Unaudited business report of the Intereuropa Group and Intereuropa d.d.

January–March 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–March 2018.

The consolidated and separate financial statements for the periods January–March 2018 and January–March 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–March at its session on 17 May 2018.

The document Unaudited business report of the Intereuropa Group and Intereuropa d.d. for the period January–March 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 17 May 2018.

STATEMENT OF MEMBERS OF THE MANAGEMENT BOARD

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

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

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

Intereuropa d.d.
Management Board

Koper, 9 May 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–Mar 2018	Jan–Mar 2017*	Index 18/17	INTEREUROPA D.D. Jan–Mar 2018	Jan–Mar 2017*	Index 18/17
Sales revenue	38,793	35,416	110	27,701	24,939	111
EBITDA	3,626	3,409	106	2,724	2,481	110
Operating profit (EBIT)	2,052	1,714	120	1,710	1,473	116
Loss from financing activities	-521	-679	-	-58	-364	-
Profit from ordinary operations	1,534	1,039	148	1,652	1,109	149
Net profit	1,320	886	149	1,488	957	156
EBITDA margin (in %)	9.3	9.6	97	9.8	9.9	99
EBIT margin (in %)	5.3	4.8	109	6.2	5.9	105
Sales revenue per employee/month	9.932	8.953	111	16.478	14.241	116
Value added per employee/month	2.608	2.436	107	4.092	3.673	111
ROE (in %)**	4.4	2.9	151	7.0	4.5	157
	31 March 2018	31 December 2017*	Index 18/17	31 March 2018	31 December 2017*	Index 18/17
Assets	235,350	233,759	101	186,172	184,366	101
Equity	121,873	121,136	101	85,945	84,884	101
Net debt	64,208	67,114	96	67,414	69,670	97
No. of employees	1,360	1,369	99	584	589	99
				Jan–Mar 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)				0.05	0.01	500
Closing price at the end of period (in EUR)				2.00	2.00	100
Book value per share at the end of period (in EUR)				3.13	3.09	101
P/B				0.64	0.65	98
P/E				10.0	200.0	5

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 31 March 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	1,360
Total closed warehousing area*	220,000 m^2 of own warehousing area
Total land area	1,661,000 m^2 of own land area
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.

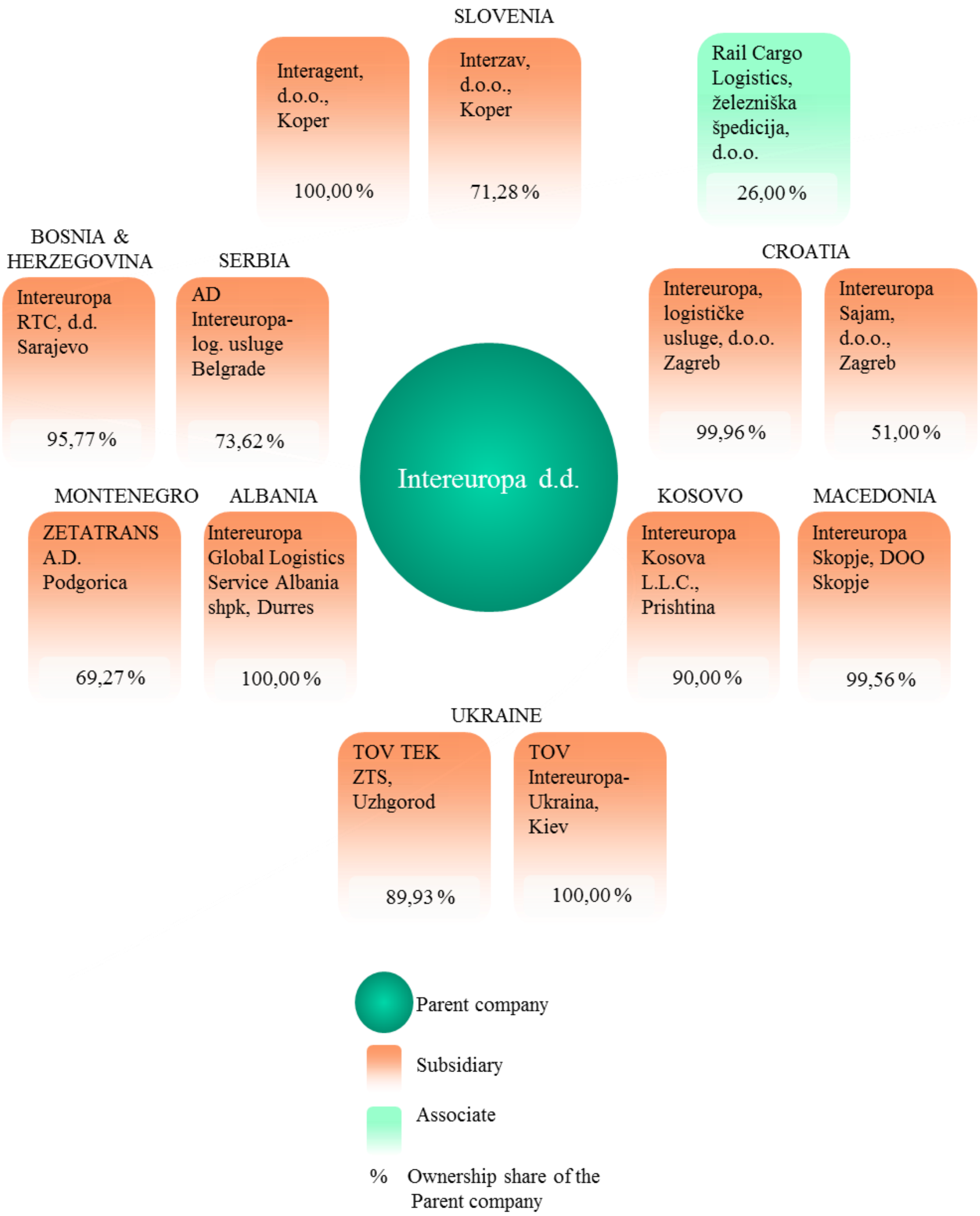


Figure 1: Intereuropa Group as at 31 March 2018

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–MARCH 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.

EVENTS AFTER THE REPORTING PERIOD

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.

Intereuropa
Global Logistics Service

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–March 2018, in EUR thousand

Item/Indicator	Jan–Mar 2018	Jan–Mar Plan 2018	Jan–Mar 2017*	Index 2018/plan	Index 2018/2017
Sales revenue	38,793	36,956	35,416	105	110
EBITDA	3,626	2,996	3,409	121	106
Operating profit	2,052	1,298	1,714	158	120
Loss from financing activities	-521	-554	-679	-	-
Profit from ordinary operations	1,534	744	1,039	206	148
Corporate income tax and deferred tax	214	147	153	146	140
Net profit	1,320	598	886	221	149
EBITDA margin (in %)	9.3	8.1	9.6	115	97
EBIT margin (in %)	5.3	3.5	4.8	151	109
Sales revenue per employee/month	9.932	9.092	8.953	109	111
Value added per employee/month	2.608	2.416	2.436	108	107
ROE (in %)**	4.4	2.8	2.9	155	151

Item/Indicator	31 March 2018	31 December 2017*	Index 2018/2017
Assets	235,350	233,759	101
Equity	121,873	121,136	101
Net debt	64,208	67,114	96
Current assets/current liabilities	1.35	1.34	100

* 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 quarter of the year, the Group exceeded both planned sales revenues and the sales revenues generated during the same period last year through intensive sales activities in the context of favourable economic conditions on the majority of markets where it operates. It also exceeded the planned operating profit and EBIT margin, as well as the operating profit and EBIT margin achieved during the same period last year. 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, while labour costs were also lower due to a decreased number of employees.

→ The Group exceeded planned EBITDA and the EBITDA achieved during the same period last year, while the EBITDA margin exceeded the planned target, but was down on the EBITDA margin achieved last year, by 0.3 percentage points. The main factor in the latter were the costs of labour (material impact of changes in the allocation of labour costs) and services, and a declining sales margin (the trend from 2017 continues this year).

Loss from financing activities

→ The loss from financing activities was 6% better than planned as the result of lower net interest expenses. Lower negative exchange rate differences also contributed to the improved result from financing activities relative to the first quarter of 2017.

Profit from ordinary operations and net profit

→ The Group exceeded planned profit from ordinary operations in the first quarter by 106%. Its net profit amounted to EUR 1.3 million following the calculation of current and deferred income tax, which was 121% above planned net profit, and 49% higher than the net profit achieved during the same period last year.

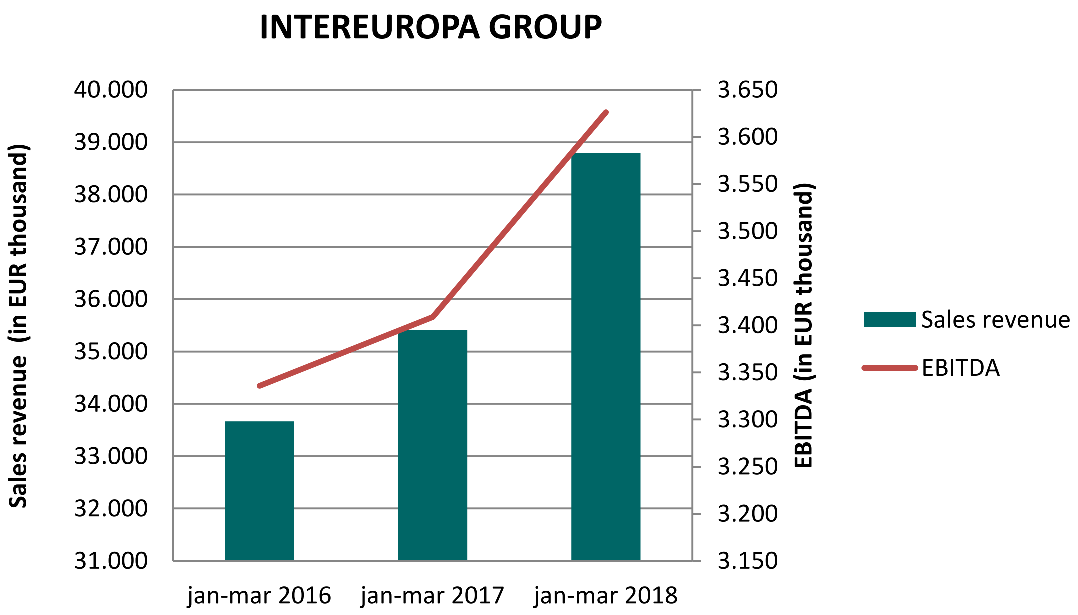


Figure 2: Change in EBITDA and sales revenue in the period January–March between 2016 and 2018

Structure of the statement of financial position

→ Both the current ratio of 1.35 and the ratio of equity to total assets in the amount of 51.8% were practically unchanged relative to the previous period. Cash and cash equivalents, and current operating receivables were up on the asset side due to increased sales, while current operating liabilities were up on the liability side.

→ The Group reduced its net debt by 4% or EUR 2.9 million during the first quarter of 2018.

1.2 Sales

The Intereuropa Group generated **EUR 38.8 million in sales revenue** in the period January–March 2018, an increase of 10% on the results generated during the same period last year. Sales revenue was up in all operating segments, with growth in sales of road, railway, groupage, sea and storage services standing out most.

In the land transport segment, which accounts for 52% of the Group's sales, sales revenue of EUR 20.3 million was generated during the first three months of the year, an increase of 11% on the results achieved in the same period in 2017. The highest proportion or 63% of sales revenue from land transport was generated by the parent company in Slovenia, which exceeded the sales revenue generated in the same period last year by 15%. Sales revenue from road transport services, which account for 52% of sales in the land transport segment, was up by 12%. Groupage services, which account for 19% of total land transport services, recorded growth of 10%.

Sales revenue in the intercontinental transport segment totalled EUR 11.4 million during the period January–March 2018, an increase of 6% relative to the same period in 2017. The highest growth, of 20%, was recorded in the car logistics segment, followed by 12% growth in the air freight segment and 3% growth in the sea freight segment, primarily on account of transactions in the container transport segment and car terminal services.

