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

JANUARY–SEPTEMBER 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–September 2019.

The consolidated and separate financial statements for the periods January–September 2019 and January–September 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–September 2019 at its session on 21 November 2019.

The document Unaudited business report of the Intereuropa Group and Intereuropa, d. d. for the period January–September 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 21 November 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–September 2019 has been compiled in accordance with IAS 34, and must be read in conjunction with the audited annual financial statements compiled for the financial year ending 31 December 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 of the Company

Koper, 12 November 2019

Marko Cegnar
President of the Management Board

Marko Rems
Member of the Management Board

Matija Vojsk, MSc
Member of the Management Board

KEY PERFORMANCE HIGHLIGHTS

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

in EUR thousand	INTEREUROPA GROUP Jan–Sep 2019	Jan–Sep 2018	Index 19/18	INTEREUROPA, D. D. Jan–Sep 2019	Jan–Sep 2018	Index 19/18
Sales revenue	120,226	119,240	101	84,462	83,631	101
EBITDA	10,313	10,811	95	6,938	7,975	87
Operating profit (EBIT)	5,371	6,079	88	3,790	4,919	77
Loss from financing activities	-678	-1,490	-	-12	-486	-
Profit from ordinary operations	4,696	4,597	102	3,778	4,433	85
Net profit	4,250	4,181	102	3,609	3,817	95
EBITDA margin (in %)	8.6	9.1	95	8.2	9.5	86
EBIT margin (in %)	4.5	5.1	88	4.5	5.9	76
Sales revenue per employee/month	10.365	10.302	101	16.173	16.516	98
Value added per employee/month	2.736	2.759	99	4.040	4.281	94
ROE (in %)*	4.7	4.7	100	5.7	6.1	92

	30. 09. 2019	31. 12. 2018	Index 19/18	30. 09. 2019	31. 12. 2018	Index 19/18
Assets	224,924	232,927	97	176,568	185,114	95
Equity	125,557	121,643	103	88,625	85,005	104
Net debt	51,740	60,197	86	57,137	64,631	88
No. of employees	1,360	1,327	102	611	599	102

	Jan–Sep 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)	0.13	0.15	87
Closing price at the end of period (in EUR)	1.42	2.60	55
Book value per share at the end of period (in EUR)	3.23	3.09	105
P/B	0.44	0.84	52
P/E	8.19	17.33	47

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.

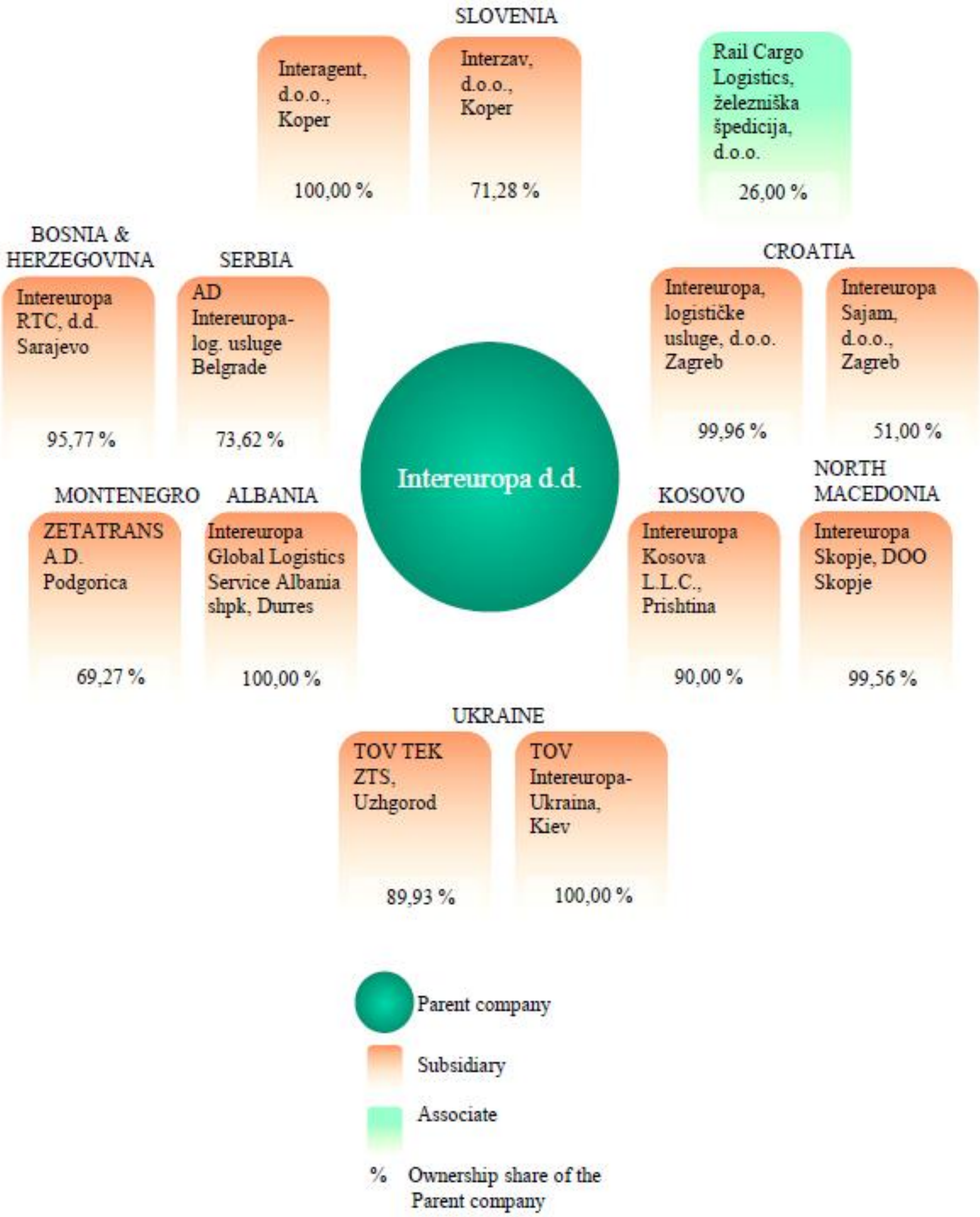
BASIC INFORMATION ABOUT THE GROUP

Table 2: Basic information about Intereuropa, d. d. and the Intereuropa Group as at 30 September 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
Supervisory Board	Vojko Čok, Chairman of the Supervisory Board Matija Vojsk, MSc Dr Rok Rape Zlatka Čretnik Tjaša Benčina Jure Fišer (until 19 June 2019) Jože Golobič (since 27 June 2019)
Intereuropa Group	
No. of employees	1,360
Total closed warehousing area*	216,000 m^2 of own warehousing area
Total own land area	1,624,000 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 30 September 2019[1]



[1] The subsidiary in Albania has been excluded from consolidation since 1 January 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 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–SEPTEMBER 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 customers' factories.

→ 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.

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.

→ At its session held on 17 April, Intereuropa, d. d.'s Supervisory Board reappointed the current President of Intereuropa, d. d.'s Management Board, Ernest Gortan, MSc, to a new two-year term of office, effective 11 June 2019.

→ 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.

June

→ Intereuropa, d. d. and other Slovenian companies from the logistics and transport sector attended the Transport & Logistics trade fair in Munich from 4 to 7 June.

→ Intereuropa's subsidiary Intereuropa Skopje d.o.o. opened a branch office at the Deve Bair border crossing between North Macedonia and Bulgaria on 6 June 2019. The Deve Bair border crossing has become increasingly important in recent years as a result of the growing trade in goods from EU companies destined for North Macedonia, Kosovo and Albania via Bulgaria.

→ Intereuropa presented itself at the joint national exhibition area at the China – CEEC Expo 2019 event from 8 to 12 June 2019 in the Chinese city of Ningbo, where Slovenia was presented under the slogan "Slovenia – your logistics partner". In addition to presenting its comprehensive range of logistics services, Intereuropa also sought out opportunities to link up with Chinese partners with the aim of expanding operations.

→ At the general meeting of Intereuropa, d. d. held on 27 June, shareholders approved the 2018 annual report of the Intereuropa Group and Intereuropa, d. d., together with the auditor's opinion. Official approval was conferred on the Management Board and Supervisory Board for their work in 2018, and a decision was made on the use of the distributable profit for 2018, which amounted to EUR 4,034,131.80 and will remain undistributed in full. Shareholders also appointed Ernst & Young, Revizija, d. o. o. as official auditor for the 2019, 2020 and 2021 financial years. Shareholders appointed Jože Golobič as new member of the Supervisory Board due to the expiration of the term of office of Jure Fišer.

July

→ At its 1st session held on 4 July, the newly comprised works council of Intereuropa, d. d. appointed a new president of the works council, Ms Tjaša Benčina.

September

→ The Public Scholarship, Development, Disability and Maintenance Fund of the Republic of Slovenia notified Intereuropa, d. d. that it had been selected in a public tender to co-finance the establishment and functioning of competence centres for employee development for the period 2019 to 2022. During the aforementioned period, the Company will draw down public funds for education and training intended for companies from the logistics sector.

→ Between 10 and 15 September, Intereuropa began serving in its role as the official logistics partner of Celjski sejem d.d. at the 52nd International trade fair.

- → Intereuropa, d. d. was informed on 23 September by Pošta Slovenije, d. o. o. that the latter, together with a consortium of sellers comprising SID banka, d. d., NLB, d. d., NKBM, d. d., Gorenjska banka, d. d., SKB banka, d. d. and Banka Intesa Sanpaolo, d. d. signed an agreement on 10 May 2019 for the purchase of shares in Intereuropa, d. d. Pošta Slovenije, d. o. o. will acquire 9,168,425 ordinary shares and 10,657,965 preference shares at the standard price of €1.45 per share if the transaction under the agreement stated above is closed.

EVENTS AFTER THE REPORTING PERIOD

- → At its session held on 11 November, due to delays in the introduction of the relevant corporate governance system and the relevant system for the detection and prevention of fraud, the Company's Supervisory Board relieved the President of the Management Board, Mr Ernest Gortan, of his function. It appointed current member Mr Marko Cegnar to the position of temporary president of the Management Board, and also a new member Matija Vojsk to the Management Board, whose position on the Supervisory Board has been suspended for the period of his appointment to the Management Board.
- → On 11 November, Pošta Slovenije, d. o. o. informed Intereuropa, d. d. that it had fulfilled all the suspensive conditions to close the transaction, i.e. for the purchase of a majority holding of shares in Intereuropa, d. d. by Pošta Slovenije, d. o. o. The transaction was closed on Wednesday, 13 November 2019.
- → On 18 November 2019 we were informed by Pošta Slovenija d.o.o. that the latter published its takeover intent on 18 November 2019 to purchase all the shares of Intereuropa, d. d.

BUSINESS REPORT

1. BUSINESS RESULTS OF THE INTEREUROPA GROUP

1.1 Financial results of the Intereuropa Group

Table 3: Financial results of the Intereuropa Group for the period January–September 2019, in EUR thousand

Item/Indicator	Jan–Sep 2019	Jan–Sep 2019 plan	Jan–Sep 2018	Index 2019/plan	Index 19/18
Sales revenue	120,226	127,311	119,240	94	101
EBITDA	10,313	10,562	10,811	98	95
Operating profit	5,371	5,641	6,079	95	88
Loss from financing activities	-678	-1,275	-1,490	-	-
Profit from ordinary operations	4,696	4,376	4,597	107	102
Corporate income tax and deferred tax	446	144	416	309	107
Net profit	4,250	4,231	4,181	100	102
EBITDA margin (in %)	8.6	8.3	9.1	103	95
EBIT margin (in %)	4.5	4.4	5.1	101	88
Sales revenue per employee/month	10.365	10.830	10.302	96	101
Value added per employee/month	2.736	2.782	2.759	98	99
ROE (in %)*	4.7	4.2	4.7	112	100

Item/Indicator	30. 09. 2019	31. 12. 2018	Index 19/18
Assets	224,924	232,927	97
Equity	125,557	121,643	103
Net debt	51,740	60,197	86
Current assets/current liabilities	0.53	0.52	102

* Recalculated on an annual basis. Planned ROE is disclosed for the entire year.

Operating profit and EBITDA

→ The sales revenue generated by the Intereuropa Group during the first three quarters of this year was up 1% relative to the same period last year, but was 6% lower than planned. The sales margin was up relative to the previous year and higher than planned. Section 1.2 Sales presents a detailed analysis of sales revenue by business line and market.

→ EBITDA amounted to EUR 10.3 million, a decrease of 5% relative to the same period last year and 2% lower than planned. Contributing most to the deficit relative to the planned EBITDA were lower sales and higher other operating expenses (significant impact of provisions for litigation), while the received payment of the operating receivables based on a court-brokered settlement had a positive impact. Those receivables were several years old and were impaired in full in the past.

- → Compared with the same period last year the lower EBITDA was mostly the result of higher costs of services (mostly impacted by costs of hired labour and student work) and labour costs. Labour costs were up by 2%, primarily due to growth in average labour costs per employee and the increased number of employees. Material costs were also higher due to a rise in energy prices.

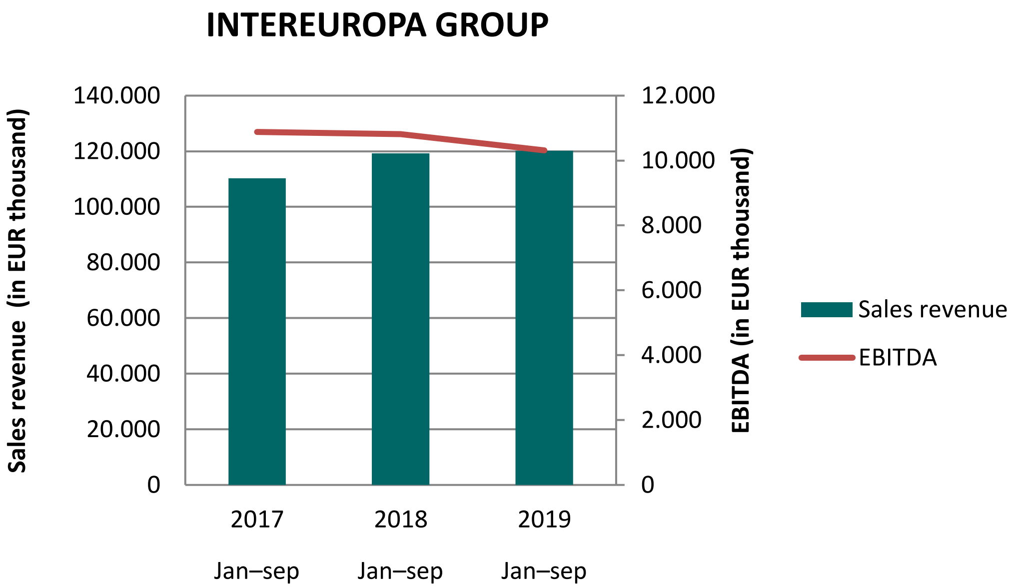
Loss from financing activities

- → The loss from financing activities was better than last year's result and better than planned mostly on account of higher finance income from interest from a court-brokered settlement and lower interest expense on loans received due to deleveraging and higher income from exchange rate differences.

