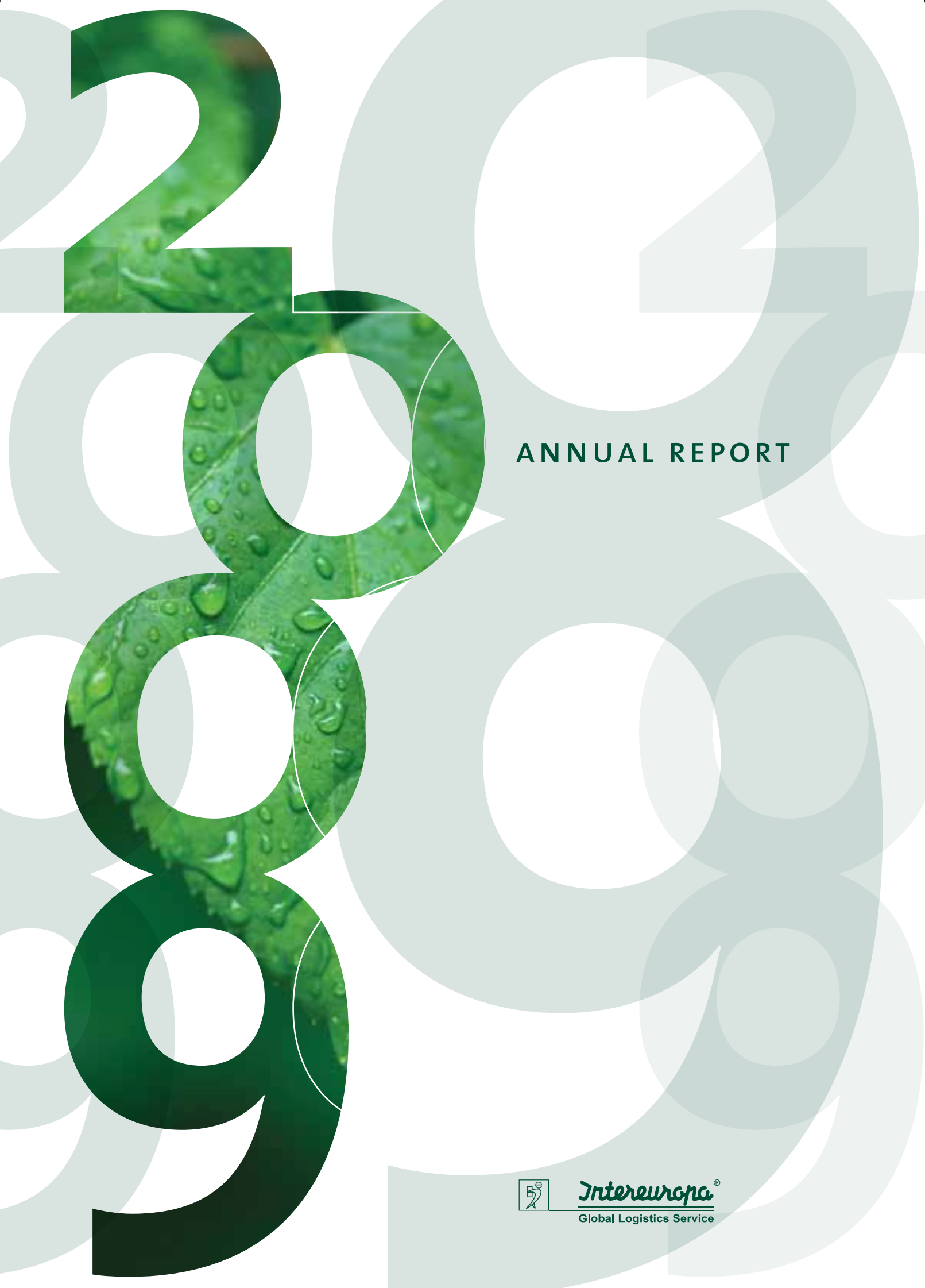




ANNUAL REPORT



Intereuropa®
Global Logistics Service

Intereuropa

Global Logistics Service,

Ltd. Co.

Vojkovo nabrežje 32

6000 Koper

Slovenia

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INTEREUROPA GROUP
ANNUAL REPORT



The Annual Report of the Intereuropa Group comprises the business and financial parts. The financial part includes financial statements with notes for the Intereuropa Group and financial statements with notes for the controlling or parent company Intereuropa d.d.



A Turbulent Year.

We are leaving behind the year of tremors, insecurity and sweeping changes from which we were not spared. Opportunities vanishing with the wind, floods of unfavourable events and extreme outlooks have become part of our daily routine. But the need for swift adjustments and the search for new paths and synergies have brought us closer together than ever before. We walk forward, stronger in spirit and with greater determination. A clearer horizon is unfolding before our eyes.



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Key Figures for 2009

THE GROUP

Table 1 |

Profit and loss statement					(in 1000 EUR)
	2006**	2007	2008	2009	I 09/08
Sales revenues	208,002	235,499	257,697	191,117	74
Profit/loss before interest, taxes and depreciation (EBITDA)	18,411	27,337	27,864	15,136	54
Operating profit/loss	10,034	33,528	3,639	-61,307	-
Net profit/loss	6,742	26,477	3,688	-53,907	-
Added value	56,533	71,431	79,691	62,845	79
Net profit/loss per share (in EUR)	0.81	3.30	0.39	-6.87	-
Gross dividend per share (in EUR)	1.04	0.83	0.58	0.00	0

Table 2 |

Statement of financial position					(in 1000 EUR)
	2006**	2007	2008	2009	I 09/08
Total assets	289,830	408,571	451,678	489,270	108
Non-current assets	187,485	320,187	356,585	406,821	114
Current assets	102,345	88,384	95,093	82,449	87
Capital	181,340	186,154	169,360	188,803	111
Average capital*	175,327	170,509	175,913	206,035	117
Financial and operating liabilities	105,885	219,113	278,850	296,663	106

*Net profit/loss for the business year is not included in the average capital.

Table 3 |

Number of employees (per hours paid)					
	2006**	2007	2008	2009	I 09/08
Number of employees in the Group	2,129	2,343	2,657	2,510	94
Number of employees in subsidiaries	1,238	1,425	1,725	1,647	95

Table 4 |

Performance indicators					
	2006**	2007	2008	2009	I 09/08
Net return on equity	3.8%	15.5%	2.1%	-26.2%	-
Net return on assets	2.4%	7.6%	0.9%	-11.5%	-
Productivity (in EUR)	97.70	100.49	96.98	76.15	79
Net return on revenues	3.1%	9.6%	1.3%	-27.2%	-

EBITDA: depreciation + operating expenses from revaluation of intangible and tangible fixed assets + operating profit or loss

Added value: EBITDA + labour costs

Net return on equity: net profit or loss / average capital

Net return on assets: net profit or loss / average assets

Productivity: sales revenue / number of employees

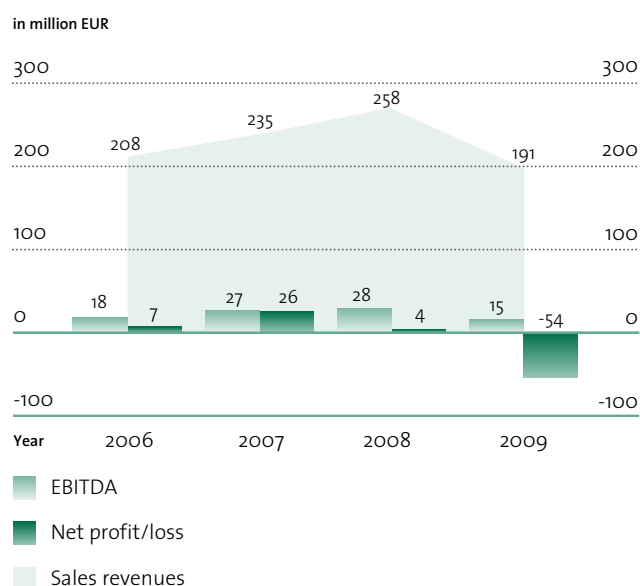
Net return on revenues: net profit or loss / total revenues

Exchange rate used for 2006: EUR 1 = SIT 239.64.

** Data does not include the company Schneider& Peklar GmbH, Vienna, which was excluded from the Group in 2007 due to bankruptcy proceedings (it is disclosed as discontinued operation in the financial statements). The company is in bankruptcy proceedings as of 18 January 2008.

Figure 1 |

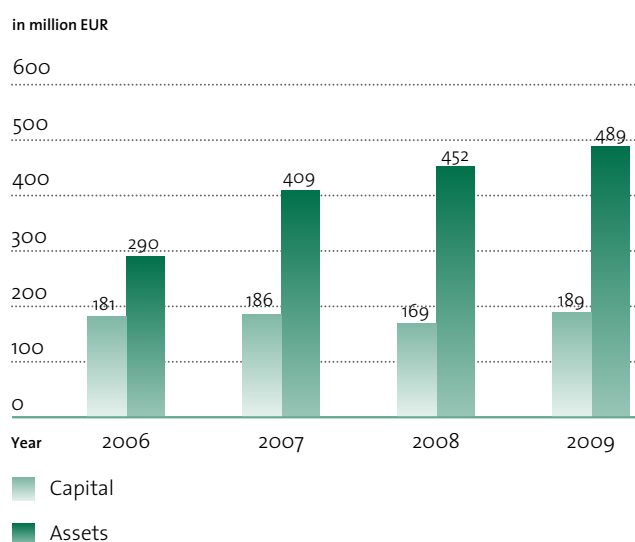
Movement of sales revenues, EBITDA and net profit/loss for the Group from 2006 to 2009



The 26 percent drop in sales revenues in 2009 was due mainly to reduced flow of commodities in Group markets, resulting in lower demand for logistics services and greater pressures on prices.

Figure 2 |

Movement of assets and capital for the Group from 2006 to 2009



The revaluation of Group assets resulted in an increase in capital despite a net loss for 2009.

Table 5 |

Profit and loss statement					(in 1000 EUR)
	2006	2007	2008	2009	1 09/08
Sales revenues	124,476	143,386	141,551	99,986	71
Profit/loss before interest, taxes and depreciation (EBITDA)	7,071	6,959	4,443	1,827	41
Operating profit/loss	6,337	21,997	2,318	-76,677	-
Net profit/loss	4,659	19,383	3,265	-71,352	-
Added value	26,978	29,325	28,502	24,364	85
Net profit/loss per share (in EUR)	0.59	2.45	0.39	-9.05	-
Gross dividend per share (in EUR)	1.04	0.83	0.58	0.00	0

Table 6 |

Statement of financial position					(in 1000 EUR)
	2006	2007	2008	2009	1 09/08
Total assets	226,678	313,071	359,850	410,132	114
Non-current assets	160,009	253,616	245,879	284,564	116
Current assets	66,669	59,455	113,971	125,568	110
Capital	165,905	159,127	152,312	136,674	90
Average capital*	162,103	152,825	154,087	180,169	117
Financial and operating liabilities	59,324	152,110	205,562	271,289	132

*Net profit/loss for the business year is not included in the average capital.

Table 7 |

Number of employees (per hours paid)					
	2006	2007	2008	2009	1 09/08
Number of employees	892	918	932	863	93

Table 8 |

Performance indicators					
	2006	2007	2008	2009	1 09/08
Net return on equity	2.9%	12.7%	2.1%	-39.6%	-
Net return on assets	2.1%	7.2%	1.0%	-18.5%	-
Productivity (in EUR)	139.56	156.13	151.91	115.91	76
Net return on revenues	3.5%	11.3%	2.1%	-64.3%	-

EBITDA: depreciation + operating expenses from revaluation of intangible and tangible fixed assets + operating profit or loss

Added value: EBITDA + labour costs

Net return on equity: net profit or loss / average capital

Net return on assets: net profit or loss / average assets

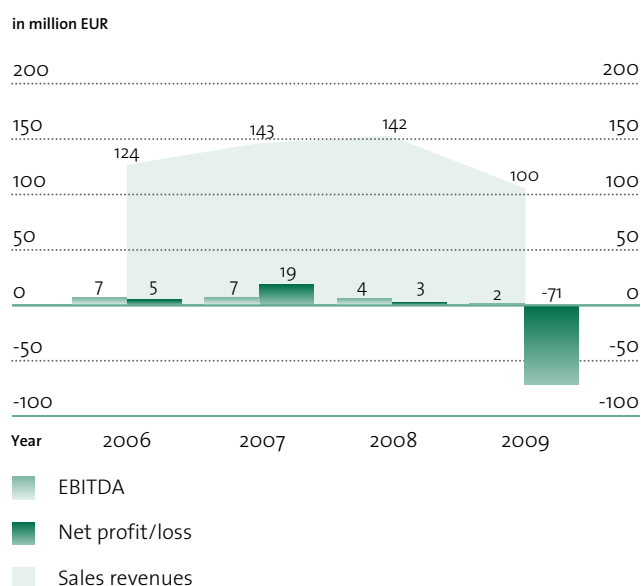
Productivity: sales revenue / number of employees

Net return on revenues: net profit or loss / total revenues

Exchange rate used for 2006: EUR 1 = SIT 239.64.

Figure 3 |

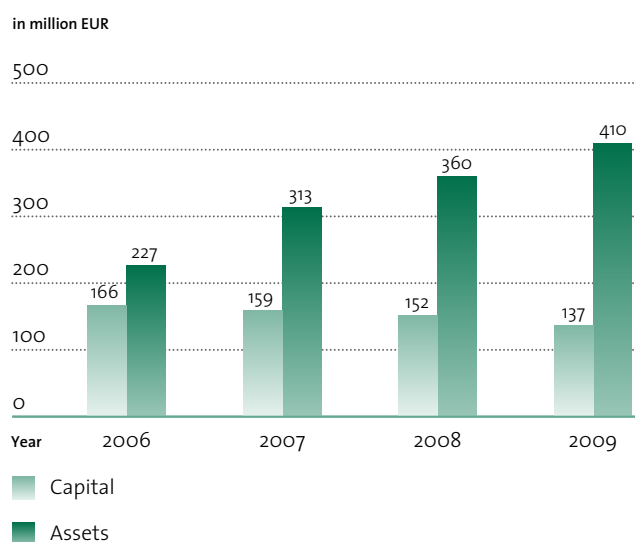
Movement of sales revenues, EBITDA and net profit/loss from 2006 to 2009 for the parent company Intereuropa d.d.



In addition to lower sales, the adjustment of assets to fair value had the greatest impact on the company's loss/profit, which is evidenced by extremely high revaluation expenses arising from the impairment of tangible fixed assets and financial investments in Group companies.

Figure 4 |

Movement of assets and capital of Intereuropa d.d. from 2006 to 2009 for the parent company Intereuropa d.d.



Due to the revaluation of company-owned land to fair value, fixed assets increased by EUR 57 million; capital, which at the end of the year accounted for one-third in the structure of resources, increased by the same amount.

Dear Business Partners,



The global economic crisis greatly affected Intereuropa's business operations in 2009. The marked reduction in the volume of business of the many branches to which logistics activity is linked led to visible market shrinkage and, consequently, a major test of perseverance, ingenuity, and capacity to adapt.

The company maintained its position on the market thanks to the solid ties we have created with our customers through long-term investments in high quality logistics services as well as a strong and diversified network. The crisis brought us even closer together in the search for new paths and new synergies. We have optimism and will in abundance. In future, we will first need to ensure the financial stability of the Group, continuing at the same time to adapt to market conditions, maintain our market positions and explore possibilities for further developing business operations.

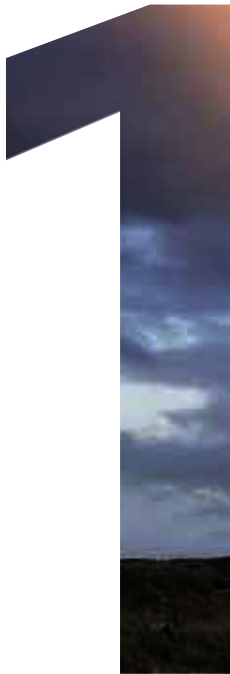
A difficult year awaits us with many challenges in store. I am convinced they will be anything but easy; however we will not be swerved. Instead we can use challenges to our advantage, relying among other things on your trust.

Ernest Gortan, M.Sc.

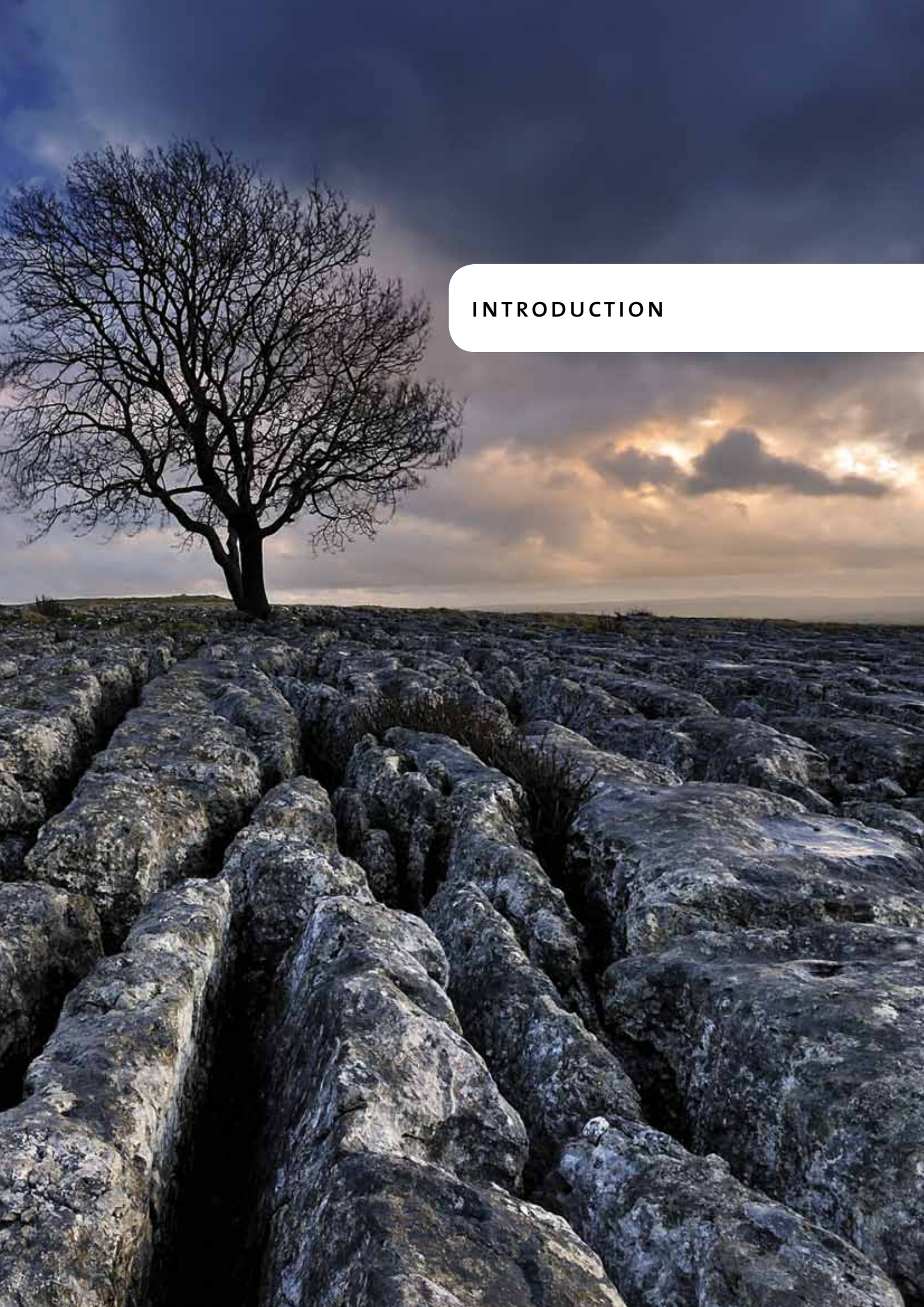
President of the Management Board

A handwritten signature in green ink, reading "Gortan".





We remain optimistic even under the most severe conditions.



INTRODUCTION

Company Profile

BASIC INFORMATION

Controlling company	
Abbreviated name	Intereuropa d.d.
Country of the controlling company	Slovenia
Head office of the controlling company	Vojkovo nabrežje 32, 6000 Koper
Registration number	5001684
VAT identification number	56405006
Bank accounts	02945-0258577491, held at Nova Ljubljanska banka d.d. 03135-1005943869, held at SKB banka d.d. 04750-0001009045, held at Nova KBM d.d. 07000-0001069709, held at Gorenjska banka d.d. 10100-0000006785, held at Banka Koper d.d. 24203-9002718580, held at Raiffeisen Bank d.d. 29000-0001836455, held at UniCredit Bank Slovenija d.d.
Entry No. in court register	Registered at the Koper District Court, Entry No. 1/00212/00
Share capital	EUR 32,976,185.11
Number of issued and paid-up shares	7,902,413 no-par value shares
Shares listed on	IEKG shares are listed on the prime market of the Ljubljana Stock Exchange.
Management Board	Ernest Gortan, M.Sc., President of the Management Board Tatjana Vošinek Pucer, Procurator
President of the Supervisory Board	Bruno Korelič

Intereuropa Group	
Number of employees*	2,496
Vehicle fleet*	505 company-owned trucks and other delivery vehicles
Total storage area*	268,959 m ² of own storage capacity
Total land area*	2,245,601 m ²
Membership in international organisations	FIATA, IATA, FETA, FONASBA, BIMCO, IRU
Quality certificates	The following companies are holders of ISO 9001:2008 certificate: Intereuropa d.d., Koper, Intereuropa, Logističke usluge, d.o.o., Zagreb, Intereuropa Transport, d.o.o., Koper, Interagent, d.o.o., Koper, Intereuropa Transport & Spedition GmbH, Troisdorf, Intereuropa RTC d.d. Sarajevo.
Own business network	Slovenia, Croatia, Serbia, Bosnia and Herzegovina, Macedonia, Montenegro, Kosovo, Germany, France, Ukraine, Russia, Albania.

*as at 31 December 2009

PRESENTATION OF COMPANY'S ACTIVITIES

The Intereuropa Group's business activities comprise all types of logistics services. Characteristic of all logistics projects is a high level of professional qualification and logistics competence, which is evidenced by great expertise and the provision of the most optimal solutions. The ability to fully adapt an integrated range of logistics services to the most demanding market requirements guarantees optimal solutions for our customers, which is one of the key advantages of the company. Our own capacities enable the provision of logistics services for the many different kinds of goods that we handle and transport by land, sea or air in all directions.

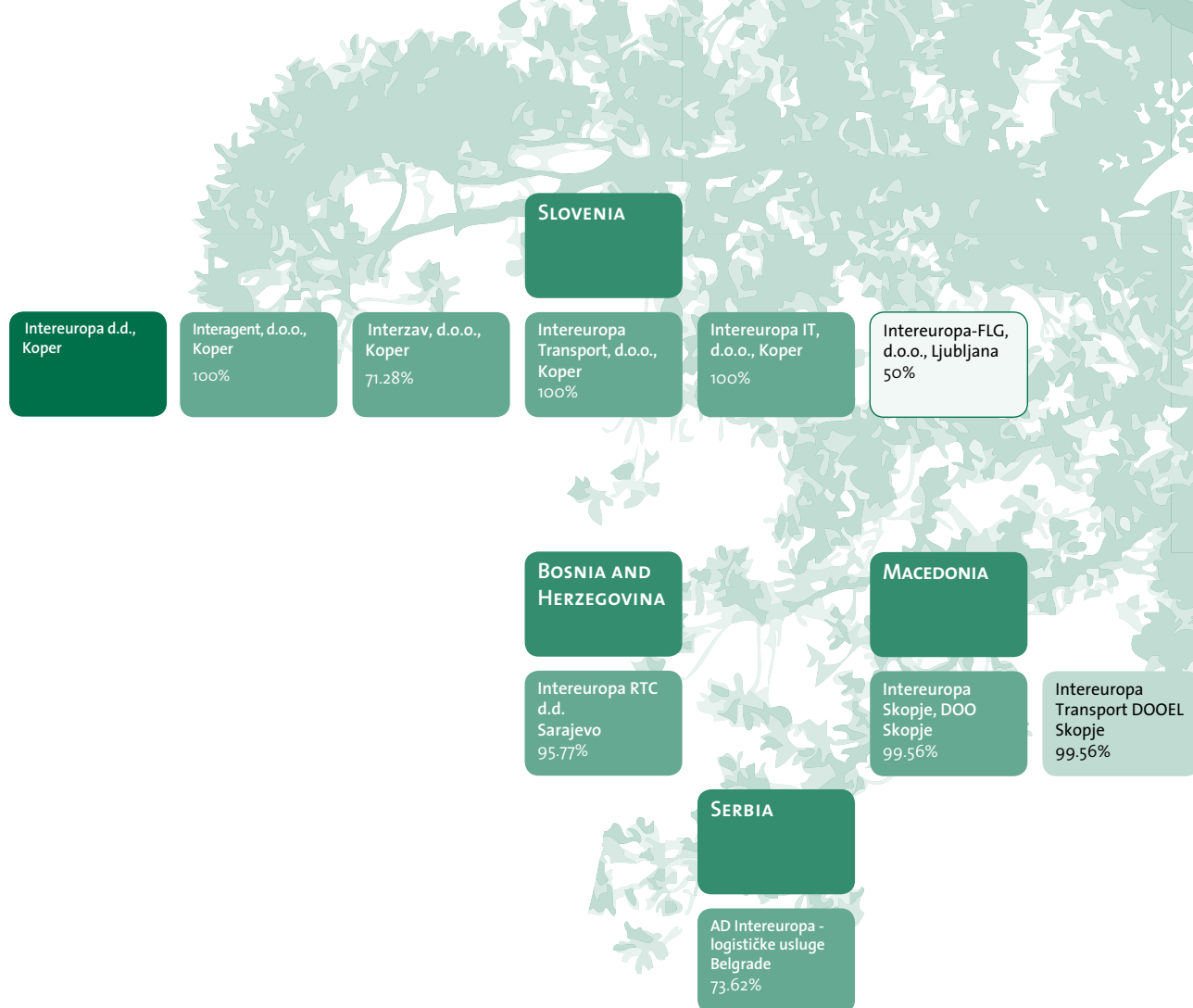
The integrated range of logistics services covers three key areas:

Meeting the core logistics needs of our customers is supplemented with the provision of additional services complementing the range of logistics solutions we offer: fair-related services, leases and insurance intermediation services. We continue to consolidate our position as the contractor of complex integrated logistics projects and as a reliable partner in the outsourcing of integrated logistics services for manufacturing and trading companies.

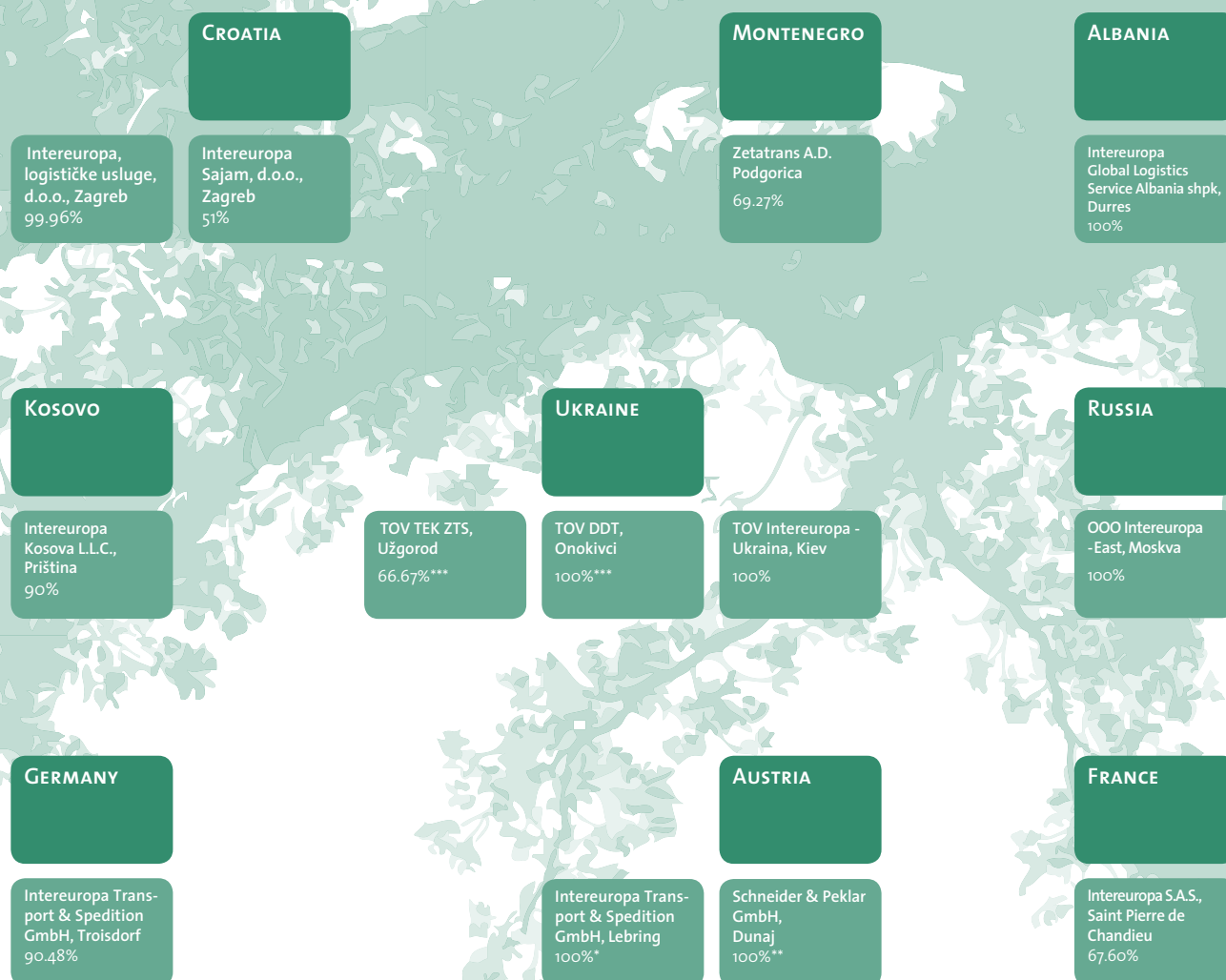
The integrity of our range of products and services serves as a solid foundation for the future development of the Intereuropa Group.

Land transport	Groupage, express transport, road transport, rail transport, customs services, distribution of spare parts.
Intercontinental transport	Airfreight, seafreight, shipping agency, automotive logistics.
Logistics solutions	Warehousing and distribution, logistics projects.

INTEREUROPA GROUP ORGANIZATION CHART WITH OWNERSHIP



... In January 2009 we entered the
... Albanian market by registering a
... new company in Durres where the
... need for logistics services is growing.



- Controlling company
- Subsidiary
- Indirect subsidiary
- Jointly-controlled company
- % Percentage owned by the controlling company

* The company Intereuropa Transport & Spedition GmbH, Lebring in Austria was sold-off on 28 August 2009.

** On 18 Jan. 2008 bankruptcy proceedings were instigated against Schneider & Peklar GmbH, Vienna, which are still ongoing.

*** The companies TOV TEK ZTS and TOV DDT in Ukraine are undergoing merger proceedings.

PRESENTATION OF INTEREUROPA GROUP COMPANIES

Company	President of the Management Board / Director	Supervisory Body	President of the Supervisory Body / IE d.d. Representative in the Supervisory Body	Activities				Characteristics
				Land transport	Logistics	Intercontinental transport	Other services	
Intereuropa d.d., Koper	Andrej Lovšin, M.Sc., Pres. of the Mgmt. Board until 23. 3. 2009; Zvezdan Markežič, Pres. of the Mgmt. Board from 23. 3. 2009 to 10. 6. 2009; Ernest Gortan, M.Sc., Pres. of the Mgmt. Board since 10. 6. 2009	Supervisory Board	Boštjan Rigler, President of the Superv. Board until 20. 5. 2009; Bruno Korelič, President of the Superv. Board since 20. 5. 2009	•	•	•	•	leading provider of logistics services in Slovenia - 100 freight and delivery vehicles - 130,700 m ² of logistics terminals
Interagent, d.o.o., Koper	Igor Kavšek, Director	Mgmt. of Intereuropa d.d.	President of the Mgmt. Board of IE d.d.				•	leading shipping agent by number of ships it represents in the Port of Koper
Interzav, d.o.o., Koper	Boris Šafar, Director	General Meeting	IE d.d. representative mandated by the Mgmt. Board				•	insurance agency
Intereuropa Transport, d.o.o., Koper	Bojan Novak, Director	Mgmt. of Intereuropa d.d.	President of the Mgmt. Board of IE d.d.	•				one of leading Slovene transport operators in international road freight - 181 freight and delivery vehicles
Intereuropa IT, d.o.o., Koper	Igor Meze, Director until 1. 3. 2009; Damjan Pregeljč, Director since 1. 3. 2009	Mgmt. of Intereuropa d.d.	President of the Mgmt. Board of IE d.d.				•	company providing information technology support to the Group
Intereuropa, logističke usluge, d.o.o., Zagreb	Andrija Jurgec, Pres. of the Mgmt. Board	Monitoring Committee	Zvezdan Markežič, President of the Superv. Board until 15. 7. 2009; Ernest Gortan, M.Sc., President of the Superv. Board since 15. 7. 2009	•	•	•	•	leading provider of logistics services in Croatia - 117 freight and delivery vehicles - 57,100 m ² of logistics terminals
Intereuropa Sajam, d.o.o., Zagreb	Vjekoslav Granič, Director	Monitoring Committee	Gregor Veselko, Ph.D., President of the Superv. Board until 23. 7. 2009; Marko Jazbec, President of the Superv. Board from 23. 7. 2009 to 30. 11. 2009	•	•			emphasis on fairs and exhibitions logistics - three freight and delivery vehicles - 650 m ² of warehousing space
Zetatrans A.D. Podgorica	Anton Turk, Executive Director	Board of Directors	Vado Keranović, President of the Board of Directors	•	•			leading provider of logistics services in Montenegro - 9 delivery vehicles - 18.200 m ² of logistics terminals
OOO Intereuropa - East, Moscow	Esad Ajeti, Direktor until 6. 3. 2009; Mikhail Novodvorsky, Direktor since 6. 3. 2009	Mgmt. of Intereuropa d.d.	President of the Mgmt. Board of IE d.d.	•				25 cargo vehicles - 28,000 m ² of warehouses and a car terminal with capacity of 17,000 cars
Intereuropa RTC d.d. Sarajevo	Meho Bavčić, Direktor until 1. 11. 2009; Haris Avdić, Direktor since 1. 11. 2009	Monitoring Committee, Audit Committee	Vado Keranović, President of the Monitoring Committee; Redžep Franca, President of the Audit Committee	•	•	•		leading provider of logistics services in BiH (Bosnia and Herzegovina) - 35 freight and delivery vehicles - 7,000 m ² of logistics terminals

Company	President of the Management Board / Director	Supervisory Body	President of the Supervisory Body / IE d.d. Representative in the Supervisory Body	Activities				Characteristics
				Land transport	Logistics	Intercontinental transport	Other services	
Intereuropa Skopje, DOO Skopje	Nebojša Cvetanovski, Director	Monitoring Committee	Dorjana Gregorič, M.Sc., President of the Superv. Board	•	•	•		leading provider of groupage services in Macedonia - 2,100 m² of warehousing space
Intereuropa Transport DOOEL Skopje	Marjan Solevski, Director until 1. 5. 2009; Manuela Miševa, Director since 1. 5. 2009	Mgmt. of Intereuropa Skopje, DOO Skopje	Nebojša Cvetanovski, Director of Intereuropa Skopje, DOO Skopje	•				provider of road transport services - one freight vehicle
AD Intereuropa - logističke usluge Belgrade	Nemanja Kačavenda, Director	Management Committee	Andrej Lovšin, M.Sc., President of the Monitoring Committee till 18. 6. 2009; Marko Jazbec, President of the Monitoring Committee from 18. 6. 2009 to 30. 11. 2009; Bojan Bešković, Ph.D., President of the Monitoring Committee since 22. 12. 2009	•	•	•		one of leaders in logistics services in Serbia - 12 freight and delivery vehicles - 23,000 m² of logistics terminals
Intereuropa Kosova LLC., Priština	Arben Mustafa, Director; Andrej Kariš, Director since 27. 3. 2009	General Meeting	IE d.d. representative mandated by the Mgmt. Board	•	•	•	•	the sole provider of integral logistics services in Kosovo - 2 delivery vehicles - 1,800 m² of warehousing space
TOV TEK ZTS, Užgorod	Anatolly Nikolajevič Parfenyuk, Director	General Meeting, Audit Committee	IE d.d. representative mandated by the Mgmt. Board; Miha Romih, President of the Audit Committee	•				company specialising in railway transport and international road transport - 20 freight vehicles
TOV Intereuropa - Ukraine, Kiev	Aleš Perič, Director	Mgmt. of Intereuropa d.d., Audit Committee	President of the Mgmt. Board of IE d.d., Matjaž Ujčič, President of the Audit Committee	•		•		company providing part load and full load services and containers for sea transport
TOV DDT, Onokivci	Kovaljenko Mikola Ivanovič, Director	Mgmt. of Intereuropa d.d.	President of the Mgmt. Board of IE d.d.		•			
Intereuropa Global Logistics Service Albania shpk, Durres	Dashmir Mandija, Director	General Meeting	Bojan Bešković, Ph.D., IE d.d. representative mandated by the Mgmt. Board			•		company providing services in seafreight, registered in January 2009
Intereuropa S.A.S., Saint Pierre de Chandieu	Andre Gremet, Director until 1. 9. 2009; Delphine Georges, Director since 1. 9. 2009	General Meeting	IE d.d. representative mandated by the Mgmt. Board	•				company providing part load and full load services
Intereuropa Transport & Spedition GmbH, Troisdorf	Sven Thomas Scheer, Director	General Meeting	IE d.d. representative mandated by the Mgmt. Board	•				company providing part load and full load services - 800 m² of warehousing space
Intereuropa Transport & Spedition GmbH, Lebring	Franz Woelfling, Director	General Meeting	IE d.d. representative mandated by the Mgmt. Board	•				company providing part load and full load services - the company was sold-off on 28 Aug. 2009

INTEREUROPA GROUP COMPANIES IN NUMBERS

Company	Number of employees as at 31. 12. 2009	Capital as at 31. 12. 2009	Sales revenues from 1. 1. to 31. 12. 2009	EBITDA from 1. 1. to 31. 12. 2009	Net profit/loss from 1. 1. to 31. 12. 2009
		in 1000 EUR	in 1000 EUR	in 1000 EUR	in 1000 EUR
Slovenia					
Intereuropa d.d., Koper	829	136,674	99,986	1,827	-71,352
Interagent, d.o.o., Koper	20	761	747	-41	-7
Interzav, d.o.o., Koper	4	103	243	80	64
Intereuropa Transport, d.o.o., Koper	232	3,901	26,063	1,411	-1,655
Intereuropa IT, d.o.o., Koper	36	1,938	4,565	1,274	136
Croatia					
Intereuropa, logističke usluge, d.o.o., Zagreb	597	57,822	31,789	6,579	235
Intereuropa Sajam, d.o.o., Zagreb	18	1,489	1,358	293	225
Montenegro					
Zetatrans A.D. Podgorica	170	22,484	6,487	1,476	801
Rusija					
OOO Intereuropa - East, Moskva	143	19,622	5,359	-133	-38,555
Other countries					
Intereuropa RTC d.d. Sarajevo	188	13,729	7,843	869	66
Intereuropa Skopje, DOO Skopje	26	1,589	1,523	269	111
Intereuropa Transport DOOEL Skopje	2	-49	206	-10	-8
AD Intereuropa - logisticke usluge Belgrade	127	7,639	3,954	655	-207
Intereuropa Kosova L.L.C., Priština	30	182	2,305	204	61
TOV TEK ZTS, Užgorod	46	-775	6,107	431	-66
TOV Intereuropa - Ukraine, Kiev	7	2,225	1,611	16	-4,664
TOV DDT, Onokivci	1	816	0	-3	-6
Intereuropa Global Logistics Service Albania shpk, Durres	2	31	114	2	3
Intereuropa S.A.S., Saint Pierre de Chandieu	4	101	1,311	-56	-57
Intereuropa Transport & Spedition GmbH, Troisdorf	14	108	4,921	-5	-29

In 2009, the majority of Group companies recorded decreased sales and fewer employees.

Interview with the President of the Management Board

How would you assess the business operation of the Intereuropa Group in 2009?

Business operations of the Intereuropa Group felt the impact of the economic downturn, with business results for the year reflecting these trends. In logistics, which is strongly linked to numerous production and processing activities, the crisis caused a marked and still ongoing shrinkage of the market. Due to the reduction in the volume of trade flows in 2009, the market in logistics services was faced with increasing pressures on sales prices, and logistics companies adapted through planned cost management and with measures for ensuring positive cash flows.

The new Management Board began its term of office in June 2009. We immediately redirected our activities towards the adaptation of business operation cost categories on one hand, and established long-term measures aimed at rapid stabilization and restructuring of Intereuropa d.d. and the Intereuropa Group as well as renewed growth in business operations. Due to lower sales volumes, Intereuropa - like most logistics companies - is implementing measures in cost reduction, business rationalisation, credit risk management and ensuring positive cash flows for current business. Although cost categories at the beginning of the year were relatively high given the volume of business, we largely managed to adapt them to a reduced volume of business towards the end of the year. Cumulatively speaking, direct operating costs in 2009 decreased by approximately 33%, labour costs by 8% and material costs by 27%. However, financial expenses at the Group level continued to exceed financial revenues by EUR 10.7 million, interest accounting for the largest part of this amount.

In 2009, sales revenues in the amount of EUR 191.1 million represented a 26 percent drop in revenues compared to the previous year, or a 31 percent shortfall compared to forecasted values. The Group's profit before interest, taxes and depreciation (EBITDA) amounted to EUR 15.1 million.

Due to the changed economic conditions we were also forced to impair assets. Despite all of the measures taken, we recorded an operating loss in the amount of EUR 50.6 million. This was largely a result of expenses arising from the revaluation of Group assets to fair value in the amount of EUR 50.8 million. If one-time events were excluded from the operating profit or loss, the Group would record a profit in 2009. Another factor that needs to be taken into account is the fact that this year, due to the changed accounting policies, we began to value land at market and not acquisition value, thus taking another step towards business transparency.

In 2009, the controlling company Intereuropa d.d. recorded EUR 100.0 million in sales revenues, operating loss in the amount of EUR 17.0 million and net loss in the amount of EUR 71.4 million. As was the case with the Group, this was largely due to financial expenses arising from impairments (revaluation of assets to fair value) in the total amount of EUR 58.6 million. If one-time events were excluded from the operating profit or loss, Intereuropa d.d. would record an operating loss in the amount of EUR 3.1 million.

If we summarize all of the contributing factors, three key factors account for poor operating results: decreased sales, operating costs (especially labour costs) that are not fully adapted to lower sales, and impairment expenses.

Can you comment in greater detail on sales results for individual business areas?

Intereuropa covers three business areas: land transport, logistics services and intercontinental transport. As the crisis did not spare any of these areas, planned objectives were not met. Land transport continues to account for the largest share in the sales structure, with 56 percent of all of the Group's sales revenues realized in this branch in 2009. The best results, however, were recorded in the area of logistics solutions. In the area of intercontinental transport, where the greatest lag is recorded, another major influence - in addition to reduced automotive logistics - was the transfer for consideration of part of UPS branch activities to the new UPS Group company in Slovenia (June 2009).

In addition to the effects of the global economic crisis, the Group's business results were also influenced by the delay in the start-up of warehousing activities in Russia, lower transported cargo volumes and a drop in selling prices. We have used these lower business volumes in all three fields to our advantage, performing internal optimization of these services; furthermore, we have directed our efforts at higher sales volumes for all business segments.

In your opinion, how did the economic crisis affect the operation of your company compared to that of your competitors? What are your key advantages over your competitors in this period of economic downturn?

The economic downturn affected logistics companies differently, depending on the structure of business operations. We estimate that the effect of the crisis on our operations was similar to the sector average.

Although the company's size in such conditions could be a restrictive factor - since it often implies a lack of flexibility when adapting to changed circumstances - Intereuropa

nevertheless believes that its key advantages are precisely its size and long-standing presence in numerous markets. With its long-standing tradition of quality logistics services and a wide business network, Intereuropa has established a solid bond with its clients and asserted itself as the leading logistics operator in Slovenia and the markets of the former Yugoslavia, where it has established a number of companies. We will continue to invest in these markets and strengthen our market share as we believe there are still ample opportunities for growth. Furthermore, we are geographically well-situated next to the Port of Koper and at the same time are very close to the V. and X. corridors. And though different, we have seen crisis situations before and have always managed to overcome them. I believe this time will be no different.

Long-standing presence in numerous markets and the quality of logistics solutions is, in the present conditions, our key advantage, which we plan to increase through the consolidation of our partnership network and the optimization of synergies between subsidiary companies

What measures have been adopted to limit as much as possible the effects of the economic downturn on the business operations of your company? Have any special measures been planned for next year?

The Management Board began its term of office mid-2009, when the crisis was already making itself felt. At the time we stated that we are strongly committed to the intensive and comprehensive restructuring of the Group and to strengthening the foundations for its future growth. At the Group level, we will undertake additional efforts directed at securing a harmonized market presence and targeted sales activities, which will contribute to improved sales performance and economy of operation.

We have thus begun to adapt the company's operations to the new market conditions and adopted certain measures with the aim of ensuring the financial stability and liquidity of the company, comprised mainly of activities related to the deleveraging of the company, debt rescheduling and activities aimed at more effective management of the company's working capital.

Financial stability and improved liquidity will be ensured through debt rescheduling, deleverage, divestment and effective management of working capital

To what extent has the strategy set out for 2006-2011 been implemented?

The global crisis was not taken into account in the assumptions on which the 5-year strategy prepared by the former Management Board was based, therefore the majority of Intereuropa companies direct their activities mainly towards adapting to the circumstances and elaborating measures for the coming period. Shortly after taking up office, the new Management Board adopted short-term measures and began to prepare a strategy for the next five-year period.

We will continue to adapt to the existing circumstances. We will carry on with those activities aimed at adapting the company to market conditions, with the goal of ensuring improved responsiveness to market needs, improved communications with partners, preparation for business growth and strengthening Intereuropa's market position. Primary activities will remain focused on ensuring financial stability. One of the key policies is the ongoing optimization of processes in all business segments at the Group level and within associated companies. We are working to increase our market share in the markets where we already hold a significant market share as the provider of integrated logistics services and where we can further strengthen our operations, in particular in markets in Slovenia and the former Yugoslavia.

How did you prepare the plans for 2010?

In 2010, we will continue activities begun in the previous period. This implies an additional increase in market activities, cost reduction, the optimization of all company's business processes, with a special focus on ensuring the financial stability of the company by means of the above-mentioned measures. We expect demand for logistics services will remain at the level of the last trimester of 2009, so we have not set overly ambitious objectives. With regard to 2010, we plan sales revenues in the amount of EUR 200 million, which represents an approximately 5 percent increase, EBITDA at the level of EUR 23.7 million and operating profit in the amount of EUR 6.7 million. The planned increase in revenues will be achieved by means of

increasing market share; and debt will be reduced through the disposal of property.

What are your key markets? Did you enter any new markets last year? Do you plan any enlargements for the future?

Despite unstable market conditions, we have set ourselves an ambitious goal, namely to increase sales revenues by five percent and to further optimize all cost categories. We expect growth in sales revenues in the area of land transport and logistics solutions, while somewhat worse results are expected in the area of intercontinental transport due to transfer for consideration of UPS activities and lower sales in the area of automotive logistics.

We will exert particular focus on those markets where our brand is strongest and we hold the largest market shares, namely the Slovenian market and the markets of the former Yugoslavia. We do not plan to enter any new markets with own companies next year. In the last period, the Intereuropa Group grew considerably and developed its own partnership network; given the present critical market conditions, this is the right time to consolidate the partnership network and optimize synergies between subsidiary companies. We will monitor which companies demonstrate particular growth potential, which are economically justified and which achieve strategic goals, thus revising our market presence in individual markets. This had already been done in 2009, when we disposed of the company in Austria and opened a new subsidiary in Albania. In spite of this, we do not exclude a potential entry on new markets if relatively rapid positive effects could arise from such.

Were there any significant investments or projects last year? What investments have you planned for the future?

In 2009, investments in fixed assets corresponded to the capabilities of the Group companies, and the largest part of investment funds (EUR 25 million in total) was earmarked for the completion of the construction of the Chekhov-Moscow Logistics Centre. In the past period, due to market trends we invested in the finalization of projects already in process, while in the coming period our activities will be heavily directed towards process optimization. We plan to implement an information solution for operational process support but, on the whole, this is expected to be a period of low investment activity. We will opt for projects that are essential for operations and hold out the promise of rapid effects.

Last year, the company in Austria was disposed of and a new company was established in Albania, which is con-

sistent with the set course of ongoing monitoring and revising of our markets. We will follow the same course this year; no major investments have been foreseen, but we do not exclude them should new market opportunities arise with a relatively fast effect on revenues growth.

How would you comment on the value and trends of Intereuropa shares in the past year?

Characteristic of the Slovenian market in shares is low liquidity and a lack of confidence on the part of investors. The Intereuropa share was not immune to these trends, and its value did see a decrease, but it did not deviate greatly from general trends on the Ljubljana Stock Exchange. In 2009, the average price per IEKG share decreased by 35.3%. As at 31 December 2009, the value of the share was EUR 5.65. The share finished the year with negative profitability that was, however, considerably lower than the year previous. Despite negative profitability in 2009, the number of shareholders increased by 6.6% compared to the end of the previous year. We believe that the revaluations carried out at the Group level to improve the transparency of the company's business operations will contribute to raising confidence in the company and, consequently, the share.

What are your connections with the social or civic landscape? How has the crisis affected sponsorships and donations?

We are very much aware of our social responsibility as a company, therefore we earmark part of our funds for the environment in which we operate; we actively work in co-operation with several local interest groups from various areas - sports, culture, environmental protection, charity, local and regional communities, educational and scientific projects - as well as our employees. Unfortunately, the unexpectedly severe market situation made business operations very difficult and, as a result, originally foreseen funds for sponsorships and donations had to be reduced. Despite worsened business conditions we endeavoured to follow the course set and tried to maintain the adopted guidelines. For years now, we have been actively involved in humanitarian activities in Slovenia and abroad. As in previous years, the largest share of budgeted funds for sponsorships and donations, i.e. more than 45%, has been earmarked for humanitarian efforts. We continue to follow the course of the previous year which we consider to be the most appropriate for the situation in 2009.

Activities related to social responsibility are, unfortunately, cut back in difficult business situations, but by no means do they cease. In light of the present crisis we need

some understanding from potential recipients, because we can not respond to all requests for help. Despite the seriousness of the situation, we have not been ignoring this activity and, to the best of our efforts, we try to provide help, especially through our services.

How does the company contribute to environmental protection?

Given the fact that we are a logistics company, we burden the environment in terms of goods vehicles and waste remaining in warehouses that is systematically monitored. We continuously invest in environmental protection. In 2009, we invested into energy efficiency, improved ecological awareness and laid down guidelines for future development in this field. We believe that investments in environmental protection should actually be strengthened in the coming period, therefore we are already planning additional activities leading to more systematic monitoring and constant modernisation in this field.

The year 2009 proved to be a difficult year for your company as well. Were you forced to adopt some unfortunate measures with regard to human resources?

In line with the need to adjust labour costs to the new circumstances, we tackled the problems in this field in various ways. We used soft methods of reducing the number of employees: we reduced the number of contractors and hired labour force, we prolong fixed-term contracts only to a limited extent and are carrying out retirement schemes at an accelerated pace. Despite a difficult business situation we try to the greatest extent to maintain workplaces and reduce labour costs using soft methods. We are aware that the crisis gave rise to uncertainty and numerous questions among the employees, therefore we try to keep them informed as much as possible - both directly and at the functional level, at periodic meetings with employees, business unit visits, through co-operation with the Workers' Council etc. In this crisis situation we will try to focus even further on effective communication between employees, reducing potential doubts and uncertainties on the one hand, and strengthening motivation and organisational culture on the other.

Despite the crisis, we continue to invest in human resources, trying to ensure their added value. We invest in education, still pay part of voluntary pension insurances, offer the possibility to use our holiday capacities and participate in various free-time activities. In addition, Intereuropa d.d was one of the first companies in Slovenia to institute, already in 2009, a profit sharing scheme for employees for the 2008 financial year.

Communication between employees is crucial in an emergency situation in order to eliminate uncertainty and doubt, while increasing motivation and organisational culture.

How do you foster innovation and development in the company?

Past activities have largely been directed towards developing a business model focused on process optimization, and manifested through the implementation of the new information system. We try to follow market trends and customer needs at all times. We are developing new innovative products tailored to customers' needs. Properly adapted information support is essential for business model development. This is the only possible development scenario that guarantees both knowledge and success.

From the perspective of the company's internal operations, we strive to establish an environment encouraging employee autonomy, initiative and motivation, particularly through the introduction of a more democratic and relaxed organisation.

You only took over management of the company in the second half of 2009. What would you describe as the main characteristics of your management style, and what is your primary objective in the future?

I firmly believe in youthful dedication, innovation, good communication, the assumption of responsibilities and the elimination of boundaries between departments. I highly value teamwork and respect for each and every employee. I think that most companies today are managed largely on a project basis, where development activities are not carried out within individual departments but are intertwined and ensure improved synergy effects. The principal objective for 2010 is to adapt the company's operations to current conditions, to ensure financial stability, and to lay the foundations for further development. In terms of long-term goals, my wish is to establish a culture of organisational learning, teamwork, openness and mutual respect.

Supervisory Board Report

REPORT OF THE SUPERVISORY BOARD ON THE RESULTS OF THE VERIFICATION OF THE AUDITED ANNUAL REPORT OF INTEREUROPA D.D. FOR 2009

Pursuant to Article 272 of the Companies Act (ZGD-1), the Management Board of Intereuropa d.d. submitted to the Supervisory Board members for verification and approval the following:

- 2009 Annual Report with the auditor's recommendation,
- a proposal for the use of the profit for appropriation.

In line with Article 282 of the Companies Act (ZGD-1) and points 7.3 and 7.4 of the Company Statute of Intereuropa d.d., the Supervisory Board has verified the received documents and presents to the General Meeting of Shareholders of Intereuropa d.d. the following

Report:

Work of the Supervisory Board in the 2009 Financial Year

In 2009, the Supervisory Board monitored the company's business operations at fourteen sessions and convened one correspondence session. It was composed of seven members.

The Supervisory Board member shareholder representatives were: Boštjan Rigler, President of the Supervisory Board until 11 April 2009 and then Supervisory Board member until 10 September 2009; Manja Skernišak until 9 June 2009, Ervin Bužan until 10 April 2009, Emerik Eržen until 10 September 2009. On 18 November 2009, Nevija Pečar's mandate as the Workers Representative in the Supervisory Board and Deputy President of the Supervisory Board expired; the mandates of Zlatka Čretnik and Vinko Rebula expired on the same date.

The Supervisory Board is composed of the following members: Bruno Korelič, President of the Supervisory Board from 11 April 2009, Tadej Tufek, M.Sc. from 10 September 2009, Vinko Može from 30 July 2009, Maša Čertalič, M.Sc. from 10 September 2009 and Workers' Representatives Nevija Pečar, Maksimilijan Babič and Ljubo Kobale, whose term of office began on 19 November 2009.

At its sessions, the Supervisory Board monitored and supervised the company's business operations and requested the necessary information related to supervision from the Management Board. It dealt with interim reports on the company's and Group's current business operations and monitored their compliance with the adopted business and development plans on a quarterly basis. It was constantly informed about the financial exposure of Intereuropa d.d. and its subsidiary companies, intended disposal of real estate and the information about the status of the Chekhov-Moscow Logistics Centre.

Listed below are the most important issues and resolutions dealt with in 2009 by the Supervisory Board:

- At its January session it dealt with the report on the subsequent internal audit of the company OOO Intereuropa - East, Moscow, considered the findings of the internal audit of the company OOO Intertrans Moscow, and was familiarized with the regularisation measures. It expressed its dissatisfaction with the excessively slow implementation of recommendations from both audit reports and requested that the Management Board ensure compliance with the

recommendations as soon as possible. It dealt with the required legal opinion of an independent external legal expert regarding problems linked to the breach of a General Meeting resolution and the explanation of the provisions of the Companies Act. It also adopted a statement on conformity with the Corporate Governance Code for Joint Stock Companies.

- In February, it adopted a resolution on the reduction of remunerations of Management Board members due to the effects of the economic crisis on the company's business operations. At the correspondence session of 18 February 2009 it was familiarized with the content of a binding joint offer for raising a loan for financing the investment in the Chekhov-Moscow Logistics Centre that complied with the already approved "Final Expert Report of the Chekhov-Moscow Logistics Centre". It was informed about the completion of negotiations with the owner of UPS on the transfer for consideration of part of UPS branch activities to the newly established UPS Group company.
- In March, the Supervisory Board discussed the vote of no confidence on the Management Board and on 23 March 2009, after more than three years of serving on the Management Board, Andrej Lovšin, M.Sc. was relieved of his position as President of the Management Board, and Zvezdan Markežič, the former Deputy President of the Management Board, appointed new President of the Management Board.
- At its April session, the Supervisory Board adopted the revised annual report of the Intereuropa Group for the concluded 2008 financial year together with the audit report of the certified auditor. It adopted "The Report of the Supervisory Board on the Results of the Verification of the Audited Annual Report of Intereuropa d.d." with the proposal of the Management Board that profit for appropriation remain undistributed. On the proposal of shareholder Kapitalska družba d.d. Ljubljana, it established the Appointment Committee as a special Supervisory Board committee. The principal task of this Committee was to carry out a selection procedure for candidates for the positions of Supervisory Board members whose term of office would expire in 2009 and to propose candidates to the Supervisory Board for the positions of Supervisory Board members for election at the general Meeting. It gave its consent to the signing of a contract between Intereuropa d.d. and UPS Adria Ekspress d.o.o. on the transfer for consideration of international express package delivery service under the UPS brand name in Slovenia.
- At the May session, the President of the Supervisory Board Boštjan Rigler resigned and the newly appointed Supervisory Board member Bruno Korelič was elected new President of the Supervisory Board. At this session, the Supervisory Board became acquainted with the expert recovery analysis of the subsidiary company Intereuropa Transport, d.o.o., Koper. In view of the deteriorated business results in the first trimester of 2009, it requested the management Board prepare additional solid measures in the area of cost management to improve the company's business operation and to establish an integrated risk management system. With regard to the remuneration of the members of the Management Board, the Supervisory Board adopted a resolution to link payments to the Management Board members with the financial results of the Intereuropa Group. It was familiarized with the reports on the performed internal audit of business operations of companies OOO Intereuropa - East, Moscow and OOO Intertrans Moscow, and instructed the Audit Committee to examine the reports in greater detail. It took note of the activities related to the arrangement of appropriate insurance for loans and guarantees received.