The Intereuropa Group generated EUR 5.5 million in sales revenue in the logistics solutions segment during the first quarter of 2018, an increase of 16% 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 16%.

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

	Operating segment	Jan–Mar 2018	Structure	Index 2018/plan	Index 2018/2017
1	Land transport	20,260	52%	104	111
2	Logistics solutions	5,529	14%	100	116
3	Intercontinental transport	11,386	29%	109	106
4	Other services	1,618	4%	105	99
	TOTAL SALES REVENUE	**38,793**	**100%**	**105**	**110**

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 Serbia and Macedonia.

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–Mar 2018	Structure	Index 2018/2017
1	Slovenia	27,023	70%	111
2	Croatia	5,345	14%	110
3	Bosnia and Herzegovina	1,640	4%	116
4	Serbia	1,515	4%	95
5	Montenegro	1,248	3%	101
6	Ukraine	959	2%	121
7	Kosovo	653	2%	103
8	Macedonia	331	1%	77
9	Albania	79	0%	96
	TOTAL SALES REVENUE	**38,793**	**100%**	**110**
1	EU countries	32,368	83%	111
2	Non-EU countries	6,426	17%	104

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

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–Mar 2018	Structure	Index 2018/2017
1	Slovenia	16,336	42%	112
2	Croatia	4,345	11%	105
3	Austria	2,156	6%	92
4	Germany	1,685	4%	113
5	Bosnia and Herzegovina	1,448	4%	114
6	Ukraine	113	0%	66
7	Other countries	12,710	33%	111
7a	Other EU countries	5,960	15%	112
7b	Rest of the world	6,750	17%	110
	TOTAL	**38,793**	**100%**	**110**

The largest proportion of the Intereuropa Group's sales revenue (42%) was generated by sales to customers with head offices in Slovenia, while customers from the other countries of the former Yugoslavia accounted for 21% of sales. Sales to customers with head offices in other countries accounted for 37% of the Group's total sales revenue.

LAND TRANSPORT

The Intereuropa Group generated sales revenue of EUR 20.3 million from land transport services in the period January–March 2018, with that amount representing 52% of the Group’s total sales. The land transport segment exceeded planned sales revenue by 4% during the first quarter of 2018 and the revenues generated during the first quarter of 2017 by 11%. At EUR 12.8 million, the parent company in Slovenia accounted for the highest proportion of total revenues generated by the land transport segment during the first quarter of 2018, and exceeded the sales revenue generated in the same period last year by 15%. A review of sales revenue by product shows that the results achieved by all products in the land transport segment exceeded the results achieved during the same period last year.

The highest growth was recorded by companies in Slovenia, Bosnia and Herzegovina and Serbia, and even by the company in the Ukraine, despite the still adverse economic conditions. A decline in sales of land transport products was recorded in Macedonia, as the result of a one-off transaction successfully completed by the company during the first quarter of last year that was not repeated this year.

During the first quarter of 2018, the company in Slovenia recorded growth in the physical volume of processed orders for groupage, road transport and customs clearance services. The increase in sales revenue also tracked the increase in the number of orders.

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

INTEREUROPA GROUP	Jan–Mar 2018	Structure	Index 2018/2017
LAND TRANSPORT	**20,260**	**100%**	**111**
Groupage services	3,846	19%	111
Domestic transport	2,764	14%	105
Road transport	10,518	52%	112
Customs services	1,831	9%	103
Railway freight	1,301	6%	139

- → Nearly two thirds of sales revenue from domestic transport services is generated by the company in Croatia, where numerous additional activities were carried out during the first quarter to optimise the functioning of the WexVS information solution. The ExpressHR2018 project was launched at the end of January with the aim of optimising execution and the sales function in the domestic transport segment. Functioning within that project are several groups allocated by area: operational sales (COM), production (TMS), throughput warehouses (TWS) and HR organisation. In addition to employees from the company in Croatia, the project also includes employees from the parent company with the aim of sharing best practices.
- → Reorganisation of the domestic transport segment was completed at the parent company in March, resulting in the centralisation of operations and control over that business process. Growth was recorded in both the number of shipments and total weight during the first quarter.
- → There is increased market demand for road transport services, which makes it much more difficult to ensure sufficient capacities to meet the demand of the Group’s customers.

Nevertheless, customers are still applying pressure on prices in tenders for long-term transactions.

→ The company in Slovenia contributed most to growth in sales revenue generated by the railway freight segment, while the trend in sales at the subsidiary in the Ukraine has taken a turn for the better.

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

LOGISTICS SOLUTIONS

The Intereuropa Group's logistics solutions segment generated EUR 5.5 million in sales revenue during the period January–March 2018 or 14% of the Group's total sales. This translates to 16% growth in sales in this segment relative to the same period in 2017, while planned targets were also exceeded. An improving business climate can be seen on key markets.

In Slovenia, which accounts for half of the Group's storage capacities, the logistics solutions segment generated EUR 3.8 million in sales revenue in the period January–March 2018 or 69% of total sales of logistics solutions. Last year's sales revenue was exceeded by 16%, while planned targets were also exceeded. Those improving results are the fruit of new transactions and full storage capacities, and the increased turnover of goods in nearly all warehouses in Slovenia.

In Croatia, which accounts for nearly a quarter of the Group's storage capacities, the logistics solutions segment generated EUR 1 million in sales revenue in the period January–March 2018 or 18% of total sales of logistics solutions. During the aforementioned period, the two companies in Croatia together recorded a 22% increase in sales revenue relative to last year, while planned targets were exceeded by 1%. Such high growth in sales revenue in that country was primarily due to a change in the booking of sales in the storage and distribution segment following the introduction of the WexVS system in March 2017. Those sales were recorded in the domestic transport segment prior to the introduction of WexVS.

In Montenegro, which accounts for almost 8% of the Group's storage capacities, the logistics solutions segment generated EUR 0.2 million in sales revenue in the period January–March 2018 or 4% of the Group's total sales of logistics solutions. During the aforementioned period, last year's sales revenue in Montenegro was exceeded by 4%, while planned targets were exceeded by 1%.

In Serbia, which accounts for 10% of the Group's storage capacities, the logistics solutions segment generated EUR 0.2 million in sales revenue during the period January–March 2018 or 4% of total sales of logistics solutions. Sales revenue was down by 4% during the aforementioned period relative to last year, while results were 15% below planned targets, primarily due to lower inventories and the reduced turnover of goods at major customers.

The sales revenue generated by the logistics solution segment in Macedonia and Kosovo exceeded planned targets, by 52% in Macedonia and by 13% in Kosovo. Sales revenue in Macedonia was up by 53% on last year's results, while sales revenue in Kosovo was up by 14% relative to last year.

Numerous activities were carried out, particularly at companies in Slovenia, Croatia and Bosnia and Herzegovina, to utilise storage capacities and secure new transactions with higher value added. During this period, the Group continued to implement the WexVS information solution to support warehousing and storage activities in Slovenia and Croatia where, in addition to basic IT support, interfaces 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–Mar 2018	Structure	Index 2018/2017
LOGISTICS SOLUTIONS	**5,529**	**100%**	**116**
Warehousing and storage	4,933	89%	110
Distribution	597	11%	201

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

INTERCONTINENTAL TRANSPORT

Sales revenue in the intercontinental transport segment totalled EUR 11.4 million during the period January–March 2018, representing 29% of the Intereuropa Group's total sales. The Intereuropa Group recorded 6% growth in sales revenue relative to the same period in 2017 and exceeded planned targets by 9%.

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

INTEREUROPA GROUP	Jan–Mar 2018	Structure	Index 2018/2017
INTERCONTINENTAL TRANSPORT	**11,386**	**100%**	**106**
Sea freight	8,275	73%	103
Car logistics	1,324	12%	120
Shipping agency	121	1%	104
Air freight	1,666	15%	112

- → The sea freight segment includes conventional freight, container shipping and RO-RO products. Only the container shipping segment is recording growth in sales, which is driven by growth in the physical number of transactions as the result of a more intensive market approach. The decline in the conventional freight segment is primarily a reflection of fewer 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. The decline in the number of transactions in the RO-RO segment is the result of fewer projects in this area.
- → Growth in sales revenue in the car logistics segment is the result of an increase in volumes via key customers, which is also expected in the future primarily due to an increase in vehicle exports via the Port of Koper.
- → More than 90% of the total revenues of the air freight segment were generated in Slovenia and Serbia. The highest growth in sales was recorded in Slovenia, while the sharpest decline was recorded in Serbia, primarily due to a decrease in the number of special charter flights.

1.3 Investments in fixed assets

The Intereuropa Group invested EUR 630 thousand in fixed assets during the first quarter of 2018, double the amount invested during the same period last year. Of the aforementioned amount, EUR 40 thousand was invested in property and EUR 590 thousand was invested in equipment and intangible assets. A total of 8% of the annual investment plan was thus achieved.

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

	Total property			Total equipment and intangible assets			TOTAL INVESTMENTS			%
Company	2018 Jan–Mar	Plan 2018	2017 Jan–Mar	2018 Jan–Mar	Plan 2018	2017 Jan–Mar	2018 Jan–Mar	Plan 2018	2017 Jan–Mar	of plan achieved
Intereuropa d.d.	28	2,126	144	315	3,105	50	343	5,231	194	6.6
Subsidiaries	12	492	54	275	2,141	35	287	2,633	90	10.9
TOTAL	**41**	**2,618**	**198**	**590**	**5,246**	**86**	**630**	**7,864**	**284**	**8.0**

The parent company Intereuropa d.d. invested EUR 343 thousand in property, plant and intangible assets, while other Group companies invested EUR 287 thousand in fixed assets.

Invested funds were earmarked for:
- buildings and the associated fittings/equipment (EUR 211 thousand);
- the purchase of motor vehicles (EUR 232 thousand); and
- hardware and software (EUR 187 thousand).

The Intereuropa Group began several new investments during the first quarter of 2018 that will be completed during the second and third quarters. Major investments include the construction of an eco-island with additional storage capacities in Celje, investments in intangible assets (software and licences) and the set-up of an anti-hail system in Logatec.

1.4 Human resource management

CHANGE IN NUMBER OF EMPLOYEES

The Intereuropa Group had 1,360 employees as at 31 March 2018, a decrease of 0.7% or nine employees relative to the last day of 2017.

→ The Group hired 34 new employees during the first quarter of the year. The reasons for new hires were as follows: 18 workers were hired due to new transactions and the increased scope of work, and 16 new employees were hired to replace workers who left the Company or changed positions within the Company.

→ A total of 43 employees left the Intereuropa Group in the period January–March 2018. Of those, the employment of 28 workers was terminated by agreement at the request of those employees, seven employees retired, the temporary employment contracts of four employees expired, while four employees were laid off for business reasons due to the elimination of their positions.

→ The turnover rate of key and perspective personnel who left their jobs at their own initiative was 5% at large Group companies, an increase of 3 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 year, an increase of 80 relative to the same period last year.

Table 11: Number of employees in the Intereuropa Group by country as at 31 March 2018

	31 March 2018	31 December 2017	Difference 18/17	Index 2018/2017
Slovenia	597	602	-5	99
Croatia	305	303	2	101
Bosnia and Herzegovina	122	124	-2	98
Serbia	108	115	-7	94
Macedonia	31	33	-2	94
Kosovo	47	41	6	115
Montenegro	115	115	0	100
Albania	2	2	0	100
Ukraine	33	34	-1	97
TOTAL	**1,360**	**1,369**	**-9**	**99**

As evident from the table above, the number of employees was up at the subsidiary in Kosovo, where warehouse workers were hired on account of new transactions. The number of employees was down or unchanged at other companies.

DEVELOPMENT, EDUCATION AND TRAINING

The Group earmarked EUR 24 thousand for the acquisition of new knowledge and skills during the reporting period, an increase of nearly EUR 1 thousand relative to the same period last year. Employees completed 3,561 training hours, which is 865 fewer hours than in the same period last year. This can be explained by the fact that more internal training hours were organised during the same period last year due to the introduction of WexVS IT support in Croatia.

Of the EUR 19 thousand spent by the parent company for employee training, EUR 15 thousand was received from the competence centre project in the area of logistics (LOGINS).

