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

JANUARY–SEPTEMBER 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–September 2018.

The consolidated and separate financial statements for the periods January–September 2018 and January–September 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–September 2018 at its session on 22 November 2018.

The document Unaudited business report of the Intereuropa Group and Intereuropa d.d. for the period January–September 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 22 November 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, delniška družba and the Intereuropa Group for the period January–September 2018 has been compiled in accordance with IAS 34, and must be read in conjunction with the audited 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, 12 November 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 Jan–Sep 2018	Jan–Sep 2017*	Index 18/17	INTEREUROPA D.D. Jan–Sep 2018	Jan–Sep 2017*	Index 18/17
Sales revenue	119,240	110,236	108	83,631	76,020	110
EBITDA	10,810	10,880	99	7,975	7,409	108
Operating profit (EBIT)	6,079	5,786	105	4,919	4,382	112
Loss from financing activities	-1,489	-1,837	-	-486	-959	-
Profit from ordinary operations	4,597	3,961	116	4,433	3,423	129
Net profit	4,181	3,369	124	3,817	2,971	128
EBITDA margin (in %)	9.1	9.9	92	9.5	9.7	98
EBIT margin (in %)	5.1	5.2	97	5.9	5.8	102
Sales revenue per employee/month	10.302	9.207	112	16.516	14.546	114
Value added per employee/month	2.758	2.559	108	4.281	3.834	112
ROE (in %)**	4.6	3.4	135	6.0	4.5	132
	30 Sep 2018	31 Dec 2017*	Index 18/17	30 Sep 2018	31 Dec 2017*	Index 18/17
Assets	232,828	233,759	100	184,542	184,366	100
Equity	124,553	121,136	103	88,279	84,884	104
Net debt	60,457	67,114	90	64,051	69,670	92
No. of employees	1,337	1,369	98	594	589	101
				Jan–Sep 2018	Jan–Dec 2017	Index 18/17
Number of shares at the end of period				27,488,803	27,488,803	100
Earnings per share (in EUR)				0.14	0.01	1,400
Closing price at the end of period (in EUR)				2.7	2.00	135
Book value per share at the end of period (in EUR)				3.21	3.09	104
P/B				0.84	0.65	129
P/E				14.5	200.00	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 September 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	- 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	1,337
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 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.

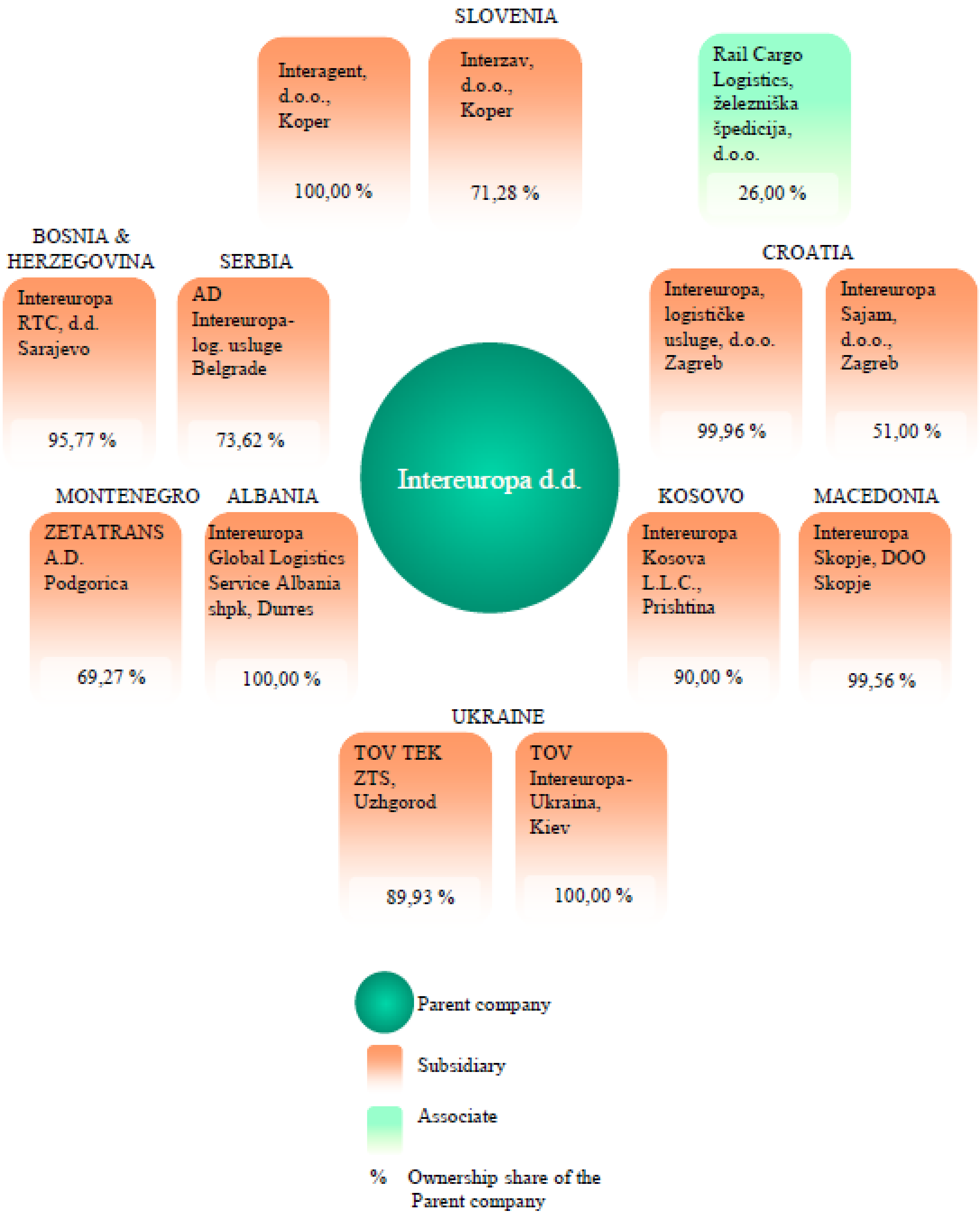


Figure 1: Intereuropa Group as at 30 September 2018

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

→ 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, appointed KPMG Slovenija, d.o.o. as certified auditor for 2018, and adopted a decision leaving distributable profit for 2017 in the amount of EUR 3,849,131.80 undistributed in full.

September

→ Between 11 and 16 September Intereuropa began serving in its role as the official logistics partner of Celjski sejem d.d. at the 51st International trade fair. We invited our current business partners to the trade fair and strengthened our partnerships with them. We also held talks with potential new partners.

EVENTS AFTER THE REPORTING PERIOD

October

→ On 12 October the Intereuropa Group is awarded a silver medal by the EcoVadis assessment firm.
→ Within the scope of the Competence Centre project, which ended in September, Intereuropa focused most on the perfection of employee competences in the areas of management, sales, communication and corporate integrity.
→ On 19 October Intereuropa informs the general public that it received notification from a consultant to shareholders/sellers on 17 October 2018 that shareholders/sellers have decided to invite four interested investors to submit a binding offer.

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–September 2018, in EUR thousand

Item/Indicator	Jan–Sep 2018	Jan–Sep Plan 2018	Jan–Sep 2017*	Index 2018/plan	Index 18/17
Sales revenue	119,240	118,205	110,236	101	108
EBITDA	10,810	11,372	10,880	95	99
Operating profit	6,079	6,153	5,786	99	105
Loss from financing activities	-1,489	-1,655	-1,837	-	-
Profit from ordinary operations	4,597	4,516	3,961	102	116
Corporate income tax and deferred tax	416	522	592	80	70
Net profit	4,181	3,994	3,369	105	124
EBITDA margin (in %)	9.1	9.6	9.9	94	92
EBIT margin (in %)	5.1	5.2	5.2	98	97
Sales revenue per employee/month	10.302	9.698	9.207	106	112
Value added per employee/month	2.758	2.612	2.559	106	108
ROE (in %)**	4.6	2.8	3.4	164	135

Item/Indicator	30 Sep 2018	31 Dec 2017*	Index 18/17
Assets	232,828	233,759	100
Equity	124,553	121,136	103
Net debt	60,457	67,114	90
Current assets/current liabilities	0.51	1.34	38

* 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 three quarters of the year, the Group exceeded the planned sales revenues and the sales revenues generated during the same period last year, as well as the operating profit 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. Also contributing to those favourable results in the context of growth in sales were lower depreciation and amortisation expenses as the result of the revaluation of real estate over the past year, and higher revenues from the reversal of non-current provisions in the amount of EUR 0.9 million. 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 1.0 million, while these amounts were not accrued or planned in year-on-year terms in previous years.

→ The trend of a falling sales margin slowed slightly during the third quarter of this year.

→ EBITDA was 5% lower than planned and down 1% on the same period last year, the main factor being poor performance of the Serbian subsidiary as a result of the harmful conduct of the former executive staff.

Loss from financing activities

→ The loss from financing activities is slightly better than planned as the result of lower net interest expenses and lower expenses from exchange rate differences.

Profit from ordinary operations and net profit

→ The Group exceeded planned profit from ordinary operations during the first three quarters of the year by 2%. Its net profit amounted to EUR 4.2 million following the calculation of current and deferred income tax, which was 5% above planned net profit, and 24% higher than the net profit achieved during the comparable period last year.

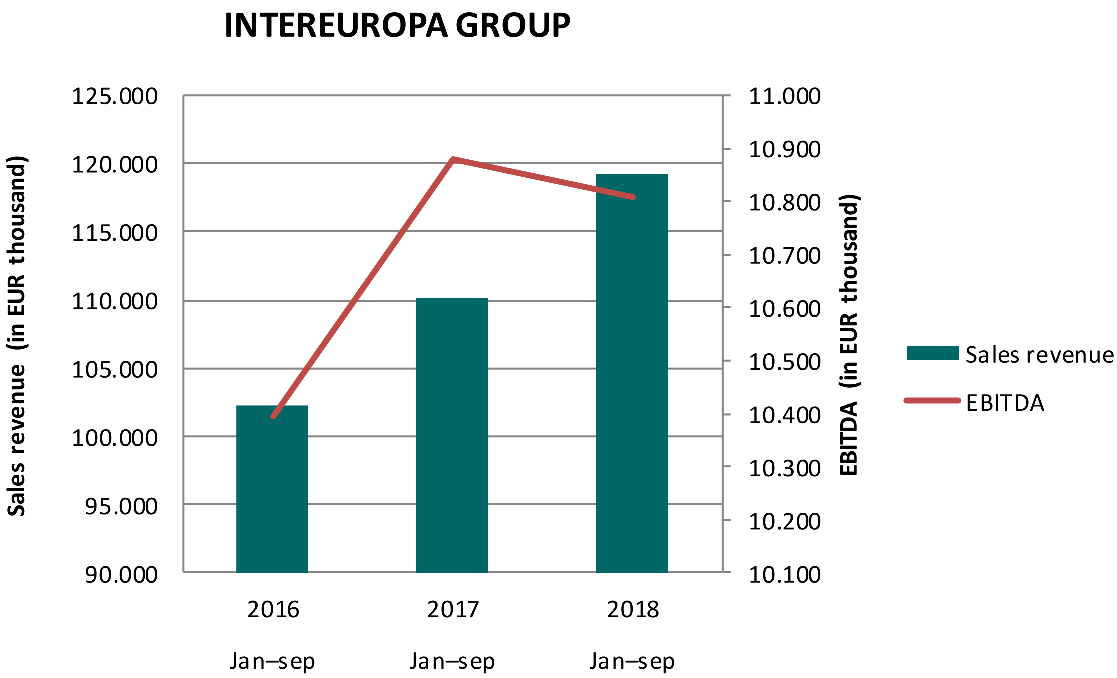


Figure 2: Change in EBITDA and sales revenue in the period January–September between 2016 and 2018

Structure of the statement of financial position

→ The current ratio amounted to 0.51 and was down 0.86 on the end of the previous reporting period. The major change was the result of the transfer of non-current liabilities to current liabilities due to the bank loans received based on a financial restructuring agreement falling due for payment in September 2019. The ratio of equity to total assets did not change significantly in the third quarter and currently stands at 53.5%.