- At the Supervisory Board session of 10 June 2009, the President of the Management Board Zvezdan Markežić resigned from his position. He was succeeded by Ernest Gortan, while Marko Jazbec was appointed Deputy President of the Management Board. It instructed the newly appointed Management Board to draw up and put forward to the Supervisory Board a comprehensive programme of measures for the arrangement of organisational, human resource, business, financial and developmental aspects toward stable and profitable business operations. In the framework of this programme, the Management Board should decide on the potential third and fourth Management Board member. The Supervisory Board also adopted a resolution by means of which it proposed to the Workers' Council recalling a Management Board member and Chief Human Resources Officer. In addition, it adopted revised rules of procedure of the Supervisory Board and was informed of the resignation of the Supervisory Board member Manja Skernišak from the Supervisory Board.
- At its second June session, the Supervisory Board dealt with and approved the agenda of the General Meeting of Shareholders and proposed resolutions for adoption at the General Meeting in July.
- At its July session, the Supervisory Board accepted the resignation of the Management Board member and Chief Human Resources Officer following the previous vote of no confidence by the Workers' Council. It also became acquainted with the final report and a summary of findings of the special audit of the management of individual business operations of the company for the past five years prepared by the auditing company KPMG Slovenija d.o.o., Ljubljana in line with a General Meeting resolution.
- In collaboration with the Management Board, the Supervisory Board proposed the General Meeting of the company adopt a resolution on the initiation of legal proceedings for the compensation of damages to the company.
- In August, during the presentation of the report on business operations of the Intereuropa Group for the first half of 2009, the Supervisory Board requested the Management Board perform a comprehensive and intensive rehabilitation and restructuring of the Group, taking into consideration both market and financial situations in the business environment and the Group as a whole. Moreover, it called upon the Management Board to prepare a strategic business plan for the 2010 - 2014 period. It took note of the "Final Expert Report on the Economic Justification of the Investment Chekhov-Moscow Logistics Centre", after it instructed the Management Board to prepare a new professional and final text of the expert report on the economic justification of the investment, and realistically and in great detail describe the economic and business scenarios of the operation of Chekhov-Moscow Logistics Centre. It gave its consent to the programme of measures and strategies of the Management Board with the common aim of stable and profitable business operation of the company Intereuropa d.d. as well as of the Group.
- At its October session, the Supervisory Board gave its consent to the approval of follow-up activities for ensuring financial stability of the Intereuropa Group and provided its agreement to the Management Board to arrange all the necessary credit relations to the company OOO Intereuropa - East, Moscow. In addition, it appointed the Audit Committee members to a four-year term of office and authorized the Supervisory Board member Vinko Može to carry out a supervisory verification of the construction of the Chekhov-Moscow Logistics Centre.
- In November, it relieved Marko Jazbec of his position of Deputy President of the Management Board on the basis of his letter of resignation.
- At the end of December, the Supervisory Board was familiarized with the planning documents of the Group for 2010. It authorized the approach towards the realization of the planned recapitalisation of the company OOO Intereuropa - East, Moscow. It was also informed about the reorganisation of Intereuropa d.d.
- Pursuant to Article 262 of the Companies Act, it approved the contracts on rights, obligations and remuneration for new Supervisory Board members.

Assessment of Business Operations and the Implementation of the Strategy and the Manner and Scope of the Company Management Verification

The Supervisory Board regularly monitored the company's business operations, took note of the business results achieved on an ongoing basis, supervised the Management Board in line with the relevant legislative provisions and the Company Statute and passed decisions on proposed Management Board decisions. At its sessions priority was given to the continued implementation of strategic orientations as defined in the company's vision, the development strategy of the Intereuropa Group for the 2006 - 2011 period and business objectives laid down in the annual business plan.

Due to the negative effects of the economic downturn on the company's business operations, the Supervisory Board asked the Management Board to prepare and present to the Supervisory Board the programme of measures in the area of cost reduction. Above all, it demanded clarifications and evidence related to suspected irregularities in the construction of the Chekhov-Moscow Logistics Centre. The Supervisory Board concluded that the Management Board managed the company's business operations inadequately, particularly with regard to the investment in the Chekhov-Moscow Logistics Centre where it failed to realize the set objectives. Due to the fact that the Management Board exceeded its powers, the Supervisory Board dismissed the President of the Management Board as the person responsible for the management of the project in Russia.

It concluded that the former Management Board began the project related to the construction of the logistics terminal without a clear development strategy in the Russian market and with an ambitious and non-phase approach as foreseen in the 2007 expert report.

The Management Board informed the Supervisory Board every three months after the completion of the business period about business operations and other issues related to the business operations of Intereuropa d.d. and its subsidiaries. The Supervisory Board asked the newly appointed Management Board to prepare a comprehensive programme of measures for the organisation of stable and profitable business operations of the company as well as a new strategic business plan for the 2010 - 2014 period.

It provided the Management Board with guidelines for realizing the plans and strategy set.

The Supervisory Board concluded that revenues and realized profit/loss for 2009 would be lower than planned, and therefore called upon the Management Board to adopt swift anti-crisis measures in the area of new sales approaches and increased sales by intensive reduction of

all manner of costs and the disposal of unnecessary real estate or commercially non-viable fixed assets. The Supervisory Board concluded that the Group managed to reduce direct operating costs by 34% and indirect operating costs by 10% through cost control.

The Supervisory Board expressed criticism over deteriorating business results of certain subsidiary companies and issued recommendations to the Management Board members to pay greater attention to the supervision of business operations of the subsidiaries and analyze the viability of smaller and unprofitable subsidiaries.

Assessment of Work of the Supervisory Board and Management Board Members

Each Supervisory Board member contributed to the joint decisions of the Supervisory Board through his or her proposals and guidelines, thus enabling the further development of the entire company. In their work and decision-making, the Supervisory Board members complied with the relevant legislation, the Corporate Governance Code for Joint Stock Companies and the company's objectives.

Within the framework of the Supervisory Board, there exist commitments that improve the efficiency of work of the Supervisory Board.

In cases where documentation was incomplete, the Supervisory Board in 2009 requested additional materials, clarifications and explanations from the Management Board, especially in light of its finding that investments in the construction of the Chekhov-Moscow Logistics Centre significantly exceeded the initial certified amount.

It criticized the fact that the Management Board exceeded its powers after having determined that the Management Board did not obtain the appropriate consent for the continuation of work on the Russian terminal.

After becoming acquainted with the final report and a summary of findings of the special audit of the management of individual business operations of the company for the past five years, the Supervisory Board concluded on the basis of the report that it is an undisputed fact that the former Management Board managed the assets of Intereuropa d.d. and the Group irresponsibly; the Management Board exceeded its powers on numerous occasions and misled the Supervisory Board. The Management Board did not act in line with the professional requirements for the management of financial companies nor with due diligence. It therefore proposed to the General Meeting of Shareholders to adopt a resolution on the initiation of legal proceedings for the compensation of damages to the company.

Opinion on the Auditor's Report

The Supervisory Board was familiarized with the auditor's report on the performed audit of the financial statements of the Intereuropa Group and the controlling company Intereuropa d.d., submitted by the auditing company KPMG Slovenija, podjetje za revidiranje, d.o.o., Železna cesta 8a, 1000 Ljubljana.

The Supervisory Board noted that in the report, the certified auditor issued a positive opinion or an unqualified opinion on the financial statements of the Intereuropa Group and Intereuropa d.d., and concluded that they give a true and fair view of the financial position, profit or loss and cash flows in 2009 or as at 31 December 2009, and

comply with the International Accounting Standards as adopted by the EU.

In line with the provisions of the second paragraph of Article 282 of the Companies Act (ZGD-1) and the third paragraph of point 7.4 of the Company Statute of Intereuropa d.d., the Supervisory Board has adopted the following position: The Supervisory Board does not have any comments to the auditor's report prepared by the auditing company KPMG Slovenija, podjetje za revidiranje, d.o.o., 1000 Ljubljana.

Approval of the 2009 Annual Report

The Supervisory Board members thoroughly examined the Annual Report with the auditor's report, financial statements and notes as well as other statements in the Annual Report. The Supervisory Board has concluded that the Annual Report of the Management Board is a reliable presentation of events, offering comprehensive information on the company's management in the 2009 financial year.

In the process of verification of the Audited Annual Report, the Supervisory Board found that the Group concluded the 2009 year with operating losses largely attributed to expenses arising from the revaluation of Group assets to fair value in the amount of EUR 50.8 million.

The Supervisory Board examined the company's business operations in 2009, report on the business operations for the 2009 financial year, positive opinion in the auditor's report and examined the loss of the company Intereuropa d.d. in the 2009 financial year.

The Supervisory Board notes that net loss for the 2009 financial year of the company Intereuropa d.d. totals EUR 71,351,691.71, and is denominated as:

• net profit from previous periods	EUR 57,989,444.28,
• capital reserves	EUR 13,362,247.43,
of which:	
• paid-in surplus	EUR 8,966,097.38,
and	
• general equity capital revaluation adjustment	EUR 4,396,150.05.

In line with the provisions of Article 282 of the Companies Act (ZGD-1) and points 7.4 and 7.5 of the Company Statute of Intereuropa, Global Logistics Service, d.d., the Supervisory Board has approved and adopted the Annual Report of the Intereuropa Group for the 2009 financial year.

The Supervisory Board received the 2009 Annual Report within the allotted one-month period, as counted from the date of the submission of the 2009 Annual Report to the Supervisory Board.

The Supervisory Board adopted this report at its session of 19 April 2010.

Bruno Korelić

President of the Supervisory Board

Koper, 19 April 2010

Significant Events in 2009

January - March

On 1 January 2009, the subsidiary company ITAR d.o.o., Zagreb merged with the company Intereuropa, Logističke usluge, d.o.o., Zagreb.

On 7 January, a new company - Intereuropa Global Logistics Service Albania shpk - with headquarters in Durrës was registered in Albania.

On 5 February, Intereuropa Transport & Spedition GmbH, Troisdorf completed the certification processes and acquired the ISO 9001:2008 quality certificate.

We helped the Section for Tropical Medicine organize air transportation of humanitarian aid for the medical humanitarian expedition "Uganda 2009".

On 1 March, we introduced daily groupage truck departures on the following routes: Milan-Ljubljana and Paris-Lyon-Ljubljana.

On 2 March, we organized the 2nd Intereuropa Meeting with Slovenian analysts and investors.

On 9 March, we began working in co-operation with the Pan-European network for express transport of package freight - the network of express carriers NetExpress Europe (NEE), which offers door-to-door delivery of package freight across EU member states.

On 23 March, the Supervisory Board relieved Andrej Lovšin from his position of President of the Management Board. Zvezdan Markežič, the former Deputy President of the Management Board, was appointed the new President of the Management Board.

April - June

On 7 April, we announced the signing of an agreement on a long-term loan for financing or refinancing the project of construction of the Chekhov-Moscow Logistics Centre with a consortium of three banks - UniCredit Bank Slovenija d.d., SID-Slovenska izvozna in razvojna banka, d.d., and SKB banka d.d.

On 21 May, the members of the Supervisory Board elected a new President of the Supervisory Board, which saw Bruno Korelič replace Boštjan Rigler.

On 1 June, the concluded contract on the transfer for consideration of part of the company Intereuropa d.d. within its UPS branch to the new UPS Group company

in Slovenia, UPS ADRIA kurirske storitve, d.o.o., was executed.

On 10 June, the President of the Management Board of Intereuropa d.d. Zvezdan Markežič resigned. He was succeeded by Ernest Gortan, while Marko Jazbec was appointed Deputy President of the Management Board.

July - September

In July, we signed a 3-year contract with a key customer in the field of automotive logistics regarding the provision of port forwarding services for the transhipment of cars in the Port of Koper. We concluded another 3-year contract with the same customer for the organization of truck transport of spare automotive parts on different European routes.

On 14 July, we presented the public with summary findings of a special audit carried out by KPMG Slovenija d.o.o.

On 30 July, the Supervisory Board of the Intereuropa d.d., following the previous vote of no confidence by the Workers' Council, recalled a Management Board member and Chief Human Resources Officer Ondina Jonke due to a serious breach of obligations and the incapacity to manage company business.

On 30 July, the 20th General Meeting of Intereuropa d.d. took place at which the shareholders familiarized themselves with the 2008 Annual Report, the opinion of the auditing company and the Supervisory Board report.

On 27 August, the new Management Board of Intereuropa d.d. presented to the Supervisory Board the programme of measures and strategies of the Management Board with the common aim of stable and profitable business operation of the company. The Supervisory Board gave its consent to the "Programme of Measures of the Management Board of Intereuropa d.d." and became acquainted with the contents of the document "Final Expert Report on the Economic Justification of the Investment Chekhov-Moscow Logistics Centre".

On 1 September, we announced disposal of the Austrian subsidiary company Intereuropa Transport & Spedition GmbH with headquarters in Lebring near Graz.

October - December

On 22 October, the company's Supervisory Board was briefed on the report on the programme of measures of the Management Board of Intereuropa d.d., dealt with the

documentation “Approval of Follow-up Activities for Ensuring Financial Stability of the Intereuropa Group” and provided its agreement in principle on the implementation of foreseen activities.

On 13 November, the Supervisory Board accepted the letter of resignation - due to commencement of new employment - submitted by Marko Jazbec, Deputy President of the Management Board.

On 19 November, the composition of the Supervisory Board of Intereuropa d.d. was changed. The Workers' Council elected, upon expiry of the mandate of workers' representatives in the Supervisory Board, new members of the Supervisory Board - Workers' Representatives: Maksimiljan Babič, Nevija Pečar and Ljubo Kobale.

On 7 December, the company's Management Board appointed Tatjana Vošinek Pucer new procurator of the company.

On 28 December, we participated in the recapitalisation of the company OOO Intereuropa - East, Moscow.

short-term loans into long-term loans. The contract has not yet been signed; foreseen in the offer is the refinancing of short-term loans to four years with a one-year moratorium on repayment of the principal.

EVENTS AFTER THE 2009 FINANCIAL YEAR

January - March

On 8 January, the company's Management Board, in line with the resolution on preparing and initiating legal proceedings for the compensation of damages adopted at the 21st General Meeting of the company, instituted legal proceedings against the former Management Board of Intereuropa d.d.

In February, we asked the consortium of three banks, with which we signed a contract for a long-term club deal loan for financing the construction of the Chekhov-Moscow Logistics Centre with a consortium, for a one-year extension of the moratorium on repayment of the principal.

On 17 March, the Supervisory Board adopted the “Strategic Business Plan of the Intereuropa Group for the 2010-2014 Period”, prepared by the Management Board of Intereuropa d.d.

On 23 March, the Management Board of Intereuropa d.d., as sole member of Intereuropa IT, d.o.o., Koper, adopted a resolution of consent for the merger of Intereuropa IT, d.o.o., Koper, with the parent company Intereuropa d.d.

In March, we participated in the establishment of a syndicate of five banks with the aim of rescheduling existing



We take well-trodden
paths to navigate
unpredictable times.

A photograph of a forest path in autumn. The path is covered in a thick layer of fallen red and orange leaves. Tall, slender trees line the path, their trunks appearing as vertical lines in the misty background. The ground on the right side of the path is covered with green grass and some fallen leaves.

STATEMENT ON THE COMPANY MANAGEMENT

General Meeting of Shareholders

The General Meeting of the company is the highest body of the company through which shareholders may express their views and interests.

The main task and fundamental purpose of the General Meeting is to adopt resolutions as final decisions in matters for which it is responsible. By means of resolutions as legal acts, the General Meeting of the shareholders of the company manages the work, operation and organization of the company.

The General Meeting is convened by the Management Board at its own initiative, at the request of the Supervisory Board or at the request of shareholders. The General Meeting is, as a rule, convened once a year, and no later than eight months after the end of the previous financial year.

The General Meeting adopts decisions which influence business operations of the company. Among the most important decisions adopted by the shareholders at the General Meeting are the appointing and discharging of members of the Supervisory Board of the company, use of the profit for appropriation, amendments to the Company Statute, decisions on increasing or decreasing capital stock or appointing the auditor. By issuing a discharge the General Meeting confirms and approves the work of the Management Board and of the Supervisory Board in a financial year. The operation of the General Meeting is regulated by the Companies Act (hereinafter ZGD-1), Company Statutes and the rules of procedure of the General Meeting. The majority of resolutions are adopted by a simple majority. The most important resolutions are adopted with a three-quarter majority of represented share capital. These include amendments to the Company Statute, increase and decrease of share capital, status-related changes in the company, waiving of pre-emptive rights of the shareholders upon the issue of new shares, early dismissal of the members of the Supervisory Board or other cases as stipulated by law or Company Statute.

Intereuropa d.d. shareholders are duly informed regarding convened General Meetings by means of a published notice in the daily newspapers, on the Intereuropa d.d. website, intranet, and through SEP-net publications of the Ljubljana Stock Exchange d.d.

The material for the General Meeting of Shareholders with suggested resolutions for all items on the agenda is available to shareholders from the day on which the General Meeting is convened at the head office in Koper, through the SEO-net system of the Ljubljana Stock Exchange and on the Intereuropa d.d. website. In June

2009, the shareholders were supplied with "Interklas" - a bulletin in which information on the call for the regular annual General Meeting was published along with other information intended exclusively for the shareholders of the Intereuropa d.d. company.

Only those shareholders registered in the share register of the company, which is kept in the central register at KDD - Central Securities Clearing Corporation, Ljubljana - have the right to attend the General Meeting and exercise their voting right; shareholders may also appoint representatives, who notify their intent to attend in writing before the legal deadline. The representative of a shareholder must produce said authorization when notifying his attendance. Each share gives the shareholder one vote.

Intereuropa d.d. strives for active participation of all shareholders at its General Meetings of Shareholders, which is why it also published, in 2009, sample notification and authorizations alongside the call of the General Meeting and the related material.

Shareholders are informed about the adopted resolutions immediately after the meeting, either via the company's website, intranet or through SEO-net publication at the Ljubljana Stock Exchange.

In 2009, the shareholders of Intereuropa d.d. convened at three General Meetings, held on 10 April 2009, 30 July 2009 and 10 September 2009.

Important decisions adopted at the General Meeting of shareholders of 10 April 2009, with 58.05 percent of share capital present:

- KPMG Slovenija d.o.o., podjetje za revidiranje, Železna cesta 8a, 1000 Ljubljana was appointed auditor, with the aim of verifying the management of individual company operations (the construction of the logistics centre in Moscow, acquisition of the company Zetatrans, rental of premises in Kosovo and the manner of rent payment, investments in fixed assets, investments in information technology for service support and disposal of real estate).
- The following amendments to the Company Statute were adopted:
 - Amendment of the Statute in the point establishing a four-member Management Board instead of the former three-member Management Board.
 - Amendment of the Statute related to the requirement that Management Board members have university education instead of the formerly required higher education qualification.

Amendment of the classification of the company's activity established in the Statute.

The paragraph which stipulated that Supervisory Board members could participate in profit schemes was deleted.

- Supervisory Board member Ervin Bužan was dismissed, and Bruno Korelič was appointed new member of the Supervisory Board.
- New attendance allowances for participation at meetings for Supervisory Board members and members of Supervisory Board committees were defined. The following gross attendance fees paid per meeting were laid down: EUR 330 for Supervisory Board members, EUR 429 for the President of the Supervisory Board, EUR 231 for Supervisory Board committee members, and EUR 300.30 for the President of a Supervisory Board committee.

Important decisions adopted at the General Meeting of 30 July 2009, with 61.68 percent of share capital present:

- The General Meeting was familiarized with the 2008 Annual Report of the Intereuropa Group and the auditor's opinion. It was also informed regarding the manner and scope of company management verification in 2008, submitted by the Supervisory Board in accordance with Article 282 of the Companies Act, by means of which it informed the General Meeting that it approved the 2008 Annual Report without reservations.
- A decision was adopted on the basis of which profit for appropriation of Intereuropa d.d. for 2008 in the amount of EUR 57,990 remained undistributed, despite a counter-proposal put forward by the shareholder Interfin naložbe, d.d., Koper. A challenging action against the adopted General Meeting decision on the use of profit for appropriation was announced.
- The General Meeting was familiarized with the remuneration received by the Management Board and Supervisory Board members for tasks performed in the 2008 financial year.
- The General Meeting did not approve and endorse the work of the Supervisory Board and the Management Board of Intereuropa d.d. in the 2008 financial year and did not grant them a discharge in relation to the work performed in the 2008 financial year.
- At the General Meeting, shareholders were informed of the resignation of the Supervisory Board member and representative of the company capital Manja Skernišak from the Supervisory Board of 9 June 2009.
- Three new Supervisory Board members were elected for a 4-year mandate at the General Meeting: Vinko Može (mandate begins 30 July 2009), Tadej Tufek, M.Sc. and. Maša Čertalič, M.Sc. (mandate begins 16 November 2009).
- The auditing company KPMG Slovenija, podjetje za reviziranje, d.o.o., Železna cesta 8a, 1000 Ljubljana, was appointed auditor for the 2009 financial year.

Important decisions adopted at the General Meeting of 10 September 2009, with 62.47 percent of share capital present:

- During presentation of the final report and a summary of findings of the special audit of the management of individual business operations of the company for the past five years, a counter-proposal by the shareholder Luka Koper put forward at the General Meeting was adopted, laying down that the Management Board of the company must, within six months from the date of the General Meeting, initiate legal proceedings for the compensation of damages related to the management of individual business operations of the company and caused by breach of obligations by members of management and supervisory bodies. The shareholder Vinko Rebula announced a challenging action against the adopted decision.
- Supervisory Board members Boštjan Rigler and Emerik Eržen were recalled before the expiry of their mandate.
- Due to their recall, a decision on the amendment of decisions adopted at the General Meeting of 30 July 2009 was adopted, on the basis of which the new Supervisory Board members Tadej Tufek and Maša Čertalič took up their duties already on 10 September 2009 and not 16 November 2009 as was planned.

The shareholders of Intereuropa d.d. endorsed the proposal of the Supervisory Board and Management Board that due to the global downturn and a decline of more than 20 percent in the number of contracts, dividends will not be paid in 2009 and profit for appropriation will remain undistributed.

Supervisory Board of the Company

The Statute of the company Intereuropa d.d. defines that the Supervisory Board is composed of seven members, four representing shareholders' interests and three the interests of employees. The members of the Supervisory Board are appointed for a four-year renewable term of office.

Members of the Supervisory Board who represent shareholders' interests are elected by the General Meeting of Shareholders. Members of the Supervisory Board - workers' representatives are elected by the Workers' Council and the General Meeting is simply notified of their election.

The responsibilities, governance and mode of operation of the Supervisory Board are determined by the ZGD-1, the Company Statute and Rules of Procedures on the work of the Supervisory Board. The Supervisory Board meets at sessions which must be convened at least once every three months and where it adopts decisions in the form of resolutions. They report to the shareholders about their work by means of written reports to the General Meeting.

Among important responsibilities of the Supervisory Board is the appointing and discharging of members of the Management Board and approving the annual report. The main role of the Supervisory Board is the supervision of the operational management of the company and monitoring of the work of the Management Board in pursuing the interests of the company. The members of the Supervisory Board are entitled to attendance fees paid for attending the meetings in the amount determined by the General Meeting resolution of 10 April 2009.

The primary role of the Supervisory Board is the supervision of the business operations of the company and monitoring of the operations of the Management Board while pursuing the company's interests and adopted objectives.

PRESENTATION OF THE MEMBERS OF THE SUPERVISORY BOARD IN 2009

Table 9 |

Members of the Supervisory Board in 2009							
No.	Name	Year of birth	Function within the Supervisory Board	Education	Employment	Other significant functions	Term of office
1	Bruno Korelič	1944	President of the Supervisory Board - representative of the capital	B. Sc. (Econ.)	Retired	Member of Superv. Board - Petrol d.d., Ljubljana	11. 4. 2009 10. 4. 2013
2.	Tadej Tufek, M.Sc.	1975	Member of the Supervisory Board - representative of the capital	M.Sc. (Econ. and Business Sciences)	President of the Management Board of Adria Airways d.d. Ljubljana	Member of Superv. Board - Banka Celje	10. 9. 2009 10. 9. 2013
3.	Vinko Može	1948	Member of the Supervisory Board - representative of the capital	University Graduate Engineer (Construction)	Aerodrom Ljubljana d.d.	Member of GMS of KaD d.d. Ljubljana	30. 7. 2009 30. 7. 2013
4.	Maša Čertalič, M.Sc.	1976	Member of the Supervisory Board - representative of the capital	M.Sc. (Transport & Logistics Mgmt)	Luka Koper d.d.		10. 9. 2009 10. 9. 2013
5.	Nevija Pečar	1957	Member of the Supervisory Board - workers' representative	Secondary School (Econ.)	Intereuropa - Branch office Koper	President of Trade Union ŠAK-KS go	19. 11. 2009 19. 11. 2013
6.	Maksimilijan Babič	1950	Member of the Supervisory Board - workers' representative	Secondary school (General)	Intereuropa - Branch office Mejna odprava	President of Workers' Council in Intereuropa d.d.	19. 11. 2009 19. 11. 2013
7.	Ljubo Kobale	1962	Member of the Supervisory Board - workers' representative	Secondary school (Commerce)	Intereuropa - Branch office Celje-PE Maribor		19. 11. 2009 19. 11. 2013

Attendance fees for Supervisory Board members and committee members are laid down in Chapter "General Meeting of Shareholders". The members of the Supervisory Board and the members of the Supervisory Board committees are also paid a daily allowance and travel expenses pursuant to regulations and provisions regulating per diem and travel allowances in Intereuropa d.d..

By amending the Statute in 2009, shareholders adopted the decision that Supervisory Board members can not participate in the company's profit.

The activities of the Supervisory Board are described in the Report of the Supervisory Board.

Table 10 |

Members of the Supervisory Board whose function ceased during 2009									
No.	Name and surname	Year of birth	Function within the Supervisory Board	Education	Employment	Other significant functions	Term of office		Expiration of office
1.	Manja Skernišak	1961	Member of the Supervisory Board - representative of the capital	B.Sc. Econ., Faculty of Economics Maribor	Member of the Mgmt. Board in Nova Kreditna Banka Maribor	Member of the Superv. Boards in KBM Infond, fund mgmt. co Ltd., and insur. company Zavarovalnica Maribor d.d.	16. 11. 2005	15. 11. 2009	9. 6. 2009 (resignation)
2.	Ervin Bužan	1964	Member of the Supervisory Board - representative of the capital	University Graduate Engineer (Technology of traffic)	Slov. Freight Assoc., Chamber of Commerce		16. 11. 2005	15. 11. 2009	10.4.2009 (recall)
3.	Boštjan Rigler	1973	President of the Supervisory Board - representative of the capital	University Graduate Engineer (Civil Engineering)	Member of the Mgmt.Board of DARS d.d.Celje	Mayor of Škofljica municipality	16. 11. 2005	15. 11. 2009	10. 9. 2009 (recall)
4.	Emerik Eržen	1950	Member of the Supervisory Board - representative of the capital	B.Sc. (Administration and Organisation)	Slorest d.o.o.		19. 1. 2007	15. 11. 2009	10. 9. 2009 (recall)
5.	Nevija Pečar	1957	Deputy President of the Supervisory Board - workers' representative	Secondary School of Economics Koper	Intereuropa -Branch office Koper	President of Trade Union ŠAK-KS 90	18. 11. 2005	18. 11. 2009	18. 11. 2009
6.	Zlatka Čretnik	1968	Member of the Supervisory Board - workers' representative	Secondary School of Economics and Social Studies Celje	Intereuropa - Branch office Celje		18. 11. 2005	18. 11. 2009	18. 11. 2009
7.	Vinko Rebula	1953	Member of the Supervisory Board - workers' representative	University Graduate Engineer (Transportation)	Intereuropa - Branch office Maribor		18. 11. 2005	18. 11. 2009	18. 11. 2009

SUPERVISORY BOARD COMMITTEES

By means of a resolution, the Supervisory Board establishes committees whose primary task is consulting the Supervisory Board when adopting decisions on specific issues. When creating an individual committee, the Supervisory Board defines its envisaged mandate and powers.

In 2009, four committees were operational: the Audit Committee, Appointment Committee, Income Committee and Investment Committee, all appointed until 22 October 2009. At its meeting of 22 October 2009, the Supervisory Board adopted a decision on the appointment of a single obligatory committee, namely the Audit Committee.

Table 11 |

Composition of Supervisory Board committees in 2009				
Term of office	Audit Committee	Appointment Committee	Income Committee	Investment Committee
From 24. 10. 2007 to 20. 5. 2009	Ervin Bužan - President of the Committee Manja Skernišak Nevija Pečar Alfijo Kocjančič	Zlatka Čretnik - President of the Committee Boštjan Rigler Tadeja Trojer-Jan	Emerik Eržen - President of the Committee Vinko Rebula Viljem Tisnikar	Ervin Bužan - President of the Committee Boštjan Rigler Simon Jan
From 20. 5. 2009 to 10. 6. 2009	Boštjan Rigler - President of the Committee Manja Skernišak Nevija Pečar Alfijo Kocjančič	Zlatka Čretnik - President of the Committee Boštjan Rigler Tadeja Trojer-Jan	Emerik Eržen - President of the Committee Vinko Rebula Viljem Tisnikar	Boštjan Rigler - President of the Committee Bruno Korelič Simon Jan
From 10. 6. 2009 to 22. 10. 2009	Boštjan Rigler - President of the Committee Nevija Pečar Alfijo Kocjančič Bruno Korelič	Zlatka Čretnik - President of the Committee Boštjan Rigler Tadeja Trojer-Jan	Emerik Eržen - President of the Committee Vinko Rebula Viljem Tisnikar	Boštjan Rigler - President of the Committee Bruno Korelič Simon Jan
From 22. 10. 2009 onwards	Tadej Tufek - President of the Committee Nevija Pečar Bruno Korelič Alfijo Kocjančič			

Operation of Supervisory Board Committees

At Supervisory Board meetings it was agreed that the Supervisory Board committees will convene when necessary.

The Appointment Committee and the Investment Committee did not convene in 2009.

Income Committee

The Income Committee met twice in 2009. At both meetings, the reduction of remunerations of Management Board members was discussed in view of the deteriorated financial situation in the company; moreover, a proposal for reductions to be discussed at a Supervisory Board meeting was prepared.

Audit Committee

The Audit Committee performs the tasks laid down in Article 280 of the Companies Act (ZGD-1) in line with the adopted Rules of Procedure of the Audit Committee.

In 2009, the Audit Committee met six times, dealing with the following matters:

- It met with the representatives of external auditors regarding the course of audit for the 2008 financial year, especially in relation to the audit of the subsidiary company OOO Intereuropa - East, Moscow.
- The Audit Committee was informed about the Internal Audit Department's schedule of tasks for the 2009 financial year.
- It dealt with and adopted the report on internal audit activities of the Internal Audit Department in the second half of the 2008 financial year.
- It called upon Supervisory Board members to adopt a decision on continuous delivery of internal audit reports to Audit Committee members.

- The Audit Committee thoroughly and continuously verified and evaluated financial reports and proposed that the Supervisory Board adopt the proposed resolution on the familiarization with the financial report of the Intereuropa Group and the company with regard to that part of the decision that relates to financial statements and is subject to supervision by the audit committee.
- It met with the representatives of the external auditing company Deloitte revizija d.o.o., Ljubljana, and discussed the findings of the audit performed in Intereuropa d.d. and the Intereuropa Group in the 2008 financial year.
- It dealt with the findings from the letter sent to the management by Deloitte revizija d.o.o. and proposed that the Supervisory Board ask the Management Board for some clarifications, explanations and measures.
- It dealt with the reports on the performed internal audit of business operations of companies OOO Intereuropa - East, Moscow and OOO Intertrans Moscow in greater detail, proposing to the Supervisory Board measures for the protection of the company's interests and the improvement of the financial situation and business operation of both companies.
- It proposed the adoption of a General Meeting resolution to appoint the auditing company KPMG Slovenija, podjetje za revidiranje, d.o.o., Železna cesta 8a, 1000 Ljubljana, auditor for the 2009 financial year.
- It was familiarized with the content of the agreement on the provision of audit services with KPMG Slovenija, podjetje za revidiranje, d.o.o., Železna cesta 8a, 1000 Ljubljana, for the 2009 financial year and approved its signing.
- It adopted a report on the operation of the Internal Audit Department in the first half of the 2009 financial year.

Management Board

The Management Board manages the company independently and on its own account, representing it before third parties without limitations.

Members of the Management Board are appointed and discharged by the Supervisory Board according to the Companies Act and Intereuropa d.d. Company Statute. The Management Board is composed of a maximum of four members. It comprises the President of the Management Board, Deputy President of the Management Board and a given number of management Board members. The company's Supervisory Board appoints the Management Board by means of a resolution on the appointment of the Management Board. The mandate of the Management Board is five years.

Each member of the Management Board is responsible for the guidance, management, organization, co-ordination and supervision of business operations for a particular scope of business for which it is responsible both at branch and subsidiary levels, and proposes company policies for his/her respective area. The operation of the Management Board and distribution of responsibilities is determined in the Rules of Procedure of the Management Board in greater detail.

Payments, reimbursements and other benefits of the members of the Management Board are determined in the employment contract concluded between the Supervisory Board and individual members of the Management Board. Remuneration of the members of the Management Board comprises a fixed and variable part. Intereuropa d.d. did not introduce any systems for rewarding the members of the Management Board in the form of option plans. The amount of remuneration of the members of the Management Board is presented in the financial report.

In 2009, the composition of the Management Board changed several times. Following the dismissal first of Andrej Lovšin, M.Sc. and later Zvezdan Markežič as President of Management Board, Ernest Gortan, M.Sc. took over the management of the company on 10 June 2009. On the same occasion, Marko Jazbec was appointed Deputy President of the Management Board, but on 30 November 2009 resigned for personal reasons. Due to the resignation of the member of the Management Board responsible for the financial field, the Management Board of Intereuropa d.d. appointed Tatjana Vošinek Pucer as procurator of the company. Her term of office began on 14 December 2009.

PRESENTATION OF THE MEMBERS OF THE MANAGEMENT BOARD

Table 12 |

Members of the Management Board in 2009								
No.	Name	Year of birth	Education	Function within the Management Board	Term of office		Expiration of office	
1.	Ernest Gortan	1968	Executive MBA, IEDC Bled School of Mgmt	President of the Management Board	10. 6. 2009	10. 6. 2014	/	
2.	Marko Jazbec	1970	B.Sc. (Econ.), Faculty of Economics Ljubljana	Deputy President of the Management Board	10. 6. 2009	10. 6. 2014	30. 11. 2009	
3.	Ondina Jonke	1960	B.Sc. (Administration & Organisation), High School of Publ.Administration Ljubljana	Member of the Management Board - Workers' Director	17. 1. 2006	17. 1. 2011	30. 7. 2009	
4.	Zvezdan Markežič	1959	B.Sc. (Econ.), Faculty of Economics & Business Maribor	President of the Management Board	23. 3. 2009	23. 3. 2014	10. 6. 2009	
				Deputy President of the Management Board	17. 1. 2006	17. 1. 2011	23. 3. 2009	
5.	Andrej Lovšin	1960	M.Sc., Faculty of Letters Ljubljana	President of the Management Board	17. 1. 2006	17. 1. 2011	23. 3. 2009	

Managing the Subsidiaries in the Group

Together with its subsidiaries, the controlling company Intereuropa d.d. forms the Group led by the Management Board of Intereuropa d.d. In the Intereuropa Group, we consider management as a process comprising planning, organization and supervision of business resources with the aim of achieving the company's business objectives, while at the same time striving to meet customer needs and expectations.

The Management Board manages its subsidiaries by ensuring unity in the following management areas:

- formulation of the business vision, mission and development strategies,
- internal organization of business areas,
- co-ordinated actions related to customers and suppliers,
- business planning, investments and financing,
- supervision of business operations (controlling, audits) and quality control,
- human resources and wage policy, and development and transfer of knowledge,
- strategic marketing and public relations,
- uniform IT development,
- other areas of management as laid down in the development programmes of the Group.

Upon joining the Group, subsidiary companies adopt uniform Group standards on the basis of an agreement. An alternative process of adopting Group standards is the secondment of experts from the controlling to a subsidiary company.

The Management Board performs its supervisory role at its meetings, where it regularly monitors business operations and the status of planned objectives in the subsidiaries, as well as adopts measures and decisions on future development and monitors their implementation. In subsidiary companies where the controlling company is not sole owner, the Management Board supervises business operations through membership in Supervisory Boards that usually meet four times a year. The management and supervisory bodies of companies are presented in Chapter "Company Profile" in the Table "Companies of the Intereuropa Group".

Due to the effects of the economic crisis on the worsening market conditions in 2009, we decided to supplement the usual monthly reporting on the business operations of the Group companies to the Management Board with quarterly projections in which we regularly evaluated short-term effects on the Group business operations in the following quarter. On the basis of these projections,

the Management Board adopted proactive measures to tackle the declining demand and increasing price pressures in Group markets. The preparation of quarterly business projections will continue in 2010.

... We strengthened management's responsiveness through the introduction of quarterly projections.

Performance Audit

EXTERNAL AUDIT

In the last four financial years, the auditing of the financial statements of Intereuropa d.d. and the Intereuropa Group was carried out by the auditing company Deloitte revizija d.o.o.; however in 2009, KPMG d.o.o., Ljubljana was appointed auditor for the 2009 financial year.

... We comply with the recommendation of the Corporate Governance Code for Joint Stock Companies regarding the changing of auditing companies at least once every five years.

In the process of auditing financial statements, the external auditor contributes significantly to risk management and the improvement of the internal control system.

The business operations of Intereuropa d.d. and its subsidiaries with external audit companies are presented in the company's financial report under "Notes to Financial Statements".

INTERNAL AUDIT

The Internal Audit Department operates within the framework of the controlling company and at the level of the Intereuropa Group. The Management Board and the Supervisory Board's Audit Committee consider and adopt annual operating plans and reports on Internal Audit Department activities.

The main task of internal auditors is to examine the functioning of the internal control system in the light of the management of all kinds of operating risks and other risks to which the Intereuropa Group is exposed.

In the 2009 financial year, the Internal Audit Department continued to implement the long-term plan for 2007-2011. Based on the annual report, seven internal audits were carried out in various areas of operation of the Intereuropa Group. Internal audits were carried out in four subsidiaries abroad, namely in the area of planning and financial reporting. Assurances relating to the functioning and efficiency of established internal controls and recommendations for their improvement were issued. The implementation of issued recommendations was verified; by the end of the 2009 financial year, half of the recommendations had been implemented. The verification of

the implementation of recommendations will continue in the 2010 financial year.

As in every financial year, we provided consultancy services and participated in individual company projects in 2009, while dedicating some time to the improvement of employees' expertise and work quality by upgrading the internal audit methodology.

... The aim of the Internal Audit Department is to assist the Group management in achieving better asset management, improved economy and business performance within the framework of the adopted development strategy as well as business and financial plans.

Description of the Main Characteristics of the Internal Control Systems and Risk Management in the Company in Relation to Financial Reporting

Financial reporting is the presentation of financial statements and information to external and internal users and serves as the basis for adopting business decisions. In financial reporting, there is the risk of authenticity (timeliness and expression value) and reliability (accuracy and objectivity) of the statements, which depends to a large extent on the adequate functioning of the internal control system in the process of keeping accounts and evaluating financial information, Accounting Department personnel, the accuracy and completeness of financial information, and the harmonization of accounting procedures with laws and other regulations, professional and occupational ethical principles, standards, policies and internal regulations of the company. It is our assessment that exposure to this risk is moderate.

We have established direct and indirect internal managerial financial controls in the accounting process to prevent both intentional and accidental irregularities, abuse and fraud. In the last quarter of the year, the Internal Audit Department examined the functioning of the internal control system in the segment of financial reporting. In this way, management verified the adequacy of financial reporting in the system of internal and external information of all interest groups.

The financial statements of the Intereuropa Group and the company Intereuropa d.d. are compiled in accordance with the international accounting standards that com-

prise requirements regarding the recognition, measurement, presentation and disclosure of transactions and events in financial statements. Financial reporting also complies with the requirements or provisions of the Companies Act.

The Management Board of Intereuropa d.d. adopted the rules which lay down basic guidelines for the preparation of individual financial statements of the companies in the Intereuropa Group for the purpose of consolidation and preparation of consolidated financial statements. The rules comply with the international accounting standards. They define the accounting periods and deadlines for the submission of interim and annual reports of subsidiary companies to the controlling company's Accounting Department. Interim financial reports are compiled quarterly and contain less information compared to annual reports, but are more condensed. At the beginning of every financial year, the management defines individual deadlines for the submission of interim and annual reports in greater detail in a separate document.

The requirement for disclosure laid down in a standard or note need not be fulfilled if information is not relevant. Information is relevant when the omission or incorrect indication of this information could influence users' business decisions that are based on financial statements. The rules on the consolidation of the Intereuropa Group contain guidelines on the disclosure of information.

Explanation Regarding the Ownership of Securities in Terms of Acquiring a Qualifying Holding, Special Control Rights and Restricted Voting Rights

All changes relating to the ownership of the company's securities in terms of the Takeovers Act are regularly published in the SEO-net system of electronic information of the Ljubljana Stock Exchange. According to the share register as at 31 December 2009, three shareholders of Intereuropa d.d. have acquired a qualifying holding.

Individual shareholders do not have any special controlling rights and are not restricted in the exercise of their

voting rights. The company is not aware of any agreements among the shareholders which could result in the restriction of transfer of the securities or voting rights.

As at 31 December 2009, Intereuropa d.d. owned 18,135 of its own IEKG-designated shares or 0.2295 percent of all shares. Thus it has 7,884,278 voting shares or 99.7705 percent of all shares. Intereuropa d.d. did not buy or sell any own shares in 2009.

Table 13 |

Information on significant direct shareholding in Intereuropa d.d. as at 31 December 2009			
Shareholder	Number of shares	Percentage	Ownership nature
Luka Koper d.d.	1,960,513	24.8%	Direct
Kapitalska družba d.d.	719,797	9.1%	Direct
Slovenska odškodninska družba d.d.	474,926	6.0%	Direct

Statement on Conformity with the Corporate Governance Code for Joint Stock Companies

The Management and the Supervisory Board of Intereuropa d.d., Global Logistics Service, Koper hereby declare that the functioning and business operation of the company comply with the provisions of the Corporate Governance Code for Joint Stock Companies with individual derogations which are disclosed and explained below:

- Code provisions 3.4.6. in 3.4.7.: Supervisory Board Member liability insurance should protect the interests of the company, not the Supervisory Board members. If Supervisory Board members take out liability insurance, they cover the insurance costs themselves. The company should take out liability insurance only for that part of damages which could exceed the assets of Supervisory Board members and for which the company would not be indemnified without insurance. Liability insurance protects the interests of the company for the most part, and protects only a fraction of the personal assets of the members of the Management and Supervisory Boards. Insurance costs are charged to the company as a whole, while the portion of the fee which protects the personal assets of members of the Management and Supervisory Boards is calculated as a bonus.
- Code provision 8.15.5.: Companies should evaluate the need for a provision in their internal acts which would specify the rules on the limitation of trading and disclosure of trading in company shares and the shares of associated companies. It is recom-

mended that in the internal act companies compile a complete list of persons to whom the limitation of trading applies, and the period of the limitation of trading related to the disclosure of information. The company estimates that there is no need for any internal acts which would further limit the trading in company shares and the shares of associated companies. The company considers that the provisions of the Financial Instruments Market Act (ZTFI) are specific enough and binding, therefore it is unnecessary to duplicate the same provisions.

Some recommendations of the Corporate Governance Code for Joint Stock Companies are not relevant to the company, therefore they are not mentioned specifically. The company will respect recommendations laid down for the company or its bodies in relation to certain situations when such situations occur.

The statement relates to the period from the last publication of the statement, that is from 30 April 2009 until the date of the publication of the present statement.

The Corporate Governance Code, designed by the Stock Exchange d.d., Ljubljana, the Supervisory Board Members' Association and the Managers' Association on 18 March 2004, was modified on 14 December 2005 and 5 February 2007. The entire text is available in both Slovene and English on the website of the Ljubljana Stock Exchange (www.ljse.si).

A revised Corporate Governance Code for Joint Stock Companies was adopted on 8 December 2009 and entered into force on 1 January 2010.

The Statement on Conformity with the Corporate Governance Code for Joint Stock Companies is part of the 2009 Annual Report and is published on the company's website www.intereuropa.eu.

Intereuropa d.d., Koper

President of the Management Board

Ernest Gortan, M.Sc.

A handwritten signature in green ink, appearing to read 'Gortan', with a large loop at the end.

President of the Supervisory Board

Bruno Korelič

A handwritten signature in green ink, appearing to read 'Bruno K.', with a large loop at the end.

3

Despite low growth we maintained the highest quality services.





BUSINESS REPORT

Development Strategy of the Intereuropa Group

VISION

To become the leading provider of integrated logistics solutions.

MISSION

The mission of the Intereuropa Group is to meet the need for logistics services and provide the optimal functioning of supply chains to the complete satisfaction of our customers, while creating added value for owners, employees and stakeholders in a socially responsible manner.

VALUES

Professional attitude towards customers. Our activities seek to offer optimal solutions for the logistics needs of each and every customer, based on advanced logistics know-how.

Adaptability and flexibility. Our services are prompt and tailored to customers' needs. They are based on innovative business solutions and good organization.

Responsibility. We are distinguished by a high level of responsibility for all obligations and arrangements undertaken, as well as for both the social and natural environments.

Teamwork and respect for co-workers. The quality of our services is the result of the work of individuals and excellent expert teams. We duly take into account co-workers' knowledge, experience and views

STRATEGIC ORIENTATION AND OBJECTIVES

Our strategic objectives for the period until 2014 are the following:

- ensure financial stability through divestment, deleverage, debt rescheduling and effective management of working capital,
- establish a strategic partnership in the company OOO Intereuropa - East, Moscow,
- maintain and strengthen our position as the leading provider of integrated logistics services in Slovenia and the countries of the former Yugoslavia,
- continuous optimization of processes in all business segments at the Group level and within affiliated companies,
- acquire a strategic partner for Intereuropa d.d. that will carry out recapitalization, thus contributing to the Group's financial stability as well as the development of our main business activity.

Our organizational structure and professional competence will enable us to fully realize our competitive advantages:

- own network of affiliated companies,
- established partnership network,
- a wide range of different products and our own infrastructure,
- technically qualified staff.

We will be focused on those markets where we command the largest market shares (the markets of the former Yugoslavia). The remaining markets will be subject to the evaluation of type of presence according to growth potential. If forecasted growth rates or strategic objectives are not realized, withdrawal from the market is possible by disposal of companies.

We remain focused on the development of three business areas (land transport, intercontinental transport and logistics solutions) and their respective products. Land and intercontinental transport products will contribute to the search for synergetic solutions provided by logistics warehousing and distribution. Complementarity of services will enable us to achieve growth and development with regard to all products and ensure more integrated customer management.

With its network and infrastructure, Intereuropa will offer a wide range of logistics services in trade flow management and supply chain organization. We will make effective use of the strategic position of our logistics capacities in the V. and X. Pan-European corridors and participate in the logistics flow management in the VIII. Pan-European corridor.

We will establish a systematic organisation adapted to increased trade and sales activities. We will improve service reliability throughout the chain by means of internal education, while the new information platform currently

being implemented will guarantee timeliness and quality of information.

Our market activities will be oriented towards the establishment of partnerships and management of long-term relations with customers who operate in the same markets as Intereuropa and who, being focused on their main activity, are willing to hand over the management of their own logistics activities to companies specializing in management. We will pay due attention to smaller customers who are especially important in the area of land transport as they are urgently needed to fill available capacities.

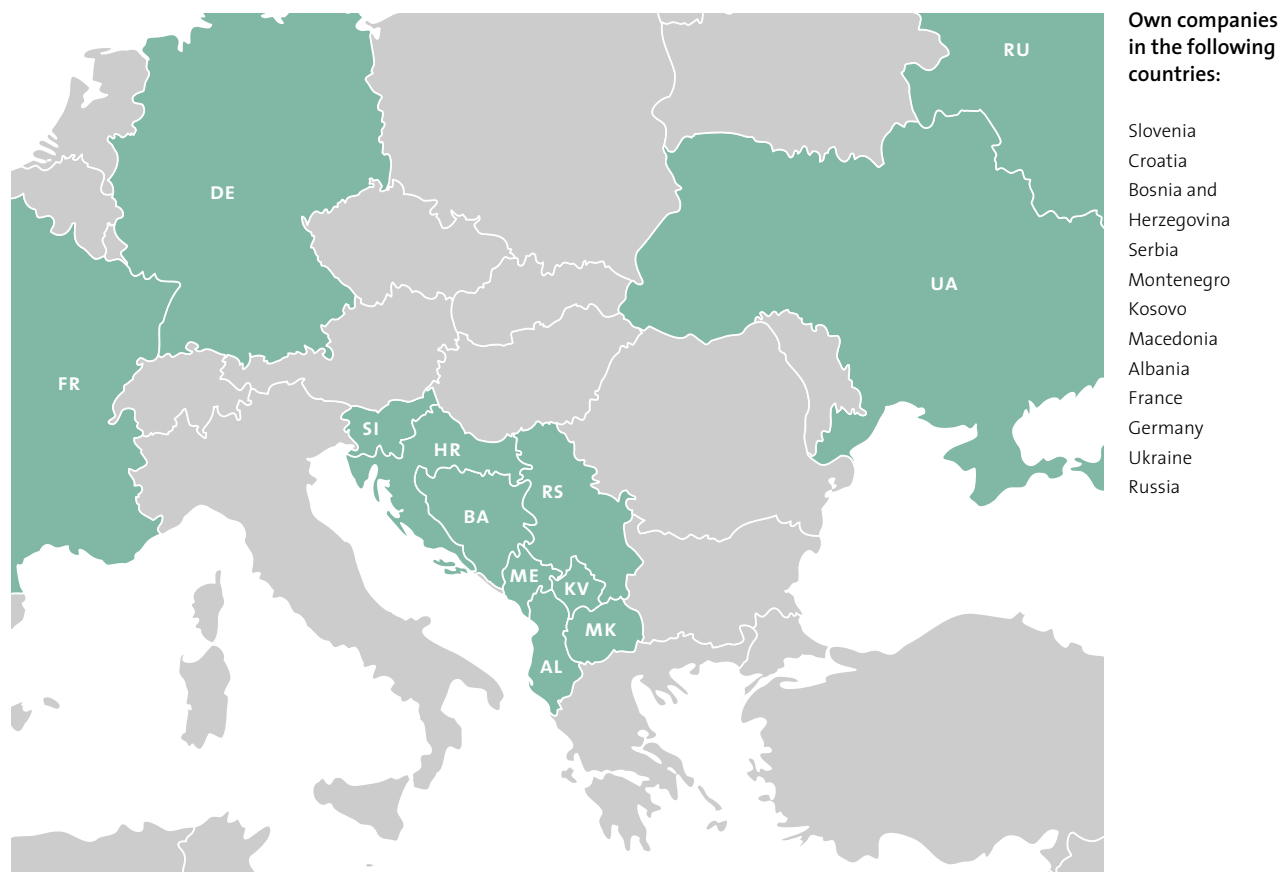
Intereuropa will manage the Group companies in the direction of a transnational company, that is an affiliated group that wishes to achieve global effectiveness, while at the same time meeting local market needs to the full extent possible. We will exploit the advantages and synergies arising from our own network of companies and from a uniform partnership network.

The achievement of our strategic goals is based on:

- strengthening our position in existing markets where the Group has established its own business network,
- development and specialisation of logistics products,
- focus on sales and establishing close relations with customers through partnership relations,
- focus on sales of integrated logistics services of the Group,
- continuous process optimization and realization of synergy effects of harmonised operation of the Group.

Figure 5 |

Business network of the Intereuropa Group



Implementation of the Development Plan and Realization of Objectives

The year 2009 marked the fourth year of the implementation of the Intereuropa Group development plan laid down in the document “Corporate Vision and Development Strategy of the Intereuropa Group 2006-2011”.

In 2007, our strategic direction and focus were amended, with more attention given to entering new markets in Eastern Europe. Emphasis was on the markets of the Russian Federation and Ukraine, where we saw exceptional market potential, particularly in the field of automotive

logistics, but also on other business operations of the Group.

The most important financial objectives to 2011 are:

- EUR 384.6 million in sales revenues or an average of 10 percent annual growth,
- operating profit in the amount of EUR 24.5 million,
- a 5.4 percent net return on assets,
- a 10.2 percent net return on equity.

Table 14 |

Projected operations of the Intereuropa Group for the 2006-2011 period							
	in 1000 EUR						average growth
	2006	2007	2008	2009	2010	2011	11/05
Sales revenues	219,074	244,061	276,518	312,200	351,435	384,590	10.0%
Profit/loss before interest, taxes and depreciation	20,453	22,450	26,085	30,062	34,245	37,835	11.7%
Operating profit/loss	9,656	11,301	14,488	18,011	21,431	24,462	17.7%
Net profit/loss	8,392	8,851	11,241	13,884	16,448	18,721	6.9%
Assets	276,020	287,346	302,672	317,974	337,978	349,395	4.4%
Capital	177,934	178,785	181,727	186,680	193,505	201,841	2.3%
Net return on equity*	4.9%	5.2%	6.6%	8.0%	9.3%	10.2%	
Net return on assets	3.0%	3.1%	3.7%	4.4%	4.9%	5.4%	

*capital reduced by the profit of the year

Source: Corporate Vision and Development Strategy for the period 2006 to 2011.

Results for 2009, in the fourth year of development plan implementation:

- a 26 percent decrease in sales revenues,
- sales revenues in the amount of EUR 191.1 million,
- profit before interest, taxes and depreciation in the amount of EUR 15.1 million,
- operating loss in the amount of EUR 50.6 million,
- net loss in the amount of EUR 53.9 million,
- assets in the amount of EUR 489.3 million,
- capital in the amount of EUR 188.8 million,
- a -26.2 percent net return on equity,
- a -11.5 percent net return on assets.

None of the financial objectives defined in the 2009 development plan were achieved last year. Furthermore, the strategy for entering new markets in Russia and Ukraine did not yield the expected results because the required investments exceeded those forecasted, while the actual results were worse. This is the reason our Chekhov-Moscow Logistics Centre was not fully operational by the end of 2009; due to a serious financial situation we were also forced to suspend plans for the development

of a small-scale logistics terminal near Kiev and on the Hungarian-Ukrainian border. Such great departures from the strategic plans compelled the Management Board of Intereuropa d.d. that began its term of office in June 2009 to draw up a new development plan. The key points are presented in the Chapter “Strategic Orientation and Objectives”.

General Economic Situation in 2009

The weakening of the economy that began as early as in the second half of 2008 had a large negative impact on goods transport. EU economic activity and trade indicators suffered a sharp decrease in 2009, which also greatly affected service activities related to trade flows. Production and trade, supported by extraordinary financial and economic measures of countries, showed signs of recovery in the second half of 2009, but progress remained very slow and unstable up until the end of the year. Gross domestic product in the EU fell by 4.2 percent in 2009.

Slovenia

In 2009, Slovenian GDP was 7.8 percent lower in real terms compared to the previous year but nevertheless higher than the average of Eurozone countries. A 17.4 percent decrease in industrial production was reflected in reduced demand for transport and transport-related services. Moderate economic growth in the last quarter of 2009 implies that the recovery of the Slovenian economy is unstable and gradual.

Year-on-year exports were down 15.6 percent and imports 17.9 percent lower in real terms, which - in addition to a high degree of dependence of the Slovenian logistics market on international trade flows - decisively affected the sale of logistics services.

Investments decreased drastically (by an overall average of 21.6 percent) in all segments. Construction investments, that in the years preceding the crisis recorded substantial growth, also decreased. As a result, investments in infrastructure decreased and conditions for ensuring financial resources became more challenging. With regard to investments into equipment and machinery, the following factors contributed to their decrease: various financial factors and the resulting diminished need for new transport equipment compared to previous years, together with a drop in demand and lower utilization of existing capacities in production, resulted in decreased investments in equipment and machinery.

Croatia

In a year marked by a worsening global financial and economic crisis, Croatian foreign trade saw a reduction in domestic and foreign demand and lower prices for raw materials and energy on the global market. As in other countries of the region, gross domestic product development (down 5.8 percent for 2009) was influenced by global developments as well as the particularities of the domestic market. The reduction of exports of goods and services by 17.5 percent in real terms and a drop in domestic demand (by 9.7 percent) resulted in reduced production of goods and services as well as in decreased imports in real terms. Industrial production dropped by 9.2 percent and, after seven years of positive development, the volume of transported goods fell by 12.1 percent.

Montenegro

The economic crisis reached Montenegro only in 2009, while in 2008, the country did not feel any major negative effects. Gross domestic product fell by 4 percent, while the results of the real sector show a 32 percent fall in industrial production and saw significant reductions in the tourism, construction, forestry and trade sectors. Foreign trade shrank considerably, as both exports and imports fell by more than one-third.