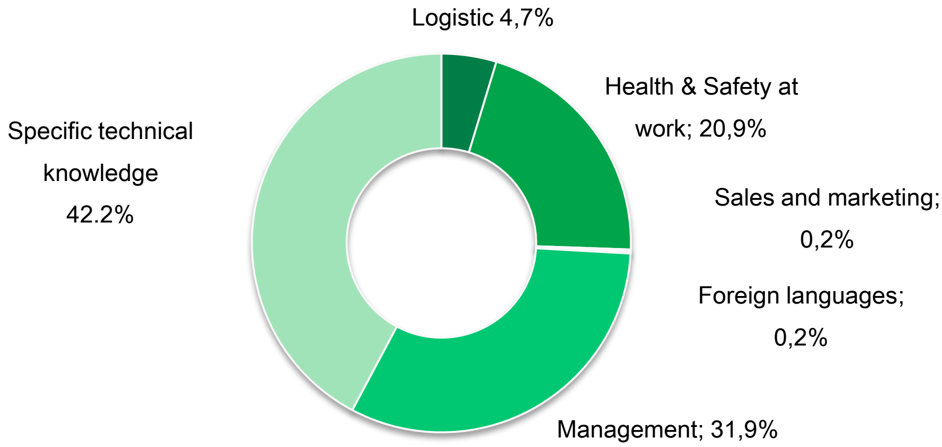


Figure 3: Breakdown of education and training at the Intereuropa Group in terms of hours and content

As is evident from the figure, 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, new regulations governing the protection of personal data, IT, insurance, computer programmes such as Excel, ISO standards and finance), followed by management, and occupational health and safety, while less training was carried out in the areas of logistics, sales and foreign languages.

- At the Group level, employees received an average of three hours of training. Employees at Slovenian Group companies received an average of 1.4 hours of training, those at the subsidiary in Croatia (Intereuropa, logističke usluge, d.o.o., Zagreb) received an average of eight hours and those at other foreign companies received an average of two hours.
- A total of 154 employees at Slovenian Group companies attended 861 hours of training to acquire knowledge and skills. The majority of training in terms of content was carried out in the field of management (344 hours). Here it should be noted that 37 managers participated in a workshop on the subject 'How to motivate people from different generations and improve employees' commitment to achieve business objectives'. Other knowledge and skills acquired by employees were in the area of occupational health and safety (248 hours), as well as specific technical knowledge in the areas of auditing, new regulations governing the protection of personal data, IT, etc. (262 hours).
- Standing out amongst subsidiaries is Intereuropa, logističke usluge, d.o.o., Zagreb, where 117 employees received 2,350 hours of training. In terms of content, 1,140 hours were earmarked for Excel training, 792 hours for management training, 392 hours for occupational health and safety training and 26 hours for other content.
- At the subsidiary in Serbia, 93 employees received a total of 253 hours of training broken down as follows: 148 hours of training in logistics, 67 hours of training in occupational health and 38 hours of training to acquire various specific technical knowledge and skills, including foreign languages.

- → At the subsidiary in Montenegro, 10 employees received 50 hours of training broken down as follows: 15 hours of Excel training, 15 hours of training in the field of finance and 20 hours of training in occupational safety.
- → Seven employees at Intereuropa in Bosnia and Herzegovina received a total of 47 hours of training broken down as follows: 25 hours of training in ISO standards, 16 hours of training in occupational safety and six hours of training in HR matters.
- → Internal lecturers conducted 14% of training at the Group level during the reporting period, including training in the areas of occupational health and safety at Slovenian and Croatian Group companies, and customs clearance procedures at the subsidiary in Serbia.

OCCUPATIONAL HEALTH AND SAFETY

The number of workplace injuries was down relative to the same period last year at the Group level on account of the implementation of occupational health and safety measures, while the sick leave rate at the parent company and certain larger Group companies continues to rise. The sick leave rate was up 2.87 percentage points relative to the same period last year to stand at 7.65% in the first quarter. The sick leave rate also exceeded the planned target of 4% at the subsidiary in Croatia, where it stood at 5.8%, and at the subsidiary in Bosnia and Herzegovina, where it stood at 6.6%. The sick leave rate is typically highest at this time of the year due to viruses and the flu.

In accordance with the measures defined in the Occupational Health Care Promotion Plan, recreation in leased fitness facilities was organised for employees at Slovenian Group companies, as was the supply of fruit once a month, while neck and shoulder massages were organised in the workplace at two business units (in Celje and Ljubljana).

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

- → At the Group level, 74 employees were referred for preventive, preliminary, specific-purpose and periodic medical examinations, an increase of 8.8% relative to 2017, while that figure was 47 employees at Slovenian Group companies, an increase of 11.9% relative to 2017 and 27.0% higher than planned in 2018.
- → A total of 195 employees received training in the areas of occupational health and safety, and fire safety at the Group level, an increase of 167.1% relative to 2017, while that figure was 100 employees at Slovenian Group companies, an increase of 127.3% relative to 2017.
- → Four employees suffered minor workplace injuries at the Group level, which is two less than in 2017, translating to 0.29% of the total number of employees. One employee suffered a minor workplace injury at Slovenian Group companies, which is three less than in 2017, translating to 0.17% of the total number of employees. That figure was thus below the planned target of 1.5%. In addition to regular employees at Slovenian Group companies, three workers hired via agencies and one student were injured, an increase of four relative to 2017.
- → A total of 466 pieces of various work equipment were examined and tested at the Group level, an increase of 9.6% relative to 2017, while that figure was 435 pieces at Slovenian Group companies, an increase of 15.4% relative to 2017, which is in line with the legally prescribed deadlines for examinations of work equipment.

→ Special attention was given to ensuring the management of fire risks and to fire-prevention measures. Evacuation drills were also carried out at Slovenian Group companies in conjunction with the training of those responsible for extinguishing initial fires at the Jesenice and Ljubljana BUs, and the Logatec branch.
→ 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

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

Two new risks were identified during the quarterly review of risks: a business risk in the land transport segment associated with a potential deterioration in the quality of services with the replacement of suppliers for 'master' (inter-terminal) lines, and the strategic risk (amongst operational risks) that managers at subsidiaries do not work for the good of company and all owners ('principal-agent problem'). A total of 40 risks were identified and classified to three categories, as evident from Figure 4.

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

Figure 4: List of identified risks within the Intereuropa Group

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

The Group is most exposed to business risks in the land transport and logistics solutions segments. The most significant risks in the land transport segment remain risks associated with a lack of transport capacities on the market to meet the demands of customers and accompanying increase in the purchase prices of suppliers, and risks associated with the loss of customs terminal status. Pressures by transporters to raise prices eased slightly at the beginning of the year, but that pressure persists. One of the main reasons for the lack of transport capacities on the market is a lack of transporters, which could become a serious system-wide problem over the long term that could thoroughly shake the transportation sector in Slovenia and wider Europe. The risk associated with the loss of customs terminal status has eased due to the conclusion of a new agreement with the Customs Administration of the Republic of Montenegro, while the same risk in Bosnia and Herzegovina remains unchanged.

Amongst business risks in the logistics solutions segment, the risk associated with the inadequate insurance of goods in warehouses was reduced significantly through the arrangement of insurance agreements and the previously mentioned conclusion of a new agreement with the Customs Administration in Montenegro. On the other hand, the quarterly review of risks revealed an increased level of risk associated with the insufficient utilisation of storage capacities, which is linked to the construction of new storage capacities by the competition. Through previously implemented measures aimed at the intensive marketing of primarily complex storage services and logistics projects, we will reduce that risk to an acceptable level. The risk of the potential termination of the lease agreement for storage space at the parent company remains at its identified level.

Operational risks include four recognised risks of the highest levels: corruption risks and the new, associated risk that the management staff at subsidiaries do not work for the good of a company and all owners ('principal-agent problem'), risks associated with the availability of the information system and the malfunctioning thereof, and risks associated with the appropriate protection of assets. The identified level of risk associated with three risks did not change during the first quarter (with the exception of the aforementioned newly identified risk). Measures are being implemented to mitigate those risks. However, we have not yet measured major effects on the improvement of the situation and thus a reduction in the identified risk levels.
No significant changes in HR-related risks were identified in our review of risks. The most significant risk in that area remains employee turnover.
Amongst risks associated with legislation and legal proceedings, our review identified an increase in the level of risk of fraud and other criminal acts, which is directly linked to the newly identified risk of the inappropriate conduct of management staff at subsidiaries.

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

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

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

Item/Indicator	Jan–Mar 2018	Jan–Mar 2018 plan	Jan–Mar 2017*	Index 2018/plan	Index 2018/2017
Sales revenue	27,701	26,448	24,939	105	111
Land transport	12,778	12,515	11,135	102	115
Logistics solutions	3,814	3,819	3,296	100	116
Intercontinental transport	9,993	9,058	9,381	110	107
Other services	1,116	1,056	1,127	106	99
EBITDA	2,724	2,166	2,481	126	110
Operating profit	1,710	1,142	1,473	150	116
Loss from financing activities	-58	-357	-364	-	-
Profit from ordinary operations	1,652	785	1,109	211	149
Corporate income tax and deferred tax	164	100	152	-	-
Net profit	1,488	685	957	217	156
EBITDA margin (in %)	9.8	8.2	9.9	120	99
EBIT margin (in %)	6.2	4.3	5.9	143	105
Sales revenue per employee/month	16.478	15.047	14.241	110	116
Value added per employee/month	4.092	3.700	3.673	111	111
ROE (in %)**	7.0	3.2	4.5	219	157

Item/Indicator	31 March 2018	31 December 2017*	Index 2018/2017
Assets	186,172	184,366	101
Equity	85,945	84,884	101
Net debt	67,414	69,670	97
Current assets/current liabilities	1.16	1.14	102

* 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

→ During the first quarter of the year, the Company exceeded both planned sales revenues and the sales revenues generated during the same period last year through intensive sales activities. In the context of a falling sales margin, it also exceeded the planned operating profit and EBIT margin, as well as the operating profit and EBIT margin achieved during the same period last year. EBITDA exceeded the planned value by 26% and the EBITDA achieved during the same period in 2017 by 10%. The main factor in exceeding planned indicators was higher sales (in the context of a marginally lower sales margin), while lower labour costs (on account of fewer employees) also had a significant positive effect. EBITDA margin exceeded the planned value, but was down slightly on the previous year as the result of higher costs of labour (material impact of changes in the allocation of labour costs) and services, and a declining sales margin.

Loss from financing activities

→ A loss from financing activities was generated in the amount of EUR 58 thousand, which was EUR 0.3 million better than planned and better than the result achieved in the same period in 2017. The main factor in the improved result was revenues from participating interests in Group companies, which were disclosed in both the plan and in 2017 in the second quarter of the year. To a lesser extent, lower expenses for interest on loans had a positive effect on the loss from financing activities, while 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 in the first quarter by 111%. The Company's net profit amounted to EUR 1.5 million following the calculation current and deferred income tax, which was 117% or EUR 0.8 million above planned net profit, and 56% or EUR 0.5 million higher than the net profit achieved during the first quarter of 2017.

Structure of the statement of financial position

→ The current ratio amounted to 1.16, which was at the level recorded during the previous period. The sharpest increase amongst current assets was recorded by current operating receivables and cash and cash equivalents due to higher sales, while current operating liabilities recorded the sharpest increase amongst current liabilities. The ratio of equity to total assets was up minimally (by 0.1 percentage points) during the first quarter and currently stands at 46.2%.

→ The Company reduced its net debt by 3% or EUR 2.3 million during the first quarter of 2018.

