

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

JANUARY–MARCH 2019



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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 2019.

The consolidated and separate financial statements for the periods January–March 2019 and January–March 2018 have not been audited, while the financial statements for the entire 2018 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 2019 at its session on 23 May 2019.

The document Unaudited business report of the Intereuropa Group and Intereuropa, d. d. for the period January–March 2019 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 23 May 2019.

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 2019 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 2018.

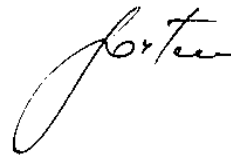
The financial report provides a true and fair picture of the assets, liabilities, financial position and operating results of Intereuropa, Globalni logistični servis, d. d. and the other companies included in consolidation.

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, 14 May 2019

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	Jan–Mar 2019	Jan–Mar 2018	Index 19/18	Jan–Mar 2019	Jan–Mar 2018	Index 19/18
Sales revenue	39,697	38,793	102	28,711	27,701	104
EBITDA	2,983	3,627	82	2,237	2,725	82
Operating profit (EBIT)	1,300	2,053	63	1,199	1,710	70
Loss from financing activities	-351	-521	-	-338	-58	-
Profit from ordinary operations	952	1,534	62	861	1,652	52
Net profit	831	1,320	63	781	1,488	52
EBITDA margin (in %)	7.5	9.3	80	7.8	9.8	79
EBIT margin (in %)	3.3	5.3	62	4.2	6.2	68
Sales revenue per employee/month	10.633	9.928	107	16.715	16.478	101
Value added per employee/month	2.630	2.607	101	3.951	4.092	97
ROE (in %)*	2.7	4.4	63	3.7	7.1	52
	31 Mar 2019	31 Dec 2018	Index 19/18	31 Mar 2019	31 Dec 2018	Index 19/18
Assets	227,921	232,927	98	179,851	185,114	97
Equity	122,289	121,643	101	85,803	85,005	101
Net debt	58,608	60,197	97	62,909	64,631	97
No. of employees	1,328	1,327	100	596	599	99
	Jan–Mar 2019	Jan–Dec 2018	Index 19/18	Jan–Mar 2019	Jan–Dec 2018	Index 19/18
Number of shares at the end of period				27,488,803	27,488,803	100
Earnings per share (in EUR)				0.02	0.15	13
Closing price at the end of period (in EUR)				2.36	2.60	91
Book value per share at the end of period (in EUR)				3.12	3.09	101
P/B				0.76	0.84	90
P/E				29.50	17.33	170

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. When comparing data to 2018, account must be taken of changes in the booking of amortisation and depreciation due to amendments to IFRS 16, effective 1 January 2019 (explained in the notes to the consolidated financial statements of the Intereuropa Group and the notes to financial statements of the parent company Intereuropa, d. d. in the financial report).

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.

* 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 2019

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	1,328
Total closed warehousing area*	216,000 m ² of own warehousing area
Total land area	1,629,000 m ²
Membership in international organisations and logistics networks	FIATA, IATA, FONASBA, BIMCO, GS1, WCA, FETA, HCL
Quality certificates	ISO 9001:2008 certificate o Intereuropa, d. d., Koper o Intereuropa, logističke usluge, d. o. o., Zagreb o Intereuropa RTC, d. d., Sarajevo
Own branch network	Slovenia, Croatia, Montenegro, Bosnia and Herzegovina, Serbia, Kosovo, North Macedonia, Albania and Ukraine

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

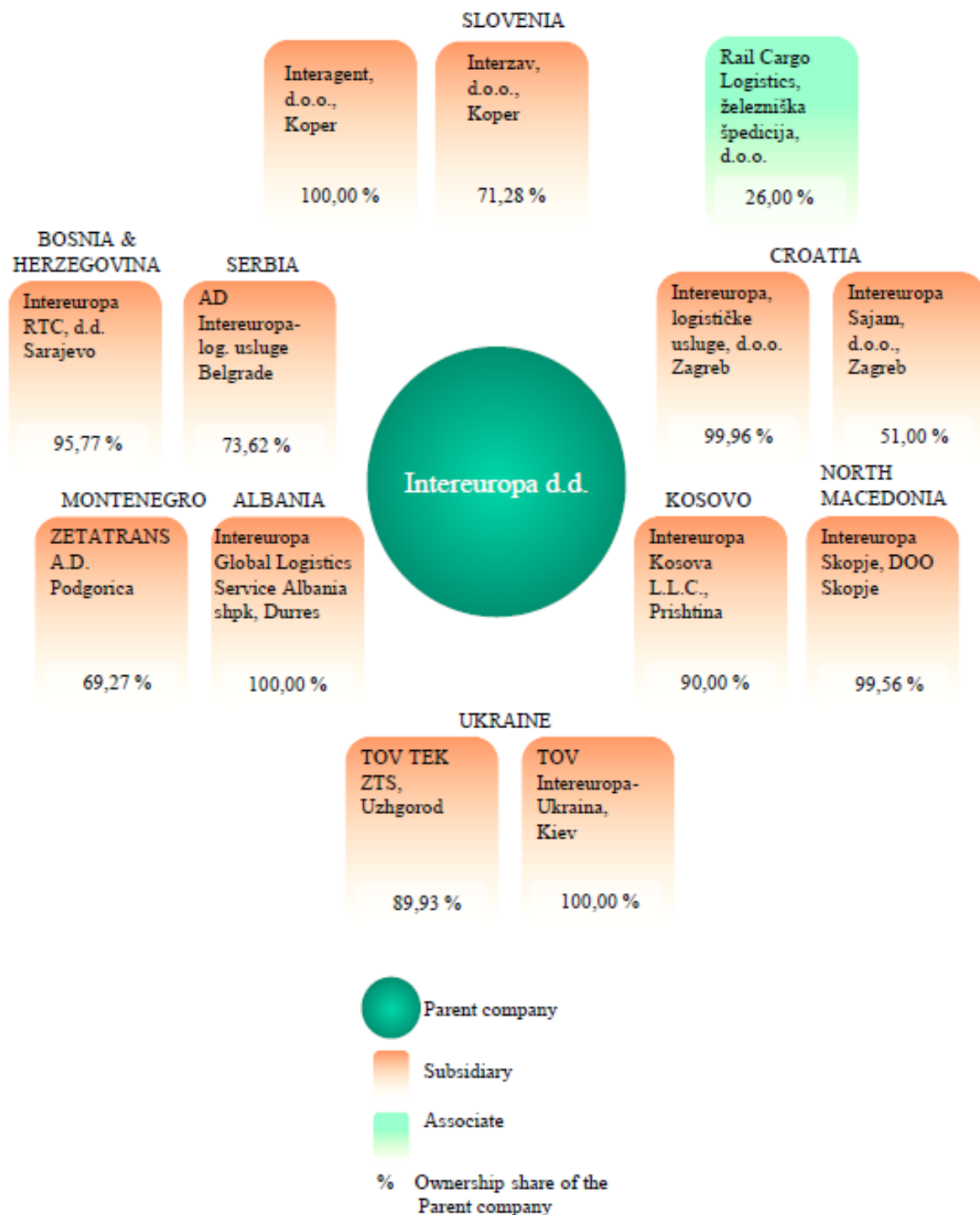


Figure 1: Intereuropa Group as at 31 March 2019

BUSINESS PLAN FOR 2019

While drafting the business plan for 2019, the Intereuropa Group took into account the starting position of the Group as a whole at the end of 2018 and the planned points of departure set out in the strategic plan of the Intereuropa Group for the period 2018–2022, as well as trends in the logistics sector and forecasts of economic trends on the Group's key markets.

The basic business plan for 2019, which included the sale of the business complex in Koper in 2018 and did not include the effects of the transition to the new IFRS 16, was adopted in December 2018. To ensure the proper disclosure of the effects of the transition to IFRS 16 and due to the postponement of the sale of the business complex in Koper, a revised business plan for 2019 was drawn up and approved in May 2019, and includes the effects of the transition to IFRS 16 and the business effects of the leasing of the business complex in Koper. **Wherever planned values are stated in this document, the values from the revised business plan for 2019 are taken into account.**

The following business and financial objectives were set for the Intereuropa Group in the revised business plan for 2019:

- to generate EUR 169.5 million in sales revenue through growth in revenues on all markets 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 develop products with higher value added in categories where the Group enjoys a competitive advantage, and to achieve higher growth in products where there are numerous opportunities for growth;
- 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;
- to generate EBITDA of EUR 14.2 million and an operating profit (EBIT) of EUR 7.6 million; and
- to continue reducing debt, where the sale of real estate that is not used in the performance of the logistics activity represents the most important source for deleveraging.

To achieve the above-described objectives, the Group is planning the following:

- the investment of EUR 5.9 million in property, plant and equipment and intangible assets, primarily in the upgrading and renovation of the warehousing infrastructure, and the refurbishment of warehousing and IT equipment;
- ensuring the optimal number of competent and motivated employees;
- investing in the effective development of employees, and the implementation of a systematic plan of measures to ensure health and well-being within the Intereuropa Group;
- maintaining the proportion of flexible forms of employment at a minimum of 10%;
- the continuation of the establishment of information support for management by objectives and the management of employees' work efficiency;

- the continuation of activities to centralise IT management at the Group level, and to upgrade and consolidate IT systems to support business processes;
- the reduction of risks in connection with ensuring business continuity;
- ensuring the cost-effectiveness of support functions for the performance of logistics processes;
- the effective management of working capital; and
- the implementation of activities aimed at the sale of assets not required for business purposes.

SIGNIFICANT EVENTS

IN THE PERIOD JANUARY–MARCH 2019

February

- Intereuropa attended the 11th World Cargo Association (WCA Ltd.) Worldwide Conference in Singapore from 18 to 22 February 2019. The aforementioned conference is considered the largest and most successful networking event for WCA members.
- On 1 February, Intereuropa entered into a business relationship in the area of logistics with a multinational from the food industry. The new logistics solution comprises the warehousing and distribution of goods to the customer.
- Representatives of Intereuropa attended the 17th International Trade Show for Intralogistics Solutions and Process Management (LogiMAT) from 19 to 21 February in Stuttgart, with the aim of gathering information for the implementation of certain innovations relating to warehouse mechanisation, equipment, the warehouse management system (WMS), forklifts, etc. within the Intereuropa Group.

March

- On 1 March 2019, Intereuropa, d. d. and creditor banks concluded an annex to the financial restructuring agreement, thereby extending the validity of the aforementioned agreement until 31 January 2020. This will allow the Company to refinance its financial liabilities following the completion of the sale of a majority holding of IEKG shares.
- Intereuropa, d. d. was a sponsor of the 2019 World Cup Ski Flying event in Planica, which took place from 21 to 24 March 2019.

EVENTS AFTER THE REPORTING PERIOD

April

- At its session held on 17 April, Intereuropa, d. d.'s Supervisory Board adopted the audited annual report of the Intereuropa Group for the 2018 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 3 to 4 April.

May

- On 9 May, the Company received notification from PwC Svetovanje, d. o. o., on behalf of SID banka, d. d., Nova Ljubljanska banka, d. d., Gorenjska banka, d. d., SKB Banka, d. d. and Banka Intesa Sanpaolo, d. d., that the signing of an agreement on the sale of 72.13% of all shares issued by Intereuropa, d. d. was planned for 10 May 2019.

- On 10 May 2019, the Company received written notification from the sellers of shares in Intereuropa, d. d. (SID banka, d. d., Nova Ljubljanska banka, d. d., Gorenjska banka, d. d., Nova KBM, d. d., SKB Banka, d. d. and Banka Intesa Sanpaolo, d. d.) that those parties concluded an agreement on 10 May 2019 with the buyer, Pošta Slovenije, d. o. o., Slomškov trg 10, 2000 Maribor, on the sale and purchase of 72.13% of all shares issued by Intereuropa, d. d. The sellers of those shares also informed the Company that the transfer of shares to the buyer will be carried out following the fulfilment of certain suspensive conditions, including receipt of a decision from the Slovenian Competition Protection Agency on the compliance of concentration with competition rules, and confirmation that the buyer will then publish a takeover bid for the purchase of the remaining shares of Intereuropa in accordance with the law. The Company was not notified by the sellers of the shares about the value of the transaction or other significant elements of the agreement on the sale and purchase of the shares.
- At its session held on 23 May, the Company's Supervisory Board adopted the Intereuropa Group's revised business plan for 2019. That revision was drawn up solely to reconcile the plan with the transition to the new IFRS 16 and to reconcile plan assumptions regarding the sale of non-essential assets with the actual situation.

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 2019, in EUR thousand

Item/Indicator	Jan–Mar 2019	Jan–Mar Plan for 2019*	Jan–Mar 2018	Index 2019/plan*	Index 19/18
Sales revenue	39,697	40,269	38,793	99	102
EBITDA	2,983	2,511	3,627	119	82
Operating profit	1,300	911	2,053	143	63
Loss from financing activities	-351	-447	-521	-	-
Profit from ordinary operations	952	463	1,534	206	62
Corporate income tax and deferred tax	121	18	214	657	56
Net profit	831	445	1,320	187	63
EBITDA margin (in %)	7.5	6.2	9.3	121	80
EBIT margin (in %)	3.3	2.3	5.3	145	62
Sales revenue per employee/month	10.633	10.352	9.928	103	107
Value added per employee/month	2.630	2.559	2.607	103	101
ROE (in %)**	2.7	4.2	4.4	66	63

Item/Indicator	31 Mar 2019	31 Dec 2018	Index 19/18
Assets	227,921	232,927	98
Equity	122,289	121,643	101
Net debt	58,608	60,197	97
Current assets/current liabilities	0.50	0.52	97

* Comparisons throughout the document are with the revised business plan for 2019.

** Recalculated on an annual basis. Planned ROE is stated on an annual basis.

Operating profit and EBITDA

→ The sales revenue generated by the Intereuropa Group during the first quarter of this year was up by 2% relative to the same period the previous year, but 1% lower than planned. In the context of a slightly lower margin and higher costs of labour, services and materials, the Group generated EBITDA of EUR 3.0 million, representing a decrease of 18% relative to the same period the previous year, and an operating profit of EUR 1.3 million, a decrease of 37% relative to the previous year. Contributing to higher labour costs were accrued

expenses for employee participation in profits (EUR 0.2 million), which was not paid last year, and growth in average labour costs per employee. The highest growth amongst costs of services was recorded in the costs of hired workers, while the costs of software leasing were also higher (the leasing of MS server software and software for workstations, and the leasing of a CRM system). The costs of material were also up, primarily due to higher energy costs.

EBITDA and EBIT exceeded the planned values by 19% and 43%, respectively, primarily on account of lower labour costs than planned (due to a lower number of employees than planned) and lower costs of employee participation in profits. The latter were the result of the lower operating results of the parent company relative to the plan, primarily due to unrealised revenues from participation in the profits of subsidiaries. Gains on the sale of non-essential assets also contributed to the fact that planned EBITDA was exceeded.

Loss from financing activities

→ The loss from financing activities was slightly better than planned as the result of lower net interest expenses and lower expenses from exchange rate differences. Expenses for interest on loans were down by EUR 58 thousand during the first quarter.

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 0.8 million following the calculation of current and deferred income tax, which was 87% above planned net profit, and 37% lower than the net profit achieved during the same period last year.