→ The Group's net debt amounted to EUR 60.5 million at the end of the third quarter, down EUR 3.9 million on the end of the previous reporting period and down 6.7 million or 10% on the end of 2017.

1.2 Sales

The Intereuropa Group generated **EUR 119.2 million in sales revenue** in the period January–September 2018, an increase of 8% on the results generated during the same period last year. Sales revenue was up in all operating segments, with growth in sales of road, domestic, railway, sea transport, car logistics and distribution services standing out most.

In the land transport segment, which accounts for 53% of the Group's sales, sales revenue of EUR 63.6 million was generated during the first nine months of the year, an increase of 7% on the results achieved during the same period last year. The highest proportion or 61% of sales revenue from land transport was generated by the parent company in Slovenia, which recorded 9% growth in sales revenue relative to the same period last year. Sales revenue from road transport services, which account for 51% of sales in the land transport segment, was up by 5%. Groupage services, which account for 19% of total land transport services, recorded growth of 6%.

Sales revenue in the intercontinental transport segment totalled EUR 33.3 million during the period January–September 2018, an increase of 13% relative to the same period last year. The highest growth, of 15%, was recorded in the car logistics segment, followed by 14% growth in the sea freight segment.

The Intereuropa Group generated EUR 17.4 million in sales revenue in the logistics solutions segment during the first nine months of 2018, an increase of 8% 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 9%.

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

Operating segment	Jan–Sep 2018	Structure	Index 18/17	Index 2018/plan
Land transport	63,600	53%	107	100
Logistics solutions	17,388	15%	108	100
Intercontinental transport	33,269	28%	113	103
Other services	4,983	4%	101	103
TOTAL SALES REVENUE	**119,240**	**100%**	**108**	**101**

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, Albania and Serbia, and at Interagent.

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–Sep 2018	Structure	Index 18/17
1	Slovenia*	81,301	68%	110
2	Croatia	17,680	15%	111
3	Bosnia and Herzegovina	5,423	5%	112
4	Serbia	3,571	3%	79
5	Montenegro	4,598	4%	100
6	Ukraine	2,611	2%	108
7	Kosovo	2,415	2%	115
8	Macedonia	1,373	1%	87
9	Albania	268	0%	92
	TOTAL SALES REVENUE	**119,240**	**100%**	**108**
1	EU countries	98,981	83%	110
2	Non-EU countries	20,258	17%	100

* Slovenia also includes adjustments with exclusions that are subject to consolidation procedures.

During the period January–September 2018, companies in Slovenia together generated 68% of the Group's sales revenue, and recorded 10% growth in sales revenue relative to the same period in 2017. In addition to Slovenia, the highest growth was also recorded by the companies in Bosnia and Herzegovina (in the sea, air and road transport segments), Croatia (in the sea, air and distribution segments), and Kosovo (in the distribution and sea segments), while the sharpest drops were seen at the subsidiary in Serbia (in all intercontinental transport segments and in road transport service) and Macedonia (in the road transport segment, as the result of one-off transactions during the same period last year, and in the air transport segment).

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, which is already implementing activities to rectify the situation. However, it is still expected that the negative effects will still be reflected in the operations in the coming period.

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–Sep 2018	Structure	Index 18/17
1	Slovenia	49,298	41%	106
2	Croatia	14,903	12%	112
3	Austria	5,805	5%	90
4	Germany	5,367	5%	129
5	Bosnia and Herzegovina	4,727	4%	107
6	Ukraine	477	0%	82
7	Other countries	38,663	32%	111
7a	Other EU countries	18,733	16%	118
7b	Rest of the world	19,930	17%	106
	TOTAL	**119,240**	**100%**	**108**

The largest proportion of the Intereuropa Group's sales revenue (41%) was generated by sales to customers with head offices in Slovenia, while customers from the other countries of the former Yugoslavia accounted for 25% of sales. Sales to customers with head offices in all other countries accounted for 34% of the Group's total sales revenue.

LAND TRANSPORT

In the period January–September 2018 the land transport segment generated EUR 63.6 million in sales revenue. The achieved result corresponds to the planned sales revenue figure and was up 7% on the figure achieved in the same period last year. The parent company in Slovenia generated sales revenue of EUR 38.8 million from land transport services, with that amount representing 61% of the total sales of that segment. The figure was up 9% on the same period last year. A decline in the growth of sales was recorded in Slovenia in the third quarter due to the changed contractual relationship with a major customer. Encouraging growth in sales was recorded at companies in Bosnia and Herzegovina, Croatia and Kosovo. The largest lag behind the sales targets was recorded at the company in Serbia, which both lags behind the plans and last year's results.

Physical growth in the land transport segment during the first nine months 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–Sep 2018	Structure	Index 18/17
LAND TRANSPORT	**63,600**	**100%**	**107**
Groupage services	12,053	19%	106
Domestic transport	9,834	15%	113
Road transport	32,225	51%	105
Customs services	5,981	9%	99
Railway freight	3,506	6%	120

→ Between January and September 2018, the groupage service segment significantly increased sales compared with the same period last year and achieved the outlined sales objectives at the Group level. The main factor in this was the parent company in Slovenia, which in comparison with the same period last year increased sales by 11% and thus covered the loss that the groupage segment incurred in Serbia. In the groupage service segment, Intereuropa Kosovo, which exceeded the planned targets by 11%, and Intereuropa Croatia, which exceeded the planned figure by 6%, need to be singled out.

→ The Group recorded a 13% increase in sales revenue from domestic transport services relative to the same period in 2017, while sales 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 (60%), followed by the company in Slovenia (24%), the subsidiary in Bosnia and Herzegovina (10%), and the subsidiaries in Serbia (3%), Montenegro (1%), and Macedonia (1%) for the first time.

→ The Croatian company recorded 17% growth in sales revenue from domestic transport services relative to the same period in 2017, and exceeded planned targets by 31%.

→ The parent company in Slovenia recorded 13% growth in sales revenue from domestic transport services and exceeded planned targets by 19%.

→ 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, production, throughput warehouses 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 in the second and third quarters of 2018.

→ Currently intensive preparations are underway for the introduction of the WEX single information solution at the subsidiary in Bosnia and Herzegovina. That solution will help the company gain suitable information support to expand its operations on the market.

→ There is increased market demand for road transport services, which makes it much more difficult to ensure sufficient capacities to meet the current demand of customers. Nevertheless, customers are still applying pressure on prices in tenders for long-term transactions.

→ The railway transport segment is lagging behind the planned targets, while exceeding last year's sales result by 20%. The company in Slovenia recorded 25% growth in sales in the period January–September 2018 compared with the same period last year. The positive sale growth relative to last year's result is also maintained by the company in the Ukraine.

→ 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 economic growth and increased demand for transport capacities. Despite this fact, the road transport segment recorded growth in the number of orders and sales of all products relative to the same period last year.

→ The customs services segment lags behind both the planned targets (index of 96) and last year's results (index of 99). The largest decline in sales was recorded by the parent company and the company in Serbia. While the loss of sales of customs services in Slovenia can be linked to the market situation and decline in demand for such services, the situation in Serbia is the result of HR issues that the company incurred after the management was replaced.

LOGISTICS SOLUTIONS

The Intereuropa Group's logistics solutions segment generated EUR 17.4 million in sales revenue during the period January–September 2018 or 15% of the Group's total sales. This translates to 8% growth in sales in this segment relative to the same period in 2017, while actual sales were almost 0.5% 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, EUR 11.9 million was generated in sales revenue in the period January–September 2018 or 69% of total sales of logistics solutions. Last year's sales revenue was thus exceeded by 8%, while the planned targets were achieved. These results are the fruit of new transactions and fully utilised 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 3.3 million in sales revenue in the period January–September 2018 or 19% of total sales of logistics solutions. During the aforementioned period, the two companies in Croatia together recorded a 10% increase in sales revenue relative to last year, while sales revenue was 2% below planned targets.

In Montenegro, which accounts for almost 8% of the Group's storage capacities, the logistics solutions segment generated EUR 0.7 million in sales revenue in the period January–September 2018 or 4% of total sales of logistics services. During the aforementioned period, the figures in Montenegro fell 1% below last year's sales revenue, while sales revenue was 4% below planned targets.

In Serbia, which accounts for 10% of the Group's storage capacities, the logistics solutions segment generated EUR 0.7 million in sales revenue during the period January–September 2018 or 4% of total sales of logistics services. Sales revenue was down by 6% during the aforementioned period relative to last year, while results were 15% below planned targets.

The sales revenue generated by the logistics solution segment in Macedonia and Kosovo exceeded planned targets, by 29% in Macedonia and by 7% in Kosovo. Sales revenue in Macedonia was up by 31% on last year's results, while sales revenue in Kosovo was up by 8% relative to last year.
Numerous activities were carried out, particularly at companies in Slovenia, Croatia, Bosnia and Herzegovina, and Kosovo 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–Sep 2018	Structure	Index 18/17
LOGISTICS SOLUTIONS	**17,388**	**100%**	**108**
Storage	15,254	88%	105
Distribution	2,134	12%	142

→ 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 and Montenegro.
→ Growth was recorded in revenues from the sale of distribution services in both Slovenia and Croatia as a result of a change in the booking of sales following the introduction of warehouse operations into WexVS.

INTERCONTINENTAL TRANSPORT

Sales revenue in the intercontinental transport segment totalled EUR 33.3 million during the period January–September 2018, representing 28% of the Intereuropa Group's total sales. The Intereuropa Group recorded 13% growth in sales revenue relative to the same period in 2017 and exceeded planned targets by 3%.

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

INTEREUROPA GROUP	Jan–Sep 2018	Structure	Index 18/17
INTERCONTINENTAL TRANSPORT	**33,269**	**100%**	**113**
Sea freight	24,596	74%	114
Car logistics	4,099	12%	115
Shipping agency	350	1%	100
Air freight	4,224	13%	106

→ The sea freight segment includes conventional freight, container shipping and RO-RO products. The container shipping segment is recording the highest 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 transhipment 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.
→ 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 we 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

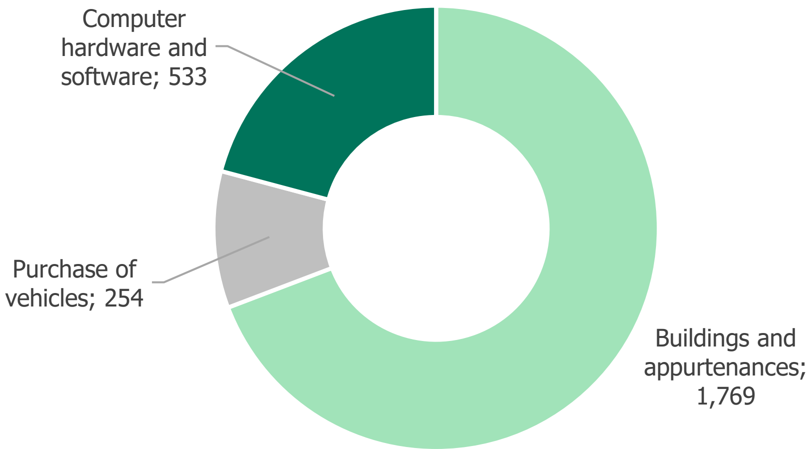
The Intereuropa Group invested EUR 2,556 thousand in fixed assets during the first nine months of 2018, which is almost double the amount invested during the same period last year. Of the aforementioned amount, EUR 1,167 thousand was invested in property, while EUR 1,389 thousand was invested in equipment and intangible assets. A total of 33% of the annual investment plan was thus achieved.