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 31 March 2018

	31 March 2018	31 December 2017
Share capital in EUR	27,488,803	27,488,803
Total number of shares	27,488,803	27,488,803
Number of preference shares (IEKN)	10,657,965	10,657,965
Number of ordinary shares (IEKG)	16,830,838	16,830,838
of which treasury shares	18,135	18,135
Number of shareholders	4,013	4,051
Book value per share in EUR	3.13	3.09
Earnings per ordinary share in EUR*	0.05	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–March 2018

	Jan–Mar 2018	Jan–Dec 2017
Closing price at the end of period in EUR*	2.00	2.00
Weighted average price in EUR	2.06	2.26
Highest price in EUR	2.24	2.4
Lowest price in EUR	1.93	1.17
Market capitalisation in EUR thousand*	33,662	33,679
Turnover (in EUR thousand)	372	2,558
P/B	0.64	0.65
P/E	10.0	200
Capital yield	-0.10%	69.60%

* 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

Share trading on the Ljubljana Stock Exchange was significantly more subdued during the first three months of 2018 than in the same period last year. The volume of trading in IEKG shares was also down sharply relative to the same period in 2017 (nearly seven times lower). The market value of IEKG shares fluctuated between EUR 1.93 and EUR 2.24 per share, while the share price closed at EUR 2.00 at the end of March, the same as at the end of 2017. IEKG shares were down 0.1% over the first three months of the year, while the Slovenian SBITOP index gained 1.4%.

The market capitalisation of IEKG shares amounted to EUR 33.7 million at the end of March, accounting for 0.6% of the market capitalisation of all shares on the Ljubljana Stock Exchange.

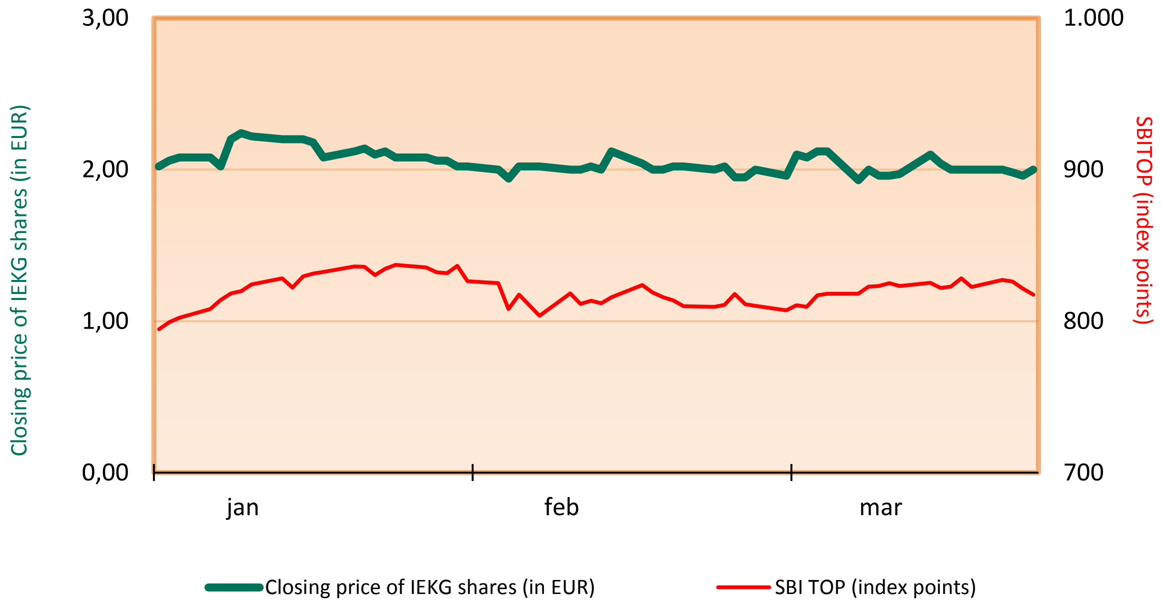


Figure 5: Changes to the closing price of IEKG shares and the SBITOP index in the period January–March 2018

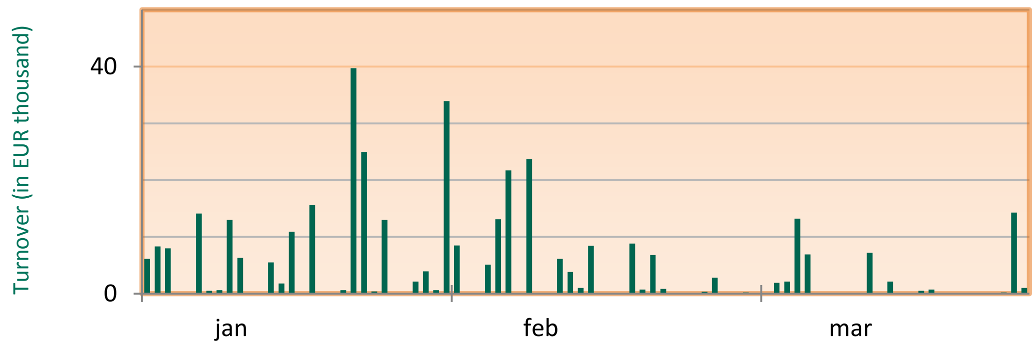


Figure 6: Turnover in IEKG shares in the period January–March 2018

OWNERSHIP STRUCTURE

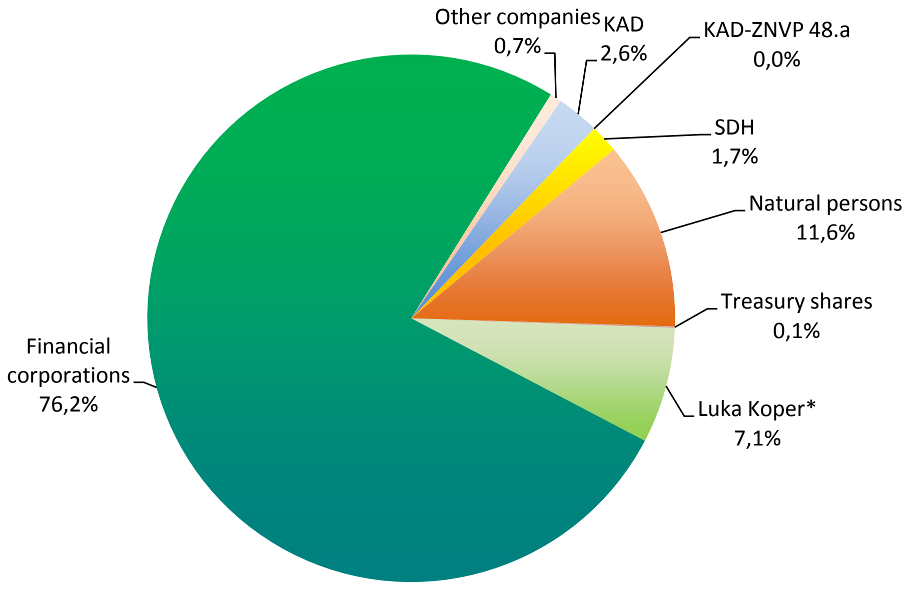
There were no significant changes in the Company's ownership structure during the first quarter of 2018. There were no changes in the Company’s top ten shareholders, whose combined participating interest was unchanged relative to the end of 2017, at 83.6% of total capital.

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

	Shareholder	31 March 2018 Number of shares	Participating interest %	31 December 2017 Number of shares	(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 at the end of 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 31 March 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 31 March 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 31 March 2018

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

TREASURY SHARES

Intereuropa d.d. did not trade treasury shares during the first quarter of the year. It held 18,135 treasury shares (IEKG) as at 31 March 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.

NOTIFICATION OF SHAREHOLDERS

The Company's communication strategy follows the principle of transparent communication, 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–March 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 31 March 2018

in EUR thousand	Jan–Mar 2018	Jan–Mar 2017 (adjusted)*
Sales revenue	**38,793**	**35,416**
Gains and losses from the derecognition of operating receivables	-70	0
Other operating revenues	203	131
Costs of goods, materials and services	-28,114	-25,314
Labour costs	-6,561	-6,228
Amortisation/depreciation	-1,574	-1,694
Loss due to the impairment of receivables	-34	-55
Other operating expenses	-591	-542
Operating profit	**2,052**	**1,714**
Interest income	44	52
Other finance income	9	0
Finance costs – costs of financing	-516	-580
Loss due to the impairment of loans granted and deposits	0	0
Other finance costs	-58	-151
Loss from financing activities	**-521**	**-679**
Investment result recognised according to the equity method	3	4
Profit from ordinary operations	**1,534**	**1,039**
Corporate income tax (including deferred taxes)	-214	-153
Net profit for the accounting period	**1,320**	**886**
Net loss pertaining to controlling interests	1,230	795
Net profit pertaining to non-controlling interests	90	91
Basic and diluted earnings per ordinary share (in EUR)	0.07	0.04

* 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 31 March 2018

in EUR thousand	Jan–Mar 2018	Jan–Mar 2017
Net profit for the accounting period	**1,320**	**886**
Other comprehensive income	**103**	**820**
Items that will be reclassified to profit or loss	**103**	**820**
Change in the fair value of available-for-sale financial assets	0	36
Change in deferred taxes in the revaluation surplus for available-for-sale financial assets	0	-7
Foreign currency translation differences	103	791
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	-50	0
Change in deferred taxes	4	0
Change in net profit or loss brought forward from the transfer of the revaluation surplus for land	50	0
Corporate income tax on net profit or loss brought forward	-4	0
Total comprehensive income	**1,423**	**1,706**
Total comprehensive income pertaining to controlling interests	1,321	1,613
Total comprehensive income pertaining to non-controlling interests	102	93

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE INTEREUROPA GROUP as at 31 March 2018

in EUR thousand	31 March 2018	31 December 2017 (adjusted)*
ASSETS		
Property, plant and equipment	165,266	166,263
Investment property	9,122	9,179
Intangible assets	3,734	3,816
Other non-current assets	25	29
Non-current operating receivables	30	16
Deferred tax assets	12,767	12,888
Long-term loans granted and deposits	43	57
Investment in joint venture	77	73
Other non-current financial assets	32	33
TOTAL NON-CURRENT ASSETS	**191,096**	**192,354**
Available-for-sale assets	154	272
Inventories	123	122
Short-term loans granted and deposits	1,814	1,992
Contract assets	1,339	1,291
Current operating receivables	34,132	32,961
Current receivables for corporate income tax	657	635
Other current assets	748	514
Cash and cash equivalents	5,287	3,618
TOTAL CURRENT ASSETS	**44,254**	**41,405**
TOTAL ASSETS	**235,350**	**233,759**
EQUITY		
Equity pertaining to controlling interests	**114,109**	**113,395**
Share capital	27,489	27,489
Share premium account	18,455	18,455
Profit reserves	5,584	5,584
Fair value reserves	47,327	47,371
Foreign currency translation differences	-6,578	-6,669
Net profit brought forward	20,602	22,167
Net profit or loss	1,230	-1,002
Equity pertaining to non-controlling interests	**7,764**	**7.741**
TOTAL EQUITY	**121,873**	**121,136**
LIABILITIES		
Provisions	3,177	3,230
Non-current deferred income	95	92
Non-current financial liabilities	65,849	66,995
Non-current operating liabilities	373	377
Deferred tax liabilities	11,088	11,064
TOTAL NON-CURRENT LIABILITIES	**80,582**	**81,758**
Current financial liabilities	5,503	5,786
Contract liabilities	546	591
Current operating liabilities	26,782	24,247
Current corporate income tax liabilities	55	236
Current deferred income	9	5
TOTAL CURRENT LIABILITIES	**32,895**	**30,865**
TOTAL LIABILITIES	**113,477**	**112,623**
TOTAL EQUITY AND LIABILITIES	**235,350**	**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 31 MARCH 2018

in EUR thousand	Notes	Jan–Mar 2018	Jan–Mar 2017 (adjusted)*
Cash flows from operating activities			
Net profit for the accounting period		**1,320**	**886**
Adjustments for:			
- amortisation and depreciation	5	1,574	1,694
- gains on the sale of property, plant and equipment, and investment property	2	-156	-32
- loss due to the impairment of receivables	6	34	55
- finance income from interest		-44	-52
- other finance income	7	-9	0
- finance costs – costs of financing		516	580
- other finance costs		58	151
- result recognised according to the equity method	8	-3	-4
- corporate income tax (including deferred taxes)	9	214	153
Operating profit before changes in net working capital and taxes		**3,504**	**3,432**
Changes in net working capital and provisions			
Changes in contract assets		-48	-21
Changes in receivables	17	-1,729	-3,341
Changes in inventories		-1	-6
Changes in other current assets		-234	-294
Changes in contract liabilities		-45	19
Changes in operating liabilities	24	3,003	1,723
Changes in provisions	19	-49	-8
Changes in non-current deferred income		3	2
Income tax paid		-276	-55
Net cash flow from operating activities		**4,128**	**1,451**
Cash flows from investing activities			
Interest received		27	46
Inflows from sale of property, plant and equipment	10	433	330
Inflows from long-term deposits placed		0	30
Net cash flow from short-term loans granted		-8	-36
Net cash flow from short-term deposits placed	14	184	-14
Inflows from the sale of other financial assets		9	4
Outflows for the acquisition of property, plant and equipment	10	-1,040	-732
Outflows for the acquisition of intangible assets		-47	-39
Outflows for long-term deposits placed		0	-50
Net cash flow from investing activities		**-442**	**-461**
Cash flows from financing activities			
Net cash flow from short-term loans and finance leases		-79	55
Interest paid	7	-516	-600
Outflows for the repayment of long-term loans and finance leases	23	-1,354	-1.349
Dividends paid		-34	-13
Net cash flow from financing activities		**-1,983**	**-1,907**
Opening balance of cash and cash equivalents		**3,618**	**5,294**
Exchange rate differences relating to cash		-34	-19
Net cash flow for the period from ordinary operations		**1,703**	**-917**
Closing balance of cash and cash equivalents	19	**5,287**	**4,358**