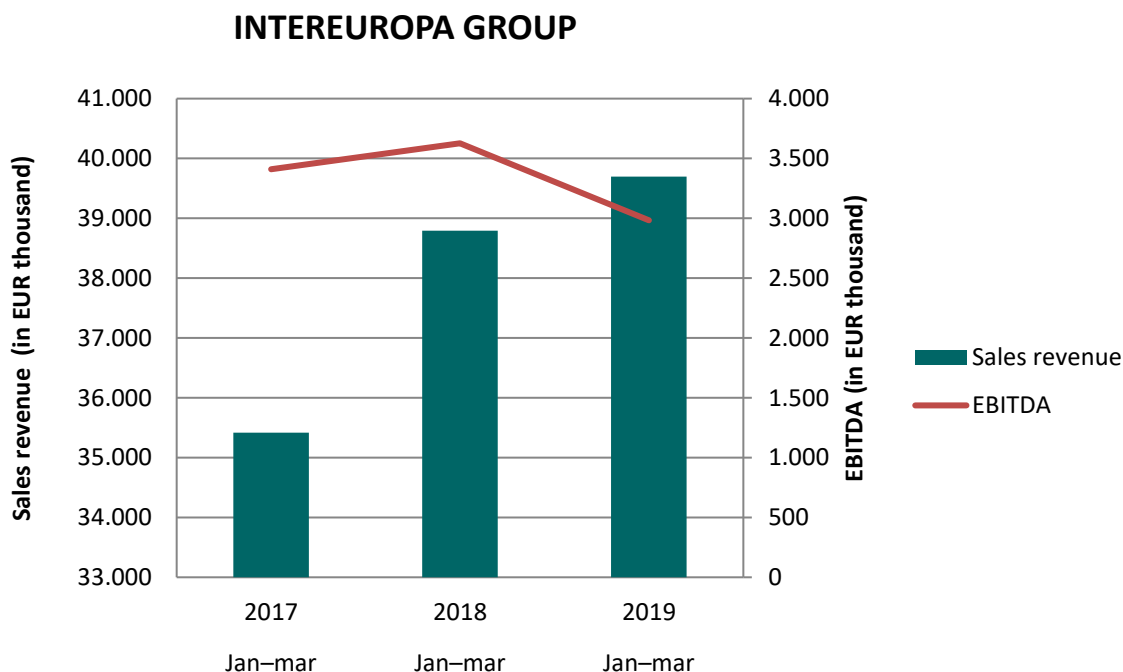


Figure 2: Change in EBITDA and sales revenue in the period January–March between 2017 and 2019

Structure of the statement of financial position

- The current ratio amounted to 0.50 and was down by 0.02 on the end of the previous reporting period.
- The ratio of equity to total assets was unchanged in the first quarter at 53.7%.
- The Group's net debt amounted to EUR 58.6 million at the end of the first quarter, a decrease of EUR 1.6 million relative to the end of 2018.

1.2 Sales

The Intereuropa Group generated **EUR 39.7 million in sales revenue** during the first quarter of 2019, an increase of 2% on the results generated during the same period last year and 1% lower than planned, primarily as the result of a drop in one-off transactions in the air, railway and road transport segments on the markets of subsidiaries outside of the EU. Sales revenue was up on the same period last year in the land transport and logistics solutions segments. Standing out most in terms of growth were distribution, sea freight, groupage and domestic transport services.

Sales revenue of EUR 20.5 million was generated during the first quarter of 2019 in the land transport segment, which accounts for 52% of the Group's sales. Sales revenue was thus up by 1% relative to the same period last year and also at the planned level. The highest proportion or 63% of sales revenue from land transport was generated by the parent company, which exceeded the sales revenue generated in the same period last year by 1% and the planned figure by 3%. Sales revenue from road transport services, which account for 52% of sales in the land transport segment and 27% of the Group's total sales, exceeded the results generated during the same period last year by 1% and the planned figure by 4%. Groupage services, which account for 20% of revenues generated by the land transport segment and 10% of total sales, recorded growth of 7% relative to the same period last year, while sales were 1% below the planned level.

Sales revenue in the intercontinental transport segment totalled EUR 11.0 million during the first quarter of 2019, a decrease of 3% relative to the same period last year and below planned sales revenue by the same amount. The sharpest decline was recorded in the air freight segment, while the highest growth was recorded in the sea freight segment.

The Intereuropa Group generated EUR 6.4 million in sales revenue in the logistics solutions segment during the first quarter of 2019, an increase of 16% relative to the same period in 2018 and 4% below planned sales revenue. The highest proportion of sales revenue from logistics solutions (72%) was generated by the parent company in Slovenia, where sales revenue was up by 22% relative to the same period last year, but 5% below the planned level.

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

Operating segment	Jan–Mar 2019	Structure	Index 19/18	Index 2019/plan*
Land transport	20,520	52%	101	100
Logistics solutions	6,441	16%	116	96
Intercontinental transport	10,996	28%	97	97
Other services	1,740	4%	108	103
TOTAL SALES REVENUE	39,697	100%	102	99

* Comparisons throughout the document are with the revised business plan for 2019.

The majority of Group companies recorded an increase in sales revenue relative to the same period in 2018, most notably at parent company Intereuropa, d. d. and the subsidiary in Croatia. The sharpest decline in sales revenue relative to the same period last year was recorded by the companies in Serbia and Ukraine.

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 2019	Structure	Index 19/18
Slovenia*	28,098	71%	104
Croatia	5,740	14%	107
Bosnia and Herzegovina	1,680	4%	102
Serbia	804	2%	53
Montenegro	1,391	4%	111
Ukraine	747	2%	78
Other	1,239	3%	116
TOTAL SALES REVENUE	39,697	100%	102
EU countries	33,837	85%	105
Non-EU countries	5,860	15%	91

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

During the first quarter of 2019, companies in Slovenia together generated 71% of the Group's sales revenue, and recorded 4% growth in sales revenue relative to the same period in 2018. Besides Slovenia, high growth was recorded by the companies in Croatia (in the domestic transport segment) Kosovo (in the road transport and groupage segments) and in Montenegro (in the air and road transport segments), while the sharpest drop was recorded at the subsidiary in Serbia (in the air freight and land transport segments).

At the subsidiary AD Intereuropa logističke usluge, Belgrade, harmful conduct by the company's former executive staff was identified last year, which was reflected in a drop in revenues and higher operating costs, particularly during the second half of last year. Despite the activities implemented by the new executive staff to rectify the situation, negative effects can still be felt this year.

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 2019	Structure	Index 19/18
1	Slovenia	15,672	39%	97
2	Croatia	4,885	12%	109
3	Austria	1,902	5%	88
4	Germany	1,857	5%	110
5	Bosnia and Herzegovina	1,478	4%	102
6	Ukraine	99	0%	88
7	Other countries	13,804	35%	109
7a	Other EU countries	7,503	19%	126
7b	Rest of the world	6,301	16%	93
TOTAL		39,697	100%	102

The largest proportion of the Intereuropa Group's sales revenue (39%) was generated by sales to customers with head offices in Slovenia, while customers from the other countries of the former Yugoslavia accounted for 24% of sales. Sales to customers with head offices in all other countries accounted for 36% of the Group's total sales revenue.

LAND TRANSPORT

The land transport segment generated EUR 20.5 million in sales revenue in the period January–March 2019. The achieved result was up 1% on the figure achieved in the same period last year and in line with planned sales revenue. The parent company in Slovenia generated sales revenue of EUR 12.9 million from land transport services, with that amount representing 63% of the total sales of that segment. The figure was up 1% relative to the same period last year. The subsidiaries in Bosnia and Herzegovina, Croatia, Montenegro, North Macedonia and Kosovo recorded growth during the first quarter of the year. The largest lag behind last years' sales results was recorded by the companies in Serbia and Ukraine, which also recorded sales below planned targets.

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

INTEREUROPA GROUP	Jan–Mar 2019	Structure	Index 19/18
LAND TRANSPORT	20,520	100%	101
Groupage services	4,104	20%	107
Domestic transport	2,915	14%	105
Road transport	10,613	52%	101
Customs services	1,706	8%	93
Railway freight	1,181	6%	91

→ The groupage segment recorded a sharp increase in sales in the period January–March 2019 relative to the same period last year, but failed to meet the ambitious sales targets set at the Group level. The parent company in Slovenia recorded 5% growth in sales relative to the same period last year. The companies in Croatia and Montenegro also exceeded last year's results.

- The sales revenue generated by the domestic transport segment in the first quarter of 2019 was up by 5% relative to the same period last year. Worthy of particular note were revenues from the sale of domestic transport services at the parent company, where sales were up by 10% relative to same period last year, and at the subsidiary in Croatia, where sales revenue was up by 9% relative to the same period last year. Domestic transport is an important support service for the Group's other segments. As a stand-alone product, it faces extreme price pressures on local markets. All Group companies carry out continuous activities aimed at the optimisation of processes, the control of costs and the search for the optimal implementation solutions that will preserve the quality of services at the highest level and reduce implementation costs.
- The road transport segment exceeded last year's results by 4% in the period January–March 2019. Most worthy of note during the first quarter was a trend of rising sales margins, which was largely the result of measures to ensure capacities to meet the existing demand of customers, and a slight change in the ratio between demand and supply on the road transport services market. As a result, customers are applying increasing pressure on prices in tenders for long-term transactions. The price of fuel, which reached historically high levels during the first quarter of 2019, will continue to impact trends in the prices of transport services in 2019. The trend of rising toll costs for heavy freight vehicles continues, which poses an additional challenge in ensuring the profitability of the road transport segment.
- The results generated by the railway freight segment were down on last year's sales results. The main reason lies in the operations of the company in Ukraine, the results of which were well below planned sales results due to the loss of a major transaction with Belarus. The parent company in Slovenia exceeded last year's sales results by 10% in the period January–March 2019 and thus continued the positive growth trend in the railway freight segment.
- The results generated by the customs services segment were down by 7% relative to last year's results in the period January–March 2019. The company in Serbia recorded the sharpest drop in sales relative to the same period last year.
- Numerous activities are being carried out in 2019 for the introduction of new IT solutions in various areas of operations within the land transport segment. The following are worthy of particular note:
 - the continued introduction of PODs with customers and partners;
 - the continued computerisation of the database of transporters and the associated applications; and
 - the introduction of a new web portal for ordering domestic transport services.

LOGISTICS SOLUTIONS

The Intereuropa Group's logistics solutions segment generated EUR 6.4 million in sales revenue during the period January–March 2019 or 16% of the Group's total sales. This translates to 16% growth in sales in this segment relative to the same period in 2018, while actual sales were 4% below planned targets. The parent company in Slovenia, and subsidiaries in Croatia, Kosovo and North Macedonia recorded growth in sales during the first quarter. A lag behind last years' sales results was recorded by the companies in Serbia and Montenegro, which also failed to meet sales targets.

Numerous activities were carried out, particularly at companies in Slovenia, Croatia, Bosnia and Herzegovina and Serbia to utilise storage capacities and secure new transactions with higher value added. During this period, the Group continued to implement the WexVS IT solution to

support warehousing and storage activities in Slovenia and Croatia where, in addition to basic IT support, interfaces for the exchange of orders were developed and implemented between Intereuropa's information system and the information systems of certain customers.

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

INTEREUROPA GROUP	Jan–Mar 2019	Structure	Index 19/18
LOGISTICS SOLUTIONS	6,441	100%	116
Warehousing	5,078	79%	103
Distribution	1,363	21%	228

- The Intereuropa Group generated EUR 5 million in revenues from the sale of warehousing and storage services in the period January–March 2019, which translates to 13% of the Group's sales and 79% of the sales revenue generated by the logistics solutions segment. Sales revenue was up by 3% relative to 2018 during the aforementioned period. Revenues from the sale of logistics solutions exceeded last year's results on both key markets. Sales were up by 4% in Slovenia and by 1% in Croatia.
- A total of EUR 1.4 million in revenues was generated from the sale of distribution services in the period January–March 2019, which represents 3% of the Intereuropa Group's sales and 21% of sales revenue from logistics services. Sales were up by 128% relative to the same period in 2018 during the accounting period. Contributing significantly to that fact were changes in the disclosure of products due to the continued introduction of the WexVS IT solution in the warehousing and storage segment.

INTERCONTINENTAL TRANSPORT

Sales revenue in the intercontinental transport segment totalled EUR 11.0 million during the period January–March 2019, representing 28% of the Intereuropa Group's total sales. The Intereuropa Group recorded a 3% drop in sales revenue relative to the same period in 2018, while sales revenue was below planned targets by the same amount.

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

INTEREUROPA GROUP	Jan–Mar 2019	Structure	Index 19/18
INTERCONTINENTAL TRANSPORT	10,996	100%	97
Sea freight	8,608	78%	104
Car logistics	1,236	11%	93
Shipping agency	111	1%	92
Air freight	1,042	9%	63

- The sea freight segment, which comprises conventional freight, container shipping and RO-RO services, exceeded last year's sales results by 4%. At 28%, container shipping services recorded the highest sales growth relative to the results achieved during the same period last year. That growth was driven primarily by growth in the physical number of transactions as the result of a more intensive market approach and the partial restructuring of this segment. The 31% drop in the results of the conventional freight segment relative to the same period last year was primarily a reflection of the broader reorganisation of this segment and the resulting reclassification of a portion of sales revenue to the container

shipping segment, and also due to limitations in the railway infrastructure for additional and new train dispatches, and revenues from transactions to and from the Port of Koper.

- The drop in revenues from the sale of car logistics services by 7% relative to the same period last year was the result of the reduced volumes of key customers, primarily due to a drop in sales of vehicles on the main global markets of key customers through the Port of Koper.
- More than 80% of the total revenues of the air freight segment were generated by the companies in Slovenia and Serbia. The lower sales recorded on both markets were primarily the result of one-off transactions that did not recur this year. Market conditions have also deteriorated slightly, which we noticed as a significant drop in demand for major shipments, which generate higher revenues. Also noted was a decline in demand from China, which was a major generator of air freight shipments in the previous period. On the positive side, the company in Slovenia, which generates more than 70% of revenues in this segment, recorded an 11% increase in the number of shipments. Sales activities and the development of a partner network will continue to be priorities in this product segment.

1.3 Investments in fixed assets

The Intereuropa Group invested EUR 771 thousand in fixed assets during the first quarter of 2019, an increase of 22% relative to the same period last year. Of the aforementioned amount, EUR 365 thousand was invested in property, while EUR 406 thousand was invested in equipment and intangible assets. A total of 13% of the annual investment plan was thus achieved.

The parent company Intereuropa, d. d. invested EUR 403 thousand in fixed assets during the first quarter of the year, while other Group companies invested EUR 368 thousand.

Table 10: Breakdown of investments in the period January–March 2019 (in EUR thousand)

Company	Total property		Total equipment and intangible assets			TOTAL INVESTMENTS			percentage of the annual figure	
	Jan–Mar 2018	2019 plan	Jan–Mar 2019	Jan–Mar 2018	2019 plan	Jan–Mar 2019	Jan–Mar 2018	2019 plan	Jan–Mar 2019	Realisation of plan
Intereuropa, d. d.	28	1,106	133	315	2,334	270	343	3,440	403	12
Subsidiaries	12	855	232	275	1,612	136	287	2,467	368	15
TOTAL	40	1,961	365	590	3,946	406	630	5,907	771	13

Figure 3: Structure of investments in the Intereuropa Group for the period January–March 2019, in EUR thousand

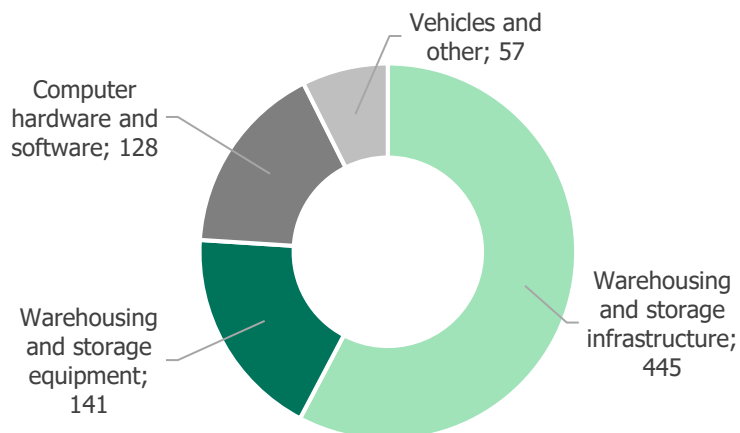


Table 11: Breakdown of investments by type in the period January–March 2019, in EUR thousand

Investments by type	TOTAL INVESTMENTS	Property	Equipment
Warehousing and storage infrastructure	445	365	80
Warehousing and storage equipment	141		141
Vehicles	12		12
IT equipment and intangible assets	128		128
Other investments	45		45
TOTAL	771	365	406

The largest investments during the first quarter were as follows:

- the implementation of an outdoor platform at the warehouse in Podgorica;
- the arrangement of business premises at the warehouse in Logatec;
- the completion of the construction of the ecological zone and arrangement of warehouse premises in Celje;
- the purchase of intangible assets (software and licences);
- the installation of video surveillance systems in Ljubljana, Zagreb and Varaždin; and
- the purchase of forklifts.

1.4 Sales of fixed assets

The Intereuropa Group sold fixed assets with a total carrying amount of EUR 2.5 million during the period January–March 2019. Those sales related almost entirely to the sale of real estate – the warehouse-business complex in Jesenice.