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

	Total property			Total equipment and intangible assets			TOTAL INVESTMENTS			percentage of the annual figure
Company	2018 Jan-Sep	2018 Plan	2017 Jan-Sep	2018 Jan-Sep	2018 Plan	2017 Jan-Sep	2018 Jan-Sep	2018 Plan	2017 Jan-Sep	Realis. of the plan (actual)
Intereuropa d.d.	908	2,126	250	976	3,105	484	1,884	5,231	734	36.0
Subsidiaries	259	492	242	413	2,141	331	672	2,633	573	25.5
TOTAL	**1,167**	**2,618**	**492**	**1,389**	**5,246**	**815**	**2,556**	**7,864**	**1,307**	**32.5**

The parent company Intereuropa d.d. invested EUR 1,884 thousand in property, plant and intangible assets, while other Group companies invested EUR 672 thousand in fixed assets.

Figure 3: Structure of investments in the Intereuropa Group for the period January–September 2018, in EUR thousand



The Intereuropa Group implemented several new investments in the first nine months of 2018 that will be completed during the last quarter, of which the construction of an eco-island with additional storage capacities in Celje is the largest.

1.4 Human resource management

CHANGE IN NUMBER OF EMPLOYEES

→ The Intereuropa Group had 1,337 employees as at 30 September 2018, a decrease of 2.3% or 32 employees relative to the last day of 2017.
→ The Group hired 131 new employees during that period. The reasons for new hires were as follows: 63 workers were hired due to new transactions and the increased scope of work, 51 new employees were hired to replace workers who left the Company or changed positions within the Company, 15 workers were transferred from an employment agency to the parent company and two workers were hired for other reasons.
→ A total of 163 employees left the Intereuropa Group in the period January–September 2018 as follows: the employment of 104 workers was terminated by agreement at the request of those employees, 18 employees retired, the temporary employment contracts of 26 employees expired, 11 employees were laid off for business reasons due to the elimination of their positions, and four 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 3.7 percentage points on the same period last year.
→ An average of 241 workers, recalculated as FTEs, performed work via employment agencies and student services during the period under observation, an increase of 44 relative to the same period last year.
→ An average of 135 workers, recalculated as FTEs, performed work via employment agencies at the parent company during the period under observation, an increase of 32 relative to the same period last year.

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

	30 September 2018	31 December 2017	Difference 18/17	Index 2018/2017
Slovenia	606	602	4	101
Croatia	299	303	-4	99
Bosnia and Herzegovina	127	124	3	102
Serbia	95	115	-20	83
Macedonia	31	33	-2	94
Kosovo	33	41	-8	80
Montenegro	112	115	-3	97
Albania	2	2	0	100
Ukraine	32	34	-2	94
TOTAL	**1,337**	**1,369**	**-32**	**98**

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 and at the subsidiary in Bosnia and Herzegovina.

DEVELOPMENT, EDUCATION AND TRAINING

The Group earmarked EUR 74 thousand for the acquisition of new knowledge and skills during the reporting period (of the EUR 110 thousand planned for that period), an increase of more than EUR 26 thousand relative to the same period last year. Employees completed 8,146 training hours, which is 2,524 fewer hours than in the same period last year, when extensive internal training was carried out in the field of WexVS information support in Croatia.

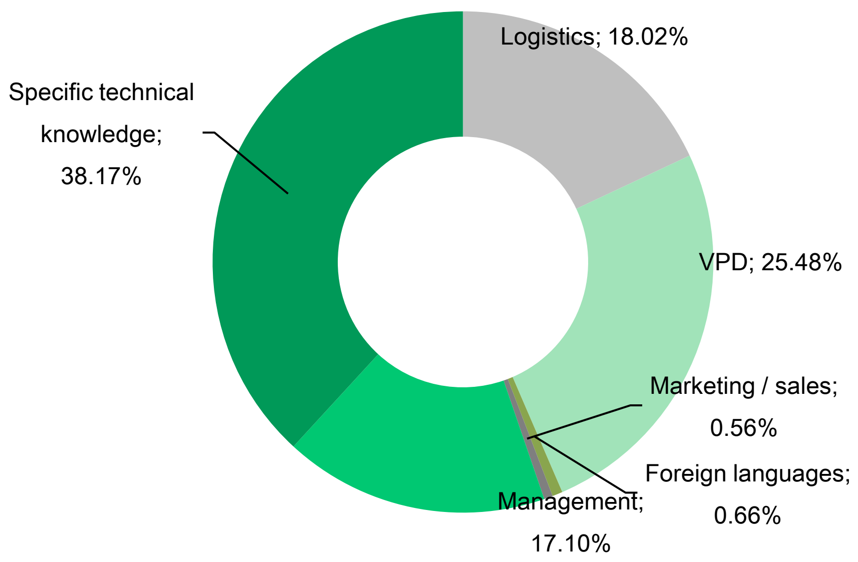


Figure 4: Breakdown of education and training at the Intereuropa Group in terms of hours and content

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, establishment of teams), followed by occupational health, logistics, sales, management and foreign languages.

→ At the Group level, employees received an average of 6 hours of training. Employees at Slovenian Group companies received an average of 6.2 hours of training, those at the subsidiary in Croatia (Intereuropa, logističke usluge, d.o.o., Zagreb) received an average of 12.2 hours and those at other foreign companies received an average of between 0 and 3.3 hours.
→ Internal lecturers conducted 64% of training at the Group level during the reporting period. These included training courses in the area of IT support (WEXVs at the parent company), workshops for warehouse managers, workshops on MS Excel at Slovenian Group companies, occupational safety at Slovenian and Croatian companies, a customs workshop (internal) at the subsidiary in Serbia and OPN and CRM training (both internal workshops) at the subsidiary in Croatia.

OCCUPATIONAL HEALTH AND SAFETY

The absenteeism rate due to sick leave was 6.2% at the parent company during the reporting period, which is above the planned rate of 4% and 0.7 percentage points above the rate recorded during the same period last year. Only sick leave extending past 30 days recorded an increase.

The sick leave rate was also higher than planned target at the subsidiary in Croatia, where it stood at 5.3%, and at the subsidiary in Bosnia and Herzegovina, where it stood at 4.4%. The sick leave rate at the subsidiary in Serbia stood at 4.5%, and was as high as 2.3% at other Group companies.

In accordance with the measures set out in the Plan for the promotion of health at the parent company, in addition to other regular measures, a total of 35 employees took part in the stress management workshop at the parent company.

A total of 14 employees suffered workplace injuries at the Group level, which is two less than in 2017, translating to 0.94% of the total number of employees. Ten employees suffered injuries at the parent company, of whom two are full-time employees, six agency workers and two students, which is one less than in 2017, meaning an injury rate of 1.32% of total employees, which is lower than the target rate of 1.5%.

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

- → At the Group level, 262 employees were referred for preventive, preliminary, specific-purpose and periodic medical examinations, an increase of 2.34% relative to 2017, while that figure was 157 employees at the parent company, an increase of 16.29% relative to 2017.
- → A total of 297 employees received training in the areas of occupational health and safety, and fire safety at the Group level, a decrease of 36.94% relative to 2017, while that figure was 222 employees at the parent company, a decrease of 36.21% relative to 2017.
- → A total of 1022 pieces of various work equipment were examined and tested at the Group level, a decrease of 23.62% relative to 2017, while that figure was 959 pieces at the parent company, a decrease of 23.89% relative to 2017.
- → Special attention was given to ensuring the management of fire risks and to fire-prevention measures.

We carried out periodic inspections of facilities, 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

In September 2018 the revised risk management rules in the Intereuropa Group entered into force and include:

- responsibilities and competences of key persons in risk management activities;
- definition and types of risks;
- organisation of the risk management process;
- methodology for the measurement of exposure to risks;
- process of managing loss events and establishing a register of loss events;
- method of establishing a risk register; and
- informing and reporting methods.

In accordance with these rules risks are identified and categorised into five risk categories, i. e. strategic risks, operational risks, financial risks, regulatory compliance risk and reputation risk.

Strategic risk is the risk of loss as a result of incorrect business decisions, a failure to implement the decisions taken and insufficient responsiveness to changes in the business environment. That risk depends on compliance between the outlined strategic objectives and the business strategy employed to achieve these objectives, the funds invested to achieve these objectives, and on the quality of implementation.

Operational risk represents the possibility of loss due to inadequate or failed implementation of internal procedures, processes, people and systems, but also due to external events.

Financial risks comprise risks associated with the ability to generate finance income, to control finance costs and to preserve the value of financial assets.

Regulatory compliance risks comprise risks associated with compliance with laws and other regulations that relate to company management, relations with employees, industry standards, etc., with internal control systems and a security policy and with the personal accountability of senior management, the members of supervisory boards and the liability of legal entities.

Reputation risk comprises the risk of loss incurred as a result of the tarnished reputation of a company. It relates to a potential negative opinion on the company, in the eyes of different participants, in particular media and the public that can cause financial losses (loss of clients, the market, income as a result of a loss in the trust of current and potential new clients, high-cost court proceedings, liquidity problems, a decline in the share price, etc.).

A total of 40 risks were identified and assessed in the Group during the regular quarterly review of risks, as follows:

- nine strategic risks
- twenty-three operational risks
- five financial risks
- two regulatory compliance risks; and
- one reputation risk.

This involved the identification of seven new risks, i. e. the risk of the loss of and damage to shipments or goods in the process of storage and distribution, in the process of domestic transport, in the process of groupage services, the risk of environmental pollution with hazardous substances, the risk of reduced efficiency in the implementation of operational processes due to the improper implementation of new information solutions or inappropriate design of information solutions, the risk of compliance at group companies with the regulations governing the status of a public limited company, and the risk of the tax administration changing their interpretation of laws, which will result in the retroactive payment of tax (ex post). Some of them were identified within the scope of other risks within the preliminary assessment periods.

No very-high risk levels were identified in the third quarter within the Intereuropa Group, while there were six risks attributed a high risk level, i.e. the risk of loss of sales in the context of a potential fire at the warehouse, the risk associated with the unavailability of the information system and the disruption of operations, the risk associated with inadequate technical and physical security for assets, the risk of the loss of customs terminal status, corruption risk resulting from the presence of group companies in countries with an identified higher degree of corruption, and risk associated with managers at subsidiaries not working for the benefit of shareholders or the company, but for their own benefit.
All the risks, except for the first one, were already identified with a high level of risk during the preliminary assessment.

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

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

Item/Indicator	Jan–Sep 2018	Jan–Sep Plan 2018	Jan–Sep 2017*	Index 2018/plan	Index 18/17
Sales revenue	83,631	82,288	76,020	102	110
Land transport	38,812	38,949	35,756	100	109
Logistics solutions	11,926	11,925	10,989	100	109
Intercontinental transport	29,665	28,254	26,048	105	114
Other services	3,227	3,160	3,227	102	100
EBITDA	7,975	7,186	7,409	111	108
Operating profit	4,919	4,017	4,382	122	112
Loss from financing activities	-486	-744	-959	-	-
Profit from ordinary operations	4,433	3,273	3,423	135	129
Corporate income tax and deferred tax	616	303	452	203	136
Net profit	3,817	2,970	2,971	129	128
EBITDA margin (in %)	9.5	8.7	9.7	109	98
EBIT margin (in %)	5.9	4.9	5.8	120	102
Sales revenue per employee/month	16.516	15.572	14.546	106	114
Value added per employee/month	4.281	3.824	3.834	112	112
ROE (in %)**	6.0	3.2	4.5	187	132
Item/Indicator	**30 Sep 2018**		**31 Dec 2017***		**Index 18/17**
Assets	184,542		184,366		100
Equity	88,279		84,884		104
Net debt	64,051		69,670		92
Current assets/current liabilities	0.36		1.14		31

* 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 its intensive sales activities in the third quarter and in the context of favourable economic conditions continued the trend of exceeding last year's revenues. The Company exceeded both planned and last year's figures in terms of operating profit and EBITDA in the period January–September. In addition to higher sales, the main factor in exceeding the operating profit and EBITDA were also revenues from the reversal of non-current provisions in the amount of EUR 0.9 million. Actual labour costs exceeded planned costs due to accrued expenses for the participation of employees in profit in the amount of EUR 1.0 million, while these amounts were not accrued or planned in year-on-year terms in previous years.