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 31 March 2018

			PROFIT RESERVES							RETAINED EARNINGS				
in EUR thousand	Share capital	Share premium account	Legal reserves	Reserves for treasury shares	Treasury shares (as deduction item)	Reserves under the articles of association	Other reserves	Fair value reserves	Foreign currency translation differences	Net profit brought forward	Net profit or loss for the accounting period	Equity pertaining to controlling interests	Equity pertaining to non-controlling interests	Total equity
Reported as at 31 December 2017	**27,489**	**18,455**	**4,653**	**180**	**-180**	**15**	**916**	**47,371**	**-6,669**	**22,167**	**-1,002**	**113,395**	**7.741**	**121,136**
Adjustment for the initial application of IFRS 9*	0	0	0	0	0	0	0	0	0	-607	0	-607	-41	-648
Balance as at 1 January 2018	**27,489**	**18,455**	**4,653**	**180**	**-180**	**15**	**916**	**47,371**	**-6,669**	**21,560**	**-1,002**	**112,788**	**7,700**	**120,488**
Total comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-44**	**91**	**44**	**1,230**	**1,321**	**102**	**1,423**
Net profit for the financial year	0	0	0	0	0	0	0	0	0	0	1,230	1,230	90	1,320
Other comprehensive income	0	0	0	0	0	0	0	-44	91	44	0	91	12	103
Transactions with owners														
Transfer of net profit from the previous year to net profit brought forward	0	0	0	0	0	0	0	0	0	-1,002	1,002	0	0	0
Dividends and shares in profit	0	0	0	0	0	0	0	0	0	0	0	0	-38	-38
Closing balance as at 31 March 2018	**27,489**	**18,455**	**4,653**	**180**	**-180**	**15**	**916**	**47,327**	**-6,578**	**20,602**	**1,230**	**114,109**	**7,764**	**121,873**

* 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 31 March 2017

in 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 brought forward	Net profit 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**	**29**	**789**	**0**	**795**	**1,613**	**93**	**1,706**
Net profit for the financial year	0	0	0	0	0	0	0	0	0	0	795	795	91	886
Other comprehensive income	0	0	0	0	0	0	0	29	789	0	0	818	2	820
Transactions with owners														
Transfer of net profit from the previous year to net profit brought forward	0	0	0	0	0	0	0	0	0	1,241	-1,241	0	0	0
Dividends and shares in profit	0	0	0	0	0	0	0	0	0	0	0	0	-40	-40
Other changes	0	0	0	0	0	0	0	0	0	-1	0	-1	0	-1
Closing balance as at 31 March 2017	**27,489**	**18,455**	**4,653**	**180**	**-180**	**15**	**609**	**50,602**	**-6,697**	**34,926**	**795**	**130,847**	**9,003**	**139,850**

2.2 Notes to the financial statements of the Intereuropa Group

a) Basis for compiling the financial statements

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

b) Use of estimates and judgements

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

c) Changes in significant accounting policies.

Transition to IFRS 9 Financial Instruments

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

The adoption of IFRS 9 also resulted in amendments to IAS 1 Presentation of Financial Statements, which requires the following special items to be included in the income statement: 'loss due to the impairment of receivables', 'finance income from interest' and 'finance costs – costs of financing'. The Group therefore made the following reclassifications in the comparable data:
- the item 'loss due to the impairment of receivables', which was disclosed in the previously reported data in two items ('other operating revenues' in the amount of EUR 132 thousand and 'other operating expenses' in the amount of EUR 187 thousand), was disclosed in the net amount of those two items (EUR 55 thousand);
- the previously reported item 'finance income' (EUR 52 thousand) was reclassified in full to the item 'finance income from interest'; and
- the previously reported item 'finance costs' (EUR 731 thousand) was reclassified to the items 'finance costs – costs of financing' (EUR 580 thousand) and 'other finance costs' (EUR 151 thousand).

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

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

Table 17: Summary of changes in the Group's equity as at 1 January 2018

in EUR thousand	Reported as at 31 December 2017	Adjustment for the initial application of IFRS 9 due to the impairment of receivables and deposits	Adjusted balance as at 1 January 2018
Net profit 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 18: Classification of financial assets based on the business model used to manage financial assets, and on the cash flow characteristics of financial assets

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

Table 19: 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 20: Carrying amount of financial assets in accordance with IAS 39 and new values in accordance with the IFRS by type of asset

in EUR thousand	Classification in accordance with IAS 39	New classification in accordance with IFRS 9	Carrying amount in accordance with IAS 39	Carrying amount in accordance with IFRS 9
Investments in shares and participating interests (excluding investments in subsidiaries and an associate)	Available-for-sale financial assets	Financial assets measured at fair value through profit or loss	32	32
Deposits placed	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 21: Effect of additional impairments of financial assets as at 1 January 2018 using the new model in accordance with IFRS 9

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

Table 22: Exposure to credit risk and expected credit losses in connection with current trade receivables

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

IFRS 15 Revenue from Contracts with Customers

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

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

Classification and measurement

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

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

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

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

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

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

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

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

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

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

A) NOTES TO THE CONSOLIDATED INCOME STATEMENT

Sales revenue amounted to EUR 38,793 thousand. Deferred revenues accounted for EUR 1,097 thousand of that amount (EUR 710 thousand during the comparable period). The Group generated EUR 203 thousand in **other operating revenues** that are mainly accounted for by gains on the sale of property, plant and equipment (EUR 156 thousand).

Costs of goods, materials and services

Table 23: Costs of goods, materials and services of the Intereuropa Group in the period January–March 2018

in EUR thousand	Jan–Mar 2018	Jan–Mar 2017
Costs of materials and historical cost of goods sold	1,150	1,111
Costs of services	26,964	24,204
direct costs	24,078	21,690
costs of telecommunication services	124	107
maintenance costs	615	544
insurance premiums	181	210
training and education costs	24	22
other costs of services	1,944	1,630
Total	**28,114**	**25,314**

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 24: Labour costs of the Intereuropa Group in the period January–March 2018

in EUR thousand	Jan–Mar 2018	Jan–Mar 2017
Costs of wages and salaries	4,791	4,621
Social security costs	1,042	1,010
Other labour costs:	728	597
annual leave allowance	200	13
transportation and meal allowances	479	510
other labour costs	48	74
expenses for employee participation in profits	0	0
Total	**6,561**	**6,228**

Amortisation/depreciation

Table 25: Amortisation and depreciation costs of the Intereuropa Group in the period January–March 2018

in EUR thousand	Jan–Mar 2018	Jan–Mar 2017
Amortisation of intangible assets	130	129
Depreciation of property, plant and equipment and investment property	1,444	1,565
Total	**1,574**	**1,694**

Other operating expenses

Table 26: Other operating expenses of the Intereuropa Group in the period January–March 2018

in EUR thousand	Jan–Mar 2018	Jan–Mar 2017
Building land use fees and similar expenses	434	377
Expenses from impairments and write-offs of property, plant and equipment	0	1
Expenses from value adjustments (impairments) and write-offs of inventories	1	0
Other operating expenses	155	164
Total	**591**	**542**

Effect of finance income and costs on profit

Table 27: Effect of finance income and costs on the profit of the Intereuropa Group in the period January–March 2018

in EUR thousand	Jan–Mar 2018	Jan–Mar 2017
Interest income	44	52
Revenues from the disposal of financial assets	9	0
Total finance income	**53**	**52**
Interest expense	-516	-580
Expenses from the disposal of financial assets	0	-16
Finance costs from impairments and write-offs of financial assets	0	-2
Net exchange rate differences	-58	-132
Total finance costs	**-574**	**-731**
Loss from financing activities	**-521**	**-679**

The Group generated a **profit from ordinary operations** of EUR 1,534 thousand.

Corporate income tax was negative in the amount of EUR 214 thousand, comprising current tax in the negative amount of EUR 67 thousand and deferred tax in the negative amount of EUR 147 thousand.

The Group generated a **net profit** of EUR 1,320 thousand during the reporting period. Of that amount, EUR 1,230 thousand pertains to **controlling** interests, while EUR 90 thousand pertains to **non-controlling** interests.

B) NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Property, plant and equipment

Table 28: Property, plant and equipment of the Intereuropa Group as at 31 March 2018

in EUR thousand	31 March 2018	31 December 2017
Land and buildings	157,771	158,789
a) Land	79,404	79,438
b) Buildings	78,367	79,351
Other plant and equipment	6,772	6,891
Investments in foreign fixed assets	2	2
Property, plant and equipment in acquisition	721	582
Total	**165,266**	**166,263**

The carrying amount of property, plant and equipment (land and buildings) pledged as collateral was EUR 111,700 thousand as at 31 March 2018 (comprising collateral for loans received and contingent liabilities). The Intereuropa Group had no other legal restrictions on the disposal of aforementioned assets.

Investment property

The carrying amount of investment property pledged as collateral was EUR 8,569 thousand as at 31 March 2018. That amount represents additional collateral for liabilities for which the underlying collateral comprises pledged items of property, plant and equipment.

Intangible assets

Table 29: Intangible assets of the Intereuropa Group as at 31 March 2018

in EUR thousand	31 March 2018	31 December 2017
Long-term property rights	574	625
Goodwill	42	42
Other intangible assets	2,841	2,917
Intangible assets under construction	277	232
Total	**3,734**	**3,816**

Loans granted and deposits

Table 30: Loans granted and deposits of the Intereuropa Group as at 31 March 2018

in EUR thousand	31 March 2018	31 December 2017
Long-term loans and deposits	**43**	**57**
- loans granted	3	4
- deposits	40	54
Short-term loans and deposits	**1,814**	**1,992**
- loans granted	88	79
- deposits	1,725	1,913
Total	**1,857**	**2,051**

As at 31 March 2018, the Group had pledged long-term deposits in the amount of EUR 40 thousand as collateral for contingent liabilities and liabilities from finance leases.

Current operating receivables

Table 31: Current operating receivables of the Intereuropa Group as at 31 March 2018

in EUR thousand	31 March 2018	31 December 2017
Current trade receivables	32,421	30,355
Current operating receivables from others	1,712	2,606
Total	**34,132**	**32,961**

The Intereuropa Group had current trade receivables with a carrying amount of EUR 10,000 thousand pledged as collateral as at 31 March 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 748 thousand comprise current deferred costs.

Provisions

Table 32: Provisions of the Intereuropa Group as at 31 March 2018

in EUR thousand	31 March 2018	31 December 2017
Provisions for severance pay at retirement and jubilee benefits	1,290	1,340
Provisions for lawsuits	1,009	1,012
Other provisions	878	878
Total	**3,177**	**3,230**

Non-current financial liabilities comprise loans and finance leases, and amounted to EUR 65,849 thousand.