Russia

The macroeconomic situation in Russia in 2009 was characterized by the changeable dynamics of key macroeconomic indicators. One of the main trends of the Russian economy is the shrinking of the domestic market, influenced by concurrent reductions in investments and demand. Gross domestic product fell by 7.9 percent, investments in fixed assets by 17 percent and consumption by 5.4 percent. Industrial production fell by 11 percent in 2009, the hardest hit branches being the production of transport vehicles and equipment, the production of electrical, electronic and optical equipment, and the production of machinery and devices. Russian Federation foreign trade fell by approximately one-third on both the export and import sides.

Ukraine

In 2009, Ukraine experienced, at 15 percent, its largest drop in production since 1994. The first effects of the global recession were felt already in 2008, when a drastic reduction in exports at the end of the year resulted in a decline in the value of the national currency, the Hryvnia, by more than half against the US dollar. The banking sector was rocked to its foundations as companies and natural persons could no longer repay their bank loans. Ukraine was forced to apply for an emergency loan from the International Monetary Fund. In 2009, the banking sector produced a loss of USD 3.9 billion and hindered economic revival due to its incapacity to provide loans. Industrial production, accounting for one-quarter of gross domestic product, shrank by 21.9 percent in 2009. It gradually began to show signs of recovery in the last quarter of the year, which slowed the fall of gross domestic product for the year to some degree.

Bosnia and Herzegovina

Macroeconomic data for 2009 shows a negative influence of the economic downturn on goods and capital flows in Bosnia and Herzegovina. Reduced demand by the largest partner countries in the European Union and South-East Europe resulted in a significant reduction in exports (by 17.6 percent) and the shrinking of industrial production and the economy in general. Industrial production, which accounts for the largest share of gross domestic product, decreased by 11.6 percent in Bosnia and Herzegovina and increased by 19 percent in Republika Srpska, making for a total decrease of 3.3

percent. It is estimated that gross domestic product shrank by 4 percent.

Macedonia

In Macedonia, the global economic downturn became evident in the last quarter of 2008 with a decrease in the production of metals and textiles. The effect spread to other branches of the economy in 2009, when industrial production fell by 7.7 percent. There was also a sharp decline in foreign trade and foreign direct investments were halved. Gross domestic product fell by 2 percent.

Serbia

The global crisis weakened demand in Serbia in 2009, which brought about a decrease in industrial production of 12.1 percent, the hardest hit branches being the production of base metals, food, chemicals as well as mining and quarries. Foreign trade declined by a quarter, exports by 19.7 percent and imports by 28 percent alongside weak domestic demand.

Kosovo

According to the Central Bank of Kosovo, Kosovo recorded 4 percent economic growth in 2009, largely in the financial and private sectors. Foreign direct investments increased in the second half of the year; of these, 70 percent was equity participation and 23 percent reinvestments by existing foreign investors in Kosovo. The year was marked by an extraordinarily high 52.7 percent rise in exports, while imports fell by 4.4 percent.

Albania

Due to the external effects of the economic crisis, the Albanian economy recorded lower growth than in 2008 (+7.8 percent) but was among the rare economies in Europe that maintained growth. According to the International Monetary Fund, gross domestic product in 2009 increased by 2 percent. Albania has strong economic ties with some European Union member states (Greece and Italy), therefore its macroeconomic indicators depend on the economic trends in these two countries and in the European Union, which accounts for 65 percent of its foreign trade.

France

France recorded a 2.2 percent decline in gross domestic product in 2009. This decline would have been even greater had it not been for private consumption which rose by 0.9 percent in the last quarter, thanks to state subsidies in several areas. Household consumption in 2009 rose by 0.8 percent and public expenditure by 1.6 percent. However, shrinking international trade saw exports drop 11.2 percent and imports by 9.7 percent. In the last quarter, France recorded a 0.6 percent increase in gross domestic product, an encouraging result compared to the slack German economy.

Germany

After six consecutive years of growth, the German economy recorded a 5 percent decline in 2009, unprecedented since World War II. The greatest blow was dealt by declining exports and investments in equipment and machinery (down 20 percent). Foreign trade, formerly the driving force of the Europe's largest economy, slowed progress in 2009, with exports down 14.7 percent and imports 8.9 percent. Despite a positive shift in economic activity in the second and third quarters, the economy stagnated in the last quarter.

Austria

In the hardest year of the crisis, Austrian companies produced 10 percent less compared to 2008. The largest decline was recorded in industrial production (down 12 percent). In 2009, GDP experienced a 3.6 percent decline. The economic crisis resulted in a 17 percent decrease in exports and fewer investments in equipment and machinery, negatively impacting the construction industry. Only private consumption eased the weakening of the economy.

Table 15 |

Economic growth and inflation rate in 2009		
	GDP growth (%)	Inflation (%)
EU27	-4.2	1.0
Slovenia	-7.8	1.8
Croatia	-5.8	2.6
Montenegro	-4.0	1.0
Russia	-7.9	10.5
Ukraine	-15.0	14.0
Bosnia and Herzegovina	-4.0	-0.3
Macedonia	-2.0	-0.6
Serbia	-2.3	6.0
Kosovo	3.8	0.2
Albania	2.0	2.0
France	-2.2	0.1
Germany	-5.0	0.3
Austria	-3.6	0.5

Sources:

Eurostat	ec.europa.eu/eurostat
Statistical Office of the Republic of Slovenia	www.stat.si
Institute of Macroeconomic Analysis and Development	www.umar.gov.si
Croatian Bureau of Statistics	www.dzs.hr
Agency for Statistics of Bosnia and Herzegovina	www.bhas.ba
State Statistical Office, Republic of Macedonia	www.stat.gov.mk
Statistical Office of the Republic of Serbia	www.statserb.sr.gov.yu
Federal State Statistics Service, Russian Federation	www.gks.ru
National Institute of Statistics and Economic Studies, France	www.insee.fr
State Statistics Committee of Ukraine	www.ukrstat.gov.ua
Federal Statistical Office, Germany	www.destatis.de
Statistical Office of Kosovo	www.ks-gov.net/esk
Statistical Office of Montenegro	www.monstat.org
Institute of Statistics, Albania	www.instat.gov.al

Anticipated Economic Situation in 2010

Following the most severe economic crisis in modern history, the second half of 2009 marked an upward trend, despite international institutions having forecasted slow and cautious growth. According to those forecasts different regions will recover at various paces, depending on their respective economic situations before the crisis, external shocks and measures taken at the national level. Increased production is expected to be higher in under-developed and developing countries than in developed countries. In January 2010 the IMF revised upwards its forecasts for growth of world GDP for the year 2010 to

+3.9 percentage points, although it noted that recovery would be slow, long-lasting and continue to be uncertain.

A similar conclusion was drawn by the Institute of Macroeconomic Analysis and Development of the Republic of Slovenia, which estimated Slovenia's economic growth in 2010 would be positive but modest. Although economic indicators have demonstrated improvement, the situation in financial markets is still very tense. Fluctuations in economic activities may therefore still be expected in 2010.

Table 16 |

Forecast for rates of economic growth and inflation in 2010 and 2011				
	GDP growth (%)		Inflation (%)	
	2010	2011	2010	2011
EU27	1.0	1.9	1.3	1.6
Slovenia	0.9	2.5	2.0	2.7
Croatia	0.2	2.2	3.0	3.0
Montenegro	0.0	2.0	3.0	3.0
Russia	2.3	2.7	9.0	7.8
Ukraine	2.7	4.4	9.0	6.0
Bosnia and Herzegovina	-1.0	0.0	0.0	1.0
Macedonia	1.5	2.5	1.1	2.2
Serbia	0.0	2.0	3.0	3.0
Kosovo	4.3	4.7	2.0	1.8
Albania	4.0	6.0	3.0	3.0
Germany	1.5	1.9	0.8	1.0
France	1.4	1.7	1.1	1.4
Austria	1.1	1.5	1.3	1.6

Sources:

1. European Commission: European Economic Forecast, Autumn 2009, October 2009.
2. Institute of Macroeconomic Analysis and Development of the Republic of Slovenia, Ekonomsko ogledalo, No. 2 / year XVI, February 2010.
3. International Monetary Fund, World Economic Outlook Update, A Policy-Driven, Multi-speed Recovery, 26. y. 2010.
4. The Vienna Institute for International Economic Studies: wiiw Forecast for Central, East and Southeast Europe, Kazakhstan and China: Differentiated Impact of the Global Crisis, 5. 3. 2009.
5. Republic of Kosovo—IMF Staff Visit, Concluding Statement, Pristina: Near-Term Outlook: Orderly Slowdown Likely to Be Followed by an Upturn Next Year, 16. 9. 2009.

Plans for 2010

The business plan for 2010 was prepared on the basis of the situation of Intereuropa Group in 2009, which was the result of the Group's offensive strategy against the background of the declining economic activity or trade flows on our markets. The Group's original development plan for the period 2006 - 2011 was not used as the platform for the preparation of the business plan owing to significant deviations from the initial document and information therein. In addition to the annual business plan we have undertaken the preparation of the new strategic business plan for the period 2010 - 2014. The plan highlights are presented under the chapter "Strategic Orientation and Objectives". One of the priorities in the planning was to ensure sufficient cash flow for smooth operations of the Group and the parent company in particular, which financed the rapid augmentation of the Group's assets.

The main starting points for the preparation of the 2010 business plan were:

- Economic environment: according to our estimates we have reached the bottom of the cycle, so rather than growth in economic activity we expect stagnation at present levels.
- The planned growth of income will be realised through the increased market shares, i.e. with new customers and new business transactions.
- The operating plan for the subsidiary in Russia was determined on the basis of a conservative approach, which means that the customs terminal status will not be realised earlier than end-2010.
- The financial status of the Group allows only for the conclusion of already initiated investments.
- In order to reduce outstanding debts of the parent company, internal funds are required, which will be secured with the disposal of property.

Within the framework of the above starting points Intereuropa Group has set the following business and financial goals for 2010:

- We will sell EUR 200 million worth of logistics services to our customers; more than half of planned growth is expected to be realised in Russia.

The highest growth is expected in the areas of logistics solutions (mainly as the result of the planned start-up of warehousing activities in Russia) and land transport where growth is expected through new business.

The reduction of operating costs of the parent company is expected to continue.

Significant increase in sales efficiency of the subsidiary Intereuropa Transport, d.o.o., Koper.

Cost-cutting and increased sales (in Intereuropa Transport, d.o.o., Koper, Seatrails A.D. Podgorica, AD Intereuropa - logističke usluge Beograd, Intereuropa RTC d.d. Sarajevo, OOO Intereuropa - East, Moscow) will generate EUR 6.7 million of operating profit.

Investments will be limited to the completion of the Chekhov-Moscow Logistics Centre.

The parent company will dispose of its two large properties in order to start the process of reducing outstanding debts of the parent company.

In the preparation of the business plan we took into account numerous assumptions regarding the terms and volume of the parent company's loans as related to the completion of the Chekhov-Moscow Logistics Centre and start-up of warehousing activities in Russia as well as the disposal of property in Slovenia. Although there are some uncertainties regarding the business environment and dynamics of the investment in Russia, the Management Board of Intereuropa d.d. has determined that the planned cash flow from operations can be realised.

The guiding principles in preparing the 2010 business plan were to provide sufficient cash flow to ensure the Group's liquidity, and to begin the process of reducing outstanding debt at the parent company Intereuropa d.d., Koper.

MARKETING AND SALES

Total Sales of Intereuropa Group

Logistics activity is by its nature closely dependent on the broader economic environment and developments therein. In 2009 the recession triggered significant downwards trends in consumption, production and international trade both around the world and inside the European economic area. Numerous manufacturers were forced to rationalise processes and reduce both volumes and operations in order to adapt to the prevailing modest demand, which was in turn reflected in reduced demand for logistics services. Consequently price pressures increased from month to month until the last quarter of the year when they started to ease. According to some estimates the Slovenian market in transport services is expected to shrink by about 30 percent. A similar decline in sales was marked during the year in some of the largest European and global logistics groups.

In 2009 the Group generated a total of EUR 191.1 million in sales revenues, 32 percent below the planned figure, and 26 percent down on the 2008 figure.

Sales results are monitored by the segments of our operations identified as business areas. In comparison with 2008 the greatest decline in sales was seen in intercontinental transport, reflected specifically in automotive logistics owing to declines in the physical transshipment and transportation of automobiles. Sales for the business area also fell due to the transfer of a part of the activities of Intereuropa d.d. (UPS branch office) to the new UPS company in Slovenia.

Figure 6 |

Structure of sales revenues by business area in 2009

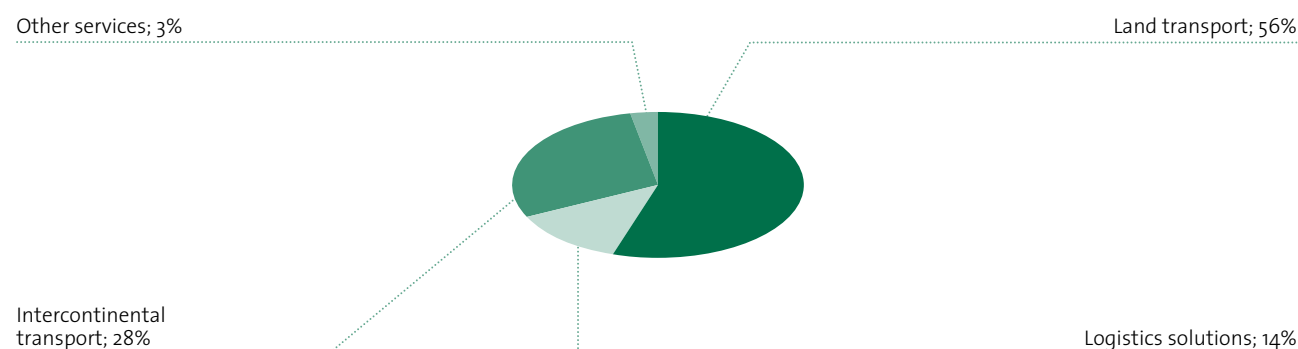


Table 17 |

Sales revenues of Intereuropa Group in 2009 by business area				(in 1000 EUR)
Business area	Jan.–Dec. 2009	Structure	Ind. 2009/plan	Ind. 2009/2008
1 Land transport	106,243	56%	69	78
2 Logistics solutions	26,067	14%	73	83
3 Intercontinental transport	53,206	28%	61	64
4 Other services	5,602	3%	108	93
Total	191,117	100%	68	74

One of the main reasons behind declining sales is the decline in physical transshipment and transportation of goods, reflected strongly in automotive logistics.

Table 18 |

Sales revenues of Intereuropa Group in 2009 by country					(in 1000 EUR)
	Jan.–Dec. 2009	Structure	Ind. 2009/plan	Ind. 2009/2008	
1 Slovenia	118,644	62%	69	71	
2 Croatia	32,207	17%	79	76	
3 Bosnia and Herzegovina	7,276	4%	73	79	
4 Austria	412	0%	33	142	
5 Serbia	3,475	2%	66	73	
6 Macedonia	1,348	1%	70	81	
7 Kosovo	2,084	1%	72	78	
8 Russia	5,359	3%	25	82	
9 France	1,241	1%	60	70	
10 Ukraine	7,672	4%	83	93	
11 Germany	4,896	3%	71	91	
12 Montenegro	6,436	3%	83	83	
13 Albania	66	0%	-	-	
EU countries	125,193	66%	68	72	
non-EU countries	65,924	34%	66	79	
Total	191,117	100%	68	74	

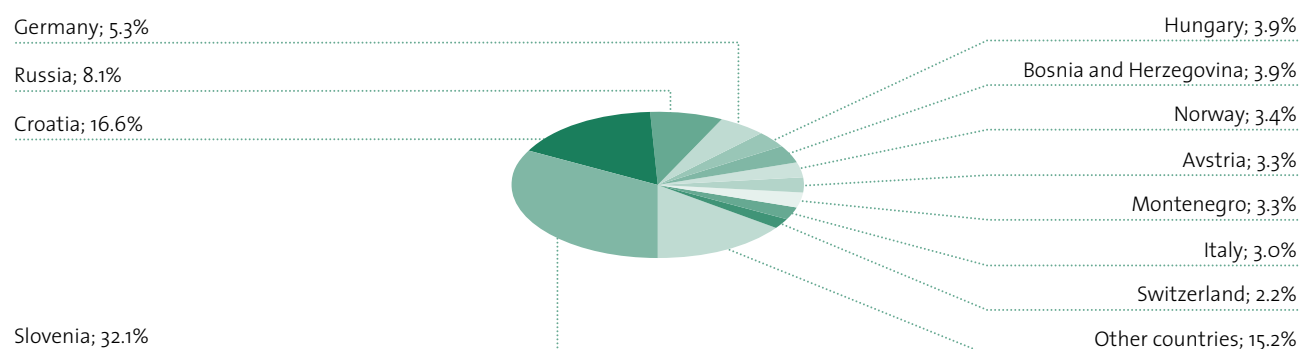
Note: Sales revenues by country are presented in view of the Group's headquarters.

In 2009, just under one-third of sales revenues were generated on the domestic market, 28 percent on the markets of the former Yugoslavia, and 8 percent in Russia. Compared with 2008, sales declined on all geographical

markets, with the greatest relative declines on the French and Serbian markets. In absolute terms Slovenian and Croatian markets recorded the biggest declines.

Figure 7 |

Structure of 2009 sales revenues by country according to customer headquarters



Land Transport

Land transport represents the largest share in the sales structure of the Intereuropa Group, which increased by 3 percentage points compared to the previous year. In 2009, land transport accounted for 56 percent of all sales revenues of the Group. The negative effects of the recession started to show already in the second half of 2008, and in 2009 they were reflected in a substantial decline in the volume of transported goods and a drastic decline in the demand for logistics services. The volume of transshipment in Europe (as our main market) fell by more than 30 percent against 2008 levels. The global economic crisis had a strong effect on the land transport products of Intereuropa: sales revenues in this business area fell by 22 percent against the previous year. The highest decline in revenues was recorded by the companies in Slovenia (Intereuropa d.d., Koper, Intereuropa Transport, d.o.o., Koper,

and Intereuropa-FLG, d.o.o., Ljubljana). Nevertheless, the share in the structure of sales revenues generated by the companies in Slovenia increased by 7 percentage points compared with 2008, and represents 56 percent.

The Group did not achieve the planned goals, with the exception of smaller individual units which do not represent a significant share in the whole structure. The largest disparity between planned goals and achieved results was seen at the company in Russia. It may be concluded that the non-realisation of planned goals was mostly due to two factors: the global economic crisis and the failure to start up the terminal and the activities of the company in Russia in line with planned volumes, which had a negative effect, particularly on our road transport, rail transport and customs services products.

Figure 8 |

Structure of sales revenues from land transport by country (by head office of Group companies)

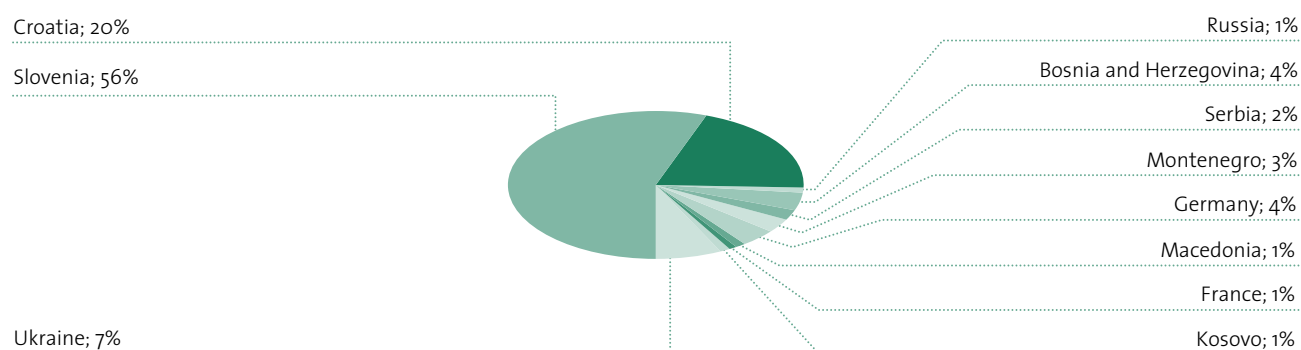
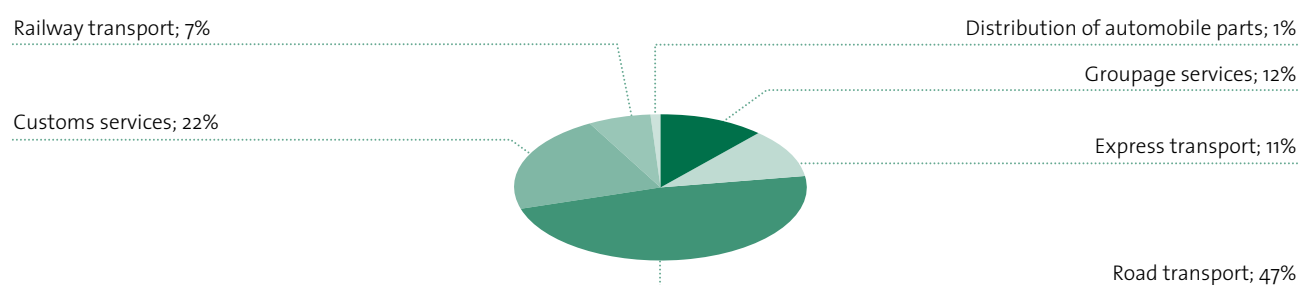


Figure 9 |

Structure of sales revenues by product in the land transport business area



In 2009 Slovenian companies of the Group invested great efforts in the construction of the new IT system to support the land transport products. This will better enable the automation of processes and increase productivity within the company, while our customers will benefit from better tracking of shipments. Positive effects from those efforts are expected to show in 2010, and in the coming years the IT solution will also be transferred to other companies of the Group.

A 9 percent increase in sales revenues is expected in 2010, with the highest increase anticipated in road transport (OOO Intereuropa - East, Moscow, Intereuropa Transport, d.o.o., Koper, and Intereuropa d.d., Koper), railway transport (most of the increase expected from OOO Intereuropa - East, Moscow) and customs services (most of the increase expected from Intereuropa, logističke usluge, d.o.o., Zagreb, Intereuropa RTC d.d. Sarajevo and Intereuropa d.d., Koper).

ROAD TRANSPORT

Road transport represents the highest share (26 percent) in the structure of sales revenues from products delivered by Intereuropa. This product accounts for as much as 47 percent of sales revenues in the land transport business area. A good half of all sales revenues are generated by the subsidiary company Intereuropa Transport, d.o.o., Koper.

In 2009 we marked a lag behind both the planned goals and actual results for the previous year. The discrepancies are the consequence of the economic crisis - in the first half of the year this had a very negative effect on land transport, notably those segments of key importance for Intereuropa Transport, d.o.o., Koper (automobile industry, household appliances, construction). While the volume of goods on the market declined, prices remained unchanged, while costs stagnated or even rose despite the recession. The non-realisation of planned results for this product also grew out of the company in Russia, which failed to realise the ambitious goals set. The decline in sales was the consequence of the recession and lower market prices, as well as inadequate agency efforts.

Key objectives for 2010:

- preserve our primary customer base and attract new customers by providing high-quality products,
- reduce the number of vehicles which do not comply with environmental standards,
- central management of suppliers,
- reorganisation of the operations of Intereuropa Transport, d.o.o., Koper,
- harmonisation of marketing activities between Intereuropa Transport, d.o.o., Koper, and forwarding units,
- development of activities in Russia and increased agency activities.

CUSTOMS SERVICES

Customs services constitute a highly important support service of the Group. Almost half of all sales revenues from this product are currently generated by the company in Croatia, followed by Slovenian companies, which account for about one-third of all revenues from Group customs services. Sales revenues for Slovenia in 2009 lagged least behind planned targets: our border forwarding products even exceeded target goals by 7 percent, and 2008 results by 8 percent. Intereuropa Kosova LLC., Priština, is the only company which exceeded 2008 result-levels and targets, while all other companies lagged behind targets. The failure to realise target results for this product is due

in largest part to the company in Russia - since the customs terminal status (in-house customs clearance) was not obtained, customs services volumes did not reach the planned volumes.

Key objectives for 2010:

- constant efforts to preserve a high level of know-how: regular training, continuous monitoring of changes in relevant legislation and transfer of knowledge between employees;
- customs services require a high level of specific knowledge, which we will maintain and upgrade in order to be able to consult and assist our customers in their logistics problems.

GROUPAGE SERVICES

Of all land transport products, groupage services have been most severely affected by the crisis, resulting in a 26 percent decline in the sales revenues of the Group. In absolute terms sales revenues from groupage services fell most drastically in Slovenia, although Slovenian companies still accounted for as much as 84 percent of all revenues of the Group. The fall in sales revenues was the consequence of declining international trade and reduced volumes for transported goods due, on the one hand, to the recession, and to significantly lower sales prices on the other.

Key objectives for 2010:

- to remain the leading provider of groupage service in the region of former Yugoslavia and to increase market shares,
- to optimise the realisation of processes and to mainstream trade flows,
- to increase transportation dynamics through the concentration of shipments,
- to ensure efficient tracking of shipments services to our customers and partners through the introduction of a new IT solution.

EXPRESS TRANSPORT

Sales revenues for 2009 were down 20 percent on 2008 figures. The largest share of sales revenues were generated by the company in Croatia (68 percent), followed by the company in Slovenia (22 percent), the company in Bosnia and Herzegovina (9 percent) and the company in Serbia (2 percent). None of the companies in the Group achieved the target goals. The reasons are to be found in the un-

favourable economic situation and the resulting reduction in the order volumes from major customers, which could not be compensated for by increased sales nor by new business. The company in Croatia marked a decrease of transportation by own vehicles and an increase in outsourcing.

Key objectives for 2010:

- application of the new IT support in Slovenia and conclusion of the traceability project in Croatia,
- development of new products on the basis of different guaranteed deadlines,
- development of distribution services in those countries where Intereuropa is present through its subsidiaries,
- further optimisation of processes, cost controls and optimal realisation solutions in order to preserve the highest level of service quality.

Land transport represents the largest share in the sales structure of the Intereuropa Group, which saw an increase of 3 percentage points over the previous year.

RAILWAY TRANSPORT

Railway transport is the Intereuropa Group product managed together with the affiliated company Intereuropa-FLG, d.o.o., Ljubljana, which is 50 percent owned by Intereuropa, while the remaining 50 percent is owned by the Austrian company Express-Interfracht Internationale Spedition GmbH. Compared with the previous year sales revenues of the company decreased by more than one-third, as the consequence of declining transportation of industrial raw materials, scrap metal, wood and chemical raw materials. The transportation of automobiles by rail also decreased, especially to Russia and Poland. One of the key companies for the organisation of railway transport is TOV TEK ZTS, Užgorod, which generates a significant share of sales revenues for this product. Failure to meet targets for this product in 2009 was again due largely to the company in Russia, which did not realise the planned activities.

Key objectives for 2010:

- to exploit the synergies in operations of both companies (related to the ownership of Intereuropa-FLG, d.o.o., Ljubljana),
- constant efforts to preserve and upgrade the level of know-how: internally (transfer of knowledge) and externally (various functional training schemes),
 - to exploit the geostrategic position at the crossroads of the fifth and tenth transport corridors,
 - to reinforce the staffing of the company in Russia with experts in the field of railway transport.

Intercontinental Transport

AIRFREIGHT

In 2009 the Group did not match the results for airfreight of the previous year. Target goals were exceeded by the business unit in Kosovo, while the largest volume of operations is still realised in Slovenia. Poor sales results were the result of very low rates for airfreight services and a decline in air transport in the region owing to the recession. Moreover, due to the presence of global logistics companies on the market it is difficult to achieve product growth in Slovenia and, increasingly, in the Balkans as a whole.

Despite low prices for air transport in 2009, rates were still higher compared to container sea freight as the competitive product. Thus an outflow of shipments to the latter service was marked. In the second half and notably in the last quarter of the year an increase in demand for airfreight services as well as an increase in prices were noted.

Despite the downward trend in sales results we are satisfied with developments in airfreight activity within the Group's companies, since we have managed to preserve and even increase some market shares. This has been achieved through internal training of employees in subsidiaries and the transfer of best practice from Slovenia to other companies of the Group. Moreover, the Group has been strengthening co-operation with its business partners. In 2010 we expect development and growth in all the countries of South-East Europe, where stress will be laid on aggressive sales and total customer management.

Despite the downward trend in sales, we are satisfied with the development of air freight activities in the Group's companies, since we have managed to preserve and even increase their market shares.

UPS

In 2009 express delivery services product was marked by the disposal of the Slovenian and Croatian UPS units. A financial comparison with 2008 is not possible. Bosnia and Herzegovina lagged 11 percent behind sales targets, although it did manage to preserve important market share which serves as a good basis for development of the product in 2010.

Express or courier services in 2009 were affected by high oil prices which had a negative influence on the sales environment. Moreover, the market is burdened with increasingly fierce competition. In 2010 we will develop the product in the territory of Bosnia and Herzegovina since we have estimated there are good opportunities for further development of the product and growth of revenue.

SEA FREIGHT

Sea freight comprises the following sub-products: conventional cargo, full and groupage container loads (FCL and LCL) and RO-RO cargo based on ferry transport. Sea freight services also comprise the shipping agency product which in Slovenia is provided by Insurgent, d.o.o. In 2009 sea freight accounted for 12 percent of total Group sales.

In Slovenia sea freight activities are carried out in the Koper branch office, whose results are satisfactory, although lagging behind sales targets. For conventional cargo we exceeded planned sales revenues minus direct costs by 4 percent, and improved on the 2008 result by 7 percent.

The subsidiaries which provide sea freight services did not meet sales target goals. The emphasis is on container transport, where we set up an adequate network of shipping agencies with our presence in all East Adriatic ports, including our new shipping agency in Albania, with head office in Durrës. We will continue to strengthen cooperation with the partnership or agency network in order to increase our control of sea freight shipments. We have strengthened and developed the RO-RO product by exploiting the presence of our new company in Albania and the possibilities for total management of the RO-RO line between Koper and Durrës. In the area of conventional cargo special attention was dedicated to sea freight of super-cooled cargo, where we anticipate growth possibilities also in 2010.

Although sales of sea freight services declined in Slovenia, we have managed to preserve significant market shares in trade flows through the port of Koper. Our operations were very successful in conventional cargo and automotive logistics, where we marked higher sales sales revenues.

In the area of shipping agency we remain the leading shipping agent in terms of represented ships, although our operations were significantly affected by the reduced number of ships for vehicle transportation and lower vessel traffic in the port of Koper, resulting in lower revenue from the shipping agency product. The policy for 2010 remains the same: to retain the leading position with represented ships in the port of Koper, and to acquire a new container line ship-owner with the service for Koper located in the Far East.

AUTOMOTIVE LOGISTICS

Automotive logistics is becoming an increasingly important product both for the business area of intercontinental transport and for the Group as a whole, representing 13 percent of the Group's sales. The importance of automotive logistics is also based on the high market share of this product held by the port of Koper and the vehicle storage capacity of the Chekhov-Moscow Logistics Centre. Sales targets for 2009 were not met due to declining car sales in Europe, which resulted in the reduced transshipment of vehicles and lower prices for vehicle land transportation. Nevertheless, the Slovenian companies of the Group exceeded sales revenues after direct costs by 4 percent.

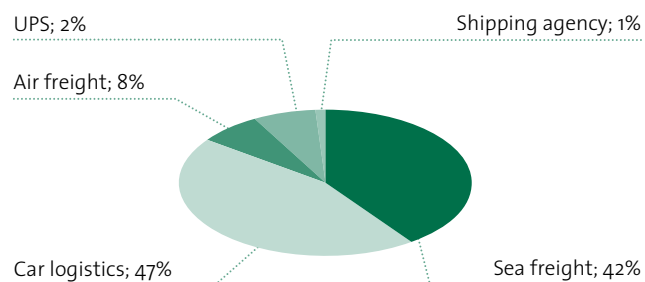
The Chekhov-Moscow automotive terminal expanded the range of customers, thus spreading the risk of termination of contracts for vehicle warehousing and effects on incomes due to lower numbers of stored vehicles. Based on growth forecasts for car sales on the European and Russian markets in 2010, we see possibilities for sales growth of this product. The Group will strengthen its sales approach to the development of the product, especially for the land transport of vehicles between the terminals in Central and Eastern Europe.

PLANS FOR 2010:

- to increase sales activities directed at sea freight products, where we will exploit our market position obtained in the port of Koper,
- to obtain the agency service for the representation of air carriers in the region and harmonised operations of the Group's companies in the field of airfreight,
- to develop automotive logistics by acquiring vehicle transportation businesses in Central and Eastern Europe and to strengthen the position in Russia by exploiting the terminal services of the Chekhov-Moscow Logistics Centre,
- further development of sea freight services in our subsidiaries with an emphasis on transport of full containers and groupage containers on the fifth and tenth pan-European transport corridors,
- development of logistics activities in the southern Balkans, with an emphasis on the connectivity between the Group's companies in trade flows through southern Balkan ports,
- formation of a strong partnership network with existing and new logistics partners at the global level and integration of all of the Group's companies in a single partnership network,
- development and introduction of IT support for the needs of intercontinental transport in our subsidiaries.

Figure 10 |

Structure of sales revenues for the intercontinental transport business area



Logistics Solutions

Logistics solutions cover complete services of purchasing and sales logistics for all goods categories on the basis of customer requirements. Our own logistics infrastructure and specialised know-how enable flexibility and prompt responsiveness regardless of the size of the customer or type of warehousing and transport.

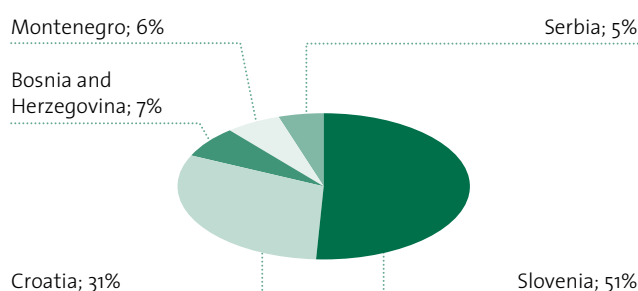
WAREHOUSING AND DISTRIBUTION

The warehousing and distribution product group generated EUR 26 million in sales for 2009, which represents a 14 percent share in the Group's total net revenue.

Sales results for warehousing and distribution were 17 percent below last year's results, as the result of the negative impact of the economic crisis and in line with our expectations for 2009. The poor results were due largely to the lower sales on our key two markets, Slovenia and Croatia, which were most severely affected by prevailing unfavourable economic trends. Sales revenues on both markets which account for a combined 82 percent share of the Group's business area fell by 18 percent. Termination of cooperation with key business partners and lower sales volumes at most other business partners, where we have seen a marked reduction in the volume of trade flows and the resulting increase in the warehousing of goods were the main reasons behind the decline.

Figure 11 |

Structure of sales revenues for the logistics solutions business area in 2009 by country



Sales results for the warehousing and distribution product were 27 percent below target, due largely to late activation of warehousing capacities in Russia representing almost one-sixth of the revenue in sales targets for 2009. Poor sales results for logistics solutions were mainly the result of the crisis which started to spread to the former Yugoslav markets in 2009. At the same time we are facing strong pressure from our business partners to reduce prices for services owing to a sudden surplus of warehousing capacities on our strategic markets. Price levels which our

business partners expect for logistic services have fallen by about 40 percent since summer 2008, which further reduces profitability of services.

Following the Group's strategy to strengthen its presence in the south-eastern European countries, a sharp increase of warehousing capacities outside Slovenia has been marked in recent years in the logistics solutions business area. Compared to 2006 the amount of logistics terminals located outside Slovenia had doubled by the end of 2009. During the past four years Intereuropa Group has built new warehouses in Bosnia and Herzegovina, Serbia and Russia and expanded its network of logistics terminals through new acquisitions of companies in Kosovo and Montenegro.

At end-2009 the total area of warehousing capacity of the Groups amounted to 268,959 m².

Figure 12 |

Structure of logistics terminal surface area of Intereuropa Group at end-2009 by country

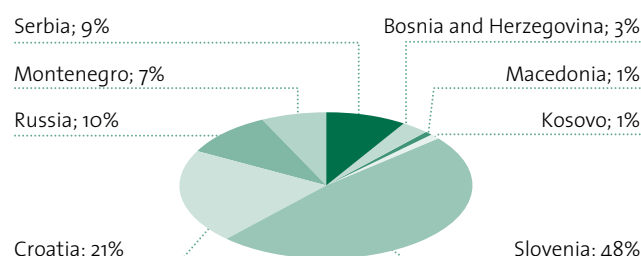
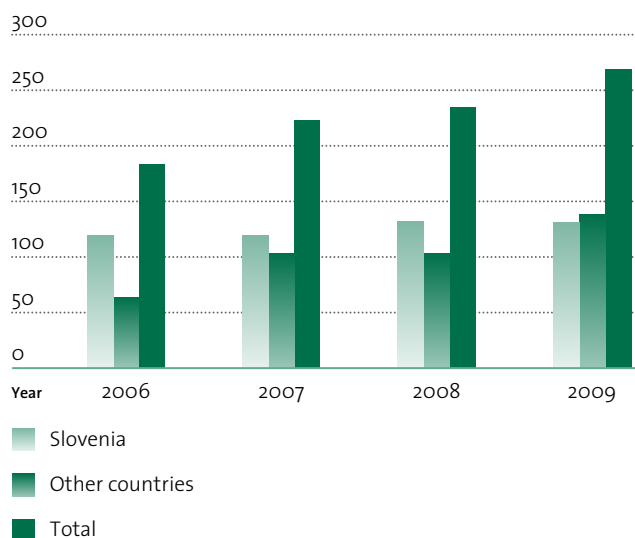


Figure 13 |

Logistic terminal surface area of Intereuropa Group in the period 2006 - 2009

in 1000 m²



Plans for 2010:

- to retain existing customers,
- to acquire new logistics projects, although reduced operations or even termination of business co-operation with some customers due to the crisis can be expected,
- to start the segmentation and specialisation of logistics solutions by goods category,
- to concentrate on customers who require outsourcing of complex solutions.

LOGISTICS PROJECTS

Intereuropa offers integrated and complex logistics services. On the basis of various products of the Group (warehousing, groupage services, distribution, sea freight, airfreight etc.) the company prepares a complete logistics solution tailored to individual customer needs. Such solutions are always based on logistics projects which are very complex and require an abundance of professional knowledge.

Logistics projects are project managed, and the project group comprises professionals from both companies.

The introduction of efficient and complete logistics solutions requires a synchronised network of various activities at different working processes in the logistics chain,

which depends on the flow and exchange of information between the subjects in the logistics chain. This can be achieved through the introduction of electronic exchange of data between companies and tagging of transport and warehousing capacities.

Such an approach requires a strong partnership relationship between the customer and the provider of logistics services, since it is only by working closely together that we can achieve optimum results and establish an efficient supply chain.

Intereuropa is member of GS1 Slovenia, a non-profit international organization. This means that its operations in the field of information and data exchange comply with GS1 standards.

Plans for 2010:

- to continue with the professional work on logistics projects for producing and implementing logistics solutions for Intereuropa services tailored to individual customers,
- to market professional knowledge on logistics problems within companies.

Through its network and infrastructure Intereuropa will offer comprehensive services for the management of trade flows and organisation of supply chains. It will exploit the strategic position of its logistics capacities on the fifth and tenth pan-European transport corridors.

In line with the development of business areas and key activities the company will continue with the development of integrated logistics supply chains.

ANALYSIS OF OPERATIONS

Operating Performance of the Group

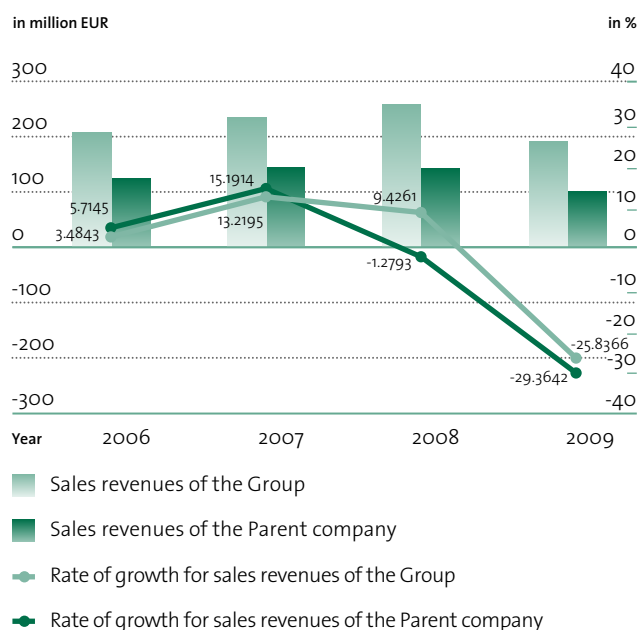
Logistics activities are strongly connected to and dependent on the tradable sector. The effects of the economic crisis which struck industrial manufacturers were also reflected in the declining trade flows and lower demand for warehousing capacities. Intereuropa Group was no exception, as we witnessed a substantial reduction in the demand for our services as well as price pressures. Already at the beginning of the year we adopted measures to alleviate the effects of the crisis on sales, costs, investments and financial results. However, those measures only partially limited the influence of the crisis on our operations and we still recorded the worst operating results of Intereuropa Group as well as of its parent company in the past ten years. Moreover, we did not manage to meet targets related to the development of new markets in Russia and Ukraine. The most important operating results are presented below.

SALES REVENUES

After relatively high growth in sales revenues during the period 2006 - 2008, the year 2009 saw a dramatic decline in sales revenues.

Figure 14 |

Movement of sales revenues for the Group and the parent company, 2006 - 2009



The revenues of the parent company were, in addition to the economic crisis, affected by the transfer for consideration of a part of the controlling company Intereuropa d.d., Koper (UPS branch office) to the new UPS company in Slovenia, while the Group's revenues were also affected by the disposal of the same business in the subsidiary company Intereuropa Sajam, d.o.o., Zagreb. 2008 sales revenues of the UPS branch office amounted to EUR 8.2 million, while the Zagreb subsidiary generated EUR 1.9 million through its UPS operations. The revenues of the UPS branch office for 2008 and 2009 are excluded from Figure 14: Movement of sales revenues for the Group and the parent company, 2006 - 2009.

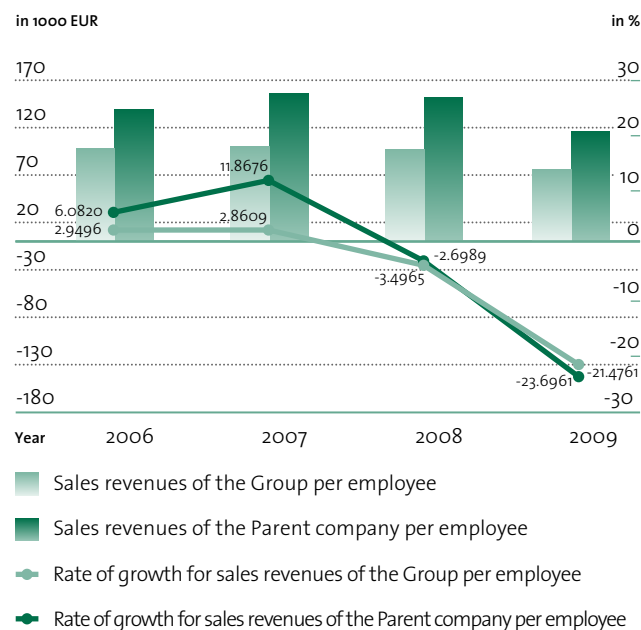
Effects of the recession were first seen in land and intercontinental transport, only to be followed by logistics solutions three months later. The biggest decline in sales was marked in automotive logistics, where sales fell by more than 40 percent.

A closer review of Group sales results by individual business areas and groups of services and markets is laid out in the chapter "Marketing and Sales".

A similar decline was also seen in sales revenues per employee, although the figure was slightly lower because we adapted to declining demand by reducing personnel. The number of employees as measured by hours worked was reduced by 7 percent in the parent company and by 6 percent in the Group as a whole.

Figure 15 |

Structure of operating expenses in proportion to Group sales revenues, 2006 - 2009



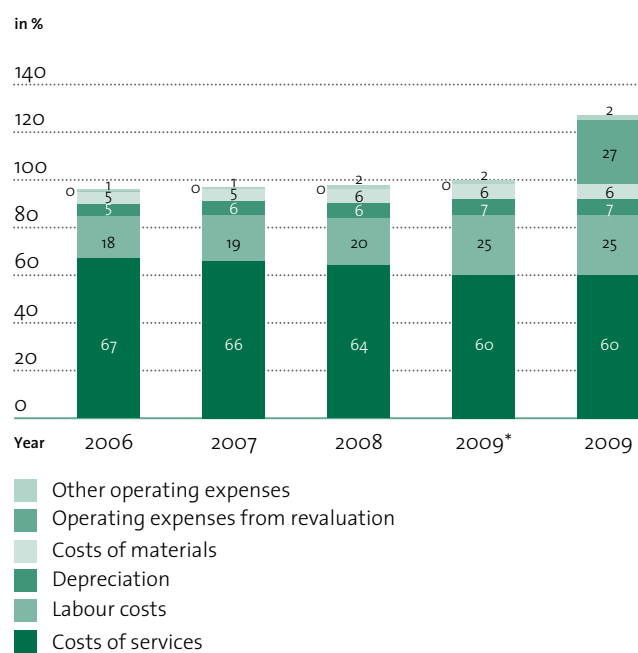
OPERATING EXPENSES

The structure of operating expenses has remained relatively stable over the observed period. Costs for services and labour represent the largest share of these expenses. Such a structure is expected, since the major part of revenues is represented by revenues from forwarding activities.

In costs of services, direct costs of services prevail, which represented 80 percent of group costs in 2009 (82 percent in 2008). This also represents the group of costs in which we were most successful in cost reduction, where we managed to cut costs by almost 33 percent.

Figure 16 |

Structure of operating expenses in proportion to Group sales revenues, 2006 - 2009



* Expenses from revaluation are excluded

The share of labour costs increased by 5 percentage points, even though labour costs were reduced by 8 percent or EUR 4.2 million. The number of employees in 2009 was reduced by 297.

Since assets were presented at fair value in 2009, the expenses from revaluation due to impairment of fixed assets were very high.

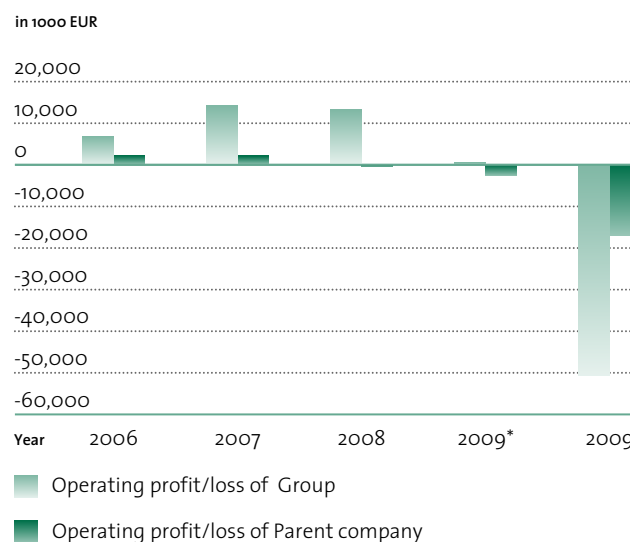
Since assets were presented at fair value in 2009, expenses from revaluation due to impairment of fixed assets were very high. Impairments were highest in the companies OOO Intereuropa - East, Moscow, Intereuropa d.d., Koper, and TOV Intereuropa - Ukraine, Kiev. To enable comparison with previous years, the data for 2009 in the above graph "Structure of operating expenses in proportion to Group sales revenues, 2006 - 2009" is presented also without operating expenses from revaluation.

OPERATING PROFIT OR LOSS

In 2009 substantially lower operating profits were marked both for the parent company and the Group in comparison with previous years. To enable comparison with previous years, the data for 2009 is presented also without the effect of expenses from revaluation due to impairment of fixed assets.

Figure 17 |

Movement of operating profit/loss of the Group and parent company, 2006 - 2009



* Expenses from revaluation are excluded due to impairment of fixed assets

In the case of the parent company, the falling trend can be fully attributed to declining demand. At the Group level, operating profits are lower also due to declines in other operating incomes, while in previous years higher operating income had contributed to a better picture of operating profit or loss of the Group.

FINANCE INCOME AND EXPENSES

Financial management of the Group is concentrated within the parent company to the greatest extent possible. In the period 2006 - 2007, financing activities positively influenced the operating profit of the Group. A sharp upsurge in finance income was marked in 2007 when we sold a major part of the financial investment in Banka Koper d.d., the rest of which was sold in 2008. Financial expenses exceeded financial incomes in 2008 for the first time in the observed period. This was due to a shift in the capital structure in favour of debt capital, which is also demonstrated in the Group statement of financial position below.

Financial expenses exceeded financial incomes in 2008 for the first time in the observed period.

Figure 18 |

Profit/loss from financing of the Group from 2006 to 2009

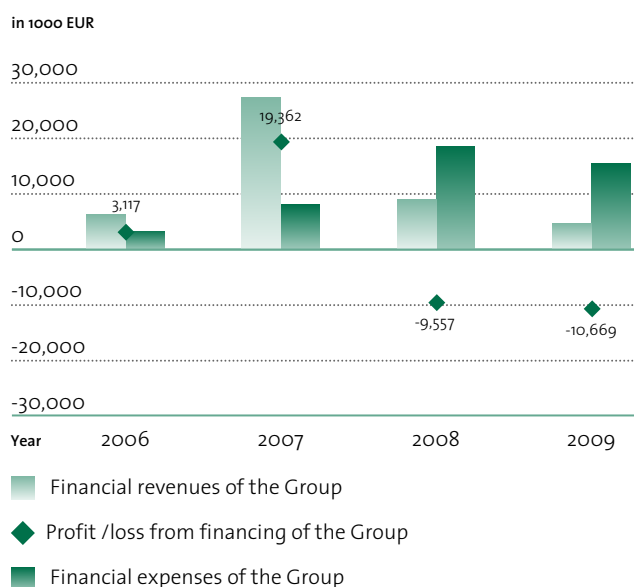
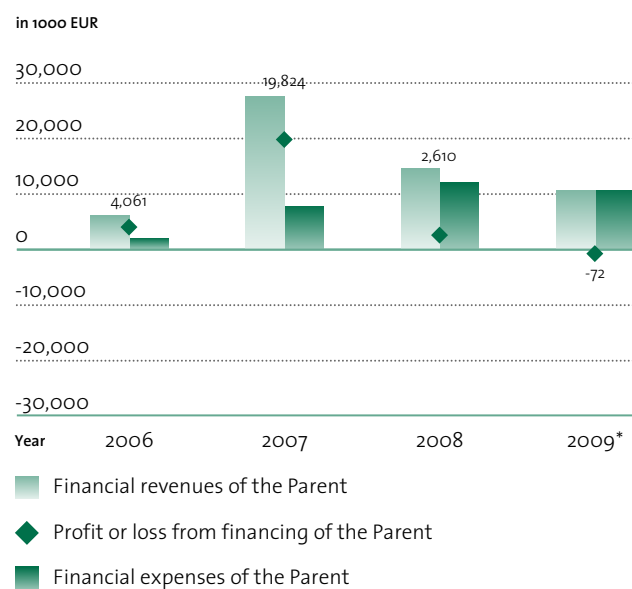


Figure 19 |

Profit/loss from financing of the parent company from 2006 to 2009



* Expenses from revaluation are excluded due to impairment of investments in subsidiaries

STRUCTURE OF THE STATEMENT OF FINANCIAL POSITION OF THE GROUP

A detailed review of the Intereuropa Group statement of financial position shows that in the period 2006 - 2009, the most significant change was in the total amount of assets of the Group. In 2007 alone, the total assets of the Group increased by 41 percent, or by EUR 119 million, followed by additional 11 percent and 8 percent increases in 2008 and 2009 respectively. This is mostly the result of growth in tangible fixed assets through organic growth and the acquisition of company Zetatrans A.D. Podgorica in 2007. Simultaneously long-term financial investments visibly reduced its share in assets. In 2009 the land owned by the Group was revaluated to fair value. In addition to expenses from revaluation mentioned above under expenses, we also increased the presented value of tangible fixed assets by almost EUR 46 million, resulting in an increase of the Group's capital by EUR 78 million.

The fast growth of the Group's assets was financed mostly by debt capital through the parent company.

The fast growth of the Group's assets was financed mostly by debt capital through the parent company. On the lia-

bilities side, the growth of financial liabilities is most outstanding. In 2007, financial liabilities grew by 221 percent or EUR 111 million and later in 2008 by an additional 38 percent or EUR 61 million. The share of short-term financial

liabilities amounted to 59 percent at the end of 2008, due to which we carried out refinancing in 2009 in order to achieve more appropriate maturities. Financial liabilities remained at roughly 2008 levels.

Table 19 |

Structure of the statement of financial position of the Group, 2006 - 2009, absolute values				(in 1000 EUR)
	2006	2007	2008	2009
ASSETS	289,830	408,571	451,678	489,270
A. Non-current assets, of which	187,485	320,187	356,584	406,821
Tangible fixed assets	153,527	285,086	330,861	377,910
Long-term financial investments	12,760	13,979	6,807	4,034
B. Current assets, of which	102,345	88,384	95,094	82,449
Short-term operating receivables	61,158	74,019	71,632	63,080
Cash and cash equivalents	3,069	8,380	8,508	5,318
LIABILITIES	289,830	408,571	451,678	489,270
A. Capital	181,339	186,154	169,360	188,804
B. Long-term liabilities, of which	34,409	84,636	95,647	132,141
Long-term financial liabilities	27,482	77,796	91,112	109,215
C. Current liabilities, of which	74,081	137,781	186,671	168,326
Short-term financial liabilities	22,887	83,752	131,942	115,946
Short-term operating liabilities	48,448	51,691	53,114	52,325

Figure 20 |

Structure of Group assets, 2006 - 2009

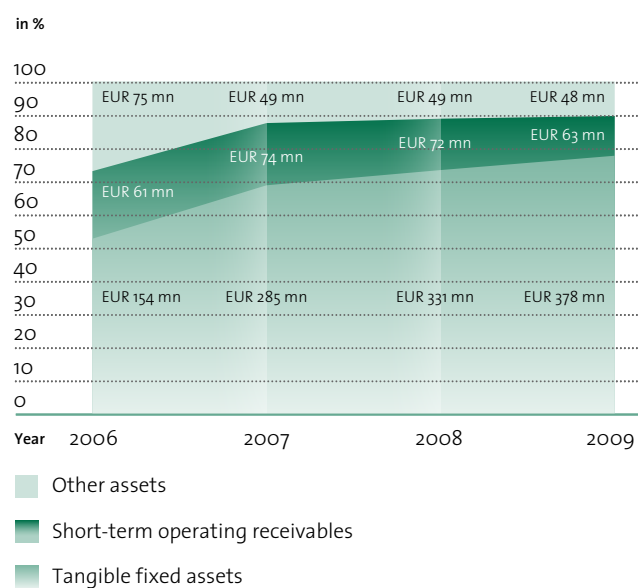
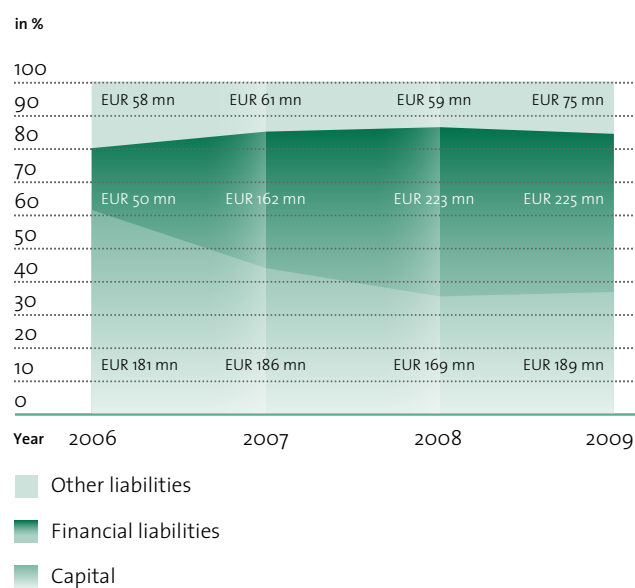


Figure 21 |

Structure of Group liabilities, 2006 - 2009



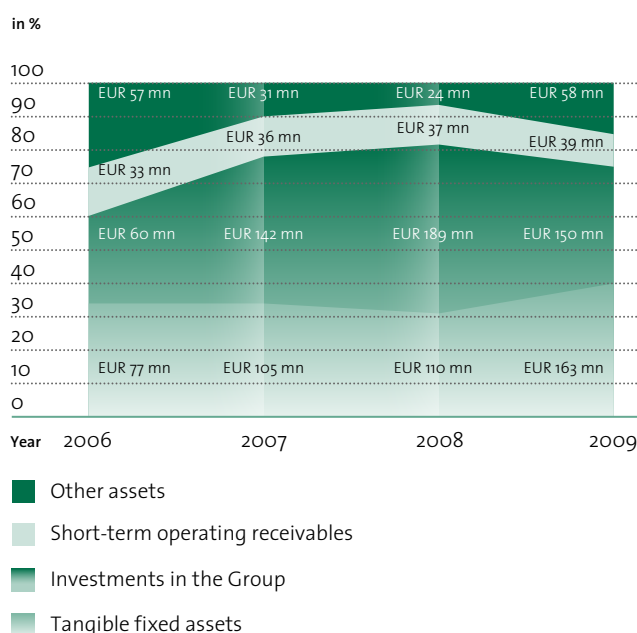
STRUCTURE OF THE STATEMENT OF FINANCIAL POSITION OF THE PARENT COMPANY

Changes in the structure of the statement of financial position of Intereuropa d.d., Koper in the period 2006 - 2009 are similar to those of the Group. The growth of tangible fixed assets is less noticeable compared to the entire Group. Most outstanding is the growth of short-term financial investments, with which the parent company financed the growth of affiliated company assets. In 2009 we increased the capital of the subsidiary OOO Intereuropa - East, Moscow, by EUR 58 million EUR and carried out the impairment of investments in subsidiaries as well as one partial write-off of an investment in the total amount of EUR 60 million. Due to revaluation of land owned by the company to fair value, the value of fixed assets was increased by EUR 57 million, with an equal increase in the capital.