Loss from financing activities

→ The loss from financing activities over the first nine months was EUR 257 thousand better than planned and EUR 472 thousand better than in the same period last year. The main factor in the improved result was higher revenues from participating interests in Group companies and lower net interest expense. 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 three quarters of the year by 35%. The Company's net profit amounted to EUR 3.8 million following the calculation of current and deferred income tax, which was 29% or EUR 0.8 million higher than planned, and 28% or EUR 0.8 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 0.36 and was down 0.75 relative to the previous period, mostly due to the transfer of non-current liabilities to current liabilities as a result of the maturity of non-current liabilities from loans received from banks on the basis of a financial restructuring agreement in September 2019. The ratio of equity to total assets was up by 1 percentage point in the third quarter and currently stands at 47.8%.

→ The Company reduced its net debt by EUR 3.4 million to EUR 64.1 million over the third quarter of 2018, which is also EUR 5.6 million less than the Company's net debt figure at the end of 2017.

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 September 2018

	30 Sep 2018	31 Dec 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	3,927	4,051
Book value per share in EUR	3.21	3.09
Earnings per ordinary share in EUR*	0.14	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–September 2018

	Jan–Sep 2018	Jan–Dec 2017
Closing price at the end of period in EUR*	2.70	2.00
Weighted average price in EUR	2.41	2.26
Highest price in EUR	3.00	2.4
Lowest price in EUR	1.93	1.17
Market capitalisation in EUR thousand*	45,443	33,679
Turnover (in EUR thousand)	1,542	2,558
P/B	0.84	0.65
P/E	14.5	200
Capital yield	34.9%	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

Trading on the Ljubljana Stock Exchange was less pronounced in the third quarter, as the turnover generated in this period was down 8% on the same period last year. Despite the price rise, turnover in IEKG shares was down 25.1% on the same period last year. The market value of IEKG shares fluctuated between EUR 1.93 and EUR 3.00 per share, while the share price closed at EUR 2.70 at the end of September. IEKG shares were up 34.9% over the first nine months of the year, while the Slovenian SBITOP index recorded a 3.8% increase.

The market capitalisation of IEKG shares amounted to EUR 45.4 million at the end of March, accounting for 0.8% of the market capitalisation of all shares on the Ljubljana Stock Exchange.

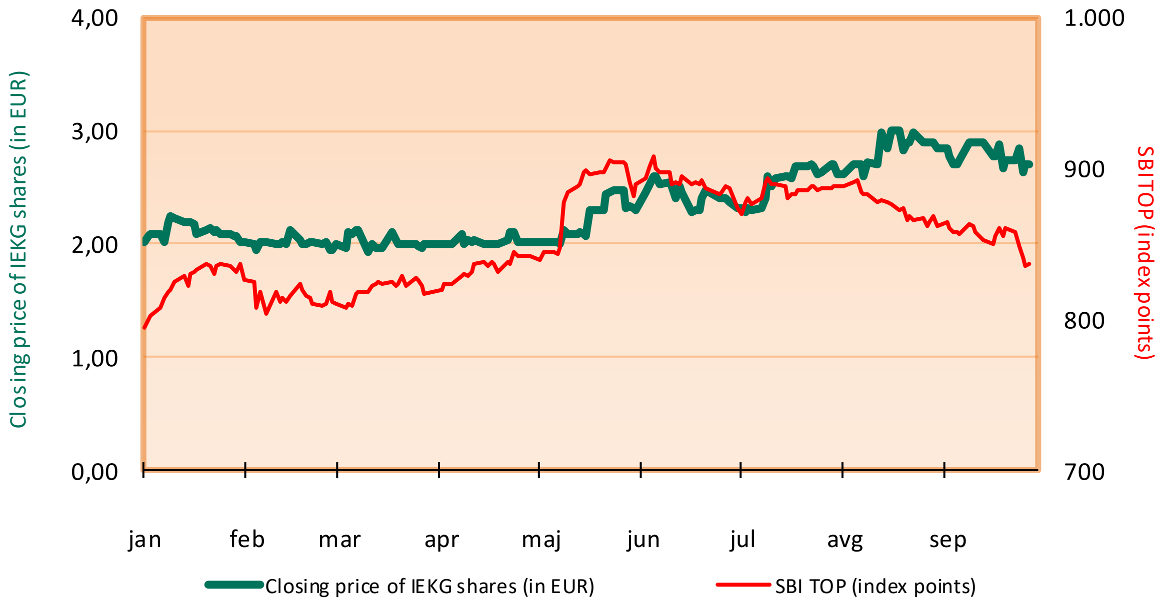


Figure 5: Changes to the closing price of IEKG shares and the SBITOP index in the period January–September 2018

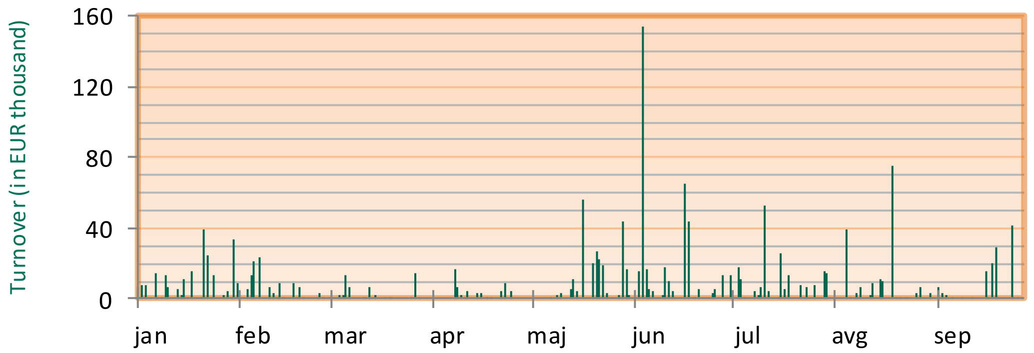


Figure 6: Turnover in IEKG shares in the period January–September 2018

OWNERSHIP STRUCTURE

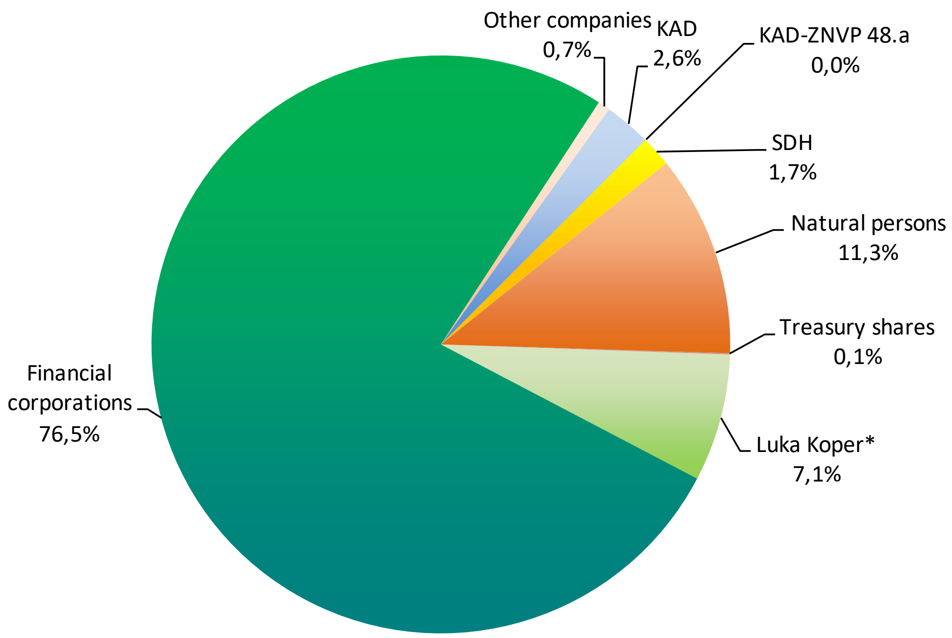
There were no significant changes in the Company's ownership structure during the first nine months of 2018. There were no changes in the Company’s top ten shareholders, whose combined participating interest was unchanged relative to the end of 2017, at 83.6% of total capital.

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

	Shareholder	30 September 2018 Number of shares	30 September 2018 Participating interest (%)	31 December 2017 Number of shares	31 December 2017 (in %)	Index 18/17
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 unchanged relative to the situation as at 31 December 2017, and stood at 0.7% 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 September 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 September 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 September 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 September 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–September 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.

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 September 2018

EUR thousand	January–September 2018	January–September 2017 (adjusted)*
Sales revenue	**119,240**	**110,236**
Gains and losses from the derecognition of operating receivables	-90	2
Other operating revenue	1,686	239
Costs of goods, materials and services	-86,638	-78,020
Labour costs	-21,125	-19,769
Amortisation/depreciation	-4,723	-5,089
Loss due to the impairment of receivables	-270	-149
Other operating expenses	-2,001	-1,665
Operating profit	**6,079**	**5,786**
Interest income	122	154
Other finance income	9	11
Finance costs – costs of financing	-1,533	-1,742
Other finance costs	-87	-260
Loss from financing activities	**-1,489**	**-1,837**
Investment result recognised according to the equity method	7	12
Profit from ordinary operations	**4,597**	**3,961**
Corporate income tax (including deferred taxes)	-416	-592
Net profit for the accounting period	**4,181**	**3,369**
Net profit pertaining to controlling interests	4,027	3,012
Net profit pertaining to non-controlling interests	154	357
Basic and diluted earnings per ordinary share (in EUR)	0.24	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 September 2018

EUR thousand	January–September 2018	January–September 2017
Net profit for the accounting period	**4,181**	**3,369**
Other comprehensive income	**60**	**837**
Items that will be reclassified to profit or loss	**60**	**837**
Change in the fair value of available-for-sale financial assets	-1	42
Change in deferred taxes in the revaluation surplus for available-for-sale financial assets	0	-8
Foreign currency translation differences	61	803
Items that will not be reclassified to profit or loss	**0**	**0**
Transfer of revaluation surplus for land to net profit or loss brought forward	-185	0
Change in deferred taxes	23	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	-23	0
Total comprehensive income	**4,241**	**4,206**
Total comprehensive income pertaining to controlling interests	4,081	3,766
Total comprehensive income pertaining to non-controlling interests	160	440

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

EUR thousand	30 September 2018	31 December 2017 (adjusted*)
ASSETS		
Property, plant and equipment	159,103	166,263
Investment property	9,349	9,179
Intangible assets	3,659	3,816
Other non-current assets	49	29
Non-current operating receivables	30	16
Deferred tax assets	12,853	12,888
Long-term loans granted and deposits	15	57
Investment in joint venture	70	73
Other non-current financial assets	31	33
TOTAL NON-CURRENT ASSETS	**185,159**	**192,354**
Available-for-sale assets	4,544	272
Inventories	132	122
Short-term loans granted and deposits	1,347	1,992
Contract assets	972	1,291
Current operating receivables	34,226	32,961
Current receivables for corporate income tax	124	635
Other current assets	961	514
Cash and cash equivalents	5,363	3,618
TOTAL CURRENT ASSETS	**47,669**	**41,405**
TOTAL ASSETS	**232,828**	**233,759**
EQUITY		
Equity pertaining to controlling interests	**116,868**	**113,395**
Share capital	27,489	27,489
Share premium account	18,455	18,455
Profit reserves	5,589	5,584
Fair value reserves	47,213	47,371
Foreign currency translation differences	-6,614	-6,669
Net profit brought forward	20,709	22,167
Net profit	4,027	-1,002
Equity pertaining to non-controlling interests	**7,685**	**7,741**
TOTAL EQUITY	**124,553**	**121,136**
LIABILITIES		
Provisions	2,206	3,230
Non-current deferred income	91	92
Non-current financial liabilities	556	66,995
Non-current operating liabilities	1.288	377
Deferred tax liabilities	11,081	11,064
TOTAL NON-CURRENT LIABILITIES	**15,222**	**81,758**
Current financial liabilities	66,626	5,786
Contract liabilities	542	591
Current operating liabilities	25,520	24,247
Current corporate income tax liabilities	339	236
Current deferred income	26	5
TOTAL CURRENT LIABILITIES	**93,053**	**30,865**
TOTAL LIABILITIES	**108,275**	**112,623**
TOTAL EQUITY AND LIABILITIES	**232,828**	**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 SEPTEMBER 2018