Current financial liabilities

Table 33: Current financial liabilities of the Intereuropa Group as at 31 March 2018

in EUR thousand	31 March 2018	31 December 2017
Short-term loans and finance leases received	4,558	4.846
Liabilities for dividends and other shares in profit	945	941
Total	**5,503**	**5,786**

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

Current operating liabilities

Table 34: Current operating liabilities of the Intereuropa Group as at 31 March 2018

in EUR thousand	31 March 2018	31 December 2017
Current trade payables	22,903	20,998
Other current operating liabilities	3,879	3,249
Total	**26,782**	**24,247**

C) OTHER NOTES

Contingent liabilities

Table 35: Contingent liabilities of the Intereuropa Group as at 31 March 2018

in EUR thousand	31 March 2018	31 December 2017
From bank guarantees and guarantees given to others	19,792	16,965
From lawsuits	780	753
To D.S.U., družba za svetovanje in upravljanje, d.o.o.	126	126
Other contingent liabilities	105	105
Total	**20,802**	**17,949**

Fair value

Table 36: Fair value of financial instruments of the Intereuropa Group as at 31 March 2018

in EUR thousand	31 March 2018 Carrying amount	31 March 2018 Fair value	31 December 2017 Carrying amount	31 December 2017 Fair value
Financial assets				
Equity instruments measured at fair value through other comprehensive income*	5	5	0	0
Equity instruments measured at fair value through profit or loss*	27	27	0	0
Loans and deposits	1,857	1,857	2,049	2,049
Operating receivables	34,162	34,162	32,977	32,977
Cash and cash equivalents	5,287	5,287	3,618	3,618
Total	**41,311**	**41,311**	**38,644**	**38,644**
Financial liabilities				
Loans and finance leases	70,407	70,407	71,841	71,841
- at fixed interest rates	664	664	949	949
- at variable interest rates	69,743	69,743	70,892	70,892
Liabilities for dividends and other shares in profit	945	945	941	941
Operating liabilities	27,155	27,155	24,624	24,624
Total	**98,507**	**98,507**	**97,406**	**97,406**

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

Table 37: Fair value hierarchy of assets in the Intereuropa Group as at 31 March 2018

in EUR thousand Fair value hierarchy	31 March 2018 Level 1	Level 2	Level 3	Total
Land	0	0	79,404	79,404
Financial assets				0
Equity instruments measured at fair value through other comprehensive income*	5	0	27	32
Equity instruments measured at fair value through profit or loss*	5	0	27	32
Loans and deposits	0	0	1,857	1,857
Operating receivables	0	0	34,162	34,162
Cash and cash equivalents	0	0	5,287	5,287
Total	**5**	**0**	**120,738**	**120,742**
Financial liabilities				
Loans and finance leases	0	0	70,407	70,407
- at fixed interest rates	0	0	664	664
- at variable interest rates	0	0	69,743	69,743
Liabilities for dividends and other shares in profit	0	0	945	945
Operating liabilities	0	0	27,155	27,155
Total	**0**	**0**	**98,507**	**98,507**

Table 38: Fair value hierarchy of assets in the Intereuropa Group as at 31 December 2017

in EUR thousand	31 December 2017			
Fair value hierarchy	Level 1	Level 2	Level 3	Total
Land	0	0	79,438	79,438
Financial assets				
Loans and deposits	0	0	2,050	2,050
Operating receivables	0	0	34,268	34,268
Cash and cash equivalents	0	0	3,618	3,618
Total	**0**	**0**	**119,374**	**119,374**
Financial liabilities				
Loans and finance leases	0	0	71,841	71,841
- at fixed interest rates	0	0	949	949
- at variable interest rates	0	0	70,892	70,892
Liabilities for dividends and other shares in profit	0	0	941	941
Operating liabilities	0	0	24,624	24,624
Total	**0**	**0**	**97,406**	**97,406**

TRANSACTIONS BETWEEN RELATED PARTIES

Table 39: Transactions between related parties

Revenues from the sale of services in EUR thousand	Jan–Mar 2018	Jan–Mar 2017
Associate	165	189
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	14	7

Costs of services in EUR thousand	Jan–Mar 2018	Jan–Mar 2017
Associate	931	1,382
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	1	0

Balance of operating receivables in EUR thousand	31 March 2018	31 December 2017
Associate	120	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	12	7

Balance of operating liabilities in EUR thousand	31 March 2018	31 December 2017
Associate	704	534

INFORMATION BY BUSINESS SEGMENT FOR THE PERIOD JANUARY–MARCH 2018

Table 40: Geographical business segments of the Intereuropa Group in the period January–March 2018

	Slovenia		Croatia		Bosnia and Herzegovina		Serbia		Montenegro	
in EUR thousand	Jan–Mar 2018	Jan–Mar 2017	Jan–Mar 2018	Jan–Mar 2017	Jan–Mar 2018	Jan–Mar 2017	Jan–Mar 2018	Jan–Mar 2017	Jan–Mar 2018	Jan–Mar 2017
Revenues from external customers	27,002	24,310	5,345	4,880	1,640	1,411	1,515	1,589	1,248	1,239
Revenues from transactions with other segments	855	779	157	142	110	98	151	159	16	15
Total revenues	27,857	25,088	5,501	5,022	1,751	1,509	1,666	1,748	1,264	1,254
Amortisation/depreciation	1,015	1,008	337	413	71	89	49	47	73	108
Operating profit or loss	1,736	1,482	39	-118	82	-13	145	162	139	139
Interest income	43	49	5	6	0	0	1	1	15	6
Interest expense	482	528	16	14	2	2	13	16	0	0
Profit or loss from ordinary operations	1,654	1,106	14	-142	81	-15	132	140	154	145
Revenues from investments valued according to the equity method	0	0	0	0	0	0	0	0	0	0
Corporate income tax	168	155	4	3	7	0	19	17	18	-28

	Ukraine		Other		Total		Adjustments (including eliminations*)		Group	
in EUR thousand	Jan–Mar 2018	Jan–Mar 2017	Jan–Mar 2018	Jan–Mar 2017	Jan–Mar 2018	Jan–Mar 2017	Jan–Mar 2018	Jan–Mar 2017	Jan–Mar 2018	Jan–Mar 2017
Revenues from external customers	959	793	1,064	1,146	38,772	35,368	21	48	38,793	35,416
Revenues from transactions with other segments	0	0	247	265	1,536	1,458	-1,536	-1,458	0	0
Total revenues	959	793	1,311	1,412	40,308	36,826	-1,515	-1,410	38,793	35,416
Amortisation/depreciation	11	12	17	17	1,574	1,694	0	0	1,574	1,694
Operating profit or loss	-47	5	-44	57	2,051	1,714	1	0	2,052	1,714
Interest income	0	0	0	0	64	62	-20	-11	44	52
Interest expense	23	30	1	0	536	590	-20	-11	516	580
Profit or loss from ordinary operations	-23	-60	-45	57	1,968	1,231	-433	-192	1,534	1,039
Revenues from investments valued according to the equity method	0	0	0	0	0	0	3	4	3	4
Corporate income tax	0	0	4	7	220	153	-6	0	214	153

* All adjustments are subject to consolidation procedures.

in EUR thousand	Slovenia		Croatia		Bosnia and Herzegovina		Serbia		Montenegro	
	Jan–Mar 2018	Jan–Dec 2017	Jan–Mar 2018	Jan–Dec 2017	Jan–Mar 2018	Jan–Dec 2017	Jan–Mar 2018	Jan–Dec 2017	Jan–Mar 2018	Jan–Dec 2017
Assets	187,339	163,925	49,697	45,405	13,351	11,802	10,891	9,528	17,183	16,339
Non-current assets	157,096	158,000	43,651	43,845	11,392	11,498	9,150	9,111	12,321	12,466
Operating liabilities	20,607	18,933	3,383	3,220	1,556	1,157	972	614	661	712
Financial liabilities	70,701	71,523	656	937	139	154	875	1,042	392	392
Investments according to the equity method	39	39	0	0	0	0	0	0	0	0

in EUR thousand	Ukraine		Other		Total		Adjustments (including eliminations*)		Group	
	Jan–Mar 2018	Jan–Dec 2017	Jan–Mar 2018	Jan–Dec 2017	Jan–Mar 2018	Jan–Dec 2017	Jan–Mar 2018	Jan–Dec 2017	Jan–Mar 2018	Jan–Dec 2017
Assets	1,841	1,760	3,150	1,842	283,452	250,600	-48,102	-47,026	235,350	203,574
Non-current assets	1,195	1,228	1,023	1,045	235,828	237,194	-44,733	-44,838	191,095	192,355
Operating liabilities	689	697	789	716	28,659	26,049	-1,504	-1,425	27,155	24,624
Financial liabilities	1,448	1,538	0	0	74,212	75,587	-2,859	-2,805	71,352	72,781
Investments in joint venture according to equity method	0	0	0	0	39	39	37	34	77	73

* All adjustments are subject to consolidation procedures.

Table 41: Sales revenue of the Intereuropa Group by business segment in the period January–March 2018

in EUR thousand	Jan–Mar 2018	Jan–Mar 2017	Jan–Mar 2018	Jan–Mar 2017	Jan–Mar 2018	Jan–Mar 2017	Jan–Mar 2018	Jan–Mar 2017	Jan–Mar 2018	Jan–Mar 2017
	Land transport		Logistics solutions		Intercontinental transport		Other services		Intereuropa Group	
Sales revenue	20,260	18,275	5,529	4,777	11,386	10,734	1,618	1,629	38,793	35,416

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 42: Liquidity risk as at 31 March 2018

in EUR thousand							
31 March 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	69,746	72,441	3,039	3,255	66,148	0	0
Loans received on the basis of finance leases	664	720	63	56	470	131	0
Liabilities for dividends and other shares in profit	945	945	412	533	0	0	0
Trade payables	23,185	23,185	22,876	27	119	71	92
Other operating liabilities	3,970	3,970	3,838	41	91		
Total	**98,510**	**101,261**	**30,228**	**3,912**	**66,828**	**202**	**92**

Table 43: Liquidity risk as at 31 December 2017

in 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**

The most important items in the scope of liquidity risk are trade payables and liabilities to creditor banks. The Group manages those risks by ensuring the appropriate amount (with an emphasis here on deleveraging) and maturity of long-term loans, through regular contact with creditor banks and the necessary credit limits to balance fluctuations in short-term liquidity. The Group also takes a preventive approach by monitoring and managing operating receivables.

Table 44: Currency risk as at 31 March 2018

in EUR thousand

31 March 2018	EUR	HRK	RSD	Other	Total
Operating receivables	26,399	4,266	1,048	2,449	**34,162**
Long-term loans granted and deposits	40	0	0	3	**43**
Short-term loans granted and deposits	1,683	123	0	8	**1,814**
Long-term loans received	-65,218	-570	0	-61	**-65,849**
Short-term loans received	-5,331	-87	0	-86	**-5,503**
Operating liabilities	-21,538	-2,931	-797	-1,889	**-27,155**
Exposure disclosed in the statement of financial position	**-63,965**	**802**	**251**	**424**	**-62,488**

Table 45: Currency risk as at 31 December 2017

in 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 46: Exposure to credit risk and expected credit losses in connection with current trade receivables

in EUR thousand	Gross value as at 31 March 2018	Average percentage of value adjustments created	Value adjustment as at 31 March 2018
Non-past-due	25,033	0.44%	109
0 to 30 days past due	4,914	0.35%	17
31 to 90 days past due	1,932	2.39%	46
91 to 180 days past due	796	10.22%	81
More than 180 days past due	4,834	99.93%	4,831
Exchange rate differences	-1		4
Total	**37,510**		**5,089**

Table 47: Changes in adjustments to the value of current trade receivables

in EUR thousand	**31 March 2018**
Value adjustments as at 1 January	5,134
- write-offs of receivables	-78
- net effect of the impairment of receivables (loss due to the impairment of receivables, including the reversal of impairment losses)	33
Balance as at	**5,089**

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

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

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

Table 48: Interest-rate risk as at 31 March 2018

in EUR thousand

Type of variable interest rate	Loan amount 31 March 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	69,572	-70	-174	-348
1-month EURIBOR	171	0	0	-1
Total	69,743	-70	-174	-349

Table 49: Interest-rate risk as at 31 December 2017

in 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 EURIBOR	263	0	-1	-1
Total	70,892	-71	-177	-354

EVENTS AFTER THE REPORTING PERIOD

On 5 April 2018, Intereuropa d.d. (the parent company of the Group) 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.