1.5 Human resource management

CHANGE IN NUMBER OF EMPLOYEES

The Intereuropa Group had 1,328 employees as at 31 March 2019, a decrease of 1 employee relative to the last day of 2018.

The Group hired 42 new employees in the period January–March 2019. Of that number, 24 replaced employees who left the Group, seven were employed due to the increased scope of work and one was hired on account of new transactions, while 10 former agency workers entered into an employment relationship with the Group.

A total of 41 employees left the Intereuropa Group in the period January–March 2019. Of those, the employment of 24 workers was terminated by agreement at the request of those employees, four employees retired and the temporary employment contracts of five employees expired, while five employees were laid off due to the elimination of their positions, one worker died and two workers are from the company in Albania, which is not disclosed in the Group's consolidated financial statements.

The turnover rate of key and perspective personnel who left their jobs at their own initiative was 0.8%, a decrease of 3.7 percentage points on the same period last year.

An average of 241 workers, recalculated as FTEs, performed work via employment agencies and student services during the reporting period, the same number as in the comparable period last year.

Table 12: Number of employees in the Intereuropa Group by country as at 31 March 2019

	31 Mar 2019	31 Dec 2018	Difference 19/18	Index 2019/2018
Slovenia	608	611	-3	100
Croatia	296	298	-2	99
Bosnia and Herzegovina	140	134	6	104
Serbia	76	74	2	103
North Macedonia	31	32	-1	97
Kosovo	34	34	0	100
Montenegro	113	113	0	100
Albania*	0	2	-2	-
Ukraine	30	29	1	103
TOTAL	1,328	1,327	1	100

* Effective 2019, the subsidiary in Albania is no longer included in the Group's consolidated financial statements.

As is evident from the table, the number of employees was up in Bosnia and Herzegovina, Serbia and Ukraine, while the number of employees was down or unchanged in Slovenia and at the majority of subsidiaries.

DEVELOPMENT, EDUCATION AND TRAINING

The Intereuropa Group earmarked EUR 9 thousand for the acquisition of new knowledge and skills during the first quarter of the year, a decrease of EUR 15 thousand relative to the same period last year. Employees completed 1,898 training hours, which is down nearly one half on the number of hours completed during the same period last year. The reason for that decrease lies in the fact that extensive training was carried out during the same period last year in the area of management at the parent company and the subsidiary Intereuropa, logističke usluge, d. o. o., Zagreb, as well as an MS Excel course at the same subsidiary in Croatia.

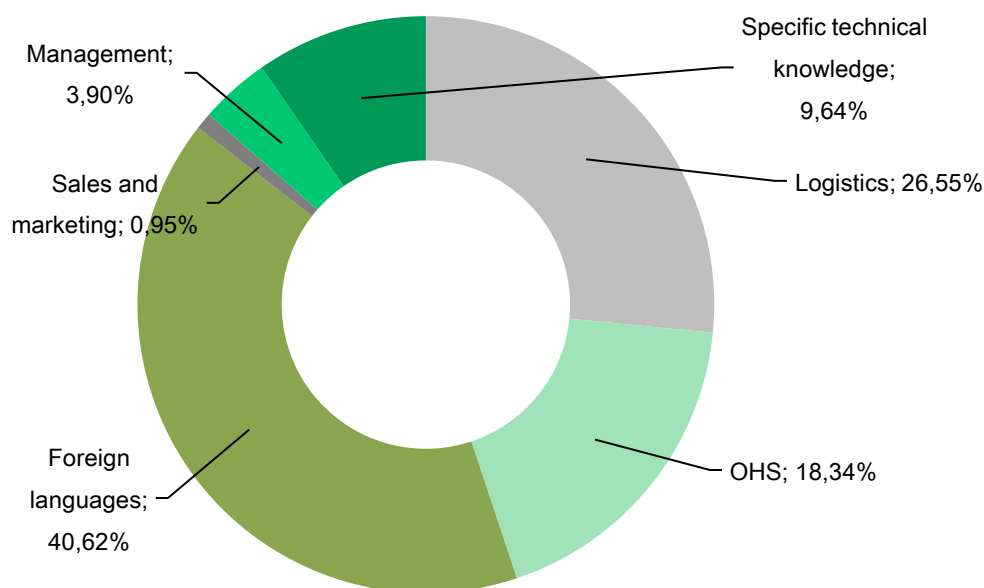


Figure 4: Breakdown of education and training at the Intereuropa Group in terms of hours and content

- At the Group level, employees received an average of 1.4 hours of training, while employees at the subsidiary in Croatia (Intereuropa, logističke usluge, d. o. o., Zagreb) received an average of four hours. Employees at other subsidiaries received an average of less than one hour.
- 27% of total education and training was carried out by internal experts, including training in the areas of occupational health and safety and the management of IT support processes (WexVS) at the subsidiary in Croatia.

OCCUPATIONAL HEALTH AND SAFETY

The absenteeism rate due to sick leave was 5.4% at the Group level during the first quarter, which is above the planned rate of 4.5%. The sick leave rate at the parent company was down by 1.3 percentage points, from 7.6% during the same period last year to stand at 6.3% this year.

The sick leave rate was higher than planned at the majority of subsidiaries: it was 5.9% at the subsidiary in Croatia, 6.3% in Bosnia and Herzegovina and 5.4% in Ukraine, while it was below 4.5% at other Group companies.

Two employees suffered workplace injuries at the Group level, which is six less than in 2018, translating to 0.13% of the total number of employees. Both employees (hired through an agency) were injured at the parent company. The number of injured employees at the parent company was thus down by three relative to 2018, meaning an injury rate of 0.26% of total employees, which is lower than the target rate of 1.5%.

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

- At the Group level, 127 employees were referred for preventive, preliminary, specific-purpose and periodic medical examinations, an increase of 71.62% relative to 2018, while that figure was 70 employees at the parent company, an increase of 48.94% relative to 2018.
- A total of 74 employees received training in the areas of occupational health and safety, and fire safety at the Group level, a decrease of 62.05% relative to 2018, while that figure was 62 employees at the parent company, a decrease of 38.00% relative to 2018.
- A total of 513 pieces of various work equipment were examined and tested at the Group level, an increase of 10.08% relative to 2018, while that figure was 474 pieces at the parent company, an increase of 8.96% relative to 2018.
- Special attention was given to ensuring the management of fire risks and to fire-prevention measures.

We carried out periodic inspections of facilities, and active and passive fire-fighting equipment (fire extinguishers and hydrants, fire detectors, domed smoke and heat vents, automatic fire-proof doors, etc.).

1.6 Risk management

The risk management policy of Intereuropa Group companies is defined in the Risk Management Rules of the Intereuropa Group, which were updated in 2018. Those rules define the risk management process at all Group companies, and include:

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

Group companies encounter various risks in their operations. Those risks are classified to the following five risk categories in accordance with the applicable rules: strategic risks, operational risks, financial risks, regulatory compliance risk and reputation risk.

At the end of the first quarter, a total of 41 risks were identified and assessed at the Group level, one assessed as very high, one assessed as high, 29 assessed as medium and 10 assessed as low.

Three new risks were identified during the first quarter: two regulatory compliance risks and one strategic risk.

Strategic risk is the risk of loss as a result of incorrect business decisions, a failure to implement the decisions taken and insufficient responsiveness to changes in the business environment. That risk depends on compliance between the outlined strategic objectives and the business strategy employed to achieve these objectives, the funds invested to achieve these objectives, and on the quality of implementation. Of the nine identified strategic risks at the Group level, one was assessed as very high and another as high. They were the risk of the loss of customs terminal status and the risk that managers at subsidiaries do not work to the benefit of owners and the company itself, but rather to their own benefit.

The highest number of risks is in the operational risk category, where 22 risks have been identified at the Group level. Operational risk represents the possibility of loss due to inadequate or failed implementation of internal procedures, processes, people and systems, but also due to external events. The majority of identified operational risks are assessed as medium. The highest assessed risks amongst them are the risk of the loss of sales due to a warehouse fire, the risk of inadequate insurance coverage for warehoused goods and the risk associated with inadequate technical and physical security for assets.

Financial risks comprise risks associated with the ability to generate finance income, to control finance costs and to preserve the value of financial assets. Five financial risks were identified at the Group level. None of those identified risks were assessed as high or very high. Detailed information regarding exposure to financial risks is presented in the financial report.

Five regulatory compliance risks were identified and assessed during the first quarter. Those risks comprise risks associated with compliance with laws and other regulations that relate to corporate governance, relations with employees, industry standards, internal control systems and the security policy, the personal accountability of executive staff and the members of supervisory boards, and the liability of legal entities. Two new regulatory compliance risks were identified, but similar to existing risks, neither are assessed as very high or high.

1.7 Financial results of the operations of Intereuropa, d. d.

Table 13: Operations of Intereuropa, d. d. in the period January–March 2019, in EUR thousand

Item/Indicator	Jan–Mar 2019	Jan–Mar Plan for 2019*	Jan–Mar 2018	Index 2019/plan*	Index 19/18
Sales revenue	28,711	28,538	27,701	101	104
Land transport	12,913	12,496	12,778	103	101
Logistics solutions	4,648	4,916	3,814	95	122
Intercontinental transport	10,034	9,946	9,993	101	100
Other services	1,117	1,180	1,116	95	100
EBITDA	2,237	1,641	2,725	136	82
Operating profit	1,199	605	1,710	198	70
Gain or loss from financing activities	-338	1,695	-58	-	-
Profit from ordinary operations	861	2,300	1,652	37	52
Corporate income tax and deferred tax	80	-29	164	-	49
Net profit	781	2,329	1,488	34	52
EBITDA margin (in %)	7.8	5.8	9.8	135	79
EBIT margin (in %)	4.2	2.1	6.2	197	68
Sales revenue per employee/month	16.715	16.266	16.478	103	101
Value added per employee/month	3.951	3.762	4.092	105	97
ROE (in %)**	3.7	6.8	7.1	54	52

Item/Indicator	31 Mar 2019	31 Dec 2018	Index 19/18
Assets	179,851	185,114	97
Equity	85,803	85,005	101
Net debt	62,909	64,631	97
Current assets/current liabilities	0.35	0.38	91

* Comparisons throughout the document are with the revised business plan for 2019.

** Recalculated on an annual basis. Planned ROE is stated on an annual basis.

Operating profit and EBITDA

→ The sales revenue generated by the Company during the first quarter of this year was up by 4% relative to the same period the previous year and 1% higher than planned. The Company exceeded planned operating profit and EBITDA, but failed to achieve the results achieved during the comparable period in 2018, primarily due to higher costs of labour and services. Contributing to higher labour costs relative to 2018 were accrued expenses for employee participation in profits, which were not recorded during the same period last year, a higher number of employees and an increase in average labour costs per employee. The highest growth amongst costs of services was recorded in the costs of hired workers, while the costs of software leasing were also higher (the leasing of MS server software and

software for workstations, and the leasing of a CRM system). Also affecting operating profit were an increase in impairments of receivables and gains from the sale of real estate and equipment.

- The Company exceeded planned operating profit by 98%. In addition to exceeding sales results and the gains generated in the sale of real estate and equipment, another major factor in the higher operating profit than planned was lower labour costs due to lower accrued expenses for employee participation in profits, which was the result of the Company's failure to achieve planned net profit on account of unrealised revenues from participation in the profits of subsidiaries.

Loss from financing activities

- The loss from financing activities in the period January–March was EUR 2 million worse than planned and EUR 0.3 million worse than in the same period last year. Contributing to the worse result were planned but unrealised revenues from participation in the profits of Group companies (dividends from subsidiaries). Interest expenses on loans were down by EUR 44 thousand relative to the same period last year.

Profit from ordinary operations and net profit

- Intereuropa, d. d.'s profit from ordinary operations in the first quarter was 63% lower than planned, primarily as the result of the aforementioned planned but unrealised revenues from participation in the profits of Group companies. Net profit amounted to EUR 0.8 million following the calculation of current and deferred income tax, which was 66% or EUR 1.5 million lower than planned, and 48% or EUR 0.7 million lower than the net profit achieved during the first quarter of 2018.

Structure of the statement of financial position

- The current ratio amounted to 0.35 and was down by 0.03 relative to the previous period, primarily due to a more significant decrease in current financial liabilities than in cash and cash equivalents.
- The ratio of equity to total assets was up 1.8 percentage points during the first quarter to stand at 47.7%.
- The Company reduced its net debt by EUR 1.7 million during the first quarter of 2019 to EUR 62.9 million.

1.8 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 14: Basic data regarding the shares of Intereuropa, d. d. as at 31 March 2019

	31 Mar 2019	31 Dec 2018
Share capital in EUR	27,488,803	27,488,803
Total number of shares	27,488,803	27,488,803
Number of preference shares (IEKN)	10,657,965	10,657,965
Number of ordinary shares (IEKG)	16,830,838	16,830,838
of which treasury shares	18,135	18,135
Number of shareholders	3,836	3,875
Book value per share in EUR	3.12	3.09
Earnings per ordinary share in EUR*	0.02	0.15

* 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 15: Key data regarding IEKG shares for the period January–March 2019

	Jan–Mar 2019	Jan–Dec 2018
Closing price at the end of period in EUR*	2.36	2.60
Weighted average price in EUR	2.65	2.50
Highest price in EUR	2.80	3.00
Lowest price in EUR	2.02	1.93
Market capitalisation in EUR thousand*	39,721	43,760
Turnover in EUR thousand	335	2,010
P/B	0.76	17.3
P/E	29.5	0.84
Capital yield	-9.2%	29.9%

* 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

Turnover in shares on the Ljubljana Stock Exchange was down by 10% during the first quarter of 2019 relative to the same period in 2018. Trading in IEKG shares was also down by one tenth and amounted to EUR 335 thousand. The market value of IEKG shares fluctuated between EUR 2.02 and EUR 2.80 per share, while the share price closed at EUR 2.36 at the end of the reporting period. The value of IEKG shares was down by 9.2% over the first three months of the year, while the Slovenian SBITOP index gained 7.8%.