The growth of tangible fixed assets is less noticeable compared to the entire Group. Most outstanding is the growth of short-term financial investments, with which the parent company financed the growth of affiliated company assets.

Figure 22 |

Structure of assets of the parent company, 2006 to 2009



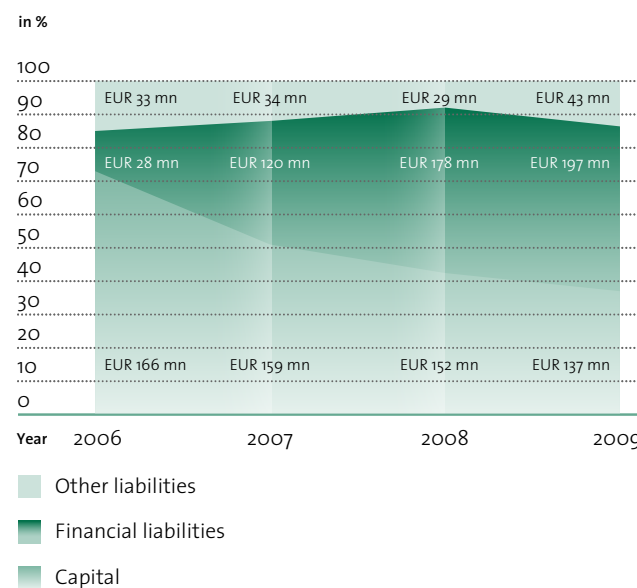
* Excluded are investments in the Group related to additional capital raised at the subsidiary OOO Intereuropa - East, Moscow, amounting to EUR 33.8 million

On the liabilities side, the growth of financial liabilities is most outstanding.

On the liabilities side, the growth of financial liabilities is most outstanding. In 2007, liabilities grew by 330 percent or EUR 92 million and later in 2008 by an additional 49 percent or EUR 58 million, and in 2009 by 10 percent or EUR 18 million. The share of short-term financial liabilities amounted to 65 percent at the end of 2008, due to which we carried out refinancing in 2009 in order to reduce this share to 51 percent.

Figure 23 |

Structure of liabilities of the parent company, 2006 - 2009



* Excluded are other liabilities related to raising additional capital in the subsidiary OOO Intereuropa - East, Moscow, amounting to EUR 33.8 million.

Table 20 |

Structure of the statement of financial position of the parent company, 2006 - 2009, absolute values				(in 1000 EUR)
	2006	2007	2008	2009
	226,678	313,071	359,850	410,132
A. Non-current assets, of which	160,009	253,616	245,878	284,564
Tangible fixed assets	76,590	104,739	109,650	162,893
Long-term financial investments, of which	67,472	133,629	124,400	106,623
Shares and holdings in subsidiaries	51,172	84,149	83,041	82,032
B. Current assets, of which	66,669	59,455	113,971	125,568
Short-term operating receivables	33,180	35,791	36,881	38,806
Short-term financial investments	5,314	22,147	71,575	82,332
LIABILITIES	226,678	313,071	359,850	410,132
A. Capital	165,905	159,127	152,311	136,675
B. Long-term liabilities, of which	16,401	49,231	65,222	111,682
Long-term financial liabilities	11,190	46,540	62,412	95,343
C. Current liabilities, of which	44,372	104,713	142,316	161,776
Short-term financial liabilities	16,715	73,381	115,768	101,237
Short-term operating liabilities	27,545	29,455	26,434	60,539

DATA ON OPERATIONAL ACTIVITIES FROM 2006 TO 2009

Table 21 |

Data on operational activities, 2006 - 2009								(in 1000 EUR)
	the Group				the Parent company			
	2006	2007	2008	2009	2006	2007	2008	2009
Net sales revenues	208,002	235,499	257,697	191,117	124,476	143,386	141,551	99,986
EBITDA	18,411	27,337	27,864	15,147	7,070	6,959	4,443	1,827
share of sales	8,9%	11,6%	10,8%	7,9%	5,7%	4,9%	3,1%	1,8%
EBIT	6,917	14,165	13,196	-50,638	2,276	2,174	-292	-16,953
share of sales	3,3%	6,0%	5,1%	-26,5%	1,8%	1,5%	-0,2%	-17,0%
Net operating profit or loss	6,742	26,477	3,688	-53,907	4,659	19,383	3,265	-71,352
share of sales	3,2%	11,2%	1,4%	-28,2%	3,7%	13,5%	2,3%	-71,4%
Assets	289,830	408,571	451,678	489,270	226,678	313,071	359,850	410,132
ROA	2.4%	7.6%	0.9%	-11.5%	2.1%	7.2%	1.0%	-18.5%
Capital	181,339	186,154	169,360	188,804	165,905	159,127	152,311	136,674
ROE	3.8%	15.5%	2.1%	-26.2%	2.9%	12.7%	2.1%	-39.6%
Investments in fixed assets	4,297	111,460	60,494	25,301	1,119	31,425	8,155	860
Number of employees, end of year	2,310	2,671	2,793	2,496	934	972	954	829

CASH FLOW ANALYSIS

In 2009 the parent company generated EUR 5.7 million of net receipts from operations, which is a four-fold increase over net receipts from operations in 2008. Investment activities amounted to EUR 18.1 million and were partly financed from realized net receipts from operations and partly from net receipts from discontinued operations in the amount of EUR 2.7 million as well as additional debt expressed as negative cash flow from financing activities in the amount of EUR 10.1 million.

In 2009, the Intereuropa Group created EUR 17.8 million of net receipts from operations or a 30 percent increase over 2008. The Group's net receipts from operations shows a continuous growth trend over the past four years. Negative cash flow from investment operations in the amount of EUR 14.7 million indicates the conclusion of an intensive investment cycle. Negative cash flow from financing activities in the amount of EUR 9.5 million was financed by using net receipts from operations as well as net receipts from discontinued operations and by reducing cash.

Table 22 |

Cash flow in the period 2006 to 2009					(in 1000 EUR)			
	the Group				the Parent company			
	2006	2007	2008	2009	2006	2007	2008	2009
Surplus income or operating expense	7,071	11,637	13,641	17,770	-1,023	4,995	1,418	5,741
Surplus income or investment expense	-11,679	-105,926	-50,257	-14,702	-4,000	-88,165	-44,955	-18,124
Surplus income or financing expense	4,713	99,554	35,834	-9,537	5,173	82,620	42,863	10,068
Surplus income or expense from discontinued operation	0	0	667	2,861	0	0	667	2,861
Effect of exchange rate fluctuations on cash held	-156	46	243	418	-2	-32	0	0
Net increase/decrease in cash for the period	-51	5,311	128	-3,190	148	-582	-7	546

2009 results were affected on the one hand by global recession, which also left its mark on the Group's income, and on the other by revaluation of assets to fair value, which is reflected in very high expenses from revaluation due to impairment of tangible fixed assets and (in the case of the parent company) financial investments in subsidiaries.

Share and Ownership Structure

SHARE OF INTEREUROPA D.D., KOPER

- Share capital of the company is divided into 7,209,413 regular stocks marked as IEKG.
- IEKG was listed on the Ljubljana Stock Exchange in 1998.
- Since 2005 it has been listed on the Prime Market of the Ljubljana Stock Exchange.
- IEKG is included in the structure of the Slovenian Stock Exchange Index SBI20.

As the peak of the global financial crisis started to subside in 2009, moderate optimism appeared also on Slovenian capital markets. Most shares listed on the Ljubljana Stock Exchange marked an increase in price or, as in the case of Intereuropa d.d., Koper, concluded the year with a negative rate of return, albeit far less negative than the previous year. Nevertheless, the number of shareholders increased by 6.6 percent over year-end 2008.

KEY DATA ON IEKG SHARE

Table 23 |

Key data on IEKG share in the period 2006 - 2009				
	2006	2007	2008	2009
number of shares	7,902,413	7,902,413	7,902,413	7,902,413
number of own shares	0	0	18,135	18,135
data on trading				
share book value	20.99	20.14	19.32	17.34
average price at the end of the year	25.51	37.93	8.73	5.65
weighted average price	23.63	40.19	31.81	6.85
highest share price	26.79	51.07	40.00	10.45
lowest share price	19.22	26.11	7.89	5.20
market capitalisation in EUR thousand	201,623	299,739	68,988	44,649
turnover in EUR thousand	13,750	70,398	16,551	6,621
indicators				
net earnings per share	0.59	2.45	0.39	-9.05
cash flow per share	0.14	2.21	0.40	-8.48
gross dividend per share	1.04	0.83	0.58	0.00
P / BV	1.21	1.88	0.45	0.33
P / CF	176.34	17.14	21.63	-0.67
P / E	43.28	15.46	22.37	-0.62
capital gain	14.0%	48.7%	-77.0%	-35.3%
dividend yield	4.8%	3.0%	1.5%	0.0%
total return on share	18.8%	51.7%	-75.5%	-35.3%

The exchange rate for converting SIT into euro was 1 EUR = SIT 239.64.

Book value = capital / number of ordinary shares - number of own shares

Market capitalisation = average price at year's end * number of listed shares

Net earnings per share = net earnings / number of ordinary shares - number of own shares

Cash flow per share = (net earnings - dividends + depreciation) / number of ordinary shares - number of own shares

P / BV = share price at the end of the year / share book value

P / CF = share price at the end of the year / cash flow per share

P / E = share price at the end of the year / earnings per share

Capital gain = price increase over one year

Dividend yield = gross dividend / share price at year's beginning

TRADING WITH IEKG SHARE IN 2009

The average price of IEKG shares in 2009 fell by 35.3 percent and moved inside a price range of EUR 5.40 and EUR 10.34 per share. In the same period the SBI20 exchange index noted a 10.4 percent increase.

The share of Intereuropa d.d., Koper, ended the exchange-listing year at a price of EUR 5.65 per share.

In 2009 a total of 983,540 IEKG shares changed hands, in the amount of EUR 6,621 thousand. Average daily turnover in the same period was EUR 26,000. Trading volume in Intereuropa shares was 60 percent lower than in 2008.

Figure 24 |

Movement of average share price of Intereuropa d.d., Koper, and SBI20 in 2009

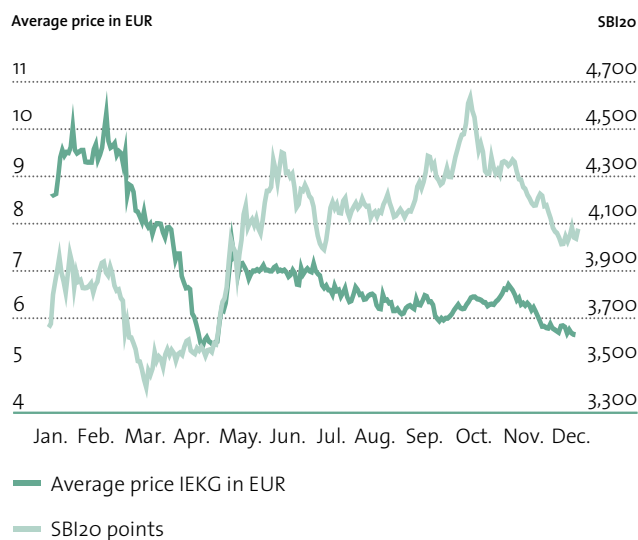
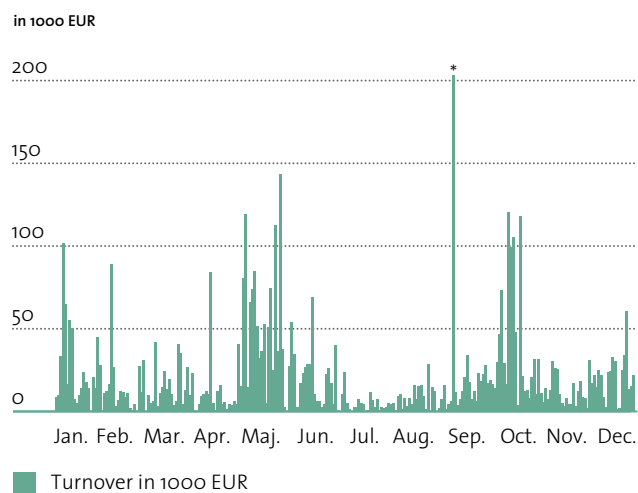


Figure 25 |

Turnover of IEKG share in 2009



* Note: Daily turnover of IEKG share amounted to EUR 1,511 thousand on 9 September 2009..

OWNERSHIP STRUCTURE

Major changes among ten largest shareholders in 2009:

- With the acquisition of 240,000 IEKG shares from Maksima Holding d.d., Nova Ljubljanska banka d.d. became the sixth-largest owner of Intereuropa d.d., Koper.
- With the additional purchase of 142,080 IEKG shares, Abanka Vipra d.d. increased its ownership share and became the eighth-largest shareholder of Intereuropa d.d., Koper, in 2009.
- KBM Infond d.o.o. Uravnoteženi vzajemni sklad Infond Global reduced its ownership by 10,648 IEKG shares.
- NFD 1 Delniški investicijski sklad, d.d., sold 94,854 IEKG shares.

Despite the above changes the ownership share of the ten largest shareholders had not changed significantly at the

year-end 2009; compared with year-end 2008, the figure was only 1.7 percent smaller.

The share of foreign investors among the shareholders decreased and represented only 1.9 percent at the end-December 2009, 0.4 percentage points less than the previous year.

... In 2009 the number of shareholders increased by 404, with the highest increase (2.0%) marked in the group of retail clients (incl. employees).

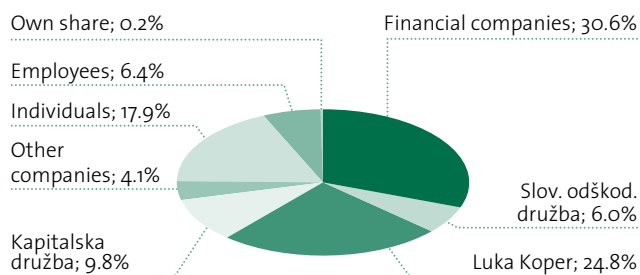
As at 31 December 2009, 6,481 shareholders were listed in the shareholders register.

Table 24 |

Ten largest shareholders of Intereuropa d.d., Koper, as at 31 December 2009		
Shareholder	Ownership on 31.12.2009	
	Shares	Share (in%)
Luka Koper d.d.	1,960,513	24.8%
Kapitalska družba d.d.	719,797	9.1%
Slovenska odškodninska družba d.d.	474,926	6.0%
KBM Infond d.o.o. UVS Infond Global	313,391	4.0%
NFD 1 Delniški investicijski sklad d.d.	304,312	3.9%
Nova Ljubljanska banka d.d.	240,000	3.0%
Zavarovalnica Triglav d.d.	213,640	2.7%
Abanka Vipra d.d.	181,300	2.3%
Delniški VS Triglav steber I d.d.	152,482	1.9%
Primorski skladi d.o.o. PS Modra linija - delniški sklad	123,007	1.6%

Figure 26 |

Ownership structure of common shares of Intereuropa d.d. as at 31 December 2009



Shares Held by Members of the Management Board and the Supervisory Board

Ernest Gortan, President of the Management Board, and Tatjana Vošinek Pucer, procurator of the company, held no Intereuropa d.d. shares on 31 December 2009.

Table 25 |

Number of IEKG shares held by members of the Supervisory Board at 31 December 2009		
Supervisory Board	Shares	Share (in%)
Bruno Korelič	10	0.000
Nevija Pečar	4,185	0.053
Maša Čertalič	99	0.001
Maksimilijan Babič	100	0.001

OWN SHARES

Intereuropa d.d., Koper owned 18,135 own shares in the total amount of EUR 180 thousand on 31 December 2009, representing 0.2295 percent of all regular issued shares. The share of own shares was unchanged from 31 December 2008.

DIVIDEND POLICY

Until 2006, the dividend policy of Intereuropa d.d., Koper, followed the long-term development of stable dividend payment growth. Due to an increase in investments in 2006 and the continuation of an intensive investment cycle over the next two years, the amount of dividends paid decreased. Due to difficulties on the financial markets in 2009 and the need for additional financial resources to complete already initiated investments the Management Board decided to propose to the shareholders that no dividends for 2008 be paid in 2009 by Intereuropa d.d., Koper. At the 21st General Meeting the shareholders approved

the proposal of the Management Board and adopted the decision that the 2008 profit for appropriation amounting to EUR 57,990 thousand remain undistributed. An action for annulment was announced at the General Meeting and at the beginning of September we received a legal notice of suit brought by the shareholder Interfin naložbe d.d., challenging the decision of the Management Board on the distribution of profit for appropriation.

With regained economic growth and expected positive effects of the Group's investments, the Management Board will return to the question and lay down the dividend policy of Intereuropa d.d., Koper.

INFORMATION FOR SHAREHOLDERS

Public announcements, publications, reports and other items of information are available to the public through the electronic notification system of the Ljubljana Stock Exchange (www.seonet.ljse.si), our web site (www.intereuropa.eu), press conferences and other media.

In the future, we will continue to devote special attention to informing our shareholders.

Shareholders may send their suggestions or comments to our e-mail address info@intereuropa.eu.

RISK MANAGEMENT

In 2009 the Intereuropa Group was most exposed to sales-related risk (loss of a customer or shrinking incomes) and liquidity-related risk, which we reduced mainly through the cost-cutting and effectiveness measures. In 2010 the Group will still be exposed to liquidity risk. Our measures are aimed at increasing sales activities and refinancing short-term bank loans. In 2009 we established the Risk Management Committee. The first effects of the measures taken are expected to show in 2010.

As an international corporation Intereuropa Group faces various risks related to its operations on a daily basis. Using efficient, up-to-date approaches to risk management we are working to improve the performance of operations and increase the trust of our stakeholders.

Risk management is regarded as a complete management process with the participation of all the Group's employees and encompassing all business functions.

Risk management includes the perception of risks, definition of risk levels and methods of dealing with risk. For each area of risk management we define a selection of appropriate indicators and the appropriate methods by which to control and monitor the risk.

On the basis of previous experience and the methodologies of comparable companies, we have divided the risks to which we are exposed into three groups:

- financial risks,
- business risks and
- operating risks.

Financial risks are the best defined group of risks at the moment, therefore we will focus on the control of business and operating risks in the next period.

Two of the key risks to which Intereuropa Group was most exposed in 2009 were sales- and liquidity-related

risks. An aggravated macroeconomic situation together with price pressures from both our customers and from the competition contributed to the decline in operating income of the Group as a whole. The first measures were aimed at accommodating all the costs to the new volume of operations, while the next measures were targeted at increasing sales. This was partly reflected in the increase of liquidity risk. With an agreement to refinance a part of our short-term loans with long-term loans we managed to reduce liquidity risk to an acceptable level, despite the fact that this is still defined as high risk exposure.

Other risks (human resources, operations with suppliers, credit risk, strategic risks, IT and communication risks, project risks etc.) are estimated as having medium exposure level for the Intereuropa Group.

Liquidity risk is expected to remain the main risk in 2010. We will continue with activities and measures designed in 2009, especially those aimed at the refinancing of short-term bank loans.

At year-end 2009, Intereuropa adopted the Rules on Risk Management in Intereuropa Group and appointed the Risk Management Committee. The main expected benefits of introducing a systematic risk management scheme are timely perception of both negative and positive trends and faster preventive action, selection of appropriate strategies and effective methods for achieving specific goals, provision of quality information as the basis for adopting business decisions, and the resulting improvement in business performance.

In 2010 we will lay down the risk management policy, define the types of risks and their exposure by groups, determine safety measures and establish the Risk Management Council.

The strategic and business goals of Intereuropa Group constitute the basic platform for risk management.

Table 26 |

Risk Exposure Chart

Risks	Probability of exposure to risk			Impact on operations		
	low	medium	high	low	medium	high
1. Financial risks						
Credit risk						
Currency risk						
Interest rate risk						
Liquidity risk						
2. Business risks						
2.1. In the business area Land transport						
Continuation of general economic recession						
Exposure to increasing fuel prices						
Exposure to unforeseen changes of partnership network						
2.2. In the business area Intercontinental transport						
Operations with suppliers and partnership agencies						
Operations with buyers						
Competition in the logistics market						
Human resources						
Adverse macroeconomic situation						
Inadequate or unavailable infrastructure						
2.3. In the business area Logistics solutions						
Sales risks						
Exposure to global economic recession						
Payment discipline risk						
Exposure to unavailability of warehousing capacities						
Meeting the demands of goods groups with additional requirements: dangerous substances, foodstuff, animal feed, ...						
3. Operating risks						
Strategic risks						
IT and communication risks						
Inadequate organisation of business processes						
Human resources risk						
Legal risks						
Market risk in countries in which the Group operates						
Project risks						
Environment protection risks						

Financial Risks

In view of the fact that 2009 was marked by one of the most severe financial and economic crises, the Intereuropa Group will continue to dedicate a lot of attention to financial risk management.

The management of financial risks represents an important part of the company's financial function, which is concentrated to the greatest extent possible within the parent company.

Active risk management increases stability and predictability of cash flows with the aim of achieving the lowest possible level of exposure to individual types of financial risks.

In 2009, Intereuropa Group paid particular attention to the following types of financial risks:

- credit risk (as the counterparty default risk),
- currency risk,
- interest rate risk and
- liquidity or solvency risk.

CREDIT RISK

The management of credit risk, which is mostly seen as default on payments for services provided, is an integral part of our daily activities. Due to increased risk in 2009 as the consequence of the financial and economic crisis, even greater attention had to be devoted to those activities.

Credit risk is controlled with the following activities:

analysing credit rating information on our customers and, based on this, placing credit limits on our customers, hedging high risk receivables with securities, mortgages, liens or possessory liens, guarantees and other collateral, intensive monitoring of outstanding receivables, which is the basis for systematic and effective collection of accounts receivable.

Based on the results of a systematic realisation of the above stated activities and the exceptionally great dispersion of our account receivables amongst a great number of our customers we can still evaluate the credit risk exposure of Intereuropa Group to individual customers as low. In other words, the probability of exposure to credit risk is high; but it has, however, a small effect on overall operations.

Due to a general increase of credit risk as the consequence of the financial and economic crisis, more attention had to be paid to credit risk management.

CURRENCY RISK

Due to its involvement in international transactions, the Intereuropa Group is exposed to currency risk, seen as the risk arising from fluctuations in exchange rates. This is especially present in the companies operating in the countries outside the Euro-zone and refers specifically to changes in the exchange rates of the Russian Rouble, Serbian Dinar, Croatian Kuna and Ukrainian Girvan.

In terms of cash flow from operating activities, these countries are reasonably protected by the harmonising of inflow and outflow of individual currencies both in time and size, while the foreign currency items in the statements of financial position of companies which have raised loans in Euros, especially Russian companies, remain open. For those companies it is very likely that changes in the exchange rate of national currencies will have a strong impact on their operations.

Exposure to currency risk is increased by significant fluctuations in the currencies of Eastern and South-Eastern Europe, where Intereuropa Group's subsidiaries operate.

The probability of exposure to currency risk in the Group's subsidiaries operating in the Euro-zone countries is low, since the cash flow in those companies is almost entirely transacted in Euros and therefore has a very small impact on their operations.

Thus it may be estimated that the probability of exposure to currency risk is medium, with a medium impact on operations. For more details on currency risk exposure see the financial part of this report.

INTEREST RATE RISK

Interest rate risk refers to the risk of higher financing expenses due to an increase in the floating interest rate as well as the risk of negative effects arising from changed terms of financing. That is why the Group constantly monitors the movement of interest rates.

The fall in the European Central Bank interest rate, which fell by as much as 150 basis points in 2009 and stood at 1.0 percent, was followed by a decrease in the EURIBOR floating interest rate. The latter decreased by as much as 76 percent over the entire year for 2009. The fall in the floating interest rate was accompanied by an increase in interest margins under which the banks were ready to lend money.

Although a part of long-term loans was secured with a fixed interest rate while the falling trend of the floating rate continued, the probability of exposure to interest rate risk is estimated as high, with a medium impact on operations due to a large share of debt in the Intereuropa Group assets (46%).

The effects of a change in the EURIBOR floating interest rate on the profit and loss statement are presented in the financial part of this report.

With declines in the floating interest rate, no new insurance was concluded.

LIQUIDITY RISK

Liquidity risk or solvency risk is that risk associated with the inability of the Group's subsidiaries to provide sufficient financial means to settle all their liabilities.

This risk is controlled with active management of cash flows, which includes:

- monitoring and planning of cash flows,
- regular recovery and daily contact with large customers,
- short-term borrowing within the Group,
- the possibility of using short-term bank credit lines.

Despite difficult conditions on the financial markets in 2009, we managed to extend all short-term credit lines for managing cash flows and current liquidity, along with the provision of appropriate insurance.

With an estimated moderate exposure to the risk of short-term solvency, exposure to the risk of long-term solvency is increasing, especially for the parent company. In the previous year we managed to refinance a part of short-term loans with long-term-loans, while negotiations with the banks are still underway for the remainder of the short-term loans. We estimate that the rest of the credit portfolio will be reprogrammed in 2010, therefore the probability of liquidity problems is medium, with a high impact on operations.

Active management of cash flow is centralised at the level of Intereuropa Group.

Business Risks

LAND TRANSPORT

The risks of a continued global economic recession directly impact the global market on which we operate as a logistics company. At the moment it is not yet clear how the economy will recover in 2010. Although certain sources offer that we have reached the bottom and that the volume of trade in goods has started to increase, it is not quite clear whether this is the consequence of various government stimulation measures or of actual free market developments. Despite positive prognoses investors are still very cautious. Due to the global economic crisis the intensity of international trade in goods has decreased, which has a negative influence on the demand for transport services. This has caused a large discrepancy between supply (capacities) and demand, with a resulting shrinking of prices on the market. Consequently, logistics companies have to cut down substantially on internal costs in order to compensate at least partly for a fall in revenues due to lost business transactions and volumes. Moreover, our customers require additional benefits such as extended payment terms. Recession has also forced our customers to cut their own production costs, which brings about the risk of production off-shoring to markets with lower labour costs. The risks of a continued economic recession are controlled by cutting costs and exploiting the synergies within individual subsidiaries and the Group. We constantly monitor changes on the market both in the countries where we are present with our subsidiaries as well as where our major foreign trade partners are present. We also follow the developments of our customers and their businesses. Risk is monitored at the level of individual products and heads of organisational units. This is a very high risk which may significantly affect the meeting of targeted goals.

Risks of higher fuel prices are related to price changes on the market, over which the Group has no influence. Bearing in mind that fuel costs represent almost 30 percent of transport costs, higher fuel prices represent a high risk for our operations. Although we try to find the most favourable suppliers, it is not possible to avoid the movement and changes in prices on the market. We will constantly monitor fuel prices and deal with the events and developments caused by price changes. At regular monthly co-ordination meetings we will adopt appropriate measures related to costs (selection of the most favourable supplier) and sales activities (changes in sales prices). Risk management is carried out by the heads of business areas in co-operation with the heads of individual organisational units.

Risks of unforeseen changes in the partnership network may be caused due to globalisation-related developments

on the logistics market, which leads to various ownership takeovers. Some owners may decide to sell their companies due to difficult economic positions caused by the recession. In the case of family business, changes in ownership usually occur due to a lack of interest on the part of family members to continue the business or because they realise that it is difficult for a family business to survive and develop on a global market unless they become a part of a larger system. All these events may bring about changes in our partnership network, since they may introduce conflicts of interests with the new owner who already has companies or a firm partnership network in the countries where Intereuropa is present. This is a relatively large risk and its consequences depend on the country in which the change in partnership occurs. The risks due to unforeseen changes in the partnership network are managed by establishing connections with a great number of partners in individual areas and by constantly and actively monitoring this area. Risk management of this area falls within the competence of the land transport business area.

... The highest risk from the point of view of probability and its impact on operations is related to a prolonged economic recession.

INTERCONTINENTAL TRANSPORT

As regards intercontinental transport we estimate that the most important and, at the same time, most probable risks in 2010 are still related to the ongoing global financial and economic crisis, which affects the operations of suppliers and delivery terms as well as the operations and financial indiscipline of consumers. In addition to risks related to acquisition and sales factors we anticipate also the following risks related to operations: competition on the logistics market, human resources, unfavourable macroeconomic situation in the countries where we are present, and unsuitable infrastructure or inaccessibility in the region.

Operations with suppliers and partnership-agency network

We assess the risk in this area as moderate, since the shipping and airline operators adapt their services to the situation on the market and therefore change logistics services more often. This affects our activities to a certain extent, since the market offers alternative solutions from among equal services, which represents a medium

impact on operations. The shipping and airline operators constantly increase transport prices, therefore eventual withdrawal from the requirements and agreements may drive customers away. Moderate risk calls for constant monitoring at the level of individual products where the risks are managed by the heads of business units or by the product manager at the Group level. Reporting is carried out on a monthly basis at regular meetings of the company management.

Operations with consumers

The recession has changed both the behaviour and expectations of consumers, who expect greater flexibility of services, constant traceability of goods and informing. We estimate that there will be even greater requirements for deferred payments in 2010. This represents the key operating risk, since it involves our ability to respond to consumer demand as well as to monitor their financial position. We assess the risk in this area as moderate, as measured by the individual product managers and sales services. It represents a medium impact on operations. Overviews and reporting on consumer situation are carried out monthly at the meetings of the branch office managers, on the basis of which further co-operation with consumers is defined. Co-operation between sales and financial services is of key importance.

Competition on the logistics market

The influence of the recession is also reflected in the redistribution of market shares among logistics companies as a consequence of market segmentation and reallocation of better (i.e. less financially risky) customers. We expect fierce competition in acquiring new contracts and in controlling existing customers in 2010, due to which the exposure to this risk is evaluated as moderate. This makes it difficult to achieve the income growth and increased physical volume of operations, which represents a medium impact on operations. To control that risk we constantly monitor the development and operations of our competitors. These activities are carried out by product managers and heads of business units, who report to the company management at regular monthly meetings.

Human resources

Scaled-back operations of 2009 brought about the adoption of various unpopular social measures, which are directly reflected in the dissatisfaction of employees. Furthermore, the moderate risk of redundancies, employee dissatisfaction and the departure of key personnel are present. These risks are controlled by the heads of busi-

ness units in co-operation with the Human Resources Department. They perform monthly and quarterly monitoring of human resources, which has a minor influence on the realisation of business results. Monthly reporting to the director of Human Resources Department and, when necessary, to the Management Board is carried out.

Unfavourable macroeconomic situation

Risks associated with macroeconomic events on the global and local markets are of essential importance for the functioning of logistics businesses, since the crisis affects both demand and consumption. This is directly reflected in reduced demand for logistics services, which is even more evident in the area of intercontinental transport. This represents high risk exposure with a high impact on operations, since the unfavourable macroeconomic situation negatively impacts sales and consequently makes it difficult to meet planned targets. These risks are monitored on a product basis at the local and Group levels. Findings are reported to the Management Board.

Unsuitable infrastructure / inaccessibility

The risk associated with infrastructure capacities is interlinked with our own available infrastructure capacities and public transport infrastructure. Due to the financial crisis, investments in our own infrastructure and its eventual expansion will be limited, with the possible divestment of our logistics capacities. Nevertheless, since demand on the market has declined, this does not represent a key risk in 2010. Exposure to this risk is therefore estimated as moderate with medium impact on operations. Due to reduced trade flows public transport infrastructure which includes port infrastructure and land transportation routes will be less burdened and available for eventual new business. The risk is periodically monitored through in-depth analyses of the market situation, carried out in particular relation to new business. This represents co-ordinated activities in the business area at the Group level. The findings are reported at the company meetings.

The probability of exposure to operating risks in the area of intercontinental transport in 2010 is estimated to be moderate. Key risks will be related to the global financial and economic crisis which has a direct impact on the macroeconomic situation, operations of suppliers and consumer behaviour.

LOGISTICS SOLUTIONS

Sales risks Customers usually opt for providers who provide complex and integrated logistics solutions. This means that they do not require only individual logistics solutions, such as transportation to the warehouse, warehousing, additional handling of goods in the warehouse, distribution etc., but a comprehensive solution, which is effective and enables traceability of goods and orders on the basis of IT support compatible with the customer's IT system.

On the other hand, warehousing locations are interrelated with the local economy, especially in "closed" regions, which increases dependency on the economic operators present in the local environment. Sales risks are related to customer expectations and satisfaction with our services on the one hand, and on our cost efficiency or competitiveness on the other. We provide services in accordance with customer expectations. At meetings with the representatives of different business areas we co-ordinate our commercial approach and operative problems related to the realisation of complex logistics services which encompass several products.

We strive to reduce the risk associated with the loss of a customer by establishing mechanisms for continuous internal supervision of the quality of our services, and we often verify the satisfaction-level of our customers via their key representatives. Risk control is carried out by the business area, branch office and the business unit which adopt appropriate measures. We monitor the effectiveness of the measures taken to reduce risk with monthly controls of sales and financial results at the business area and business unit levels and with monthly analyses of sales and financial results, customer satisfaction and complaints at the business unit level. In our assessment the exposure to this risk is medium with a high impact on operations.

Risks related to the global economic recession arise from reduced volumes of operations. Volumes are shrinking as a consequence of negative effects of the economic crisis. The main reasons are termination of cooperation by key customers and reduced sales volume in most other customers, where we have marked a reduction of trade flow volumes and a resulting increase in the warehousing of goods.

At the same time we are facing strong pressure from our business partners to reduce the price of services due to a sudden surplus of warehousing capacities on our strategic markets. These risks related to the economic crisis are controlled by exploiting the synergies and internal reserves. At regular monthly co-ordination meetings we monitor the situation on the market and prepare measures to boost sales. In our assessment the exposure to risks related to the global economic recession is high, with a high impact on operations.

Payment discipline risk Due to financial indiscipline there is a risk of default on payment for services provided. We strive to prevent such risks with liens on goods.

We control this risk by maintaining contact and good relations with our customers, and by ensuring the flexibility and quality of our services at the level of existing terms and conditions of business.

On the other hand, we monitor payments/records on receivables overdue as well as our prices, and measure the profitability of a certain client through analyses of individual cost centres. Risk management is carried out by the branch office and the business unit. We control the effectiveness of these risk-reduction measures by monitoring past-due and non-past-due receivables at the level of business units. In our assessment exposure to risks related to payment discipline is high with a medium impact on operations.

Risks associated with the availability of warehousing capacities. This risk is associated with situations wherein our warehousing capacities are full and additional demand for warehousing capacities appears or we see new demand from potential customers. We manage this risk in agreement with the customer via internal redirection of demand to suitable locations and by cost control of other products, so that the customer does not incur any additional costs due to storing the goods at different locations or by providing timely external substitute facilities that must be optimally exploited.

When increased interest in a certain location is determined, we propose investments in new capacities. Risk management is carried out by the business area through continuous monitoring of the customers' needs in co-operation with company directors and heads of branch offices and business units. In our assessment the exposure to risks related to the availability of warehousing capacities is low with a medium impact on operations.

Risks related to meeting the demands of goods groups with additional requirements: dangerous substances, foodstuffs, animal feed The specialization of work for individual goods groups represents additional risks for the standard work process which are related to additional demands of individual goods groups in meeting the technical requirements for the facilities and means of transport as well as requirements related to the work technology. Risk management is carried out by monitoring the legally prescribed technical requirements for facilities, with implemented control systems such as HACCP (Hazard Analysis and Critical Control Points), and by constantly monitoring the processes of delivery, warehousing, additional work in the warehouse and the issuance of goods. Risk management is carried out by the business area, branch office and the business unit. The effectiveness of the measures taken to reduce this risk is assessed using prescribed annual internal controls carried out by authorized persons for internal control and with auditing systems as well as with periodic external controls carried out by authorized inspection services. In our assessment the exposure to risks related to meeting the demands of goods groups with additional requirements is low with a low impact on operations.

Due to an increasingly unpredictable macroeconomic environment and ever stronger impact of the economic recession, risk management activity in logistics solutions focussed largely on measures to reduce sales risks and risks associated with the availability of warehousing capacities. These two risk groups were identified as being of main strategic importance in the area of logistic solutions.

Operating Risks

Operating risks are related to the design, realisation and control of business processes and activities. The main operating risks of the Intereuropa Group include:

- strategic risks,
- information and communication technology risks,
- business process organisation risks,
- human resources risks,
- legal risks,
- risks related to the markets where the Group is present,
- project risks and
- environmental protection risks.

Strategic risks include those risks in particular related to the realisation of development strategy. The global economic crisis has significantly affected the implementation of the Group's development plan which is especially reflected in decreased demand for our services. Financial stability of the Group has also been diminished. After the appointment of the new Management Board in June 2009 a programme of measures was prepared and in the last quarter of 2009 the Intereuropa Group undertook the preparation of the new strategic plan for the period 2010 - 2014. On 17 March 2010 the Supervisory Board adopted the "Strategic business plan of Intereuropa Group for the period 2010 - 2014" which was prepared by the Management Board of Intereuropa d.d. Through its network and infrastructure Intereuropa will offer comprehensive services for the management of trade flows and organisation of supply chains. We will focus on the development of integrated logistics supply chains. We will exploit the strategic position of our logistics capacities on the fifth and tenth pan-European transport corridors and participate in the management of logistics flows on the eighth pan-European transport corridor. In our assessment the exposure to this risk is medium with a medium impact on operations.

Information and communication technology risks arise in particular from the development and appropriate use of available software and hardware, disruptions in the operation of IT systems and the application of various IT systems within the Group. These risks are also managed through our subsidiary Intereuropa IT, d.o.o., Koper. Communication between Intereuropa IT, d.o.o., Koper, and users is supported by two databases: technical assistance (for reporting errors in software and hardware) and software orders (for changes or supplements to the software or for the preparation of new software). In our assessment the exposure to this risk is low with a medium impact on operations.

The risks of inadequate organisation of business processes may lead to lower productivity and higher costs. These

risks are managed by the appointment of process managers who are in charge of defining business processes and ensuring their uniform realisation, IT support and analyses of financial, physical and quality indices related to the processes. In our assessment the exposure to this risk is low with a medium impact on operations.

Human resources risks are associated with the recruitment of appropriate staff, employee development and their motivation and remuneration. Qualified and highly motivated staff represent the Group's strategic advantage; therefore we have put systems in place to ensure quality management of human resources. We also established a system of planning HR needs, education and training systems for all levels within the Group, a system of remuneration and evaluation of performance, a system for the identification and management of key and prospective employees, a system of internal communication, and the system of employee participation in management. We constantly monitor employee fluctuation, especially of key and prospective employees, and we maintain it at its optimal level. We work in co-operation with educational institutions in the field of internship. In our assessment the exposure to this risk is medium with a medium impact on operations.

Legal risks are associated with changes and ambiguities in the legislation and rules, over which the Group has no influence. Despite constant changes in legislation, the Group ensures proper application of regulations with regular functional and professional education and training of employees, performed by authorised and qualified institutions. Risks related to compliance with laws and other regulations in subsidiaries outside of Slovenia are managed with the help of external experts from different professions and with the use of information provided from our subsidiaries abroad. The exposure to this risk is estimated as low with a small impact on operations.

Risks related to the markets on which the Group is present mostly refer to unstable political and economic situations, changing legislation, macroeconomic conditions of operations and payment risks. Intereuropa Group has no influence over such risks. Under the conditions of the global economic and financial crisis, when these risks are even more present, we will adapt the planned business activities to severe operating conditions and, despite lower than expected economic growth, preserve or even increase our market share. In our assessment the exposure to this risk is medium with a medium impact on operations.

Project risks represent an uncertain event or state (circumstances, conditions) which has a positive or negative

effect (impact) on at least one project goal, such as time, costs, volume or quality (e.g. if the time goal is to finish the project in accordance with the agreed schedule or if the cost goal is to finish the project within the context of the agreed cost etc.). Basic considerations and conditions for careful planning of projects according to their risk level are defined in the “Rules on Project Management”. The register of project risks, which serves to recognize risks, defines two types of risk: the realization risk and the risk of ensuring benefits. The project office is the administrator of the project risks register which is an important source of learning for successful project management. Risk management is carried out by the authorized persons who were appointed in the project implementation document. Risk management is implemented in connection with the rest of the project management activities and is a regular item dealt with at project control meetings. In our assessment exposure to this risk is low with a medium impact on operations.

Environmental protection risks represent a constituent element of business management at the Group level and a basic principle which we follow in our daily operations. We perform our services in accordance with Slovenian standards and legislation as well as the European and global guidelines for environmental protection. Environmental protection activities are directed towards reducing emissions into the environment and environmental burden as well as consumption of electricity and engine fuels. The majority of our freight vehicles comply with strict requirements on permitted exhaust emissions and noise levels, and respect European regulations in the field of dangerous goods transport. We provide continuous education and training to all contractors who participate in the transportation, warehousing and handling of dangerous substances. We ensure the separation of all collected waste, whereby recyclable materials are disposed off for reuse while other waste is disposed at authorised waste collection centres. We also follow ecological standards in the processes of renovation and construction of our facilities and in the construction and acquisition of new work equipment. Exposure to this risk is estimated as low with a small impact on operations.

4

We give the environment the chance to create new possibilities.



SUSTAINABLE DEVELOPMENT

Communication with the Public

In 2009, the Intereuropa Group continued with intense proactive communication. The focus of communication were the main achievements of the Group and developments in operations; also the Group's response to the current situation and market demands, as well as our core activities. We are committed to close co-operation and timely communication of accurate information.

The internal and external communication of the Intereuropa Group falls within the responsibility of the public relations department, which ensures harmonised and consistent communication with the media, employees, customers and investors, and defines the flow and internal control of sensitive information on prices.

The communication goals are laid down in the company's business goals and corporate guidelines on operations, while the implementation of communication strategy is mainly based on the development strategy of the Group. On this platform we prepare regular communication strategies: we select target groups and for each target group we define communication goals, create appropriate strategy, define the mode and means of communication and prepare concrete communication activities.

In 2009, the Intereuropa Group continued with intense proactive communication. A large deal of public attention was devoted to the construction of the Chekhov-Moscow Logistics Centre project. Moreover, the media and wider public were interested in the changes to the company management and related changes for the Group, which required intensive communication. In addition to the media, communication was strongly focused on the financial public. With the aim of fostering and strengthening relations with investors we continued to organise meetings with investors, analysts and bankers. Owing to the importance of the investment in Russia for the future and development of Intereuropa they expected even more updated and detailed information. With various communication tools and activities we strengthened the reputation and visibility of the Group in the public. In March the range of

communication tools was complemented with the introduction of Intereuropa e-newsletters. The interested public or individuals may apply for those newsletters in order to receive updated information from the company. Newsletters represent an additional communicational channel for the Group, enabling direct communication with the whole range of publics (analysts, investors, business partners, media, employees, customers etc.).

Media, be they national, economic or local, remain one of the key target groups, while a lot of attention was also assigned to communication and co-operation with daily information and social media in the area of corporate responsibility. With a proactive approach and timely responsiveness we ensure comprehensive and quality communication which contributes to consistent information of the wider public as well as the visibility and reputation of the Intereuropa Group. In addition to regular press releases and media information we organise regular press conferences and co-operate in various local projects which are also covered by the media.

Proactive and consistent communication with the **employees** is also of key importance, especially in times of economic crisis. The 2009 recession and uncertainty among the employees trigger various questions and doubts and the media often release warnings and speculations regarding the effects of the crisis. Although we have told the employees that the outcome of the crisis is uncertain for the entire economy, we constantly inform them on the current situation and events in the company. Such communication is carried out personally, through the internet, internal bulletin (Interglas) and monthly electronic newsletter (InterInformator). We occasionally organise management visits in our business units and attend the meetings of the Workers' Council where we provide information and mutual dialogue on the burning issues in the company. We are aware that in addition to a proactive approach successful communication also requires a two-way approach in order to enable the employees to express their opinions, ask questions etc. at any point of time. To that end a mail box ("What is troubling you") is provided in each business unit. For additional information please refer to the chapter "Employee Care".

We foster and strengthen **customer relations** with regular personal contacts and visits, since we realise the importance of mutual communication and open relations which are established through regular and efficient co-operation. These ties reflect customer trust and serve as a good basis for strengthening co-operation which leads to growth of operations. In addition to regular contacts we regularly attend and occasionally also organise expert meetings and

events. We ensure our presence at all important fairs and conferences in the logistics area. Last year we presented at Transport Logistic 2009 in Munich, TransRussia 2009 in Moscow, at the Ohrid Congress of South-East European Freight forwarders and Logistics Operators and numerous other smaller but important business events, which are regarded as an opportunity to meet existing and potential buyers and partners on the market. In order to strengthen the visibility and reputation of our company we organise or participate at various communication events in other field (e.g. the Economist of Primorska, the Personality of Primorska). Through such events, organised at the local or national level, customers and the wider public learn about the company, our plans and our role in the local environment and have a good opportunity to exchange and communicate directly.

The Intereuropa Group ensures regular, open and detailed communication with **shareholders and potential investors**. The contents of communication is adapted to the needs of the shareholders, analysts, partners and other stakeholders and refers to our business goals, business performance and the Group's future development strategy. We take into account the rules on information disclosure to which we are bound as a joint-stock company listed on the Ljubljana Stock Exchange, while we are aware that the shareholders expect exhaustive information. To that end we have continued to organise Intereuropa meetings with investors, attended various conferences for investors in Slovenia and abroad, published annual publications for investors (Interklas for investors), organised extraordinary meetings (when necessary) in addition to the regular general meeting and constantly carried out active communication through financial media. In March 2009 we organized a meeting between Intereuropa d.d. and Slovenian analysts and investors with 27 participating analysts from various brokerage companies, insurance companies and banks. The representatives of company management presented the operations of Intereuropa in 2009 and an insight into 2010 with a presentation of the adopted crisis measures. We also participated at the Slovenian Capital Markets Day where the most prominent listed companies in Slovenia present. Presentations are supplemented with individual contacts with investors. In addition to the shareholders we ensure quality communication with the lending banks, since we are aware of the importance of transparent and timely communication which creates mutual trust and support and enables strategic partnership. Close co-operation and correct and timely communication of information to lending banks is of key importance. It ensures faster responsiveness on both sides, which is of even greater importance under the difficult economic and financial conditions encountered

in 2009. For further information please refer to the chapter "Share and Ownership Structure".

Responsibility Towards the Natural Environment

Intereuropa is aware of its responsibility towards the natural environment and we therefore strive to promote activities on all segments of our business to contribute to reduction of hazardous emissions in the environment and energy losses as well as to reduce and recycle waste.

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We are strictly complying with the prescribed national requirements and apply European and global guidelines from environmental directives. Directors of units and companies are responsible for strict compliance with environmental regulations in the area of their responsibility and implementation of activities contributing to protection of the environment in line with the company policy.

We put our efforts to include a responsible attitude towards the environment in:

- construction and reconstruction of buildings;
- purchase of property, plant and equipment and additional equipment;
- handling waste computer equipment;
- waste management;
- handling procedures for hazardous cargo;
- consumption of water and energy; and
- performing all work processes.

By accounting for contemporary methods of construction and environmental requirements, standards and recommendations, we continued in 2009 to use environmentally-friendly materials in construction of new infrastructure and in reconstruction of worn out buildings. We automated the boiler room operation in Koper, added insulation at the warehouse in Belgrade and replaced eleven forklifts with electrical and gas-powered forklifts, which consume less energy and are environmentally friendly. Only the most urgent investments were made in 2009.

Furnaces, chimneys and air conditioning equipment are regularly cleaned and serviced. Energy efficiency and con-

trol of heating devices are being improved in all units. Analyses of wastewater and emission fumes confirm that the threshold values are not exceeded. We are reconstructing parking lots equipping them with traps for pollutants.

Environmental pollution is reduced by separate collection of waste. The bulk of waste is generated in warehousing. Press containers are used to separate non-hazardous waste. Cardboard, paper, wood, metal, glass, tyres and plastic foil are also collected separately. Dangerous chemicals and waste oils are collected in appropriate storage facilities. Organic waste of animal origin is handed to certified contractors.

Technical and organisational measures needed to protect people and the environment are implemented for the purpose of preventing accidents in handling of hazardous cargo and mitigating their consequences. Equipment of facilities and allocation and protection of chemicals are carried out in compliance with the law.

The company Intereuropa IT, d.o.o., Koper recycles waste computer equipment in Slovenia. Unsold worn out computer equipment not sold is kept in storage. Monitors, cartridges, batteries and other IT equipment (printers, cables, mice and computers) are collected separately. Worn out computer equipment is handed for disposal at least once a year under an agreement with a certified waste collector and in accordance with the law. The record sheet on waste management signed by a certified collector is the basic document confirming that the Company handles waste computer equipment safely and in compliance with the law. In the field of handling waste computer equipment, we plan to simplify the procedures for disposal of cartridges and fax machines and to improve communications on handling such waste, notably computer batteries. Other Group members also collect waste computer equipment centrally and in compliance with the local environmental legislation.

We are aware that transport is one of the biggest sources of pollution in Europe. As a logistics company, we are involved in organisation of various modes of transport (by land, sea and air). While we have no direct influence on the pollution caused in transport by sea and air, we can directly influence responsible attitude towards the environment in transport by trucks. Different activities are used to mitigate its adverse impacts on the environment.

Environmental regulations are complied with in truck transport by:

- gradually removing from the fleet vehicles with EURO 3 engines;
- performing regular servicing and technical inspections;
- using optimal routes to reduce fuel consumption which in turn reduces dangerous emissions in the environment;
- separately disposing waste material such as tyres and oils.

We use the following methods in activities where we act as an agent in transport with no influence on pollution caused by the mean of transport to contribute to environmentally-friendly conduct:

- replacing paper administration for electronic in work procedures;
- collect waste separately and hand it over to appropriate operators providing for recycling and processing;
- save energy in offices and warehouses;
- plan optimal transport methods (combining goods) reducing adverse impacts on the environment.

Care for the environment is presented to employees in training programmes related to business areas with significant impacts on the environment (courses of fuel-efficient driving in truck transport, handling hazardous substances and waste etc.). Informing and raising awareness of employees is also provided via company bulletins and various notices/instructions (handling hazardous substances, recycling procedures etc.). Use of technology and offer of services including and supporting the principles of protection of the environment actively contribute to raising awareness of those principles in suppliers, outsourced contractors and other business partners.

Responsibility for the environment is also applied by our foreign subsidiaries, which also comply with the local environmental legislation in their operations.

Objectives for 2010

In line with the law and the Municipal Waste Management Plan of Intereuropa, responsible persons for this area will be appointed and the area will be systematically managed in 2010. That should yield additional savings in the Company's business and raise awareness of staff regarding the natural environment.

Systematic management of the Group's attitude towards the natural environment will yield additional savings in the Company's business and raise awareness of staff with that regard.

Responsibility Towards the Social Environment

Our social responsibility shows that a responsible attitude is a permanent commitment of the Intereuropa Group.

Social responsibility is a pillar of sustainable development which is a key guideline and a permanent commitment of the international logistics group Intereuropa. A positive attitude and active participation of the Group in the local and the wider social environment on the different markets where Group members operate are important factors for sound performance and development of a modern enterprise. They are a recurring theme in our operations and regularly invested in as maintaining and strengthening good relations with the environment at the same time underline our competitiveness and development orientation. Our guides on the path to maintaining and strengthening good relations with the immediate and wider environment are care and attention, strict compliance with legal rules, meeting the demand of consumers for better quality of services, applying social and environmental standards and ethics towards employees, the natural environment, the local community and society at large.

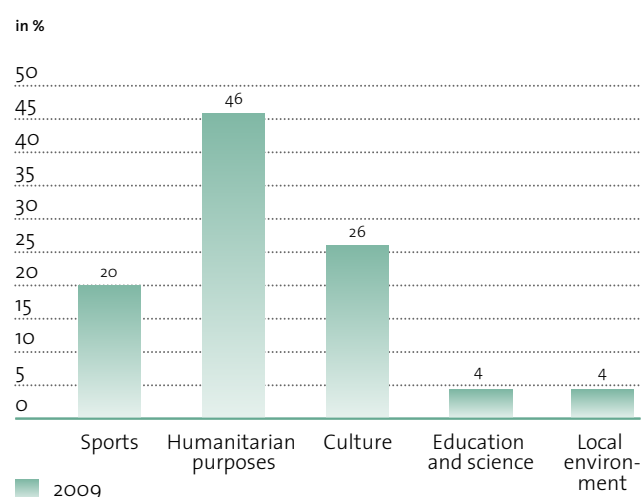
The Group makes a variety of contributions to its wider environment and helps to improve the quality of life of the employees and the society at large. We give our attention to a number of projects in sports, culture and protection of the environment, support charities, link with the environment and the local and regional communities, aid educational and scientific projects and strictly and with due attention provide for our employees (more in the section on the care for employees). By a responsible attitude, the Group returns something to the environment in which it works. It applies both to the parent company and its foreign subsidiaries which are actively involved in their local and wider environment. Funds are consciously and prudently granted to many recipients from different interest groups with the primary objective being simultaneous orientation primarily into those opportunities that contribute to recognition of Intereuropa in Europe and beyond.

The structure of sponsorships and donations of the Intereuropa Group by field changes in time but always promotes variety and equal treatment of all areas of society. Certain long-term forms of sponsorship partnerships and ongoing projects have developed and consolidated in time. To mention but a few: Izola General Hospital, Red Cross of Slovenia, regular humanitarian expeditions of the Tropical Medicine Section of the School of Medicine of Ljubljana, the Slovenia-Russia Society etc.

The year 2009 was marked by an especially tough market situation which weighed heavily on business and consequently took its toll on the originally planned funds of the Group earmarked for sponsorships and donations. In spite of the tough economic situation, we did our best to follow the set path of activities and to follow the guidelines clearly set and adopted as our own. Social responsibility of the Intereuropa Group is an exceptionally important area which feels the consequences of tough business conditions but is not put on hold.

Close relation to the social environment is proven by active cooperation with various interest groups. The Intereuropa Group has been distinctly in favour of participating in humanitarian campaigns in Slovenia and abroad for a number of years and this year they again won the biggest share of the sponsorships and donations budget. The orientation into development, education, knowledge and progress is proven through support to projects in education and science with the primary contributions made to scientific development in the area of our activity while also listening to wider social development areas. Sports, a key promoter of the development of local communities, and culture, an important reflection and a pillar of the society, are supported with an equal level of understanding. The local environment gets the most from the Group due to its comprehensive involvement.

Figure 27 |
Sponsorships and donations in 2009



The share of funds for culture and humanitarian activities rose and that for the local environment and education and science fell in 2009. The share for sports remained roughly the same from the previous year. Although the sponsor-

ships and donations budget was substantially cut, hefty 58.9% of the total funds were donations. Humanitarian activities accounted for the biggest share, 45.9%, of sponsorships and donations. That has continued the course set in previous years and the decision was also deemed the most appropriate for the situation in 2009.

... The highest share of sponsorships
... and donations has been granted to
... humanitarian activities for a number
... of years.

Employee Care

In implementing the adopted business strategy, the company follows the values formulated by the Group business culture. These comprise partnership relations and teamwork, orientation towards the customer, and qualities such as reliability, expertise, individual initiative and adaptability.

Intellectual and social capital are important contributors to the company's success and are generated above all by its staff, with their professional experience and education, by efficient teams of specialised individuals with strong sales know-how, and by implementing a complete range of logistics services.

Difficult working conditions, brought about by the general economic recession, initiated the need to rationalise operations and reduce costs, including labour costs, at the Group Intereuropa. A pressing need for the reorganisation of the joint-stock company followed as a consequence, designed to reduce the number of managers and the need for managerial work, and to improve work motivation of employees among other issues.

OVERVIEW OF THE NUMBER OF EMPLOYEES

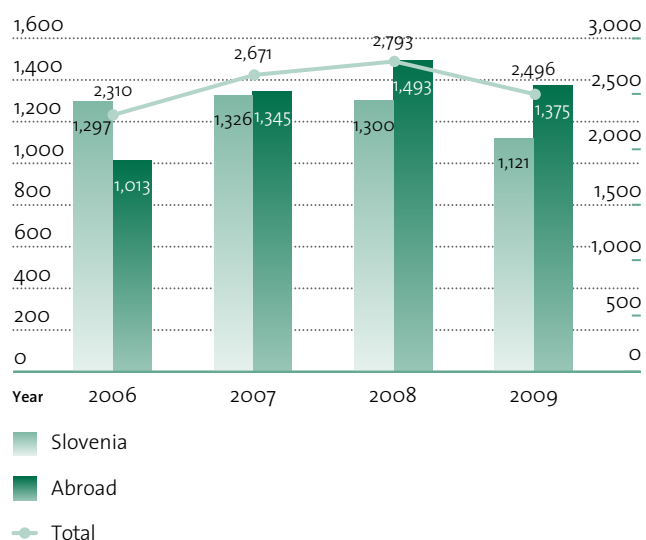
After years of intensive growth in the number of employees, the Group recorded 297 or 11 percent less employees on 31 December 2009 in comparison with the previous year. The number of employees was reduced both at the parent company and in most subsidiaries.

Fluctuation in larger companies accounted for a total change of 15.8 percent, mostly as a result of redundancies and/or reductions in labour costs. Due to a specific situation in the labour market there, the number was especially high in the subsidiary OOO Intereuropa - East, Moscow, Russia, where most of the personnel changed.

At the end of 2009, the Group had 2,496 employees.

Figure 28 |

Movement of the number of employees in the period 2006 - 2009



- In Slovenia: 44.9 percent of those employed.
- Abroad: 55.1 percent of those employed.