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 31 March 2018

in EUR thousand	Jan–Mar 2018	Jan–Mar 2017 (adjusted*)
Sales revenue	**27,701**	**24,939**
Gains and losses from the derecognition of operating receivables	5	0
Other operating revenues	94	85
Costs of goods, materials and services	-20,642	-18,302
Labour costs	-4,155	-3,951
Amortisation/depreciation	-1,014	-1,007
Loss due to the impairment of receivables	-12	-17
Other operating expenses	-266	-275
Operating profit	**1,710**	**1,473**
Interest income	43	48
Gains and losses from the derecognition of loans granted and deposits	0	0
Other finance income	459	138
Finance costs – costs of financing	-482	-528
Loss due to the impairment of loans granted and deposits	0	0
Other finance costs	-78	-22
Loss from financing activities	**-58**	**-364**
Profit from ordinary operations	**1,652**	**1,109**
Corporate income tax (including deferred taxes)	-164	-152
Net profit for the accounting period	**1,488**	**957**
Basic and diluted earnings per ordinary share (in EUR)	0.05	0.03

* 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 31 March 2018

in EUR thousand	Jan–Mar 2018	Jan–Mar 2017
Net profit for the accounting period	**1,488**	**956**
Other comprehensive income	**0**	**28**
Items that will be reclassified to profit or loss	**0**	**28**
Gains and losses from investments in equity instruments measured at fair value through other comprehensive income upon initial recognition	0	35
Change in deferred taxes from investments in equity instruments	0	-7
Items that will not be reclassified to profit or loss	**0**	**0**
Total comprehensive income	**1,488**	**984**

STATEMENT OF FINANCIAL POSITION OF INTEREUROPA D.D.

as at 31 March 2018

in EUR thousand	31 March 2018	31 December 2017 (adjusted*)
ASSETS		
Property, plant and equipment	89,233	89,848
Investment property	8,619	8,668
Intangible assets	3,477	3,552
Other non-current assets	26	29
Non-current operating receivables	16	16
Deferred tax assets	11,181	11,315
Long-term loans granted and deposits	205	229
Other non-current financial assets	44,323	44,323
TOTAL NON-CURRENT ASSETS	**157,080**	**157,980**
Available-for-sale assets	119	237
Inventories	8	9
Short-term loans granted and deposits	1,182	1,211
Contract assets	1,113	1,064
Current operating receivables	23,993	22,750
Current receivables for corporate income tax	633	566
Other current assets	363	136
Cash and cash equivalents	1,681	413
TOTAL CURRENT ASSETS	**29,092**	**26,386**
TOTAL ASSETS	**186,172**	**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	32,343	32,342
Net profit brought forward	3,421	3,509
Net profit	1,488	340
TOTAL EQUITY	**85,945**	**84,884**
LIABILITIES		
Provisions	1,958	1,986
Non-current deferred income	94	92
Non-current financial liabilities	65,218	66,327
Non-current operating liabilities	372	372
Deferred tax liabilities	7,587	7,587
TOTAL NON-CURRENT LIABILITIES	**75,229**	**76,364**
Current financial liabilities	5,264	5,196
Contract liabilities	51	46
Current operating liabilities	19,683	17,829
Current corporate income tax liabilities	0	47
TOTAL CURRENT LIABILITIES	**24,998**	**23,118**
TOTAL LIABILITIES	**100,227**	**99,482**
TOTAL EQUITY AND LIABILITIES	**186,172**	**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 31 March 2018

in EUR thousand	Jan–Mar 2018	Jan–Mar 2017 (adjusted*)
Cash flows from operating activities		
Net profit for the accounting period	**1,488**	**956**
Adjustments for:		
- amortisation and depreciation	1,014	1,007
- gains on the sale of property, plant and equipment	-69	-16
- loss due to the impairment of receivables	12	17
- finance income from interest	-43	-48
- other finance income	-459	-138
- finance costs – costs of financing	482	528
- other finance costs	78	22
- corporate income tax (including deferred taxes)	164	152
Operating profit before changes in net working capital and taxes	**2,668**	**2,479**
Changes in net working capital and provisions		
Changes in contract assets	-48	7
Changes in receivables	-1,455	-1,857
Changes in inventories	1	0
Changes in other current assets	-226	-191
Changes in contract liabilities	5	37
Changes in operating liabilities	2,257	1,203
Changes in provisions	-30	-11
Changes in non-current deferred income	3	3
Income tax paid	-145	0
Net cash flow from operating activities	**3,030**	**1,670**
Cash flows from investing activities		
Interest received	32	78
Dividends received and shares in profit	234	0
Inflows from the sale of property, plant and equipment, and assets held for sale	255	314
Inflows from long-term loans granted	22	10
Inflows from long-term deposits placed	0	30
Inflows from the disposal of other non-current financial assets	9	2
Net cash flow from short-term loans granted	0	-27
Net cash flow from short-term deposits placed	30	20
Outflows for the acquisition of property, plant and equipment, and investment property	-700	-578
Outflows for the acquisition of intangible assets	-45	-39
Outflows for long-term deposits placed	0	-50
Outflows for increase in capital of subsidiaries	-77	-15
Net cash flow from investing activities	**-240**	**-255**
Cash flows from financing activities		
Interest paid	-481	-547
Outflows for the repayment of long-term loans	-1,041	-997
Net cash flow from financing activities	**-1,522**	**-1,544**
Opening balance of cash and cash equivalents	**413**	**1,822**
Net cash flow for the period	**1,268**	**-129**
Closing balance of cash and cash equivalents	**1,681**	**1,693**

* 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 31 March 2018

in EUR thousand	Share capital	Share premium account	PROFIT RESERVES: Legal reserves	PROFIT RESERVES: Reserves for treasury shares	PROFIT RESERVES: Treasury shares (as deduction item)	Fair value reserves	RETAINED EARNINGS: Net profit brought forward	RETAINED EARNINGS: Net profit	Total equity
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**
Adjusted 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**	**0**	**0**	**1,488**	**1,488**
Net profit	0	0	0	0	0	0	0	1,488	**1,488**
Other comprehensive income	0	0	0	0	0	0	0	0	**0**
Other changes	0	0	0	0	0	1	1	1	**1**
Transactions with owners									
Dividends	0	0	0	0	0	0	0	0	**0**
Closing balance as at 31 March 2018	**27,489**	**18,455**	**2,749**	**180**	**-180**	**32,343**	**3,421**	**1,488**	**85,945**

* 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 31 March 2017

in EUR thousand	Share capital	Share premium account	PROFIT RESERVES: Legal reserves	PROFIT RESERVES: Reserves for treasury shares	PROFIT RESERVES: Treasury shares (as deduction item)	Fair value reserves	RETAINED EARNINGS: Net profit brought forward	RETAINED EARNINGS: Net profit	Total equity
Opening balance as at 1 January 2017	**27,489**	**18,455**	**2,749**	**180**	**-180**	**34,929**	**3,496**	**0**	**87,117**
Total comprehensive income for the period	**0**	**0**	**0**	**0**	**0**	**28**	**0**	**956**	**984**
Net profit	0	0	0	0	0	0	0	956	**956**
Other comprehensive income	0	0	0	0	0	28	0	0	**28**
Transactions with owners									
Closing balance as at 31 March 2017	**27,489**	**18,455**	**2,749**	**180**	**-180**	**34,957**	**3,496**	**956**	**88,101**

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

a) Basis for compiling the financial statements

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

b) Use of estimates and judgements

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

c) Changes in significant accounting policies.

Transition to IFRS 9 Financial Instruments

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

The adoption of IFRS 9 also resulted in amendments to IAS 1 Presentation of Financial Statements, which requires the following special items to be included in the income statement: 'loss due to the impairment of receivables', 'finance income from interest' and 'finance costs – costs of financing'. The Company therefore made the following reclassifications in the comparable data:
- the item 'loss due to the impairment of receivables', which was disclosed in the previously reported data in two items ('other operating revenues' in the amount of EUR 56 thousand and 'other operating expenses' in the amount of EUR 73 thousand), was disclosed in the net amount of those two items (EUR 17 thousand);
- the Company split the item 'finance income' (EUR 185 thousand) into two items: 'finance income from interest' (EUR 48 thousand) and 'income from participating interests in Group companies' (EUR 138 thousand). The latter is included in the item 'other finance income'; and
- the Company split the item 'finance costs' (EUR 550 thousand) to the items 'finance costs – costs of financing' (EUR 528 thousand) and 'other finance costs' (EUR 22 thousand), which includes expenses from the disposal of financial assets (EUR 16 thousand), finance costs from the impairment and write-off of financial assets (EUR 2 thousand) and negative exchange rate differences (EUR 4 thousand).

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

Table 50: Summary of changes in the Company's equity as at 1 January 2018

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

Classification and measurement of financial assets and financial liabilities

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

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

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

Table 51: Classification of financial assets based on the business model used to manage financial assets, and on the cash flow characteristics of financial assets

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

Table 52: 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 53: Carrying amount of financial assets in accordance with IAS 39 and new values in accordance with the IFRS by type of asset

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

Impairment of financial assets

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

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

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

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

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

Table 54: Effect of additional impairments of financial assets using the new model in accordance with IFRS 9

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

Table 55: 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	16,697	0.24%	40
0 to 30 days past due	2,966	0.35%	10
31 to 90 days past due	1,118	2.96%	33
91 to 180 days past due	300	28.81%	87
More than 180 days past due	2,253	99.80%	2,248
Exchange rate differences	-4		0
Total	**23,330**		**2,418**

IFRS 15 Revenue from Contracts with Customers

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

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

Classification and measurement

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

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

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

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

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

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

To ensure the comparability and transparency of items in the Company's statement of financial position, we 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 27,701 thousand. Deferred revenues accounted for EUR 905 thousand of that amount (EUR 597 thousand during the comparable period).

Table 56: Sales revenue of Intereuropa d.d. by business segment in the period January–March 2018

in EUR thousand	Jan–Mar 2018	Jan–Mar 2017	Jan–Mar 2018	Jan–Mar 2017	Jan–Mar 2018	Jan–Mar 2017	Jan–Mar 2018	Jan–Mar 2017	Jan–Mar 2018	Jan–Mar 2017
	Land transport		Logistics solutions		Intercontinental transport		Other services		Intereuropa d.d.	
Sales revenue	12,778	11,135	3,814	3,296	9,993	9,381	1,116	1,127	27,701	24,939

Other operating revenues amounted to EUR 94 thousand, and primarily comprised revaluation operating revenues from the sale of property, plant and equipment in the amount of EUR 69 thousand.

Costs of goods, materials and services

Table 57: Costs of goods, materials and services of Intereuropa d.d. in the period January–March 2018

in EUR thousand	Jan–Mar 2018	Jan–Mar 2017
Costs of materials and historical cost of goods sold	533	485
Cost of services within the Group	487	525
Cost of services (excluding the Group):	19,623	17,292
direct costs	17,862	15,841
costs of telecommunication services	54	40
maintenance costs	428	365
insurance premiums	97	139
training and education costs	19	17
other costs of services	1,163	892
Total	**20,642**	**18,302**

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 58: Labour costs of Intereuropa d.d. in the period January–March 2018

in EUR thousand	Jan–Mar 2018	Jan–Mar 2017
Costs of wages and salaries	2,964	2,883
Social security costs	624	609
Other labour costs:	566	459
annual leave allowance	171	0
transportation and meal allowances	381	409
other labour costs	14	51
expenses for employee participation in profits	0	0
Total	**4,155**	**3,951**

Amortisation/depreciation

Table 59: Amortisation and depreciation of Intereuropa d.d. in the period January–March 2018

in EUR thousand	Jan–Mar 2018	Jan–Mar 2017
Depreciation of property, plant and equipment and investment property	894	887
Amortisation of intangible assets	120	120
Total	**1,014**	**1,007**

Other operating expenses

Table 60: Other operating expenses of Intereuropa d.d. in the period January–March 2018

in EUR thousand	Jan–Mar 2018	Jan–Mar 2017
Building land use fees and similar expenses	242	253
Other operating expenses	25	22
Total	**266**	**275**

Effect of finance income and costs on profit

Table 61: Effect of finance income and costs on the profit of Intereuropa d.d. in the period January–March 2018

in EUR thousand	Jan–Mar 2018	Jan–Mar 2017
Interest income from Group companies	12	11
Interest income from others	31	38
Income from dividends and other shares in profit from Group companies	448	137
Gains the disposal of financial assets	9	0
Net exchange rate differences	1	0
Total finance income	**500**	**185**
Interest expense and other borrowing expenses	-482	-528
Expenses from impairments of investments in participating interests and shares in Group companies	-77	0
Expenses from impairments of other financial assets	0	-2
Expenses from the disposal of financial assets	0	-16
Net exchange rate differences	0	-3
Total finance costs	**-559**	**-550**
Loss from financing activities	**-58**	**-364**

The **profit from ordinary operations** in the amount of EUR 1,652 thousand was the result of operating profit in the amount of EUR 1,710 thousand and a loss from financing activities in the amount of EUR 58 thousand.