Profit from ordinary operations and net profit

- → During the first three quarters of this year, the Group exceeded the profit from ordinary operations generated during the first three quarters of last year, as well as the planned result. The Group's net profit amounted to EUR 4.2 million, which was at the level of the planned figures and an increase of 2% relative to the same period last year.
- → The fraud identified at the subsidiary Intereuropa, logističke usluge d.o.o., Zagreb, where the scope of the fraud and its impact on financial statements cannot yet be assessed with certainty, will have an adverse impact on the Group's profit until the end of 2019.

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



Structure of the statement of financial position

→ The ratio of equity to total assets was up 1.4 percentage points during the third quarter to stand at 55.8% at the end of the third quarter of the year.
→ Net debt amounted to EUR 51.7 million at the end of the third quarter of the year, a decrease of EUR 8.5 million relative to the end of 2018 and a decrease of EUR 2.2 million relative to the end of the first half of 2019.
→ The current ratio amounted to 0.53, which is at the same level with the end of the previous reporting period.

1.2 Sales

The Intereuropa Group generated **EUR 120.2 million in sales revenue** over the first three quarters of 2019, an increase of 1% relative to 2018 and 6% less than planned. The intercontinental transport segment lags most behind the planned figures, while sales revenue in the land transport and logistics solutions segments increased most relative to the same period last year. The highest growth in the land transport segment was recorded in groupage, while a decrease in sales revenue from last year's figures was recorded in domestic transport, railway transport and customs services (mostly due to a change in the disclosure of products due to the optimisation of implementing processes and the continued introduction of the standardised WexVS IT solution in the warehousing and storage segment). All the products in the intercontinental transport segment lag behind the sales figures of the same period last year (car logistics and sea freight segments to the greatest extent). The former primarily due to a drop in the transhipment of vehicles on the main global markets via the Port of Koper, while the drop in the latter segment was mainly affected by a shift in certain operations to the logistics solutions segment and by the changes in trade flows of certain major clients.

Sales revenue of EUR 63.9 million was generated during the first three quarters of 2019 in the land transport segment, which accounts for 53% of the Group's sales, and was up by 1% relative to the same period last year and 4% lower than planned. The highest proportion or 61% of sales revenue from land transport was generated by the parent company, whose sales revenue was up by 1% relative to the same period last year and 1% lower than planned.

Sales revenue from road transport services, which account for 51% 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 are also at the planned level. Groupage services, which account for 20% of revenues generated by the land transport segment and 11% of total sales, recorded growth of 6% relative to the same period last year, while sales were 6% lower than planned.

The Intereuropa Group generated EUR 19.9 million in sales revenue in the logistics solutions segment during the first three quarters of 2019. Sales revenue in the logistics solutions segment recorded an increase of 15% relative to the same period in 2018, but was 6% lower than planned (significant impact of unrealised planned re-classification of sales to sea freight products and the decline in sales at some key clients). The highest proportion of sales revenue from logistics solutions (72%) was generated by the parent company in Slovenia, where sales revenue was up by 20% relative to the same period last year, but 7% lower than planned.

Sales revenue in the intercontinental transport segment totalled EUR 31.2 million during the first three quarters of 2019, a decrease of 6% relative to the same period last year and 9% lower than planned (primarily a result of a decline in the car logistics segment). The majority of the sales revenue (88%) in this segment was generated by the parent company, whose sales revenue was down by 8% relative to the same period last year and 6% lower than planned.

Table 4: Sales revenue of the Intereuropa Group by business line, in EUR thousand

Operating segment	Jan–Sep 2019	Structure	Index 19/18	Index 2019/plan
Land transport	63,918	53%	101	96
Logistics solutions	19,949	17%	115	94
Intercontinental transport	31,168	26%	94	91
Other services	5,191	4%	104	101
TOTAL SALES REVENUE	**120,226**	**100%**	**101**	**94**

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

Geographical area (according to company's head office)	Jan–Sep 2019	Structure	Index 19/18
Slovenia*	82,363	69%	101
Croatia	18,035	15%	102
Bosnia and Herzegovina	5,272	4%	97
Serbia	3,361	3%	94
Montenegro	4,774	4%	104
Ukraine	2,567	2%	98
Other	3,854	3%	95
TOTAL SALES REVENUE	**120,226**	**100%**	**101**
EU countries	100,398	84%	101
Non-EU countries	19,828	16%	98

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

Companies in Slovenia together generated 69% of the Group's sales revenue and recorded 1% growth in sales revenue during the first three quarters of 2019. Besides Slovenia, high growth was recorded by the companies in Croatia (most notably in the land transport segment), and in Montenegro (most notably in the road transport segment), while the sharpest drop was recorded at the subsidiary in Serbia (most notably in the land transport segment).

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–Sep 2019	Structure	Index 19/18
Slovenia	47,550	40%	96
Croatia	15,742	13%	106
Austria	5,587	5%	96
Germany	4,949	4%	92
Bosnia and Herzegovina	4,805	4%	102
Ukraine	458	0%	96
Other countries	41,135	34%	106
Other EU countries	21,690	18%	116
Rest of the world	19,445	16%	98
TOTAL	**120,226**	**100%**	**101**

The largest proportion of the Intereuropa Group's sales revenue (40%) was generated by sales to customers with head offices in Slovenia, while 26% was generated by sales to customers in the countries of the former Yugoslavia. Sales to customers with head offices in all other countries accounted for 34% of total sales revenue.

LAND TRANSPORT

The land transport segment generated EUR 63.9 million in sales revenue in the period January–September 2019. Actual sales were up by 1% on the figure achieved in the same period last year and 4% lower than planned sales revenue. The parent company in Slovenia generated sales revenue of EUR 39.3 million from land transport services, with that amount representing 62% of the total sales of that segment. The figure was up 1% relative to the same period last year for the land transport segment. In addition to the sales revenue in Slovenia, this figure also increased at subsidiaries in Croatia, Montenegro and Kosovo during the first three quarters of 2019. The largest lag behind last years' sales results was recorded by the companies in Bosnia and Herzegovina and North Macedonia.

Also contributing to this recorded sales result relative to last year's figure in the land transport segment were changes in the disclosure of products due to the optimisation of implementing processes and the continued introduction of the standardised WexVS IT solution in the warehousing and storage segment. The aforementioned changes were seen most in a drop in sales of road and railway transport services, and the reclassification of sales to the distribution product within the logistics solutions segment.

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.

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

INTEREUROPA GROUP	Jan–Sep 2019	Structure	Index 19/18
LAND TRANSPORT	**63,918**	**100%**	**101**
Groupage services	12,763	20%	106
Domestic transport	9,561	15%	97
Road transport	32,576	51%	101
Customs services	5,615	9%	94
Railway transport	3,403	5%	97

→ Sales of groupage services were up by 6% relative to the same period last year. The parent company in Slovenia recorded 1.6% growth in sales relative to the same period last year. In addition to the parent company, all the subsidiaries, with the exception of Serbia and North Macedonia, exceeded last year’s sales results.

→ The sales revenue generated by the domestic transport segment was down by 3% relative to the same period last year. Sales revenue of the parent company were at the same level relative to the same period last year, while this figure was up by 2% at the subsidiary in Croatia. The largest lag behind last years’ sales results was recorded by the companies in Bosnia and Herzegovina and Serbia. This involved domestic transport, an important support service for the Group’s other segments, which is subject to extreme price pressures on local markets.

→ The road transport product exceeded last year's results by 1% during the first three quarters of 2019, which is mostly the result of good sales results in the third quarter. This product lagged behind last year's results by 2% at the end of the first half of the year. The parent company in Slovenia exceeded last year’s sales results by 1%. All Group subsidiaries, with the exception of the companies in the Ukraine and Kosovo, also exceeded last year's sales results.

→ The results generated by the customs services segment were down by 6% relative to last year’s results in the period January–September 2019. In addition to the subsidiary in Kosovo, the parent company in Slovenia exceeded last year's sales figures, while other Group companies lagged behind last year's results.

→ The sales deficit in the railway transport segment was significantly reduced in the third quarter of the year, primarily on account of the better sales results of the company in the Ukraine. The railway transport segment now only lags behind last year's sales results by 3% during the first three quarters of 2019, and this despite of the changes in the disclosure of sales at the parent company, due to the implementation of the standardised WexVS IT solution in the warehousing and storage segment.

→ The trend of high refined petroleum product prices, with a significant impact on the level of direct costs, continued in 2019. On the other hand, decline in demand for intra-regional transportation, primarily provided by companies from the automotive industry lead to an increase in available market capacities. The increased quantity of available capacities means lower exposure to pressures by transporters to raise purchase prices, with a risk of maintaining existing operations also appearing due to increased pressures from competitors to lower the existing selling prices.

LOGISTICS SOLUTIONS

The Intereuropa Group's logistics solutions segment generated EUR 19.9 million in sales revenue during the period January–September 2019 or 17% of the Group's total sales. This translates to 15% growth in sales in this segment relative to the same period in 2018, while the actual sales were 6% below planned targets (significant impact of unrealised planned re-classifications of sales to sea freight products and the decline in sales at some key clients). The parent company in Slovenia, and subsidiaries in Croatia, Montenegro and Kosovo recorded growth in sales during this period. A lag behind last years' sales results was recorded by the companies in North Macedonia and Bosnia and Herzegovina and Serbia, which also failed to meet planned 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 with the intensive implementation of the WexVS IT solution to support warehousing and storage activities in Slovenia and Croatia where almost the majority of clients supported the new solution, including the simultaneous electronic exchange of data between Intereuropa's information system and the information systems of customers.

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

INTEREUROPA GROUP	Jan–Sep 2019	Structure	Index 19/18
LOGISTICS SOLUTIONS	**19,949**	**100%**	**115**
Warehousing	15,812	79%	104
Distribution	4,137	21%	194

- → The Intereuropa Group generated EUR 15.8 million in revenues from the sale of warehousing and storage services in the period January–September 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 4% relative to 2018 during the aforementioned period. Sales were up by more than 6% in Slovenia and down by almost 1% in Croatia relative to last year's sales result.
- → A total of EUR 4.1 million in revenues was generated from the sale of distribution services in the period January–September 2019, which represents 3% of the Intereuropa Group's sales and 21% of sales revenue from logistics solutions. Sales were up by 94% relative to the same period in 2018 during the accounting period. Contributing significantly to growth in revenues from the sale of logistics solutions were changes in the disclosure of products due to the continued introduction of the WexVS IT solution in the warehousing and storage segment, and the resulting transfer of sales from the sea freight segment to the warehousing and distribution segment.

INTERCONTINENTAL TRANSPORT

Sales revenue in the intercontinental transport segment totalled EUR 31.2 million during the period January–September 2019, representing 26% of the Intereuropa Group's total sales. The Intereuropa Group recorded a 6% drop in sales revenue relative to the same period in 2018, while sales revenue was 9% lower than planned.

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

INTEREUROPA GROUP	Jan–Sep 2019	Structure	Index 19/18
INTERCONTINENTAL TRANSPORT	**31,168**	**100%**	**94**
Sea freight	23,340	75%	95
Car logistics	3,593	12%	88
Shipping agency	320	1%	91
Air freight	3,915	13%	93

→ The sales results of the sea freight segment, which comprises conventional freight, container shipping and RO-RO services, were down by 5% relative to last year. This lag behind last year's results was mainly affected by a shift in certain operations to the logistics solutions segment and by the changes in trade flows of certain major customers. The 28% 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 the sea freight 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 and changes in trade flows of certain major customers. The container shipping segment is recording a 9% higher growth in sales relative to the same period last year, which is driven by growth in the physical number of transactions as the result of a more intensive market approach and also by the aforementioned reorganisation of the segment this year. The RO-RO segment recorded growth of 7% relative to last year, primarily as the result of projects that were implemented this year.

→ The drop in revenues from the sale of car logistics services by 12% relative to the same period last year was the result of the reduced volumes of key customers, primarily due to a drop in the transhipment of vehicles on the main global markets of key customers through the Port of Koper.

→ More than 87% of the total revenues of the air freight segment, which was down 7% on the sales revenue relative to the same period last year, was generated by the companies in Slovenia and Serbia. There were also less major one-off transactions recorded this year. Market conditions are also easing, which we noticed for the most part as a significant drop in the transhipment of goods via airports in the region and as a drop in demand for volume-based shipments, which generate higher sales revenue. Also noted was a decline in volume and demand from China, which is traditionally a major generator of air freight shipments. We have seen a positive trend in the number of shipments, as the company in Slovenia, which generates more than 60% of revenues in this segment, recorded a little less than a 10% increase in the number of shipments. The development of a partner network and increased activities on the sales side will continue to be priorities in this product segment.

1.3 Investments in fixed assets

The Intereuropa Group invested EUR 1,478 thousand in fixed assets during the first three quarters of 2019, a decrease of 42% relative to the same period last year. Of the aforementioned amount, EUR 444 thousand was invested in property, while EUR 1.034 thousand was invested in equipment and intangible assets. A total of 25% of the entire investment plan was thus achieved.

The parent company Intereuropa, d. d. invested EUR 902 thousand in property, plant and intangible assets, while other Group companies invested EUR 576 thousand in fixed assets.

