables	21,083	169	3	21,254
Short-term loans to Group companies	1,181	0	0	1,181
Long-term loans to Group companies	189	0	0	189
Long-term loans granted and deposits	40	0	0	40
Short-term loans granted and deposits placed with others	30	0	0	30
Short-term loans received from Group companies	-500	0	0	-500
Long-term loans from others	-66,327	0	0	-66,327
Short-term loans received from others and other current financial liabilities	-4,696	0	0	-4,696
Operating liabilities within the Group	-342	-15	0	-357
Current operating liabilities to others	-17,619	-209	-16	-17,844
- of which trade payables	-15,532	-203	-15	-15,749
Exposure disclosed in the statement of financial position	-65,458	-48	-10	-65,517

Table 62: Exposure to credit risk and expected credit losses in connection with current trade receivables

in EUR thousand	Gross value as at 30 June 2018	Average percentage of value adjustments created	Value adjustment as at 30 June 2018
Non-past-due	20,430	0.23%	48
0 to 30 days past due	2,919	0.83%	24
31 to 90 days past due	1,139	2.59%	29
91 to 180 days past due	282	20.23%	57
More than 180 days past due	2,422	100.00%	2,422
Exchange rate differences	1	0.00%	0
Total	27,193		2,581

The Company believes that credit risk is appropriately managed. The most significant risk in the aforementioned category is the risk of payment delays and default by customers, where control limits and mechanisms are in place for approving exposure to credit risk for major customers.

Table 63: Changes in adjustments to the value of current trade receivables

in EUR thousand	30 June 2018	31 December 2017
Adjustment to value of receivables as at 1 January*	2,520	2,372
- write-offs of receivables	-28	-657
- net effect of the impairment of receivables (loss due to the impairment of receivables, including the reversal of impairment losses)	90	376
Total	2,581	2,092

* The Company began applying IFRS 9 on 1 January 2018. Comparable data have thus not been recalculated.

Table 64: Exposure to credit risk and expected credit losses in connection with other current operating receivables

in EUR thousand	Gross value as at 30 June 2018	Value adjustment as at 30 June 2018
Non-past-due	460	0
0 to 30 days past due	1,264	1,264
Total	1,724	1,264

Table 65: Changes in adjustments to the value of other current operating receivables

in EUR thousand	30 June 2018	31 December 2017
Adjustment to value of receivables as at 1 January	1,264	1,256
- net effect of the impairment of receivables (loss due to the impairment of receivables, including the reversal of impairment losses)	0	8
Total	1,264	1,264

The table below presents an interest-rate sensitivity analysis and the impact on profit from ordinary operations.

Table 66: Interest-rate risk as at 30 June 2018

Type of variable interest rate	Loan amount 30 June 2018	Increase in IR by 10 basis points	in EUR thousand	
			Increase in IR by 25 basis points	Increase in IR by 50 basis points
3-month EURIBOR	66,859	-67	-167	-334

Table 67: Interest-rate risk as at 31 December 2017

Type of variable interest rate	Loan amount 31 December 2017	Increase in IR by 10 basis points	in EUR thousand	
			Increase in IR by 25 basis points	Increase in IR by 50 basis points
3-month EURIBOR	70,490	-70	-176	-352

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period.