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

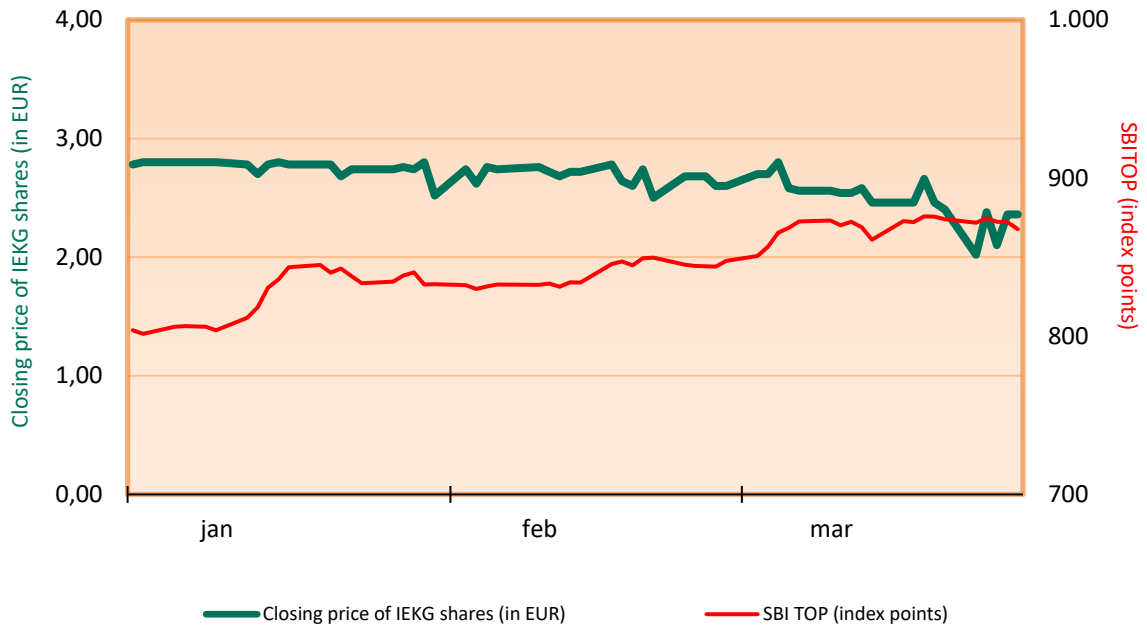


Figure 5: Changes to the closing price of IEKG shares and the SBITOP index in the period January–March 2019

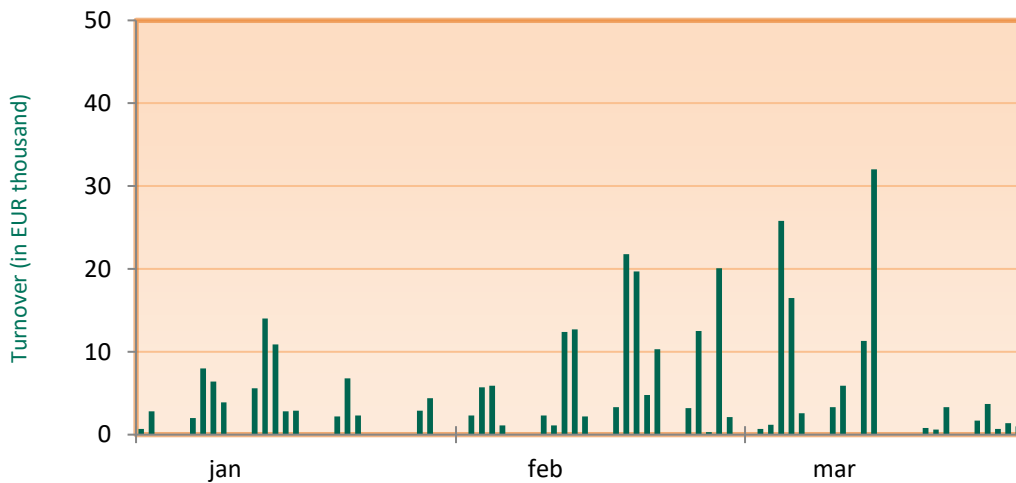


Figure 6: Turnover in IEKG shares in the period January–March 2019

OWNERSHIP STRUCTURE

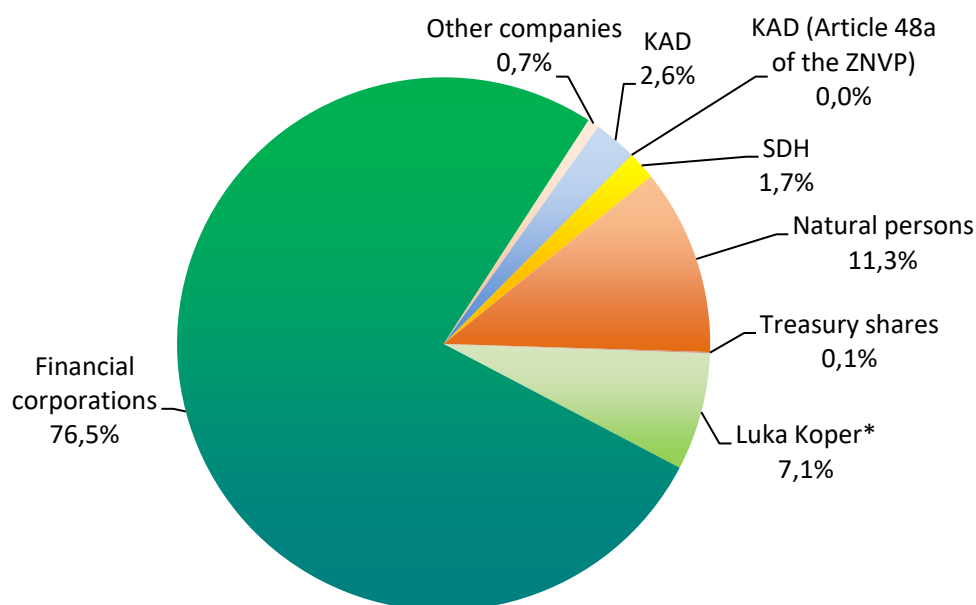
There were no significant changes in the Company's ownership structure during the first three months of 2019. There were no changes in the Company's top ten shareholders, whose combined participating interest was unchanged relative to the end of 2018, at 83.6% of total capital.

Table 16: Top ten shareholders of Intereuropa, d. d. as at 31 March 2019 relative to 31 December 2018

Shareholder	31 Mar 2019		31 Dec 2018		Index 19/18
	Number of shares	Participating interest (%)	Number of shares	(in %)	
1. SID banka, d. d.	4,942,072	18.0	4,942,072	18.0	100
2. NLB, d. d.	4,770,601	17.4	4,770,601	17.4	100
3. Nova KBM, d. d.	4,036,044	14.7	4,036,044	14.7	100
4. Gorenjska banka, d. d., Kranj	3,068,990	11.2	3,068,990	11.2	100
5. SKB, d. d.	2,254,980	8.2	2,254,980	8.2	100
6. Luka Koper, d. d.	1,344,783	4.9	1,344,783	4.9	100
7. Banka Intesa Sanpaolo, d. d.	753,703	2.7	753,703	2.7	100
8. Kapitalska družba, d. d.	719,797	2.6	719,797	2.6	100
9. Luka Koper INPO, d. o. o.	615,730	2.2	615,730	2.2	100
10. SDH, d. d.	474,926	1.7	474,926	1.7	100
Others	4,507,177	16.4	4,507,177	16.4	100
TOTAL	27,488,803	100.0	27,488,803	100.0	100

The proportion of shares held by foreign investors was unchanged relative to the situation as at 31 December 2018, and stood at 0.6% 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 2019

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 2019. The shareholdings of Supervisory Board members are presented in the table below.

Table 17: Number of shares held by Supervisory Board members as at 31 March 2019

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

TREASURY SHARES

Intereuropa, d. d. did not trade treasury shares during the first quarter of 2019. It held 18,135 treasury shares (IEKG) as at 31 March 2019, representing 0.0660% of all shares. The proportion of treasury shares has not changed since 31 December 2018. 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 2018.

NOTIFICATION OF SHAREHOLDERS

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

The following channels are used to communicate with shareholders:

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

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

**FINANCIAL REPORT
OF THE INTEREUROPA GROUP
and
THE PARENT COMPANY INTEREUROPA, d. d.
for the period January–March 2019**

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. The financial statements for the period January–March 2019 and the comparable period January–March 2018 are unaudited, while the financial statements for the comparable period ending 31 December 2018 are audited.

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 2019 to 31 March 2019

in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Sales revenue	39,697	38,793
Gains and losses from the derecognition of operating receivables	1	-70
Other operating revenues	251	203
Costs of goods, materials and services	-29,295	-28,114
Labour costs	-6,915	-6,561
Amortisation and depreciation	-1,605	-1,574
Loss due to the impairment of receivables	-104	-34
Other operating expenses	-731	-591
Operating profit	1,300	2,052
Interest income	28	44
Other finance income	77	9
Finance costs – costs of financing	-456	-516
Other finance costs	0	-58
Loss from financing activities	-351	-521
Investment result recognised according to the equity method	3	3
Profit from ordinary operations	952	1,534
Corporate income tax (including deferred taxes)	-121	-214
Net profit for the accounting period	831	1,320
Net profit pertaining to controlling interests	803	1,230
Net profit pertaining to non-controlling interests	28	90
Basic and diluted earnings per ordinary share (in EUR)	0.04	0.07

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME OF THE INTEREUROPA GROUP
for the period 1 January 2019 to 31 March 2019

in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Net profit for the accounting period	831	1,320
Other comprehensive income	-138	103
Items that will be reclassified to profit or loss	-155	103
Foreign currency translation differences	-155	103
Items that will not be reclassified to profit or loss	17	0
Transfer of revaluation surplus for land to net profit brought forward	-599	-50
Change in deferred taxes	57	4
Change in net profit brought forward from the transfer of the revaluation surplus for land	599	50
Corporate income tax on net profit brought forward	-40	-4
Total comprehensive income	693	1,423
Total comprehensive income pertaining to controlling interests	668	1,321
Total comprehensive income pertaining to non-controlling interests	25	102

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE INTEREUROPA GROUP as at 31 March 2019

in EUR thousand	31 Mar 2019	31 Dec 2018
ASSETS		
Property, plant and equipment	157,439	157,404
Investment property	12,080	12,174
Intangible assets	3,617	3,662
Other non-current assets	19	24
Non-current operating receivables	70	55
Deferred tax assets	9,494	9,542
Long-term loans granted and deposits	5	15
Investment in associate	74	71
Other non-current financial assets	61	31
TOTAL NON-CURRENT ASSETS	182,859	182,978
Available-for-sale assets	2,191	4,715
Inventories	85	70
Short-term loans granted and deposits	1,282	1,272
Assets from contracts with customers	830	762
Current operating receivables	35,674	32,960
Current receivables for corporate income tax	113	129
Other current assets	659	463
Cash and cash equivalents	4,228	9,578
TOTAL CURRENT ASSETS	45,062	49,949
TOTAL ASSETS	227,921	232,927
EQUITY		
Equity pertaining to controlling interests	114,653	113,984
Share capital	27,489	27,489
Share premium account	18,455	18,455
Profit reserves	5,526	5,589
Fair value reserves	46,700	47,185
Foreign currency translation differences	-6,640	-6,488
Net profit brought forward	22,320	17,232
Net profit	803	4,522
Equity pertaining to non-controlling interests	7,636	7,659
TOTAL EQUITY	122,289	121,643
LIABILITIES		
Provisions	2,356	2,347
Non-current deferred income	78	82
Non-current financial liabilities	1,009	511
Non-current operating liabilities	1,611	1,414
Deferred tax liabilities	11,004	11,116
TOTAL NON-CURRENT LIABILITIES	16,058	15,470
Current financial liabilities	63,114	70,551
Liabilities from contracts with customers	498	543
Current operating liabilities	25,606	24,349
Current corporate income tax liabilities	300	352
Current deferred income	56	19
TOTAL CURRENT LIABILITIES	89,574	95,814
TOTAL LIABILITIES	105,632	111,284
TOTAL EQUITY AND LIABILITIES	227,921	232,927

CONSOLIDATED STATEMENT OF CASH FLOWS OF THE INTEREUROPA GROUP FOR THE PERIOD 1
JANUARY 2019 TO 31 MARCH 2019

in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Cash flows from operating activities		
Net profit for the accounting period	831	1,320
Adjustments for:		
- amortisation and depreciation	1,605	1,574
- impairments and write-offs of property, plant and equipment, and investment property	78	0
- gains on the sale of property, plant and equipment, and investment property	-188	-156
- gains and losses from the derecognition of operating receivables	-1	0
- losses due to the impairment of receivables	104	34
- impairments and write-offs of inventories	1	0
- other non-monetary expenses from the exclusion of a subsidiary from the consolidated financial statements	49	0
- finance income from interest	-28	-44
- other finance income	-77	-9
- finance costs – costs of financing	456	516
- other finance costs	0	58
- investment result recognised according to the equity method	-3	-3
- corporate income tax (including deferred taxes)	121	214
Operating profit before changes in net working capital and taxes	2,949	3,504
Changes in net working capital and provisions		
Changes in assets from contracts with customers	-68	-48
Changes in receivables	-2,891	-1,729
Changes in inventories	-16	-1
Changes in other current assets	-192	-234
Changes in liabilities from contracts with customers	-45	-45
Changes in operating liabilities	2,213	3,003
Changes in provisions	46	-49
Changes in non-current deferred income	-4	3
Income tax paid	-123	-276
Net cash flow from operating activities	1,869	4,128
Cash flows from investing activities		
Interest received	26	27
Inflows from the sale of property, plant and equipment	2,741	433
Net cash flow from short-term loans granted	0	-8
Net cash flow from short-term deposits placed	0	184
Inflows from the sale of other financial assets	0	9

Outflows for the acquisition of property, plant and equipment	-1,560	-1,040
Outflows for the acquisition of intangible assets	0	-47
Exclusion of a subsidiary from the consolidated financial statements	-78	0
Net cash flow from investing activities	1,129	-442
Cash flows from financing activities		
Interest paid	-491	-516
Outflows for the repayment of long-term loans (and finance leases during the comparable period)	-3,851	-1,354
Net cash flow from short-term loans	-3,897	-79
Payment of lease liabilities	-69	0
Dividends paid	-48	-34
Net cash flow from financing activities	-8,356	-1,983
Opening balance of cash and cash equivalents	9,578	3,618
Exchange rate differences relating to cash	8	-34
Net cash flow for the period from ordinary operations	-5,358	1,703
Closing balance of cash and cash equivalents	4,228	5,287

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF THE INTEREUROPA GROUP

for the period 1 January 2019 to 31 March 2019

in EUR thousand	PROFIT RESERVES								RETAINED EARNINGS				Total equity	
	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 for the accounting period	Equity pertaining to controlling interests		Equity pertaining to non-controlling interests
Opening balance as at 1 January 2019	27,489	18,455	4,658	180	-180	15	916	47,185	-6,488	17,232	4,522	113,984	7,659	121,643
Total comprehensive income	0	0	0	0	0	0	0	-485	-152	502	803	668	25	693
Net profit for the financial year	0	0	0	0	0	0	0	0	0	0	803	803	28	831
Other comprehensive income	0	0	0	0	0	0	0	-485	-152	502	0	-135	-3	-138
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	4,522	-4,522	0	0	0
Dividends and shares in profit	0	0	0	0	0	0	0	0	0	0	0	0	-48	-48
Transfer of retained earnings to reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer of reserves to net profit brought forward due to exclusion of a subsidiary from the consolidated financial statements	0	0	-3	0	0	0	-61	0	0	64	0	0	0	0
Closing balance as at 31 March 2019	27,489	18,455	4,655	180	-180	15	855	46,700	-6,640	22,320	803	114,653	7,636	122,289

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF THE INTEREUROPA GROUP

for the period 1 January 2018 to 31 March 2018

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 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
Adjusted 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

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 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 2018 were compiled, except for the following:

1. the senior management's assessment regarding the exclusion of the subsidiary Intereuropa Global logistics Service Albania Shpk, Durres from the consolidated financial statements due to the latter's immaterial effect on the presentation of the Intereuropa Group's financial position, operating results and cash flows;
2. assessments and judgements that relate to the initial application of IFRS 16 Leases (the Group began applying the aforementioned standard on 1 January 2019), as described in the following point (2.2c).

Effect of the exclusion of Intereuropa Albania Shpk from the consolidated financial statements

Table 1: Effect of the exclusion of the subsidiary Intereuropa Albania Shpk on the Group's statement of financial position, income statement and cash flow statement for the period January–March 2019

in EUR thousand	Effect on the Group's statement of financial position and income statement
Property, plant and equipment	-1
Current operating receivables	-62
Cash and cash equivalents	-78
Current operating liabilities	53
Total net assets of subsidiary	-88
Reversal of foreign currency translation differences in connection with the subsidiary's equity	9
Investment in company	30
Total effect on the income statement (other operating expenses)	-49
Effect on the Group's cash flow statement (reduction in cash and cash equivalents in cash flows from investing activities)	-78

The Group values its investment in the aforementioned subsidiary at historical cost.

c) Changes in significant accounting policies

Transition to IFRS 16 Leases

IFRS 16 Leases, adopted by the EU on 31 October 2017 (applicable to annual periods beginning on or after 1 January 2019).

For the purpose of transitioning to IFRS 16, the Group took a practical approach by applying the aforementioned standard retrospectively with the cumulative effect of initial application recognised on 1 January 2019. Comparable data have thus not been recalculated.

IFRS 16 replaces IAS 17 Leases and related clarifications. The standard eliminates the previous dual lease accounting model, when the Group acted as lessee. In that model, finance leases were disclosed as assets and operating leases as an expense based on the straight-line method over the entire lease term. That standard instead requires the Group to disclose leases in the statement of financial position using a single model (similar to how it accounted for finance leases under IAS 17) and thus eliminate the distinction between operating and finance leases, provided that those leases do not represent exemptions that the Group may apply (short-term leases and leases where the underlying asset has a low value).

Accounting for leases by lessors under IFRS 16 does not differ substantially from accounting under IAS 17. Accounting for leases in which the Group acts as lessor thus remains the same.

IFRS 16 allows for the application of the aforementioned standard to intangible assets that are not expressly exempt from its application. However, the Group decided that it will not apply the standard to intangible assets.