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

Company	Total property			Total equipment and intangible assets			TOTAL INVESTMENTS			Percentage of annual plan realised
	2019 Jan-Sep	2019 plan	2018 Jan-Sep	2019 Jan-Sep	2019 plan	2018 Jan-Sep	2019 Jan-Sep	2019 plan	2018 Jan-Sep	
Intereuropa d.d.	182	1,106	908	720	2,334	976	902	3,440	1,884	26
Subsidiaries	262	855	258	314	1,612	414	576	2,467	672	23
TOTAL	**444**	**1,961**	**1,166**	**1,034**	**3,946**	**1,390**	**1,478**	**5,907**	**2,556**	**25**

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

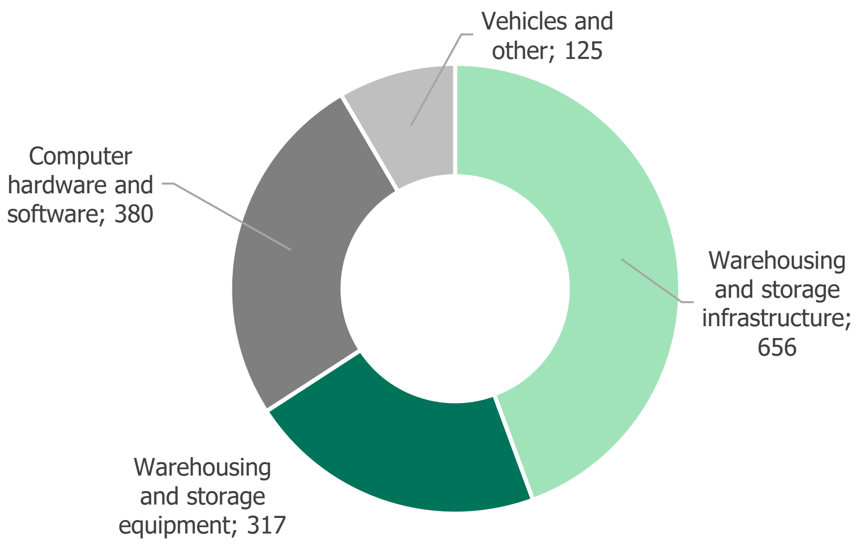


Table 11: Breakdown of investments by type in the period January–September 2019, in EUR thousand

INVESTMENTS BY TYPE	TOTAL INVESTMENTS			Property		Equipment	
	Actual	Plan	Percentage of annual plan realised	Actual	Plan	Actual	Plan
Warehousing and storage infrastructure	656	2,461	27	444	1,792	212	669
Warehousing and storage equipment	317	1,710	19			317	1,710
Vehicles	47	316	15			47	316
IT equipment and intangible assets	380	1,155	33			380	1,155
Other investments	78	264	30		169	78	95
TOTAL	**1,478**	**5,906**	**25**	**444**	**1,961**	**1,034**	**3,945**

Major investments during the first three quarters of 2019 included:
- the regular annual replacement of personal computers;
- the implementation of an outdoor platform at the warehouse in Podgorica;
- the purchase of 14 forklifts;
- the purchase of licences and software;
- the arrangement of business premises at the warehouse in Logatec; and
- the purchase and installation of new video surveillance systems in Slovenia and Croatia.

1.4 Sales of fixed assets

The Intereuropa Group sold fixed assets with a total carrying amount of EUR 2.9 million during the period January–September 2019, an increase of EUR 2.3 million relative to the same period last year. Those sales related primarily to the sale of the warehouse-business complex in Jesenice, and land in Maribor and Sarajevo.

1.5 Human resource management

CHANGE IN NUMBER OF EMPLOYEES

The Intereuropa Group had 1,360 employees as at 30 September 2019, an increase of 33 employees relative to the last day of 2018. The main reason for the increase in the number of employees was the employment of several people who previously performed work at Intereuropa via employment agencies.

The Group hired 158 new employees in the period January–September 2019. Of that number, 60 replaced employees who left the Group, 44 were employed due to the increased scope of work or the acquisition of new transactions, while the same number of former agency workers entered into an employment relationship with the Group, and two were hired to replace temporarily absent employees.

A total of 125 employees left the Intereuropa Group during the first three quarters of 2019, of whom 79 workers' employment relationship was terminated by agreement at their own initiative or due to retirement (20 workers).

The turnover rate of key and perspective personnel who left their jobs at their own initiative was 3.4%, a decrease of 2.6 percentage points on the same period last year.

An average of 238 workers, recalculated as FTEs, performed work via employment agencies and student services during the reporting period, a decrease of three employees relative to the comparable period last year. A total of 15.6% of all employees worked via flexible forms of employment.

Table 12: Number of employees in the Intereuropa Group by country as at 30 September 2019

	30. 09. 2019	31. 12. 2018	Difference (19 - 18)	Index 2019/2018
Slovenia	623	611	12	102
Croatia	294	298	-4	99
Bosnia and Herzegovina	145	134	11	108
Serbia	84	74	10	114
North Macedonia	36	32	4	113
Kosovo	33	34	-1	97
Montenegro	115	113	2	102
Albania*	-	2	-2	-
Ukraine	30	29	1	103
TOTAL	**1,360**	**1,327**	**33**	**102**

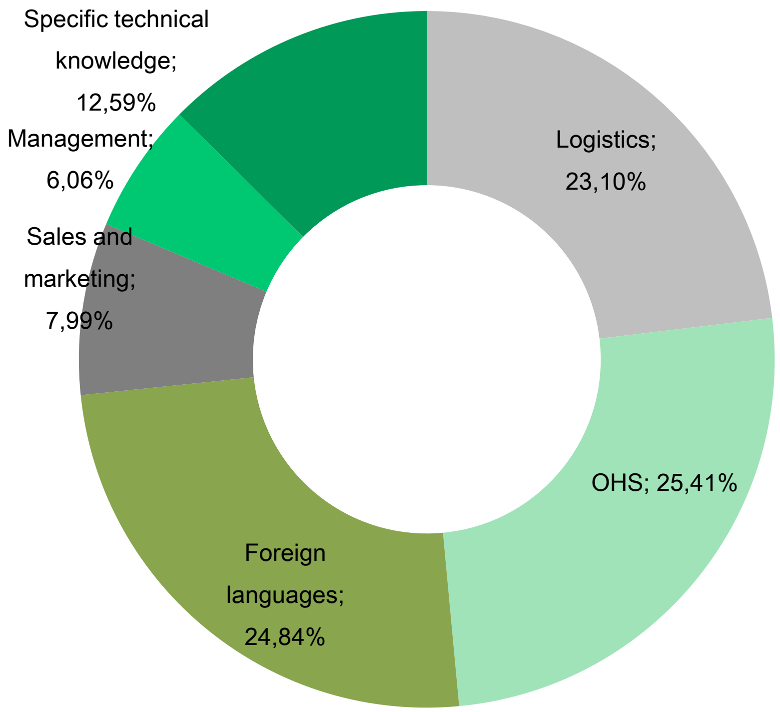
* Effective 2019, the subsidiary in Albania is no longer included in the Group's consolidated financial statements

As is evident from the table, the number of employees was up in the majority of countries, except at the subsidiaries in Kosovo and Croatia, where the number of employees was reduced.

DEVELOPMENT, EDUCATION AND TRAINING

The Intereuropa Group earmarked EUR 35 thousand of the total EUR 124 thousand earmarked for this period for the acquisition of new knowledge and skills during the first three quarters of the year, a decrease of EUR 38 thousand relative to the same period last year. Employees completed 4,718 training hours, a decrease of 3,428 hours relative to 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 training in the area of IT support for logistics processes (WexVS at the parent company). Similar in-house training focusing on management is planned for the end of 2019.

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 four hours of training, while employees at the subsidiary Intereuropa, logističke usluge, d. o. o., Zagreb received the most training (an average of eight hours).
- → A total of 23% of all education and training was carried out by internal experts. In addition to training in the area of occupational health and safety, experts from the parent company trained employees at the subsidiary in Croatia on the management of IT-supported logistics processes in the sea freight and groupage segments (WexVS), and organised a workshop on the cargo insurance and an EBA workshop at the subsidiary in Serbia.

OCCUPATIONAL HEALTH AND SAFETY

The absenteeism rate due to sick leave was 5% at the Group level during the first three quarters of the year, which is above the planned rate of 4.5%. The sick leave rate at the parent company was down by 0.6 percentage points, from 6.2% during the same period last year to stand at 5.6% this year.

The sick leave rate was higher than the target value standing at 5.3% at the subsidiary in Croatia, 5.2% in Bosnia and Herzegovina and 4.9% in Serbia, while it was below 4.5% at other Group companies.

A total of eight employees suffered workplace injuries at the Group level, which is six less than in the same period in 2018 and translates to 0.51% of the total number of employees, which is below the target rate of 1.5%. A total of seven employees suffered workplace injuries at the parent company, which is three less than in the same period in 2018, translating to 0.92% of the total number of employees.

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

→ At the Group level, 295 employees were referred for preventive, preliminary, specific-purpose and periodic medical examinations, an increase of 12.59% relative to 2018. A total of 181 employees were referred for preventive, preliminary, specific-purpose and periodic medical examinations at the parent company, an increase of 15.29% relative to 2018.
→ A total of 483 employees received training in the areas of occupational health and safety, and fire safety at the Group level, an increase of 62.62% relative to 2018, while that figure was 358 employees at the parent company, an increase of 61.26% relative to 2018.
→ Special attention was given to ensuring the management of fire risks and to the proper functioning of fire-safety equipment. 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, lightning conductors, 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 and amended this year. 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 risks and reputation risks.

At the end of the third quarter of the year, a total of 45 risks were identified and assessed at the Group level, two assessed as very high, one assessed as high, 11 assessed as medium and 31 assessed as low.

A total of eight new risks were identified this year, of which two were operational risks, four regulatory compliance risks and two strategic risks.

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, two were assessed as very high, i.e. 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 24 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, and also due to external events. The majority of identified operational risks are assessed as low, while the highest risk amongst those assessed as medium is the risk identified in the area of occupational health and safety (prevention). A risk with a high level of risk was also identified among operational risks in the last quarter of the year, i.e. risk associated with fraud and other criminal acts.

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.

Regulatory compliance 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. Seven regulatory compliance risks were identified and assessed at the end of the third quarter of the year, including the newly identified risk associated with personal income. None of those identified risks were assessed as high or very high.

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

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

Item/Indicator	Jan–Sep 2019	Jan–Sep 2019 plan	Jan–Sep 2018	Index 2019/plan	Index 19/18
Sales revenue	84,462	88,019	83,631	96	101
EBITDA	6,938	6,571	7,975	106	87
Operating profit	3,790	3,392	4,919	112	77
Loss from financing activities	-12	1,746	-486	-	-
Profit from ordinary operations	3,778	5,137	4,433	74	85
Corporate income tax and deferred tax	169	-64	616	-	27
Net profit	3,609	5,201	3,817	69	95
EBITDA margin (in %)	8.2	7.5	9.5	110	86
EBIT margin (in %)	4.5	3.9	5.9	116	76
Sales revenue per employee/month	16.173	16.625	16.516	97	98
Value added per employee/month	4.040	3.998	4.281	101	94
ROE (in %)*	5.7	6.8	6.1	83	92

Item/Indicator	30. 09. 2019	31. 12. 2018	Index 19/18
Assets	176,568	185,114	95
Equity	88,625	85,005	104
Net debt	57,137	64,631	88
Current assets/current liabilities	0.35	0.38	92

* Recalculated on an annual basis. Planned ROE is disclosed for the entire year.

Operating profit and EBITDA

→ The sales revenue generated by the Company during the first three quarters of the year was up by 1% relative to the same period last year, but 4% lower than planned. The sales margin was higher than planned and up relative to the same period last year.

→ EBITDA amounted to EUR 6.9 million, which was 6% higher than planned, but down 13% relative to the same period last year. Contributing significantly to exceeding the planned EBITDA generated during the first three quarters of 2019 was the reversal of value adjustments created from payment of operating receivables based on a court-brokered settlement. Those receivables were several years old. Labour costs were also lower than planned.

→ Higher labour costs and costs of services (most notable the costs of hired labour) impacted the lower operating result and EBITDA relative to the same period last year. Last year the Company also generated high revenues from the reversal of provisions in 2018, which was only partly compensated for by the reversal of revaluation of receivables described in the previous indent.

Loss from financing activities

→ The loss from financing activities in the period January–September was EUR 1.8 million worse than planned, but EUR 0.5 million better than in the same period last year. Contributing negatively to this deficit were planned but unrealised revenues from participation in the profits of Group companies (dividends received from subsidiaries), while finance income from a court-brokered settlement and lower interest expense on loans had a positive effect.

Profit from ordinary operations and net profit

→ Intereuropa, d. d.'s profit from ordinary operations in the first three quarters of 2019 was 26% lower than planned, primarily as the result of the aforementioned planned but not all completely realised revenues from participation in the profits of Group companies. The Company's profit from ordinary operations was also 15% lower relative to last year's result. The Company's net profit amounted to EUR 3.6 million, which was 31% lower than planned and 5% lower relative to last year's result.

Structure of the statement of financial position

→ The ratio of equity to total assets was up 1.4 percentage points during the third quarter to stand at 50.2%.
→ Net debt amounted to EUR 57.1 million at the end of the third quarter of the year, a decrease of EUR 7.5 million relative to the end of 2018 and a decrease of EUR 0.5 million relative to the end of the first half of 2019.
→ The current ratio amounted to 0.35 and was down by 0.02 relative to the previous period.

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 30 September 2019

	30. 9. 2019	31. 12. 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	3,729	3,875
Book value per share in EUR	3.23	3.09
Earnings per ordinary share in EUR*	0.13	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–September 2019

	Jan–Sep 2019	Jan–Dec 2018
Closing price at the end of period in EUR*	1.42	2.60
Weighted average price in EUR	2.49	2.50
Highest price in EUR	2.80	3.00
Lowest price in EUR	1.40	1.93
Market capitalisation in EUR thousand*	23,900	43,760
Turnover in EUR thousand	978	2,010
P/B	0.44	0.84
P/E	8.19	17.3
Capital yield	-45.4%	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 17% during the first three quarters of 2019 relative to the same period in 2018. Trading in IEKG shares stood at EUR 978 thousand and was down 37% on the same period in 2018. The share price fluctuated between EUR 1.40 and EUR 2.80 per share, while the share price closed at EUR 1.42 at the end of the reporting period. The decrease in the share price is the result of the public announcement that Pošta Slovenije, d. o. o., in the event of the closing of the purchase transaction under the agreement on the sale and purchase of shares of Intereuropa, d. d., pays a single price of EUR 1.45 per share for ordinary and preference shares. The Slovenian SBITOP index recorded a 6.2% increase over the same period.