EUR thousand	January–September 2018	January–September 2017 (adjusted)*
Cash flows from operating activities		
Net profit for the accounting period	**4,181**	**3,369**
Adjustments for:		
- amortisation and depreciation	4,723	5,089
- impairments and write-offs of property, plant and equipment	0	4
- gains on the sale of property, plant and equipment, and	-391	-48
- losses from the sale of property, plant and equipment and	5	1
- gains and losses from the derecognition of operating	90	-2
- loss due to the impairment of receivables	270	149
- finance income from interest	-122	-165
- other finance income	-9	0
- finance costs – costs of financing	1,533	1,742
- other finance costs	87	260
- investment result recognised according to the equity method	-7	-12
- corporate income tax (including deferred taxes)	416	592
Operating profit	**10,775**	**10,979**
Changes in net working capital and provisions		
Changes in contract assets	319	-199
Changes in receivables	-2,276	-3,863
Changes in inventories	-10	-10
Changes in other current assets	-475	-476
Changes in contract liabilities	-49	198
Changes in operating liabilities	2,396	1,852
Changes in provisions	-1,003	-91
Changes in non-current deferred income	-1	-3
Income tax paid	249	-1,066
Net cash flow from operating activities	**9,925**	**7,321**
Cash flows from investing activities		
Interest received	126	160
Dividends received and shares in profit	10	10
Inflows from sale of property, plant and equipment	1,115	437
Inflows from long-term deposits placed	30	30
Net cash flow from short-term loans granted	78	-7
Net cash flow from short-term deposits placed	563	395
Inflows from the sale of other financial assets	9	4
Outflows for the acquisition of property, plant and equipment	-2,609	-1,667
Outflows for the acquisition of intangible assets	-145	-43
Outflows for long-term deposits placed	0	-50
Net cash flow from investing activities	**-823**	**-731**
Cash flows from financing activities		
Net cash flow from short-term loans and finance leases	24	31
Interest paid	-1,551	-1,770
Outflows for the repayment of long-term loans and finance leases	-5,642	-4,613
Dividends paid	-156	-62
Net cash flow from financing activities	**-7,325**	**-6,414**
Opening balance of cash and cash equivalents	**3,618**	**5,294**
Exchange rate differences relating to cash	-32	-37
Net cash flow for the period from ordinary operations	**1,777**	**176**
Closing balance of cash and cash equivalents	**5,363**	**5,433**

* 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 September 2018

EUR thousand	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 or loss brought forward	Net profit or loss for the accounting period			
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**	**-158**	**55**	**157**	**4,027**	**4,081**	**160**	**4,241**
Net profit for the financial year	0	0	0	0	0	0	0	0	0	0	4,027	4,027	154	4,181
Other comprehensive income	0	0	0	0	0	0	0	-158	55	157	0	54	6	60
Transactions with owners												0	0	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	-175	-175
Transfer of retained earnings to reserves	0	0	5	0	0		0	0	0	-5	0	0	0	0
Other changes	0	0	0	0	0	0		0	0	-1	0	-1	0	-1
Closing balance as at 30 September 2018	**27,489**	**18,455**	**4,658**	**180**	**-180**	**15**	**916**	**47,213**	**-6,614**	**20,709**	**4,027**	**116,868**	**7,685**	**124,553**

* 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 September 2017

EUR thousand	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 or loss 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**	**34**	**720**	**0**	**3,012**	**3,766**	**440**	**4,206**
Net profit for the financial year	0	0	0	0	0	0	0	0	0	0	3,012	3,012	357	3,369
Other comprehensive income	0	0	0	0	0	0	0	34	720	0	0	754	83	837
Transactions with owners														
Transfer of net profit from the previous year to net profit or loss 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 September 2017	**27,489**	**18,455**	**4,653**	**180**	**-180**	**15**	**907**	**50,607**	**-6,766**	**34,629**	**3,012**	**133,001**	**9,333**	**142,334**

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 amount disclosed within the item 'other operating revenues' (EUR 410 thousand) and the amount disclosed within the 'other operating expenses' (EUR -557 thousand) was reclassified by the Group in the net amount to the item 'loss due to the impairment of receivables' (EUR -149 thousand), and the difference to the item 'gains and loss from the derecognition of operating receivables' (EUR 2 thousand);
- the Group split the item 'finance income' (EUR 165 thousand) into two items: 'finance income from interest' (EUR 154 thousand) and 'other finance income' (EUR 11 thousand), which relates to income from participating interests (EUR 10 thousand) and revenues from the reversal of impairments of financial assets (EUR 1 thousand); and
- the Company split the item 'finance costs' (EUR -2,002 thousand) to the items 'finance costs – costs of financing' (EUR -1,742 thousand) and 'other finance costs' (EUR -260 thousand), which includes expenses from the disposal of financial assets (EUR -21 thousand), finance costs from the impairment of financial assets (EUR -2 thousand) and negative exchange rate differences (EUR -237 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

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.

Group of financial assets	Types of financial assets
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

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

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 by the Group in the income statement taking into account the stage of completion of a transaction at the end of the 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 of items in the 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 119,240 thousand (compared with EUR 110,240 thousand in the comparable period), while revenues for unfinished services accounted for EUR 768 thousand of that amount (EUR 913 thousand during the comparable period).

Other operating revenue

Table 7: Other operating revenue of the Intereuropa Group in the period January–September 2018

EUR thousand	January–September 2018	January–September 2017
Gains on the sale of property, plant and equipment	391	48
Revenues from the reversal of provisions	911	24
Government grants received	64	57
Other operating revenues	319	110
Total	**1,686**	**239**

Costs of goods, materials and services

Table 8: Costs of goods, materials and services of the Intereuropa Group in the period January–September 2018

EUR thousand	January–September 2018	January–September 2017
Costs of materials and historical cost of goods sold	3,100	3,121
Costs of services	83,538	74,899
direct costs	74,126	66,789
costs of telecommunication services	348	331
maintenance costs	1,731	1,633
insurance premiums	727	605
training and education costs	73	47
other costs of services	6,532	5,494
Total	**86,638**	**78,020**

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 9: Labour costs of the Intereuropa Group in the period January–September 2018

EUR thousand	January–September 2018	January–September 2017
Costs of wages and salaries	14,807	14,268
Social security costs	3,232	3,116
Other labour costs:	3,086	2,385
annual leave allowance	614	737
transportation and meal allowances	1,393	1,453
other labour costs	162	195
expenses for employee participation in profits	917	0
Total	**21,125**	**19,769**

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 accounting period during the reporting period.

Amortisation/depreciation

Table 10: Amortisation and depreciation costs of the Intereuropa Group in the period January–September 2018

EUR thousand	January–September 2018	January–September 2017
Amortisation of intangible assets	392	387
Depreciation of property, plant and equipment and investment property	4,331	4,702
Total	**4,723**	**5,089**

Other operating expenses

Table 11: Other operating expenses of the Intereuropa Group in the period January–September 2018

EUR thousand	January–September 2018	January–September 2017
Building land use fees and similar expenses	1,183	1,121
Other operating expenses	818	544
Total	**2,001**	**1,665**

Finance income and costs

Table 12: Finance income and costs in the Intereuropa Group in the period January–September 2018

EUR thousand	January–September 2018	January–September 2017
Interest income	121	154
Income from dividends and other shares in profit	0	10
Revenues from the reversal of impairments of loans and bills of exchange	0	1
Revenues from the disposal of financial assets	9	0
Total finance income	**130**	**165**
Interest expense	-1,532	-1,742
Expenses from the disposal of financial assets	0	-2
Finance costs from impairments and write-offs of financial assets	0	-21
Net exchange rate differences	-87	-237
Total finance costs	**-1,619**	**-2,002**
Loss from financing activities	**-1,489**	**-1,837**

The Group generated a **profit from ordinary operations** of EUR 4,597 thousand.

Corporate income tax was negative in the amount of EUR 416 thousand, comprising current tax in the negative amount of EUR 344 thousand and deferred tax in the negative amount of EUR 72 thousand. Deferred tax relates to expenses in the amount of EUR 507 thousand (primarily from the coverage of tax losses by the parent company in the amount of EUR 487 thousand) and revenues in the amount of EUR 435 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 4,181 thousand during the reporting period. Of that amount, EUR 4,027 thousand pertains to **controlling** interests, while EUR 154 thousand pertains to **non-controlling** interests.

B) NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Property, plant and equipment

Table 13: Property, plant and equipment of the Intereuropa Group as at 30 September 2018

EUR thousand	30 September 2018	31 December 2017
Land and buildings	151,034	158,789
a) Land	77,294	79,438
b) Buildings	73,740	79,351
Other plant and equipment	6,580	6,891
Investments in foreign fixed assets	2	2
Property, plant and equipment in acquisition	1,487	582
Total	**159,103**	**166,263**

The carrying amount of property, plant and equipment (land and buildings) pledged as collateral was EUR 110,262 thousand as at 30 September 2018 (comprising collateral for loans received and contingent liabilities). The Group had no other legal restrictions on the disposal of aforementioned assets. The Group had commitments for the purchase of property, plant and equipment totalling EUR 665 thousand on the reporting date.

Investment property

The carrying amount of investment property was EUR 9,349 thousand as at 30 September 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 173 thousand on account of depreciation.

The carrying amount of pledged investment property as at 30 September 2018 was 8,472 thousand (the pledge comprises additional collateral for liabilities for which the underlying collateral comprises pledged items of property, plant and equipment).

Intangible assets

Table 14: Intangible assets of the Intereuropa Group as at 30 September 2018

EUR thousand	30 September 2018	31 December 2017
Long-term property rights	606	625
Goodwill	42	42
Other intangible assets	2,689	2,917
Intangible assets under construction	323	232
Total	**3,659**	**3,816**

Loans granted and deposits

Table 15: Loans granted and deposits of the Intereuropa Group as at 30 September 2018

EUR thousand	30 September 2018	31 December 2017
Long-term loans and deposits	**15**	**57**
- loans granted	3	4
- deposits	13	54
Short-term loans and deposits	**1,347**	**1,992**
- loans granted	1	79
- deposits	1,346	1,913
Total	**1,362**	**2,051**

As at 30 September 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 1,030 thousand as collateral for contingent liabilities.

Available-for-sale assets

Available-for-sale assets amounted to EUR 4,544 thousand as at the reporting date. They relate to real estate, the sale of which is planned in a short period of time. The carrying amount of available-for-sale assets pledged as collateral was EUR 2,514 thousand as at 30 September 2018 (comprising collateral for loans received and contingent liabilities).

Current operating receivables

Table 16: Current operating receivables of the Intereuropa Group as at 30 September 2018

EUR thousand	30 September 2018	31 December 2017
Current operating receivables to customers	32,688	30,355
current operating receivables to others	1,538	2,606
Total	**34,226**	**32,961**

The Group had current trade receivables with a carrying amount of EUR 10,000 thousand pledged as collateral as at 30 September 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 961 thousand comprise current deferred costs.