As at 1 January 2019, the Group determined whether the contracts in which its acts as lessee are lease contracts or contracts containing a lease in accordance with IFRS 16. A lease contract contains a lease if it conveys the right to control of an identified asset for a period of time in exchange for consideration. The Group recognised the following for such contracts (except for the exemptions stated below):

- right-of-use assets in leases (disclosed in property, plant and equipment in the statement of financial position); and
- lease liabilities (disclosed under financial liabilities in the statement of financial position and under cash flows from financing activities in the cash flow statement).

Right-of-use assets are depreciated, while lease liabilities accrue interest. The Group recognised new assets and liabilities for its operating leases in connection with cars, forklifts and other equipment as at 1 January 2019, and additionally for buildings in the period January–March 2019. The nature of and costs associated with these leases thus changed, as the Group recognised the costs of operating leases equally over the lease term during the comparable period.

The Group applied two exemptions allowed by the aforementioned standard by excluding from the recognition of assets and liabilities leases:

- that are short-term in nature; and
- in which the underlying asset has a low value.

The Group recognises lease payments in connection with short-term and low-value leases as expenses based on the straight-line method over the entire lease term. It recognises liabilities from those leases as trade payables in the statement of financial position and under cash flows from operating liabilities in the cash flow statement.

When determining the lease term, the Group takes into account the period in which the lease may not be terminated. For that purpose, it takes into account the period in which a contract is legally enforceable. In accordance with IFRS 16, a lease is no longer enforceable when the lessor and lessee have the right to terminate the lease relationship and the financial consequences are not material.

Recognition and measurement of right-of-use assets and lease liabilities

On the day a lease commences (and on 1 January 2019 with the transition to IFRS 16), the Group recognises a right-of-use asset and a lease liability.

Right-of-use assets under leases

Upon initial recognition, the Group measures a right-of-use asset at historical cost, which includes:

- the amount of the initially measured lease liability;
- received lease payments that were made at or prior to the commencement of a lease, less lease incentives;
- initial direct costs incurred by the lessee; and
- estimated costs that the lessee will incur in the removal of an asset that is the subject of a lease, costs for the restoration of the location where an asset is located, or the return of an asset that is the subject of a lease to the condition stated in the terms of a lease.

Following initial recognition, the Group measures such assets using the historical cost model, less accumulated depreciation and any accumulated impairment loss, corrected for the remeasurement of the lease liability.

Lease liability

Upon initial recognition, the Group **measures lease liabilities at the present value of future lease payments on the day of recognition. Lease payments are discounted at the interest rate implicit in a lease if that rate can be determined. If this is not possible, the Group applies the incremental borrowing rate that it would have to pay if it acquired an asset with a similar value as a right-of-use asset for a similar period, based on a similar guarantee in a similar economic environment.**

Following initial recognition, the Group measures the aforementioned liability such that its carrying amount is:

- increased by the amount of interest on a lease,
- decreased by the amount of lease payments, and
- increased or decreased, such that the amount of the liability is adjusted to the remeasured or amended lease.

Sale and leaseback transactions

In sale and leaseback transactions in which it acts as seller, i.e. lessee, the Group measures a right-of-use asset proportionately with that part of the previous carrying amount of the right-of-use asset that it has kept. Accordingly, it only recognises the amount of gains or losses that relate to the rights that it transferred to the buyer, i.e. lessor. Such gains are recognised in other operating revenues.

c. 2 Effect of the transition to IFRS 16 on the statement of financial position, income statement and cash flow statement

Effect of the transition as at 1 January 2019

Table 2: Effect of the transition to IFRS 16 on the carrying amount of the Company's assets and liabilities as at 1 January 2019

in EUR thousand	Reported as at 31 December 2018	Adjustment for the initial application of IFRS 16	Adjusted balance as at 1 January 2019
ASSETS	232,927	779	233,706
Property, plant and equipment	157,404	779	158,183
LIABILITIES	111,283	779	112,062
Non-current financial liabilities	511	500	1,011
Current financial liabilities	70,551	279	70,830

Table 3: Differences between lease liabilities under IAS 17 and lease liabilities under IFRS 16 as at 1 January 2019

in EUR thousand	Operating leases in 2019
Operating lease liabilities under IAS 17 as at 31 December 2018 (undiscounted value)	831
Lease liabilities as at 1 January 2019 (discounted value according to the weighted average assumed interest rate of 2.83%)	802
Finance lease liabilities as at 31 December 2018	585
Reduction for contracts reclassified to other costs of services	-23
Lease liabilities as at 1 January 2019	1,364
Of which:	
non-current lease liabilities	996
current lease liabilities	368

In accordance with the option provided for by IFRS 16, the Group did not include in the explanation of differences in the above table leases that were recognised under IAS 17 prior to 1 January 2019 and that it assessed under IFRS 16 as short-term.

Application of IFRS 16 in the period January–March 2019

Table 4: Right-of-use assets under leases in the period January–March 2019

in EUR thousand	Right-of-use assets under leases		
	Buildings	Equipment	Total
Balance as at 31 December 2018	0	670	670
Transition to IFRS 16	0	779	779
Balance as at 1 January 2019	0	1,449	1,449
Increase for new leases	115	0	115
Depreciation	-11	-116.49	-127
Exchange rate differences	0	-3	-3
Balance as at 31 March 2019	104	1,330	1,434

The increase from new leases relates to right-of-use assets (buildings) from leaseback transactions.

Table 5: Interest expenses on lease liabilities and costs of short-term leases in the period January–March 2019

in EUR thousand	Jan–Mar 2019
Interest expenses on lease liabilities	6
Costs of short-term leases of real estate and equipment	252
Total	258

Table 6: Effect of the application of IFRS 16 on the cash flow statement for the period January–March 2019 (Group as lessee)

in EUR thousand	Jan–Mar 2019
Lease payments for short-term leases (disclosed in cash flows from operating activities)	297
Payment of lease liabilities comprising principal (disclosed in cash flows from financing activities)	69
Total	366

Table 7: Gains on sale and leaseback transactions in the period January–March 2019

in EUR thousand	Jan–Mar 2019
Gains on sale and leaseback transactions	55

During the reporting period, the Group sold and leased back part of a building.

Table 8: Rental income in the period January–March 2019

in EUR thousand	Jan–Mar 2019
Rental income	1,348

Other disclosures

The balance of non-current and current lease liabilities as at 31 March 2019 is disclosed in Table 22 Non-current financial liabilities of Intereuropa, d. d. as at 31 March 2019 and Table 23 Current financial liabilities of the Intereuropa Group as at 31 March 2019.

An analysis of the maturity of lease liabilities is presented in Table 30 Liquidity risk as at 31 March 2019.

A) NOTES TO THE CONSOLIDATED INCOME STATEMENT

Sales revenue amounted to EUR 39,697 thousand (EUR 38,793 thousand during the comparable period).

Table 9: Sales revenue of the Intereuropa Group by operating segment and country in the period January–March 2019

in EUR thousand	Slovenia		Croatia		Bosnia and Herzegovina		Serbia		Montenegro	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenues by business line										
Land transport	12,913	12,778	4,157	3,871	1,278	1,230	546	778	781	751
Logistics solutions	4,648	3,814	1,088	1,012	160	162	239	239	230	241
Intercontinental transport	10,148	10,108	488	456	78	84	150	649	72	54
Other services	1,166	1,157	188	162	302	275	0	0	324	219
Total	28,863	27,857	5,921	5,501	1,817	1,751	935	1,666	1,408	1,264
Revenues generated by country (with respect to a customer's head office)										
Slovenia	15,396	15,635	255	203	80	92	91	119	34	56
Croatia	412	386	4,731	4,359	11	11	19	10	10	5
Bosnia and Herzegovina	259	296	43	111	1,392	1,320	17	20	15	8
Montenegro	83	70	5	3	1	0	14	19	1,127	1,011
Other countries	12,713	11,470	887	824	334	328	793	1,498	222	184
Total	28,863	27,857	5,921	5,501	1,817	1,751	935	1,666	1,408	1,264

in EUR thousand	Ukraine		Other countries		Exclusions		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenues by business line								
Land transport	747	959	1,181	1,001	-1,083	-1,107	20,520	20,260
Logistics solutions	0	0	86	74	-10	-12	6,441	5,529
Intercontinental transport	0	0	171	153	-110	-118	10,996	11,386
Other services	0	0	83	83	-313	-279	1,740	1,618
Total	747	959	1,522	1,311	-1,516	-1,515	39,697	38,793
Revenues generated by country (with respect to a customer's head office)								
Slovenia	78	367	248	188	-492	-487	15,691	16,173
Croatia	0	0	1	2	-304	-286	4,880	4,487
Bosnia and Herzegovina	0	0	0	0	-248	-306	1,478	1,448
Montenegro	0	0	0	0	-96	-85	1,134	1,018
Other countries	669	592	1,272	1,121	-376	-351	16,514	15,667
Total	747	959	1,522	1,311	-1,516	-1,515	39,697	38,793

Table 10: Sales revenue of the Intereuropa Group with respect to the timing of recognition in the period January–March 2019

in EUR thousand	Land transport		Logistics solutions		Intercontinental transport		Other services		Total	
	Jan–Mar 2019	Jan–Mar 2018	Jan–Mar 2019	Jan–Mar 2018	Jan–Mar 2019	Jan–Mar 2018	Jan–Mar 2019	Jan–Mar 2018	Jan–Mar 2019	Jan–Mar 2018
Revenues from completed services	20,054	19,611	6,411	5,509	10,812	10,958	1,740	1,618	39,017	37,696
Revenues from incomplete services	466	648	30	21	184	428	0	0	680	1,097
Total	20,520	20,259	6,441	5,530	10,996	11,386	1,740	1,618	39,697	38,793

Other operating revenues

Table 11: Other operating revenue of the Intereuropa Group in the period January–March 2019

in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Gains from the sale of property, plant and equipment, and assets held for sale	188	156
Revenues from the reversal of provisions	3	2
Government grants received	12	12
Other operating revenues	48	32
Total	251	203

Costs of goods, materials and services

Table 12: Costs of goods, materials and services of the Intereuropa Group in the period January–March 2019

in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Costs of materials and historical cost of goods sold	1,246	1,150
Costs of services	28,049	26,964
direct costs	24,805	24,078
costs of telecommunication services	122	124
maintenance of property, plant and equipment	406	416
maintenance of intangible assets	230	198
insurance premiums	196	181
training and education costs	9	24
costs of short-term leases of real estate and equipment	252	0
costs of leases of intangible assets	100	4
costs of hired labour and student work	988	825
other costs of services	941	1,115
Total	29,295	28,114

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. Other costs of services in the amount of EUR 941 thousand relate primarily to the costs of asset security in the amount of EUR 163 thousand (EUR 149 thousand during the comparable period), the costs of intellectual services in the amount of EUR 107 thousand (EUR 67 thousand during the comparable period) and other costs. Other costs of services included the costs of lease payments in accordance with IAS 17, which amounted to EUR 358 thousand during the comparable period.

Labour costs

Table 13: Labour costs of the Intereuropa Group in the period January–March 2019

in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Costs of wages and salaries	4,891	4,791
Social security costs	1,068	1,042
Other labour costs	956	728
annual leave allowance	209	200
transportation and meal allowances	495	479
other labour costs	55	48
expenses for employee participation in profits	197	0
Total	6,915	6,561

Labour costs were higher during the reporting period primarily as the result of accrued costs for the participation of employees in profits, which were not accrued in the comparable period.

Amortisation and depreciation

Table 14: Amortisation and depreciation costs of the Intereuropa Group in the period January–March 2019

in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Amortisation of intangible assets	136	130
Depreciation of property, plant and equipment, and investment property	1,343	1,444
Amortisation of right-of-use assets under leases	127	0
Total	1,605	1,574

Other operating expenses

Table 15: Other operating expenses of the Intereuropa Group in the period January–March 2019

in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Building land use fees and similar expenses	367	434
Expenses from the impairments of property, plant and equipment	78	0
Expenses from value adjustments (impairments) and write-offs of inventories	1	1
Expenses from the creation of provisions	65	0
Other operating expenses	220	155
Total	731	591

Finance income and costs

Table 16: Finance income and costs in the Intereuropa Group in the period January–March 2019

in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Interest income	28	44
Revenues from the disposal of financial assets	0	9
Net exchange rate differences	77	0
Total finance income	105	53
Interest expense	-456	-516
Net exchange rate differences	0	-58
Total finance costs	-456	-574
Loss from financing activities	-351	-521

The Group generated a **profit from ordinary operations** of EUR 952 thousand.

Corporate income tax was negative in the amount of EUR 121 thousand, comprising current tax in the negative amount of EUR 129 thousand and deferred tax in the positive amount of EUR 8 thousand. Within the item deferred tax, the Group accrued revenues from the additional creation of deferred tax assets from tax losses in the amount of the use thereof (EUR 121 thousand), while no such revenues were accrued during the comparable period.

The Group generated a **net profit** of EUR 831 thousand during the reporting period. Of that amount, EUR 803 thousand pertains to **controlling** interests, while EUR 28 thousand pertains to **non-controlling** interests.

B) NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Property, plant and equipment

Table 17: Property, plant and equipment of the Intereuropa Group as at 31 March 2019

in EUR thousand	31 Mar 2019	31 Dec 2018
Land and buildings	149,092	149,822
a) Land	76,773	76,788
b) Buildings	72,319	73,034
Plant and equipment	6,473	7,191
Right-of-use assets under leases	1,434	0
Investments in foreign fixed assets	5	2
Property, plant and equipment in acquisition	435	388
Total	157,439	157,404

Contributing to the reduction in the value of property, plant and equipment were depreciation costs (EUR 1,375 thousand), impairment costs (EUR 78 thousand), exchange rate differences (EUR 69 thousand), asset sales (EUR 17 thousand) and the exclusion of a subsidiary from the consolidated financial statements (EUR 1 thousand). The increase in property, plant and equipment was the result of right-of-use assets under leases (EUR 779 thousand with the transition to IFRS 16 as at 1 January 2019 and EUR 115 thousand in the period January–March 2019) and the purchase of other items of property, plant and equipment (EUR 681 thousand).

The carrying amount of property, plant and equipment (land and buildings) pledged as collateral was EUR 106,620 thousand as at 31 March 2019 (comprising collateral for loans received and contingent liabilities). The Group had no other legal restrictions on the disposal of aforementioned assets.

Investment property

The carrying amount of investment property as at 31 March 2019 was EUR 12,080 thousand. The reduction in the value of investment property during the reporting period was the result of depreciation in the amount of EUR 94 thousand.

The carrying amount of pledged investment property as at 31 March 2019 was 10,062 thousand (comprising additional collateral for liabilities for which the underlying collateral comprises pledged items of property, plant and equipment).

Intangible assets

Table 18: Intangible assets of the Intereuropa Group as at 31 March 2019

in EUR thousand	31 Mar 2019	31 December 2018
Long-term property rights	502	554
Goodwill	42	42
Other intangible assets	2,544	2,621
Intangible assets under construction	529	446
Total	3,617	3,662

Loans granted and deposits

Table 19: Loans granted and deposits of the Intereuropa Group as at 31 March 2019

in EUR thousand	31 Mar 2019	31 Dec 2018
Long-term loans and deposits	5	15
- loans granted	3	3
- deposits	3	13
Short-term loans and deposits	1,282	1,272
- loans granted	1	1
- deposits	1,281	1,271
Total	1,287	1,286

As at 31 March 2019, the Group had pledged short-term deposits in the amount of EUR 940 thousand as collateral for contingent liabilities.

Available-for-sale assets

Available-for-sale assets amounted to EUR 2,191 thousand as at the reporting date. They relate to real estate, the sale of which is planned in a short period of time. The reduction in assets in the amount of EUR 2,518 thousand is the result of sales, while exchange rate differences amounted to EUR 6 thousand. The carrying amount of available-for-sale assets pledged as collateral was EUR 196 thousand as at 31 March 2019 (comprising collateral for loans received and contingent liabilities).

Current operating receivables

Table 20: Current operating receivables of the Intereuropa Group as at 31 March 2019

in EUR thousand	31 Mar 2019	31 Dec 2018
Current trade receivables	34,313	30,929
Current operating receivables from others	1,361	2,030
Total	35,674	32,960

The Group had current trade receivables with a carrying amount of EUR 10,000 thousand pledged as collateral as at 31 March 2019. 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 659 thousand comprise current deferred costs.