Corporate income tax for the reporting period was negative in the amount of EUR 164 thousand, comprising current tax in the negative amount of EUR 30 thousand and deferred tax in the negative amount of EUR 134 thousand.

A **net profit** in the amount of EUR 1,488 thousand was thus achieved taking into account corporate income tax.

B) NOTES TO THE STATEMENT OF FINANCIAL POSITION

Property, plant and equipment

Table 62: Property, plant and equipment of Intereuropa d.d. as at 31 March 2018

in EUR thousand	31 March 2018	31 December 2017
Land and buildings	84,914	85,582
a) Land	46,639	46,639
b) Buildings	38,276	38,943
Plant and equipment	4,130	4,192
Investments in foreign fixed assets	2	2
Property, plant and equipment in acquisition	186	72
Total	**89,233**	**89,848**

The carrying amount of property, plant and equipment (land and buildings) pledged as collateral was EUR 77,301 thousand as at 31 March 2018 (comprising collateral for loans received and contingent liabilities). Intereuropa d.d. had no other legal restrictions on the disposal of the aforementioned assets.

Investment property

The reduction in the value of investment property during the reporting period was the result of depreciation in the amount of EUR 48 thousand.

The carrying amount of investment property pledged as collateral was EUR 8,569 thousand as at 31 March 2018. That amount represents additional collateral for liabilities for which the underlying collateral comprises pledged items of property, plant and equipment.

Intangible assets

Table 63: Intangible assets of Intereuropa d.d. as at 31 March 2018

in EUR thousand	31 March 2018	31 December 2017
Long-term property rights	366	411
Other intangible assets	2,836	2,912
Intangible assets under construction	274	229
Total	**3,477**	**3,552**

Loans granted and deposits

Table 64: Loans granted and deposits of Intereuropa d.d. as at 31 March 2018

in EUR thousand	31 March 2018	31 December 2017
Long-term loans granted and deposits	**205**	**229**
- loans to subsidiaries	165	189
- deposits	40	40
Short-term loans granted and deposits	**1,182**	**1,211**
- loans to subsidiaries	1,182	1,181
- deposits	0	30
Total	**1,388**	**1,441**

Intereuropa d.d. had pledged long-term deposits in the amount of EUR 40 thousand as collateral for contingent liabilities.

Other non-current financial assets

Table 65: Other non-current financial assets of Intereuropa d.d. as at 31 March 2018

in EUR thousand	31 March 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 9,273 thousand. That amount represents additional collateral for liabilities for which the underlying collateral comprises pledged items of property, plant and equipment.

Current operating receivables

Table 66: Current operating receivables of Intereuropa d.d. as at 31 March 2018

in EUR thousand	31 March 2018	31 December 2017
Current operating receivables from Group companies	601	581
Current operating receivables from Group companies for interest	185	188
Current receivables for dividends and other shares in profit of Group companies	214	0
Current trade receivables (excluding the Group)	22,443	21,238
Current operating receivables from others	549	742
Total	**23,993**	**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 363 thousand comprise current deferred costs.

Provisions

Table 67: Provisions of Intereuropa d.d. as at 31 March 2018.

in EUR thousand	31 March 2018	31 December 2017
Provisions for severance pay at retirement and jubilee benefits	995	1,023
Provisions for lawsuits	85	85
Total	**1,958**	**1,986**

The full amount of **non-current financial liabilities** (EUR 65,218 thousand) relates to long-term loans received.

Current financial liabilities amounted to EUR 5,264 thousand and comprise the current portion of long-term loans (EUR 4,231 thousand), short-term loans (EUR 500 thousand) and liabilities for preferred dividends (EUR 533 thousand).

Current operating liabilities

Table 68: Current operating liabilities of Intereuropa d.d. as at 31 March 2018

in EUR thousand	31 March 2018	31 December 2017
Current operating liabilities to Group companies	348	357
Current trade payables (excluding the Group)	16,747	15,467
Other current operating liabilities	2,588	2,005
Total	**19,683**	**17,829**

C) OTHER NOTES

Contingent liabilities

Table 69: Contingent liabilities of Intereuropa d.d. as at 31 March 2018

in EUR thousand	31 December 2017	31 December 2017
From bank guarantees and guarantees given to Group companies	702	1,075
From bank guarantees and guarantees given to others	9,555	9,555
From lawsuits	68	58
To D.S.U., družba za svetovanje in upravljanje, d.o.o.	126	126
Total	**10,450**	**10,814**

Fair value

Table 70: Fair value of financial instruments of Intereuropa d.d. as at 31 March 2018

in EUR thousand	31 March 2018		31 December 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Available-for-sale financial assets	27	27	27	27
Loans and deposits	1,388	1,388	1,441	1,441
Operating receivables	24,009	24,009	22,766	22,766
Cash and cash equivalents	1,681	1,681	413	413
Total	**27,105**	**27,105**	**24,647**	**24,647**
Liabilities				
Loans	69,949	69,949	70,990	70,990
- at fixed interest rates	500	500	500	500
- at variable interest rates	69,449	69,449	70,490	70,490
Liabilities for dividends	533	533	533	533
Operating liabilities	20,055	20,055	18,201	18,201
Total	**90,538**	**90,538**	**89,724**	**89,724**

Table 71: Fair value hierarchy of assets at Intereuropa d.d. as at 31 March 2018

in EUR thousand	31 March 2018			
Fair value hierarchy	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Land	0	0	46,639	46,639
Available-for-sale financial assets	0	0	27	27
Loans and deposits	0	0	1,388	1,388
Operating receivables	0	0	24,009	24,009
Cash and cash equivalents	0	0	1,681	1,681
Total	**0**	**0**	**73,743**	**73,743**
Loans	0	0	69,949	69,949
- at fixed interest rates	0	0	500	500
- at variable interest rates	0	0	69,449	69,449
Liabilities for dividends	0	0	533	533
Operating liabilities	0	0	20,055	20,055
Total	**0**	**0**	**90,537**	**90,537**

in EUR thousand	31 December 2017			
Fair value hierarchy	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Land	0	0	46,639	46,639
Available-for-sale financial assets	-	0	27	27
Loans and deposits	0	0	1,441	1,441
Operating receivables	0	0	22,766	22,766
Cash and cash equivalents	0	0	413	413
Total	**0**	**0**	**71,285**	**71,285**
Loans	0	0	70,990	70,990
- at fixed interest rates	0	0	500	500
- at variable interest rates	0	0	70,490	70,490
Liabilities for dividends	0	0	533	533
Operating liabilities	0	0	18,201	18,201
Total	**0**	**0**	**89,724**	**89,724**

TRANSACTIONS BETWEEN RELATED PARTIES

Table 72: Transactions between related parties

Revenues from the sale of services in EUR thousand	Jan–Mar 2018	Jan–Mar 2017
Subsidiaries	849	796
Associate	165	189
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.	13	7

Costs of services in EUR thousand	Jan–Mar 2018	Jan–Mar 2017
Subsidiaries	487	525
Associate	931	1,382

Interest income in EUR thousand	Jan–Mar 2018	Jan–Mar 2017
Subsidiaries	43	11

Interest expenses in EUR thousand	Jan–Mar 2018	Jan–Mar 2017
Subsidiaries	2	0

Income from participating interests in EUR thousand	Jan–Mar 2018	Jan–Mar 2017
Subsidiaries	448	137

Balance of operating receivables in EUR thousand	31 March 2018	31 December 2017
Subsidiaries	1,001	769
Associate	120	104
Companies that are controlled or jointly controlled by an individual, or a member of their immediate family, who is in a relationship with Intereuropa d.d.	5	7

Balance of operating liabilities in EUR thousand	31 March 2018	31 December 2017
Subsidiaries	348	357
Associate	704	534

Loans granted in EUR thousand	31 March 2018	31 December 2017
Subsidiaries	1,347	1,370

Loans received in EUR thousand	31 March 2018	31 December 2017
Subsidiaries	500	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 73: Liquidity risk as at 31 March 2018

in EUR thousand 31 March 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	500	506	4	502	0	0	0
Loans received from others on the basis of loan agreements	69,449	72,148	3,008	3,053	66,086	0	0
Liabilities for dividends	533	533	0	533	0	0	0
Operating liabilities to Group companies	347	347	347	0	0	0	0
Trade payables (excluding the Group)	17,029	17,029	16,723	24	119	71	92
Other operating liabilities	2,678	2,678	2,547	41	90	0	0
Total	**90,536**	**93,241**	**22,629**	**4,154**	**66,295**	**71**	**92**

Table 74: Liquidity risk as at 31 December 2017

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

The most important items in the scope of liquidity risk are trade payables and liabilities to creditor banks. Intereuropa d.d. manages those risks by ensuring the appropriate amount (with an emphasis here on deleveraging) and maturity of long-term loans, through regular contact with creditor banks and the necessary credit limits to balance fluctuations in short-term liquidity. The Group also takes a preventive approach by monitoring and managing operating receivables.

Table 75: Currency risk as at 31 March 2018

in EUR thousand 31 March 2018	EUR	USD	Other	Total
Operating receivables from Group companies	1,001	0	0	1,001
Other operating receivables	22,891	110	8	23,009
- of which trade receivables	22,365	91	3	22,459
Short-term loans to Group companies	1,182	0	0	1,182
Long-term loans to Group companies	165	0	0	165
Long-term deposits placed	40	0	0	40
Short-term loans granted and deposits placed with others	0	0	0	0
Short-term loans received from Group companies	-500	0	0	-500
Long-term loans from others	-65,218	0	0	-65,218
Short-term loans received from others and other current financial liabilities	-4,764	0	0	-4,764
Operating liabilities within the Group	-347	0	0	-348
Current operating liabilities to others	-19,515	-147	-45	-19,707
- of which trade payables	-16,852	-127	-42	-17,021
Exposure disclosed in the statement of financial position	**-65,066**	**-36**	**-38**	**-65,140**

Table 76: Currency risk as at 31 December 2017

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

Table 77: Exposure to credit risk and expected credit losses in connection with current trade receivables

in EUR thousand	Gross value as at 31 March 2018	Average percentage of value adjustments created	Value adjustment as at 31 March 2018
Non-past-due	18,513	0.23%	43
0 to 30 days past due	2,855	0.22%	6
31 to 90 days past due	954	2.38%	23
91 to 180 days past due	239	19.31%	46
More than 180 days past due	2,295	99.85%	2,291
Exchange rate differences	-3		0
Total	**24,853**		**2,410**

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

in EUR thousand	31 March 2018
Value adjustments as at 1 January	2,418
- write-offs of receivables	-20
- net effect of the impairment of receivables (loss due to the impairment of receivables, including the reversal of impairment losses)	12
Balance as at	**2,410**

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

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

Table 79: Interest-rate risk as at 31 March 2018

in EUR thousand

Type of variable interest rate	Loan amount 31 March 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	69,449	-69	-174	-347

Table 80: Interest-rate risk as at 31 December 2017

in 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

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.