Provisions

Table 17: Provisions of the Intereuropa Group as at 30 September 2018

EUR thousand	30 September 2018	31 December 2017
Provisions for retirement benefits and loyalty bonuses	1,240	1,340
Provisions for lawsuits	966	1,012
Other provisions	0	878
Total	**2,206**	**3,230**

The reversal of other provisions in the amount of EUR 878 thousand was the main factor in the lower value of provisions.

Non-current financial liabilities

Table 18: Non-current financial liabilities of the Intereuropa Group as at 30 September 2018

EUR thousand	30 September 2018	31 December 2017
Long-term loans from banks	31	66,404
Finance leases	525	591
Total	**556**	**66,995**

The main factor in the decline in long-term loans received was the transfer to current financial liabilities at the parent company in the amount of EUR 64,187 thousand (financial liabilities of the parent company from bank loans based on a financial restructuring agreement fall due for payment during the second half of 2019). The parent company repaid the long-term portion of loans received in the amount of EUR 2,140 thousand. The Group plans to extend the maturity of the financial restructuring agreement and thus the maturity of the remaining portion of the principal for one year. The Group is also planning to continue its implementation of the strategy until the end of 2018 and further into the following year aimed at the sale of certain non-strategic real estate and further reduce the balance of bank loans received, which in turn will reduce liquidity risk.

Current financial liabilities

Table 19: Current financial liabilities of the Intereuropa Group as at 30 September 2018

EUR thousand	30 September 2018	31 December 2017
Short-term loans and finance leases received	65,667	4,846
Liabilities for dividends and other shares in profit	960	941
Total	**66,626**	**5,786**

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

Current operating liabilities

Table 20: Current operating liabilities of the Intereuropa Group as at 30 September 2018

EUR thousand	30 September 2018	31 December 2017
Current trade payables	21,150	20,998
Other current operating liabilities	4,371	3,249
Total	**25,520**	**24,247**

C) OTHER NOTES

Contingent liabilities

Table 21: Contingent liabilities of the Intereuropa Group as at 30 September 2018

EUR thousand	30 September 2018	31 December 2017
From bank guarantees and guarantees given to others	17,855	16,965
From lawsuits and other litigation proceedings	957	858
To D.S.U., družba za svetovanje in upravljanje, d.o.o.	126	126
Total	**18,938**	**17,949**

Fair value

Table 22: Fair value of financial instruments of the Intereuropa Group as at 30 September 2018

EUR thousand	30 September 2018 Carrying amount	30 September 2018 Fair value	31 December 2017 Carrying amount	31 December 2017 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	1,362	1,362	2,049	2,049
Operating receivables	34,256	34,256	32,977	32,977
Cash and cash equivalents	5,363	5,363	3,618	3,618
Total	**41,012**	**41,012**	**38,644**	**38,644**
Financial liabilities				
Loans and finance leases	66,223	66,223	71,841	71,841
- at fixed interest rates	643	643	949	949
- at variable interest rates	65,580	65,580	70,892	70,892
Liabilities for dividends and other shares in profit	960	960	941	941
Operating liabilities	26,808	26,808	24,624	24,624
Total	**93,990**	**93,990**	**97,406**	**97,406**

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

Table 23: Fair value hierarchy of assets in the Intereuropa Group as at 30 September 2018

EUR thousand	30 September 2018			
Fair value hierarchy	Level 1	Level 2	Level 3	Total
Land	0	0	77,294	77,294
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**	**77,322**	**77,326**

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 24: Transactions between related parties

Revenues from the sale of services EUR thousand	January–September 2018	January–September 2017
Associate	1,200	1,317
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	45	73

Costs of services EUR thousand	January–September 2018	January–September 2017
Associate	3,188	2,787
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	17	7

Balance of operating receivables EUR thousand	30 September 2018	31 December 2017
Associate	95	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	4	7

Balance of operating liabilities EUR thousand	30 September 2018	31 December 2017
Associate	641	534

INFORMATION BY OPERATING SEGMENTS FOR THE PERIOD JANUARY–SEPTEMBER 2018

Table 25: Geographical business segments of the Intereuropa Group in the period January–September 2018

	Slovenia		Croatia		Bosnia and Herzegovina		Serbia		Montenegro	
EUR thousand	Jan–Sep 2018	Jan–Sep 2017	Jan–Sep 2018	Jan–Sep 2017	Jan–Sep 2018	Jan–Sep 2017	Jan–Sep 2018	Jan–Sep 2017	Jan–Sep 2018	Jan–Sep 2017
Revenues from external customers	81,276	74,012	17,680	15,862	5,423	4,821	3,571	4,531	4,598	4,594
Revenues from transactions with other segments	2,829	2,484	555	451	431	302	447	483	106	59
Total revenues	84,105	76,496	18,235	16,313	5,854	5,123	4,018	5,013	4,704	4,653
Amortisation/depreciation	3,055	3,025	977	1,247	197	273	145	136	260	324
Operating profit	5,019	4,311	574	-182	287	184	-539	477	795	718
Interest income	129	142	6	23	1	2	1	3	49	25
Interest expense	1,425	1,586	30	50	33	6	43	47	0	0
Profit or loss from ordinary operations	4,515	3,306	534	-224	254	180	-583	449	844	743
Revenues from investments valued according to the equity method	10	39	0	0	0	0	0	0	0	0
Corporate income tax	634	463	96	9	28	20	0	48	81	28
Net profit	3,881	2,844	437	-233	226	160	-583	402	763	715

	Ukraine		Other		Total		Adjustments (including eliminations)*		Group	
EUR thousand	Jan–Sep 2018	Jan–Sep 2017	Jan–Sep 2018	Jan–Sep 2017	Jan–Sep 2018	Jan–Sep 2017	Jan–Sep 2018	Jan–Sep 2017	Jan–Sep 2018	Jan–Sep 2017
Revenues from external customers	2,611	2,413	4,055	3,974	119,214	110,206	26	30	119,240	110,236
Revenues from transactions with other segments	0	0	816	851	5,183	4,630	-5,183	-4,630	0	0
Total revenues	2,611	2,413	4,871	4,825	124,397	114,836	-5,158	-4,600	119,240	110,236
Amortisation/depreciation	36	31	53	52	4,723	5,089	0	0	4,723	5,089
Operating profit	-3	54	100	235	6,233	5,798	-154	-12	6,079	5,786
Interest income	1	0	0	0	187	195	-65	-41	122	154
Interest expense	63	92	5	0	1,599	1,782	-65	-41	1,533	1,742
Profit or loss from ordinary operations	-53	-206	95	230	5,605	4,478	-1,008	-518	4,597	3,961
Revenues from investments valued according to the equity method	0	0	0	0	10	39	-3	-27	7	12
Corporate income tax	0	0	15	25	855	592	-439	0	416	592
Net profit	-53	-206	80	205	4,751	4,034	-570	-665	4,181	3,369

* All adjustments are subject to consolidation procedures

EUR thousand	Slovenia Jan–Sep 2018	Slovenia Jan–Dec 2017	Croatia Jan–Sep 2018	Croatia Jan–Dec 2017	Bosnia and Herzegovina Jan–Sep 2018	Bosnia and Herzegovina Jan–Dec 2017	Serbia Jan–Sep 2018	Serbia Jan–Dec 2017	Montenegro Jan–Sep 2018	Montenegro Jan–Dec 2017
Assets	185,772	185,931	49,974	49,865	13,750	12,932	10,242	10,536	17,458	17,296
Non-current assets	153,719	158,000	41,063	43,844	11,517	11,498	9,114	9,111	12,075	12,466
Operating liabilities	20,539	18,561	3,192	3,245	1,461	1,159	988	640	593	747
Financial liabilities	67,521	71,523	613	937	108	154	1,111	1,042	410	392
Investment in associate	39	39	0	0	0	0	0	0	0	0

EUR thousand	Ukraine Jan–Sep 2018	Ukraine Jan–Dec 2017	Other Jan–Sep 2018	Other Jan–Dec 2017	Total Jan–Sep 2018	Total Jan–Dec 2017	Adjustments (including eliminations)* Jan–Sep 2018	Adjustments (including eliminations)* Jan–Dec 2017	Group Jan–Sep 2018	Group Jan–Dec 2017
Assets	1,697	1,912	3,532	3,297	282,425	281,771	-49,598	-48,012	232,828	233,759
Non-current assets	1,151	1,228	1,055	1,045	229,694	237,192	-44,535	-44,838	185,159	192,354
Operating liabilities	659	910	1,161	788	28,593	26,050	-1,786	-1,425	26,808	24,624
Financial liabilities	1,406	1,538	80	0	71,250	75,587	-4,067	-2,805	67,182	72,781
Investment in associate	0	0	0	0	39	39	31	34	70	73

* All adjustments are subject to consolidation procedures

Table 26: Sales revenue of the Intereuropa Group by business segment in the period January–September 2018

EUR thousand	Jan–Sep 2018	Jan–Sep 2017	Jan–Sep 2018	Jan–Sep 2017	Jan–Sep 2018	Jan–Sep 2017	Jan–Sep 2018	Jan–Sep 2017	Jan–Sep 2018	Jan–Sep 2017
	Land transport		Logistics solutions		Intercontinental transport		Other services		Total	
Sales revenue	63,600	59,658	17,388	16,096	33,269	29,552	4,983	4,931	119,240	110,236

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 27: Liquidity risk as at 30 September 2018

EUR thousand

30 September 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	65,609	67,327	3,339	63,957	31	0	0
Loans received on the basis of finance leases	613	656	56	56	545	0	0
Liabilities for dividends and other shares in profit	960	960	960	0	0	0	0
Trade payables	21,432	21,432	21,103	47	120	71	92
Other operating liabilities	5,376	5,376	4,370	0	1,006	0	0
Total	**93,990**	**95,751**	**29,828**	**64,060**	**1,702**	**71**	**92**

Table 28: Liquidity risk as at 31 December 2017

EUR thousand

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 of the parent company from bank loans based on a financial restructuring agreement fall due for payment during the second half of 2019.

The Group plans to extend the maturity of the financial restructuring agreement and thus the maturity of the remaining portion of the principal for one year. The Group is also planning to continue its implementation of the strategy until the end of 2018 and further into the following year aimed at the sale of certain non-strategic real estate and further reduce the balance of bank loans received, which in turn will reduce liquidity risk.

Table 29: Currency risk as at 30 September 2018

EUR thousand

30 September 2018	EUR	HRK	RSD	Other	Total
Operating receivables	25,972	4,727	694	2,863	**34,256**
Long-term loans granted and deposits	10	0	0	5	**15**
Short-term loans granted and deposits	1,199	125	0	23	**1,347**
Long-term loans received	-525	0	0	-31	**-556**
Short-term loans received	-65,317	0	-289	-61	**-65,667**
Liabilities for dividends and other shares in profit	-943	0	0	-16	**-960**
Operating liabilities	-21,329	-2,827	-773	-1,879	**-26,808**
Exposure disclosed in the statement of financial position	**-60,933**	**2,025**	**-368**	**904**	**-58,373**

Table 30: Currency risk as at 31 December 2017

EUR thousand

31 December 2017	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 31: Exposure to credit risk and expected credit losses in connection with current trade receivables

EUR thousand	Gross value as at 30 September 2018	Average percentage of value adjustments created	Value adjustment as at 30 September 2018
Non-past-due	24,720	0.37 %	91
0 to 30 days past due	4,883	0.41 %	20
31 to 90 days past due	2,371	2.91%	69
91 to 180 days past due	971	13.13%	127
More than 180 days past due	4,795	99.50%	4,771
Exchange rate differences	8		5
Total	**37,747**		**5,083**

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

EUR thousand	30 September 2018
Adjustment to value of receivables as at 1 January*	5,134
- write-offs of receivables	-319
- net effect of the impairment of receivables (loss due to the impairment of receivables, including the reversal of impairment losses)	270
- exchange rate differences	-2
Total	**5,083**

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

Table 33: Exposure to credit risk and expected credit losses in connection with other current operating receivables

EUR thousand	Gross value as at 30 September 2018	Value adjustment as at 30 September 2018
Non-past-due	1,192	1,224
Past-due	1,643	86
Total	**2,835**	**1,310**

The adjustment to the value of receivables from others has not changed according to the opening balance in the accounting period.