Provisions

Table 21: Provisions of the Intereuropa Group as at 31 March 2019

in EUR thousand	31 Mar 2019	31 Dec 2018
Provisions for severance pay at retirement and jubilee benefits	1,360	1,365
Provisions for lawsuits	996	982
Total	2,356	2,347

Non-current financial liabilities

Table 22: Non-current financial liabilities of the Intereuropa Group as at 31 March 2019

in EUR thousand	31 Mar 2019	31 Dec 2018
Long-term loans from banks	0	15
Lease liabilities (as at 31 December 2018 from finance leases)	1,009	496
Total	1,009	511

Current financial liabilities

Table 23: Current financial liabilities of the Intereuropa Group as at 31 March 2019

in EUR thousand	31 Mar 2019	31 Dec 2018
Short-term loans received	62,268	70,046
Liabilities from short-term finance leases	89	89
Liabilities for dividends and other shares in profit	415	416
Current lease liabilities	342	0
Total	63,114	70,551

On 1 March 2019, the parent company signed an annex to the financial restructuring agreement, thereby extending the maturity of the final instalment in the amount of EUR 57,044 thousand from 30 September 2019 to 31 January 2020.

The extension of the financial restructuring agreement until 31 January 2020 did not result in a change in the target values of financial commitments, despite the fact that the original agreement envisaged the classification of financial liabilities under that agreement to non-current financial liabilities, which would affect the quick ratio for 2019. Because all financial liabilities under the financial restructuring agreement were reclassified to current financial liabilities as at 31 March 2019, the Group failed to achieve the target value of the quick ratio. For that reason, Intereuropa, d. d. has already received a waiver from all creditor banks for the aforementioned financial commitment.

The Company had approved revolving loans in the amount of EUR 5,530 thousand as at 31 March 2019. Of that amount, EUR 1,719 thousand has been drawn down. All of the Group's due liabilities under loan agreements were settled as at the reporting date.

Current operating liabilities

Table 24: Current operating liabilities of the Intereuropa Group as at 31 March 2019

in EUR thousand	31 Mar 2019	31 Dec 2018
Current trade payables	21,293	20,544
Other current operating liabilities	4,313	3,805
Total	25,606	24,349

C) OTHER NOTES

Contingent liabilities

Table 25: Contingent liabilities of the Intereuropa Group as at 31 March 2019

in EUR thousand	31 Mar 2019	31 Dec 2018
From bank guarantees and guarantees given to others	18,743	16,585
From lawsuits and other litigation proceedings	864	876
To D.S.U., družba za svetovanje in upravljanje, d. o. o.	66	66
Other contingent liabilities	105	105
Total	19,777	17,632

Fair value

Table 26: Fair value of financial instruments of the Intereuropa Group as at 31 March 2019

in EUR thousand	31 Mar 2019		31 Dec 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets measured at fair value through other comprehensive income	4	4	4	4
Financial assets measured at fair value through profit or loss	27	27	27	27
Loans and deposits	1,287	1,287	1,287	1,287
Operating receivables	35,744	35,744	33,015	33,015
Cash and cash equivalents	4,228	4,228	9,578	9,578
Total	41,290	41,290	43,884	43,884
Financial liabilities				
Loans and finance leases	63,366	63,366	70,647	70,558
- at fixed interest rates	643	643	643	643
- at variable interest rates	62,723	62,723	69,915	69,915
Liabilities for dividends and other shares in profit	415	415	416	416
Operating liabilities	27,217	27,217	25,763	25,763
Total	90,999	90,999	96,826	96,737

Table 27: Fair value hierarchy of assets in the Intereuropa Group as at 31 March 2019

in EUR thousand	31 Mar 2019				
	Fair value hierarchy	Level 1	Level 2	Level 3	Total
Land		0	0	76,773	76,773
Financial assets measured at fair value through other comprehensive income		4	0	0	4
Financial assets measured at fair value through profit or loss		0	0	27	27
Total		4	0	76,800	76,804

in EUR thousand Fair value hierarchy	31 Dec 2018			Total
	Level 1	Level 2	Level 3	
Land	0	0	76,788	76,788
Financial assets measured at fair value through other comprehensive income	4	0	0	4
Financial assets measured at fair value through profit or loss	0	0	27	27
Total	4	0	76,815	76,819

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

TRANSACTIONS BETWEEN RELATED PARTIES

Table 28: Transactions between related parties in the period January–March 2019

Revenues from the sale of services		
in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Associate	154	165
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	13	14

Costs of services		
in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Associate	1,396	931
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	1

Balance of operating receivables		
in EUR thousand	31 Mar 2019	31 Dec 2018
Associate	90	91
Companies that are controlled or jointly controlled by an individual, or a member of their immediate family, who is in a relationship with the Intereuropa Group	4	9

Balance of operating liabilities		
in EUR thousand	31 Mar 2019	31 Dec 2018
Associate	681	694

Transactions between related parties in the period January–March 2019

Revenues from the sale of services		
in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Associate	154	165
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	13	14
Costs of services		
in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Associate	1,396	931
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	1
Balance of operating receivables		
in EUR thousand	31 Mar 2019	31 Dec 2018
Associate	90	91
Companies that are controlled or jointly controlled by an individual, or a member of their immediate family, who is in a relationship with the Intereuropa Group	4	9
Balance of operating liabilities		
in EUR thousand	31 Mar 2019	31 Dec 2018
Associate	681	694

INFORMATION BY BUSINESS SEGMENT FOR THE PERIOD JANUARY–MARCH 2019

Table 29: Geographical business segments of the Intereuropa Group in the period January–March 2019

in EUR thousand	Slovenia		Croatia		Bosnia and Herzegovina		Serbia		Montenegro	
	Jan–Mar 2019	Jan–Mar 2018	Jan–Mar 2019	Jan–Mar 2018	Jan–Mar 2019	Jan–Mar 2018	Jan–Mar 2019	Jan–Mar 2018	Jan–Mar 2019	Jan–Mar 2018
Revenues from external customers	28,024	27,002	5,740	5,345	1,680	1,640	804	1,515	1,391	1,248
Revenues from transactions with other segments	839	855	181	157	138	110	131	151	17	16
Total revenues	28,863	27,857	5,921	5,501	1,817	1,751	935	1,666	1,408	1,264
Depreciation	1,039	1,015	331	337	68	71	51	49	90	73
Operating profit or loss	1,233	1,736	37	39	28	82	-102	145	133	139
Interest income	133	43	2	5	0	0	4	1	17	15
Interest expense	466	482	9	16	1	2	16	13	0	0
Profit or loss from ordinary operations	900	1,654	30	14	27	81	-114	132	150	154
Investment result recognised according to the equity method	0	0	0	0	0	0	0	0	0	0
Corporate income tax	82	168	5	4	6	7	0	19	12	18
Net profit or loss	818	1,486	24	10	21	74	-114	113	139	136

in EUR thousand	Ukraine		Other		Total		Adjustments (including eliminations*)		Group	
	Jan–Mar 2019	Jan–Mar 2018	Jan–Mar 2019	Jan–Mar 2018	Jan–Mar 2019	Jan–Mar 2018	Jan–Mar 2019	Jan–Mar 2018	Jan–Mar 2019	Jan–Mar 2018
Revenues from external customers	747	959	1,239	1,146	39,624	38,772	74	21	39,697	38,793
Revenues from transactions with other segments	0	0	283	265	1,589	1,536	-1,589	-1,536	0	0
Total revenues	747	959	1,522	1,412	41,213	40,308	-1,515	-1,515	39,697	38,793
Depreciation	7	11	18	17	1,605	1,574	0	0	1,605	1,574
Operating profit or loss	-17	-47	10	57	1,324	2,051	-24	1	1,300	2,052
Interest income	65	0	0	0	221	64	-116	-20	105	44
Interest expense	12	23	0	0	504	536	-27	-20	477	516

Profit or loss from ordinary operations	37	-23	10	57	1,040	1,968	-88	-433	952	1,534
Investment result recognised according to the equity method	0	0	0	0	0	0	3	3	3	3
Corporate income tax	0	0	16	7	121	220	0	-6	121	214
Net profit or loss	37	-23	-6	50	920	1,748	-88	-436	831	1,320

in EUR thousand	Slovenia		Croatia		Bosnia and Herzegovina		Serbia		Montenegro	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Assets	180,982	190,122	50,451	50,226	13,487	13,457	9,971	10,101	17,662	17,545
Non-current assets	150,991	155,090	41,409	41,577	11,532	11,567	9,006	9,026	11,910	11,958
Operating liabilities	21,003	19,878	3,291	2,964	1,315	1,211	1,278	1,119	576	539
Financial liabilities	64,769	71,777	721	585	78	93	963	1,134	399	400
Investment in associate	39	39	0	0	0	0	0	0	0	0

in EUR thousand	Ukraine		Other		Total		Adjustments (including eliminations*)		Group	
	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018	31 Mar 2019	31 Dec 2018
Assets	1,752	1,718	3,143	3,513	277,449	286,827	-49,528	-49,813	227,921	237,014
Non-current assets	1,257	1,229	1,048	1,049	227,154	231,642	-44,295	-44,578	182,858	187,064
Operating liabilities	681	641	827	1,100	28,970	27,453	-1,753	-1,690	27,217	25,763
Financial liabilities	1,342	1,358	0	0	68,271	75,347	-4,148	-4,284	64,123	71,063
Investment in associate	0	0	0	0	39	39	35	32	74	71

* All adjustments are subject to consolidation procedures

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 30: Liquidity risk as at 31 March 2019

in EUR thousand							
31 Mar 2019	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	62,268	63,649	4,779	58,849	21	0	0
Operating lease liabilities	878	886	341	133	234	178	0
Finance lease liabilities	562	601	56	56	490	0	0
Liabilities for dividends and other shares in profit	415	415	415	0	0	0	0
Trade payables	21,545	21,545	21,260	33	112	71	69
- of which trade payables for short-term leases	66	66	66	0	0	0	0
Other operating liabilities	5,672	5,672	4,314	5	1,353	0	0
Total	91,340	92,768	31,166	59,075	2,209	249	69

Table 31: Liquidity risk as at 31 December 2018

in EUR thousand							
31 Dec 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	70,062	71,345	8,637	62,414	308	0	0
Loans received on the basis of finance leases	584	630	56	56	518	0	0
Liabilities for dividends and other shares in profit	416	416	416	0	0	0	0
Trade payables	20,802	20,802	20,470	74	118	71	69
Other operating liabilities	4,961	4,961	3,807	0	1,142	0	0
Total	96,825	98,154	33,386	62,544	2,087	71	69

On 1 March 2019, the parent company extended the maturity of the final instalment in the amount of EUR 57,044 thousand from 30 September 2019 to 31 January 2020. The Group is planning to continue implementing a strategy in 2019 aimed at the sale of certain non-strategic real estate and further reduce the balance of bank loans received, which in turn will reduce liquidity risk. It is planning to refinance financial liabilities from the financial restructuring agreement in 2019.

Table 32: Currency risk as at 31 March 2019

31 Mar 2019						in EUR thousand
	EUR	HRK	RSD	Other	Total	
Operating receivables	28,314	4,585	680	2,165	35,744	
Long-term loans granted and deposits	0	0	0	5	5	
Short-term loans granted and deposits	1,158	123	0	1	1,282	
Long-term loans received	-562	0	0	0	-562	
Short-term loans received	-62,058	0	-147	-63	-62,268	
Liabilities for dividends and other shares in profit	-399	0	0	-16	-415	
Lease liabilities	-690	-159	-29	0	-878	
Operating liabilities	-21,731	-2,791	-938	-1,757	-27,217	
Exposure disclosed in the statement of financial position	-55,968	1,758	-434	335	-54,309	

Table 33: Currency risk as at 31 December 2018

31 Dec 2018						in EUR thousand
	EUR	HRK	RSD	Other	Total	
Operating receivables	26,196	3,939	558	2,322	33,015	
Long-term loans granted and deposits	10	0	0	5	15	
Short-term loans granted and deposits	1,149	122	0	1	1,272	
Long-term loans received	-496	0	0	-15	-511	
Short-term loans received	-69,806	0	-268	-61	-70,135	
Liabilities for dividends and other shares in profit	-400	0	0	-16	-416	
Operating liabilities	-20,789	-2,479	-644	-1,851	-25,763	
Exposure disclosed in the statement of financial position	-64,136	1,582	-354	385	-62,523	

Table 34: Exposure to credit risk and expected credit losses in connection with current trade receivables as at 31 March 2019

in EUR thousand	Gross value as at 31 March 2019	Average percentage of value adjustments created	Value adjustment as at 31 March 2019
Non-past-due	25,742	0.27%	69
0 to 30 days past due	5,554	1.55%	86
31 to 90 days past due	2,519	4.04%	102
91 to 180 days past due	1,503	49.98%	751
More than 180 days past due	4,280	100.00%	4,280
Exchange rate differences	4		2
Total	39,602		5,290

Table 35: Changes in adjustments to the value of current trade receivables in the period January–March 2019

in EUR thousand	31 Mar 2019	31 Dec 2018
Adjustment to value of receivables as at 1 January	5,206	5,134
- exclusion of company from the consolidated financial statements	-35	0
- written-off receivables	-41	-455
- net effect of the impairment of receivables (loss due to the impairment of receivables, including the reversal of impairment losses)	156	523
- exchange rate differences	4	4
Total	5,290	5,206

Table 36: Exposure to credit risk and expected credit losses in connection with other current operating receivables as at 31 March 2019

in EUR thousand	Gross value as at 31 March 2019	Value adjustment as at 31 March 2019
Non-past-due	1,224	0
Past-due	1,370	1,271
Total	2,594	1,271

Table 37: Changes in adjustments to the value of other current operating receivables in the period 1 January to 31 March 2019

in EUR thousand	31 Mar 2019	31 Dec 2018
Adjustment to value of receivables as at 1 January	1,347	1,349
- net effect of the impairment of receivables (loss due to the impairment of receivables, including the reversal of impairment losses)	-76	-2
Total	1,271	1,347

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

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

Table 38: Interest-rate risk as at 31 March 2019

Type of variable interest rate	Loan amount 31 March 2019	Increase in IR by 10 basis points	in EUR thousand	
			Increase in IR by 25 basis points	Increase in IR by 50 basis points
3-month EURIBOR	62,716	-63	-157	-314
1-month EURIBOR	147	0	0	-1
Total	62,864	-63	-157	-314

Table 39: Interest-rate risk as at 31 December 2018

Type of variable interest rate	Loan amount 31 December 2018	Increase in IR by 10 basis points	in EUR thousand	
			Increase in IR by 25 basis points	Increase in IR by 50 basis points
3-month EURIBOR	70,379	-70	-176	-352
1-month EURIBOR	268	0	-1	-1
Total	70,647	-71	-177	-353

EVENTS AFTER THE REPORTING PERIOD

On 10 May 2019, Intereuropa, d. d. received written notification from the sellers of shares in Intereuropa, d. d. (SID banka, d. d., Nova Ljubljanska banka, d. d., Gorenjska banka, d. d., Nova KBM, d. d., SKB Banka, d. d. and Banka Intesa Sanpaolo, d. d.) that those parties concluded an agreement on 10 May 2019 with the buyer, Pošta Slovenije, d. o. o., Slomškov trg 10, 2000 Maribor, on the sale and purchase of 72.13% of all shares issued by 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 2019 to 31 March 2019

in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Sales revenue	28,711	27,701
Gains from the derecognition of operating receivables	0	5
Other operating revenues	203	94
Costs of goods, materials and services	-21,750	-20,642
Labour costs	-4,550	-4,155
Depreciation	-1,038	-1,014
Loss due to the impairment of receivables	-115	-12
Other operating expenses	-262	-266
Operating profit	1,199	1,710
Interest income	34	43
Other finance income	91	459
Finance costs – costs of financing	-448	-482
Other finance costs	-15	-78
Loss from financing activities	-338	-58
Profit from ordinary operations	861	1,652
Corporate income tax (including deferred taxes)	-80	-164
Net profit for the accounting period	781	1,488
Basic and diluted earnings per ordinary share (in EUR)	0.02	0.05

STATEMENT OF OTHER COMPREHENSIVE INCOME OF INTEREUROPA, D. D.

for the period 1 January 2019 to 31 March 2019

in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Net profit for the accounting period	781	1,488
Other comprehensive income	16	0
Items that will not be reclassified to profit or loss	16	0
Transfer of revaluation surplus for land to net profit brought forward	-599	0
Change in deferred taxes	57	0
Change in net profit brought forward from the transfer of the revaluation surplus for land	599	0
Corporate income tax on net profit brought forward	-41	0
Total comprehensive income	797	1,488

STATEMENT OF FINANCIAL POSITION OF INTEREUROPA, D. D.