Table 27 |

Number of employees in the Intereuropa Group in 2008 and 2009						
	31. 12. 2008	Arrived	Left	31. 12. 2009	Difference	109/08
					09-08	
Intereuropa d.d., Koper	954	22	147	829	-125	87
Intereuropa Transport, d.o.o., Koper	281	11	60	232	-49	83
Interagent, d.o.o., Koper	25	2	7	20	-5	80
Interzav, d.o.o., Koper	4	0	0	4	0	100
Intereuropa IT, d.o.o., Koper	36	3	3	36	0	100
Slovenia	1,300	38	217	1,121	-179	86
Intereuropa, logistické usluge, d.o.o., Zagreb	634	60	97	597	-37	94
ITAR d.o.o., Zagreb	22	0	22	0	-22	0
Intereuropa Sajam, d.o.o., Zagreb	51	0	33	18	-33	35
Intereuropa RTC d.d. Sarajevo	196	18	26	188	-8	96
AD Intereuropa - logistické usluge Belgrade	123	13	9	127	4	103
Intereuropa Kosova L.C.C., Pristina	30	1	1	30	0	100
Zetatrans A.D. Podgorica	187	8	25	170	-17	91
Intereuropa Skopje, DOO Skopje	25	15	14	26	1	104
Intereuropa Transport DOOEL Skopje	6	0	4	2	-4	33
OOO Intereuropa -East , Moscow	139	202	198	143	4	103
TOV TEK ZTS, Uzgorod	44	12	10	46	2	105
TOV Intereuropa - Ukraine, Kiev	10	1	4	7	-3	70
TOV DDT, Onokivci	3	0	2	1	-2	33
Intereuropa Transport & Spedition GmbH, Lebring (AUS)	4	0	4	0	-4	-
Intereuropa Transport & Spedition GmbH, Troisdorf (GER)	14	0	0	14	0	100
Intereuropa S.A.S., Saint Pierre de Chandieu (FRA)	5	1	2	4	-1	80
Intereuropa Global Logistics Service Albania shpk, Durrës	0	2	0	2	2	-
Other countries	1,493	333	451	1,375	-118	92
Total	2,793	371	668	2,496	-297	89

In addition to full-time employees, some 3 percent of the workforce, or 87 workers respectively, were hired within the Group to perform mostly various warehousing activities (9 percent at the end of 2008)

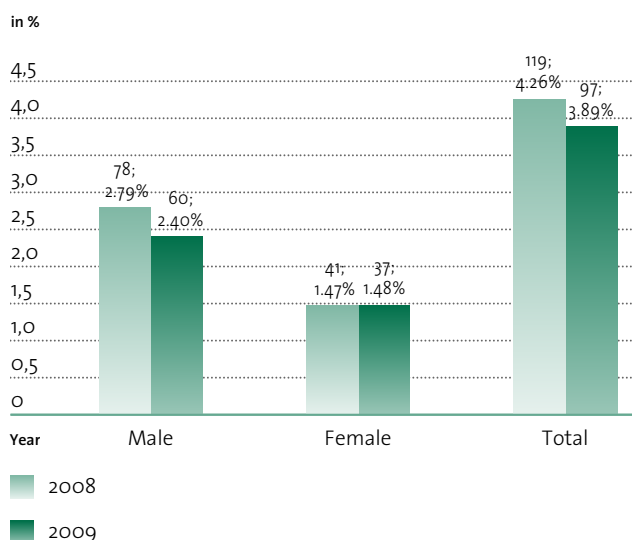
STRUCTURE OF EMPLOYEES IN THE INTEREUROPA GROUP

Structure according to gender:

66 percent male, 34 percent female.

Figure 29 |

Management with individual working contracts in proportion to the number of employees - by gender, as at 31. 12. 2008 and 31. 12. 2009



It is our aim to improve responsiveness to the changing business environment by reducing the number of management personnel and by introducing a flatter and more flexible organisational structure.

Structure according to education:

Compared with the previous years the percentage of employees with VI to IX education levels increased, which is the result of support for education during employment and the fact that those who left the company were largely those with secondary or lower educational levels.

Table 28 |

Education structure in the Intereuropa Group in the period 2006 - 2009			
Year	I-III level	IV-V level	VI-VIII level
2006	10.4%	63.5%	26.0%
2007	10.6%	64.0%	25.4%
2008	9.2%	64.5%	26.3%
2009	7.9%	61.2%	30.9%

RESPONSE TO THE RECESSION VIA CHANGED ORGANISATIONAL STRUCTURE AND COST MANAGEMENT

The recession affected the area of human resources by imposing restrictions on employment, so that only the most urgent needs for hiring new staff were met. Despite a high number (371) of newly employed, these largely represent reallocations of employees and takeovers of employees by the companies in the Group, and 202 new employees in the Russian subsidiary due to replacing most all the personnel there.

An optimal employee structure was ensured through a more flexible reallocation of employees within and among the companies in the Group.

At least 132 employees changed their workplace or their work area in the Slovene part of the Group.

Our goal to reduce labour costs was achieved through the following “soft” methods:

- by limiting extension of contracts for a set time; consequently, contracts with 129 workers in the Group were not extended;
- by limiting the hiring of students through student services; in 2008, an average of 155 students worked for us monthly, but only 51 in 2009.
- by limiting the hiring of workers through employment agencies; at the end of 2008, 93 such workers worked for the Group, but only 36 at the end of 2009.
- by paying severance pay to 40 workers in the Slovene part of the Group, as it was impossible to arrange for their reallocation to other workposts and because they had the possibility of receiving unemployment benefits until such time as they could retire.

In order to preserve as many work positions as possible, the following additional measures were adopted in the Slovene part of the Group:

- the variable component of the salary was reduced by 5 to 18 percent for employees in organisation units failing to achieve adequate results, as the component is linked to successful operating of their unit.
- the sums paid by the company on behalf of employees included in the voluntary pension insurance scheme were reduced by 20 percent.
- certain management benefits were abolished (life insurance schemes).

- we reduced the number of managers and other employees with individual working contracts.
- government subsidies for 31 workers employed in the area of supporting activities, granted to the subsidiary Intereuropa Transport d.o.o., Koper, enabled the company to lay them off temporarily.

Goals in 2010: our employment policy is envisaged to remain limited to internal reserve and reallocations in the plans for the next period. Any external hiring will be limited to both young and mature professionals with expertise in the area of logistics.

Table 29 |

Intereuropa Group - Education and training of personnel in the period 2006 - 2009				
	2006	2007	2008	2009
Number of hours of education (total)	24,308	35,353	37,696	54,072
Number of hours of internal transfer of knowledge			6,803	28,568
Number of hours of education per employee	11	13	13	22
Number of participants	1,191	2,231	2,425	3,346
*Amount paid for education (total)	194,074	308,555	345,702	193,831
*Amount paid for education per employee	84	115.5	123.8	77.7

* Only scholarship fees and cotisations are included in the amount

EDUCATION AND DEVELOPMENT OF EMPLOYEES

Intensive education and training activities of employees which took place in 2009 were the result of adapting to the conditions of operating in recession; especially important was internal transfer of knowledge.

The employees in the Slovenian part of the Group in particular trained an average of 36 hours (18 hours in 2008).

Key emphases in the area of development and training in 2009:

- Extensive training seminars for approximately 320 employees were held in the parent company, aimed at introducing new software for logistics processes - the so-called project ISPRO which represents a significant step forward in terms of the company's competitiveness. A total number of at least 20,390 hours of training were spent in the gaining of this knowledge.
- In Slovenia a group of some 50 employees (managers and salespeople) acquired new knowledge in the field of marketing and sales during a two-day workshop.
- Since increasingly more attention is given each year to ensuring safe working conditions, this kind of education and training further increased in 2009. Internal and external training sessions were held in the fields of safety and health at work, fire protection, and the handling of dangerous substances - chemicals, transport of dangerous goods and safe work in railway areas. 1,028 employees from the Group participated in these training schemes.
- In 2009, our subsidiary Intereuropa logističke usluge, d.o.o., Zagreb, organised, in conjunction with the Facul-

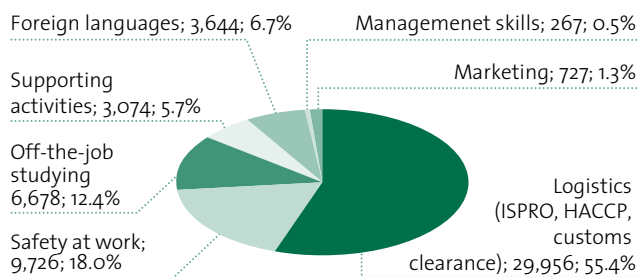
ty of Traffic Engineering from Zagreb, the fifth seminar of business logistics in a row, which was attended by 24 participants.

- Funding was accorded to employees with high potential, enabling them to acquire a higher level of school education. At the end of the year we had such contracts on education and training with 44 employees within the Group.
- Intereuropa's professionals transferred their know-how in the form of mentorship on to employees in the process of acquiring knowledge and skills for their new posts.
- Our bid for "on-the-job training" made it possible for 10 "external" candidates to acquire new knowledge and skills. After the training seminar was concluded, five of these candidates were employed by Intereuropa d.d., Koper.
- We worked in co-operation with schools and universities by presenting our company's logistics activities during organised visits and by providing mandatory student work practice to 65 students.

The number of hours of education and training significantly increased in comparison with previous years; as many as 60 percent of functional education was implemented by internal providers.

Figure 30 |

Number and proportion of hours used for education in 2009 by field of education



Goals in 2010: one of the human resources strategy projects planned for the next period is management of intellectual capital, which includes development of tutorships over know-how and skills, a more systematic approach to acquiring key knowledge and skills, the introduction of a system of competences, a system of employee rotations between various job posts, and coaching activities.

MONITORING EMPLOYEE SATISFACTION AND EMPLOYEE CARE

Our care for employees remained on level with the previous period despite the need to limit costs in all areas.

Social Events

Good mutual relations among employees are enhanced through various social events. Regular pre-New Year's meetings are organised in departments and awards for employee loyalty are presented at the grand New Year's gathering. Jubilee awards for work in the Intereuropa Group were presented to 181 employees last year, of which there were 70 who had spent 30 or 40 years in the company.

We have preserved the tradition of presenting symbolic gifts to women on the occasion of International Women's Day, and to employees' children for the New Year. Traditional annual athletic games and sports for employees within the Group, Intereuropiada, did not take place last year.

Care for Health and Well-Being Outside Working Hours

We offered employees and retirees the opportunity to rent company holiday facilities at favourable prices. In 2009 we recorded a 42 percent occupancy rate, similar to the previous year's level (43.8 percent in 2008).

Intereuropa's employees have the opportunity to participate in organised recreational activities in the afternoon.

Additional Benefits

- In accordance with the contract on participation of employees in the company's profit-sharing scheme, the company paid in 2009, within the legal timeframe, a share of 2008 profits to 310 employees.
- Financial aid in the amount of EUR 43,065 was given by the Group to 74 co-workers for reasons of health, material problems, death in the family and similar.
- An average sum of EUR 66.70 per employee was contributed to 949 employees (84.7 percent) in the Slovenian part of the Group toward their voluntary pension schemes.
- A flexible shorter working schedule in view of easier adjustment of work and family obligations was taken advantage of by 15 employees within the Group.

The company's organisational environment is evaluated every second year, with action plans for improvements prepared on the basis of these results.

At the end of the year we joined the "Golden Thread" a project aimed at evaluating employee satisfaction, the results of which will be assessed in 2010.

The latest assessments indicated that the strongest potential for improvement lies in the field of financial awards and manager-employee relations. The following goals were therefore set:

- Communication among employees and development of employees: over the next two years, annual meetings with their managers for at least one-half of employees are to be introduced in the Slovenian part of the Group.
- Team-building programmes will be included in the business practice of the Group.
- Care for the psychological health and well-being of employees will continue also in the future.
- Ongoing management of a system of rewards and motivational schemes.

Communication Among Employees

The company has developed tools for the effective informing of its employees on events in the Group, which include: significant events, minutes of the meetings of the Workers' Council, information on meetings of the Supervisory and Management Boards, interesting topics from various business areas, social events with photo documentation and more. These tools include the internal newspaper Interklas, the online newspaper InterInformator, the Tri-netq program which supports the company's quality system, Intranet, and more.

An important link between the management and employees is the Workers' Council, through which the employees participate in managing the company. In 2009, the Council held 7 regular sessions, at which members of the Management Board were also present. As regards employee care we also enjoy good working co-operation with company trade unions.

Goals in 2010: in order to achieve the planned business results we aim to make a move forward by developing more proactive and efficient communication between units, managers and workers' representatives. This will be done by reducing the number of formal leaders and levels of decision-making, and through project management and teamwork.

Our activities are directed towards establishing a favourable system of awards, recognition and financial incentives, as well as a systematic monitoring and disseminating of information related to successful individuals and units.

HEALTH AND SAFETY AT WORK

The company continuously upgrades its standards for the health, safety, and well-being of its employees by:

- providing health and safety protection for its employees,
- ensuring clean and tidy working sites, working areas and individual work spaces,
- investing in improved working conditions (modernization of technological procedures),
- purchasing new, state-of-the-art equipment (personal computers, forklifts, drive-up/down ramps and more),
- ensuring continuing education and training for good service quality and quantity,
- ensuring prescribed personal protective equipment and its dedicated use,
- performing examinations and measurements of ecological work conditions and work environments.

Employee Healthcare

An indispensable part of the working process, alongside concern for quality of services, is concern for employee health and safety at work if larger aims and objectives together with overall well-being are to be achieved.

In 2009, as many as 572 workers in the Group underwent preliminary, periodical or extra medical examinations. In

the Slovenian part of the Group, 168 employees received organized flu shots.

The subsidy the company received from the state for exceeding the quota for disabled workers was employed to improve their working environments. Most of the subsidy, which amounted to EUR 77,916.14, was used to purchase work-task related equipment (photocopiers, forklift, warehousing tools, chairs, etc.).

By taking preventive measures we maintained sick leave levels (up to 30 days are charged to the company) steady, at roughly 2 percent at the parent company.

Injuries at Work

Just 35 workers - 28 percent less than in 2008 - suffered injuries in the Group in the period January to December 2009 (against 47 injuries in 2008).

Analysis of the sources and causes of the injuries and their agents showed that the majority of injuries occurred as the result of human factors (lack of prudence, wrong approach to work, others to blame, not using personal protective equipment and similar).

Examinations and Tests of Working Equipment

Certain health risks and risks of injury related to the use and operation of work equipment during the work process always exist (e.g. forklifts, lifts, gas-, electrical- and other protection installations). More than 214 kinds of work equipment were examined and tested in individual organisational units. Instructions for their safe use were produced and updated for individual work processes and equipment.

Fire Protection

Special attention was given to control over the risk of fire. Regular examinations of sites and of both active and passive fire equipment (fire extinguishers, hydrants, fire reporters, domes for smoke and heat extraction, automatic fire-screen doors) were carried out. Drill-scenarios for evacuations and fire-fighting were prepared and carried out in individual units. In accordance with regulations, technical documentation for individual sites was prepared (assessment of danger of fire, fire protection and evacuation plans).

Quality Management System

IMPLEMENTATION OF THE STRATEGY WITH REGARD TO QUALITY

In 2009, we continued to implement the adopted strategy for the establishment of an integrated management system. The controlling company celebrated its 10th anniversary of the acquisition of the quality certificate in the area of forwarding and logistics services. The year was marked by the certification of a subsidiary company in Germany according to the new quality management standard ISO 9001 and the transition of further five companies to the new quality management standard ISO 9001:2008. Six companies in the Group are now certified in line with the ISO 9001:2008 standard.

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70.4 percent of all Group employees work in certified companies, i.e. 4.4 percentage points less compared to the previous year, which is largely a result of the reduction in the number of employees in the Group companies in Slovenia. In addition to the activities in the area of quality management, environmental protection, food safety and occupa-

tional health, we began to establish a safety management system for the supply chain in the controlling company. In 2009, we applied for the status of authorized economic operator together with a self-assessment and successfully concluded part of the pre-audit. We expect to acquire the status of authorized economic operator pursuant to the Commission Regulation (EC) No 1875/2006 in the first quarter of 2010.

QUALITY INDICATORS

Every year, we evaluate customer complaints according to the number of compensation claims and their share in the gross margin.

The share of complaints with settled compensation claims in the gross margin of Intereuropa d.d. in 2009 amounted to 0.44 percent, 0.10 percentage points higher than in 2008. Compensation claims mainly relate to damaged goods and loss of consignments. We are insured against operational risk with the subsidiary company Interzav, d.o.o.

Another quality indicator is the gauging of customer satisfaction by means of questionnaires carried out by certain Group companies.

INTERNAL VERIFICATION OF SERVICE QUALITY

Throughout 2009, internal evaluations in all certified companies were carried out. Internal evaluation results show that business operations in the majority of processes comply with the standard. Corrective measures are proposed with regard to activities in which discrepancies occur.

Table 30 |

External verification of service quality							
Company	Standard	Certification body	Month of external evaluation	Discrepancies	Recommendations	Measurement of customer satisfaction	Share of CC* in gross margin
Intereuropa d.d., Koper	ISO 9001:2008	SIQ	March	0	10		0.44%
Intereuropa Transport, d.o.o., Koper	ISO 9001:2008	SIQ	March	0	4		0.28%
Intereuropa, logističke usluge, d.o.o., Zagreb	ISO 9001:2008	SIQ	March	2	9		0.35%
Interagent, d.o.o., Koper	ISO 9001:2008	BV	June	0	7	x	0.00%
Intereuropa RTC d.d. Sarajevo	ISO 9001:2008	SIQ	December	0	6	x	0.22%
Intereuropa Transport & Spedition GmbH, Troisdorf	ISO 9001:2008	BV	February	0	8		0.30%

* CC - compensation claims

INTERNAL VERIFICATION OF FOOD SAFETY MANAGEMENT SYSTEM - HACCP

With regard to the controlling company, we have established a food safety management system in the warehouses in Maribor, Dravograd, Celje and Ljubljana. In November, the verification of the HACCP system or the compliance with good practice with regard to food safety was carried out in all four warehouses. One discrepancy was detected in relation to the training of new employees and a recommendation was issued regarding the improvement of cleanliness of spaces which will be duly taken into account.

As evidenced by the data in the table, only two minor discrepancies were detected at the Group level. These relate to incomplete data on delivery notes and poor analysis of data on compliance with regulations in road transport.

EXTERNAL VERIFICATION OF THE SYSTEM OF ORGANIC PRODUCT STORAGE REGARDING IMPORTS FROM THIRD COUNTRIES

For the third consecutive time, the Koper Branch successfully passed the assessment of conformity of storage of organic products imported from third countries, as laid down in Council Regulation (EC) No 834/2007.

PLANS

Due to the introduction of state-of-the-art software as well as standardized and automated work processes, we expect an increase in the level of service quality, mainly in the area of land transport.

70.4 percent of all employees of the Group work in certified companies, i.e. 4.4 percentage points less compared to the previous year, which is largely a result of fewer employees in the Group companies in Slovenia.

Attitude to Suppliers

The principal task of procurement is adequate, quality and efficient supply of services, work equipment, materials and labour force for business processes.

ESTABLISHING AND MAINTAINING GOOD BUSINESS RELATIONS WITH SUPPLIERS

The system of integrated supplier relationship management is defined in the rules of procedure for quality management, organisation regulations, work guidelines and Group rules. To ensure a smooth work process we strive to maintain a professional, solid, mutual and fair relationship with key and other suppliers of important resources. Suppliers are categorized according to their importance and capability in:

- partner suppliers (suppliers with whom we have concluded long-term co-operation agreements),
- authorized suppliers (suppliers considered capable and reliable),
- non-authorized suppliers (suppliers not meeting selection criteria).

The category of other suppliers includes the suppliers of one-off and less important purchases.

TYPES OF SERVICES AND MATERIALS BY AREA

In accordance with the needs of particular business areas, procurement of various services and materials is carried out.

Land transport:

- international forwarding services (groupage),
- road transport services in international and national transports,
- fuel,
- after-sales services.

Intercontinental transport:

- airfreight,
- seafreight,
- port services.

Central Purchase and Real Estate Department:

- construction services (construction, building maintenance),
- equipment (procurement, maintenance),
- materials and services related to operating overheads (water, electricity, gas, fuel oil, office supplies, security, cleaning).

Human and General Resources Department:

- search for, selection and recruitment of personnel,
- organisation and implementation of employee training,
- preventive employee healthcare.

Information technology:

- informatization of integrated logistics solutions,
- informatization of financial and controlling functions,
- platform for inter-company electronic business,
- satellite communications equipment,
- system tools for server infrastructure and workstations,
- server and communications infrastructure,
- local computer equipment.

ASSESSMENT AND LISTING OF AUTHORIZED SUPPLIERS, SUPPLIER SELECTION, VERIFICATION OF SUPPLY ADEQUACY

On the basis of a uniform methodology and stipulated criteria (price, quality, deadlines and other area-specific criteria), we carry out annual assessments of suppliers in the most important areas and include them in relevant lists (authorized, non-authorized). We inform the suppliers in writing about the results achieved and are open to suppliers' comments, suggestions and wishes with the aim of improving our relationship. To ensure equal footing of suppliers and optimal solutions, the selection of a supplier is carried out among three suppliers, taking into account the regulations and the list of suppliers. The selection is carried out by the Selection Committee or another responsible person in co-operation with the experts from the appropriate area. The adequacy and quality of services or material delivered are monitored regularly and timely measures are taken with the aim of ensuring final customer satisfaction.

OBJECTIVES IN 2010

Given the severe economic situation, unfavourable operating conditions and the trend toward cost reduction, our goal will be the supply of services and materials at best possible prices and of adequate quality for work processes, while maintaining good business relations with suppliers.

Integrated supplier management reflects our concern for transferring our customers' requirements to suppliers.

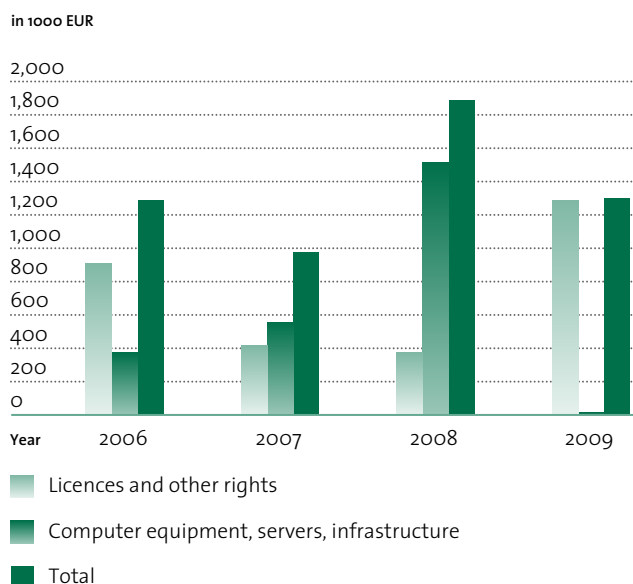
DEVELOPMENT AND INVESTMENTS

Business Informatization Development

In 2009, Intereuropa IT, d.o.o., Koper complied with Group policies and implemented the Group's strategic informatization development plan until 2011. Investments in informatization for the Slovene part of the Group in 2009 amounted to EUR 1,300 thousand and accounted for 80 percent of all IT investments in the Group. Investment trends compared to 2006, 2007 and 2008 are presented in Figure 31.

Figure 31 |

Investments in informatization of the Slovene part of the Group



Investments in replacement of computer equipment at workplaces were suspended in 2009 due to the general crisis. Investments into servers and communications infrastructure were carried out in 2008 in the framework of renovation. In 2009, we invested three times the 2008 figure into licences for software installed on modern infrastructure introduced in 2008.

With regard to the informatization of integrated logistics services in the Slovene part of the Group in 2009, the emphasis was on:

- the further development of e-business on the Group platform and inclusion of new customers through standard interfaces in the area of land transport and logistics services,
- the integration of satellite communications equipment in vehicles with an information solution for procurement support, the implementation and monitoring of road journeys in the company Intereuropa Transport, so that the process is fully informatized, guaranteeing control of goods and vehicles in real time as well as improv-

- ing communication with drivers of full loads,
- the implementation of the project on the informatization of the transport management system (TMS), presented below in greater detail,
- the informatization of the process of acceptance and delivery of consignments through the introduction of manual terminals for delivery vehicle drivers (On Board Computer - OBC) and integration with the main TMS system.

The introduction of the new information solution in land transport increased the quality of our services. Services for customers will thus become even more competitive and innovative.

The following projects were implemented in the Slovene part of the Group in 2009 in the framework of the informatization of financial and controlling functions:

- system adaptation for the introduction of e-invoicing with first-time customers,
- system adaptation for the introduction of the new tax ledger,
- system adaptation to legislative amendments,
- preparations for the introduction of business decision-making and business management system.

The following projects are planned for the coming years:

- further development of the satellite communications system, so that an electronic travel order will be drawn up for drivers in road transport and automatic paper-free payroll and daily allowance management,
- overhaul of the customer relationship management (CRM) system,
- further development of paper-free business operation (electronic archives, e-invoicing),
- introduction of the business process management support and optimization system,
- Internet portal for customers with functionalities for placing orders and on-line payments,
- development of human resources development system,
- introduction of an integrated business intelligence system for business management.
- Projects for the centralisation of business informatization in the Group will also be carried out in the framework of strengthening Group functions.

The integration of Transits satellite communications equipment in vehicles and the information solution for procurement support and the implementation and monitoring of road journeys in the company Intereuropa Transport, d.o.o., Koper has fully informatized the process, guaranteeing control of goods and vehicles in real time as well as improving communication with drivers of full loads.

Informatization of Organisational Processes and Transport operations - TMS (Transport Management System)

In 2009, large-scale preparations for the transition in the land transport area were carried out in the framework of the informatization of organisational processes and transport operations on the basis of positive experiences with the use of the new TMS production system for the area of airfreight, including:

- the inventory of informatized processes and elaboration of user processing instructions,
- two-phase training of key and end users, which covered a total of 400 employees from the field of land transport and border services,
- intensive testing of the TMS system and data transfer operations with internal and external information systems (SAP and customs),
- further development of interfaces for the integration of the TMS system with key internal information systems (financial and accounting, customs, adoption of standard exchange messages between partners and clients in transport and logistics),
- in-depth parameterisation of the TMS system with the presetting of interterminal and looped transport operations, products and services as well as contracts and price lists, which enables faster performance of processes, reduces errors and guarantees quality provision of services,
- notification of changes introduced by the new TMS system at all levels,
- upgrading of application and database servers in line with the load capacity test results,

- preparation of plans for the transition from the old information system to the new TMS system.

The company is in the process of transition from the product to process organisation enabled by the new TMS system and related organisational changes. All process activities from consignment acceptance to delivery are informatized by means of individual program modules. The new development is that upon the acceptance of consignment at Intereuropa warehouses, each consignment will be equipped with a barcode enabling customers to track it via the Internet. Above all, the new system simplified a number of operations because data is collected at one central point relating to sales, warehouse operations, planning and performance of transport operations, invoicing and accounting preparation, and, finally, presentation of physical and financial business indicators. The introduction of the new information solution in land transport increased the quality of our services. Services for customers will thus become even more competitive and innovative.

In 2010, the new TMS system will be introduced in the last business area, namely seafreight, and subsequently in other countries as well.

Informatization of Automotive Logistics (AMS project) and Warehousing and Integration with the TMS Project (IE3PL+WMS project)

In 2010, projects related to the informatization of automotive logistics (AMS project) and warehousing and the integration with the TMS system into integrated information support for the provision of integrated logistics services will continue, having been temporarily suspended mid-2009 due to the fact that the company's efforts were focused on the finalisation of the TMS project.

Business Informatization in Other Companies

Investments in informatization in other Group companies in 2009 totalled EUR 323 thousand. Listed below are the main projects by largest companies abroad:

1. Intereuropa, logističke usluge, d.o.o., Zagreb:
 - adaptation of the system due to the introduction of a common tax number,
 - upgrading of the consignment tracking system, and
 - increase in the number of customers with regard to the express delivery product for which electronic commerce was introduced.
2. Intereuropa RTC d.d. Sarajevo:
 - the informatization of express land transport by con-

signment tracking in real time and electronic import of customer data.

3. Zetatrans A.D. Podgorica:

- introduction of business information system.

4. A.D. Intereuropa - logističke usluge Beograd:

- upgrading of warehousing programme with consignment tracking support.

The implementation of the following projects has been foreseen for 2010:

1. Intereuropa, logističke usluge, d.o.o., Zagreb:

- adaptation of systems for their integration with the new national EU-NCTS system,
- modernisation of infrastructure and the redundant server system for continuous business operation,
- development of electronic commerce with customers on the central Group platform,
- development of consignment tracking system.

2. Intereuropa RTC d.d. Sarajevo:

CRM system upgrading for the monitoring of customer relations,

- introduction of a Group solution for information support of the organisation's processes and performance of transport operations.

3. Zetatrans A.D. Podgorica:

- introduction of an information solution for warehousing operations and customs terminal.

4. OOO Intereuropa - East, Moscow:

- introduction of an information solution for warehousing operations.

5. Intereuropa Skopje, DOO Skopje:

- overhaul of an information solution for the organisation and performance of transport operations and customs operations,
- overhaul of an information solution for finance and accounting.

With regard to the informatization of integrated logistics services, emphasis was laid on the further development of e-business on the Group platform and the inclusion of new customers through standard interfaces in the area of land transport and logistics services.

Investments in Fixed Assets

INTEREUROPA GROUP

In 2009 the Intereuropa Group realised EUR 25,301 thousand of investments in fixed assets, of which EUR 21,668

thousand in property and EUR 3,633 thousand in equipment. This represented a 77 percent fulfilment of the investment plan for the year.

Table 31 |

Realisation of investment plan in the period January-December 2009*							(in 1000 EUR)
	Property		Equipment		Total investments		
	Plan with corrections**	Realization	Plan with corrections**	Realization	Plan with corrections**	Realization	Realization with corrections as %**
Intereuropa d.d.	2,192	445	3,236	416	5,428	861	15.9
Subsidiaries	20,143	21,223	7,286	3,217	27,429	24,440	89.1
Total Group	22,335	21,668	10,522	3,633	32,857	25,301	77.0

*Breakdown into tangible fixed assets and intangible fixed assets:

Joint investments in property and equipment totalling EUR 25,301 thousand at the Group level encompassed EUR 23,837 thousand of investments in tangible fixed assets and EUR 1,464 thousand in intangible fixed assets.

**Supplements to the initial plan (in line with the decision of the parent company's Management Board or subsidiaries' supervisory bodies).

In view of the macroeconomic conditions on the market and the financial position of the Group, investments in 2009 were targeted at the conclusion of initiated investment projects and the most urgent work and procurement. This was especially notable in the parent company Intereuropa d.d., Koper, where we realised only those investments that were needed in order to maintain minimum conditions of operations and that produced immediate benefits.

INTEREUROPA D.D., KOPER

In 2009 Intereuropa d.d., Koper, realised EUR 861 thousand of investments in fixed assets. Realisation of the year's investment plan was 15.9 percent, of which realisation was 20.3 percent (EUR 445 thousand) for investments in property and 12.8 percent (EUR 416 thousand) for investments in equipment.

Property

In the area of property investments - mostly the renovation and alteration of existing business premises and warehouse facilities - were carried out as follows:

- renovation of the roofs at the Ljubljana and Jesenice warehouses in the total value of EUR 156 thousand,
- conversion of office rooms in two customs warehouses in Koper in the total value of EUR 78 thousand,
- acquisition of the co-ownership share at Vrtojba in the value of EUR 58 thousand,
- construction of parking lots with driveway in Celje in the value of EUR 40 thousand,
- - front closure of the projecting roof and the staircase landing in Dravograd in the value of EUR 34 thousand.

Since we withdrew from the envisaged construction work related to the office renovation project for the Sežana warehouse

we were reimbursed the public utilities charge paid in 2008 in the amount of EUR 18 thousand.

Other minor investments in property in 2009 amounted to EUR 97 thousand.

Equipment.

In 2009 investments in equipment were dominated by investments in warehousing equipment including 4 forklifts, warehouse racks (partial delivery), forklift pliers and commissioning boxes in the total amount of EUR 171 thousand. Other investments include 5 passenger motor vehicles (of which one represented a lease-contract based purchase and further sale), 5 second-hand semi-trailers, additional equipment for the boiler room in Koper (installation of automatic appliances and sensors), office furniture and mechanisation and various other equipment.

SUBSIDIARIES

In 2009 the subsidiaries of Intereuropa Group realised EUR 24,440 thousand of investments in fixed assets. Realisation of the investment plan for the year was 89.1 percent, of which realisation was 105.4 percent (EUR 21,223 thousand) for investments in property and 44.2 percent (EUR 3,217 thousand) for investments in equipment.

Property

The main investment in property was the completion of Chekhov-Moscow Logistics Centre facilities in the value of EUR 19,161 thousand. This is followed by the completion of the Logistics Centre in Samobor in the value of EUR 1,534 thousand. Other major investment include:

- acquisition of land at the border crossing (Intereuropa RTC

- d.d. Sarajevo) in the value of EUR 290 thousand,
- renovation of business premises in Bar and Podgorica in the total value of EUR 101 thousand,
- construction of projecting roof for the warehouse in Podgorica in the value of EUR 59 thousand,
- construction of the parking lots with fence in Belgrade in the value of EUR 53 thousand.
- Other minor investments in property in 2009 amounted to EUR 25 thousand.

Equipment and intangible fixed assets

The largest share in this group is represented by investments in informatization in the total value of EUR 1,623 thousand, which encompasses investments in intangible fixed assets in the value of 1,464 thousand and in computer equipment in the value of EUR 159 thousand. Investments in intangible fixed assets include the acquisition of licences and rights by Intereuropa IT, d.o.o., Koper (EUR 1,287 thousand), Intereuropa, logističke usluge, d.o.o., Zagreb (EUR 138 thousand) and in smaller amounts also by other subsidiaries (see the chapter "Business Informatization Development").

Investments in transportation vehicles amounted to EUR 619 thousand (second-hand freight vehicles, vans, passenger cars).

Of special importance was the acquisition of modern satellite communication equipment for freight vehicles of Intereuropa Transport, d.o.o., Koper, amounting to EUR 278 thousand, with additional EUR 95 thousand allocated for modernisation and supplementing of equipment for existing freight vehicles.

In the Chekhov-Moscow Logistics Centre EUR 172 thousand were allocated for the installation of warehouse racks, which will continue in 2010, and EUR 115 thousand was invested in the electric generator station for the whole Centre.

Other investments in the total value of EUR 315 thousand include the acquisition of 9 forklifts in the value of EUR 133 thousand, additional equipment and insulation of the tent in Belgrade in the value of EUR 71 thousand, warehouse equipment of various companies in the total value of EUR 37 thousand (containers, warehouse gates and other) as well as office, telecommunication and other equipment in the total value of EUR 74 thousand.

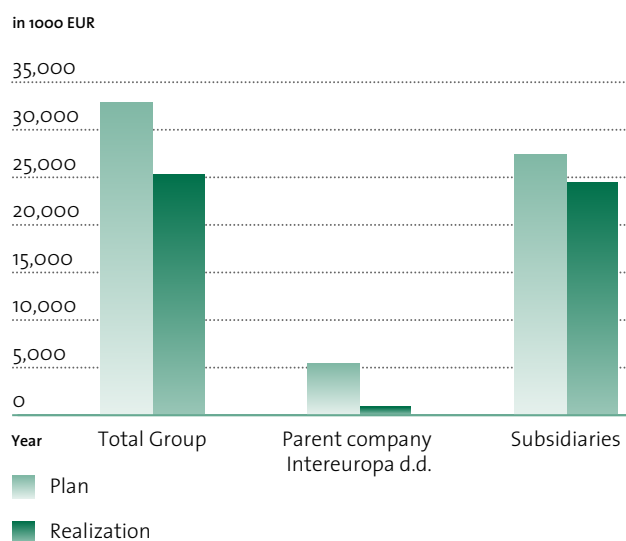
In view of the subsidies received from the Republic of Slovenia Fund for Promotion of Employment for Disabled Persons, and the reimbursements of the contributions for the employment of the disabled above the prescribed quota, Intereuropa d.d. purchased various warehousing and office equipment (a small forklift, pliers and a box for the forklift, air-conditioning appliances, furniture, photocopying and computer facilities and hand tools) amounting to EUR 49 thousand.

In addition, at the level of the parent company the costs of ISPRO

project management in the amount of EUR 625 thousand were paid in the form of long-term deferred development expenses in the framework of intangible fixed assets.

Figure 32 |

Comparison between the planned investments of the Group and realisation of the plan in 2009



Unfavourable economic conditions affected the realisation of the investment plan of the Intereuropa Group in 2009.

In 2010 investments at the Group level are envisaged to amount to EUR 8,530 thousand, of which EUR 2,700 thousand for the completion of the Chekhov-Moscow Logistics Centre and EUR 1,596 thousand for various warehousing and other equipment for the Chekhov-Moscow Logistics Centre (totaling EUR 4,296 thousand) as well as EUR 1,515 thousand for investments in informatization of the Group. As in the previous year, each major investment in 2010 will be substantiated by an explanation and a feasibility analysis (i.e. study on the economic viability of the investment) which will be dealt with by the Management Board or supervisory bodies of individual companies.

In 2009 the Intereuropa Group focused on the conclusion of its main investment projects and the most urgent investments.



5

We confront extreme conditions with a wealth of knowledge and mutual trust.

**FINANCIAL REPORT OF THE INTEREUROPA GROUP FOR THE
2009 FINANCIAL YEAR**

Statement of Management's Responsibilities

The Management Board of the Company is responsible for compiling the Annual Report and financial statements of the Company and the Intereuropa Group and for their fair presentation to all interested parties.

The Management Board hereby declares that:

- the financial statements have been prepared under the assumption of going concern both for the parent company and its subsidiaries and on the accrual basis of accounting;
- the selected accounting policies have been strictly applied and any changes appropriately disclosed;
- the accounting estimates have been prepared with consideration, in line with the prudence and due diligence principles;
- the compiled financial statements comply with the applicable legislation and the IFRS.

The Management Board is responsible for implementing measures ensuring preservation of the Company's and the Group's assets as well as for introducing measures preventing fraud and enabling detection of fraud and other irregularities.

The competent tax authorities may, at any time within the following five years after the year in which the corporation tax is to be determined and paid, inspect the company's operations and, if required, impose additional tax payment, default interest or penalty liability arising from corporation tax or other taxes and duties. The Management Board is not aware of any circumstances that might result in potential material liability arising therefrom.

Koper, 26 February 2010

the Management Board
Ernest Gortan, MSc

A handwritten signature in blue ink, appearing to read 'Gortan', with a large, stylized loop at the end.

Introductory notes to compilation of the financial statements

The Intereuropa Group comprises the parent company Intereuropa and its subsidiaries. In accordance with the criteria, specified in the Companies Act, Intereuropa is a large company, its securities are traded on the organised securities market, and it therefore has obligations regarding auditing. The company compiles consolidated financial statements as the parent company; its registered office is at Vojkovo nabrežje 32, 6000 Koper, Slovenia.

The financial part of the Annual Report includes financial statements with notes referring to the controlling company and the financial statements with notes for the Intereuropa Group. The financial statements have been compiled in accordance with the International Financial Reporting Standards (IFRS). The two parts will be separately audited by the audit company KPMG SLOVENIJA, podjetje za revidiranje, d.o.o., and two separate auditor's reports will be issued.

The consolidated financial statements as at 31. 12. 2009 comprised the parent company Intereuropa and the following companies

The consolidated financial statements as at 31. 12. 2009 comprised the parent company Intereuropa and the following companies:

Table 1 |

Members of the Intereuropa Group as at 31. 12. 2009				(in 1000 EUR)
	Country of head office	Stake (%) at 31. 12. 2009	Total equity of the company	Pertaining net profit/loss 1. 1. - 31. 12. 2009
Direct subsidiaries of the parent company Intereuropa d.d.				
Intereuropa Transport, d.o.o., Koper	Slovenija	100.00	3,901	-1,655
Interagent, d.o.o., Koper	Slovenija	100.00	761	-7
Intereuropa IT, d.o.o., Koper	Slovenija	100.00	1,938	136
Interzav, d.o.o., Koper	Slovenija	71.28	103	46
Intereuropa, Logističke usluge, d.o.o., Zagreb	Hrvaška	99.96	57,822	235
Intereuropa sajam, d.o.o., Zagreb	Hrvaška	51.00	1,489	115
Intereuropa Skopje, d.o.o., Skopje	Makedonija	99.56	1,589	111
Intereuropa RTC, d.d., Sarajevo	Bosna in Hercegovina	95.77	13,729	63
OOO Intereuropa - East, Moscow	Rusija	100.00	19,622	-38,555
A.D.Intereuropa logističke usluge, Belgrade	Srbija	73.62	7,639	-153
Intereuropa S.A.S., Saint Pierre de Chandieu	Francija	67.60	101	-39
TOV TEK ZTS, Užgorod	Ukrajina	66.67	-775	-44
Intereuropa Transport & Spedition GmbH, Troisdorf	Nemčija	90.48	108	-26
Intereuropa Kosova L.L.C., Priština	Kosovo	90.00	182	55
Zetatrans A.D. Podgorica	Črna gora	69.27	22,484	555
TOV Intereuropa - Ukraine, Kiev	Ukrajina	100.00	2,225	-4,664
TOV DDT, Onokivci	Ukrajina	100.00	816	-6
Intereuropa B4Global Logistics Service, Albanija, Drač	Albanija	100.00	31	3
Indirect subsidiaries of the parent company Intereuropa d.d.				
Intereuropa Transport dooel, Skopje	Macedonia	99.56	-49	-8
The jointly controlled company is included in accordance with the equity method:				
Jointly controlled company				
Intereuropa-FLG, d.o.o.	Slovenia	50.00	260	48

With regard to the comparable period last year, this year the Group includes a new member subsidiary Intereuropa Global Logistics Service Albania shpk, Durres operating in Albania while the company Transport & Spedition GmbH, Lebring was excluded from the Group due to its sale.

Consolidated income statement of the Intereuropa Group; 1. 1. 2009-31. 12. 2009

Table 2 |

Consolidated income statement of the Intereuropa Group; 1. 1. 2009-31. 12. 2009			(in 1000 EUR)
	Notes	2009	2008
Sales revenues	1	191,117	257,697
Other operating revenues	2	2,319	8,117
Costs of services	3	114,727	165,870
Labour costs	4	47,709	51,827
Depreciation	5	14,330	14,475
Other operating expenses	6	67,310	20,446
Operating profit/loss		-50,638	13,196
Financial income		4,720	8,933
Financial expenses		15,436	18,599
Profit/loss from financial operations	7	-10,716	-9,666
Result recognized according to equity method	8	47	109
Profit/loss from regular operations		-61,307	3,639
Profit/loss from discontinued operations	9	2,625	952
Corporate income tax (with deferred tax)	10	-4,775	903
Net profit /loss for the period		-53,907	3,688
Net profit or loss / non-controlling interest		286	429
Net profit or loss / controlling interest		-54,193	3,259
Basic and diluted earnings per share (in EUR)		-6.87	0.39

Notes to the financial statements are a constituent part thereof and must be read in conjunction therewith

Consolidated statement of comprehensive income of the Intereuropa Group; 1. 1. 2009-31. 12. 2009

Table 3 |

Consolidated statement of comprehensive income of the Intereuropa Group; 1. 1. 2009-31. 12. 2009			(in 1000 EUR)
	Notes	2009	2008
Net profit/loss for the period		-53,907	3,688
Other comprehensive income		74,166	-12,554
Revaluation of land at fair value	11	96,753	0
Deferred taxes in surplus from revaluation of land	24	-18,474	0
Revaluation of available-for-sale financial investments at fair value		328	-2,437
Transfer of surplus from revaluation of available-for-sale financial investments (upon disposal of financial investments)		-1,576	-4,251
Deferred taxes in surplus from revaluation of available-for-sale financial investments	24	255	1,469
Translation exchange rate differences	21	-3,120	-7,335
Total comprehensive income	21	20,259	-8,866
Total comprehensive income - non-controlling interest		1,555	388
Total comprehensive income - controlling interest		18,704	-9,254

Notes to the financial statements are a constituent part thereof and must be read in conjunction therewith

Consolidated statement of financial position of the Intereuropa Group as at 31. 12. 2009

Table 4 |

Consolidated statement of financial position of the Intereuropa Group as at 31. 12. 2009			(in 1000 EUR)
	Notes	31. 12. 2009	31. 12. 2008
Assets			
Tangible fixed assets	11	377,910	330,861
Investment property	12	7,025	7,790
Intangible assets	13	9,491	8,696
Other non-current operating assets	14	517	134
Deferred tax assets	24	7,845	2,298
Loans given and deposits	15	80	68
Investment in a jointly controlled company	17	148	210
Other financial investments	16	3,805	6,528
Total non-current assets		406,821	356,585
Available-for-sale assets	18	10,180	10,523
Inventories		203	270
Loans given and deposits	15	2,764	1,888
Other financial investments		5	0
Short-term operating receivables	19	63,080	71,631
Short-term income tax receivables		899	2,273
Cash and cash equivalents	20	5,318	8,508
Total current assets		82,449	95,093
Total assets		489,270	451,678

Table 4 | continuation

Consolidated statement of financial position of the Intereuropa Group as at 31. 12. 2009			(in 1000 EUR)
	Notes	31. 12. 2009	31. 12. 2008
Capital	21		
Capital - controlling interest		178,705	160,010
Share capital		32,976	32,976
Treasury shares		-180	-180
Reserves		113,900	54,329
Retained earnings		32,009	72,885
Capital - non-controlling interest		10,098	9,350
Total capital		188,803	169,360
Liabilities			
Provisions	22	3,804	3,468
Long-term borrowings	23	107,009	88,665
Other long-term financial liabilities	23	2,206	2,447
Long-term operating liabilities		288	889
Deferred tax liabilities	24	18,834	178
Total non-current liabilities		132,141	95,647
Short-term borrowings	23	115,481	131,194
Other short-term financial liabilities	23	465	749
Short-term operating liabilities	25	52,325	53,113
Short-term income tax liabilities		55	1,615
Total current liabilities		168,326	186,671
Total liabilities		300,467	282,318
Total capital and liabilities		489,270	451,678

Notes to the financial statements are a constituent part thereof and must be read in conjunction therewith.

Consolidated cash flow statement of the Intereuropa Group; 1. 1. 2009-31. 12. 2009

Table 5 |

Consolidated cash flow statement of the Intereuropa Group; 1. 1. 2009-31. 12. 2009			(in 1000 EUR)
	Notes	2009	2008
Cash flows from operating activities			
Net profit/loss for the period		-53,907	3,688
Adjustments for:			
• depreciation		14,330	14,475
• impairments and write-downs of tangible fixed assets		50,777	12
• profit from disposal of tangible fixed assets		-1,183	-7,034
• removal of goodwill		618	0
• loss from disposal of tangible fixed assets		49	181
• non-monetary expenses		704	1,165
• financial income		-4,720	-8,933
• impaired receivables paid		965	1,262
• financial expenses		15,436	18,599
• recognized result of jointly controlled company by equity method		-47	-109
• net cash flow from business activities of discontinued operations		-2,634	-794
• income tax		-4,775	903
Operating profit before changes in working capital and taxes		15,613	23,415
Changes in working capital and provisions			
Change in receivables		4,730	-1,999
Change in inventories		67	-120
Change in operating liabilities		-1,776	-2,366
Change in provisions		-336	-57
Payment of corporate income tax		-528	-5,232
Cash from operating activities		17,770	13,641
Cash flows from investing activities			
Interest income		1,803	2,262
Dividend income and participations in profit		171	661
Receipts from disposal of tangible fixed assets and investment property		3,007	3,257
Adjustment for net cash flow from discontinued operations		-227	127
Receipts from long-term loans given		96	3
Receipts from decrease of short-term loans given		0	1,293
Receipts from disposal of other financial assets		2,914	5,791
Outflows for acquisition of tangible fixed assets and investment property		-19,669	-60,767
Outflows for acquisition of intangible assets		-1,197	-1,599
Outflows for purchases of subsidiaries		-58	-660
Outflows for long-term loans given and for deposits		-33	-8
Outflows for increase in short-term loans given		-1,503	0
Outflows for purchase of other financial investments		-6	-617
Cash from investing activities		-14,702	-50,257

Table 5 | continuation

Consolidated cash flow statement of the Intereuropa Group; 1. 1. 2009-31. 12. 2009			(in 1000 EUR)
	Notes	2009	2008
Cash flows from financing activities			
Receipts from long-term borrowings		75,704	51,216
Receipts from increase in short-term borrowings		0	18,561
Receipts from derivative financial instruments		191	258
Paid interest		-10,656	-11,994
Outflows for repayment of long-term borrowings		-69,534	-15,617
Outflows for decrease in short-term credits		-3,745	0
Outflows for settlement of derivative financial instruments		-735	0
Paid dividend		-762	-6,590
Cash from financing activities		-9,537	35,834
Cash and cash equivalents at beginning of period		8,508	8,380
Exchange rate differences from cash		418	243
Net increase/decrease in cash and cash equivalents for the period		-6,051	-539
Net increase/decrease in cash from discontinued operations in the period	9	2,861	667
Cash and cash equivalents at end of period	20	5,318	8,508

Notes to the financial statements are a constituent part thereof and must be read in conjunction therewith.

Consolidated statement of changes in equity of the Intereuropa Group for 2009

Table 6 |

Consolidated statement of changes in equity of the Intereuropa Group for 2009											(in 1000 EUR)
	Notes	Share capital	Treasury shares	Reserves				Retained earnings	Capital - controlling interest	Capital - non-controlling interest	Total capital
				Capital surplus	Reserves from profit	Translation reserves	Reserves for fair value				
Opening balance as at 1. 1. 2009		32,976	-180	49,403	12,649	-8,550	827	72,885	160,010	9,350	169,360
Total comprehensive income		0	0	0	0	-3,129	76,026	-54,193	18,704	1,555	20,259
Net profit/loss for the financial year		0	0	0	0	0	0	-54,193	-54,193	286	-53,907
Other comprehensive income		0	0	0	0	-3,129	76,026	0	72,897	1,269	74,166
Transactions with owners											
Payment of dividends or profit participations		0	0	0	0	0	0	0	0	-665	-665
Purchase of non-controlling stake		0	0	0	0	0	0	0	0	-116	-116
Transfer of retained earnings to reserves		0	0	0	38	0	0	-38	0	0	0
Setting off net losses for the year		0	0	-13,363	0	0	0	13,363	0	0	0
Other changes		0	0	0	0	0	0	-8	-8	-26	-34
Closing balance as at 31. 12. 2009	21	32,976	-180	36,040	12,687	-11,680	76,853	32,009	178,706	10,098	188,803

Notes to the financial statements are a constituent part thereof and must be read in conjunction therewith.

Consolidated statement of changes in equity of the Intereuropa Group for 2008

Table 7 |

Consolidated statement of changes in equity of the Intereuropa Group for 2008											(in 1000 EUR)
				Reserves							
	Notes	Share capital	Treasury shares	Capital surplus	Reserves from profit	Translation reserves	Reserves for fair value	Retained earnings	Capital - controlling interest	Capital - non-controlling interest	Total capital
Opening balance as at 1. 1. 2008		32,976	0	49,403	12,008	-1,893	6,029	75,620	174,143	12,011	186,154
Total comprehensive income		0	0	0	0	-7,311	-5,202	3,259	-9,254	388	-8,866
Net profit/loss for the financial year		0	0	0	0	0	0	3,259	3,259	429	3,688
Other comprehensive income		0	0	0	0	-7,311	-5,202	0	-12,513	-41	-12,554
Transactions with owners											
Payment of dividends or profit participations		0	0	0	0	0	0	-4,583	-4,583	-2,023	-6,606
Purchase of own shares		0	-180	0	0	0	0	0	-180	0	-180
Establishing reserves for own shares		0	0	0	180	0	0	-180	0	0	0
Purchase of non-controlling stakes		0	0	0	0	0	0	0	0	-1,060	-1,060
Transfer of net profit and retained earnings to reserves		0	0	0	461	0	0	-461	0	0	0
Payments to members of Management and Supervisory Boards		0	0	0	0	0	0	-157	-157	0	-157
Other changes in equity		0	0	0	0	654	0	-613	41	34	75
Closing balance as at 31. 12. 2008	21	32,976	-180	49,403	12,649	-8,550	827	72,885	160,010	9,350	169,360

Notes to the financial statements are a constituent part thereof and must be read in conjunction therewith.

Notes to the consolidated financial statements

The company Intereuropa (hereinafter: the Company) is an enterprise registered in Slovenia. Its registered office is at Vojkovo nabrežje 32, 6000 Koper. The consolidated financial statements of the Group for the year ended on 31 December 2009 include the parent company, its subsidiaries (hereinafter jointly referred to as: the Group) and the holding in the jointly controlled company. The Intereuropa Group offers integrated logistics solutions in land, sea and air transport and renders all terminal, customs clearance and other logistic services needed for unhindered flow of goods from the producer to the buyer.

I. BASIS FOR COMPILATION

Declaration of conformity

The consolidated financial statements were compiled in line with the International Financial Reporting Standards (IFRS) as adopted by the EU.

The Management Board approved the financial statements on 26 February 2010.

Basis for measuring

The consolidated financial statements have been compiled by applying historical cost except in cases specified below where fair value was applied:

- derivatives;
- financial instruments at fair value through profit & loss;
- financial assets available for sale;
- land.

Functional and presentation currency

The consolidated financial statements have been compiled in euros, the Company's functional currency. All financial data presented in euros are rounded to a thousand units. Therefore, the tables for disclosure may contain deviations of +1 or -1.

Use of estimates and assessments

The preparation of financial statements requires the management to make certain estimates, assessments and assumptions affecting the application of accounting policies and the posted amounts of assets and liabilities, and revenues and expenses. The actual outcome may deviate from these estimations and assumptions.

The data on significant estimates of uncertainty and critical assessments which the management has prepared in the process of implementation of accounting policies and which had the strongest effect on the amounts posted in the financial statements are the following:

- the amount of bad debt;
- the recoverable amount which serves as comparison with the carrying amount in test of asset impairment;
- the useful lives of depreciable assets;
- the residual value of property, plant and equipment;
- the drawing of tax losses and establishing of provisions related to contingent liabilities;
- employee benefits provisions.

II. CHANGES IN ACCOUNTING POLICIES

Overview

As of 1 January 2009, the Group has applied changed accounting policies in the following areas:

- determining and disclosing business segments;
- presentation of financial statements; and
- measuring land (according to the revaluation model).

(b) Determining and disclosing business segments

The Group specified business segments and disclosed them on the basis of data submitted to the management who is responsible for decision-making. Changes in accounting policies were based on adoption of the IFRS 8 Business Segments. Before the change, the Group specified and disclosed business segments in line with the IAS 14 Segment Reporting. The change in accounting policies affects only the disclosure method and not earnings per share.

A business segment is a constituent part of the Group and performs business activity resulting in revenues and expenses (including revenues and expenses related to intragroup transactions). The performance of a business segment is regularly monitored by the executive taking decisions on the resources to be allocated to a segment and assessing performance; a business segment is also a constituent part of the company for which separate financial data are available. Performance of a segment known to an executive (director) comprises items directly attributed to the segment as well as items justifiably disclosed under the segment.

(c) Presentation of Financial Statements

The Group applied the amended IAS 1 Presentation of Financial Statements (2007) which entered into force on 1 January 2009. In line with the amendments, the Group discloses all changes in equity in the consolidated statement of changes in equity, whereas changes in non-equity capital are disclosed in the consolidated statement of comprehensive income. Comparable data are presented in line with the amended standard. The change in accounting policies affects only the disclosure method and not earnings per share.

We also changed names of items in the statements and reclassified items in the income statement and the statement of financial position from last year's financial statements (the comparable data were adjusted accordingly).

Reclassified income statement items:

- revenues from cancellation of restatements of receivables and collected written-off receivables and revenues from write-offs of operating liabilities were transferred from other operating revenues to finance income;
- cost of material were transferred from costs of services and material to other operating expenses; and
- expenses from impairment and write-offs of property, plant and equipment and intangible assets were transferred from depreciation and amortisation to other operating expenses.

Table 8 |

Reclassification of income statement items of the Intereuropa Group (comparable data)				(in 1000 EUR)
Data published in Annual Report 2008		Reclassification		Data after reclassification
Net sales revenues	265,875	-8,178	Sales revenues	257,697
Other operating revenues	9,498	-1,381	Other operating revenues	8,117
Cost of goods, material and services	188,412	-22,542	Costs of services	165,870
Labour costs	51,827		Labour costs	51,827
Write-downs in value	18,270			
a) Depreciation and other intangible long-term assets write-downs and tangible fixed assets write-offs	14,668	-193	Depreciation	14,475
b) Current assets revaluation adjustments and write-offs	3,602	-3,602		
Other operating expenses	4,051	16,395	Other operating expenses	20,446
Operating profit/loss	12,813	383	Operating profit/loss	13,196
Finance income from stakes	5,776	-109	Financial income	8,933
Finance income from loans given	1,475			
Finance income from operating receivables	1,898	-107		
Finance expenses from impairment and write offs of financial investments	728		Financial expenses	18,599
Finance expenses from financial liabilities	16,004	-1,488		
Finance expenses from operating liabilities	639			
Finance expenses from operating receivables	0	2,716		
Result of investments recognized according to equity method	0	109	Result of investments recognized according to equity method	109
Profit/loss from regular activity	4,591	-952	Profit/loss from regular operations	3,639

* Adjusted data for discontinued operation

Reclassified statement of financial position items:

- long-term deferred items were transferred from intangible assets and long-term deferred items to other non-current assets;
- short-term deferred items were posted to short-term operating receivables;
- liabilities for dividends and profit participations were transferred from short-term operating liabilities to short-term financial liabilities.