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.

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

Table 34: Interest-rate risk as at 30 September 2018

in EUR thousand

Type of variable interest rate	Loan amount 30 September 2018	Increase in IR by 10 basis points	Increase in IR by 25 basis points	Increase in IR by 50 basis points
3-month EURIBOR	65,927	-66	-165	-330
1-month BELIBOR	289	0	-1	-1
Total	66,216	-66	-166	-331

Table 35: Interest-rate risk as at 31 December 2017

EUR thousand

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

EVENTS AFTER THE REPORTING PERIOD

Intereuropa d.d. received a notification from PwC Svetovanje d.o.o. (as consultant to shareholders/sellers who hold 72.13% of the capital of Intereuropa d.d.) on 17 October 2018 that shareholders/sellers have decided to invite four interested investors to submit a binding offer.

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 September 2018

EUR thousand	January–September 2018	January–September 2017 (adjusted)*
Sales revenue	**83,631**	**76,020**
Gains and losses from the derecognition of operating receivables	-10	-1
Other operating revenue	1,289	148
Costs of goods, materials and services	-62,317	-55,280
Labour costs	-13,706	-12,633
Amortisation/depreciation	-3,052	-3,022
Loss due to the impairment of receivables	-128	-15
Other operating expenses	-788	-836
Operating profit	**4,919**	**4,382**
Interest income	127	140
Other finance income	922	509
Finance costs – costs of financing	-1,425	-1,586
Other finance costs	-110	-22
Loss from financing activities	**-486**	**-959**
Profit from ordinary operations	**4,433**	**3,423**
Corporate income tax (including deferred taxes)	-616	-452
Net profit for the accounting period	**3,817**	**2,971**
Basic and diluted earnings per ordinary share (in EUR)	0.14	0.10

* 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 September 2018

EUR thousand	January–September 2018	January–September 2017
Net profit for the accounting period	**3,817**	**2,971**
Other comprehensive income	**5**	**33**
Items that will be reclassified to profit or loss	**0**	**33**
Gains and losses from investments in equity instruments measured at fair value through other comprehensive income upon initial recognition	0	41
Change in deferred taxes from investments in equity instruments	0	-8
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	**3,822**	**3,004**

STATEMENT OF FINANCIAL POSITION OF INTEREUROPA D.D.

AS AT 30 SEPTEMBER 2018

EUR thousand	30 September 2018	31 December 2017 (adjusted*)
ASSETS		
Property, plant and equipment	86,043	89,848
Investment property	8,851	8,668
Intangible assets	3,417	3,552
Other non-current assets	24	29
Non-current operating receivables	16	16
Deferred tax assets	10,906	11,315
Long-term loans granted and deposits	127	229
Other non-current financial assets	44,323	44,323
TOTAL NON-CURRENT ASSETS	**153,707**	**157,980**
Available-for-sale assets	2,514	237
Inventories	8	9
Short-term loans granted and deposits	1,489	1,211
Contract assets	761	1,064
Current operating receivables	23,558	22,750
Current receivables for corporate income tax	24	566
Other current assets	628	136
Cash and cash equivalents	1,853	413
TOTAL CURRENT ASSETS	**30,835**	**26,386**
TOTAL ASSETS	**184,542**	**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	3,817	340
TOTAL EQUITY	**88,279**	**84,884**
LIABILITIES		
Provisions	1,046	1,986
Non-current deferred income	90	92
Non-current financial liabilities	0	66,327
Non-current operating liabilities	1,288	372
Deferred tax liabilities	7,580	7,587
TOTAL NON-CURRENT LIABILITIES	**10,004**	**76,364**
Current financial liabilities	67,520	5,196
Contract liabilities	11	46
Current operating liabilities	18,520	17,829
Current corporate income tax liabilities	208	47
TOTAL CURRENT LIABILITIES	**86,259**	**23,118**
TOTAL LIABILITIES	**96,263**	**99,482**
TOTAL EQUITY AND LIABILITIES	**184,542**	**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 September 2018

EUR thousand	January–September 2018	January–September 2017 (adjusted)*
Cash flows from operating activities		
Net profit for the accounting period	**3,817**	**2,971**
Adjustments for:		
- amortisation and depreciation	3,052	3,022
- impairments and write-offs of property, plant and equipment	3	4
- gains on the sale of property, plant and equipment	-131	-27
- gains and losses from the derecognition of operating	10	1
- loss due to the impairment of receivables	128	193
- finance income from interest	-127	-140
- other finance income	-922	-509
- finance costs – costs of financing	1,425	1,586
- other finance costs	110	22
- corporate income tax (including deferred taxes)	616	452
Operating profit before changes in net working capital	**7,981**	**7,575**
Changes in net working capital and provisions		
Changes in contract assets	302	-56
Changes in receivables	-1,279	-2,103
Changes in inventories	1	0
Changes in other current assets	-495	-318
Changes in contract liabilities	0	-15
Changes in operating liabilities	1,663	769
Changes in provisions	-940	-66
Changes in non-current deferred income	-2	-3
Corporate income tax	496	-875
Net cash flow from operating activities	**7,727**	**4,908**
Cash flows from investing activities		
Interest received	113	159
Dividends received and shares in profit	832	237
Inflows from the sale of property, plant and equipment, and	439	358
Inflows from long-term loans granted	70	20
Inflows from long-term deposits placed	30	30
Inflows from the disposal of other non-current financial assets	9	3
Net cash flow from short-term loans granted	-276	79
Net cash flow from short-term deposits placed	0	20
Outflows for the acquisition of property, plant and equipment,	-1,821	-1,005
Outflows for the acquisition of intangible assets	-137	-39
Outflows for long-term deposits placed	0	-50
Outflows for increase in capital of subsidiaries	-107	-19
Net cash flow from investing activities	**-848**	**-207**
Cash flows from financing activities		
Interest paid	-1,437	-1,604
Outflows for the repayment of long-term loans	-5,262	-2,989
Net cash flow from short-term loans received	1,260	0
Net cash flow from financing activities	**-5,439**	**-4,593**
Opening balance of cash and cash equivalents	**413**	**1,822**
Net cash for the period	**1,440**	**108**
Closing balance of cash and cash equivalents	**1,853**	**1,930**

* 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 September 2018

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**	**3,817**	**3,822**
Net profit	0	0	0	0	0	0	0	3,817	**3,817**
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 September 2018	**27,489**	**18,455**	**2,749**	**180**	**-180**	**32,317**	**3,452**	**3,817**	**88,279**

* 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 September 2017

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**	**33**	**0**	**2,971**	**3,004**
Net profit	0	0	0	0	0	0	0	2,971	**2,971**
Other comprehensive income	0	0	0	0	0	33	0	0	**33**
Closing balance as at 30 September 2017	**27,489**	**18,455**	**2,749**	**180**	**-180**	**34,962**	**3,496**	**2,971**	**90,122**

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 amount disclosed within the item 'other operating revenues' (EUR 177 thousand) and the amount disclosed within 'other operating expenses' (EUR -193 thousand) was reclassified by the Company in the net amount to the item 'loss due to the impairment of receivables' (EUR -15 thousand), and the difference to the item 'gains and losses from the derecognition of operating receivables' (EUR -1 thousand);
- the Group split the item 'finance income' (EUR 649 thousand) into two items: 'finance income from interest' (EUR 140 thousand) and 'other finance income' (EUR 509 thousand), which relates to income from other shares in profit of Group companies and other companies (EUR 508 thousand) and revenues from the reversal of impairments of financial assets (EUR 1 thousand); and
- the Company split the item 'finance costs' (EUR -1,608 thousand) to the items 'finance costs – costs of financing' (EUR -1,586 thousand) and 'other finance costs' (EUR -22 thousand),

which includes expenses from the disposal of financial assets (EUR -21 thousand) and negative exchange rate differences (EUR -1 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 36: Summary of changes in the Company's equity as at 1 January 2018

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 37: 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.

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

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 receivables (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 40: Effect of additional impairments of financial assets using the new model in accordance with IFRS 9

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

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 by the Company in the income statement taking into account the stage of completion of a transaction at the end of the 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 of items in the statement of financial position, the Company 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 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 83,631 thousand (compared with EUR 76,020 thousand in the comparable period), while revenues for unfinished services accounted for EUR 636 thousand of that amount (EUR 688 thousand during the comparable period).

Table 42: Sales revenue of Intereuropa d.d. by operating segment in the period January-September 2018

EUR thousand	Jan–Sep 2018	Jan–Sep 2017	Jan–Sep 2018	Jan–Sep 2017	Jan–Sep 2018	Jan–Sep 2017	Jan–Sep 2018	Jan–Sep 2017	Jan–Sep 2018	Jan–Sep 2017
	Land transport		Logistics solutions		Intercontinental transport		Other services		Total	
Sales revenue	38,812	35,756	11,926	10,989	29,665	26,048	3,227	3,227	83,631	76,020

Other operating revenue

Table 43: Other operating revenue

EUR thousand	January–September 2018	January–September 2017
Gains on the sale of property, plant and equipment	131	27
Revenues from the reversal of provisions	878	0
Revenue from compensation	111	30
Government grants received	61	54
Other operating revenues	108	37
Total	**1,289**	**148**

Costs of goods, materials and services

Table 44: Costs of goods, materials and services of Intereuropa d.d. in the period January–September 2018

EUR thousand	January–September 2018	January–September 2017
Costs of materials and historical cost of goods sold	1,331	1,276
Cost of services within the Group	1,569	1,551
Cost of services (excluding the Group):	59,417	52,454
direct costs	53,600	47,697
costs of telecommunication services	131	120
maintenance costs	1,177	1,091
insurance premiums	442	387
training and education costs	56	32
other costs of services	4,010	3,128
Total	**62,317**	**55,280**

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 45: Labour costs of Intereuropa d.d. in the period January–September 2018

in EUR thousand	January–September 2018	January–September 2017
Costs of wages and salaries	9,168	8,807
Social security costs	1,960	1,864
Other labour costs:	2,579	1,962
annual leave allowance	509	665
transportation and meal allowances	1,102	1,151
other labour costs	51	146
expenses for employee participation in profits	917	0
Total	**13,706**	**12,633**

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 accounting period during the reporting period.

Amortisation/depreciation

Table 46: Amortisation and depreciation of Intereuropa d.d. in the period January–September 2018

EUR thousand	January–September 2018	January–September 2017
Depreciation of property, plant and equipment and investment property	2,690	2,664
Amortisation of intangible assets	362	358
Total	**3,052**	**3,022**

Other operating expenses

Table 47: Other operating expenses of Intereuropa d.d. in the period January–September 2018

EUR thousand	January–September 2018	January–September 2017
Building land use fees and similar expenses	726	737
Other operating expenses	58	99
Total	**784**	**836**

Finance income and costs

Table 48: Finance income and costs of Intereuropa d.d. in the period January–September 2018

EUR thousand	January–September 2018	January–September 2017
Interest income from Group companies	34	31
Interest income from others	94	108
Income from dividends and other shares in profit from Group companies	903	460
Income from participating interest in joint venture	10	39
Income from dividends and other shares in profit from other companies	0	10
Gains from the disposal of financial assets	9	0
Revenues from the reversal of impairments of financial assets	0	1
Total finance income	**1,049**	**648**
Interest expense and other borrowing expenses	-1,425	-1,586
Expenses from impairments of investments in participating interests and shares in Group companies	-107	0
Expenses from the disposal of financial assets	0	-21
Net exchange rate differences	-3	-1
Total finance costs	**-1,535**	**-1,608**
Loss from financing activities	**-486**	**-959**

The **profit from ordinary operations** in the amount of EUR 4,433 thousand was the result of operating profit in the amount of EUR 4,919 thousand and a loss from financing activities in the amount of EUR 486 thousand.