AS AT 31 MARCH 2019

in EUR thousand	31 Mar 2019	31 Dec 2018
ASSETS		
Property, plant and equipment	85,933	85,752
Investment property	10,060	10,138
Intangible assets	3,388	3,431
Other non-current assets	20	23
Non-current operating receivables	33	16
Deferred tax assets	7,157	7,208
Long-term loans granted and deposits	67	102
Other non-current financial assets	44,323	44,323
TOTAL NON-CURRENT ASSETS	150,981	150,993
Available-for-sale assets	196	2,714
Inventories	7	7
Short-term loans granted and deposits	1,626	1,615
Other current financial assets	0	0
Assets from contracts with customers	615	590
Current operating receivables	25,874	23,620
Current receivables for corporate income tax	3	0
Other current assets	422	145
Cash and cash equivalents	127	5,430
TOTAL CURRENT ASSETS	28,870	34,121
TOTAL ASSETS	179,851	185,114
EQUITY		
Share capital	27,489	27,489
Share premium account	18,455	18,455
Profit reserves	2,749	2,749
Fair value reserves	31,794	32,278
Net profit brought forward	4,535	0
Net profit	781	4,034
TOTAL EQUITY	85,803	85,005
LIABILITIES		
Provisions	1,071	1,068
Non-current deferred income	69	81
Non-current financial liabilities	427	0
Non-current operating liabilities	1,601	1,401
Deferred tax liabilities	7,458	7,572
TOTAL NON-CURRENT LIABILITIES	10,629	10,122
Current financial liabilities	64,302	71,778
Liabilities from contracts with customers	25	17
Current operating liabilities	18,802	18,056
Current corporate income tax liabilities	264	136
Current deferred income	29	0
TOTAL CURRENT LIABILITIES	83,419	89,987
TOTAL LIABILITIES	94,048	100,109
TOTAL EQUITY AND LIABILITIES	179,851	185,114

STATEMENT OF CASH FLOWS OF INTEREUROPA, D. D.

for the period 1 January 2019 to 31 March 2019

in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Cash flows from operating activities		
Net profit for the accounting period	781	1,488
Adjustments for:		
- amortisation and depreciation	1,038	1,014
- gains from the sale of property, plant and equipment, and assets held for sale	-171	-69
- losses due to the impairment of receivables	115	12
- finance income from interest	-34	-43
- other finance income	-91	-459
- finance costs – costs of financing	448	482
- other finance costs	15	78
- corporate income tax (including deferred taxes)	80	164
Operating profit before changes in net working capital and taxes	2,181	2,668
Changes in net working capital and provisions		
Changes in assets from contracts with customers	21	-48
Changes in receivables	-2,388	-1,455
Changes in inventories	0	1
Changes in other current assets	-275	-226
Changes in liabilities from contracts with customers	8	5
Changes in operating liabilities	1,523	2,257
Changes in provisions	3	-30
Change in deferred revenues	17	3
Corporate income tax	-3	-145
Net cash flow from operating activities	1,087	3,030
Cash flows from investing activities		
Interest received	38	32
Dividends received and shares in profit	51	234
Inflows from the sale of property, plant and equipment, and assets held for sale	2,706	255
Inflows from long-term loans granted	24	22
Inflows from the disposal of other non-current financial assets	0	9
Net cash flow from short-term deposits placed	0	30
Outflows for the acquisition of property, plant and equipment, and investment property	-984	-700
Outflows for the acquisition of intangible assets	0	-45
Outflows for increase in capital of subsidiaries	-15	-77
Net cash flow from investing activities	1,820	-240

Cash flows from financing activities		
Interest paid	-480	-481
Outflows for the repayment of long-term loans	-3,814	-1,041
Net cash flow from short-term loans received	-3,887	0
Payment of lease liabilities	-29	0
Net cash flow from financing activities	-8,210	-1,522
Opening balance of cash and cash equivalents	5,430	413
Net cash flow for the period	-5,303	1,268
Closing balance of cash and cash equivalents	127	1,681

STATEMENT OF CHANGES IN EQUITY OF INTEREUROPA, d. d.

for the period 1 January 2019 to 31 March 2019

in EUR thousand	Share capital	Share premium account	PROFIT RESERVES			Fair value reserves	RETAINED EARNINGS		Total equity
			Legal reserves	Reserves for treasury shares	Treasury shares (as deduction item)		Net profit brought forward	Net profit	
Opening balance as at 1 January 2019	27,489	18,455	2,749	180	-180	32,278	0	4,034	85,005
Total comprehensive income for the period	0	0	0	0	0	-485	501	781	797
Net profit	0	0	0	0	0	0	0	781	781
Other comprehensive income	0	0	0	0	0	-485	501	0	16
Transactions with owners									
Transfer of net profit from the previous year to net profit brought forward	0	0	0	0	0	0	4,034	-4,034	0
Closing balance as at 31 March 2019	27,489	18,455	2,749	180	-180	31,794	4,535	781	85,803

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			Fair value reserves	RETAINED EARNINGS		Total equity
			Legal reserves	Reserves for treasury shares	Treasury shares (as deduction item)		Net profit brought forward	Net profit	
Reported as at 31 December 2017	27,489	18,455	2,749	180	-180	32,342	3,509	340	84,884
Adjustment for the initial application of IFRS 9	0	0	0	0	0	0	-428	0	-428
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
Transfer of net profit from the previous year to net profit brought forward	0	0	0	0	0	0	340	-340	0
Other changes	0	0	0	0	0	1	1	1	1
Closing balance as at 31 March 2018	27,489	18,455	2,749	180	-180	32,343	3,421	1,488	85,945

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 2018 were compiled, except for assessments and judgements that relate to the initial application of IFRS 16 Leases (the Company began applying the aforementioned standards on 1 January 2019), as described in the following point (3.2c). Changes in significant accounting policies.

c) Changes in significant accounting policies

Transition to IFRS 16 Leases

c. 1 Significant accounting policies under IFRS 16 Leases

IFRS 16 Leases, adopted by the EU on 31 October 2017 (applicable to annual periods beginning on or after 1 January 2019).

For the purpose of transitioning to IFRS 16, the Company took a practical approach by applying the aforementioned standard retrospectively with the cumulative effect of initial application recognised on 1 January 2019. Comparable data have thus not been recalculated.

IFRS 16 replaces IAS 17 Leases and related clarifications. The standard eliminates the previous dual lease accounting model, when a company acts as lessee. In that model, finance leases were disclosed as assets in the statement of financial position and operating leases as an expense based on the straight-line method over the entire lease term. That standard instead requires companies to disclose leases in the statement of financial position using a single model (similar to how it accounted for finance leases under IAS 17) and thus eliminate the distinction between operating and finance leases, provided that those leases do not represent exemptions that the Company may apply (short-term leases and leases where the underlying asset has a low value).

Accounting for leases by lessors under IFRS 16 does not differ substantially from accounting under IAS 17. Accounting for leases in which the Company acts as lessor thus remains the same.

IFRS 16 allows for the application of the aforementioned standard to intangible assets that are not expressly exempt from its application. However, the Company decided that it will not apply the standard to intangible assets.

As at 1 January 2019, the Company determined whether the contracts in which its acts as lessee are lease contracts or contracts containing a lease in accordance with IFRS 16. A lease contract contains a lease if it conveys the right to control of an identified asset for a period of time in exchange for consideration.

The Company recognised the following for such contracts (except for the exemptions stated below):

- right-of-use assets in leases (disclosed in property, plant and equipment and in the statement of financial position); and
- lease liabilities (disclosed under financial liabilities in the statement of financial position and under cash flows from financing activities in the cash flow statement).

Right-of-use assets are depreciated, while lease liabilities accrue interest. The Company recognised new assets and liabilities for its operating leases in connection with cars, forklifts and other equipment as at 1 January 2019, and additionally for buildings in the period January–March 2019. The nature of and costs associated with these leases thus changed, as the Company recognised the costs of operating leases equally over the lease term during the comparable period.

The Company applied two exemptions allowed by the aforementioned standard by excluding from the recognition of assets and liabilities leases:

- that are short-term in nature; and
- in which the underlying asset has a low value.

The Company recognises lease payments in connection with short-term and low-value leases as expenses based on the straight-line method over the entire lease term. It recognises liabilities from those leases as trade payables in the statement of financial position and under cash flows from operating liabilities in the cash flow statement.

When determining the lease term, the Company applies the period in which a contract is legally enforceable, where in accordance with IFRS 16, a lease is deemed no longer enforceable when the lessor and lessee have the right to terminate the lease relationship and the financial consequences are not material.

Recognition and measurement of right-of-use assets and lease liabilities

On the day a lease commences (and on 1 January 2019 with the transition to IFRS 16), the Company recognises a right-of-use asset and a lease liability.

Right-of-use assets under leases

Upon initial recognition, the Company measures a right-of-use asset at historical cost, which includes:

- the amount of the initially measured lease liability;
- received lease payments that were made at or prior to the commencement of a lease, less lease incentives;
- initial direct costs incurred by the lessee; and
- estimated costs that the lessee will incur in the removal of an asset that is the subject of a lease, costs for the restoration of the location where an asset is located, or the return of an asset that is the subject of a lease to the condition stated in the terms of a lease.

Following initial recognition, the Company measures such assets using the historical cost model, less accumulated depreciation and any accumulated impairment loss, corrected for the remeasurement of the lease liability.

Lease liability

Upon initial recognition, the Company **measures lease liabilities at the present value of future lease payments on the day of recognition. Lease payments are discounted at the interest rate implicit in a lease if that rate can be determined. If this is not possible, the Company applies the incremental borrowing rate that it would have to pay if it acquired an asset with a similar value as a right-of-use asset** for a similar period, based on a similar guarantee in a similar economic environment.

Following initial recognition, the Company measures the aforementioned liability such that its carrying amount is:

- increased by the amount of interest on a lease,
- decreased by the amount of lease payments, and
- increased or decreased, such that the amount of the liability is adjusted to the remeasured or amended lease.

Sale and leaseback transactions

In sale and leaseback transactions in which it acts as seller, i.e. lessee, the Company measures a right-of-use asset proportionately with that part of the previous carrying amount of the right-of-use asset that it has kept. Accordingly, it only recognises the amount of gains or losses that relate to the rights that it transferred to the buyer, i.e. lessor. Such gains are recognised in other operating revenues.

c. 2 Effect of the transition to IFRS 16 on the statement of financial position, income statement and cash flow statement

Effect of the transition as at 1 January 2019

Table 40: Effect of the transition to IFRS 16 on the carrying amount of the Company's assets and liabilities as at 1 January 2019

in EUR thousand	Reported as at 31 December 2018	Adjustment for the initial application of IFRS 16	Adjusted balance as at 1 January 2019
ASSETS	185,114	582	185,696
Property, plant and equipment	85,752	582	86,334
LIABILITIES	100,109	582	100,691
Non-current financial liabilities	0	391	391
Current financial liabilities	71,778	191	71,969

Table 41: Differences between lease liabilities under IAS 17 and lease liabilities under IFRS 16 as at 1 January 2019

in EUR thousand	2019
Lease liabilities under IAS 17 as at 31 December 2018 (undiscounted value)	631
Lease liabilities as at 1 January 2019 (discounted value according to the assumed interest rate of 2.69%)	605
Reduction for contracts reclassified to other costs of services	-23
Lease liabilities as at 1 January 2019	582
Of which:	
non-current lease liabilities	391
current lease liabilities	191

In accordance with the option provided for by IFRS 16, the Company did not include leases that were recognised under IAS 17 prior to 1 January 2019 and that it assessed under IFRS 16 as short-term in the explanation of differences in the above table.

Application of IFRS 16 in the period January–March 2019

Table 42: Right-of-use assets under leases in the period January–March 2019

in EUR thousand	Right-of-use assets under leases		
	Buildings	Equipment	Total
Balance as at 1 January 2019	0	582	582
Increase for new leases	115	0	115
Depreciation	-11	-47	-58
Balance as at 31 March 2019	104	535	639

The increase from new leases relates to right-of-use assets (buildings) from leaseback transactions.

Table 43: Interest expenses on lease liabilities and costs of short-term leases in the period January–March 2019

in EUR thousand	Jan–Mar 2019
Interest expenses on lease liabilities	4
Costs of short-term leases of real estate and equipment	47
Total	51

Table 44: Effect of the application of IFRS 16 on the cash flow statement for the period January–March 2019 (Company as lessee)

in EUR thousand	Jan–Mar 2019
Lease payments for short-term leases of real estate and equipment (disclosed in cash flows from operating activities)	47
Payment of lease liabilities comprising principal (disclosed in cash flows from financing activities)	29
Total	76

Table 45: Gains on sale and leaseback transactions in the period January–March 2019

in EUR thousand	Jan–Mar 2019
Gains on sale and leaseback transactions	55

During the reporting period, the Company sold and leased back part of a building.

Table 46: Rental income in the period January–March 2019

in EUR thousand	Jan–Mar 2019
Rental income	939

Other disclosures

The balance of non-current and current lease liabilities as at 31 March 2019 is disclosed in Table 61 Financial liabilities of Intereuropa, d. d. as at 31 March 2019.

An analysis of the maturity of lease liabilities is presented in Table 67 Liquidity risk as at 31 March 2019.

A) NOTES TO THE INCOME STATEMENT

Sales revenue

Sales revenue amounted to EUR 28,711 thousand (EUR 27,701 thousand during the comparable period).

Table 47: Sales revenue of the Intereuropa Group by operating segment in the period January–March 2019

in EUR thousand	Slovenia Jan–Mar 2019	Slovenia Jan–Mar 2018
Revenues by business line		
Land transport	12,913	12,778
Logistics solutions	4,648	3,814
Intercontinental transport	10,034	9,993
Other services	1,117	1,116
Total	28,711	27,701
Revenues generated by country (with respect to a customer's head office)		
Slovenia	15,346	15,579
Croatia	412	386
Bosnia and Herzegovina	259	296
Montenegro	83	70
Other countries	12,611	11,369
Total	28,711	27,701

Table 48: Sales revenue with respect to the timing of recognition in the period January–March 2019

in EUR thousand	Land transport		Logistics solutions		Intercontinental transport		Other services		Total	
	Jan–Mar 2019	Jan– Mar 2018	Jan–Mar 2019	Jan– Mar 2018	Jan– Mar 2019	Jan– Mar 2018	Jan– Mar 2019	Jan– Mar 2018	Jan– Mar 2019	Jan– Mar 2018
Revenues from completed services	12,628	12,322	4,619	3,797	9,843	9,561	1,117	1,116	28,207	26,796
Revenues from incomplete services	284	456	29	17	191	432	0	0	504	905
Total	12,912	12,778	4,648	3,814	10,034	9,993	1,117	1,116	28,711	27,701

Other operating revenues

Table 49: Other operating revenues of Intereuropa, d. d. in the period January–March 2019

in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Gains from the sale of property, plant and equipment, and assets held for sale	171	69
Government grants received	11	11
Other operating revenues	22	14
Total	203	94

Costs of goods, materials and services

Table 50: Costs of goods, materials and services of Intereuropa, d. d. in the period January–March 2019

in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Costs of materials and historical cost of goods sold	563	533
Costs of services within the Group	473	487
Costs of services (excluding the Group):	20,714	19,623
direct costs	18,639	17,862
costs of telecommunication services	46	54
maintenance of property, plant and equipment	264	274
maintenance of intangible assets	181	154
insurance premiums	161	97
training and education costs	3	19
costs of short-term leases of real estate and equipment	47	0
costs of leases of intangible assets	100	4
costs of hired labour and student work	780	626
other costs of services	492	533
Total	21,750	20,642

Direct costs comprise the costs of subcontractors (transportation, port-related services, etc.) that are directly related to the provision of our services. Other costs of services in the amount of EUR 492 thousand relate primarily to the costs of asset security in the amount of EUR 127 thousand (EUR 116 thousand during the comparable period) and other costs. Other costs of services included the costs of lease payments in accordance with IAS 17, which amounted to EUR 142 thousand during the comparable period.