Table 9 |

Reclassification of statement of financial position items of the Intereuropa Group (comparable data)				(in 1000 EUR)
Data published in Annual Report 2008		Data after reclassification		
Intangible assets and long-term deferred items	8,806	Tangible fixed assets		330,861
Tangible fixed assets	330,861	Investment property		7,790
Investment property	7,790	Intangible assets		8,696
Long-term financial investments	6,807	Other long-term operating assets		134
Long-term operating receivables	23			
Deferred tax assets	2,298	Deferred tax assets		2,298
		Loans given and deposits		68
		Investment in a jointly controlled company		210
		Other financial investments		6,528
Non-current assets	356,585	Total non-current assets		356,585
Assets classified as held for sale and discontinued operations	10,523	Available-for-sale assets		10,523
Inventories	270	Inventories		270
Short-term financial investments	1,888	Loans granted and deposits		1,888
Short-term operating receivables	67,353	Short-term operating receivables		71,631
Cash and cash equivalents	8,508	Short-term income tax receivables		2,273
Short-term deferred items	6,551	Cash and cash equivalents		8,508
Current assets (including deferred items)	113,971	Total current assets		95,093
Equity	169,360	Capital		169,360
Provisions and long-term accrued items	3,468	Provisions and long-term deferred income		3,468
Long-term financial liabilities	91,112	Long-term borrowings		88,665
Long-term operating liabilities	889	Other long-term financial liabilities		2,447
Deferred tax liabilities	178	Long-term operating liabilities		889
		Deferred tax liabilities		178
Non-current liabilities	95,647	Total non-current liabilities		95,647
Short-term financial liabilities	131,476	Short-term borrowings		131,194
Short-term operating liabilities	55,195	Other short-term financial liabilities		749
		Short-term operating liabilities		53,113
		Short-term income tax liabilities		1,615
Current liabilities	186,671	TOTAL CURRENT LIABILITIES		186,671

(d) Changed policy in measuring of land from the historical cost model to the revaluation model

The change in the evaluation model presents a more realistic image of the Group's assets.

Under the revaluation model, land is carried at a restated amount being its fair value as at the restatement date less any subsequent accumulated impairment losses. If the land's carrying amount increases as a result of a restatement, the increase will be recognised directly in comprehensive income. If the land's carrying amount decreases as a result of a restatement, the decrease will result in a decrease in restatement surplus for the same land. However, if the decrease in the carrying amount exceeds the accumulated restatement surplus for the same asset, the difference in the decrease will also be posted to profit & loss as an expense.

III. IMPORTANT ACCOUNTING POLICIES

The Group consistently applies the same accounting policies from period to period, as presented in the enclosed consolidated financial statements. Any change in the policies is disclosed.

Base for consolidation

(a) Subsidiaries

Subsidiaries are enterprises controlled by the parent company. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Assessment of the impact takes into account the existence and effect of potential voting rights which can be enforced or replaced at a time. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date it ceases.

Transfer from companies under joint management

Business combinations resulting from transfer of stakes in companies under joint management are posted as if the transfer took place at the beginning of the earliest comparison of the compared period or, if later, as at the date the joint management began for which the comparisons are adjusted. The transferred assets and liabilities are recognised at carrying amount which was previously posted in the consolidated financial statements of the controlling company. The capital elements of the acquired company are added to the corresponding capital elements of the Group except for share capital/equity of the acquired company which is recognised as share premium. The cash paid in the acquisition is recognised directly in equity.

Joint venture

A joint venture is a company with the entire business being under joint control of the Group, established on the basis of a contract where financial and business decisions require an unanimous agreement. It is posted by the equity method. The consolidated financial statements include the Group's share in profit & loss of the joint venture calculated by using the equity method, after alignment of accounting policy, as of the date the significant influence commences until the date it ceases.

Transactions excluded from consolidation

Compiling of the consolidated financial statements excludes balances and unrealised profit & loss stemming from intragroup transactions. Unrealised loss is excluded in the same way as profit subject to the condition that no proof of impairment exists.

(b) Foreign currency

Foreign-currency transactions

Foreign-currency transactions are converted to the appropriate functional currency of Group members at the exchange rate applying as at the transaction date. Cash assets and liabilities denominated in foreign currencies as at the end of the reporting period are converted into the functional currency at the exchange rate applicable as at that date. Non-cash assets and liabilities denominated in foreign currencies that are stated at fair value are converted into the functional currency by using the exchange rate applicable as at the date the fair value was determined. The ECB reference exchange rate was applied.

Exchange rate differences appearing in settlement of cash items or in conversion of cash items by using exchange rates other than those used for initial recognition in the period or presentation in the preceding financial statements, are recognised in profit & loss (as revenues or expenses) for the period in which they appeared.

Financial statements of foreign operations

In conversion of financial statements of foreign subsidiaries with the functional currency other than the reporting currency (euro), for the purpose of inclusion in the consolidated financial statements, assets and liabilities and items disclosed in other comprehensive income are converted to the reporting currency of the consolidated financial statements at the exchange rate applying as at the reporting date, while revenues and expenses posted in the income statement at the average exchange rate for the relevant period. Any resulting exchange rate differences are recognised in other comprehensive income (translation reserve) until disposal of a subsidiary when exchange rate differences are transferred to the income statement.

Table 10 |

Exchange rates applied					
Country	Transaction currency	2009		2008	
		Closing exch. rate in EUR	Average exch. rate in EUR	Closing exch. rate in EUR	Average exch. rate in EUR
Austria, France, Germany, Montenegro, Kosovo	EUR	-	-	-	-
Russia	RUB	43.2	44.3	41.3	36.7
Croatia	HRK	7.3	7.3	7.4	7.2
Macedonia	MKD	62.1	61.6	60.6	61.7
Bosnia and Herzegovina	BAM	2.0	2.0	2.0	2.0
Serbia	RSD	95.0	93.8	89.4	81.2
Ukraine	UAH	12.0	11.2	9.6	7.6
Albania	ALL	138.9	131.5	-	-

(c) Financial instruments

Non-derivatives

They comprise investments in equity and debt securities, operating and other receivables, cash and cash equivalents, received and granted loans, and operating and other liabilities.

They are initially carried at fair value. The ordinary sales and purchases of financial assets are recognised as at the trading date, i.e. the date on which the company undertakes to sell or purchase the asset. Any profit or loss resulting from disposal of financial assets is also recognised as at the same day. Measuring after the initial recognition is described below.

Cash and cash equivalents comprise balances held with banks and other financial institutions, cash in hand and immediately redeemable securities.

Posting of finance income and expenses is described in the item Finance income and expenses.

Available for sale financial assets

After initial recognition, they are carried at fair value (including acquisition costs directly linked to the purchase). Changes in fair value are recognised in other comprehensive income. When an investment is derecognised, the accumulated profit & loss disposed in other comprehensive income for the period will be transferred to profit & loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans are investments in debt of other enterprises, governments or other issuers. Receivables are

the rights, emanating from property and other legal relationships, to claim the settlement of a debt, the payment for deliveries or rendered services from a specific person or entity. They are carried at amortised cost applying the effective interest rate method. Profit or loss will be recognised in profit & loss if they are derecognised or impaired.

Non-derivative financial liabilities

Financial liabilities are initially posted as at the date of their occurrence. Financial liabilities (including liabilities determined at fair value through profit & loss) are initially recognised as at the trading date when the Group becomes a contracting party in relation to the instrument. The Group will derecognise a financial liability if the obligations set in the contract are met, cancelled or expired.

Financial liabilities are after initial recognition measured at amortised cost by using the effective interest method.

Share capital

Ordinary shares are classified as share capital. Additional costs attributable directly to the issue of ordinary shares are posted as a decrease in capital.

Redemption of treasury shares or stakes

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares or stakes are classified as treasury shares and presented as a deduction from total equity.

Dividends

Dividends are recognised in liabilities and posted upon occurrence of the business event. Dividends are disclosed in financial statements of the Group in the period in which the AGM adopted a resolution on their payment.

Derivatives

The Group uses derivatives to hedge currency and interest rate risk.

Derivatives are initially recognised at fair value and transaction costs are recognised in profit & loss upon their occurrence. They are initially recognised at historical cost and are measured at fair value. Any resultant gain or loss arising from re-measurement at fair value on derivative financial instruments is recognised in the profit or loss. The Group uses derivatives to hedge the interest rate risk. The fair value of derivatives is determined on the basis of valuation by their issuer as at the statement of financial position date and represents the present offered value of the transaction.

(d) Property, plant and equipment

Property, plant and equipment are carried at historical cost less any accumulated depreciation and any accumulated impairment losses.

- The historical cost comprises the amounts directly attributed to acquisition of assets as well as capitalised borrowing costs. Elements of property, plant and equipment with different useful lives are posted as items of property, plant and equipment. After the initial recognition of property, plant and equipment, the historical cost model is used for buildings and equipment, and the revaluation model for land. Land is measured by using the revaluation model with the restated amount being its fair value as at the restatement date less any subsequent accumulated impairment losses. The Group annually checks for any need for a restatement. Land is restated every five years.

If the land's carrying amount is increased as a result of a restatement, the increase will be recognised directly in equity as restatement surplus. If the land's carrying amount decreases as a result of a restatement, the decrease will result

in a decrease in restatement surplus for the same land. However, if the decrease in the carrying amount exceeds the accumulated restatement surplus for the same asset, the difference in the decrease will also be posted to profit & loss as an expense. The land restatement surplus included in comprehensive income is transferred directly to retained earnings when the asset is derecognised.

Posting borrowing costs

In the case of assets under construction, for which capitalisation began on 1 January 2008 or later, the Group attributes borrowing costs directly to acquisition, building or production of the asset under construction as a part of the asset's historical cost. Borrowing costs comprise expenses for interest and exchange rate differences stemming from loans in a foreign currency if they are treated as recalculation of interest expenses. Other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment will be recognised in the asset's carrying amount if it is probable that the future economic benefits embodied in such part of an asset will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in profit & loss as an expense as incurred.

Depreciation

Depreciation is charged on a straight-line over the useful life of each (part of) item of property, plant and equipment; the method most accurately reflects the expected pattern of the asset's use. Leased assets are depreciated by accounting for the lease period and useful life. The estimated useful lives for the current and the compared period are as follows:

- | | |
|-----------------------------|-------------|
| • buildings | 20-40 years |
| • computer equipment | 2-4 years |
| • other plant and equipment | 4-10 years |

Depreciation methods, useful lives and residual values are re-examined as at the reporting date and adjusted if necessary.

(e) Intangible assets

Intangible assets include long-term deferred development costs, investments in acquired industrial property rights (concessions, patents, licences, brands and similar rights) and other rights as well as goodwill of the acquired company. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Intangible assets are disclosed after initial recognition by using the historical cost model, namely at historical cost less any accumulated amortisation and any accumulated impairment losses. Amortisation of intangible assets with definite useful life is accrued by using the straight-line depreciation method in the estimated useful life.

Goodwill

(Negative) goodwill occurs in acquisition of subsidiaries and joint ventures. Any excess of the cost of the acquisition over fair values of the assets and liabilities acquired is recognised as goodwill. Goodwill is not amortised. However, it is tested annually for impairment.

Acquisition of non-controlling stakes

Acquisitions of non-controlling stakes are posted as transactions with equity owners, hence no goodwill is recognised from the transaction. Any difference is recognised directly in capital.

Subsequent measurement

Goodwill is stated at cost less any accumulated impairment losses.

Research and development

To assess whether an internally generated intangible asset meets the criteria for recognition, the Company classifies the generation of the asset into:

- research; and
- development.

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Development activities include the plan or design for production of new or significantly improved products and procedures. Development costs will be recognised if they can be reliably measured, if the product or procedure is feasible in expert and business terms, if there is a possibility of future economic benefits, if the Group has appropriate resources to complete the development and if the Group intends to use or sell the asset. The recognised value of use comprises costs of services and material and other costs, which can be directly written up to the asset's use for the intended purpose, and capitalised borrowing costs. Other development expenditure is recognised in the income statement as an expense as incurred.

Capitalised development expenditure is stated at cost less any accumulated amortisation and accumulated impairment losses.

Other intangible assets

Other intangible assets acquired by the Group having finite useful lives are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Subsequent costs

Subsequent expenditure on intangible assets will be capitalised only if increasing future economic benefits stemming from the asset to which expenditure relates. All other costs are recognised in profit & loss as an expense as incurred.

Amortisation

Amortisation is charged on the asset's historical cost or another amount instead of historical cost less the residual value.

Amortisation is recognised in profit & loss on a straight-line basis over the estimated useful life of intangible assets, except goodwill, commencing when the assets are ready for use. The method most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and the compared year are as follows:

- patents and trademarks 3-10 years
- Amortisation methods, useful lives and residual values are checked as at the end of each financial year and adjusted if necessary.

(f) Investment property

Investment property is in possession for the purpose of generating or increasing the value of a long-term investment or both, hence investment property results in cash flows which strongly depend on other assets in possession of the

Company. That differentiates investment property from owned property in use, which together with other assets of the Company participates in production and supply of goods or rendering of services and in the resulting cash flows.

Judgement is needed to determine whether a property qualifies as investment property. The Intereuropa Group estimates that for real estate partly given in operating lease and partly used by Intereuropa or any of its subsidiaries, parts of the real estate cannot be given separately (or give separately in financial lease) therefore such real estate is posted as property, plant and equipment used in rendering services. Real estate will be recognised as investment property only if it is leased in its entirety.

The historical cost model is used subsequent to initial recognition, whereby property investment is disclosed at historical cost less any accumulated depreciation and any accumulated impairment losses (the same model as for property, plant and equipment).

(g) Leased assets

Leases in terms of which the Group assumes substantially all major risks and benefits of ownership are classified as financial leases. Leased assets are after initial recognition disclosed in the amount equalling fair value or the present value of the minimum lease payments, if the latter is lower. After initial recognition, an asset under financial lease is depreciated as any other item of property, plant and equipment.

Other leases are treated as operating leases and, except for investment property, leased assets are not recognised in the statement of financial position of the Group.

(h) Inventories

Inventories of material are evaluated at historical cost composed of the purchase price, import duties and directly attributable purchase costs. The purchase price is reduced by received rebates and discounts. The weighted average cost method is used in material consumption.

(i) Impairment of assets

Financial assets

A financial asset not disclosed at fair value through profit & loss will be deemed impaired if there is objective evidence of impairment as a result of one or more events that reduced the estimated future cash flows arising there from, and such evidence can be reliably measured.

Accounts receivable (receivables from provided services, default interest, etc.) are impaired by establishing 100% value adjustment for all receivables overdue by more than 180 days or on the basis of assessment of recoverability of individual receivables. As regards impairments of receivables in legal actions, execution proceedings, bankruptcies and administrative receiverships, we take into account the estimated recoverability of claims (estimated future cash flow) with regard to categories of individual receivables.

Write off of receivables is made on the basis of concluded bankruptcy proceedings, approved administrative receiverships, unsuccessful execution proceedings and established unrecoverability of receivables.

Impairment of loans given

In case of impartial evidence that loss due to impairment occurred in loans, posted at amortised cost, the amount of the loss will be measured as the difference between the asset's carrying amount and the present value of expected future cash flow discounted at the original effective interest rate. Impairment can also be made on the basis of an assessment by the management on uncollectibility of a loan.

Impairment of available-for-sale financial assets

Available-for-sale financial assets will be impaired if the market price is either falling for more than one year or if the decrease exceeds 20% of the investment's historical cost. Losses from available-for-sale investment securities resulting from impairment are recognised by transferring the accumulated loss, recognised in other comprehensive income for the period and posted in restatement surplus, to the income statement. The accumulated loss derecognised from other comprehensive income and reported in profit & loss represents the difference between the historical cost and current fair value less any impairment loss previously recognised in profit & loss. Financial assets for which fair value could not be reliably determined are posted at historical cost.

If there is impartial evidence that loss from impairment was incurred in financial assets carried at cost, impairment will be made if the carrying amount of the financial investment as at the balance-sheet date exceeds by more than 20% the proportional part of the carrying amount of the total equity of the company in which the investment is held as at the nearest possible date for which data are available.

Non-financial assets

As at each reporting date, the Group checks the residual book value of non-financial assets of the Group, except for deferred tax assets, for the purpose of testing for impairment. If signs of impairment are found, the asset's recoverable amount will be determined. Assessment of impairment for goodwill and intangible assets with indefinite useful life that are not yet available for use is made as at each reporting date.

Recoverable amount of an asset or cash-generating unit is the higher of the value in use or their fair value less costs to sell. In determining the asset's value in use, projected cash flows are discounted to the present value at the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. Assets that cannot be tested individually are for the purpose of testing for impairment classified in the smallest possible group of assets generating cash flows from continued use which are mostly independent of revenue generated by other assets or asset groups (cash-generating unit). In order to test goodwill impairment, cash-generating units to which goodwill is allocated are subject to special testing; cash-generating units to which goodwill is allocated are combined so that the level of testing for impairment reflects the lowest level at which goodwill is monitored for internal reporting. Goodwill from a business combination is allocated to cash-generating units or a group of units for which it is expected to gain from synergies of the merger.

Joint assets of the Group generate no separate cash flows. If there are signs of impairment of a joint asset, the recoverable amount of the cash-generating unit to which a joint asset belongs is determined.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. An impairment is recognised in the income statement. Recognised impairment loss of a cash-generating unit is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit, and then to reduce the carrying amounts of the other assets of the unit (group of units) in pro rata on the basis.

An impairment loss in respect of goodwill is not reversed. As regards other assets, impairment loss from previous periods is evaluated as at the end of the reporting period to determine whether loss has been reduced or even eliminated. Impairment loss will be derecognised in the case of a change in estimates based on which the Group determined the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying value does not exceed the carrying amount that would have been determined, net of amortisation or depreciation, if no impairment loss had been recognised for the asset in prior years.

(k) Non-current assets held for sale

Non-current assets (or disposal group comprising assets and liabilities) whose carrying amount is reasonably expected to be recovered principally through a sale transaction rather than through continuing use are classified as assets held for sale with the sale envisaged within the next twelve months. Sale is highly likely when the entire plan and an active

programme to find a buyer are underway. Furthermore, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. Re-measurement of assets (or their elements or a disposal group) is performed in line with the Group's accounting policies directly prior to classification of an asset to assets held for sale. Such non-current asset (or disposal group) is accordingly measured at the lower of its carrying amount or fair value, less costs to sell.

The period of sale completion may be extended over one year due to special events and circumstances beyond the Company's control subject to sufficient evidence that the Company strictly complies with the plan for selling the asset.

If an asset held for sale no longer meets the criteria for classification in assets held for sale, it should be reclassified into another appropriate asset group, namely that in which it was classified before being posted to assets held for sale.

(l) Employee benefits

Short-term employee benefits

The liabilities for short-term employee benefits are measured with no discount and are posted to expenses when work of an employee related to a certain short-term benefit is completed.

(m) Provisions

- Provisions are recognised if the Group has a legal or constructive obligation as a result of a past event; a reliable estimate can be made of the amount of the obligation; and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation as at the statement of financial position date. In reaching the best estimate of a provision, the risks and uncertainties that inevitably surround many events and circumstances are taken into account. Where the effect of the time value of money is material, the amount of a provision will be the present value of the expenditures expected to be required to settle the obligation.

Provisions for employee benefits

- Pursuant to the law, the collective agreement and the internal rules, the Company is obligated to pay its employees long-service awards and gratuities upon retirement, for which is has established long-term provisions. There are no other pension liabilities. The provisions are formed in the amount of estimated future payments for gratuities and long-service awards, discounted as at the date of actuarial calculation. An actuarial calculation will only be made if the assumptions used by the actuary in the last actuarial calculation or the number of employees changes. In the interim period, provisions are cancelled in the amount of actually incurred costs and increased by the average cost per employee according to the last actuarial calculation for new employees entitled to gratuities and long-service awards in line with the collective or other agreement or in accordance with the law. The calculation based on projected unit has been prepared by a certified actuary. The calculation will be made every five years unless the number of employees changes by more than 15%.

Provisions are recognised by calculating the appropriate cost/expense. They are reduced directly for costs/expenses for which they have been formed, meaning that such costs/expenses no longer appear in the income statement for the relevant financial year.

Provisions are cancelled once the contingent liabilities for which they were made no longer apply, or when there is no need to keep them. Revenues are recognised from cancelled provisions. At the end of an accounting period, provisions are adjusted to bring their amount to the present value disbursements expected to be required to settle the obligations.

(n) Long-term deferred revenues

Long-term deferred revenues include donations received for acquisition of property, plant and equipment or to cover

certain expenses. They are intended for covering the depreciation costs of these assets or expenses and are used up by recognising them as operating revenues.

(o) Revenues

Revenue is recognised when it is probable that future economic benefits will flow to the Company and these benefits can be measured reliably. All the following criteria must be met:

1. the amount of revenue can be measured reliably;
2. it is probable that the economic benefits associated with the transaction will flow to the Company;
3. the stage of completion of the transaction as at the statement of financial position date can be measured reliably;
4. the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue from rendering services

Revenues from services rendered are recognised in the income statement in proportion to the stage of completion of the transaction as at the end of the reporting period. The stage of completion is assessed by reference to a review of incurred cost (work-performed review).

Revenues from the rendering of services are recognised at selling prices of completed services as stated in invoices or other documents or at prices of incomplete services with a reference to the stage of completion. It is estimated that in cases a particular transaction is not completed as at the statement of financial position date, no reliable estimate can be given as to the outcome of the transaction and therefore revenues are recognised only to the amount of incurred direct costs that are recoverable.

Amounts collected on behalf of third parties, such as accrued value added taxes and other duties (e.g. customs duties) are excluded from sales revenues.

At the time of sale, trade discounts and volume rebates given should be deducted from revenues; they should clearly be indicated either in the invoices or other relevant documents. Subsequently, revenues should also be reduced by the sales value of returned goods and additionally approved discounts or rebates.

Government grants

Grants that compensate the Group for expenses incurred are recognised as revenues on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised in the income statement as other operating revenues on a systematic basis over the useful life of the asset.

(p) Leases (granted)

Income from operating lease is recognised as revenue on a straight-line basis over the term of the lease.

Lease (taken)

Minimum financial lease payments are apportioned between finance expenses and the reduction of the outstanding liability. Finance expenses are allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

q) Finance income and expenses

Finance income comprises interest income from investments, dividend income, revenues from disposal of financial assets held for sale, changes in fair value of financial assets at fair value through profit & loss, positive exchange rate differences and profit from hedging instruments recognised in the income statement. Interest income is recognised

in the income statement as it accrues, using the effective interest rate method. Dividend income is recognised in the income statement on the date the shareholder's right to received dividend payments is established which in the case of quoted securities is usually the ex-dividend date.

Finance expenses comprise borrowing costs, negative exchange rate differences, changes in fair value of financial assets at fair value through profit & loss, losses from impairments of financial assets and losses from hedging instruments recognised in the income statement. Borrowing costs are recognised in the income statement by applying the effective interest rate method.

Borrowing costs comprise interest expenses at the effective interest rate method, finance charges related to financial lease and exchange rate differences stemming from loans in a foreign currency if they are treated as recalculation of interest expenses. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(r) Corporation tax

Corporation tax for the financial year includes current tax and deferred tax. Corporation tax is posted in the income statement, except for the part in which it relates to the items disclosed directly in other comprehensive income and therefore posted there.

Current tax is calculated in accordance with the applicable tax legislation as at the statement of financial position date. The financial year used for accounting purposes equals the calendar year, which in turn equals the tax year.

Deferred tax is posted by accounting for the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable profit, and differences relating to the investments in subsidiaries and jointly controlled enterprises to the extent that they will probably not reverse in the foreseeable future. Further, deferred tax is not recognised for the purpose of taxable temporary differences incurred upon the initial recognition of goodwill.

Deferred tax is posted in the amount expected to fall due upon elimination of temporary differences based on the applicable legislation as at the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) Discontinued operations

A discontinued operation is a component of the Group's business, which was disposed or classified to assets held-for-sale, that represents a separate major line of a business or geographic segment or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

(t) Earnings per share

For ordinary shares, the Group discloses the basic earnings per share and the diluted earnings per share. The Group discloses basic earnings per share calculated by dividing the profit or loss distributed to ordinary shareholders with the weighed average number of ordinary shares in the financial year. Diluted earnings per share are calculated by adjusting the profit or loss distributed to ordinary shareholders and the weighed average number of ordinary shares in the finan-

cial year for the effect of all dilutive potential ordinary shares representing convertible bonds and share options of employees. The Group has no dilutive potential ordinary shares, hence the basic and diluted earnings per share are identical.

(u) Segment reporting

A business segment is a constituent part of the Group and performs business activity resulting in revenues and expenses related to intragroup transactions. The performance of a business segment is regularly monitored by the management to be used as the basis for taking decisions on the resources to be allocated to a segment and assessing performance of the Group; separate financial data are available for a business segment.

Certain business segments are combined in a single business segment for the needs of external users of business information, in line with the quantitative thresholds set out in the IFRS 8.

In addition to the combined business segment and other segments, the consolidated financial statements also present information for:

- the Intereuropa Group; and
- adjustments.

For the annual reporting period, the management checks whether individual business segments have met any of the quantitative thresholds set out in the IFRS 8 and, if need be, changes the list of business segments reported separately. Information on sale by customer and the volume of operations on the presented geographic segments is monitored by business segment.

(v) New standards and notes not yet in force

In addition to the International Financial Reporting Standards adopted as specified in Item II, there are standards, supplements to standards and notes that have not been in force for the reporting financial year ended on 31 December 2009 and have not been applied in compiling of the Group's consolidated financial statements. Those standards have no effect on the compiled consolidated financial statements of the Group.

The following was not applied in compiling of the Group's financial statements:

1. amended IFRS 3 Business Combinations (applicable for annual periods as of 1 July 2009).

The standard's scope and the definition of transactions have also changed. The amendments to the standard comprise many other significant changes, namely:

- all items of consideration transferred by the acquirer are recognised at fair value as of the acquisition date including contingent consideration;
- any subsequent change in contingent consideration is recognised in profit & loss;
- transaction costs except for costs of share issue and debt are posted as expense as incurred.
- The acquirer can elect to measure any non-controlling interest at fair value at the acquisition date (full goodwill) or by its proportionate interest in the fair value of identifiable assets and liabilities of the acquiree on a transaction-by-transaction basis.

The supplemented standard is not to apply to business combinations prior to its effective date as it will have no effect on financial statements and disclosed business combinations occurring before the effective date of the amended standard.

2. Amended IFRS 27 Consolidated and Separate Financial Statements (applicable for annual periods as of 1 July 2009)

The supplemented standard changes accounting for non-controlling interest, loss of control of a subsidiary and distribution of profit or loss and other comprehensive income between the controlling and non-controlling interest.

The Group has not yet completed the analysis of effects of the supplement.

3. Amendments to the IAS 32 Financial Instruments: Presentation - Classification of Rights Issues (applicable for annual periods as of 1 February 2010).

- In line with the amendment, rights, options or warrants to acquire a certain number of own equity instruments of an enterprise in exchange for a certain amount in any currency will be equity instruments, if an enterprise offers to all existing shareholders of the same class pro rata rights, options or warrants of own non-derivative equity instruments.
- Amendments to the IAS 32 are immaterial to the Group as no such instruments have been issued.

4. Amendments to the IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items (applicable for annual periods as of 1 July 2010)

- The supplemented standard clarifies the use of the existing principles determining whether special forms of risks related to cash flows or their parts reflect the hedging relation. The risks or parts must be separately recognised and measured in order to reflect the hedging relation, however, inflation cannot be determined except in limited circumstances.

The Group has not yet completed the analysis of effects of the supplement.

5. IFRIC 12 Service Concession Arrangements (applicable for the first annual period as of 1 April 2009)

The interpretation is intended to privately owned companies in relation to recognition and measuring of matters appearing in accounting of service concession arrangements in the public-private field.

- The IFRIC 12 is immaterial to the Group's operations as no Group member made any service concession arrangement.

6. IFRIC 15 Agreements for the Construction of Real Estate (applicable for the annual periods as of 1 January 2010)

The IFRIC 15 clarifies that revenues from agreements for the construction of real estate are recognised by reference to the stage of completion of the contract activity in the following cases:

1. the contract corresponds to the agreement for construction in line with the IAS 11.3;
2. the contract applies only to rendering of services in line with the IAS 18 (e.g. the company supplies no construction material);
3. the contract is intended for sale of goods and revenues are recognised promptly during the construction in line with the IAS 18.14.

In all other cases, revenues are recognised when all conditions for the recognition have been met as set out by the IAS 18.14 (e.g. after the completed construction or after the supply).

The IFRIC 15 is immaterial to the Group's financial statements as the Company offers no services in construction.

7. IFRIC 16 Hedges of a Net Investment in a Foreign Operation (applicable for annual periods as of 1 July 2009)

The interpretation clarifies the types of risks to be hedged, which group member can possess a hedged item, explains whether the consolidation method affects effectiveness of hedging and the form taken by the hedging instrument, up to the amounts reclassified from equity to profit & loss upon discontinuation of a foreign operation.

- The Group has not yet completed the analysis of effects of the interpretation.

8. IFRIC 17 Distribution of Non-cash Assets to Owners (applicable for the annual periods as of 1 November 2009)

- The interpretation applies to distribution of non-cash assets to owners. In line with the interpretation, the dividend payment liability is recognised when the dividend has been appropriately approved and is no longer the subject of the

company's assessment, and is measured at fair value of the distributed asset. The dividend's book value is re-measured as at the reporting date and the change in book value is recognised in equity as an adjustment of the payment amount. When the dividend is paid, any difference between the carrying amount of the asset and the book value of the dividend will be recognised in profit & loss.

- As the interpretation applies as of the date it is used, it will have no effect on financial statements for periods prior to the date of adoption of the interpretation. The interpretation relates to future dividends which will be subject to an assessment by the Management Board/shareholders and therefore its effect cannot be assessed.

9. IFRIC 18 Transfers of Assets from Customers (applicable for the annual periods as of 1 November 2009)

- In line with the interpretation, an enterprise must recognise the transferred asset at its fair value if the asset has characteristics of an item of property, plant and equipment in accordance with the IAS 16 Property, Plant and Equipment. An enterprise must also recognise the amount of the transfer as revenue. The time framework for recognising the revenue depends on the facts and circumstances of an agreement.
- The IFRIC 18 is immaterial to the Group's financial statements as it usually receives no assets from customers.

It should be noted that the IASB published a number of accounting changes and interpretations applying for the periods from 1 January 2009 but the EU has not yet approved them by the date of preparation hereof and therefore they do not have to be disclosed, in line with the IAS 8.30.

IV. DETERMINING FAIR VALUE

With regard to the Group's accounting policies and breakdowns, fair value of financial and non-financial assets and liabilities has to be determined in a number of cases. Fair values of individual asset groups for the needs of measurement and reporting were determined by methods described below. Where additional explanation is needed with regard to the assumptions for determining fair value, it is provided in the breakdowns to individual items of assets and liabilities of the Group.

Property, plant and equipment

Market value of real estate equals the estimated amount for which real estate should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The revaluation model is used for the land group of property, plant and equipment. Upon recognition, land is measured at a restated amount equalling fair value as at the restatement date. Land is restated every five years.

Intangible assets

Fair value of patents and trademarks acquired in business combinations is based on the discounted future value of licence fees that would not have to be paid due to ownership of a patent or trademark.

Inventories

Fair value of inventories is determined on the basis of their expected sales value in regular operations less any estimated completion and sales costs plus a suitable charge with regard to the quantity of work put into completion of the transaction and sale of inventories.

Investments in equity and debt securities

Fair value of financial assets at fair value through profit & loss, financial investments held to maturity and available-for-sale financial assets is determined with regard to the quoted purchase price as at the end of the reporting period.

Trade and other receivables

The disclosed value of trade receivables in our view reflects their fair value. The value of other receivables is calculated as the present value of future cash flows discounted at the market interest rate applicable as at the end of the reporting period.

Derivatives

The fair value of forwards equals their quoted market price as at the end of the reporting period, if available. If not available, the fair value will be determined as the difference between the contract value of a forward transaction and the current offered value of a forward transaction accounting for the remaining maturity of the transaction with risk-free interest rate. The fair value of interest swaps equals the market price as at the reporting date.

Basic financial liabilities

The fair value for reporting purposes is calculated on the basis of the present value of future principal and interest payments discounted at the market interest rate as at the end of the reporting period.

V. FINANCIAL RISK MANAGEMENT

The Group is exposed to the following risks when using financial instruments:

- credit risk;
- liquidity risk;
- market risk;
- operational risk.

This item discusses the Group and its exposure to the abovementioned risks, its objectives, policies and procedures for measuring and managing risks and its handling of capital. Other quantitative disclosures are included in continuation of the notes to the consolidated financial statements.

Risk management policies

The management is fully responsible for setting up the Group's risk management framework. A risk management committee has been established, responsible for development and supervision of risk management policies adopted by the Group. Tasks of the risk management committee are as follows:

- preparing reports on risk management of the Intereuropa Group for the Management Board of the parent company and for the Supervisory Board;
- specifying types of risk that the Intereuropa Group is exposed to;
- permanent supervision and monitoring of key risks;
- detecting new significant risks;
- specifying the methodology for measuring exposure to individual risk types;
- estimating exposure to individual risk types;
- specifying and implementing the risk management policy for individual risk types;
- preparing proposals for implementing measures for hedging individual risk types;
- adopting amendments and supplements to the rules on risk management and other appropriate internal regulations and instructions related to risks;
- performing all other tasks and activities aimed at managing risks that the Intereuropa Group is exposed to.

The Group adopted the Rules on Risk Management. Risk management policies have been developed for the purpose of specifying and analysing risks faced by the Group based on which specific restrictions and controls can be set and risks and compliance with the restrictions monitored.

Credit risk

Credit risk represents risk that a party to an agreement on financial instrument shall fail to fulfil their obligations and thus cause the Group to suffer a financial loss. Credit risks arises primarily from the Group's trade receivables.

Trade and other receivables

Exposure to credit risk depends primarily on characteristics of a customer. However, the management also takes into account the demography of the Group's customer database and the risk of insolvency of customers from the aspect of the industry and the country in which a customer operates as such factors may influence credit risk, in particular in adverse economic circumstances.

The policies were designed so that an analysis of creditworthiness is performed for each new major customer before the Group offers the standard payment and delivery terms. The Group's review includes external assessments, if any.

The Group establishes restatement for impairment representing the amount of estimated loss from trade and other receivables and investments. The main elements of the restatement are the specific part of loss relating to individual major risks and the common part of loss formed for groups of similar assets due to the already incurred but as yet unspecified loss.

Guarantees

In line with its policy, the Group offers financial guarantees only to subsidiaries in majority ownership of the parent company.

Liquidity risk

Liquidity risk is the risk that the Group would be unable to settle its financial liabilities settled by cash or other financial assets.

The Group provides for liquidity by always having sufficient liquidity funds to settle its liabilities as they fall due, in normal and complex circumstances, without incurring unacceptable loss or risking the loss of reputation.

Costs of services are monitored by activity which helps in monitoring the needs for cash flows and optimising return on investments. The Group also ensures that it has sufficient cash or credit lines to cover operating costs for a period, including to service financial liabilities, the latter excluding any unforeseeable exceptional circumstances, e.g. natural disasters.

Market risks

Market risk is the risk that changes in market prices such as exchange rates, interest rates and equity instruments would affect the Group's revenues or the value of financial instruments. The goal of market risk management is to control and monitor exposure to market risks within reason while optimising return.

The Group trades in financial instruments and assumes financial liabilities with the aim of managing market risks.

With the trend of falling variable interest rates, the Group concluded no interest swaps or other derivatives last year for hedging against changes/rises in the variable interest rate. The effect of changes in the variable interest rate EURIBOR on the income statement is presented in the table Analysis of the impact of the change in interest rates on profit before tax.

Currency risk is relevant mostly for Group members operating in countries outside the Eurozone. It involves primarily the risk of changes in exchange rates of the Russian rouble, Serbian dinar, Croatian kuna and Ukrainian hryvnia. In op-

erating cash flows, those companies use a natural hedge against the risk of changes in exchange rate of the national currency meaning alignment of disbursements and receipts in individual currencies in terms of time and volume, and do not use FX futures.

FX positions in statements of financial position of companies with euro-denominated loans remain open. It is highly likely for those companies that a change in exchange rate of the national currency would have a strong impact on their operations. The company in Russia is among the most exposed.

Exposure to currency risk is low for Group members operating in countries of the Eurozone, as cash flows in those companies are almost exclusively in euros therefore the effect on operations is small.

Operational risks

Operational risk is the risk of direct or indirect loss incurred for a wide range of reasons related to processes within the Group, staff, technology and infrastructure as well as a consequence of external factors not related to credit, market and liquidity risk, for example risks stemming from legal and regulatory requirements and generally accepted corporate standards. Operational risks stem from the entire business of the Group. The Group's objective is to manage operational risks in a way establishing the balance between avoiding a financial loss and the damage to reputation of the Group, and the overall cost efficiency, as well as avoiding such control procedures that would hinder or limit self-initiative and creativity. Executives of each organisational unit have the key responsibility for developing and introducing controls for managing operational risks.

Compliance with the Group's standards is supported by the programme of regular audits by the internal audit department. Results of internal audits are discussed with the management of the audited business unit and the summary is submitted to the management of the Group and the audit committee.

Capital management

The Supervisory Board monitors all major indicators of return on equity of the Group and monitors the amount of dividend payouts to ordinary shareholders. Employees currently hold 6.4% of the Company's ordinary shares.

Neither the parent company nor its subsidiaries are subject to capital requirements imposed by external bodies.

VI. CASH FLOW STATEMENT

The Group's cash flow statement presents disbursements and receipts accounting for the indirect method in the accounting period and explains changes in the balance of cash. Compiling of the financial statement took into account data from the consolidated income statement for 2009, items of consolidated statements of financial position of the Group as at 31 December 2009 and 31 December 2008 and other necessary data.

Notes to the Consolidated income statement

Note 1: Sales revenues

Table 11 |

Sales revenues	(in 1000 EUR)	
	2009	2008
Sales revenues	191,117	257,697

Sales revenues generated by the Group amounted to EUR 191.117 thousand.

Note 2: Other operating revenues

Table 12 |

Other operating revenues	(in 1000 EUR)	
	2009	2008
Profit from disposal of tangible fixed assets	1,183	7,034
Revenues from cancellation of provisions	324	522
Other operating revenues	813	561
Total other operating revenues	2,319	8,117

Higher operating revenues, achieved by the Group in the previous year, resulted from transfer of tangible fixed assets of the Croatian subsidiary to a stake in-kind intended for disposal.

Note 3: Costs of services

Table 13 |

Costs of services	(in 1000 EUR)	
	2009	2008
Direct costs	91,276	136,505
Telephone costs	1,473	1,813
Maintenance costs	5,037	5,794
Insurance premium	2,016	2,023
Training and education costs	190	297
Other costs of services	14,734	19,438
Total costs of services	114,727	165,870

Direct costs are those costs directly related to rendering of services.

Note 4: Labour costs

Table 14 |

Labour costs (in 1000 EUR)		
	2009	2008
Wages and salaries	33,876	36,479
Social security	6,636	7,900
Other labour costs:	7,196	7,448
holiday allowance	1,215	1,425
transport and meals	3,452	3,710
other labour costs	2,529	2,313
Labour costs	47,709	51,827

The Group managed to decrease its labour costs to 47,709 thousand, mostly due to a lower number of employees in the time period compared.

Note 5: Depreciation

Table 15 |

Depreciation (in 1000 EUR)		
	2009	2008
Depreciation of intangible assets	660	853
Depreciation of tangible fixed assets and investment property	13,670	13,622
Total depreciation	14,330	14,475

Note 6: Other operating expenses

Table 16 |

Other operating expenses (in 1000 EUR)		
	2009	2008
Costs of material	11,175	15,316
Loss at sale of tangible fixed assets	49	181
Impairment of tangible fixed assets	50,777	12
Goodwill cancellations	618	0
Employee participation in profit	0	886
Use of city land and similar expenses	2,042	1,015
Other operating expenses	2,649	3,036
Total other operating expenses	67,310	20,446

Impairment of tangible fixed assets significantly contributed to the increase of the category other operating expenses.

The Group recognized impairment, amounting to EUR 50,777 thousand, of property in the following countries:

- Russia EUR 43,505 thousand
- Ukraine EUR 5,653 thousand
- Croatia EUR 1,614 thousand
- Slovenia EUR 5 thousand.

Note 7: Financial income and expenses

Table 17 |

Financial income and expenses		(in 1000 EUR)
	2009	2008
Interest income	1,185	1,628
Dividend income and participation in profit of others	62	533
Profit from disposal of financial investments	1,579	5,134
Income from derivative financial instruments	684	258
Income from cancelled value adjustments of receivables and recovery of written-off receivables	965	1,262
Income from written-off debt	246	118
Total financial income	4,720	8,933
Interest expenses	9,758	11,306
Financial expenses for impairment and written-off financial investments	682	728
Expenses for derivative financial instruments	693	2,699
Net exchange rate differences	1,321	1,150
Expenses on behalf of value adjustments and written-off receivables	2,982	2,716
Total financial expenses	15,436	18,599
Profit/loss from financing activities	-10,716	-9,666

Note 8: Result recognized according to the equity method

The result of the jointly controlled company Intereuropa-FLG, d.o.o., Letališka 35, Ljubljana, in which the Group has a 50-percent stake, amounted to EUR 47 thousand.

Note 9: Profit/loss from discontinued operations

The Group achieved a positive result of EUR 2,625 thousand from discontinued operations (due to disposal of a part of the company (branch UPS) in return for payment).

Table 18 |

Profit/loss from discontinued operations		(in 1000 EUR)
	January-May 2009	January-December 2008
Income	2,821	8,178
Expenses	2,435	7,226
Operating profit/loss	386	952
Profit from disposal	2,239	0
Profit for the period	2,625	952

Table 19 |

Cash flows from discontinued operations (in 1000 EUR)		
	January-May 2009	January-December 2008
Net cash flow from operating activity	2,634	794
Net cash flow from investing activity	227	-127
Net cash flow from discontinued operations	2,861	667

Table 20 |

Assets and liabilities from discontinued operations (in 1000 EUR)		
	31. 5. 2009	31. 12. 2008
Tangible fixed assets	0	249
Intangible assets	0	4
Short-term operating receivables	962	1,472
Provisions	4	4
Short-term operating liabilities	552	1,053
Difference between assets and liabilities	406	667

Note 10: Corporate income tax (current and deferred tax)

The Group's assessed tax liability for the tax year 2009 amounted to EUR 342 thousand. The largest part of the tax liability relates to the subsidiaries in Croatia and Montenegro. The taxable and deductible temporary differences are disclosed in the revenue from deferred tax amounting to EUR 5,117 thousand.

Table 21 |

Adjustment to effective tax rate (in 1000 EUR)		
	2009	2008
Tax	342	2,598
Deferred tax	-5,117	-1,695
Total corporate income tax	-4,775	903
Profit before taxation	-58,683	4,591
Tax at the applicable rate	-12,233	661
Non-deductible expenses tax	7,820	1,504
Tax relief	-133	-230
Tax on revenues decreasing tax base	-334	-1,030
Other items	105	-2
Total corporate income tax	-4,775	903
Effective tax rate	-8.14%	19.67%

Notes to the consolidated statement of financial position as at 31. 12. 2009

Note 11: Tangible fixed assets

Table 22 |

Changes in tangible fixed assets in 2009							(in 1000 EUR)
	Land	Buildings	Other property, plant & equipment	Equipment under financial lease	Tangible fixed assets under construction	Advances for acquisition of tangible fixed assets	Total
Historic value							
Balance as at 1. 1. 2009	73,756	199,355	65,926	7,223	70,924	6,208	423,393
Purchase	0	0	0	0	18,468	328	18,796
Capitalized cost of financing	0	0	0	0	3,461	0	3,461
Activation	430	68,695	2,938	51	-72,114	0	0
Disposals	-67	-8	-8,452	-757	0	0	-9,284
Write-offs	0	-1,001	0	0	0	0	-1,001
Transfers	206	205	0	0	5,369	-5,369	411
Increase in value	96,753	0	0	0	0	0	96,753
Exchange rate differences	-2,036	112	-349	-5	-3,891	-391	-6,560
Balance as at 31. 12. 2009	169,042	267,358	60,063	6,512	22,217	776	525,969
Value adjustments							
Balance as at 1. 1. 2009	0	-51,357	-40,091	-1,084	0	0	-92,532
Depreciation	0	-5,754	-6,609	-1,067	0	0	-13,430
Disposals	0	4	6,969	707	0	0	7,680
Impairments	-24,691	-21,290	0	0	-3,795	0	-49,776
Balance as at 31. 12. 2009	-24,691	-78,397	-39,731	-1,444	-3,795	0	-148,059
Residual value							
Balance as at 1. 1. 2009	73,756	147,998	25,835	6,139	70,924	6,208	330,861
Balance as at 31. 12. 2009	144,351	188,961	20,332	5,068	18,422	776	377,910

Table 23 |

Increase in value of land owned by the Group		(in 1000 EUR)
		2009
Intereuropa d.d.		70,847
Intereuropa logističke usluge, d.o.o., Zagreb		17,139
Intereuropa RTC Sarajevo d.o.o.		4,080
A.D. Intereuropa logističke usluge Belgrade d.o.o.		4,687
Total		96,753

Revaluation of land to fair value (EUR 96,753 thousand), carried out for the first time during 2009 on the basis of changed accounting policies, had a significant impact on the increase of tangible fixed assets. Impairments amounting to EUR 50,777 thousand include impairment of property (EUR 49,776 thousand) and a write-down of the amount for project documentation intended for raising additional capital for the company in Ukraine (EUR 1,001 thousand). Land was assessed by an independent valuer during the last quarter of the year. A comparable sales method was used for land assessment.

Table 24 |

Changes in tangible fixed assets in 2008							(in 1000 EUR)
	Land	Buildings	Other property, plants & equipment	Equipment under financial lease	Tangible fixed assets under construction	Advances for acquisition of tangible fixed assets	Total
Historic cost							
Balance as at 1. 1. 2008	75,662	180,830	65,463	3,832	40,986	1,193	367,966
Purchase	0	0	0	0	59,879	6,387	66,266
Capitalized cost of financing	0	0	0	0	10,172	0	10,172
Activation	2,254	20,635	6,040	3,438	-32,367	0	0
Disposals	-279	-630	-4,308	-47	-31	0	-5,294
Transfers	99	2,019	-196	0	606	-606	1,922
Exchange rate differences	-3,980	-3,499	-1,073	0	-8,321	-766	-17,639
Balance as at 31. 12. 2008	73,756	199,355	65,926	7,223	70,924	6,208	423,393
Value adjustments							
Balance as at 1. 1. 2008	0	-45,813	-36,701	-366	0	0	-82,880
Depreciation	0	-4,984	-7,477	-765	0	0	-13,226
Disposals	0	119	3,598	47	0	0	3,764
Transfers	0	-808	199	0	0	0	-609
Exchange rate differences	0	129	290	0	0	0	419
Balance as at 31. 12. 2008	0	-51,357	-40,091	-1,084	0	0	-92,532
Residual value							
Balance as at 1. 1. 2008	75,662	135,017	28,762	3,466	40,986	1,193	285,086
Balance as at 31. 12. 2008	73,756	147,998	25,835	6,139	70,924	6,208	330,861

Capitalized costs of borrowing amounted to EUR 3,461 thousand in 2009 (EUR 155 thousand for interest and EUR 3,306 thousand for exchange rate differences). The capitalizing interest rate is 4.28 %.

The book value of property pledged by mortgage amounted to 171,972 thousand at 31. 12. 2009 (land EUR 96,505 thousand and buildings EUR 75,467 thousand).

Note 12: Investment property

Table 25 |

Change in investment property in 2009		(in 1000 EUR)
	2009	2008
Historic cost		
Balance as at 1.1.	10,030	18,197
Purchase	0	4
Disposals	0	-7
Transfers	-562	-8,164
Balance as at 31.12.	9,468	10,030
Value adjustments		
Balance as at 1.1.	-2,240	-5,366
Depreciation	-240	-396
Transfers	37	3,522
Balance as at 31.12.	-2,443	-2,240
Residual value		
Balance as at 1.1.	7,790	12,831
Balance as at 31.12.	7,025	7,790

Table 26 |

Income and expenses from investment property		(in 1000 EUR)
	2009	2008
A. Rental income from investment property	1,664	1,671
B. Direct operating expenses generating income from investment property	-748	-797
C. Profit from disposal of investment property	0	61
Total (A+B+C)	916	935

Market prices of investment property remained higher than their book value at 31. 12. 2009 despite falling prices in the property market, therefore we assessed that no indicators for their potential impairment existed. Market value of investment property amounted to EUR 12,424 thousand on the day of reporting.

Note 13: Intangible assets

Goodwill in the amount EUR 618 thousand was cancelled in 2009 on behalf of the company ITAR d.o.o., Zagreb, which was in 2009 acquired by Intereuropa, logistične usluge, d.o.o., Zagreb. Another goodwill cancellation, amounting to EUR 5 thousand, was effected in 2009 in relation to the disposal of the company Intereuropa Transport & Spedition GmbH, Lebring.

Upon trial impairment of goodwill, 89% of goodwill value was represented by the goodwill of the Bosnian subsidiary, Intereuropa RTC d.d. which was taken into account as a cash-generating unit. The basis for the calculation were the sales planned for the period 2010 - 2014 during which an average annual sales growth of 4 percent was taken into consideration. The discount rate used in the calculation, 15.54 percent, represented the weighted average cost of capital. On the basis of discounted cash flows we concluded that the recoverable amount of the cash-generating unit exceeds the carrying amount, including the goodwill, therefore there is no need for impairment of goodwill.

Table 27 |

Change in intangible assets in 2009				(in 1000 EUR)
	Long-term title rights	Goodwill	Long-term deferred development costs	Total
Historic cost				
Balance as at 1. 1. 2009	5,995	2,050	3,204	11,249
Purchase	1,466	0	625	2,091
Disposal of subsidiaries	-7	-5	0	-12
Transfers	28	0	-28	0
Impairment	0	-618	0	-618
Exchange rate differences	5	-3	-8	-6
Balance as at 31. 12. 2009	7,487	1,424	3,793	12,704
Value adjustments				
Balance as at 1. 1. 2009	-2,431	0	-122	-2,553
Depreciation	-660	0	0	-660
Transfers	-3	0	3	0
Balance as at 31. 12. 2009	-3,094	0	-119	-3,213
Residual value				
Balance as at 1. 1. 2009	3,565	2,050	3,082	8,696
Balance as at 31. 12. 2009	4,393	1,424	3,674	9,491

Cancellation of goodwill in the amount EUR 618 thousand is due to the company's Itar d.o.o., Zagreb acquisition by the Croatian parent company.

Most long-term deferred development costs represent investment in development of an IT solution in support of integral logistics services which was not activated in 2009.

Table 28 |

Change in intangible assets in 2008				(in 1000 EUR)
	Long-term title rights	Goodwill	Long-term deferred development costs	Total
Historic cost				
Balance as at 1. 1. 2008	5,963	2,045	2,254	10,262
Purchase	521	5	959	1,485
Disposals	-488	0	0	-488
Exchange rate differences	-1	0	-9	-10
Balance as at 31. 12. 2008	5,995	2,050	3,204	11,249
Value adjustments				
Balance as at 1. 1. 2008	-2,080	0	-107	-2,187
Depreciation	-838	0	-15	-853
Disposals	487	0	0	487
Balance as at 31.12.2008	-2,431	0	-122	-2,553
Residual value				
Balance as at 1. 1. 2008	3,884	2,045	2,147	8,075
Balance as at 31.12.2008	3,564	2,050	3,082	8,696

There exist no legal limitations for the Group to have power of disposal of intangible assets.

Note 14: Other non-current operating assets

Other non-current operating assets relate almost entirely to deferred borrowing costs (arising from loan agreements, fees to advisers, representatives and more); these are transferred to expenses in proportion to the elapsed time and unpaid part of the principal.

Note 15: Loans given and deposits

Table 29 |

Breakdown of loans given and deposits		(in 1000 EUR)	
		31. 12. 2009	31. 12. 2008
Long-term loans given and deposits		80	68
• loans given		73	60
• deposits		7	8
Short-term loans given and deposits		2,764	1,888
• loans given		898	727
• deposits		1,866	1,161
Total loans given		2,844	1,956

Table 30 |

Change in long-term loans given		(in 1000 EUR)	
		2009	2008
Balance at beginning of period		68	169
Newly granted loans		33	1
Transfer to short-term loans		4	85
Repayments		7	13
Balance at end of period		80	68

Table 31 |

Long-term loans given by maturity		(in 1000 EUR)	
		31. 12. 2009	31. 12. 2008
Maturity from 1 to 2 years		13	15
Maturity from 2 to 3 years		10	0
Maturity from 3 to 4 years		9	1
Maturity from 4 to 5 years		9	1
Maturity over 5 years		32	43
Total		73	60

The average effective interest rate for long-term loans is 5.46 %.

Table 32 |

Long-term loans given by collateral (without deposits)		(in 1000 EUR)
	31. 12. 2009	31. 12. 2008
Collateralised	40	60
Not collateralised	33	0
Total	73	60

Table 33 |

Short-term loans given by collateral (without deposits)		(in 1000 EUR)
	2009	2008
Bills of exchange	0	375
Other collateral	898	352
Total	898	727

The average effective interest rate for short-term loans is 7.95%.

Note 16: Other financial investments

Investment in associated company

Table 34 |

Change in investment in associated company		(in 1000 EUR)
	2009	2008
Opening amount		
Balance as at 1. 1.	0	64
Increase		
Purchases	0	400
Transfers	0	0
Total increase	0	400
Decrease		
Disposal	0	400
Revaluation at fair value	0	0
Transfers	0	0
Exchange rate differences	0	0
Loss in accordance with equity method	0	64
Total decrease	0	464
Balance as at 31. 12.	0	0

Available-for-sale financial assets

Table 35 |

Change in available-for-sale financial assets		(in 1000 EUR)
	2009	2008
Opening amount		
Balance as at 1. 1.	6,528	13,462
Increase		
Purchases	64	216
Transfers	0	128
Revaluation at fair value	328	0
Total increase	392	344
Decrease		
Disposal	-2,910	-4,580
Revaluation at fair value	-146	-2,566
Transfers	-58	-128
Exchange rate differences	0	-4
Total decrease	-3,115	-7,278
Balance as at 31. 12.	3,805	6,528

Profit achieved upon disposal of financial assets available for sale amounted to EUR 1,576 thousand in 2009.

As at 31. 12. 2009, the Group has no financial assets pledged as collateral for liabilities recognized in the statement of financial position, nor for contingent liabilities.

Note 17: Jointly controlled company

Intereuropa d.d. has a 50-percent stake in the jointly controlled company Intereuropa-FLG, d.o.o., Ljubljana.

Table 36 |

Change in investment in jointly controlled company in 2009 and 2008		(in 1000 EUR)
	31. 12. 2009	31. 12. 2008
Opening amount		
Balance as at 1. 1.	210	190
Increase		
Purchases	0	0
Revaluation at fair value	0	0
Profit in accordance with equity method	47	109
Total increase	47	109
Decrease		
Disposal	0	0
Revaluation at fair value	0	0
Transfers	0	0
Payment of profit	-109	-89
Total decrease	-109	-89
Balance as at 31. 12.	148	210

Table 37 |

Assets, liabilities, income and expenses of the jointly controlled company		(in 1000 EUR)
	31. 12. 2009	31. 12. 2008
Assets	2,732	3,195
Non-current assets	25	33
Current assets	2,707	3,162
Liabilities	2,732	3,195
Capital	260	384
Non-current liabilities	33	30
Current liabilities	2,439	2,781
Revenues	13,775	21,784
Expenses (including corporate income tax)	13,680	21,565
Net profit/loss for the period	95	219

Note 18: Available-for-sale assets

Table 38 |

Available-for-sale assets		(in 1000 EUR)
	31. 12. 2009	31. 12. 2008
Available-for-sale tangible fixed assets	3,942	4,332
Available-for-sale financial assets	6,238	6,191
Total assets available for sale	10,180	10,523

Assets held for sale are presented at their book value which is lower than the expected sales value less selling costs. The sale of these assets is planned for 2010, and are largely comprised of the real estate of the parent company, amounting to EUR 3,684 thousand, and financial investment of a Croatian subsidiary, amounting to EUR 6,238 thousand.

Note 19: Short-term operating receivables

Table 39 |

Short-term operating receivables		(in 1000 EUR)
	31. 12. 2009	31. 12. 2008
Short-term operating receivables from buyers	45,393	54,301
Short-term operating receivables from others	17,687	17,330
Total short-term operating receivables	63,080	71,631

Table 40 |

Written-off receivables from buyers		(in 1000 EUR)
	31. 12. 2009	31. 12. 2008
A. Short-term operating receivables from buyers (gross)	51,785	59,514
B. Value adjustment for receivables	6,392	5,213
Unwritten-off value (A-B)	45,393	54,301
Written-off receivables (B/A)	12,34%	8,76%

Table 41 |

Change in value adjustments of receivables from buyers			(in 1000 EUR)	
	2009	2008		
Value adjustment for receivables at 1. 1. 2009	5,213	5,953		
- receivables written off	-42	-1,165		
- collected receivables and discounts	-476	-772		
+ additional increase of value adjustment	1,697	1,197		
Final balance of value adjustment 31. 12. 2009	6,392	5,213		

The impact of receivables' value adjustments in 2009 is presented in the category Expenses for value adjustments and written-off receivables in Note 7. Expenses on behalf of value adjustments and write-downs of receivables amounted to EUR 2,982 thousand, value adjustment amounted to EUR 1,697 thousand, and direct write-downs represent the difference.

Table 42 |

Breakdown of short-term receivables from buyers by maturity					(in 1000 EUR)	
	Gross amount 31. 12. 2009	Value adjustment 31. 12. 2009	Gross amount 31. 12. 2008	Value adjustment 31. 12. 2008		
Not overdue	30,109	0	31,566	0		
Overdue from 0 do 30 days	7,795	71	13,173	5		
Overdue from 31 do 90 days	4,611	89	7,099	27		
Overdue from 91 do 180 days	2,179	396	1,766	14		
Over 181 days overdue	7,091	5,836	5,912	5,167		
Short-term operating receivables from buyers	51,785	6,392	59,516	5,213		

The greater part of 181 days overdue receivables is in court proceedings (enforcements, litigation, bankruptcies, compulsory settlement).