The market capitalisation of IEKG shares amounted to EUR 23.9 million at the end of September, accounting for 0.4% of the market capitalisation of all shares on the Ljubljana Stock Exchange.

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

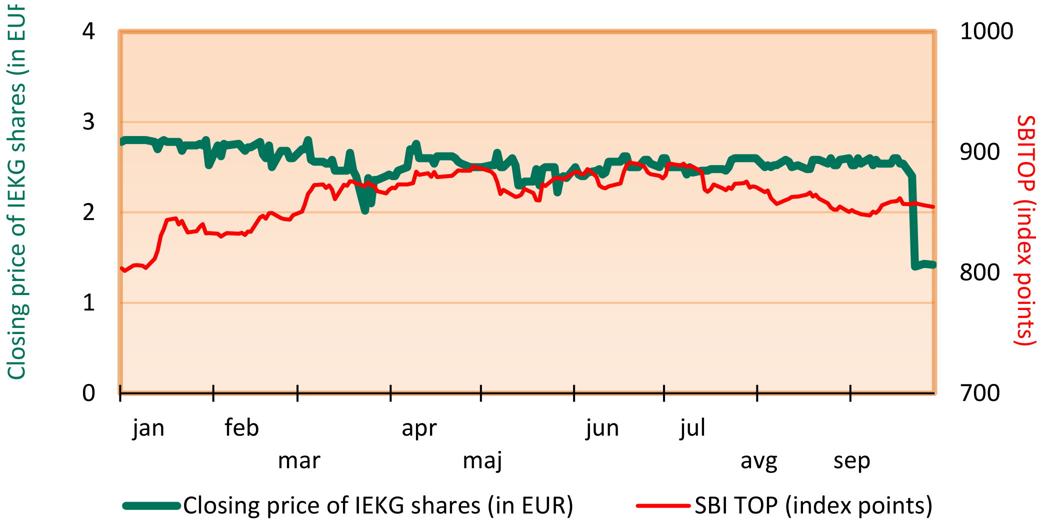
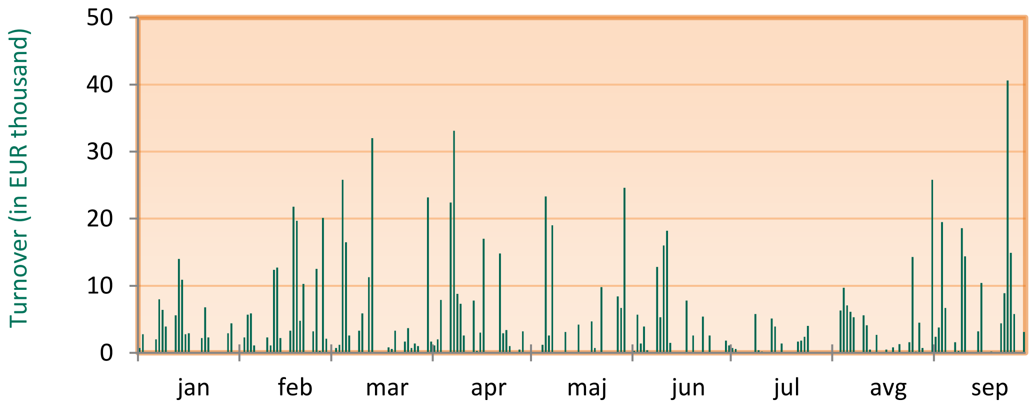


Figure 6: Turnover in IEKG shares in the period January–September 2019



OWNERSHIP STRUCTURE

There were no significant changes in the Company's ownership structure during the first half 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.

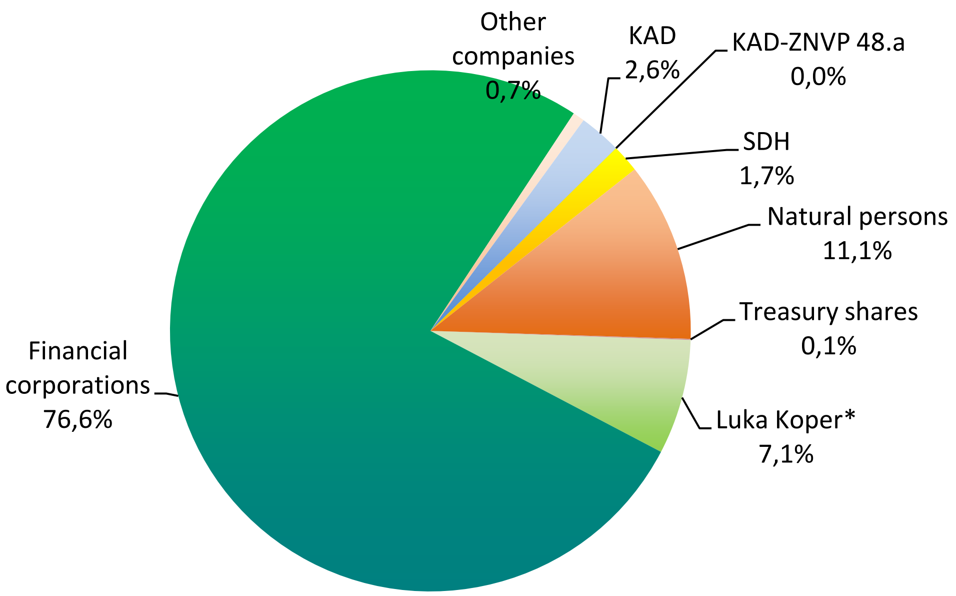
Table 16: Top ten shareholders of Intereuropa, d. d. as at 30 September 2019 relative to 31 December 2018

	Shareholder	30. 9. 2019 Number of shares	30. 9. 2019 Participating interest (%)	31. 12. 2018 Number of shares	31. 12. 2018 (in %)	Index 19 /18
1.	SID banka, d. d.	4,942,072	18.0	4,942,072	18.0	100
2.	NLB, d. d.	4,770,601	17.4	4,770,601	17.4	100
3.	Nova KBM, d. d.	4,036,044	14.7	4,036,044	14.7	100
4.	Gorenjska banka, d. d., Kranj	3,068,990	11.2	3,068,990	11.2	100
5.	SKB, d. d.	2,254,980	8.2	2,254,980	8.2	100
6.	Luka Koper, d. d.	1,344,783	4.9	1,344,783	4.9	100
7.	Banka Intesa Sanpaolo, d. d.	753,703	2.7	753,703	2.7	100
8.	Kapitalska družba, d. d.	719,797	2.6	719,797	2.6	100
9.	Luka Koper INPO, d. o. o.	615,730	2.2	615,730	2.2	100
10.	SDH, d. d.	474,926	1.7	474,926	1.7	100
	Others	4,507,177	16.4	4,507,177	16.4	100
	TOTAL	**27,488,803**	**100.0**	**27,488,803**	**100.0**	**100**

The proportion of shares held by foreign investors was up by 0.1 percentage points relative to the situation as at 31 December 2018, and stood at 0.7% at the end of the period.

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

Figure 7: Ownership structure of Intereuropa, d. d. as at 30 September 2019



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

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

Members of the Management Board did not hold any shares of Intereuropa, d. d. as at 30 September 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 30 September 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 three quarters of 2019. It held 18,135 treasury shares (IEKG) as at 30 September 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.

On 27 June 2019, the general meeting of shareholders adopted a decision leaving the full amount of distributable profit of EUR 4,034,131.80 undistributed.

NOTIFICATION OF SHAREHOLDERS

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

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

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

FINANCIAL REPORT
OF THE INTEREUROPA GROUP
and
THE PARENT COMPANY INTEREUROPA, d. d.

for the period January – September 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–September 2019 and for the comparative period January to September 2018 have not been audited, while the financial statements for the comparative period ending 31 December 2018 have been audited.

2. FINANCIAL STATEMENTS OF THE INTEREUROPA GROUP

2.1. Basic financial statements of the Intereuropa Group

CONSOLIDATED INCOME STATEMENT OF THE INTEREUROPA GROUP

in EUR thousand	January–September 2019	January–September 2018
Sales revenue	**120,226**	**119,240**
Losses from the derecognition of operating receivables and assets from contracts with customers	-13	-90
Other operating revenues	658	1,686
Costs of goods, materials and services	-87,386	-86,638
Labour costs	-21,499	-21,125
Amortisation and depreciation	-4,865	-4,723
Losses due to the impairment of receivables (including the reversal of impairment losses)	113	-270
Other operating expenses	-1,863	-2,001
Operating profit	**5,371**	**6,079**
Interest income	415	122
Other finance income	262	9
Finance costs – costs of financing	-1,350	-1,533
Losses due to the impairment of loans granted and deposits	-6	0
Other finance costs	0	-87
Loss from financing activities	**-678**	**-1,489**
Investment result recognised according to the equity method	3	7
Profit from ordinary operations	**4,696**	**4,597**
Corporate income tax (including deferred taxes)	-446	-416
Net profit for the accounting period	**4,250**	**4,181**
Net profit pertaining to controlling interests	4,041	4,027
Net profit pertaining to non-controlling interests	209	154
Basic and diluted earnings per ordinary share (in EUR)	0.23	0.23

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME OF THE INTEREUROPA GROUP

in EUR thousand	January–September 2019	January–September 2018
Net profit for the accounting period	**4,250**	**4,181**
Other comprehensive income	**22**	**60**
Items that will be reclassified to profit or loss	**10**	**60**
Change in the fair value of available-for-sale financial assets	0	-1
Foreign currency translation differences	10	61
Items that will not be reclassified to profit or loss	**12**	**0**
Transfer of revaluation surplus for land to net profit brought forward	-817	-185
Change in deferred taxes	79	23
Change in net profit brought forward from the transfer of the revaluation surplus for land	817	185
Corporate income tax on net profit brought forward	-67	-23
Total comprehensive income	**4,273**	**4,241**
Total comprehensive income pertaining to controlling interests	4,051	4,081
Total comprehensive income pertaining to non-controlling interests	222	160

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE INTEREUROPA GROUP

in EUR thousand	30. 9. 2019	31. 12. 2018
ASSETS		
Property, plant and equipment	143,026	157,404
Investment property	24,332	12,174
Intangible assets	3,386	3,662
Other non-current assets	21	24
Non-current operating receivables	60	55
Deferred tax assets	9,523	9,542
Long-term loans granted and deposits	11	15
Investment in associate	67	71
Other non-current financial assets	62	31
TOTAL NON-CURRENT ASSETS	**180,488**	**182,978**
Available-for-sale assets	2,001	4,715
Inventories	98	70
Short-term loans granted and deposits	1,686	1,272
Assets from contracts with customers	832	762
Current operating receivables	32,224	32,960
Current receivables for corporate income tax	207	129
Other current assets	941	463
Cash and cash equivalents	6,447	9,578
TOTAL CURRENT ASSETS	**44,436**	**49,949**
TOTAL ASSETS	**224,924**	**232,927**
EQUITY		
Equity pertaining to controlling interests	**118,035**	**113,984**
Share capital	27,489	27,489
Share premium account	18,455	18,455
Profit reserves	5,160	5,589
Fair value reserves	46,517	47,185
Foreign currency translation differences	-6,489	-6,488
Net profit brought forward	22,862	17,232
Net profit	4,041	4,522
Equity pertaining to non-controlling interests	**7,522**	**7,659**
TOTAL EQUITY	**125,557**	**121,643**
LIABILITIES		
Provisions	2,338	2,347
Non-current deferred income	90	82
Non-current financial liabilities	818	511
Non-current operating liabilities	1,166	1,414
Deferred tax liabilities	10,996	11,116
TOTAL NON-CURRENT LIABILITIES	**15,408**	**15,470**
Current financial liabilities	59,066	70,551
Liabilities from contracts with customers	608	543
Current operating liabilities	23,825	24,349
Current corporate income tax liabilities	413	352
Current deferred income	47	19
TOTAL CURRENT LIABILITIES	**83,959**	**95,814**
TOTAL LIABILITIES	**99,367**	**111,284**
TOTAL EQUITY AND LIABILITIES	**224,924**	**232,927**

CONSOLIDATED STATEMENT OF CASH FLOWS OF THE INTEREUROPA GROUP

in EUR thousand	January–September 2019	January–September 2018
Cash flows from operating activities		
Net profit for the accounting period	**4,250**	**4,181**
Adjustments for:		
amortisation and depreciation	4,865	4,723
impairments and write-offs of property, plant and equipment	78	0
gains on the sale of property, plant and equipment, and assets held for sale	-420	-391
losses from the sale of property, plant and equipment and investment property	0	5
losses from the derecognition of operating receivables and assets from contracts with customers	13	90
losses due to the impairment of receivables (including the reversal of impairment losses)	-113	270
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	-415	-122
other finance income	-262	-9
finance costs – costs of financing	1,350	1,533
other finance costs	0	87
losses due to the impairment of loans granted and deposits	6	0
investment result recognised according to the equity method	-3	-7
corporate income tax (including deferred taxes)	446	416
Operating profit before changes in net working capital and taxes	**9,843**	**10,775**
Changes in net working capital and provisions		
Changes in assets from contracts with customers	-69	319
Changes in receivables	778	-2,276
Changes in inventories	-29	-10
Changes in other current assets	-476	-475
Changes in liabilities from contracts with customers	65	-49
Changes in operating liabilities	277	2,396
Changes in provisions	19	-1,003
Changes in non-current deferred income	8	-1
Income tax paid	-558	249
Net cash flow from operating activities	**9,858**	**9,925**
Cash flows from investing activities		
Interest received	413	126
Dividends received and shares in profit	0	10
Inflows from the sale of property, plant and equipment	3,408	1,115
Inflows from long-term deposits placed	30	30
Net cash flow from short-term loans granted	0	78
Net cash flow from short-term deposits placed	-436	563
Inflows from the sale of other financial assets	0	9
Outflows for the acquisition of property, plant and equipment	-2,246	-2,609
Outflows for the acquisition of intangible assets	-178	-145
Outflows for long-term deposits placed	-12	0
Exclusion of a subsidiary from the consolidated financial statements	-78	0
Net cash flow from investing activities	**901**	**-823**
Cash flows from financing activities		
Interest paid	-1,394	-1,551
Outflows for the repayment of long-term loans (and finance leases during the comparable period)	-6,275	-5,642
Net cash flow from short-term loans	-5,613	24
Payment of lease liabilities	-302	-
Dividends paid	-319	-156
Net cash flow from financing activities	**-13,903**	**-7,325**
Opening balance of cash and cash equivalents	**9,578**	**3,618**
Exchange rate differences relating to cash	13	-32
Net cash flow for the period from ordinary operations	**-3,144**	**1,777**
Closing balance of cash and cash equivalents	**6,447**	**5,363**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF THE INTEREUROPA GROUP FOR THE PERIOD JANUARY–SEPTEMBER 2019