Corporate income tax for the reporting period was negative in the amount of EUR 616 thousand, comprising current tax in the negative amount of EUR 207 thousand and deferred tax in the negative amount of EUR 409 thousand.
A **net profit** in the amount of EUR 3,817 thousand was thus achieved taking into account corporate income tax.

B) NOTES TO THE STATEMENT OF FINANCIAL POSITION

Property, plant and equipment

Table 49: Property, plant and equipment of Intereuropa d.d. as at 30 September 2018

EUR thousand	30 September 2018	31 December 2017
Land and buildings	80,878	85,582
a) Land	45,308	46,639
b) Buildings	35,571	38,943
Plant and equipment	4,186	4,192
Investments in foreign fixed assets	2	2
Property, plant and equipment in acquisition	976	72
Total	**86,043**	**89,848**

The main factor in the decline in the value of property, plant and equipment was the transfer of real estate to assets held for sale (EUR 2,514 thousand), depreciation costs (EUR 2,529 thousand), transfer to investment property (EUR 343 thousand), disposal (EUR 73 thousand), while the purchase of property, plant and equipment (EUR 1,655 thousand) led to its increase.

The carrying amount of property, plant and equipment (land and buildings) pledged as collateral was EUR 73,625 thousand as at 30 September 2018 (comprising collateral for loans received and contingent liabilities). The Company had no other legal restrictions on the disposal of aforementioned assets. The Company had commitments for the purchase of property, plant and equipment totalling EUR 665 thousand on the reporting date.

Investment property

The carrying amount of investment property was EUR 8,851 thousand as at 30 September 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 160 thousand on account of depreciation.

The carrying amount of investment property pledged as collateral was EUR 8,472 thousand as at 30 September 2018. That amount represents additional collateral for liabilities for which the underlying collateral comprises pledged items of property, plant and equipment.

Intangible assets

Table 50: Intangible assets of Intereuropa d.d. as at 30 September 2018

EUR thousand	30 September 2018	31 December 2017
Long-term property rights	410	411
Other intangible assets	2,685	2,912
Intangible assets under construction	322	229
Total	**3,417**	**3,552**

Loans granted and deposits

Table 51: Loans granted and deposits of Intereuropa d.d. as at 30 September 2018.

EUR thousand	30 September 2018	31 December 2017
Long-term loans granted and deposits	**127**	**229**
- loans to subsidiaries	117	189
- deposits	10	40
Short-term loans granted and deposits	**1,489**	**1,211**
- loans to subsidiaries	1,459	1,181
- deposits	30	30
Total	**1,616**	**1,441**

As at 30 September 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 52: Other non-current financial assets of Intereuropa d.d. as at 30 September 2018

EUR thousand	30 September 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.

Available-for-sale assets

Available-for-sale assets amounted to EUR 2,514 thousand as at the reporting date. They relate to real estate, the sale of which is planned in a short period of time and pledged in full (comprising collateral for loans received and contingent liabilities).

Currnt operating receivables

Table 53: Current operating receivables of Intereuropa d.d. as at 30 September 2018

EUR thousand	30 September 2018	31 December 2017
Current operating receivables from Group companies	640	581
Current operating receivables from Group companies for interest	190	188
Current receivables for dividends and other shares in profit of Group companies	80	0
Current trade receivables (excluding the Group)	22,160	21,238
Other current operating receivables	487	742
Total	**23,558**	**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 628 thousand comprise current deferred costs.

Provisions

Table 54: Provisions of Intereuropa d.d. as at 30 September 2018.

EUR thousand	30 September 2018	31 December 2017
Provisions for retirement benefits and loyalty bonuses	961	1,023
Provisions for lawsuits	85	85
Other provisions	0	878
Total	**1,046**	**1,986**

The reversal of other provisions in the amount of EUR 878 thousand was the main factor in the lower value of provisions.

Table 55: Financial liabilities of Intereuropa d.d. as at 30 September 2018

EUR thousand	30 September 2018	31 December 2017
Long-term loans received	0	66,327
Short-term loans received	66,988	4,663
Liabilities for dividends	533	533
Total	**67,521**	**71,523**

Given that financial liabilities from bank loans based on a financial restructuring agreement fall due for payment during the second half of 2019, the Company carried out the transfer of non-current financial liabilities to current financial liabilities in the amount of EUR 64,187. The Company repaid the long-term portion of loans received in the amount of EUR 2,140 thousand.

The Company plans to extend the maturity of the financial restructuring agreement and thus the maturity of the remaining portion of the principal for one year. The Company is also planning to continue its implementation of the strategy until the end of 2018 and further into the following year aimed at the sale of certain non-strategic real estate and further reduce the balance of bank loans received, which in turn will reduce liquidity risk.

Current operating liabilities

Table 56: Current operating liabilities of Intereuropa d.d. as at 30 September 2018

EUR thousand	30 September 2018	31 December 2017
Current operating liabilities to group companies	404	357
Current trade payables (excluding the Group)	15,184	15,467
Other current operating liabilities	2,932	2,005
Total	**18,520**	**17,829**

C) OTHER NOTES

Contingent liabilities

Table 57: Contingent liabilities of Intereuropa d.d. as at 30 September 2018

EUR thousand	30 September 2018	31 December 2017
From bank guarantees and guarantees given to Group companies	546	1,075
From bank guarantees and guarantees given to others	9,555	9,555
From lawsuits	77	58
To D.S.U., družba za svetovanje in upravljanje, d.o.o.	126	126
Total	**10,304**	**10,814**

Fair value

Table 58: Fair value of financial instruments of Intereuropa d.d. as at 30 September 2018

EUR thousand	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	1,616	1,616	1,441	1,441
Operating receivables	23,574	23,574	22,766	22,766
Cash and cash equivalents	1,853	1,853	413	413
Total	**27,070**	**27,070**	**24,619**	**24,619**
Liabilities				
Loans	66,988	66,988	70,990	70,990
- at fixed interest rates	1,760	1,760	500	500
- at variable interest rates	65,228	65,228	70,490	70,490
Liabilities for dividends	533	533	533	533
Operating liabilities	19,808	19,808	18,201	18,201
Total	**87,329**	**87,329**	**89,724**	**89,724**

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

Table 59: Fair value hierarchy of assets at Intereuropa d.d. as at 30 September 2018

EUR thousand	30 September 2018			
Fair value hierarchy	Level 1	Level 2	Level 3	Total
Land	0	0	45,308	45,308
Financial assets measured at fair value through profit or loss*	0	0	27	27
Total	**0**	**0**	**45,335**	**45,335**
EUR thousand	31 December 2017			
Fair value hierarchy	Level 1	Level 2	Level 3	Total
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 60: Transactions between related parties

Revenues from the sale of services EUR thousand	January–September 2018	January–September 2017
Subsidiaries	2,819	2,519
Associate	437	541
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.	41	37

Costs of services EUR thousand	January–September 2018	January–September 2017
Subsidiaries	1,569	1,551
Associate	3,188	2,785
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.	12	7

Interest income EUR thousand	January–September 2018	January–September 2017
Subsidiaries	34	31

Interest expense EUR thousand	January–September 2018	January–September 2017
Subsidiaries	15	0

Income from participating interests EUR thousand	January–September 2018	January–September 2017
Subsidiaries	903	460
Associate	10	39

Balance of operating receivables EUR thousand	30 September 2018	31 December 2017
Subsidiaries	910	769
Associate	95	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.	4	7

Balance of operating liabilities EUR thousand	30 September 2018	31 December 2017
Subsidiaries	404	357
Associate	641	534

Loans granted EUR thousand	30 September 2018	31 December 2017
Subsidiaries	1,576	1,370

Loans received EUR thousand	30 September 2018	31 December 2017
Subsidiaries	1,760	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 61: Liquidity risk as at 30 September 2018

EUR thousand 30 September 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	1,760	1,772	511	1,262	0	0	0
Loans received from others on the basis of loan agreements	65,228	66,943	3,018	63,925	0	0	0
Liabilities for dividends	533	533	533	0	0	0	0
Operating liabilities to Group companies	404	404	404	0	0	0	0
Trade payables (excluding the Group)	15,466	15,466	15,136	47	120	71	92
Other operating liabilities	3,938	3,938	2,932	0	1,006	0	0
Total	**87,328**	**89,055**	**22,533**	**65,233**	**1,126**	**71**	**92**

Table 62: Liquidity risk as at 31 December 2017

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 plans to extend the maturity of the financial restructuring agreement and thus the maturity of the remaining portion of the principal for one year. The Company is also planning to continue its implementation of the strategy until the end of 2018 and further into the following year aimed at the sale of certain non-strategic real estate and further reduce the balance of bank loans received, which in turn will reduce liquidity risk.

Table 63: Currency risk as at 30 September 2018

EUR thousand 30 September 2018	EUR	USD	Other	Total
Operating receivables from Group companies	831	0	80	910
Other operating receivables	22,431	229	4	22,664
- of which trade receivables	21,954	204	2	22,160
Short-term loans to Group companies	1,459	0	0	1,459
Long-term loans to Group companies	117	0	0	117
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	-1,760	0	0	-1,760
Short-term loans from others	-65,228	0	0	-65,228
Liabilities for dividends	-533	0	0	-533
Operating liabilities within the Group	-404	0	0	-404
Current operating liabilities to others	-19,224	-160	-19	-19,404
- of which trade payables	-15,309	-137	-20	-15,466
Exposure disclosed in the statement of financial position	**-62,272**	**68**	**64**	**-62,139**

Table 64: Currency risk as at 31 December 2017

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 deposits placed	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	-4,163	0	0	-4,163
Liabilities for dividends	-533	0	0	-533
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 65: Exposure to credit risk and expected credit losses in connection with current trade receivables

EUR thousand	Gross value as at 30 September 2018	Average percentage of value adjustments created	Value adjustment as at 30 September 2018
Non-past-due	18,667	0.23%	42
0 to 30 days past due	2,791	0.27%	8
31 to 90 days past due	1,165	3.35%	39
91 to 180 days past due	356	25.09%	89
More than 180 days past due	2,356	100.00%	2,356
Total	**25,335**		**2,534**

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 66: Changes in adjustments to the value of current trade receivables

EUR thousand	30 September 2018
Adjustment to value of receivables as at 1 January*	2,520
- write-offs of receivables	-110
- net effect of the impairment of receivables (loss due to the impairment of receivables, including the reversal of impairment losses)	125
Total	**2,534**

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

Table 67: Exposure to credit risk and expected credit losses in connection with other current operating receivables

EUR thousand	Gross value as at 30 September 2018	Value adjustment as at 30 September 2018
Non-past-due	487	0
Past-due	1,264	1,264
Total	**1,752**	**1,264**

The adjustment to the value of receivables from others has not changed according to the opening balance in the accounting period.

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

Table 68: Interest-rate risk as at 30 September 2018

EUR thousand

Type of variable interest rate	Loan amount 30 September 2018	Increase in IR by 10 basis points	Increase in IR by 25 basis points	Increase in IR by 50 basis points
3-month EURIBOR	65,228	-65	-163	-326

Table 69: Interest-rate risk as at 31 December 2017

EUR thousand

Type of variable interest rate	Loan amount 31 December 2017	Increase in IR by 10 basis points	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

Intereuropa d.d. received a notification from PwC Svetovanje d.o.o. (as consultant to shareholders/sellers who hold 72.13% of the capital of Intereuropa d.d.) on 17 October 2018 that shareholders/sellers have decided to invite four interested investors to submit a binding offer.