Exposure to various risks relating to receivables from buyers is managed by using our company's credit assessment system for domestic buyers, and by checking credit status of foreign buyers provided by specialized credit assessment companies. On the basis of such information we require that customers with lower credit ratings provide instruments to secure their payments (bills of exchange, bank guarantees, mortgages, pledges on movable property, and warranties).

Note 20: Cash and cash equivalents

Cash and cash equivalents amount to EUR 5,318 thousand. They include cash in bank accounts, sight deposits and cash at hand. The reasons for increases and decreases in cash assets in 2009 are presented in the cash flow statement.

Note 21: Capital

The capital of the Group amounts to EUR 188,803 thousand - the controlling interest amounts to EUR 178,705 thousand, the non-controlling interest to EUR 10,098 thousand. Change in capital items in 2009 is explained in the statement of changes in equity.

Share capital of the controlling company Intereuropa d.d. is divided among 7,902,413 ordinary freely transferable no-par value shares.

Ordinary no-par value shares give their holders:

- the right to take part in management of the company,
- the right to share the profit (dividends) and
- the right to acquire, in the case of the company's liquidation or bankruptcy, an adequate part of the remaining property after liquidation or bankruptcy.

All the shares are fully paid-in. Each no-par value share has an identical stake and pertaining amount in share capital of the company. The stake of each individual no-par value share in the share capital of the company is determined with regard to the number of issued no-par value shares. No-par value shares cannot be split.

As at 31. 12. 2009, the day of reporting, the company has no authorized and unused capital. The controlling company issued no shares for authorized capital in 2009.

Treasury shares

The controlling company had 18,135 own shares at 31. 12. 2009, representing 0.23% of the value of total share capital. The number of own shares did not change when compared with the number of shares at 31. 12. 2008.

RESERVES

Table 43 |

Capital surplus	(in 1000 EUR)	
	31. 12. 2009	31. 12. 2008
Share premium	0	8,966
General equity revaluation adjustment	36,040	40,437
Capital surplus	36,040	49,403

General equity revaluation adjustment was included in the item Capital surplus after the switch to IFRS. Capital surplus was lower by EUR 13,363 thousand on the day of reporting as it was used to cover net losses of the current year.

Reserves for treasury shares, established in 2008, equalled their historic cost which is EUR 180 thousand. They are included in the item Reserves from profit.

Reserves from profit were recognized in the amount of EUR 12,687 thousand and increased by EUR 38 thousand due to a transfer from retained earnings authorized by the general meetings of the companies.

Reserve for fair value increased to EUR 76,853 thousand over the 2008 figure, the result of revaluation of land relating to deferred tax and available-for-sale financial investments relating to deferred tax.

Translation reserve increased by EUR -3.129 thousand in comparison with 2008 and amounted to EUR 11,680 thousand on 31. 12. 2009. This increase is due to exchange rate differences at calculation of items in accounting records of subsidiaries abroad from local currencies into the currency of reporting, as well as to exchange rate differences from credits intended for raising additional capital of the Russian company.

Retained earnings

Retained earnings amounted to EUR 32,009 thousand and were lower by EUR 40,876 thousand when compared with the previous period. This was due to net profit/loss in 2009 and past net profit/loss equalling EUR -54,203 thousand, and to the transfer of EUR 38 thousand from the profit into reserves.

Dividend per share

Dividend was not paid in 2009.

Capital - non-controlling interest

Capital of non-controlling interest equalled EUR 10,098 thousand and increased in comparison with the prior year by

EUR 748 thousand. The increase was mostly due to the amount of the total comprehensive income, EUR 1,555 thousand, to payments amounting to EUR 665 thousand, and to purchase of a non-controlling stake amounting to EUR 116 thousand.

EARNINGS PER SHARE

Basic earnings per share (EUR -6,87) was calculated as: net profit/loss belonging to holders of ordinary shares of the controlling company reduced by reserves established for treasury shares / weighted average number of shares excluding treasury shares.

Dilutive earnings per share equal basic earnings per share since the controlling company issued no dilutive potential ordinary shares.

Table 44 |

Earnings per share		
	2009	2008
Net profit or loss for the year / controlling interest, in EUR thousand	-54,193	3,259
Average number of shares	7,884,278	7,884,278
Basic and diluted earnings per share (in EUR)	-6.87	0.39

Note 22: Provisions

The Group had EUR 3,804 thousand unused long-term provisions and long-term deferred income on the date of the statement of financial position. Changes in provisions are disclosed in table 45:

Table 45 |

Provisions	Balance 1. 1. 2009	Disburse- ment (use) of provisions	Cancellation and transfer to revenues	Additionally established	Dipsosal of subsidiary	Exch. rate differ- ences	Balance 31. 12. 2009
(in 1000 EUR)							
Provisions for severance pay at retirement and jubilee awards	2,781	295	0	100	0	2	2,587
Provisions for lawsuits	350	0	99	107	0	0	358
Other provisions	149	62	0	597	32	0	653
Long-term deferred revenues	188	44	45	108	0	0	206
Total	3,468	401	144	912	32	2	3,804

cancellation effected in 2009 in line with adopted directions equalled the actual costs and increased by the average cost per employee according to the latest actuarial calculation for the newly employed and those entitled to severance pay at retirement or jubilee awards. The actuarial calculation took into consideration the following:

- number of employees, gender, age, total working period, working period spent in the company, average gross salary per employee in the last quarter of 2007,
- method of calculation of severance pay at retirement according to the national legislation,
- increase in average salary in each individual country,
- fluctuation of employees in relation to their age, conditions for retirement in line with the minimum entitlement to old-age pension,
- discount rate used: in Serbia 5.7%, in Slovenia 5.85%, in Montenegro 5.4%, in Bosnia 7% and in Croatia 5.5%.

Long-term deferred revenues mostly refer to tangible fixed assets acquired free of charge and tangible fixed assets purchased with subsidies granted by the state for employing disabled persons above the quota. They are credited to operating revenues in the amount of depreciation costs.

LONG-TERM LIABILITIES

Note 23: Financial liabilities

Table 46 |

Breakdown of long-term financial liabilities	(in 1000 EUR)	
	31. 12. 2009	31. 12. 2008
Long-term borrowings under loan agreements	104,303	84,471
Long-term borrowings under financial lease	2,706	4,194
Long-term financial liabilities through operating profit/loss	2,206	2,447
Total long-term financial liabilities	109,215	91,112

Long-term financial liabilities measured at fair value through operating profit/loss represent net present value of the derivative financial instrument protecting against currency risk. The impact is explained in Note 7.

Table 47 |

Change in long-term borrowings	(in 1000 EUR)	
	31. 12. 2009	31. 12. 2008
Balance as at 1. 1.	88,665	77,796
Transfer from long-term operating liabilities	0	3,410
Refinancing of short-term borrowings	51,000	0
New borrowings	75,704	51,216
Repayments	-27,403	-1,572
Transfer to short-term liabilities	-81,039	-42,612
Exchange rate differences	83	427
Balance as at 31. 12.	107,009	88,665

Meeting the financial covenants Intereuropa d.d. has in some loan agreements with banks proved difficult in 2009 due to the impacts of impairment, as well as to the general economic recession affecting the operations. Verifications are made on the basis of audited consolidated financial statements for each business year.

Already at the end of 2009 negotiations started with all creditor banks on reprogramming most of the borrowings. Due to probable covenant violations in 2009, redefinition of financial covenants will be included in these negotiations, together with definition of necessary instruments for securing credit liabilities.

Table 48 |

Long-term borrowings by maturity	(in 1000 EUR)	
	31. 12. 2009	31. 12. 2008
Maturity from 1 to 2 years	20,582	47,475
Maturity from 2 to 3 years	16,174	12,992
Maturity from 3 to 4 years	14,917	10,952
Maturity from 4 to 5 years	12,867	10,326
Maturity over 5 years	42,469	6,920
Total	107,009	88,665

Table 49 |

Long-term borrowings by collateral		(in 1000 EUR)
	31. 12. 2009	31. 12. 2008
Collateralized	106,356	74,717
Mortgages	95,175	27,582
Bills of exchange	11,181	47,135
Not collateralized	653	13,948
Total	107,009	88,665

Table 50 |

Breakdown of short-term borrowings		(in 1000 EUR)
	31. 12. 2009	31. 12. 2008
Short-term borrowings	115,480	131,194
based on loan agreements	114,051	129,725
based on financial lease	1,429	1,469
Short-term liabilities at fair value through profit/loss	96	282
Liabilities for dividends and other participations	370	466
Total short-term financial liabilities	115,946	131,942

Table 51 |

Short-term borrowings by collateral		(in 1000 EUR)
	31. 12. 2009	31. 12. 2008
Collateralized	112,885	129,010
Mortgages	103,384	0
Bills of exchange	2,098	128,995
Other	7,404	15
Not collateralized	2,595	2,184
Total	115,480	131,194

Table 52 |

Financial-lease liabilities		(in 1000 EUR)
	31. 12. 2009	31. 12. 2008
Financial lease	4,135	5,663
Discounted value of financial lease	4,009	5,360

Note 24: Deferred tax assets and liabilities

Deferred tax assets are recognized in the amount of deductible temporary differences arising from expenses from revaluation of assets, established provisions and carrying-forward unused tax losses. Condition for their recognition is existence of available taxable profit, which can be reduced by deductible temporary differences in the future.

Deferred tax liabilities are recognized for taxable temporary differences in financial assets for which changes in fair value are recognized directly in capital and for temporary differences in tangible fixed assets arising from capitalized cost of financing.

Table 53 |

Not offset deferred tax assets and liabilities in 2009				(in 1000 EUR)
Deferred tax assets	Balance 31. 12. 2008	Income statement	Comprehensive income statement	Balance 31. 12. 2009
Revaluation of receivables through value adjustments	528	-403	-75	50
Provisions	398	-33	-1	364
Revaluation of financial investments	507	79	-45	541
Long-term operating liabilities	111	-18	-7	93
Tax losses	2,763	4,062	-29	6,796
Other	38	-27	-10	1
Total deferred tax assets	4,345	3,660	-167	7,845

Deferred tax liabilities	Balance 31. 12. 2008	Income statement	Comprehensive income statement	Balance 31. 12. 2009
Revaluation of financial investments	225	0	-225	0
Revaluation of temporary differences in tangible fixed assets	301	57	18,476	18,834
Capitalized costs of borrowing	1,706	-1,514	-192	0
Other	0	0	0	0
Total deferred tax liabilities	2,232	-1,457	18,059	18,834

Table 54 |

Not offset deferred tax assets and liabilities in 2008				(in 1000 EUR)
Deferred tax assets	Balance 1. 1. 2008	Income statement	Comprehensive income statement	Balance 31. 12. 2008
Revaluation of receivables through value adjustments	140	388	0	528
Provisions	412	-23	9	398
Revaluation of financial investments	483	24	0	507
Long-term operating liabilities	0	117	-6	111
Tax credits	0	3,176	-413	2,763
Other	257	-219	0	38
Total deferred tax assets	1,292	3,463	-410	4,345

Deferred tax liabilities	Balance 1. 1. 2008	Income statement	Comprehensive income statement	Balance 31. 12. 2008
Revaluation of financial investments	1,695	0	-1,470	225
Revaluation of temporary differences in tangible fixed assets	273	29	-1	301
Capitalized costs of borrowing	0	1,918	-212	1,706
Other	179	-179	0	0
Total deferred tax liabilities	2,147	1,768	-1,683	2,232

Note 25: Short-term operating liabilities

Table 55 |

Short-term operating liabilities	(in 1000 EUR)	
	31. 12. 2009	31. 12. 2008
Short-term operating liabilities to suppliers	44,737	44,911
Short-term operating liabilities from advances	593	1,272
Other short-term operating liabilities	6,995	6,930
Total short-term operating liabilities	52,325	53,113

The company does not issue instruments to secure its payments to suppliers (except for customs liabilities). Other short-term operating liabilities represent liabilities to employees for salaries, contributions and other.

Note 26: Contingent liabilities

Under item contingent liabilities, potential liabilities are recorded which are not disclosed in the statement of financial position and for which it is unlikely that outflows will be necessary to settle the liability. The Group estimates to have the following contingent liabilities at 31. 12. 2009:

Table 56 |

Contingent liabilities	(in 1000 EUR)	
	31. 12. 2009	31. 12. 2008
Arising from bank guarantees and warranties extended to others	10,767	10,955
On behalf of lawsuits	3,209	329
For company D.S.U., družba za svetovanje in upravljanje	250	376
Total contingent liabilities	14,226	11,661

Guarantees and warranties mostly represent contingent liabilities arising from performance bank guarantees and similar guarantees and from a contingent liability arising from a bank guarantee for a potential customs debt which could occur on behalf of origin verifications, various analyses or control of goods.

Contingent liabilities on behalf of lawsuits amounting to EUR 3,209 thousand represent less than a 50-percent probability that the plaintiff will be successful and that outflows will be required. These lawsuits mostly represent lawsuits arising from non-payment of dividend in 2008 due to a changed decision and an indemnity request relating to supposedly unlawful termination of office.

Note 27: Fair value

Available-for-sale securities

Upon selling listed available-for-sale securities their fair value equals the published average price of these shares at the date of the statement of financial position. Fair values of shares and stakes of companies listed on the Stock Exchange is assessed on the basis of the latest known transactions or on the basis of operations.

Loans given and borrowings

Fair value is assessed as discounted value of expected cash flows from the principal and interest. In calculations, the discount interest rate for government securities in Europe with 2-year maturity is used, as published in the report by Abanka on the financial markets at 31.12.2009. Return on these securities at maturity was 1.36% (1.796% at the end of 2008).

Short-term receivables and liabilities

For receivables and liabilities with maturity less than one year it is estimated that nominal value equals fair value.

Table 57 |

Fair value		(in 1000 EUR)		
	31. 12. 2009		31. 12. 2008	
	Book value	Fair value	Book value	Fair value
Available-for-sale financial assets	3,805	3,805	6,528	6,528
Total	3,805	3,805	6,528	6,528
Assets measured at amortised cost				
Long-term loans given	81	80	68	68
Short-term loans given	2,764	2,764	1,888	1,881
Operating receivables (without advances)	63,080	63,080	71,631	71,631
Cash and cash equivalents	5,319	5,319	8,508	8,508
Total	71,244	71,243	82,095	82,088
Liabilities designated at fair value				
Derivative financial instruments	2,302	2,302	2,729	2,729
Total	2,302	2,302	2,729	2,729
Liabilities measured at amortised cost				
Long-term operating liabilities	288	288	889	889
Borrowings	222,489	216,309	219,846	217,001
• at fixed interest rate	32,625	32,514	5,332	5,332
• at variable interest rate	189,863	183,794	214,514	211,668
Short-term operating liabilities	52,325	52,325	53,114	53,114
Total	283,316	277,136	247,169	244,324

Fair value levels of financial instruments

The table below presents classification of financial instruments measured at their fair value. There are three levels:

- level 1: assets or liabilities at market prices,
- level 2: assets or liabilities not classified as level 1 items, their value being determined indirectly or directly on the basis of comparable market data,
- level 3: assets or liabilities for which values are unavailable from market data.

Table 58 |

Levels of fair value (in 1000 EUR)				
31. 12. 2009				
Fair value levels	Level 1	Level 2	Level 3	Total
Assets designated at fair value				
Available-for-sale financial assets	1,291	0	2,514	3,805
Total	1,291	0	2,514	3,805
Liabilities designated at fair value				
Derivative financial instruments	0	2,302	0	2,302
Total	0	2,302	0	2,302

31. 12. 2008				
Fair value levels	Level 1	Level 2	Level 3	Total
Assets designated at fair value				
Available-for-sale financial assets	3,870	0	2,658	6,528
Total	3,870	0	2,658	6,528
Liabilities designated at fair value				
Derivative financial instruments	0	2,729	0	2,729
Total	0	2,729	0	2,729

Note 28: Financial risks

Management of risks is described in the chapter Risk Management.

Liquidity risk

Liquidity risk is managed by active managing of cash assets, including:

- monitoring and planning cash flows,
- regular collection of debt and daily contacts with larger buyers,
- short-term borrowing within the Group,
- availability of short-term bank credit lines.

The table below presents estimated undiscounted cash flows including future interest.

Table 59 |

Liquidity risk 31. 12. 2009 (in 1000 EUR)							
31. 12. 2009							
	Book value	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
Borrowings from banks and others	218,355	242,781	95,122	25,353	21,972	53,939	46,395
Borrowings under financial lease	4,135	4,162	709	755	2,244	454	0
Liabilities to suppliers	44,737	44,737	44,737	0	0	0	0
Other liabilities	7,595	7,595	6,025	100	0	1,470	0
Total	274,822	299,275	146,593	26,208	24,216	55,863	46,395

Table 60 |

Liquidity risk 31. 12. 2008 (in 1000 EUR)							
31. 12. 2008							
	Book value	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
Borrowings from banks and others	213,973	225,102	116,211	18,630	47,069	38,386	4,806
Borrowings under financial lease	5,662	5,711	388	1,018	2,267	2,038	0
Liabilities to suppliers	44,827	44,827	44,180	647	0	0	0
Other liabilities	13,465	13,465	12,631	0	834	0	0
Total	277,927	289,105	173,410	20,295	50,170	40,424	4,806

The table below shows analysis of sensitivity to interest rate risk and impact on profit before tax.

Table 61 |

Interest rate risk (in 1000 EUR)							
2009							
	Change in %	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years	Total
EURIBOR	+15%	-75	-64	-110	-217	-103	-568
EURIBOR	+10%	-50	-42	-73	-145	-69	-379
EURIBOR	-10%	50	42	73	145	69	379
EURIBOR	-15%	75	64	110	217	103	568

Table 62 |

Interest rate risk (in 1000 EUR)							
2008							
	Change in %	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years	Total
EURIBOR	+15%	-312	-164	-200	-332	-36	-1.045
EURIBOR	+10%	-208	-109	-133	-221	-24	-697
EURIBOR	-10%	208	109	133	221	24	697
EURIBOR	-15%	312	164	200	332	36	1.045

Table 63 |

Borrowings at fixed and variable interest rate (in 1000 EUR)			
31. 12. 2009	Fixed interest rate	Variable interest rate	Total
Long-term borrowings	0	107,009	107,009
Short-term borrowings	32,625	82,855	115,480
31. 12. 2008			
Long-term borrowings	0	88,665	88,665
Short-term borrowings	4,653	126,541	131,194

Table 64 |

Currency risk 31. 12. 2009 (in 1000 EUR)					
31. 12. 2009	EUR	HRK	RSD	Other	Total
Receivables from buyers	32,005	663	0	30,411	63,080
Long-term loans given	41	0	0	32	73
Short-term loans given	84	0	0	814	898
Long-term borrowings	-97,607	-6,051	-3,027	-325	-107,009
Short-term borrowings	-103,795	-2,890	-629	-8,166	-115,480
Short-term operating liabilities	-30,483	-424	-716	-20,703	-52,325
• of which liabilities to suppliers	-23,360	-348	-528	-20,502	-44,737
Other long-term financial liabilities (designated at fair value through profit or loss)	-2,206	0	0	0	-2,206
Other short-term financial liabilities (designated at fair value through profit or loss)	-96	0	0	0	-96
Gross exposure of the statement of financial position	-202,056	-8,702	-4,372	2,064	-213,066

Table 65 |

Currency risk 31. 12. 2008 (in 1000 EUR)					
31. 12. 2008	EUR	HRK	RSD	Other	Total
Receivables from buyers	35,093	1,272	0	17,959	54,301
Long-term loans given	15	0	0	45	60
Short-term loans given	501	0	0	226	727
Long-term borrowings	-61,546	-8,896	-2,987	-11,029	-84,458
Short-term borrowings	-116,777	-3,433	-596	-8,919	-129,725
Short-term operating liabilities	-29,922	-1,146	-2,272	-19,774	-53,114
• of which liabilities to suppliers	-22,027	-646	-2,104	-20,135	-44,911
Other long-term financial liabilities (financial liabilities designated at fair value through profit or loss)	-2,447	0	0	0	-2,447
Gross exposure of the statement of financial position	-175,083	-12,202	-5,856	-21,492	-214,657

Table 66 |

Credit risk (in 1000 EUR)		
	31. 12. 2009	31. 12. 2008
Long-term loans given to others	73	60
Long-term deposits	8	8
Short-term loans given to others	898	727
Short-term deposits	1,866	1,161
Long-term operating receivables	0	23
Short-term operating receivables	63,080	71,631
• of which receivables from buyers	45,393	54,301
Cash and cash equivalents	5,319	8,508
Financial assets designated at fair value through profit or loss	0	53
Financial assets held for sale	3,805	6,476
Total	120,434	142,940

Table 67 |

Costs of auditor's services (in 1000 EUR)		
	2009	2008
• audit of the Annual Report	148	195
• other audit services	118	13
• non-audit services	30	0
Total costs for auditor's services	296	208

Note 29: Related parties

Table 68 |

Remunerations to key directors (in 1000 EUR)		
	2009	2008
Short-term remunerations (salaries with soc.security contributions, annual holiday leave, sick leave, participations in profit, non-cash payments (bonuses))	1,931	1,854
Other remunerations	63	0
Total	1,994	1,854

Table 69 |

Disclosure of transactions with related parties (in 1000 EUR)		
Revenues from services		
	2009	2008
Associated company (until June 2008)	0	497
Jointly controlled company	1,050	446
Costs of services		
	2009	2008
Associated company (until June 2008)	0	515
Jointly controlled company	7,843	14,742
Balance of operating receivables and loans given		
	31. 12. 2009	31. 12. 2008
Associated company	0	0
Jointly controlled company	1,220	84
Balance of operating liabilities and borrowings		
	31. 12. 2009	31. 12. 2008
Associated company	0	0
Jointly controlled company	9,108	717
Key directors	0	2

The Group granted no loans to key directors in 2009.

Note 30: Data by business segment

Table 70 |

Informacije po poslovnih segmentih												(in 1000 EUR)
	Slovenia		Croatia		Montenegro		Russia			Other	The Group	
	Jan.-Dec. 2009	Jan.-Dec. 2008	Jan.-Dec. 2009	Jan.-Dec. 2008	Jan.-Dec. 2009	Jan.-Dec. 2008	Jan.-Dec. 2009	Jan.-Dec. 2008	Jan.-Dec. 2009	Jan.-Dec. 2008	Jan.-Dec. 2009	Jan.-Dec. 2008
Revenues from external customers	118,842	166,991	32,207	42,361	6,436	7,765	5,359	6,492	28,470	34,079	191,117	257,697
Revenues from operations with other segments	12,763	15,853	939	2,752	51	90	0	0	1,883	2,656	0	0
Total revenues	131,604	182,844	33,146	45,113	6,487	7,855	5,359	6,492	30,353	36,735	191,117	257,697
Depreciation	8,038	8,435	2,706	2,909	636	614	1,583	837	1,423	1,679	14,330	14,475
Operating profit/loss	-17,809	-1,262	1,918	11,363	835	1,475	-36,706	110	-3,813	1,268	-50,638	13,196
Interest income	6,996	5,429	552	671	50	250	20	79	22	33	1,185	1,886
Interest expenses	8,406	8,983	1,342	1,406	0	27	1,984	2,709	481	803	9,758	11,306
Profit or loss from regular operations	-78,118	657	650	10,558	914	1,857	-40,982	-8,339	-4,857	-1,429	-61,307	3,639
Corporate income tax	-2,680	90	190	2,167	113	198	-2,427	-1,656	29	104	-4,775	903
Assets	431,871	385,979	89,632	76,595	23,679	24,179	133,637	121,620	42,959	45,562	489,270	451,678
Tangible fixed assets under construction	2,257	2,666	87	4,365	481	393	15,467	70,618	906	1,044	19,198	77,132
Long-term assets	297,720	261,014	71,516	57,396	20,992	21,380	82,714	100,994	36,405	37,231	406,821	356,584
Operating liabilities	84,286	37,488	10,800	10,080	903	1,089	19,438	13,038	7,655	8,165	75,305	59,264
Financial liabilities	204,208	188,883	19,520	20,983	293	386	94,578	108,157	9,708	12,299	328,307	330,707
Investment in jointly controlled companies by equity method	75	75	0	0	0	0	0	0	0	0	148	210
Income from stakes in jointly controlled companies	109	89	0	0	0	0	0	0	0	0	47	109

Results achieved by the business segments are monitored by the management on a regular basis in order to decide on the allocation of resources to individual segments, and to assess efficiency of the Group's operations.

Note 31: Events after the date of reporting

Negotiations with banks are under way in regard to reprogramming the credits.

There have been no other important events which would have an impact on the financial statements for 2009 after the reporting date.

Auditor's report



Independent Auditor's Report

To the Shareholders of INTEREUROPA, d.d., Koper

We have audited the accompanying consolidated financial statements of the company INTEREUROPA, d.d. and its subsidiaries (the INTEREUROPA Group) which comprise the consolidated statement of financial position as at 31 December 2009, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the INTEREUROPA Group as at 31 December 2009, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

As required by the Slovenian Companies Act we herewith confirm that the information in the management report is in conformity with the accompanying consolidated financial statements.

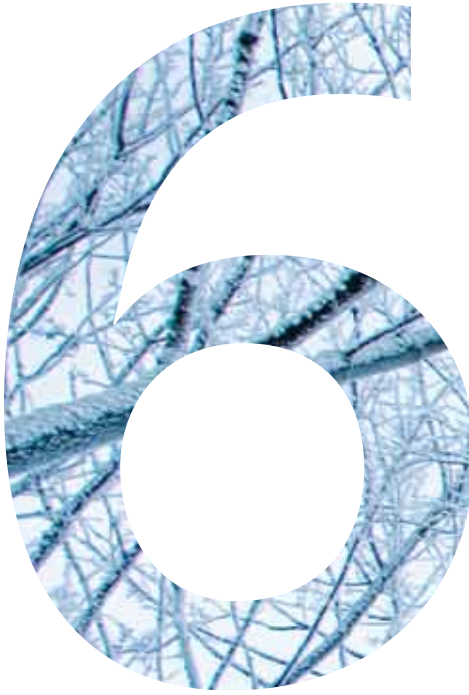
Borut Šterbenc, B.Sc.Ec.
Certified Auditor

Ljubljana, 15 April 2010

KPMG SLOVENIJA,
podjetje za revidiranje, d.o.o.

Boris Drobnič, B.Sc.Ec.
Certified Auditor
Partner

KPMG Slovenija, d.o.o.
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Insightful approaches
pave the road toward
our success.

**FINANCIAL REPORT OF THE PARENT COMPANY
INTEREUROPA D.D. FOR THE 2009 FINANCIAL YEAR**

Financial report of the parent company Intereuropa d.d. for the 2009 financial year

The company Intereuropa d.d. ("the company") is the controlling company of the Intereuropa Group, with registered office in Slovenia. The address of the registered office is at Vojkovo nabrežje 32, Koper. The company provides logistics services through its branch network of business units. Following a decision adopted by the General Meeting on 15 July 2005, the parent company Intereuropa d.d. on 1 January 2006 started presenting its separate financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, for the period of at least five business years from 1 January 2006 onwards.

Income statement of Intereuropa d.d. from 1 January to 31 December 2009

Table 1 |

Income statement of Intereuropa d.d. from 1 January to 31 December 2009			(in 1000 EUR)
	Notes	2009	2008
Sales revenues	1	99,986	141,551
Other operating revenues	2	347	479
Costs of services	3	72,414	108,526
Labour costs	4	22,537	24,059
Depreciation	5	4,461	4,671
Other operating expenses	6	17,874	5,067
Operating profit/loss		-16,953	-293
Financial income		10,632	14,686
Financial expenses		70,356	12,075
Profit/loss from financial operations	7	-59,724	2,611
Profit/loss from regular operations		-76,677	2,318
Profit/loss from discontinued operations	8	2,625	952
Corporate income tax (with deferred tax)	9	-2,700	5
Net profit/loss for the period		-71,352	3,265
Basic and diluted earnings per share (in EUR)		-9.05	0.39

Statement of comprehensive income of Intereuropa d.d. in the period from 1 January to 31 December 2009

Table 2 |

Statement of comprehensive income of Intereuropa d.d. in the period from 1 January to 31 December 2009			(in 1000 EUR)
	Notes	2009	2008
Net profit/loss for the period		-71,352	3,265
Other comprehensive income	19	55,715	-5,160
Revaluation of land at fair value	10	70,847	0
Deferred taxes in surplus from revaluation of land	22	-14,169	0
Revaluation of available-for-sale financial investments at fair value	15	359	-2,378
Transfer of surplus from revaluation of available-for-sale financial investments (upon financial investments disposal)	15	-1,575	-4,251
Deferred taxes in surplus from revaluation of available-for-sale financial investments	22	253	1,469
Total comprehensive income	19	-15,637	-1,895

Notes to the financial statements are a constituent part thereof and must be read in conjunction therewith.

Statement of financial position of Intereuropa d.d. as at 31. 12. 2009

Table 3 |

Statement of financial position of Intereuropa d.d. as at 31. 12. 2009		(in 1000 EUR)	
	Notes	31. 12. 09	31. 12. 08
Assets			
Tangible fixed assets	10	162,893	109,650
Investment property	11	6,335	7,081
Intangible assets	12	4,586	3,992
Other non-current operating assets	13	499	82
Deferred tax assets	22	3,628	674
Loans given and deposits	14	20,788	34,879
Investment in subsidiaries	15	82,032	83,041
Investment in a jointly controlled company	15	75	75
Other financial investments	15	3,728	6,405
Total non-current assets		284,564	245,879
Available-for-sale assets	16	3,684	3,571
Inventories		24	35
Loans given and deposits		82,332	71,575
Short-term operating receivables	17	38,806	36,881
Short-term income tax receivables		97	1,830
Cash and cash equivalents	18	625	79
Total current assets		125,568	113,971
Total assets		410,132	359,850
Capital			
	19		
Share capital		32,976	32,976
Treasury shares		-180	-180
Reserves		103,878	61,526
Retained earnings		0	57,990
Total capital		136,674	152,312
Liabilities			
Provisions	20	2,169	1,976
Long-term borrowings	21	93,320	59,965
Other long-term financial liabilities	21	2,024	2,447
Long-term operating liabilities		0	834
Deferred tax liabilities	22	14,169	0
Total non-current liabilities		111,682	65,222
Short-term borrowings	21	101,065	115,687
Other short-term financial liabilities	21	172	81
Short term operating liabilities	23	60,539	26,434
Short-term income tax liabilities		0	114
Total current liabilities		161,776	142,316
Total liabilities		273,458	207,538
Total capital and liabilities		410,132	359,850

Notes to the financial statements are a constituent part thereof and must be read in conjunction therewith.

Cash flow statement of Intereuropa d.d. in the period from 1 January to 31 December 2009

Table 4 |

Cash flow statement of Intereuropa d.d. in the period from 1 January to 31 December 2009			(in 1000 EUR)
	Notes	2009	2008
Cash flows from operating activities			
Net profit/loss for the period		-71,352	3,265
Adjustments for:			
• depreciation		4,461	4,671
• impairment and write-downs of tangible fixed assets		14,293	0
• profit from disposal of tangible fixed assets		-105	-304
• loss from disposal of tangible fixed assets		25	64
• non-monetary expenses		478	992
• non-monetary income		0	0
• financial income		-10,632	-14,686
• impaired receivables paid		291	300
• financial expenses		70,356	12,075
• net cash flow from business activities of discontinued operations		-2,634	-794
• income tax		-2,700	5
Operating profit before changes in working capital and taxes		2,481	5,588
Changes in working capital and provisions			
Change in receivables		2,119	2,201
Change in inventories		10	25
Change in operating liabilities		-407	-2,753
Change in provisions		-80	-8
Payment of corporate income tax		1,618	-3,635
Cash from operating activities		5,741	1,418
Cash flows from investing activities			
Interest income		1,509	1,168
Dividend income and participations in profit		1,386	6,765
Receipts from disposal of tangible fixed assets and investment property		452	1,712
Receipts from long-term loans given		25,833	13
Receipts from disposal of other financial assets		2,893	6,887
Receipts from derivative financial instruments		0	258
Outflows for acquisition of tangible fixed assets and investment property		-1,009	-8,970
Adjustment for net cash flow from discontinued operations		-227	127
Outflow for acquisition of intangible assets		-596	-1,048
Outflow for purchase and increase in capital of subsidiaries		-24,955	-1,770
Outflows for long-term loans given and for deposits		-18,908	-8
Outflows for increase in short-term loans given		-4,154	-49,481
Outflows for purchase of other financial investments		0	-608
Outflows for settlement of derivative financial instruments		-348	0
Cash from investing activities		-18,124	-44,955

Table 4 | continuation

Cash flow statement of Intereuropa d.d. in the period from 1 January to 31 December 2009				(in 1000 EUR)
	Notes	2009	2008	
Cash flows from financing activities				
Receipts from long-term borrowings		75,647	47,000	
Receipts from increase in borrowings		0	16,964	
Paid interest		-8,660	-8,028	
Outflows for repayment of long-term borrowings		-52,325	-8,150	
Outflows for decrease in short-term borrowings		-4,590	0	
Paid dividend		-4	-4,923	
Cash from financing activities		10,068	42,863	
Cash and cash equivalents at beginning of period		79	86	
Net increase/decrease in cash and cash equivalents in the period		-2,315	-674	
Net increase/decrease in cash from discontinued operations in the period	8	2,861	667	
Cash and cash equivalents at end of period	18	625	79	

Notes to the financial statements are a constituent part thereof and must be read in conjunction therewith.

Statement of changes in equity of Intereuropa d.d. for 2009

Table 5 |

Statement of changes in equity of Intereuropa d.d. for 2009								(in 1000 EUR)
	Notes	Share capital	Treasury shares	Capital surplus	Reserves from profit	Reserves for fair value	Retained earnings	Total capital
Opening balance as at 1. 1. 2009		32,976	-180	49,403	11,276	847	57,990	152,312
Total comprehensive income		0	0	0	0	55,715	-71,352	-15,637
Net profit/loss for the year		0	0	0	0	0	-71,352	-71,352
Other comprehensive income		0	0	0	0	55,715	0	55,715
Transactions with owners								
Setting off net losses for the year		0	0	-13,362	0	0	13,362	0
Closing balance as at 31. 12. 2009	19	32,976	-180	36,040	11,276	56,562	0	136,674

Notes to the financial statements are a constituent part thereof and must be read in conjunction therewith.

Statement of changes in equity of Intereuropa d.d. for 2008

Table 6 |

Statement of changes in equity of Intereuropa d.d. for 2008								(in 1000 EUR)
	Notes	Share capital	Treas-ury shares	Capital surplus	Reserves from profit	Reserves for fair value	Retained earnings	Total capital
Opening balance as at 1. 1. 2008		32,976	0	49,403	11,096	6,007	59,645	159,127
Total comprehensive income in the period		0	0	0	0	-5,160	3,265	-1,895
Net profit/loss		0	0	0	0	0	3,265	3,265
Other comprehensive income		0	0	0	0	-5,160	0	-5,160
Transactions with owners								
Dividend payment		0	0	0	0	0	-4,583	-4,583
Purchase of own shares		0	-180	0	0	0	0	-180
Establishing reserves for own shares		0	0	0	180	0	-180	0
Remuneration of Management Board and Supervisory Board members		0	0	0	0	0	-157	-157
Closing balance as at 31. 12. 2008	19	32,976	-180	49,403	11,276	847	57,990	152,312

Notes to the financial statements are a constituent part thereof and must be read in conjunction therewith.

Notes to the Financial Statements of the Company Intereuropa d.d.

I. THE BASIS FOR COMPILING FINANCIAL STATEMENTS

Declaration of conformity

The Company's financial statements were compiled in line with the International Financial Reporting Standards (IFRS) as adopted by the EU, and in accordance with the Companies Act. The Management Board approved the financial statements on 26 February 2010.

Basis for measuring

The financial statements have been prepared by accounting for the historical cost except for land and derivatives at fair value through profit & loss, and for available-for-sale financial instruments where fair value has been taken into account. The measurement methods used are described in Item 4.

Functional and presentation currency

The financial statements were compiled in euros, the functional currency being at the same time the presentation currency of the Company. All financial data are rounded to a thousand units. Therefore, the tables for disclosure may contain deviations of +1 or -1.

Use of estimates and assessments

The preparation of financial statements required the management to make certain estimates, assessments and assumptions affecting the application of accounting policies and the posted amounts of assets and liabilities, and revenues and expenses. The actual outcome may deviate from these estimations and assumptions.

The data on significant estimates of uncertainty and critical assessments which the management has prepared in the process of implementation of accounting policies and which had the strongest effect on the amounts posted in the financial statements are the following:

- the amount of bad debt;
- the recoverable amount which serves as comparison with the carrying amount in test of asset impairment;
- the useful lives of depreciable assets;
- the residual value of property, plant and equipment;
- the drawing of tax losses and establishing of provisions related to contingent liabilities.

II. CHANGES IN ACCOUNTING POLICIES

Overview

As of 1 January 2009, the Company has applied changed accounting policies in the following areas:

- presentation of financial statements;
- abolishing of the investment method in presentation of dividends in separate statements;
- change in the land evaluation model.

Presentation of financial statements

The Company applied the amended IAS 1 Presentation of Financial Statements (2007) which entered into force on 1 January 2009. In line with the amendments, the Company discloses all changes in equity in the statement of changes in equity, whereas changes in non-equity capital are disclosed in the statement of comprehensive income. Comparable data are presented in line with the amended standard. The change in accounting policies affects only the disclosure method and not earnings per share.

We also changed names of items in the statements and reclassified items in the income statement and the statement of financial position from last year's financial statements (the comparable data were adjusted accordingly).

Reclassified income statement items:

- revenues from cancellation of restatements of receivables and collected written-off receivables and revenues from write-offs of operating liabilities were transferred from other operating revenues to finance income;
- cost of material were transferred from costs of services and material to other operating expenses; and
- expenses from impairment and write-offs of property, plant and equipment and intangible assets were transferred from depreciation and amortisation to other operating expenses.

Table 7 |

Reclassification of income statement items of Intereuropa (comparable data)				(in 1000 EUR)
Data published in Annual Report 2008		Reclassification	Data after reclassification	
Net sales revenues	149,729	-8,178	Sales revenues	141,551
Other operating revenues	823	-344	Other operating revenues	479
Costs of goods, material and services	118,313	-9,787	Costs of services	108,526
Labour costs	24,059		Labour costs	24,059
Write-downs in value	6,281			
a) Depreciation and other intangible long-term assets write-downs and tangible fixed assets write-offs	4,735	-64	Depreciation	4,671
b) Current assets revaluation adjustments and write-offs	1,546	-1,546		
Other operating expenses	1,607	3,460	Other operating expenses	5,067
Operating profit/loss	292	-585	Operating profit/loss	-293
Finance income from stakes	9,018		Financial income	14,686
Finance income from loans given	4,903			
Finance income from operating receivables	425	340		
Finance expenses from impairment and write-offs of financial investments	398		Financial expenses	12,075
Finance expenses from financial liabilities	10,844			
Finance expenses from operating liabilities	126	-4		
Finance expenses from operating receivables	0	711		
Profit/loss from regular activity	3,270	-952	Profit/loss from regular activities	2,318

* Adjusted data for discontinued operation

Reclassified statement of financial position items:

- long-term deferred items were transferred from intangible assets and long-term deferred items to other non-current assets;
- short-term deferred items were posted to short-term operating receivables; and
- liabilities for dividends and profit participations were transferred from short-term operating liabilities to short-term financial liabilities.

Table 8 |

Reclassification of statement of financial position items of Intereuropa (comparable data)				(in 1000 EUR)
Data published in Annual Report 2008		Data after reclassification		
Intangible assets and long-term deferred items	4,074	Tangible fixed assets	109,650	
Tangible fixed assets	109,650	Investment property	7,081	
Investment property	7,081	Intangible assets	3,992	
Long-term financial investments	124,400	Other long-term operating assets	82	
Deferred tax assets	674	Deferred tax assets	674	
		Loans given and deposits	34,879	
		Investments in subsidiaries	83,041	
		Investment in jointly controlled company	75	
		Other financial investments	6,405	
Non-current assets	245,879	Total non-current assets	245,879	
Assets classified as held for sale and discontinued operations	3,571	Available-for-sale assets	3,571	
Inventories	35	Inventories	35	
Short-term financial investments	71,575	Loans granted and deposits	71,575	
Short-term operating receivables	33,584	Short-term operating receivables	36,881	
Cash and cash equivalents	79	Short-term income tax receivables	1,830	
Short-term deferred items	5,127	Cash and cash equivalents	79	
Current assets (including deferred items)	113,971	Total current assets	113,971	
Equity	152,312	Capital	152,312	
Provisions and long-term accrued items	1,976	Provisions and long-term deferred income	1,976	
Long-term financial liabilities	62,412	Long-term borrowings	59,965	
Long-term operating liabilities	834	Other long-term financial liabilities	2,447	
Deferred tax liabilities	0	Long-term operating liabilities	834	
		Deferred tax liabilities	0	
Non-current liabilities	65,222	Total non-current liabilities	65,222	
Short-term financial liabilities	115,687	Short-term borrowings	115,687	
	26,629	Other short-term financial liabilities	81	
		Short-term operating liabilities	26,434	
		Short-term income tax liabilities	114	
Current liabilities	142,316	Total current liabilities	142,316	

Changed policy in measuring of land from the historical cost model to the revaluation model

Under the revaluation model, land is carried at a restated amount being its fair value as at the restatement date less any subsequent accumulated impairment losses. If the land's carrying amount is increased as a result of a restatement, the increase will be recognised directly in equity as restatement surplus. If the land's carrying amount decreases as a result of a restatement, the decrease will result in a decrease in restatement surplus for the same land. However, if the decrease in the carrying amount exceeds the accumulated restatement surplus for the same asset, the difference in the decrease will also be posted to profit & loss as an expense.

Abolishing of the investment method in presentation of profit participations in separate statements;

The Company recognises in the income statement dividends from a subsidiary in separate statements when the right to its payment has been enforced. The change has abolished the investment method.

III. IMPORTANT ACCOUNTING POLICIES

The Company consistently applies the same accounting policies from period to period, as presented in the enclosed financial statements. The comparable data are aligned with the presentation of data for the current financial year. Any change in the policies is disclosed.

(a) Foreign exchange

Foreign-currency transactions

Foreign-currency transactions are converted to euros, the functional currency of the Company, at the exchange rate applying as at the transaction date. Foreign-currency cash and liabilities are converted to the functional currency at the exchange rate applying as at the transaction date. Non-cash assets and liabilities denominated in foreign currencies that are stated at fair value are converted into the functional currency by using the exchange rate applicable as at the date the fair value was determined. The ECB reference exchange rate was applied.

Exchange rate differences appearing in settlement of cash items or in conversion of cash items by using exchange rates other than those used for initial recognition in the period or presentation in the preceding financial statements, are recognised in profit & loss (as revenues or expenses) for the period in which they appeared.

(b) Financial instruments

Non-derivatives and derivatives

They comprise investments in equity and debt securities, operating and other receivables, cash and cash equivalents, received and granted loans, and operating and other liabilities.

They are initially carried at fair value. The ordinary sales and purchases of financial assets are recognised as at the trading date, i.e. the date on which the Company undertakes to sell or purchase the asset. Any profit or loss resulting from disposal of financial assets is also recognised as at the same day. Cash and cash equivalents comprise balances held with banks and other financial institutions, cash in hand and immediately redeemable securities.

Posting of finance income and expenses is described in the item Finance income and expenses.

Available for sale financial assets

Available-for-sale financial assets are those non-derivative financial assets marked as available-for-sale or not included in any other category. After initial recognition, such investments are measured at fair value accounting for the changes in fair value. Impairment losses are recognised in profit & loss and posted to capital/restatement surplus. When an investment is derecognised, the accumulated profit & loss disposed in other comprehensive income for the period will be transferred to profit & loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans are investments in debt of other enterprises, governments or other issuers. They also comprise investments in purchased bonds. Receivables are the rights, emanating from property and other legal relationships, to claim the settlement of a debt, the payment for deliveries or rendered services from a specific person or entity. They are

carried at amortised cost applying the effective interest rate method. Profit or loss will be recognised in profit & loss if they are derecognised or impaired.

Investments in subsidiaries

Long-term financial investments in equity of subsidiaries included in consolidated financial statements are carried at historic cost. Participation in profit of a subsidiary is recognised when the right to payment of the participation is established based on a resolution by the general meeting. Impairment loss will be recognised if the investment is found impaired.

Non-derivative financial liabilities

Financial liabilities are initially posted as at the date of their occurrence. All other financial liabilities are initially recognised as at the trading date when the Group becomes a contracting party in relation to the instrument. The Company will derecognise a financial liability if the obligations set in the contract are met, cancelled or expired.

Share capital

Ordinary shares are classified as share capital. Additional costs attributable directly to the issue of ordinary shares are posted as a decrease in capital.

Redemption of treasury shares or stakes

When treasury shares or stakes posted in share capital are redeemed, the amount of the consideration paid, including directly attributable costs, is recognised as a change in share capital. Repurchased shares or stakes are classified as treasury shares and presented as a deduction from total equity.

Dividends

Dividends are recognised in liabilities and posted upon occurrence of the business event. Dividends are disclosed in financial statements in the period in which the AGM adopted a resolution on their payment.

Derivatives

The Company uses derivatives to hedge currency and interest rate risk. Derivatives are initially recognised at fair value and transaction costs are recognised in profit & loss upon their occurrence. They are initially recognised at historical cost and are measured at fair value. Any resultant profit or loss arising from restatement at fair value is recognised in profit & loss. The Company uses derivatives to hedge the interest rate risk. The fair value of derivatives is determined on the basis of valuation by their issuer as at the statement of financial position date and represents the present offered value of the transaction. The Company uses derivatives as hedges for foreign-currency cash and liabilities and for assets exposed to the risk of changes in interest rates. The changes in fair value of derivatives are recognised as either finance income or expense.

(c) Property plant & equipment

Property, plant and equipment are carried at historical cost less any accumulated depreciation and any accumulated impairment losses.

The historical cost comprises the amounts directly attributed to acquisition of assets as well as capitalised borrowing costs. Elements of property, plant and equipment with different useful lives are posted as items of property, plant and equipment. After the initial recognition of property, plant and equipment, the historical cost model is used for buildings and equipment, and the revaluation model for land. Land is measured at the restated amount being its fair value as at the restatement date less any subsequent accumulated impairment losses. Land is restated every five years.

If the land's carrying amount is increased as a result of a restatement, the increase will be recognised directly in equity as restatement surplus. If the land's carrying amount decreases as a result of a restatement, the decrease will result in a decrease in restatement surplus for the same land. However, if the decrease in the carrying amount exceeds the accumulated restatement surplus for the same asset, the difference in the decrease will also be posted to profit & loss as an expense. The land restatement surplus included in capital is transferred directly to retained earnings when the asset is derecognised.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment will be recognised in the asset's carrying amount if it is probable that the future economic benefits embodied in such part of an asset will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in profit & loss as an expense as incurred.

Depreciation

Depreciation is charged on a straight-line over the useful life of each (part of) item of property, plant and equipment; the method most accurately reflects the expected pattern of the asset's use. Leased assets are depreciated by accounting for the lease period and useful life. The estimated useful lives for the current and the compared period are as follows:

- | | |
|-----------------------------|-------------|
| • buildings | 20-40 years |
| • computer equipment | 2-4 years |
| • other plant and equipment | 4-10 years |

Depreciation methods, useful lives and residual values are re-examined as at the reporting date and adjusted if necessary.

(d) Intangible assets

Intangible assets include long-term deferred development costs, investments in acquired industrial property rights (concessions, patents, licences, brands and similar rights) and other rights as well as goodwill of the acquired company. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Intangible assets are initially carried at historical cost. Intangible assets are disclosed after initial recognition by using the historical cost model, namely at historical cost less any accumulated amortisation and any accumulated impairment losses. Amortisation of intangible assets with definite useful life is accrued by using the straight-line depreciation method in the estimated useful life.

Research and development

To assess whether an internally generated intangible asset meets the criteria for recognition, the Company classifies the generation of the asset into:

- research; and
- development.

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Development activities include the plan or design for production of new or significantly improved products and procedures. Development costs will be recognised if they can be reliably measured, if the product or procedure is feasible in expert and business terms, if there is a possibility of future economic benefits, if the Group has appropriate resources to complete the development and if the Group intends to use or sell the asset. The recognised value of use comprises costs of services and material and other costs, which can be directly written up to the asset's use for the intended purpose. Other development expenditure is recognised in the income statement as an expense as incurred.

Capitalised development expenditure is stated at cost less any accumulated amortisation and accumulated impairment losses.

Other intangible assets

Other intangible assets having finite useful lives are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Subsequent costs

Subsequent expenditure on intangible assets will be capitalised only if increasing future economic benefits stemming from the asset to which expenditure relates. All other costs are recognised in profit & loss as an expense as incurred.

Amortisation

Amortisation is charged on the asset's historical cost or another amount instead of historical cost less the residual value.

Amortisation is recognised in profit & loss on a straight-line basis over the estimated useful life of intangible assets, except goodwill, commencing when the assets are ready for use. The method most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and the compared year are as follows:

- patents and trademarks 3-10 years

Amortisation methods, useful lives and residual values are checked as at the end of each financial year and adjusted if necessary.

(e) Investment property

Investment property is in possession for the purpose of generating or increasing the value of a long-term investment or both, hence investment property results in cash flows which strongly depend on other assets in possession of the Company. That differentiates investment property from owned property in use, which together with other assets of the Company participates in production and supply of goods or rendering of services and in the resulting cash flows.

Judgement is needed to determine whether a property qualifies as investment property. The Intereuropa Group estimates that for real estate partly given in operating lease and partly used by Intereuropa or any of its subsidiaries, parts of the real estate cannot be sold separately (or give separately in financial lease) therefore such real estate is posted as property, plant and equipment used in rendering services. Real estate will be recognised as investment property only if it is leased in its entirety.

The historical cost model is used subsequent to initial recognition, whereby property investment is disclosed at historical cost less any accumulated depreciation and any accumulated impairment losses (the same model as for property, plant and equipment).

(f) Leased assets

Leases in terms of which the Group assumes substantially all major risks and benefits of ownership are classified as financial leases. Leased assets are after initial recognition disclosed in the amount equalling fair value or the present value of the minimum lease payments, if the latter is lower. After initial recognition, an asset under financial lease is depreciated as any other item of property, plant and equipment.

Other leases are treated as operating leases and, except for investment property, leased assets are not recognised in the statement of financial position of the Company.

(g) Inventories

Inventories of material are evaluated at historical cost composed of the purchase price, import duties and directly attributable purchase costs. The purchase price is reduced by received rebates and discounts. The weighted average cost method is used in material consumption.

(h) Impairment of assets

Financial assets

A financial asset not disclosed at fair value through profit & loss will be deemed impaired if there is objective evidence of impairment as a result of one or more events that reduced the estimated future cash flows arising therefrom, and such evidence can be reliably measured.

Restatement of investments in subsidiaries

The Company assesses at each reporting date whether there is any indication that an investment may be impaired. If any such indication exists, the Company estimates the recoverable amount of the investment in a subsidiary. The asset's recoverable amount equals the higher of its fair value less costs to sell and value in use. The estimated value of an asset in use equals the present value of estimated future cash flows based on business projections for five or ten years (usually estimated for subsequent years by extrapolating forecasts) and the estimated present value upon disposal. If the carrying amount of a financial asset exceeds the recoverable amount, impairment of the investment in a subsidiary will be made. A more complex model for estimating the value of an asset in use applies to strategic investment in subsidiaries under which the sum of discounted cash flows, the residual value and the values of synergies represent the value of the entire capital of a company. The calculated value of equity is adjusted with regard to the purpose and marketability of the investment.

Accounts receivable (receivables from provided services, default interest, etc.) are impaired by establishing 100% value adjustment for all receivables overdue by more than 180 days or on the basis of assessment of recoverability of individual receivables. As regards impairments of receivables in legal actions, execution proceedings, bankruptcies and administrative receiverships, we take into account the estimated recoverability of claims (estimated future cash flow) with regard to categories of individual receivables.

Write off of receivables is made on the basis of concluded bankruptcy proceedings, approved administrative receiverships, unsuccessful execution proceedings and established unrecoverability of receivables.

Impairment of loans given

In case of impartial evidence that loss due to impairment occurred in loans, posted at amortised cost, the amount of the loss will be measured as the difference between the asset's carrying amount and the present value of expected future cash flow discounted at the original effective interest rate. Impairment can also be made on the basis of an assessment by the management on uncollectibility of a loan.

Impairment of available-for-sale financial assets at fair value

Available-for-sale financial assets will be impaired if the market price is either falling for more than one year or if the decrease exceeds 20% of the investment's historical cost. Losses from available-for-sale investment securities resulting from impairment are recognised by transferring the accumulated loss, recognised in other comprehensive income for the period and posted in restatement surplus, to the income statement. The accumulated loss derecognised from other comprehensive income and reported in profit & loss represents the difference between the historical cost and current fair value less any impairment loss previously recognised in profit & loss.

Impairment of available-for-sale financial assets carried at cost

In case of impartial evidence that loss due to impairment occurred in financial assets, posted at historical cost because their fair value cannot be reliably measured, the amount of the impairment loss from investments in subsidiaries will be measured as the difference between the financial asset's carrying amount and its recoverable amount estimated as the present value of expected future cash flow discounted at the current market profitability of similar financial assets. Other investments carried at cost will be impaired if the carrying amount of the financial investment as at the balance-sheet date exceeds by more than 20% the proportional part of the accounting value of the total equity of the company in which the investment is held as at the nearest possible date for which data are available.

Non-financial assets

As at each reporting date, the Company checks the residual book value of property, plant and equipment and intangible assets, except for deferred tax assets, for the purpose of testing for impairment. If signs of impairment are found, the asset's recoverable amount will be determined. Assessment of impairment for goodwill and intangible assets with indefinite useful life that are not yet available for use is made as at each reporting date.

Recoverable amount of an asset or cash-generating unit is the higher of the value in use or their fair value less costs to sell. In determining the asset's value in use, projected cash flows are discounted to the present value at the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset. Assets that cannot be tested individually are for the purpose of testing for impairment classified in the smallest possible group of assets generating cash flows from continued use which are mostly independent of revenue generated by other assets or asset groups (cash-generating unit).

An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. An impairment is recognised in the income statement. Recognised impairment loss of a cash-generating unit is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit, and then to reduce the carrying amounts of the other assets of the unit (group of units) in pro rata on the basis.

An impairment loss is reversed only to the extent that the asset's carrying value does not exceed the carrying amount that would have been determined, net of amortisation or depreciation, if no impairment loss had been recognised for the asset in prior years.

(i) Non-current assets held for sale

Non-current assets (or disposal group comprising assets and liabilities) whose carrying amount is reasonably expected to be recovered principally through a sale transaction rather than through continuing use are classified as assets held for sale with the sale envisaged within the next twelve months. Sale is highly likely when the entire plan and an active programme to find a buyer are underway. Furthermore, the asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value. Re-measurement of assets (or their elements or a disposal group) is performed in line with the Group's accounting policies directly prior to classification of an asset to assets held for sale. Such non-current asset (or disposal group) is accordingly measured at the lower of its carrying amount or fair value, less costs to sell.

The period of sale completion may be extended over one year due to special events and circumstances beyond the Company's control subject to sufficient evidence that the Company strictly complies with the plan for selling the asset. If an asset held for sale no longer meets the criteria for classification in assets held for sale, it should be reclassified into another appropriate asset group, namely that in which it was classified before being posted to assets held for sale.

(j) Employee benefits

Short-term employee benefits

The liabilities for short-term employee benefits are measured with no discount and are posted to expenses when work of an employee related to a certain short-term benefit is completed.

Provisions

Provisions are recognised if the Company has a legal or constructive obligation as a result of a past event; a reliable estimate can be made of the amount of the obligation; and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation as at the statement of financial position date. In reaching the best estimate of a provision, the risks and uncertainties that inevitably surround many events and circumstances are taken into account. Where the effect of the time value of money is material, the amount of a provision will be the present value of the expenditures expected to be required to settle the obligation.

Provisions for employee benefits

- Pursuant to the law, the collective agreement and the internal rules, the Company is obligated to pay its employees long-service awards and gratuities upon retirement, for which it has established long-term provisions. There are no other pension liabilities. The provisions are formed in the amount of estimated future payments for gratuities and long-service awards, discounted as at the date of actuarial calculation. An actuarial calculation will only be made if the assumptions used by the actuary in the last actuarial calculation or the number of employees changes. In the interim period, provisions are cancelled in the amount of actually incurred costs and increased by the average cost per employee according to the last actuarial calculation for new employees entitled to gratuities and long-service awards in line with the collective or other agreement or in accordance with the law. The calculation based on projected unit has been prepared by a certified actuary.

Provisions are recognised in accounting records and financial statements by calculating the appropriate cost/expense. They are reduced directly for costs/expenses for which they have been formed, meaning that such costs/expenses no longer appear in the income statement for the relevant financial year.

Provisions are cancelled in accounting records once the contingent liabilities for which they were made no longer apply, or when there is no need to keep them. Revenues are recognised from cancelled provisions. At the end of an accounting period, provisions are adjusted to bring their amount to the present value disbursements expected to be required to settle the obligations.

Long-term deferred revenues include donations received for acquisition of property, plant and equipment or to cover certain expenses. They are intended for covering the depreciation costs of these assets or expenses and are used up by recognising them as operating revenues.