			PROFIT RESERVES							RETAINED EARNINGS				
in EUR thousand	Share capital	Share premium account	Legal reserves	Reserves for treasury shares	Treasury shares (as deduction item)	Reserves under the Articles of Association	Other reserves	Fair value reserves	Foreign currency translation differences	Net profit brought forward	Net profit for the accounting period	Equity pertaining to controlling interests	Equity pertaining to non-controlling interests	Total equity
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**	**-668**	**-1**	**680**	**4,041**	**4,051**	**222**	**4,273**
Net profit for the financial year	0	0	0	0	0	0	0	0	0	0	4,041	4,041	209	4,251
Other comprehensive income	0	0	0	0	0	0	0	-668	-1	680	0	10	13	22
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	-358	-358
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
Settlement of loss brought forward	0	0	0	0	0	0	-366	0	0	366		0	0	0
Closing balance as at 30 September 2019	**27,489**	**18,455**	**4,656**	**180**	**-180**	**15**	**489**	**46,517**	**-6,489**	**22,862**	**4,041**	**118,035**	**7,522**	**125,557**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF THE INTEREUROPA GROUP FOR THE PERIOD JANUARY–SEPTEMBER 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**	**-158**	**55**	**157**	**4,027**	**4,081**	**160**	**4,241**
Net profit for the financial year	0	0	0	0	0	0	0	0	0	0	4,027	4,027	154	4,181
Other comprehensive income	0	0	0	0	0	0	0	-158	55	157	0	54	6	60
Transactions with owners														
Transfer of net profit from the previous year to net profit brought forward	0	0	0	0	0	0	0	0	0	-1,002	1,002	0	0	0
Dividends and shares in profit	0	0	0	0	0	0	0	0	0	0	0	0	-175	-175
Transfer of retained earnings to reserves	0	0	5	0	0	0	0	0	0	-5	0	0	0	0
Other changes	0	0	0	0	0	0	0	0	0	-1	0	-1	0	-1
Adjusted balance at 30 September 2018	**27,489**	**18,455**	**4,658**	**180**	**-180**	**15**	**916**	**47,213**	**-6,614**	**20,709**	**4,027**	**116,868**	**7,685**	**124,553**

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:

- 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;
- 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): Changes in significant accounting policies,
- the assessment whether real estate is deemed an investment property: the Group sets out criteria for the classification of real estate or parts of real estate to investment property such that all real estate that are the subject of long-term lease (more than one year) or lease for an indefinite period, are classified to investment property according to the following key: classification of a proportion of the real estate (if the leased portion of real estate exceeds 10% and is below 90% of the entire real estate in terms of area). If the leased portion of real estate accounts for 90% or more, the entire real estate is classified to investment property; if that portion accounts for 10% or less of the entire real estate area the real estate remains classified under fixed assets as property used by the owner. Real estate that is the subject of a short-term lease (less than one year in duration) or is not the subject of a lease (not used) remain classified under fixed assets as property used by the owner.

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

Table 18: 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–September 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

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 Group took a practical approach by applying the aforementioned standard retrospectively with the cumulative effect of initial application recognised on 1 January 2019. It thus did not recalculate comparable data.

IFRS 16 replaces IAS 17 Leases and related clarifications. IFRS 16 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. IFRS 16 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 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 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 and equipment in the period January–September 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 liabilities

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 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 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 were transferred by 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 19: Effect of the transition to IFRS 16 on the carrying amount of assets and liabilities as at 1 January 2019

in EUR thousand	Reported as at 31. 12. 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 20: 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–September 2019

Table 21: Changes in right-of-use assets under leases in the period January-September 2019

	Right-of-use assets under leases		
in EUR thousand	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	140	60	200
Amortisation and depreciation	-49	-352	-401
Balance as at 30 September 2019	**91**	**1,158**	**1,249**

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

Table 22: Interest expenses on lease liabilities and costs of short-term leases in the period January–September 2019

in EUR thousand	January–September 2019
Interest expenses on lease liabilities	35
Costs of short-term leases of real estate and equipment	813
Total	**848**

Table 23: Effect of the application of IFRS 16 on the cash flow statement for the period January–September 2019 (Group as lessee)

in EUR thousand	January–September 2019
Lease payments for short-term leases (disclosed in cash flows from operating activities)	1,133
Payment of lease liabilities comprising principal (disclosed in cash flows from financing activities)	302
Total	**1,435**

Table 24: Gains on sale and leaseback transactions in the period January–September 2019

in EUR thousand	January–September 2019
Gains on sale and leaseback transactions	55

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

Table 25: Rental income in the period January–September 2019

in EUR thousand	January–September 2019
Rental income	4,252

Other disclosures

The balance of non-current and current lease liabilities as at 30 September 2019 is disclosed in Table 22 Non-current financial liabilities and Table 23 Current financial liabilities.

An analysis of the maturity of lease liabilities is presented in Table 30 Liquidity risk.

A) NOTES TO THE CONSOLIDATED INCOME STATEMENT

Sales revenue amounted to EUR 120,226 thousand (EUR 119,240 thousand during the comparable period).

Table 26: Sales revenue by business line and country in the period January–September 2019

in EUR thousand	Slovenia		Croatia		Bosnia and Herzegovina		Serbia	
	January–September 2019	January–September 2018	January–September 2019	January–September 2018	January–September 2019	January–September 2018	January–September 2019	January–September 2018
Revenues by business line								
Land transport	39,271	38,812	13,139	12,775	3,876	4,098	1,976	2,144
Logistics solutions	14,353	11,926	3,431	3,321	492	527	709	717
Intercontinental transport	27,727	29,996	1,609	1,596	364	305	1,110	1,158
Other services	3,593	3,370	565	543	968	924	0	0
Total	84,944	84,105	18,745	18,235	5,699	5,854	3,796	4,018
Revenues generated by country (with respect to a customer's head office)								
Slovenia	46,655	47,437	835	747	238	286	336	355
Croatia	1,327	1,178	15,236	14,546	38	34	63	32
Bosnia and Herzegovina	810	963	233	281	4,387	4,369	140	53
Montenegro	269	245	8	17	1	1	44	49
Other countries	35,883	34,281	2,433	2,644	1,035	1,164	3,213	3,530
Total	**84,944**	**84,105**	**18,745**	**18,235**	**5,699**	**5,854**	**3,796**	**4,018**

Montenegro		Ukraine		Other countries		Exclusions and adjustments		Total	
January–September 2019	January–September 2018	January–September 2019	January–September 2018	January–September 2019	January–September 2018	January–September 2019	January–September 2018	January–September 2019	January–September 2018
2,991	2,961	2,567	2,611	3,767	3,984	3,669	3,785	63,918	63,600
746	727	0	0	242	204	23	33	19,949	17,388
245	250	0	0	467	421	354	455	31,168	33,269
848	767	1	0	250	262	1,035	883	5,191	4,983
4,829	4,704	2,567	2,611	4,727	4,871	5,081	5,157	120,226	119,240
98	217	197	1,029	675	815	1,483	1,587	47,550	49,298
67	18	0	0	29	8	1,019	912	15,742	14,903
99	74	0	0	0	0	862	1,013	4,805	4,727
3,721	3,556	0	0	0	0	306	285	3,737	3,583
845	840	2,371	1,581	4,023	4,048	1,411	1,360	48,392	46,728
4,829	**4,704**	**2,567**	**2,611**	**4,727**	**4,871**	**5,081**	**5,157**	**120,226**	**119,240**

Table 27: Sales revenue with respect to the timing of recognition in the period January–September 2019

	Land transport		Logistics solutions		Intercontinental transport		Other services		Total	
in EUR thousand	January–September 2019	January–September 2018	January–September 2019	January–September 2018	January–September 2019	January–September 2018	January–September 2019	January–September 2018	January–September 2019	January–September 2018
Revenues from completed services	63,612	62,611	19,606	16,951	29,843	31,978	6,438	6,932	119,498	118,471
Revenues from incomplete services	397	396	110	115	198	225	23	32	728	768
Total	**64,009**	**63,006**	**19,716**	**17,066**	**30,040**	**32,203**	**6,461**	**6,964**	**120,226**	**119,240**

Other operating revenues

Table 28: Other operating revenues in the period January–September 2019

in EUR thousand	January–September 2019	January–September 2018
Gains from the sale of property, plant and equipment, and assets held for sale	420	391
Revenues from the reversal of provisions	40	911
Government grants received	48	64
Other operating revenues	149	320
Total	**658**	**1,686**

Costs of goods, materials and services

Table 29: Costs of goods, materials and services in the period January–September 2019

in EUR thousand	January–September 2019	January–September 2018
Costs of materials and historical cost of goods sold	3,237	3,100
Costs of services	84,149	83,538
direct costs	74,241	74,126
costs of hired labour and student work	2,876	2,571
costs of maintenance of property, plant and equipment	1,185	1,731
costs of maintenance of intangible assets	626	491
costs of short-term leases of property, plant and equipment	813	-
costs of leases of intangible assets	317	11
insurance premiums	677	727
costs of asset security	615	566
costs of intellectual services	406	372
costs associated with the Supervisory Board and its committees	128	125
other costs of services	2,265	2,818
Total	**87,386**	**86,638**

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 2,265 thousand comprise the costs of municipal and banking services, costs in connection with business travel, training costs, the costs of ancillary services and other costs. Other costs of services included the costs of lease payments in accordance with IAS 17, which amounted to EUR 900 thousand during the comparable period.

Labour costs

Table 30: Labour costs in the period January–September 2019

in EUR thousand	January–September 2019	January–September 2018
Costs of wages and salaries	15,136	14,807
Social security costs and other levies	3,290	3,232
Other labour costs	3,074	3,086
annual leave allowance	631	614
transportation and meal allowances	1,503	1,393
other labour costs	191	162
expenses for employee participation in profits	748	917
Total	**21,499**	**21,125**

Amortisation and depreciation

Table 31: Amortisation and depreciation in the period January–September 2019

in EUR thousand	January–September 2019	January–September 2018
Depreciation of property, plant and equipment, and investment property	4,453	4,331
Amortisation of intangible assets	412	392
Total	**4,865**	**4,723**

Losses due to the impairment of receivables (including the reversal of impairment losses)

In the period January–September 2019, the item Losses due to the impairment of receivables (including the reversal of impairment losses) comprised revenues in the amount of EUR 113 thousand, primarily due to repayment of other receivables in the amount of EUR 647 thousand. The expected effect is disclosed in Table 36 Changes in adjustments to the value of current trade receivables and Table 38 Changes in adjustments to the value of other current operating receivables.

Other operating expenses

Table 32: Other operating expenses in the period January–September 2019

in EUR thousand	January–September 2019	January–September 2018
Building land use fees and similar expenses	1,035	1,183
Expenses in connection with other levies	63	0
Expenses from the impairments of property, plant and equipment	78	8
Expenses from the creation of provisions	112	0
Other operating expenses	575	809
Total	**1,863**	**2,001**

Finance income and costs

Table 33: Finance income and costs in the period January–September 2019

in EUR thousand	January–September 2019	January–September 2018
Interest income	415	122
Revenues from the disposal of financial assets	0	9
Net exchange rate differences	262	0
Total finance income	**677**	**131**
Interest expense	-1,350	-1,532
Losses due to the impairment of loans granted and deposits	-6	0
Net exchange rate differences	0	-87
Total finance costs	**-1,355**	**-1,619**
Loss from financing activities	**-678**	**-1,489**

Interest income primarily comprises the payment of default interest in the amount of EUR 284 thousand, which derives from other receivables.

The Group generated a **profit from ordinary operations** of EUR 4,696 thousand (EUR 4,597 thousand in the same period last year).

Corporate income tax for the reporting period was in the amount of EUR 446 thousand, comprising an expense for the current tax of 474 thousand and revenue from the deferred tax of EUR 28 thousand. Within the item deferred tax, the Group for the reporting period accrued revenues from the additional creation of deferred tax assets from tax losses in the amount of the use thereof (EUR 352 thousand) and revenues for deferred tax derived from tax relief for employee participation in profits (EUR 118 thousand).

The Group generated a **net profit** of EUR 4,250 thousand during the reporting period. Of that amount, EUR 4,041 thousand pertains to **controlling** interests, while EUR 209 thousand pertains to **non-controlling** interests (in the same period last year the Group generated a net profit of 4,181 thousand, comprising controlling interests of 4,027 thousand and non-controlling interests of 154 thousand.

B) NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Property, plant and equipment

Table 34: Property, plant and equipment as at 30 September 2019

in EUR thousand	30. 9. 2019	31. 12. 2018
Land and buildings	135,059	149,822
- land	72,416	76,788
- buildings	62,643	73,034
Plant and equipment	6,206	7,191
Right-of-use assets under leases	1,248	-
Investments in foreign fixed assets	6	2
Property, plant and equipment in acquisition	507	388
Total	**143,026**	**157,404**

Contributing most to the reduction in the value of property, plant and equipment was the transfer of real estate to investment property (EUR 12,584 thousand). Contributing also to the reduction in the value of property, plant and equipment were depreciation costs (EUR 4,027 thousand), asset sales costs (EUR 255 thousand), impairment costs (EUR 78 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 the purchase of other items of property, plant and equipment (EUR 1,345 thousand), right-of-use assets under leases (EUR 778 thousand with the transition to IFRS 16 as at 1 January 2019 and EUR 200 thousand in the period January–September 2019), and exchange rate differences (EUR 244 thousand).