Labour costs

Table 51: Labour costs of Intereuropa, d. d. in the period January–March 2019

in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Costs of wages and salaries	3,092	2,964
Social security costs	657	624
Other labour costs:	801	566
annual leave allowance	182	171
transportation and meal allowances	390	381
other labour costs	32	14
expenses for employee participation in profits	197	0
Total	4,550	4,155

Labour costs were higher during the reporting period as the result of a higher number of employees relative to the comparable period, and accrued costs for the participation of employees in profits, which were not accrued in the comparable period.

Amortisation and depreciation

Table 52: Amortisation and depreciation of Intereuropa, d. d. in the period January–March 2019

in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Depreciation of property, plant and equipment, and investment property	854	894
Amortisation of intangible assets	126	120
Amortisation of right-of-use assets under leases	58	0
Total	1,038	1,014

Other operating expenses

Table 53: Other operating expenses of Intereuropa, d. d. in the period January–March 2019

in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Building land use fees and similar expenses	233	242
Expenses from the creation of provisions	3	0
Other operating expenses	26	25
Total	262	266

Finance income and costs

Table 54: Finance income and costs of Intereuropa, d. d. in the period January–March 2019

in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Interest income from Group companies	12	12
Interest income from others	22	31
Income from dividends and other shares in profit from Group companies	91	448
Gains from the disposal of financial assets	0	9
Net exchange rate differences	0	1
Total finance income	125	501
Interest expense and other borrowing expenses	-448	-482
Expenses from impairments of investments in participating interests and shares in Group companies	-15	-77
Total finance costs	-463	-559
Loss from financing activities	-338	-58

The **profit from ordinary operations** in the amount of EUR 861 thousand was the result of operating profit in the amount of EUR 1,199 thousand and a loss from financing activities in the amount of EUR 338 thousand.

Corporate income tax for the reporting period was negative in the amount of EUR 80 thousand, comprising current tax in the negative amount of EUR 86 thousand and deferred tax in the amount of EUR 6 thousand. Within the item deferred tax, the Company accrued revenues from the additional creation of deferred tax assets from tax losses in the amount of the use thereof (EUR 121 thousand), while no such revenues were accrued during the comparable period.

A **net profit** in the amount of EUR 781 thousand was thus achieved taking into account corporate income tax.

B) NOTES TO THE STATEMENT OF FINANCIAL POSITION

Property, plant and equipment

Table 55: Property, plant and equipment of Intereuropa, d. d. as at 31 March 2019

in EUR thousand	31 Mar 2019	31 Dec 2018
Land and buildings	80,651	81,160
a) Land	44,732	44,732
b) Buildings	35,919	36,428
Plant and equipment	4,491	4,575
Right-of-use assets under leases	639	0
Investments in foreign fixed assets	5	2
Property, plant and equipment in acquisition	148	15
Total	85,933	85,752

The decrease in property, plant and equipment was the result of the costs of depreciation (EUR 835 thousand), while the increase in property, plant and equipment was the result of right-of-

use assets under leases (EUR 582 thousand with the transition to IFRS 16 as at 1 January 2019 and EUR 115 thousand in the period January–March 2019) and the purchase of other items of property, plant and equipment (EUR 319 thousand).

The carrying amount of property, plant and equipment (land and buildings) pledged as collateral was EUR 70,638 thousand as at 31 March 2019 (comprising collateral for loans received and contingent liabilities).

The Company had no other legal restrictions on the disposal of aforementioned assets.

Investment property

The carrying amount of investment property was EUR 10,060 thousand as at 31 March 2019. The reduction in this item was the result of depreciation in the amount of EUR 78 thousand.

The carrying amount of investment property pledged as collateral was EUR 9,965 thousand as at 31 March 2019. That amount represents additional collateral for liabilities for which the underlying collateral comprises pledged items of property, plant and equipment.

Intangible assets

Table 56: Intangible assets of Intereuropa, d. d. as at 31 March 2019

in EUR thousand	31 Mar 2019	31 Dec 2018
Long-term property rights	317	367
Other intangible assets	2,541	2,617
Intangible assets under construction	529	446
Total	3,388	3,431

Loans granted and deposits

Table 57: Loans granted and deposits of Intereuropa, d. d. as at 31 March 2019

in EUR thousand	31 Mar 2019	31 Dec 2018
Long-term loans granted and deposits	67	102
- loans to subsidiaries	67	92
- deposits	0	10
Short-term loans granted and deposits	1,626	1,615
- loans to subsidiaries	1,586	1,585
- deposits	40	30
Total	1,694	1,717

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

Other non-current financial assets

Table 58: Other non-current financial assets of Intereuropa, d. d. as at 31 March 2019

in EUR thousand	31 Mar 2019	31 Dec 2018
Non-current investments in shares and participating interests in subsidiaries	44,257	44,257
Non-current investment in a participating interest in an associate	39	39
Other non-current financial assets	27	27
Total	44,323	44,323

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

Available-for-sale assets

Available-for-sale assets amounted to EUR 196 thousand as at the reporting date. They relate to real estate, the sale of which is planned in a short period of time and pledged in full (comprising collateral for loans received and contingent liabilities). They were down by EUR 2,518 thousand during the accounting period on account of sales.

Current operating receivables

Table 59: Current operating receivables of Intereuropa, d. d. as at 31 March 2019

in EUR thousand	31 Mar 2019	31 Dec 2018
Current operating receivables from Group companies	603	566
Current operating receivables from Group companies for interest	192	193
Current receivables for dividends and other shares in profit of Group companies	40	0
Current trade receivables (excluding the Group)	24,483	21,773
Current operating receivables from others	557	1,089
Total	25,874	23,620

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 422 thousand comprise current deferred costs.

Provisions

Table 60: Provisions of Intereuropa, d. d. as at 31 March 2019.

in EUR thousand	31 Mar 2019	31 Dec 2018
Provisions for severance pay at retirement and jubilee benefits	1,056	1,055
Provisions for lawsuits	16	13
Total	1,071	1,068

Financial liabilities

Table 61: Financial liabilities of Intereuropa, d. d. as at 31 March 2019

in EUR thousand	31 March 2019	31 December 2018
Non-current lease liabilities	427	0
Total non-current financial liabilities	427	0
Short-term loans received from Group companies	1,980	2,061
Short-term loans from others	62,059	69,717
Current lease liabilities	263	0
Total current financial liabilities	64,302	71,778

On 1 March 2019, the Company signed an annex to the financial restructuring agreement, thereby extending the maturity of the final instalment in the amount of EUR 57,044 thousand from 30 September 2019 to 31 January 2020.

The extension of the financial restructuring agreement until January 2020 did not result in a change in the target values of financial commitments, despite the fact that the original agreement envisaged the classification of financial liabilities under that agreement to non-current financial liabilities, which would affect the quick ratio for 2019. Because all financial liabilities under the financial restructuring agreement were reclassified to current financial liabilities as at 31 March 2019, the Company failed to achieve the target value of the quick ratio. For that reason, Intereuropa, d. d. has already received a waiver from all creditor banks for the aforementioned financial commitment.

The Company had approved revolving loans in the amount of EUR 5,530 thousand as at 31 March 2019. Of that amount, EUR 1,719 thousand has been drawn down.

Current operating liabilities

Table 62: Current operating liabilities of Intereuropa, d. d. as at 31 March 2019

in EUR thousand	31 Mar 2019	31 Dec 2018
Current operating liabilities to Group companies	353	356
Current trade payables (excluding the Group)	15,552	15,176
Other current operating liabilities	2,896	2,524
Total	18,802	18,056

C) OTHER NOTES

Contingent liabilities

Table 63: Contingent liabilities of Intereuropa, d. d. as at 31 March 2019

in EUR thousand	31 Mar 2019	31 Dec 2018
From bank guarantees and guarantees given to Group companies	390	468
From bank guarantees and guarantees given to others	9,555	9,555
From lawsuits	67	68
To D.S.U., družba za svetovanje in upravljanje, d. o. o.	66	66
Total	10,078	10,157

Fair value

Table 64: Fair value of financial instruments of Intereuropa, d. d. as at 31 March 2019

in EUR thousand	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Financial assets measured at fair value through profit or loss	27	27	27	27
Loans and deposits	1,694	1,694	1,717	1,717
Operating receivables	25,906	25,906	23,636	23,636
Cash and cash equivalents	127	127	5,430	5,430
Total	27,754	27,754	30,811	30,811
Liabilities				
Loans	64,039	64,039	71,777	71,777
- at fixed interest rates	1,980	1,980	2,060	2,060
- at variable interest rates	62,059	62,059	69,717	69,717
Lease liabilities	690	690	0	0
Operating liabilities	20,404	20,404	19,457	19,457
Total	85,133	85,133	91,235	91,235

Table 65: Fair value hierarchy of assets at Intereuropa, d. d. as at 31 March 2019

in EUR thousand	31 Mar 2019			
Fair value hierarchy	Level 1	Level 2	Level 3	Total
Land	0	0	44,732	44,732
Financial assets measured at fair value through profit or loss	0	0	27	27
Total	0	0	44,760	44,760
in EUR thousand	31 Dec 2018			
Fair value hierarchy	Level 1	Level 2	Level 3	Total
Land	0	0	44,732	44,732
Financial assets measured at fair value through profit or loss	0	0	27	27
Total	0	0	44,760	44,760

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

TRANSACTIONS BETWEEN RELATED PARTIES

Table 66: Transactions between related parties in the period January–March 2019

in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Subsidiaries	835	849
Associate	109	165
Companies that are controlled or jointly controlled by an individual, or a member of their immediate family, who is in a relationship with Intereuropa, d. d.	12	13
Costs of services		
in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Subsidiaries	456	487
Associate	1,396	931
Interest income		
in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Subsidiaries	12	12
Interest expense		
in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Subsidiaries	8	2
Income from participating interests		
in EUR thousand	Jan–Mar 2019	Jan–Mar 2018
Subsidiaries	91	448
Balance of operating receivables		
in EUR thousand	31 Mar 2019	31 Dec 2018
Subsidiaries	828	759
Associate	90	91
Companies that are controlled or jointly controlled by an individual, or a member of their immediate family, who is in a relationship with Intereuropa, d. d.	4	6
Balance of operating liabilities		
in EUR thousand	31 Mar 2019	31 Dec 2018
Subsidiaries	343	356
Associate	681	694

Loans granted in EUR thousand	31 Mar 2019	31 Dec 2018
Subsidiaries	1,653	1,677

Loans received in EUR thousand	31 Mar 2019	31 Dec 2018
Subsidiaries	1,980	2,060

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 67: Liquidity risk as at 31 March 2019

in EUR thousand							
31 Mar 2019	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
Loans received within the Group on the basis of loan agreements	1,980	1,990	1,188	802	0	0	0
Loans received from others on the basis of loan agreements	62,059	63,434	4,755	58,679	0	0	0
Liabilities from leases	690	698	153	133	234	178	0
Operating liabilities to Group companies	353	353	353	0	0	0	0
Trade payables (excluding the Group)	15,804	15,804	16	31	112	71	69
- of which trade payables for short-term leases	61	61	61	0	0	0	0
Other operating liabilities	4,245	4,245	2,891	5	1,349	0	0
Total	85,131	86,524	9,355	59,650	1,695	249	69

Table 68: Liquidity risk as at 31 December 2018

in EUR thousand							
31 Dec 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	2,060	2,079	1,073	1,006	0	0	0
Loans received from others on the basis of loan agreements	69,717	70,998	8,610	62,388	0	0	0
Operating liabilities to Group companies	356	356	356	0	0	0	0
Trade payables (excluding the Group)	15,478	15,478	15,104	72	163	71	69
Other operating liabilities	3,621	3,621	2,524	0	1,097	0	0
Total	91,233	92,532	27,667	63,465	1,261	71	69

On 1 March 2019, the Company extended the maturity of the final instalment in the amount of EUR 57,044 thousand from 30 September 2019 to 31 January 2020. The Company is planning to continue implementing a strategy in 2019 aimed at the sale of certain non-strategic real estate and further reduce the balance of bank loans received, which in turn will reduce liquidity risk. The Company is planning to refinance financial liabilities from the financial restructuring agreement in 2019.

Table 69: Currency risk as at 31 March 2019

in EUR thousand				
31 Mar 2019	EUR	USD	Other	Total
Operating receivables from Group companies	834	0	0	834
Other operating receivables	24,881	187	5	25,072
- of which trade receivables	24,307	174	2	24,483
Short-term loans to Group companies	1,586	0	0	1,586
Long-term loans to Group companies	67	0	0	67
Long-term deposits placed	0	0	0	0
Short-term loans granted and deposits placed with others	40	0	0	40
Short-term loans received from Group companies	-1,980	0	0	-1,980
Short-term loans received from others and other current financial liabilities	-62,322	0	0	-62,322
Lease liabilities	-690	0	0	-690
Operating liabilities within the Group	-353	0	0	-353
Current operating liabilities to others	-19,844	-117	-92	-20,053
- of which trade payables	-15,610	-104	-90	-15,804
Exposure disclosed in the statement of financial position	-57,780	70	-88	-57,798

Table 70: Currency risk as at 31 December 2018

in EUR thousand 31 Dec 2018	EUR	USD	Other	Total
Operating receivables from Group companies	759	0	0	759
Other operating receivables	22,680	191	6	22,878
- of which trade receivables	21,589	181	2	21,773
Short-term loans to Group companies	1,585	0	0	1,585
Long-term loans to Group companies	92	0	0	92
Long-term deposits placed	10	0	0	10
Short-term loans granted and deposits placed with others	30	0	0	30
Short-term loans received from Group companies	-2,060	0	0	-2,060
Short-term loans received from others and other current financial liabilities	-69,718	0	0	-69,718
Operating liabilities within the Group	-356	0	0	-356
Current operating liabilities to others	-18,919	-159	-21	-19,099
- of which trade payables	-15,311	-150	-17	-15,478
Exposure disclosed in the statement of financial position	-65,897	32	-15	-65,879

Table 71: Exposure to credit risk and expected credit losses in connection with current trade receivables as at 31 March 2019

in EUR thousand	Gross value as at 31 March 2019	Average percentage of value adjustments created	Value adjustment as at 31 March 2019
Non-past-due	19,822	0.19%	38
0 to 30 days past due	3,382	0.21%	7
31 to 90 days past due	1,714	4.02%	69
91 to 180 days past due	346	18.51%	64
More than 180 days past due	2,555	100.00%	2,555
Exchange rate differences	1	0.00%	0.00
Total	27,819		2,734

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

in EUR thousand	31 Mar 2019	31 Dec 2018
Adjustment to value of receivables as at 1 January	2,623	2,520
- write-offs of receivables	-4	-185
- loss due to the impairment of receivables (including the reversal of impairment losses)	115	288
Adjustment to value of receivables as at 31 March	2,734	2,623

Table 73: Exposure to credit risk and expected credit losses in connection with other current operating receivables

in EUR thousand	Gross value as at 31 March 2019	Value adjustment as at 31 March 2019	Gross value as at 31 December 2018	Value adjustment as at 31 December 2018
Non-past-due	556	0	1,089	0
Past-due	1,264	1,264	1,264	1,264
Total	1,820	1,264	2,353	1,264

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

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

Table 74: Interest-rate risk as at 31 March 2019

Type of variable interest rate	Loan amount 31 March 2019	Increase in IR by 10 basis points	in EUR thousand	
			Increase in IR by 25 basis points	Increase in IR by 50 basis points
3-month EURIBOR	62,091	-62	-155	-310

Table 75: Interest-rate risk as at 31 December 2018

Type of variable interest rate	Loan amount 31 December 2018	Increase in IR by 10 basis points	in EUR thousand	
			Increase in IR by 25 basis points	Increase in IR by 50 basis points
3-month EURIBOR	69,717	-70	-174	-349

EVENTS AFTER THE REPORTING PERIOD

On 10 May 2019, Intereuropa, d. d. received written notification from the sellers of shares in Intereuropa, d. d. (SID banka, d. d., Nova Ljubljanska banka, d. d., Gorenjska banka, d. d., Nova KBM, d. d., SKB Banka, d. d. and Banka Intesa Sanpaolo, d. d.) that those parties concluded an agreement on 10 May 2019 with the buyer, Pošta Slovenije, d. o. o., Slomškov trg 10, 2000 Maribor, on the sale and purchase of 72.13% of all shares issued by Intereuropa, d. d.