The carrying amount of property, plant and equipment (land and buildings) pledged as collateral was EUR 101,620 thousand as at 30 September 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 was EUR 24,332 thousand as at 30 September 2019 (EUR 12,174 thousand during the same period last year). The increase in the value of investment property was the result of a transfer from property, plant and equipment in the amount of EUR 12.584 thousand, while the value of investment property was reduced by EUR 426 thousand on account of depreciation.

The carrying amount of pledged investment property at the end of September 2019 was EUR 13,668 thousand (comprising additional collateral for liabilities for which the underlying collateral comprises pledged items of property, plant and equipment).

Intangible assets

Table 35: Intangible assets as at 30 September 2019

in EUR thousand	30. 9. 2019	31. 12. 2018
Long-term property rights	478	554
Goodwill	42	42
Other intangible assets	2,391	2,621
Intangible assets under construction	475	446
Total	**3,386**	**3,662**

Loans granted and deposits

Table 36: Loans granted and deposits as at 30 September 2019

in EUR thousand	30. 9. 2019	31. 12. 2018
Long-term loans and deposits	**11**	**15**
- loans granted	2	3
- deposits	9	13
Short-term loans and deposits	**1,686**	**1,272**
- loans granted	1	1
- deposits	1,685	1,271
Total	**1,697**	**1,286**

As at 30 September 2019, the Group had pledged short-term deposits in the amount of EUR 910 thousand as collateral for contingent liabilities.

Available-for-sale assets

Available-for-sale assets amounted to EUR 2,001 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 2,714 thousand is the result of sales.

Current operating receivables

Table 37: Current operating receivables as at 30 September 2019

in EUR thousand	30. 9. 2019	31. 12. 2018
Current trade receivables	30,798	30,929
Current operating receivables from others	1,425	2,030
Total	**32,224**	**32,960**

The Group had current trade receivables with a carrying amount of EUR 10,000 thousand pledged as collateral as at 30 September 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 amounted to EUR 941 thousand at the end of September 2019 and comprise current deferred costs.

Provisions

Table 38: Provisions as at 30 September 2019

in EUR thousand	30. 9. 2019	31. 12. 2018
Provisions for severance pay at retirement and jubilee benefits	1,344	1,365
Provisions for lawsuits	994	982
Total	**2,338**	**2,347**

Table 39:

Non-current financial liabilities

Table 40: Non-current financial liabilities as at 30 September 2019

in EUR thousand	30. 9. 2019	31. 12. 2018
Long-term loans received (and finance leases as at 31 December 2018)	0	511
Lease liabilities	818	-
Total	**818**	**511**

Current financial liabilities

Table 41: Current financial liabilities as at 30 September 2019

in EUR thousand	30. 9. 2019	31. 12. 2018
Short-term loans received	58,129	70,046
Liabilities from short-term finance leases	484	89
Liabilities for dividends and other shares in profit	454	416
Total	**59,066**	**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 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 30 September 2019, the Group failed to achieve the target value of the quick ratio. For that reason, the parent company has received a waiver from all creditor banks for the aforementioned financial commitment.

The Group had approved and undrawn revolving loans in the amount of EUR 5,530 thousand as at 30 September 2019.

Current operating liabilities

Table 42: Current operating liabilities of the Intereuropa Group as at 30 September 2019

in EUR thousand	30. 9. 2019	31. 12. 2018
Current trade payables	18,629	20,544
Other current operating liabilities	5,196	3,805
Total	**23,825**	**24,349**

C) OTHER NOTES

Contingent liabilities

Table 43: Contingent liabilities as at 30 September 2019

in EUR thousand	30. 9. 2019	31. 12. 2018
Contingent liabilities from bank guarantees and guarantees given to others	19,637	16,585
Contingent liabilities from lawsuits	497	876
Contingent liabilities to D.S.U., družba za svetovanje in upravljanje, d. o. o.	66	66
Other contingent liabilities	105	105
Total contingent liabilities	**20,306**	**17,631**

Fair value

Table 44: Fair value of financial instruments as at 30 September 2019

in EUR thousand	30. 9. 2019		31. 12. 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Financial assets measured at fair value through other comprehensive income	4	4	102	102
Financial assets measured at fair value through profit or loss	27	27	27	27
Loans and deposits	1,697	1,697	1,287	1,287
Operating receivables	32,284	32,284	33,015	33,015
Cash and cash equivalents	6,447	6,447	9,578	9,578
Total	**40,460**	**40,460**	**43,982**	**43,982**
Financial liabilities				
Loans (and finance leases during the comparable period)	58,129	58,129	70,647	70,647
at fixed interest rates	0	0	643	643
at variable interest rates	58,129	58,129	70,004	70,004
Lease liabilities	1,302	1,302	-	-
Liabilities for dividends and other shares in profit	454	454	416	416
Operating liabilities	24,991	24,991	25,763	25,763
Total	**84,876**	**84,876**	**96,826**	**96,826**

Table 45: Fair value hierarchy of assets as at 30 September 2019

in EUR thousand	30. 9. 2019			
Fair value hierarchy	Level 1	Level 2	Level 3	Total
Land	0	0	72,416	72,416
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**	**72,443**	**72,448**

in EUR thousand	31. 12. 2018			
Fair value hierarchy	Level 1	Level 2	Level 3	Total
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 WITH RELATED PARTIES

Table 46: Transactions with related parties during the period January–September 2019

in EUR thousand	Associate		Other*	
	January–September 2019	January–September 2018	January–September 2019	January–September 2018
Revenues from the sale of services	381	1,200	39	45
Costs of services	3,521	3,188	9	17
in EUR thousand	Associate		Other*	
	30. 9. 2019	31. 12. 2018	30. 9. 2019	31. 12. 2018
Balance of operating receivables	103	91	6	9
Balance of operating liabilities	508	694	0	0

* Companies that are controlled or jointly controlled by an individual, or a member of their immediate family, who is in a relationship with the Group

INFORMATION BY BUSINESS SEGMENT FOR THE PERIOD JANUARY–SEPTEMBER 2019

Table 47: Geographical business segments in the period January–September 2019

in EUR thousand	Slovenia January–September 2019	Slovenia January–September 2018	Croatia January–September 2019	Croatia January–September 2018	Bosnia and Herzegovina January–September 2019	Bosnia and Herzegovina January–September 2018	Serbia January–September 2019	Serbia January–September 2018	Montenegro January–September 2019	Montenegro January–September 2018
Revenues from external customers	82,261	81,276	18,035	17,680	5,272	5,423	3,361	3,571	4,774	4,598
Revenues from transactions with other segments	2,682	2,829	709	555	427	431	435	447	56	106
Total revenues	84,944	84,105	18,745	18,235	5,699	5,854	3,796	4,018	4,829	4,704
Amortisation and depreciation	3,150	3,055	1,005	977	206	197	154	136	272	260
Operating profit	3,908	5,019	739	574	293	287	-360	477	823	795
Interest income	429	129	3	6	0	1	0	3	51	49
Interest expense	1,322	1,425	29	30	2	33	41	47	1	0
Profit from ordinary operations	3,903	4,515	709	534	291	254	-396	449	873	844
Investment result recognised according to the equity method	0	10	0	0	0	0	0	0	0	0
Corporate income tax	192	634	90	96	32	28	0	48	87	81
Net profit	3,711	3,881	619	437	260	226	-396	402	787	763

in EUR thousand	Ukraine January–September 2019	Ukraine January–September 2018	Other January–September 2019	Other January–September 2018	Total January–September 2019	Total January–September 2018	Adjustments (including eliminations*) January–September 2019	Adjustments (including eliminations*) January–September 2018	Group January–September 2019	Group January–September 2018
Revenues from external customers	2,567	2,611	3,854	4,055	120,124	119,214	101	26	120,226	119,240
Revenues from transactions with other segments	0	0	873	816	5,182	5,183	-5,182	-5,183	0	0
Total revenues	2,567	2,611	4,727	4,871	125,306	124,397	-5,081	-5,158	120,226	119,240
Amortisation and depreciation	22	36	55	62	4,865	4,723	0	0	4,865	4,723
Operating profit	-13	-3	51	100	5,441	6,232	-70	-154	5,371	6,079
Interest income	0	1	5	8	488	197	-73	-76	415	121
Interest expense	28	63	0	5	1,423	1,603	-73	-70	1,350	1,533
Profit from ordinary operations	270	-53	51	95	5,702	5,605	-1,006	-1,008	4,696	4,597
Investment result recognised according to the equity method	0	0	0	0	0	10	3	-3	3	7
Corporate income tax	24	0	22	15	446	855	0	-439	446	416
Net profit	246	-53	29	80	5,256	4,751	-1,006	-570	4,250	4,181

* All adjustments are subject to consolidation procedures

in EUR thousand	Slovenia 30. 9. 2019	Slovenia 31. 12. 2018	Croatia 30. 9. 2019	Croatia 31. 12. 2018	Bosnia and Herzegovina 30. 9. 2019	Bosnia and Herzegovina 31. 12. 2018	Serbia 30. 9. 2019	Serbia 31. 12. 2018	Montenegro 30. 9. 2019	Montenegro 31. 12. 2018
Assets	177,517	186,035	50,942	50,226	13,569	13,457	10,109	10,101	17,520	17,545
Non-current assets	149,530	151,003	40,929	41,577	11,242	11,567	8,976	9,026	11,637	11,958
Operating liabilities	19,181	19,878	3,131	2,964	1,177	1,211	1,139	1,119	609	539
Financial liabilities	60,373	71,777	659	585	47	93	1,421	1,134	437	400
Investment in associate	39	39	0	0	0	0	0	0	0	0

in EUR thousand	Ukraine 30. 9. 2019	Ukraine 31. 12. 2018	Other 30. 9. 2019	Other 31. 12. 2018	Total 30. 9. 2019	Total 31. 12. 2018	Adjustments (including eliminations*) 30. 9. 2019	Adjustments (including eliminations*) 31. 12. 2018	Group 30. 9. 2019	Group 31. 12. 2018
Assets	1,828	1,718	3,468	3,513	274,953	282,595	-50,029	-49,667	224,924	232,927
Non-current assets	1,319	1,229	1,030	1,049	224,663	227,408	-44,175	-44,432	180,488	182,977
Operating liabilities	663	641	1,056	1,100	26,956	27,453	-1,965	-1,690	24,991	25,763
Financial liabilities	1,231	1,358	80	0	64,248	75,347	-4,363	-4,284	59,885	71,063
Investment in associate	0	0	0	0	39	39	28	32	67	71

FINANCIAL RISKS

The 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 48: Liquidity risk as at 30 September 2019

in EUR thousand 30. 9. 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	58,129	58,631	58,610	11	10	0	0
Lease liabilities	1,302	1,492	423	260	672	137	0
Liabilities for dividends and other shares in profit	454	454	454	0	0	0	0
Trade payables	18,868	18,617	18,571	57	101	71	69
of which trade payables for short-term leases	13	13	13	0	0	0	0
Other operating liabilities	6,123	5,813	5,197	0	926	0	0
Total	**84,876**	**85,007**	**83,255**	**328**	**1,709**	**208**	**69**

Table 49: Liquidity risk as at 31 December 2018

in EUR thousand 31. 12. 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
Liabilities from 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	20,847	20,847	20,470	74	163	71	69
Other operating liabilities	4,916	4,916	3,807	0	1,097	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 under the financial restructuring agreement 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 50: Currency risk as at 30 September 2019

in EUR thousand

30. 9. 2019	EUR	HRK	RSD	Other	Total
Operating receivables	24,618	4,691	747	2,228	**32,284**
Long-term loans granted and deposits	0	0	0	11	**11**
Short-term loans granted and deposits	1,641	0	0	45	**1,686**
Short-term loans received	-57,945	0	-153	-31	**-58,129**
Liabilities for dividends and other shares in profit	-438	0	0	-16	**-454**
Lease liabilities	-716	-570	-16	0	**-1,302**
Operating liabilities	-19,912	-2,651	-920	-1,508	**-24,991**
Exposure disclosed in the statement of financial position	**-52,752**	**1,470**	**-342**	**729**	**-50,895**

Table 51: Currency risk as at 31 December 2018

in EUR thousand

31. 12. 2018	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 52: Exposure to credit risk and expected credit losses in connection with current trade receivables as at 30 September 2019

in EUR thousand	Gross value as at 30 September 2019	Average percentage of value adjustments created	Value adjustment as at 30 September 2019
Non-past-due	23,018	0.27%	62
0 to 30 days past due	4,856	0.43%	21
31 to 90 days past due	2,497	3.55%	89
91 to 180 days past due	818	27.99%	229
More than 180 days past due	5,055	100.00%	5,055
Exchange rate differences	2		-7
Total	**36,246**		**5,448**

Table 53: Exposure to credit risk and expected credit losses in connection with current trade receivables as at 31 December 2018

in EUR thousand	Gross value as at 31 December 2018	Average percentage of value adjustments created	Value adjustment as at 31 December 2018
Non-past-due	22,107	0.31%	69
1 to 30 days past due	6,079	0.35%	21
31 to 90 days past due	2,198	2.67%	59
91 to 180 days past due	804	13.23%	107
More than 180 days past due	4,947	100.00%	4,947
Exchange rate differences	1		3
Total	**36,135**		**5,206**

Table 54: Changes in adjustments to the value of current trade receivables in the period January–September 2019

in EUR thousand	January–September 2019	January–September 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	-249	-319
Losses due to the impairment of receivables (including the reversal of impairment losses)	515	270
Exchange rate differences	11	-2
Adjustment to value of receivables as at 30 September	**5,448**	**5,083**

Table 55: Exposure to credit risk and expected credit losses in connection with other current operating receivables as at 30 September 2019

in EUR thousand	Gross value as at 30 September 2019	Value adjustment as at 30 September 2019
Non-past-due	1,288	0
Past-due	423	312
Total	**1,711**	**312**

Table 56: Changes in adjustments to the value of other current operating receivables in the period January–September 2019

in EUR thousand	January–September 2019	January–September 2018
Adjustment to value of receivables as at 1 January	1,347	1,357
Written-off receivables	-421	0
Losses due to the impairment of receivables (including the reversal of impairment losses)	-628	0
Exchange rate differences	14	8
Adjustment to value of receivables as at 30 September	**312**	**1,365**

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

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

Table 57: Interest-rate risk as at 30 September 2019

in EUR thousand

Type of variable interest rate	Loan amount 30 September 2019	Increase in IR by 10 basis points	Increase in IR by 25 basis points	Increase in IR by 50 basis points
3-month EURIBOR	58,507	-59	-146	-293
1-month BELIBOR	153	0	0	-1
Total	**58,661**	**-59**	**-147**	**-293**

Table 58: Interest-rate risk as at 31 December 2018

in EUR thousand

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

EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting date that could have a significant impact on the presented financial statements.

3. FINANCIAL STATEMENTS OF THE PARENT COMPANY INTEREUROPA, D. D.

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

INCOME STATEMENT OF INTEREUROPA, D. D.

in EUR thousand	January–September 2019	January–September 2018
Sales revenue	**84,462**	**83,631**
Losses from the derecognition of operating receivables and assets from contracts with customers	-13	-10
Other operating revenues	287	1,289
Costs of goods, materials and services	-63,162	-62,317
Labour costs	-14,160	-13,706
Amortisation and depreciation	-3,148	-3,052
Losses due to the impairment of receivables (including the reversal of impairment losses)	251	-128
Other operating expenses	-727	-788
Operating profit	**3,790**	**4,919**
Interest income	428	127
Other finance income	914	922
Finance costs – costs of financing	-1,322	-1,425
Other finance costs	-32	-110
Loss from financing activities	**-12**	**-486**
Profit from ordinary operations	**3,778**	**4,433**
Corporate income tax (including deferred taxes)	-169	-616
Net profit for the accounting period	**3,609**	**3,817**
Basic and diluted earnings per ordinary share (in EUR)	0.13	0.14

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

in EUR thousand	January–September 2019	January–September 2018
Net profit for the accounting period	**3,609**	**3,817**
Other comprehensive income	**11**	**5**
Items that will be reclassified to profit or loss	**0**	**0**
Items that will not be reclassified to profit or loss	**11**	**5**
Transfer of revaluation surplus for land to net profit brought forward	-693	-32
Change in deferred taxes	66	6
Change in net profit brought forward from the transfer of the revaluation surplus for land	693	32
Corporate income tax on net profit brought forward	-55	-1
Total comprehensive income	**3,620**	**3,822**

STATEMENT OF FINANCIAL POSITION OF INTEREUROPA, D. D.

in EUR thousand	30. 9. 2019	31. 12. 2018
ASSETS		
Property, plant and equipment	77,014	85,752
Investment property	17,669	10,138
Intangible assets	3,172	3,431
Other non-current assets	21	23
Non-current operating receivables	34	16
Deferred tax assets	7,273	7,208
Long-term loans granted and deposits	17	102
Other non-current financial assets	44,323	44,323
TOTAL NON-CURRENT ASSETS	**149,523**	**150,993**
Available-for-sale assets	0	2,714
Inventories	7	7
Short-term loans granted and deposits	2,218	1,615
Assets from contracts with customers	616	590
Current operating receivables	22,516	23,620
Current receivables for corporate income tax	10	0
Other current assets	677	145
Cash and cash equivalents	1,001	5,430
TOTAL CURRENT ASSETS	**27,045**	**34,121**
TOTAL ASSETS	**176,568**	**185,114**
EQUITY		
Share capital	27,489	27,489
Share premium account	18,455	18,455
Profit reserves	2,748	2,749
Fair value reserves	31,718	32,278
Net profit brought forward	4,606	0
Net profit	3,609	4,034
TOTAL EQUITY	**88,625**	**85,005**
LIABILITIES		
Provisions	1,057	1,068
Non-current deferred income	67	81
Non-current financial liabilities	328	0
Non-current operating liabilities	1,167	1,401
Deferred tax liabilities	7,440	7,572
TOTAL NON-CURRENT LIABILITIES	**10,059**	**10,122**
Current financial liabilities	60,045	71,778
Liabilities from contracts with customers	29	17
Current operating liabilities	17,533	18,056
Current corporate income tax liabilities	260	136
Current deferred income	17	0
TOTAL CURRENT LIABILITIES	**77,884**	**89,987**
TOTAL LIABILITIES	**87,943**	**100,109**
TOTAL EQUITY AND LIABILITIES	**176,568**	**185,114**

STATEMENT OF CASH FLOWS OF INTEREUROPA, D. D.

in EUR thousand	January–September 2019	January–September 2018
Cash flows from operating activities		
Net profit for the accounting period	**3,609**	**3,818**
Adjustments for:		
amortisation and depreciation	3,148	3,052
gains on the sale of property, plant and equipment, and assets held for sale	-179	-108
losses from the derecognition of operating receivables and assets from contracts with customers	13	11
losses due to the impairment of receivables (including the reversal of impairment losses)	-251	90
finance income from interest	-428	-85
other finance income	-914	-752
finance costs – costs of financing	1,322	957
other finance costs	32	94
corporate income tax (including deferred taxes)	169	436
Operating profit before changes in net working capital and provisions	**6,521**	**7,514**
Changes in assets from contracts with customers	-26	-24
Changes in receivables	1,426	-3,007
Changes in other current assets	-531	-866
Changes in liabilities from contracts with customers	11	-3
Changes in operating liabilities	-1	1,947
Changes in provisions	6	-37
Change in deferred revenues	-14	1
Corporate income tax	-242	516
Net cash flow from operating activities	**7,150**	**6,041**
Cash flows from investing activities		
Interest received	414	65
Dividends received and shares in profit	825	448
Inflows from the sale of property, plant and equipment, and assets held for sale	2,910	413
Inflows from long-term loans granted	72	76
Inflows from long-term deposits placed	30	0
Inflows from the disposal of other non-current financial assets	0	9
Net cash flow from short-term loans granted	-620	0
Outflows for the acquisition of property, plant and equipment, and investment property	-1,463	-1,049
Outflows for the acquisition of intangible assets	-170	-123
Outflows for increase in capital of subsidiaries	-32	-92
Net cash flow from investing activities	**1,967**	**-253**
Cash flows from financing activities		
Interest paid	-1,355	-961
Outflows for the repayment of long-term loans	-6,229	-4,221
Net cash flow from short-term loans received	-5,778	1,650
Payment of lease liabilities	-184	0
Net cash flow from financing activities	**-13,546**	**-3,532**
Opening balance of cash and cash equivalents	**5,430**	**413**
Net cash flow for the period	**-4,429**	**2,256**
Closing balance of cash and cash equivalents	**1,001**	**2,669**

STATEMENT OF CHANGES IN EQUITY OF INTEREUROPA, D. D. FOR THE PERIOD JANUARY–SEPTEMBER 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**	**-561**	**572**	**3,609**	**3,620**
Net profit	0	0	0	0	0	0	0	3,609	3,609
Other comprehensive income	0	0	0	0	0	-561	572	0	11
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 30 September 2019	**27,489**	**18,455**	**2,749**	**180**	**-180**	**31,717**	**4,606**	**3,609**	**88,625**

STATEMENT OF CHANGES IN EQUITY OF INTEREUROPA, D. D. FOR THE PERIOD JANUARY–SEPTEMBER 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**	**-26**	**31**	**3,817**	**3,822**
Net profit	0	0	0	0	0	0	0	3,817	**3,817**
Other comprehensive income	0	0	0	0	0	-26	31	0	5
Other changes	0	0	0	0	0	1	0	0	1
Transactions with owners									
Transfer of net profit from the previous year to net profit brought forward	0	0	0	0	0	0	340	-340	0
Closing balance as at 30 September 2018	**27,489**	**18,455**	**2,749**	**180**	**-180**	**32,317**	**3,452**	**3,817**	**88,279**

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 the following:

- assessments and judgements that relate to the initial application of IFRS 16 Leases (the Company began applying the aforementioned standard on 1 January 2019), as described in the following point (3.2c): Changes in significant accounting policies, and
- the assessment whether real estate is deemed an investment property: the Company sets out criteria for the classification of real estate or parts of real estate to investment property such that all real estate that are the subject of long-term lease (more than one year) or lease for an indefinite period, are classified to investment property according to the following key: classification of a proportion of the real estate (if the leased portion of real estate exceeds 10% and is below 90% of the entire real estate in terms of area). If the leased portion of real estate accounts for 90% or more, the entire real estate is classified to investment property; if that portion accounts for 10% or less of the entire real estate area the real estate remains classified under fixed assets as property used by the owner.

  Real estate that is the subject of a short-term lease (less than one year in duration) or is not the subject of a lease (not used) remain classified under fixed assets as property used by the owner.

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. It thus did not recalculate comparable data.

IFRS 16 replaces IAS 17 Leases and related clarifications. IFRS 16 eliminates the previous dual lease accounting model, when the Company acted 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. IFRS 16 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 companies 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 and equipment in the period January–September 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 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 liabilities

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 were transferred by 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 59: 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 60: 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 weighted average 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–September 2019

Table 61: Changes in right-of-use assets under leases in the period January-September 2019

	Right-of-use assets under leases		
in EUR thousand	Buildings	Equipment	Total
Balance as at 1 January 2019	**0**	**582**	**582**
Increase for new leases	140	60	200
Amortisation and depreciation	-49	-146	-195
Balance as at 30 September 2019	**91**	**496**	**587**

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

Table 62: Interest expenses on lease liabilities and costs of short-term leases in the period January–September 2019

in EUR thousand	January–September 2019
Interest expenses on lease liabilities	13
Costs of short-term leases of real estate and equipment	175
Total	**188**

Table 63: Effect of the application of IFRS 16 on the cash flow statement for the period January–September 2019 (Company as lessee)

in EUR thousand	January–September 2019
Lease payments for short-term leases (disclosed in cash flows from operating activities)	178
Payment of lease liabilities comprising principal (disclosed in cash flows from financing activities)	184
Total	**362**

Table 64: Gains on sale and leaseback transactions in the period January–September 2019

in EUR thousand	January–September 2019
Gains on sale and leaseback transactions	55

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

Table 65: Rental income in the period January–September 2019

in EUR thousand	January–September 2019
Rental income	3,070

Other disclosures

The balance of non-current and current lease liabilities as at 30 September 2019 is disclosed in Table 62 Financial liabilities.

An analysis of the maturity of lease liabilities is presented in Table 68 Liquidity risk.

A) NOTES TO THE INCOME STATEMENT

Sales revenue

Sales revenue amounted to EUR 84,462 thousand (EUR 83,631 thousand during the comparable period).

Table 66: Sales revenue by business line in the period January–September 2019

in EUR thousand	January–September 2019	January–September 2018
Revenues by business line		
Land transport	39,271	38,812
Logistics solutions	14,353	11,926
Intercontinental transport	27,400	29,665
Other services	3,439	3,227
Total	84,462	83,631
Revenues generated by country (with respect to a customer's head office)		
Slovenia	46,473	47,253
Croatia	1,326	1,176
Bosnia and Herzegovina	810	963
Montenegro	269	244
Other countries	35,584	33,996
Total	**84,462**	**83,631**

Table 67: Sales revenue with respect to the timing of recognition in the period January–September 2019

	Land transport		Logistics solutions		Intercontinental transport		Other services		Total	
in EUR thousand	January–September 2019	January–September 2018	January–September 2019	January–September 2018	January–September 2019	January–September 2018	January–September 2019	January–September 2018	January–September 2019	January–September 2018
Revenues from completed services	39,006	38,517	14,256	11,835	27,215	29,440	3,416	3,202	83,892	82,995
Revenues from incomplete services	265	295	97	91	185	225	23	25	570	636
Total	**39,271**	**38,812**	**14,353**	**11,926**	**27,400**	**29,665**	**3,439**	**3,227**	**84,462**	**83,631**

Other operating revenues

Table 68: Other operating revenues in the period January–September 2019

in EUR thousand	January–September 2019	January–September 2018
Gains from the sale of property, plant and equipment, and assets held for sale	179	131
Revenues from the reversal of provisions	0	878
Revenues from compensation	3	120
Government grants received	45	61
Other operating revenues	60	100
Total	**287**	**1,289**

Costs of goods, materials and services

Table 69: Costs of goods, materials and services in the period January–September 2019

in EUR thousand	January–September 2019	January–September 2018
Costs of materials and historical cost of goods sold	1,426	1,331
Costs of services within the Group	1,536	1,569
Costs of services (excluding the Group):	60,188	59,417
direct costs	54,013	53,600
costs of hired labour and student work	2,393	2,126
maintenance of property, plant and equipment, and investment property	700	686
maintenance of intangible assets	546	491
costs of short-term leases of property, plant and equipment	175	-
costs of leases of intangible assets	300	11
insurance premiums	450	442
costs of asset security	389	359
costs of intellectual services	155	189
costs associated with the Supervisory Board and its committees	127	125
other costs of services	941	1,387
Total	**63,162**	**62,317**

Direct costs comprise the costs of subcontractors (transportation, port-related services, etc.) that are directly related to the provision of the Company's services. Other costs of services in the amount of EUR 941 thousand comprise the costs of municipal and banking services, costs in connection with business travel, training costs, the costs of ancillary services and other costs. Other costs of services included the costs of lease payments in accordance with IAS 17, which amounted to EUR 421 thousand during the comparable period.

Labour costs

Table 70: Labour costs in the period January–September 2019

in EUR thousand	January–September 2019	January–September 2018
Costs of wages and salaries	9,567	9,168
Social security costs	2,026	1,960
Other labour costs	2,567	2,578
annual leave allowance	544	508
transportation and meal allowances	1,152	1,102
other labour costs	124	51
expenses for employee participation in profits	748	917
Total	**14,160**	**13,706**

Amortisation and depreciation

Table 71: Amortisation and depreciation in the period January–September 2019

in EUR thousand	January–September 2019	January–September 2018
Depreciation of property, plant and equipment, and investment property	2,569	2,690
Amortisation of intangible assets	384	362
Amortisation of right-of-use assets under leases	195	0
Total	**3,148**	**3,052**

Losses due to the impairment of receivables (including the reversal of impairment losses)

In the period January–September 2019, the item Losses due to the impairment of receivables (including the reversal of impairment losses) comprised revenues in the amount of EUR 251 thousand, primarily due to repayment of other receivables in the amount of EUR 571 thousand. The expected effect is disclosed in Table 74 Changes in adjustments to the value of current trade receivables and Table 76 Changes in adjustments to the value of other current operating receivables.

Other operating expenses

Table 72: Other operating expenses in the period January–September 2019

in EUR thousand	January–September 2019	January–September 2018
Building land use fees and similar expenses	648	726
Other operating expenses	79	61
Total	**727**	**788**

Finance income and costs

Table 73: Finance income and costs in the period January–September 2019

in EUR thousand	January–September 2019	January–September 2018
Interest income from Group companies	40	34
Interest income from others	388	93
Income from dividends and other shares in profit from Group companies	901	903
Income from participating interest in associate	8	10
Gains from the disposal of financial assets	0	9
Net exchange rate differences	5	0
Total finance income	**1,342**	**1,049**
Interest expense and other borrowing expenses	-1,322	-1,425
Expenses from impairments of investments in participating interests and shares in Group companies	-32	-107
Net exchange rate differences	0	-3
Total finance costs	**-1,354**	**-1,535**
Loss from financing activities	**-12**	**-486**

Interest income from others primarily comprises the payment of default interest in the amount of EUR 284 thousand, which derives from other receivables.

The **profit from ordinary operations** in the amount of EUR 3,778 thousand (EUR 4,433 thousand in the same period last year) was the result of operating profit in the amount of EUR 3,790 thousand and a loss from financing activities in the amount of EUR -12 thousand.

Corporate income tax for the period under review was in the amount of EUR 169 thousand, comprising an expense for the current tax of 299 thousand and revenue from the deferred tax of EUR 130 thousand. Within the item deferred tax, the Company for the reporting period accrued revenues from the additional creation of deferred tax assets from tax losses in the amount of the use thereof (EUR 352 thousand) and revenues for deferred tax derived from tax relief for employee participation in profits (EUR 118 thousand).

A **net profit** in the amount of EUR 3,609 thousand (3,817 thousand in the same period last year) was thus achieved taking into account corporate income tax.

B) NOTES TO THE STATEMENT OF FINANCIAL POSITION

Property, plant and equipment

Table 74: Property, plant and equipment as at 30 September 2019

in EUR thousand	30. 9. 2019	31. 12. 2018
Land and buildings	71,868	81,160
- land	41,624	44,732
- buildings	30,244	36,428
Plant and equipment	4,338	4,575
Right-of-use assets under leases	587	0
Investments in foreign fixed assets	6	2
Property, plant and equipment in acquisition	215	15
Total	**77,014**	**85,752**

Contributing most to the reduction in the value of property, plant and equipment was the transfer of real estate to investment property (EUR 7,823 thousand). Other reductions relate to depreciation costs (EUR 2,473 thousand). The increase in property, plant and equipment was the result of the purchase of other items of property, plant and equipment (EUR 776 thousand) and of right-of-use assets under leases (EUR 582 thousand with the transition to IFRS 16 as at 1 January 2019 and EUR 200 thousand in the period January–September 2019).

The carrying amount of property, plant and equipment (land and buildings) pledged as collateral was EUR 64,916 thousand at the end of the first three quarters of 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 17,669 thousand as at 30 September 2019 (EUR 10,138 thousand as at 30 September 2018). The increase in the value of investment property during the accounting period was the result of a transfer from property, plant and equipment in the amount of EUR 7.823 thousand, while the value of investment property was reduced by EUR 292 thousand on account of depreciation.

The carrying amount of investment property pledged as collateral was EUR 9,594 thousand at the end of September 2019. That amount represents additional collateral for liabilities for which the underlying collateral comprises pledged items of property, plant and equipment.

Intangible assets

Table 75: Intangible assets as at 30 September 2019

in EUR thousand	30. 9. 2019	31. 12. 2018
Long-term property rights	307	367
Other intangible assets	2,390	2,617
Intangible assets under construction	475	446
Total	**3,172**	**3,431**

Loans granted and deposits

Table 76: Loans granted and deposits as at 30 September 2019

in EUR thousand	30. 9. 2019	31. 12. 2018
Long-term loans granted and deposits	**17**	**102**
- loans to subsidiaries	17	92
- deposits	0	10
Short-term loans granted and deposits	**2,218**	**1,615**
- loans to subsidiaries	2,208	1,585
- deposits	10	30
Total	**2,235**	**1,717**

The Company had pledged short-term deposits in the amount of EUR 10 thousand as collateral for contingent liabilities.

Other non-current financial assets

Table 77: Other non-current financial assets as at 30 September 2019

in EUR thousand	30. 9. 2019	31. 12. 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 at the end of September. 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, which amounted to EUR 2,714 thousand at the end of 2018, were sold.

Current operating receivables

Table 78: Current operating receivables as at 30 September 2019

in EUR thousand	30. 9. 2019	31. 12. 2018
Current operating receivables from Group companies	686	566
Current operating receivables from Group companies for interest	200	193
Current receivables for dividends and other shares in profit of Group companies	76	0
Current trade receivables (excluding the Group)	20,967	21,773
Current operating receivables from others	588	1,089
Total	**22,516**	**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 amounted to EUR 677 thousand at the end of September 2019 and comprise current deferred costs.

Provisions

Table 79: Provisions as at 30 September 2019

in EUR thousand	30. 9. 2019	31. 12. 2018
Provisions for severance pay at retirement and jubilee benefits	1,048	1,055
Provisions for lawsuits	9	13
Total	**1,057**	**1,068**

Financial liabilities

Table 80: Financial liabilities as at 30 September 2019

in EUR thousand	30. 9. 2019	31. 12. 2018
Non-current lease liabilities	328	-
Total non-current financial liabilities	**328**	**-**
Short-term loans received from Group companies	1,800	2,061
Short-term loans from others	57,945	69,717
Current lease liabilities	300	-
Total current financial liabilities	**60,045**	**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 30 September 2019, the Company failed to achieve the target value of the quick ratio. For that reason, the Company has already received a waiver from all creditor banks for the aforementioned financial commitment.

The Company had approved and undrawn revolving loans in the amount of EUR 5,530 thousand as at 30 September 2019.

Current operating liabilities

Table 81: Current operating liabilities as at 30 September 2019

in EUR thousand	30. 9. 2019	31. 12. 2018
Current operating liabilities to Group companies	479	356
Current trade payables (excluding the Group)	13,390	15,176
Other current operating liabilities	3,665	2,524
Total	**17,533**	**18,056**

C) OTHER NOTES

Contingent liabilities

Table 82: Contingent liabilities as at 30 September 2019

in EUR thousand	30. 9. 2019	31. 12. 2018
From bank guarantees and guarantees given to Group companies	234	468
From bank guarantees and guarantees given to others	9,555	9,555
From lawsuits	59	68
To D.S.U., družba za svetovanje in upravljanje, d. o. o.	66	66
Total	**9,914**	**10,157**

Fair value

Table 83: Fair value of financial instruments as at 30 September 2019

in EUR thousand	30. 9. 2019 Carrying amount	30. 9. 2019 Fair value	31. 12. 2018 Carrying amount	31. 12. 2018 Fair value
Assets				
Financial assets measured at fair value through profit or loss	27	27	27	27
Loans and deposits	2,235	2,235	1,717	1,717
Operating receivables	22,550	22,550	23,636	23,636
Cash and cash equivalents	1,001	1,001	5,430	5,430
Total	**25,812**	**25,812**	**30,811**	**30,811**
Liabilities				
Loans	59,745	59,745	71,777	71,777
- at fixed interest rates	1,920	1,920	0	0
- at variable interest rates	57,825	57,825	71,777	71,777
Lease liabilities	628	628	0	0
Operating liabilities	18,700	18,700	19,457	19,457
Total	**79,072**	**79,072**	**91,235**	**91,235**

Table 84: Fair value hierarchy of assets as at 30 September 2019

in EUR thousand	30. 9. 2019			
Fair value hierarchy	Level 1	Level 2	Level 3	Total
Land	0	0	41,624	41,624
Financial assets measured at fair value through profit or loss	0	0	27	27
Total	**0**	**0**	**41,651**	**41,651**
in EUR thousand	31. 12. 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 WITH RELATED PARTIES

Table 85: Transactions with related parties during the period January–September 2019

in EUR thousand	Subsidiaries January–September 2019	Subsidiaries January–September 2018	Associate January–September 2019	Associate January–September 2018	Other* January–September 2019	Other* January–September 2018
Revenues from the sale of services	2,674	2,819	336	437	39	41
Interest income	40	35	0	0	0	0
Income from participating interests	901	903	8	10	0	0
Costs of services	1,536	1,569	3,521	3,188	5	12
Interest expenses	24	15	0	0	0	0
	Subsidiaries		Associate		Other*	
in EUR thousand	30. 9. 2019	31. 12. 2018	30. 9. 2019	31. 12. 2018	30. 9. 2019	31. 12. 2018
Non-current investments in shares and participating interests	44,257	44,257	39	39	0	0
Balance of operating receivables	956	759	103	91	6	6
Loans granted	2,225	1,677	0	0	0	0
Balance of operating liabilities	473	356	508	694	0	0
Loans received	1,800	2,060	0	0	0	0

* Companies that are controlled or jointly controlled by an individual, or a member of their immediate family, who is in a relationship with the Company.

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 86: Liquidity risk as at 30 September 2019

in EUR thousand 30. 9. 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	1,800	1,812	811	1,001	0	0	0
Loans received from others on the basis of loan agreements	57,945	58,446	58,446	0	0	0	0
Lease liabilities	628	653	156	171	198	128	0
Operating liabilities to Group companies	471	471	471	0	0	0	0
Trade payables (excluding the Group)	13,630	13,630	13,333	57	101	71	69
of which trade payables for short-term leases	9	9	9	0	0	0	0
Other operating liabilities	4,591	4,591	3,665	0	926	0	0
Total	**79,065**	**79,602**	**76,882**	**1,229**	**1,224**	**198**	**69**

On 1 March 2019, the Company extended the maturity of the final instalment under the financial restructuring agreement 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. It is planning to refinance financial liabilities from the financial restructuring agreement in 2019.

Table 87: Liquidity risk as at 31 December 2018

in EUR thousand 31. 12. 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**

Table 88: Currency risk as at 30 September 2019

in EUR thousand 30. 9. 2019	EUR	USD	Other	Total
Operating receivables from Group companies	886	0	76	961
Other operating receivables	21,209	382	2	21,593
of which trade receivables	20,615	357	-1	20,972
Short-term loans to Group companies	2,208	0	0	2,208
Long-term loans to Group companies	17	0	0	17
Short-term loans granted and deposits placed with others	10	0	0	10
Short-term loans received from Group companies	-1,800	0	0	-1,800
Short-term loans received from others and other current financial liabilities	-57,945	0	0	-57,945
Lease liabilities	-628	0	0	-628
Operating liabilities within the Group	-479	0	0	-479
Other operating liabilities	-18,003	-198	-21	-18,222
of which trade payables	-13,443	-174	-19	-13,636
Exposure disclosed in the statement of financial position	**-54,525**	**184**	**56**	**-54,285**

Table 89: Currency risk as at 31 December 2018

in EUR thousand 31. 12. 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
Long-term loans from others	0	0	0	0
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
Other operating liabilities	-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 90: Exposure to credit risk and expected credit losses in connection with current trade receivables as at 30 September 2019

in EUR	Gross value as at 30 September 2019	Average percentage of value adjustments created	Value adjustment as at 30 September 2019
Non-past-due	17,240,468	0.19%	32,016
0 to 30 days past due	2,862,756	0.33%	9,438
31 to 90 days past due	1,432,707	4.09%	58,563
91 to 180 days past due	362,928	42.54%	154,374
More than 181 days past due	2,513,789	100.00%	2,513,789
Exchange rate differences	2,824	0.00%	0
Total	**24,415,471**		**2,768,181**

Table 91: Exposure to credit risk and expected credit losses in connection with current trade receivables as at 31 December 2018

in EUR thousand	Gross value as at 31 December 2018	Average percentage of value adjustments created	Value adjustment as at 31 December 2018
Non-past-due	17,514	0.23%	41
1 to 30 days past due	3,566	0.22%	8
31 to 90 days past due	1,068	2.95%	31
91 to 180 days past due	345	20.91%	72
More than 181 days past due	2,471	100.00%	2,471
Exchange rate differences	-2	0.00%	0
Total	**24,962**		**2,623**

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 the Company has in place control limits and mechanisms for approving exposure to credit risk for major customers.

Table 92: Changes in adjustments to the value of current trade receivables

in EUR thousand	January–September 2019	January–September 2018
Adjustment to value of receivables as at 1 January	2,623	2,520
Write-offs of receivables	-174	-110
Losses due to the impairment of receivables (including the reversal of impairment losses)	319	125
Adjustment to value of receivables as at 30 September	**2,768**	**2,534**

Table 93: Exposure to credit risk and expected credit losses in connection with other current operating receivables

in EUR thousand	Gross value as at 30 September 2019	Value adjustment as at 30 September 2019	Gross value as at 31 December 2018	Value adjustment as at 31 December 2018
Non-past-due	580	0	1,089	0
Past-due	272	272	1,264	1,264
Total	**853**	**272**	**2,353**	**1,264**

Table 94: Changes in adjustments to the value of other current operating receivables

in EUR thousand	January–September 2019	January–September 2018
Adjustment to value of receivables as at 1 January	1,264	1,264
Write-offs of receivables	-421	0
Losses due to the impairment of receivables (including the reversal of impairment losses)	-570	0
Adjustment to value of receivables as at 30 September	**272**	**1,264**

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

Table 95: Interest-rate risk as at 30 September 2019

in EUR thousand

Type of variable interest rate	Loan amount 30 September 2019	Increase in IR by 10 basis points	Increase in IR by 25 basis points	Increase in IR by 50 basis points
3-month EURIBOR	57,958	-58	-145	-290

Table 96: Interest-rate risk as at 31 December 2018

in EUR thousand

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

EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting date that could have a significant impact on the presented financial statements.