(k) Revenues

Revenue is recognised when it is probable that future economic benefits will flow to the Company and these benefits can be measured reliably. All the following criteria must be met:

1. the amount of revenue can be measured reliably;
2. it is probable that the economic benefits associated with the transaction will flow to the Company;
3. the stage of completion of the transaction as at the statement of financial position date can be measured reliably;
4. the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue from rendering services

Revenues from services rendered are recognised in the income statement in proportion to the stage of completion of the transaction as at the end of the reporting period. The stage of completion is assessed by reference to a review of incurred cost (work-performed review). They are recognised at selling prices of completed services as stated in invoices or other documents or at prices of incomplete services with a reference to the stage of completion. It is estimated that in cases a particular transaction is not completed as at the statement of financial position date, no reliable estimate can be given as to the outcome of the transaction and therefore revenues are recognised only to the amount of incurred direct costs that are recoverable. Amounts collected on behalf of third parties, such as accrued value added taxes and other contributions or taxes should be excluded from sales revenues. At the time of sale, trade discounts and volume rebates given should be deducted from revenues; they should clearly be indicated either in the invoices or other relevant documents. Subsequently, revenues should also be reduced by the sales value of returned goods and additionally approved discounts or rebates.

Government grants

Grants that compensate the Group for expenses incurred are recognised as revenues on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised in the income statement as other operating revenues on a systematic basis over the useful life of the asset.

(l) Leases

Income from operating lease is recognised as revenue on a straight-line basis over the term of the lease. Finance expenses are allocated to periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(m) Finance income and expenses

Finance income comprises interest income from investments, dividend income, revenues from disposal of financial assets held for sale, changes in fair value of financial assets at fair value through profit & loss, positive exchange rate differences and profit from hedging instruments recognised in the income statement. Interest income is recognised in the income statement as it accrues, using the effective interest rate method. Dividend income is recognised in the income statement on the date the shareholder's right to received dividend payments is established which in the case of quoted securities is usually the ex-dividend date.

Finance expenses comprise borrowing costs, negative exchange rate differences, changes in fair value of financial assets at fair value through profit & loss, losses from impairments of financial assets and losses from hedging instruments recognised in the income statement. Borrowing costs are recognised in the income statement by applying the effective interest rate method.

Borrowing costs comprise interest expenses at the effective interest rate method, finance charges related to financial lease and exchange rate differences stemming from loans in a foreign currency if they are treated as recalculation of interest expenses. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

(n) Corporation tax

Corporation tax for the financial year includes current tax and deferred tax. Corporation tax is posted in the income statement, except for the part in which it relates to the items disclosed directly in equity and therefore posted to comprehensive income.

Current tax is calculated in accordance with the applicable tax legislation as at the statement of financial position date. The financial year used for accounting purposes equals the calendar year, which in turn equals the tax year.

Deferred tax is posted by accounting for the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets and liabilities that affect neither accounting nor taxable profit, and differences relating to the investments in subsidiaries and jointly controlled enterprises to the extent that they will probably not reverse in the foreseeable future. Further, deferred tax is not recognised for the purpose of taxable temporary differences incurred upon the initial recognition of goodwill.

Deferred tax is posted in the amount expected to fall due upon elimination of temporary differences based on the applicable or essentially applicable legislation as at the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(o) Discontinued operations

A discontinued operation is a component of the Group's business, which was disposed or classified to assets held-for-sale, that represents a separate major line of a business or geographical segment or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier.

(p) Earnings per share

For ordinary shares, the Company discloses the basic earnings per share and the diluted earnings per share. The Company discloses basic earnings per share calculated by dividing the profit or loss distributed to ordinary shareholders with the weighed average number of ordinary shares in the financial year. Diluted earnings per share are calculated by adjusting the profit or loss distributed to ordinary shareholders and the weighed average number of ordinary shares in the financial year for the effect of all dilutive potential ordinary shares representing convertible bonds and share options of employees. The Company has no dilutive potential ordinary shares, hence the basic and diluted earnings per share are identical.

(r) New standards and notes not yet in force

1. amended IFRS 3 Business Combinations (applicable for annual periods as of 1 July 2009).

The standard's scope and the definition of transactions have also changed. The amendments to the standard comprise many other significant changes, namely:

- all items of consideration transferred by the acquirer are recognised at fair value as of the acquisition date including contingent consideration;
- any subsequent change in contingent consideration is recognised in profit & loss;
- transaction costs except for costs of share issue and debt are posted as expense as incurred.

The acquirer can elect to measure any non-controlling interest at fair value at the acquisition date (full goodwill) or by its proportionate interest in the fair value of identifiable assets and liabilities of the acquiree on a transaction-by-transaction basis.

The supplemented standard is not to apply to business combinations prior to its effective date as it will have no effect on financial statements and disclosed business combinations occurring before the effective date of the amended standard.

2. Amended IFRS 27 Consolidated and Separate Financial Statements (applicable for annual periods as of 1 July 2009)

The supplemented standard changes accounting for non-controlling interest, loss of control of a subsidiary and distribution of profit or loss and other comprehensive income between the controlling and non-controlling interest.

3. Amendments to the IAS 32 Financial Instruments: Presentation - Classification of Rights Issues (applicable for annual periods as of 1 February 2010).

- In line with the amendment, rights, options or warrants to acquire a certain number of own equity instruments of an enterprise in exchange for a certain amount in any currency will be equity instruments, if an enterprise offers to all existing shareholders of the same class pro rata rights, options or warrants of own non-derivative equity instruments.

Amendments to the IAS 32 are immaterial to the Company as no such instruments have been issued.

4. Amendments to the IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items (applicable for annual periods as of 1 July 2010)

- The supplemented standard clarifies the use of the existing principles determining whether special forms of risks related to cash flows or their parts reflect the hedging relation. The risks or parts must be separately recognised and measured in order to reflect the hedging relation, however, inflation cannot be determined except in limited circumstances.

The Company has not yet completed the analysis of effects of the supplement.

5. IFRIC 12 Service Concession Arrangements (applicable for the first annual period as of 1 April 2009)

The interpretation is intended to privately owned companies in relation to recognition and measuring of matters appearing in accounting of service concession arrangements in the public-private field.

- The IFRIC 12 is immaterial to the Company's operations as the Company made no service concession arrangement.

6. IFRIC 15 Agreements for the Construction of Real Estate (applicable for the annual periods as of 1 January 2010)

- The IFRIC 15 clarifies that revenues from agreements for the construction of real estate are recognised by reference to the stage of completion of the contract activity in the following cases:

1. the contract corresponds to the agreement for construction in line with the IAS 11.3;
2. the contract applies only to rendering of services in line with the IAS 18 (e.g. the company supplies no construction material);
3. the contract is intended for sale of goods and revenues are recognised promptly during the construction in line with the IAS 18.14.

In all other cases, revenues are recognised when all conditions for the recognition have been met as set out by the IAS 18.14 (e.g. after the completed construction or after the supply).

The IFRIC 15 is immaterial to the Company's financial statements as the Company offers no services in construction.

7. IFRIC 16 Hedges of a Net Investment in a Foreign Operation (applicable for annual periods as of 1 July 2009)

The interpretation clarifies the types of risks to be hedged, which group member can possess a hedged item, explains whether the consolidation method affects effectiveness of hedging and the form taken by the hedging instrument, up to the amounts reclassified from equity to profit & loss upon discontinuation of a foreign operation.

- The parent company has not yet completed the analysis of effects of the interpretation.

8. IFRIC 17 Distribution of Non-cash Assets to Owners (applicable for the annual periods as of 1 November 2009)

The interpretation applies to distribution of non-cash assets to owners. In line with the interpretation, the dividend payment liability is recognised when the dividend has been appropriately approved and is no longer the subject of the company's assessment, and is measured at fair value of the distributed asset. The dividend's book value is re-measured as at the reporting date and the change in book value is recognised in equity as an adjustment of the payment amount. When the dividend is paid, any difference between the carrying amount of the asset and the book value of the dividend will be recognised in profit & loss.

As the interpretation applies as of the date it is used, it will have no effect on financial statements for periods prior to the date of adoption of the interpretation. The interpretation relates to future dividends which will be subject to an assessment by the Management Board/shareholders and therefore its effect cannot be assessed.

9. IFRIC 18 Transfers of Assets from Customers (applicable for the annual periods as of 1 November 2009)

In line with the interpretation, an enterprise must recognise the transferred asset at its fair value if the asset has characteristics of an item of property, plant and equipment in accordance with the IAS 16 Property, Plant and Equipment. An enterprise must also recognise the amount of the transfer as revenue. The time framework for recognising the revenue depends on the facts and circumstances of an agreement.

The IFRIC 18 is immaterial to the Company's financial statements as it usually receives no assets from customers.

It should be noted that the IASB published a number of accounting changes and interpretations applying for the periods from 1 January 2009 but the EU has not yet approved them by the date of preparation hereof.

IV. DETERMINING FAIR VALUE

With regard to the Company's accounting policies and breakdowns, fair value of financial and non-financial assets and liabilities has to be determined in a number of cases. Fair values of individual asset groups for the needs of measurement and reporting were determined by methods described below. Where additional explanation is needed with regard to the assumptions for determining fair value, it is provided in the breakdowns to individual items of assets and liabilities of the Company.

Property, plant and equipment

The revaluation model is used for the land group of property, plant and equipment. Upon recognition, land is measured at a restated amount equalling fair value as at the restatement date. Land is restated every five years.

Intangible assets

Fair value of patents and trademarks acquired in business combinations is based on the discounted future value of licence fees that would not have to be paid due to ownership of a patent or trademark.

Investments in equity and debt securities

Fair value of financial assets at fair value through profit & loss, financial investments held to maturity and available-for-sale financial assets is determined with regard to the quoted purchase price as at the end of the reporting period.

Calculation of the recoverable amount of investments in subsidiaries took into account projections of future cash flows from 2010 to 2014. Calculation of the weighed average price of capital was based on the target debt/equity ratio with regard to the past experience of monitoring the financial stability of subsidiaries.

Trade and other receivables

We estimate that the disclosed value of trade receivables reflects their fair value; the value of other receivables is calculated as the present value of future cash flows discounted at the market interest rate applicable as at the end of the reporting period.

Derivatives

The fair value of forwards equals their quoted market price as at the end of the reporting period, if available. If not available, the fair value will be determined as the difference between the contract value of a forward transaction and the current offered value of a forward transaction accounting for the remaining maturity of the transaction with risk-free interest rate. The fair value of interest swaps equals the market price as at the reporting date.

Basic financial liabilities

The fair value for reporting purposes is calculated on the basis of the present value of future principal and interest payments discounted at the market interest rate as at the end of the reporting period.

V. FINANCIAL RISK MANAGEMENT

The management adopted risk management policies in 2009 as a part of the Rules on Risk Management. A risk management committee has been established, responsible for development and supervision of risk management policies.

Credit risk

- Credit risk represents risk that a party to an agreement on financial instrument shall fail to fulfil their obligations and thus cause the Company to suffer a financial loss. Credit risks arises primarily from the Company's trade receivables.

Trade and other receivables

- Exposure to credit risk depends primarily on characteristics of a customer. However, the management also takes into account the demography of the Company's customer database and the risk of insolvency of customers from the aspect of the industry and the country in which a customer operates as such factors may influence credit risk, in particular in adverse economic circumstances.
- The policies were designed so that an analysis of creditworthiness is performed for each new major customer before the Company offers the standard payment and delivery terms. The Company establishes restatement for impairment representing the amount of estimated loss from trade and other receivables and investments. The main elements of the restatement are the specific part of loss relating to individual major risks and the common part of loss formed for groups of similar assets due to the already incurred but as yet unspecified loss.

Liquidity risk

Liquidity risk is the risk that the Company would be unable to settle its financial liabilities settled by cash or other financial assets.

The Company provides for liquidity by always having sufficient liquidity funds to settle its liabilities as they fall due, in normal and complex circumstances, without incurring unacceptable loss or risking the loss of reputation.

Market risks

Market risk is the risk that changes in market prices such as exchange rates, interest rates and equity instruments would affect the Company's revenues or the value of financial instruments. The goal of market risk management is to control and monitor exposure to market risks within reason while optimising return. The Company trades in financial instruments and assumes financial liabilities with the aim of managing market risks.

Operational risks

Operational risk is the risk of direct or indirect loss incurred for a wide range of reasons related to processes within the Company, staff, technology and infrastructure as well as a consequence of external factors not related to credit, market and liquidity risk, for example risks stemming from legal and regulatory requirements and generally accepted corporate standards. Operational risks stem from the entire business of the Company. The Company's objective is to manage operational risks in a way establishing the balance between avoiding a financial loss and the damage to reputation of the Company, and the overall cost efficiency, as well as avoiding such control procedures that would hinder or limit self-initiative and creativity. Executives of each organisational unit have the key responsibility for developing and introducing controls for managing operational risks.

It is supported by the programme of regular audits by the internal audit department. Results of internal audits are discussed with the management of the audited business unit and the summary is submitted to the Management Board of the Company and the audit committee.

Capital management

The Supervisory Board monitors all major indicators of return on equity of the Company and monitors the amount of dividend payouts to ordinary shareholders. Employees currently hold 6.4% of the Company's ordinary shares. The parent company is not subject to capital requirements imposed by external bodies.

VI. CASH FLOW STATEMENT

The Company's cash flow statement presents disbursements and receipts accounting for the indirect method in the accounting period and explains changes in the balance of cash. Compiling of the financial statement took into account data from the income statement for 2009, items of the statements of financial position of the Company as at 31 December 2009 and 31 December 2008 and other necessary data.

Notes of the Income statement

Note 1: Sales revenue

Sales revenues of EUR 99,986 thousand were revenues from rendered services.

Table 9 |

Sales revenue	(in 1000 EUR)	
	2009	2008
Sales revenues from companies within the Group	4,373	5,475
Sales revenues from others	95,613	136,076
Total	99,986	141,551

Note 2: Other operating revenues

Table 10 |

Other operating revenues	(in 1000 EUR)	
	2009	2008
Profit from disposal of tangible fixed assets	105	304
Revenues from cancellation of provisions	149	84
Other operating revenues	93	91
Total other operating revenues	347	479

Note 3: Costs of services

Table 11 |

Costs of services	(in 1000 EUR)	
	2009	2008
Costs of services within the Group	9,468	12,013
Costs of services (excl.the Group)	62,945	96,513
Direct costs	55,852	87,085
Telephone costs	382	508
Maintenance costs	977	1,232
Insurance premium	638	592
Training and education costs	79	164
Other costs of services	5,017	6,932
Total costs of services	72,414	108,526

Direct costs are those directly linked to rendering of services.

Note 4: Labour costs

Table 12 |

Labour costs		(in 1000 EUR)
	2009	2008
Wages and salaries	15,224	16,761
Social security	2,514	2,704
Other labour costs:	4,799	4,594
holiday allowance	884	911
transport and meals	2,211	2,309
other labour costs	1,704	1,374
Total labour costs	22,537	24,059

Note 5: Depreciation and amortisation

Table 13 |

Depreciation and amortisation		(in 1000 EUR)
	2009	2008
Depreciation of intangible assets	31	112
Depreciation of tangible fixed assets and investment property	4,430	4,559
Total depreciation	4,461	4,671

Note 6: Other operating expenses

Table 14 |

Other operating expenses		(in 1000 EUR)
	2009	2008
Costs of materials	2,058	2,561
Loss at sale of tangible fixed assets	26	63
Impairment of tangible fixed assets	14,293	2
Employee participation in profit	0	834
Use of city land and similar expenses	1,027	1,015
Other operating expenses	470	592
Other operating expenses	17,874	5,067

Impairment of real estate in Chekhov is the biggest item in other operating expenses.

Note 7: Finance income and expenses

Table 15 |

Finance income and expenses		(in 1000 EUR)
	2009	2008
Interest income	6,945	5,066
Revenues from stakes in companies within the Group	1,216	3,264
Revenues from stakes in the jointly controlled company	109	89
Dividend income and participation in profit of others	61	531
Profit from disposal of financial investments	1,579	5,134
Income from derivative financial instruments	424	258
Income from cancelled value adjustments of receivables and recovery of written-off receivables	290	300
Income from written-off debt	8	44
Total financial income	10,632	14,686
Interest expenses	8,071	8,466
Financial expenses for impairments and written-off financial investments in the Group	59,757	0
Financial expenses for impairment and written-off other financial investments	681	398
Expenses for derivative financial instruments	444	2,447
Net exchange rate differences	11	53
Expenses on behalf of value adjustments and written-off receivables	1,392	711
Total financial expenses	70,356	12,075
Profit/loss from financing activities	-59,724	2,611

Higher finance expenses were due to expenses from impairment of financial investments in subsidiaries in the amount of EUR 58,561 thousand, namely: impairment of investment in the company Intereuropa Transport, d.o.o., Koper (EUR 5,241 thousand), TOV Intereuropa - Ukraine, Kiev (EUR 8,786 thousand), and OOO Intereuropa - East, Moscow (EUR 44,624 thousand). Calculation of recoverable amount took into account forecasts from projections for 2010-2014, and the weighed average cost of capital (WACC) was used as the discount rate.

The compared period reflects foremost higher revenues from participations in Group members and the higher profit made in sale of the investment in Banka Koper (EUR 4,251 thousand).

Note 8: Profit or loss from discontinued operation

Table 16 |

Profit or loss from discontinued operation		(in 1000 EUR)
	January - May 2009	January - December 2008
Income	2,821	8,178
Expenses	2,435	7,226
Operating profit/loss	386	952
Profit from disposal	2,239	0
Profit for the period	2,625	952

Table 17 |

Cash flows from discontinued operation (in 1000 EUR)		
	January - May 2009	January - December 2008
Net cash flow from operating activity	2,634	794
Net cash flow from investing activity	227	-127
Net cash flow from discontinued operations	2,861	667

Sredstva in obveznosti iz ustavljenega poslovanja

Table 18 |

Assets and liabilities from discontinued operation (in 1000 EUR)		
	31. 5. 2009	31. 12. 2008
Tangible fixed assets	0	249
Intangible assets	0	4
Short-term operating receivables	962	1,472
Provisions	4	4
Short-term operating liabilities	552	1,053
Difference between assets and liabilities	406	667

The company made a profit from discontinued operation (sale of a part of a company (UPS branch)) of EUR 2,625 thousand.

Note 9: Corporation tax

Tax loss was determined for the financial year therefore the current tax equals 0 and deferred tax EUR -2,700 thousand (mostly relating to revenues from deferred tax arising from tax loss).

The tax rate of 21% was applied for the tax year 2009 and 20% rate for deferred tax.

Table 19 |

Adjustment to the effective tax rate		(in 1000 EUR)
	2009	2008
Tax	0	48
Deferred tax	-2,700	-43
Total corporate income tax	-2,700	5
Profit before taxation	-74,052	3,270
Tax at the applicable rate	-15,551	719
Non-deductible expenses tax	13,096	484
Tax relief	0	-225
Tax on revenues decreasing tax base	-320	-975
Other items	75	2
Total corporate income tax	-2,700	5
Effective tax rate	-3.65%	0.15%

Notes to the statement of financial position as at 31. 12. 2009

Note 10: Property, plant and equipment

Table 20 |

Changes in property, plant & equipment in 2009						(in 1000 EUR)
	Land	Buildings	Other property, plant & equipment	Tangible fixed assets under construction	Advances for acquisition of tangible fixed assets	Total
Historic value						
Balance as at 1. 1. 2009	37,084	105,175	24,509	2,262	0	169,030
Purchase	0	0	0	838	22	860
Activation	0	406	459	-865	0	0
Disposals	-50	-7	-2,313	0	0	-2,370
Transfers	206	205	0	22	-22	411
Increase in value	70,847	0	0	0	0	70,847
Balance as at 31. 12. 2009	108,087	105,779	22,655	2,257	0	238,778
Value adjustments						
Balance as at 1. 1. 2009	0	-41,761	-17,619	0	0	-59,380
Depreciation	0	-2,629	-1,580	0	0	-4,209
Disposals	0	4	1,994	0	0	1,998
Impairments	-14,293	0	0	0	0	-14,293
Balance as at 31. 12. 2009	-14,293	-44,386	-17,205	0	0	-75,885
Residual value						
Balance as at 1. 1. 2009	37,084	63,414	6,890	2,262	0	109,650
Balance as at 31. 12. 2009	93,794	61,393	5,450	2,257	0	162,893

Table 21 |

Changes in property, plant & equipment in 2008						(in 1000 EUR)
	Land	Buildings	Other property, plants & equipment	Tangible fixed assets under construction	Advances for acquisition of tangible fixed assets	Total
Historic cost						
Balance as at 1. 1. 2008	36,984	96,556	23,842	3,399	30	160,811
Purchase	0	0	0	8,105	20	8,125
Activation	4	6,997	2,291	-9,292	0	0
Disposals	-3	-397	-1,624	0	0	-2,024
Transfers	99	2,019	0	50	-50	2,118
Balance as at 31. 12. 2008	37,084	105,175	24,509	2,262	0	169,030
Value adjustments						
Balance as at 1. 1. 2008	0	-38,481	-17,591	0	0	-56,072
Depreciation	0	-2,574	-1,608	0	0	-4,182
Disposals	0	112	1,580	0	0	1,692
Transfers	0	-818	0	0	0	-818
Balance as at 31. 12. 2008	0	-41,761	-17,619	0	0	-59,380
Residual value						
Balance as at 1. 1. 2008	36,984	58,075	6,251	3,399	30	104,739
Balance as at 31. 12. 2008	37,084	63,414	6,890	2,262	0	109,650

The biggest impact on the increase of property, plant and equipment in 2009 was from restatement of land to fair value (EUR 70,847 thousand) which was made for the first time based on a change in accounting policies. Land appraisal was made by an independent assessor in the last quarter of 2009. The comparable sales method was used in land evaluation.

The decrease was in addition to depreciation primarily due to impairment of land (EUR 14,293 thousand). New purchases of property, plant and equipment of EUR 860 thousand related to equipment (EUR 490 thousand) and investments in buildings (EUR 370 thousand).

As at the balance sheet date, the Company pledged property, plant & equipment as loan collateral in the amount of EUR 193,662 thousand. No other legal restrictions for disposal with property, plant & equipment existed.

The carrying amount of mortgaged real estate was EUR 128,890 thousand as at the reporting date, representing:

- value of land of EUR 71,777 thousand; and
- value of buildings of EUR 57,113 thousand.

Note 11: Investment property

Table 22 |

Changes in investment property in 2009		(in 1000 EUR)
	2009	2008
Historic cost		
Balance as at 1.1.	9,253	17,420
Purchase	0	4
Disposals	0	-7
Transfers	-563	-8,164
Balance as at 31.12.	8,690	9,253
Value adjustments		
Balance as at 1.1.	-2,172	-5,318
Depreciation	-220	-377
Transfers	37	3,523
Balance as at 31.12.	-2,355	-2,172
Residual value		
Balance as at 1.1.	7,081	12,102
Balance as at 31.12.	6,335	7,081

Market values of investment property kept, in spite of the falling prices on the real estate market, higher value than their carrying amount as at 31 December 2009 and it was therefore assessed that no indicators of impairment exist. Market value of the Group's investment property EUR 11,751 thousand.

Table 23 |

Revenues and expenses from investment property		(in 1000 EUR)
	2009	2008
A. Rental income from investment property	1,589	1,592
B. Direct operating expenses from investment property	-736	-784
C. Profit / Loss from disposal of investment property	0	61
Total (A+B+C)	853	869

Note 12: Intangible assets

Table 24 |

Changes in intangible assets in 2009			(in 1000 EUR)
	Long-term title rights	Long-term deferred development costs	Total
Historic cost			
Balance as at 1. 1. 2009	1,022	3,049	4,071
Purchase	0	625	625
Balance as at 31. 12. 2009	1,022	3,674	4,696
Value adjustments			
Balance as at 1. 1. 2009	-79	0	-79
Depreciation	-31	0	-31
Balance as at 31. 12. 2009	-110	0	-110
Residual value			
Balance as at 1. 1. 2009	943	3,049	3,992
Balance as at 31. 12. 2009	912	3,674	4,586

Long-term deferred development expenses primarily represent investments in the development of an IT solution to support integrated logistic services which have not been activated in 2009.

Table 25 |

Changes in intangible assets in 2008			(in 1000 EUR)
	Long-term title rights	Long-term deferred development costs	Total
Historic cost			
Balance as at 1. 1. 2008	1,509	2,091	3,600
Purchase	0	958	958
Disposals	-487	0	-487
Balance as at 31. 12. 2008	1,022	3,049	4,071
Value adjustments			
Balance as at 1.1. 2008	-454	0	-454
Depreciation	-112	0	-112
Disposals	487	0	487
Balance as at 31.12.2008	-79	0	-79
Residual value			
Balance as a 1. 1. 2008	1,055	2,091	3,146
Balance as at 31.12.2008	943	3,049	3,992

Changes in intangible assets were affected by increases arising from new purchases and decreases due to amortisation cost.

The Company has no legal restrictions for disposal with intangible assets.

Note 13: Other non-current operating assets

Other long-term operating assets almost exclusively relate to accrued incidental borrowing costs (costs related to loan agreements such as agency and consulting fees etc.) transferred to expenses in relation to the time lapsed and with regard to the outstanding principal.

Note 14: Loans to others and deposits

Table 26 |

Composition of loans	(in 1000 EUR)	
	31. 12. 2009	31. 12. 2008
Long-term loans given	20,788	34,879
• to subsidiaries	20,749	34,865
• to others	39	14
Short-term loans given and deposits	82,332	71,575
• to subsidiaries	81,288	71,114
• to others	44	461
• deposits	1,000	0
Total loans given	103,120	106,454

Table 27 |

Changes in granted long-term loans	(in 1000 EUR)	
	31. 12. 2009	31. 12. 2008
Balance at beginning of period	34,879	36,039
Newly granted loans	18,910	0
Transfer from short-term loans	406	1,604
Foreign exchange differences	0	5
Repayments	-23,804	-11
Transfer to short-term loans	-9,603	-2,758
Balance at end of period	20,788	34,879

Table 28 |

Long-term loans granted, by maturity	(in 1000 EUR)	
	31. 12. 2009	31. 12. 2008
Maturity from 1 to 2 years	4,824	2,400
Maturity from 2 to 3 years	5,293	1,423
Maturity from 3 to 4 years	4,992	746
Maturity from 4 to 5 years	1,393	310
Maturity over 5 years	4,286	0
Loans intended for raising additional capital	0	30,000
Total	20,788	34,879

The average effective interest rate for long-term loans given equals 4.75%.

Table 29 |

Long-term loans given by collateral		(in 1000 EUR)
	31. 12. 2009	31. 12. 2008
Collateralised	2,886	34,879
Bill of exchange	2,879	34,865
Other	7	14
Not collateralised	17,902	0
Total	20,788	34,879

Table 30 |

Short-term loans given by collateral		(in 1000 EUR)
	31. 12. 2009	31. 12. 2008
Collateralised	3,468	5,211
Mortgages	0	0
Bills of exchange	3,461	5,126
Other	7	85
Not collateralised	77,864	66,364
Total	81,332	71,575

The average effective interest rate for short-term loans given equals 5.25%.

Note 15: Other investments

Investments in subsidiaries

Table 31 |

Changes in investments in subsidiaries		(in 1000 EUR)
	2009	2008
Opening amount		
Balance as at 1. 1. 2009	83,041	84,149
Increase		
New companies added to the Group	30	0
Purchases	58,719	1,770
Revaluation at fair value	0	0
Total increase	58,749	1,770
Decrease		
Disposal	-105	0
Written-off	-1,001	0
Impairment of financial investments	-58,651	0
Payment of profit	0	-2,878
Total decrease	-59,757	-2,878
Balance as at 31. 12. 2009	82,032	83,041

We increased investments in 2009 by:

- increased capital in subsidiaries Intereuropa Transport, d.o.o., Koper (EUR 1,100 thousand) and OOO Intereuropa - East, Moscow (EUR 57,561 thousand) of which liabilities for increase in capital were posted in the amount of EUR 33,764 thousand;
- purchased stakes in Zetatrans A.D. Podgorica (EUR 58 thousand);
- established a new company Intereuropa Global Logistics Service Albania, Durres (EUR 30 thousand).

Decreases of investments in the Group were affected by:

- impairment of investment in the company Intereuropa Transport, d.o.o., Koper (EUR 5,241 thousand), TOV Intereuropa - Ukraine, Kiev (EUR 8,786 thousand), and OOO Intereuropa - East, Moscow (EUR 44,624 thousand).
- write off of the investment in TOV Intereuropa - Ukraine, Kiev due to annulment of the capital increase procedure (EUR 1,001 thousand); and
- sale of Intereuropa Transport & Spedition GmbH, Lebring (EUR 105 thousand).

Available-for-sale financial assets

Table 32 |

Changes in available-for-sale financial assets	(in 1000 EUR)	
	2009	2008
Opening amount		
Balance as at 1. 1. 2009	6,406	13,156
Increase		
Purchases	58	216
Transfers	0	51
Revaluation at fair value	359	0
Total increase	417	267
Decrease		
Disposal	-2,893	-4,580
Revaluation at fair value	-144	-2,387
Transfers	-58	-51
Total decrease	-3,095	-7,018
Balance as at 31. 12. 2009	3,728	6,405

The profit from sale of available-for-sale financial assets measured at fair value was EUR 1,576 thousand in 2009.

Available-for-sale financial assets carried at cost include investments in stakes and shares of companies not having published market price on an active market and therefore their value was measured at historical cost as the actual value cannot be determined with reliable accuracy. The profit from sale of such investments was EUR 3 thousand in 2009.

There were no financial assets pledged as collateral for liabilities recognised in the statement of financial position or for contingent liabilities as at 31 December 2009.

Joint controlled enterprise

Table 33 |

Changes in investments in the jointly controlled enterprise	(in 1000 EUR)	
	31. 12. 2009	31. 12. 2008
Opening amount		
Balance as at 1. 1.	75	75
Increase		
New companies added to the Group	0	0
Purchases	0	0
Revaluation at fair value	0	0
Total increase	0	0
Decrease		
Disposal	0	0
Written-off	0	0
Transfer between items	0	0
Impairment of financial investments	0	0
Total decrease	0	0
Balance as at 31. 12.	75	75

This investment category comprises only the investment in the jointly controlled company Intereuropa-FLG, d.o.o., Letališka 35, Ljubljana (EUR 75 thousand), namely 50% stake.

Note 16: Available-for-sale assets

Available-for-sale assets represented real estate held for sale. They totalled EUR 3,684 thousand as at the balance-sheet date and EUR 3,571 thousand as at the compared balance-sheet date. They are posted at carrying amount, which is lower than the envisaged sales value reduced by envisaged sale costs. The sale of these assets is planned for 2010.

Note 17: Short-term trade receivables

Table 34 |

Short-term trade receivables	(in 1000 EUR)	
	31. 12. 2009	31. 12. 2008
Short-term operating receivables from companies within the Group	12,113	6,355
Short-term operating receivables from buyers (excl. the Group)	26,146	29,324
Short-term operating receivables from others	436	1,103
Other short-term assets	111	99
Total short-term operating receivables	38,806	36,881

Table 35 |

Level of written off accounts receivable (excluding Group members)		(in 1000 EUR)
	2009	2008
A. Short-term operating receivables from buyers (gross)	29,509	31,965
B. Value adjustment for receivables	3,363	2,641
Unwritten-off value (A-B)	26,146	29,324
Written-off receivables (B/A)	11,40%	8,26%

Table 36 |

Changes in restatements of accounts receivable (excluding Group members)		(in 1000 EUR)
	2009	2008
Value adjustment for receivables at 1. 1. 2009	2,641	2,755
- receivables written off	-294	-536
- collected receivables and discounts	-259	-236
+ additional increase of value adjustment	1,275	658
Final balance of value adjustment 31. 12. 2009	3,363	2,641

The effect of restatement made in 2009 is presented in the category expenses related to restatements and write offs, presented in Note 7. Expenses related to restatements and write offs equalled EUR 1,392 thousand, restatement of receivables was EUR 1,275 thousand with direct write offs accounting for the difference.

Table 37 |

The structure of short-term accounts receivable by maturity				(in 1000 EUR)
	Gross amount 31. 12. 2009	Value adjustment 31. 12. 2009	Gross amount 31. 12. 2008	Value adjustment 31. 12. 2008
Not overdue	20,126	0	21,071	0
Overdue from 0 do 30 days	3,225	7	5,315	5
Overdue from 31 do 90 days	2,084	-3	2,170	27
Overdue from 91 do 180 days	663	163	663	14
Over 181 days overdue	3,411	3,196	2,746	2,595
Short-term operating receivables from buyers	29,509	3,363	31,965	2,641

The major portion of receivables more than 181 days overdue has been registered in court proceedings (executions, litigation, bankruptcies and administrative receiverships).

The Company manages exposure to various types of risk arising from receivables due from customers by applying its own credit rating system for domestic customers and by checking credit rating assessments of foreign customers made by specialised companies. On the basis of acquired information, the Company requires that customers with lower credit ratings supply instruments for collateralisation of payment (bills of exchange, bank guarantees, mortgages, pledges of movable property and sureties).

Note 18: Cash

Cash amounted to EUR 625 thousand. It included cash on accounts, call deposits and cash in hand. The reasons for increases and decreases in cash in the financial year 2009 are given in the cash flow statement.

Note 19: Capital

Share capital

Share capital of the parent company Intereuropa amounted to EUR 32,976 thousand is divided into 7,902,413 ordinary freely transferable no-par value shares.

All issued shares are fully paid. Each no-par value share has an identical share and the pertaining amount in share capital. The share of individual no-par value share in share capital is determined with regard to the number of issued no-par value shares. No-par value shares cannot be split.

The Company had no approved and unused capital as at 31 December 2009. The parent company issued no shares for authorised capital in 2009.

Treasury shares

The Company holds 18,135 treasury shares. The historical cost of treasury shares was EUR 180 thousand. The Company derives no rights from treasury shares. Other Group members hold no shares of the Company.

Reserves

Reserves comprise capital reserves, profit reserves and fair value reserves.

Table 38 |

Capital reserves	(in 1000 EUR)	
	31. 12. 2009	31. 12. 2008
Share premium	0	8,966
General equity revaluation adjustment	36,040	40,437
Capital surplus	36,040	49,403

Capital reserves are lower by EUR 13,362 thousand due to settled net loss for the current year.

Profit reserves comprise legal reserves equalling EUR 11,096 thousand as at 31 December 2009 and did no change in 2009. Reserves for treasury shares are a part of profit reserves.

Changes in capital items in 2009 are presented in the statement of changes in equity.

Table 39 |

Distributable profit	(in 1000 EUR)	
	2009	2008
Retained earnings	0	58,170
- Provisions established for own shares	0	-180
Balance-sheet profit	0	57,990

Net profit for 2009 of EUR 71,352 thousand was settled from retained earnings of EUR 57,990 thousand and drawing of capital reserves of EUR 13,363 thousand.

Dividends

The Company paid no dividends in 2009.

Table 40 |

Earnings per share		(in 1000 EUR)
	2009	2008
Net profit or loss for the year / controlling interest, in EUR thousand	-71,352	3,265
Average number of shares	7,884,278	7,884,278
Basic and diluted earnings per share (in EUR)	-9.05	0.39

Basic earnings per share (EUR -9.05) are calculated as: net loss pertaining to ordinary shareholders of the parent company / the weighed average number of shares excluding treasury shares (EUR -71,352 thousand / 7,884,278 shares).

Diluted earnings per share are the same as basic earnings per share as the parent company issued no dilutive potential ordinary shares.

Note 20: Provisions and long-term deferred revenues

Table 41 |

Provisions and long-term deferred revenues		(in 1000 EUR)
	31. 12. 2009	31. 12. 2008
Provisions for severance pay at retirement and jubilee awards	1,352	1,483
Provisions for severance pay for business reasons	334	0
Provisions for lawsuits	310	349
Long-term deferred revenues	173	144
Total provisions and long-term deferred revenues	2,169	1,976

Provisions for employee benefits were calculated on the basis of actuarial calculations as at 31 December 2007. The actuarial calculation took into account the following:

- number of employees - 965, their sex, age, total length of service, length of service at the Company and the average gross salary in the last quarter of 2007;
- the method of calculation of gratuities (two average gross salaries of the employee or two average gross salaries in the Republic of Slovenia);
- increase of average wages in the Republic of Slovenia of 3.9% annually;
- fluctuation of staff with regard to age, and conditions for retirement in accordance with the minimum conditions for obtaining the right to old-age pension;
- annual discount interest rate of 5.85%.

Long-term deferred revenues related to property, plant & equipment acquired free of charge and property, plant & equipment purchased from funds obtained by employing disabled persons above the quota. They are being credited to operating revenues in the amount of depreciation costs.

Note 21: Financial liabilities

Table 42 |

Composition of long-term loans	(in 1000 EUR)	
	31. 12. 2009	31. 12. 2008
Short-term borrowings from others	93,320	59,965
Long-term liabilities designated at fair value through profit or loss	2,023	2,447
Total long-term financial liabilities	95,343	62,412

Other long-term financial liabilities of EUR 2,023 thousand relate to liabilities from financial instruments at fair value through profit & loss. They represent the net present value of a derivative hedging against interest rate risk. The effects are disclosed in Note 7.

Table 43 |

Changes in long-term loans received	(in 1000 EUR)	
	31. 12. 2009	31. 12. 2008
Opening balance	59,965	46,540
Short-term borrowings refinancing	51,000	0
New borrowings	75,647	47,000
Transfer to short-term liabilities	-74,542	-33,575
Repayments	-18,750	0
Closing balance	93,320	59,965

Intereuropa has included in some loan agreements concluded with banks financial commitments the meeting of which was made harder in 2009 due to effects of impairments and the economic and financial crisis and consequently poorer performance. Their checking is made on the basis of audited consolidated financial statements for a financial year.

We initiated discussions at the end of 2009 with all bank lenders on reprogramming of the majority of loans. Given the expected defaults on financial commitments in 2009, the discussions included redefinition of financial commitments together with determining of the necessary loan collateral.

Table 44 |

Maturity of long-term bank loans received	(in 1000 EUR)	
	31. 12. 2009	31. 12. 2008
Maturity from 1 to 2 years	14,555	35,576
Maturity from 2 to 3 years	13,625	8,443
Maturity from 3 to 4 years	13,445	6,813
Maturity from 4 to 5 years	11,395	6,633
Maturity over 5 years	40,300	2,500
Total	93,320	59,965

Table 45 |

Long-term bank loans received by collateral		(in 1000 EUR)
	31. 12. 2009	31. 12. 2008
Collateralized	93,320	59,965
Mortgages	93,320	25,000
Bills of exchange	0	34,965
Total	93,320	59,965

The average effective interest rate for long-term loans received equals 4.53%.

Table 46 |

Structure of short-term financial liabilities		(in 1000 EUR)
	31. 12. 2009	31. 12. 2008
Short-term borrowings from companies within the Group	723	934
Short-term borrowings from banks	100,342	114,753
Short-term liabilities at fair value through profit/loss	96	0
Liabilities for dividends and other participations	76	81
Total	101,237	115,768

Other short-term financial liabilities of EUR 96 thousand relate to liabilities from financial instruments at fair value through profit & loss and EUR 76 thousand to dividend liabilities.

Table 47 |

Short-term loans received by collateral		(in 1000 EUR)
	31. 12. 2009	31. 12. 2008
Collateralized	100,342	114,753
Mortgages	100,342	0
Bills of exchange	0	114,753
Not collateralized	723	934
Total	101,065	115,687

The average effective interest rate for short-term loans received equals 4.57%.

Note 22: Deferred tax assets and liabilities

Table 48 |

Changes in not-offset deferred tax assets and liabilities in 2009				(in 1000 EUR)
Deferred tax assets	Balance 31. 12. 2008	Income statement	Comprehensive income statement	Balance 31. 12. 2009
Revaluation of receivables through value adjustments	46	-11	0	35
Provisions	259	-41	0	218
Revaluation of financial investments	483	30	28	542
Long-term operating liabilities	111	-18	0	93
Tax losses	0	2,740	0	2,740
Total deferred tax assets	899	2,700	28	3,628
Deferred tax liabilities	Balance 31. 12. 2008	Income statement	Comprehensive income statement	Balance 31. 12. 2009
Revaluation of financial investments	225	0	-225	0
Revaluation of land	0	0	14,169	14,169
Total deferred tax liabilities	225	0	13,944	14,169

Table 49 |

Changes in not-offset deferred tax assets and liabilities in 2008				(in 1000 EUR)
Deferred tax assets	Balance 1. 1. 2008	Income statement	Comprehensive income statement	Balance 31. 12. 2008
Revaluation of receivables through value adjustments	93	-47	0	46
Provisions	281	-22	0	259
Revaluation of financial investments	483	0	0	483
Long-term operating liabilities	0	111	0	111
Total deferred tax assets	857	42	0	899
Deferred tax liabilities	Balance 1. 1. 2008	Income statement	Comprehensive income statement	Balance 31. 12. 2008
Revaluation of financial investments	1,695	0	-1,470	225
Total deferred tax liabilities	1,695	0	-1,470	225

Note 23: Short-term operating liabilities

Table 50 |

Structure of short-term operating liabilities			(in 1000 EUR)
	31. 12. 2009	31. 12. 2008	
Short-term operating liabilities to companies within the Group	35,237	1,686	
Short-term operating liabilities to suppliers	21,607	21,239	
Short-term operating liabilities from advances	73	199	
Other short-term operating liabilities	3,622	3,310	
Total short-term operating liabilities	60,539	26,434	

Only liabilities arising from customs duties equalling EUR 6,005 thousand as at the statement of financial position date were collateralised by a bank guarantee. Other suppliers are not provided payment collateral instruments.

Note 24: Contingent liabilities

Contingent liabilities disclosed are those not posted in the statement of financial position for which inflows of resources are not likely in settlement of the underlying obligation. It is estimated that the Company had the following contingent liabilities as at 31 December 2009:

Table 51 |

Contingent liabilities	(in 1000 EUR)	
	31. 12. 2009	31. 12. 2008
Arising from bank guarantees and warranties to companies within the Group	30,347	46,311
Arising from bank guarantees and warranties extended to others	5,605	5,554
On behalf of lawsuits	2,830	106
For company D.S.U., company for consulting and management	250	376
Total contingent liabilities	39,032	52,347

Guarantees and warranties present primarily contingent liabilities arising from performance bank guarantees and similar guarantees, and contingent liabilities arising from a bank guarantee for any customs debt that might result from checking the origin, various analyses and control of goods.

Contingent liabilities arising from lawsuits of EUR 3,209 thousand represent less than 50% probability that the plaintiff would be successful in their claim and inflows of resources embodying economic benefits would be needed. They are primarily lawsuits arising from the amended resolution on dividend payout from 2008 and lawsuits related to damages for illegal discharge from office.

Note 25: Fair value

Securities available for sale

The fair value of securities available for sale listed on a stockmarket is equal to the published mean price of the shares as at the statement of financial position date. The fair value of shares and stakes in companies listed on a stockmarket is assessed on the basis of the last known transactions or based on their operations.

Loans received and given

The fair value is assessed as the discounted value of expected cash flows from the principal and interest. The applied discount interest rate applied was yield on two-year European government securities as evident from the report of Abanka on the situation on financial markets as at 31 December 2009. The yield to maturity of those securities was 1.36% and 1.796% as at the end of 2008.

Short-term receivables and liabilities

It is assumed for receivables and liabilities falling due within one year that their carrying value reflects their fair value.

Table 52 |

Fair value (in 1000 EUR)				
	31. 12. 2009		31. 12. 2008	
	Book value	Fair value	Book value	Fair value
Assets measured at fair value				
Available-for-sale financial assets	3,728	3,728	6,405	6,405
Total	3,728	3,728	6,405	6,405
Assets measured at amortised cost				
Long-term loans given	20,788	19,626	34,879	32,868
Short-term loans given	82,332	81,547	71,575	70,896
Operating receivables (without advances)	38,806	38,806	36,881	36,881
Cash and cash equivalents	625	625	79	79
Total	142,551	140,604	143,414	140,724
Liabilities designated at fair value				
Derivative financial instruments	2,119	2,119	2,447	2,447
Total	2,119	2,119	2,447	2,447
Liabilities measured at amortised cost				
Long-term operating liabilities	0	0	834	834
Borrowings	194,385	188,283	175,652	172,915
- at fixed interest rate	25,000	24,889	0	0
- at variable interest rate	169,385	163,394	175,652	172,915
Short-term operating liabilities	60,539	60,539	26,434	26,434
Total	254,924	248,822	202,920	200,183

Table 53 |

Levels of fair value (in 1000 EUR)				
31. 12. 2009				
Fair value levels	Level 1	Level 2	Level 3	Total
Assets designated at fair value				
Available-for-sale financial assets	1,221	0	2,507	3,728
Total	1,221	0	2,507	3,728
Liabilities designated at fair value				
Derivative financial instruments	0	2,119	0	2,119
Total	0	2,119	0	2,119

31. 12. 2008				
Fair value levels	Level 1	Level 2	Level 3	Total
Assets designated at fair value				
Available-for-sale financial assets	3,757	0	2,648	6,405
Total	3,757	0	2,648	6,405
Liabilities designated at fair value				
Derivative financial instruments	0	2,447	0	2,447
Total	0	2,447	0	2,447

The table presents classification of financial instruments with regard to calculation of their fair value. Financial instruments are classified into three levels with regard to calculation of their fair value:

- level 1: assets or liabilities at market price;
- level 2: assets or liabilities not classified in level 1 with their value determined directly or indirectly on the basis of comparable market data;
- level 3: assets or liabilities the value of which cannot be determined from market data.

Note 26: Financial risks

Liquidity risk

Liquidity risk is managed by active cash management comprising:

- cash flow monitoring and planning;
- regular collection and daily contact with major buyers;
- short-term borrowing within the Group;
- option of using short-term bank credit lines.

The table presents estimated non-discounted cash flows including future interest.

Table 54 |

Liquidity risk, 31. 12. 2009							
(in 1000 EUR)							
31. 12. 2009							
	Book value	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
Borrowings under loan agreements within the Group	722	728	728	0	0	0	0
Borrowings under loan agreements with others	193,662	217,591	91,306	15,146	18,742	47,321	45,077
Liability to suppliers within the Group	1,473	1,473	1,473	0	0	0	0
Liability to suppliers (excl. the Group)	21,607	21,607	21,607	0	0	0	0
Liabilities based on advances	73	73	73	0	0	0	0
Liabilities for raising additional capital for companies within the Group	33,764	33,764	33,764	0	0	0	0
Liabilities to others	3,622	3,622	3,622	0	0	0	0
Total	254,923	278,858	152,573	15,146	18,742	47,321	45,077

Table 55 |

Liquidity risk, 31. 12. 2008							
(in 1000 EUR)							
31. 12. 2008							
	Book value	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
Borrowings from banks	174,718	181,933	111,838	7,286	38,861	23,414	2,533
Borrowings from others (prejeta posojila od drugih)	934	934	934	0	0	0	0
Liabilities from financial lease	0	0	0	0	0	0	0
Liabilities to suppliers	22,926	22,926	22,926	0	0	0	0
Liabilities to others	3,504	3,504	3,504	0	834	0	0
Liabilities based on advances	199	199	199	0	0	0	0
Total	202,281	209,496	139,401	7,286	39,695	23,414	2,533

Table 56 |

Currency risk, 31. 12. 2009				(in 1000 EUR)
31. 12. 2009	EUR	USD	Other	Total
Short-term operating receivables from companies within the Group	12,113	0	0	12,113
Receivables from buyers	25,946	139	61	26,146
Long-term loans given within the Group	20,749	0	0	20,749
Short-term loans given within the Group	81,245	43	0	81,288
Long-term loans given to others	40	0	0	40
Short-term loans given to others	44	0	0	44
Short-term borrowings within the Group	-722	0	0	-722
Long-term borrowings from others	-93,320	0	0	-93,320
Short-term borrowings from others	-100,342	0	0	-100,342
Short-term operating liabilities in the Group	-35,237	0	0	-35,237
Short-term operating liabilities	-24,700	-490	-113	-25,302
• of which liabilities to suppliers	-17,856	-469	-3,282	-21,607
Other long-term financial liabilities (designated at fair value through profit or loss)	-2,023	0	0	-2,023
Other short-term financial liabilities (designated at fair value through profit or loss)	-96	0	0	-96
Gross exposure of the statement of financial position	-194,451	-350	-52	-116,663

Table 57 |

Currency risk, 31. 12. 2008				(in 1000 EUR)
31. 12. 2008	EUR	USD	Other	Total
Short-term operating receivables from companies within the Group	6,357	1	-3	6,355
Receivables from buyers	28,952	295	77	29,324
Long-term loans given within the Group	34,823	42	0	34,865
Short-term loans given within the Group	71,071	44	0	71,115
Long-term loans given to others	14	0	0	14
Short-term loans given to others	462	0	0	462
Long-term borrowings from others in the Group	0	0	0	0
Short-term borrowings from others in the Group	-934	0	0	-934
Long-term borrowings from others	-59,965	0	0	-59,965
Short-term borrowings from others	-114,753	0	0	-114,753
Short-term operating liabilities in the Group	-1,686	0	0	-1,686
Short-term operating liabilities	-24,139	-516	-93	-24,748
• of which liabilities to suppliers	-16,523	-476	-4,241	-21,239
Other long-term financial liabilities (designated at fair value through profit or loss)	-2,447	0	0	-2,447
Gross exposure of the statement of financial position	-171,877	-221	-16	-172,113

Table 58 |

Credit risk (in 1000 EUR)		
	31. 12. 2009	31. 12. 2008
Long-term loans given within the Group	20,749	34,865
Short-term loans given within the Group	81,288	71,115
Long-term loans given to others	40	14
Short-term loans given to others	44	461
Short-term deposits	1,000	0
Long-term operating receivables	0	0
Short-term operating receivables	38,806	36,881
• from buyers	26,164	29,324
• from companies within the Group	12,113	6,355
Cash and cash equivalents	625	79
Financial assets designated at fair value through profit or loss	1,221	3,757
Financial assets held for sale	2,507	2,648
Total	146,278	149,820

The table presents the analysis of interest rate sensitivity and the impact on profit before tax.

Table 59 |

Interest rate risk (in 1000 EUR)							
							2009
Interest rate	Change in %	6 months or less	6-12 mesecev	1-2 years	2-5 years	Over 5 years	Total
EURIBOR	+15%	-67	-57	-100	-202	-100	-526
EURIBOR	+10%	-45	-38	-67	-135	-67	-351
EURIBOR	-10%	45	38	67	135	67	351
EURIBOR	-15%	67	57	100	202	100	526

Table 60 |

Interest rate risk (in 1000 EUR)							
							2008
Interest rate	Change in %	6 months or less	6-12 mesecev	1-2 years	2-5 years	Over 5 years	Total
EURIBOR	+15%	-246	-102	-103	-185	-4	-641
EURIBOR	+10%	-164	-68	-69	-123	-3	-427
EURIBOR	-10%	164	68	69	123	3	427
EURIBOR	-15%	246	102	103	185	4	641

Table 61 |

Loans at fixed and variable interest rate			(in 1000 EUR)
31. 12. 2009	Fixed interest rate	Variable interest rate	Total
Long-term borrowings	0	93,320	93,320
Short-term borrowings	25,000	76,064	101,064
31. 12. 2008			
Long-term borrowings	0	59,965	59,965
Short-term borrowings	0	115,687	115,687

Table 62 |

Cost of auditors			(in 1000 EUR)
	2009	2008	
• Audit of the Annual Report	120	78	
• Other audit services	118	0	
• Tax consultancy services	0	0	
• Non-audit services	30	0	
Total costs for auditor's services	268	78	

Note 27: Other disclosures

Related parties of Intereuropa:

- subsidiaries;
- associates;
- joint ventures in the form of a jointly-controlled company;
- key directors of the parent company.

Key directors of the parent company are members of the Management Board.

Table 63 |

Disclosure of related-party transactions			(in 1000 EUR)
Revenues from services		2009	2008
Subsidiaries		4,373	5,475
Associated company (until July 2008)		0	314
Joint-venture		335	439
Costs of services			
Subsidiaries		9,468	12,013
Associated company (until July 2008)		0	23
Joint-venture		9,006	14,742
Balance of operating receivables and loans given			
Subsidiaries		114,150	112,335
Joint-venture		50	84
Balance of operating liabilities and borrowings			
Subsidiaries		35,959	2,620
Joint-venture		880	717

None of the above stated liability is collateralised or has any guarantee been issued or received in relation therewith. Liabilities to subsidiaries are in accordance with good practice settled by compensations while liabilities to the joint venture are generally settled by cash remittances, assignments or compensations.

Transactions with related parties were made at market terms and conditions. Guarantees given by the parent company to banks for loans to subsidiaries and for customs guarantees amounted to EUR 30,347 thousand as at 31 December 2009.

Compensation to members of the Management Board, the Supervisory Board and employees employed under service contracts in 2009

The Company approved no advances, loans and guarantees to members of the Management Board, members of the Supervisory Board and employees under service contracts.

Table 64 |

Income of members of the Management Board									(in EUR)
			Payroll - fixed part			Payroll - variable part		Total	
	Term of office	Other remuneration	Gross	Net	Net bonuses and other	Gross	Net	Gross	Net
Lovšin Andrej	01. 01. 2009 to 23. 03. 2009	63,064	56,608	27,613	33,236	0	0	119,672	60,849
Markežič Zvezdan	01. 01. 2009 to 10. 06. 2009	967	83,787	40,774	5,014	0	0	84,754	45,788
Jonke Ondina	01. 01. 2009 to 31. 07. 2009	967	85,774	42,537	6,462	0	0	86,741	48,999
Gortan Ernest	10. 06. 2009 to 31. 12. 2009	483	68,182	34,369	2,436	0	0	68,665	36,805
Jazbec Marko	10. 06. 2009 to 30. 11. 2009	0	59,660	30,380	2,680	0	0	59,660	33,060
Total		65,481	354,012	175,673	49,828	0	0	419,493	225,501

Income of members of the Management Board							(in EUR)
			Net bonuses and other remuneration				
	Term of office	Other remuner., net	Insurance for managers	Voluntary pension ins.	Other bonuses	Expenses reimbursement	Total
Lovšin Andrej			0	868	1,239	337	33,236
Markežič Zvezdan	01. 01. 2009 to 10. 06. 2009	596	0	1,519	2,287	612	5,014
Jonke Ondina	01. 01. 2009 to 31. 07. 2009	597	0	1,736	3,339	789	6,462
Gortan Ernest	10. 06. 2009 to 31. 12. 2009	299	0	738	25	1,375	2,436
Jazbec Marko	10. 06. 2009 to 30. 11. 2009	0	0	955	765	960	2,680
Total		32,284	0	5,817	7,654	4,072	49,828

Table 65 |

Receipts of members of the Supervisory Board								(in EUR)
Name and surname	Term of office	Remuner. for holding the office	Commit- tees	Session fees	Expenses reimburse- ment	Profit par- ticipations	Other remun., bonuses	Total
Boštjan Rigler	1. 1. 2009 - 10. 9. 2009	0	832	8,309	1,208	0	0	10,348
Emerik Eržen	1. 1. 2009 - 10. 9. 2009	0	961	6,953	355	0	0	8,269
Ervin Bučan	1. 1. 2009 - 10. 4. 2009	0	1,982	5,659	212	0	0	7,853
Manja Skernišak	1. 1. 2009 - 8. 6. 2009	0	924	6,104	120	0	0	7,148
Zlatka Čretnik	1. 1. 2009 - 18. 11. 2009	0	0	7,622	2,492	0	494	10,609
Nevija Pečar	1. 1. 2009 - 31. 12. 2009	0	2,079	8,084	406	0	494	11,063
Vinko Rebula	1. 1. 2009 - 18. 11. 2009	0	693	7,861	3,346	0	494	12,394
Bruno Korelič	11. 4. 2009 - 31. 12. 2009	0	693	3,432	306	0	0	4,431
Vinko Može	30. 7. 2009 - 31. 12. 2009	0	0	990	301	0	0	1,291
Tadej Tufek	10. 9. 2009 - 31. 12. 2009	0	300	660	0	0	0	960
Maša Čertalič	10. 9. 2009 - 31. 12. 2009	0	0	660	0	0	0	660
Total		0	0	56,334	8,745	0	1,482	66,562

Table 66 |

Income of employees under service contracts						(in EUR)
	Fixed part of remuneration	Other (severance, extra insurance, bonuses, non-competition clause)	Session fees	Total gross	Total net	
Employees with individual working contracts	2,434,487		253,656	0	2,688,144	1,410,590

Note 28: Post reporting date events

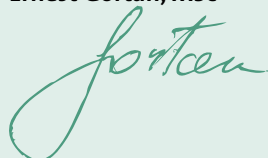
Discussions with banks on reprogramming of loans are underway after the reporting date. No significant events occurred after the end of the accounting period that would considerably impact the financial statements for 2009.

Signing of the Annual Report for 2009 and its constituent parts

The Management Board of Intereuropa Koper has been informed on the contents of parts of the Annual Report of Intereuropa and the Intereuropa Group for 2009 and thus on the entire Annual Report of Intereuropa and the Intereuropa Group for 2009. We hereby agree and confirm the same by our signature below.

President of the Management Board

Ernest Gortan, MSc



Auditor's report



Independent Auditor's Report

To the Shareholders of INTEREUROPA, d.d., Koper

We have audited the accompanying financial statements of the company INTEREUROPA, d.d., Koper which comprise the statement of financial position as at 31 December 2009, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company INTEREUROPA, d.d., Koper as at 31 December 2009, its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

As required by the Slovenian Companies Act we herewith confirm that the information in the management report is in conformity with the accompanying financial statements.

Borut Šterbenc, B.Sc.Ec.
Certified Auditor

Ljubljana, 15 April 2010

KPMG SLOVENIJA,
podjetje za revidiranje, d.o.o.

Boris Drobnič, B.Sc.Ec.
Certified Auditor
Partner

KPMG Slovenija, d.o.o.
1



7

key objectives for

2010

1 Through an increase of market share and optimisation of all processes at the Group level we will generate EUR 200 million in sales revenue, which represents a 5 percent increase over the previous year.

2 The highest growth is expected in the areas of logistics solutions (mainly as the result of the planned start-up of warehousing activities in Russia) and land transport where growth is expected through new business.

3 The parent company will continue the process of active reduction of operating costs.

4 The Intereuropa Transport, d.o.o., Koper subsidiary will significantly increase its sales efficiency.

5 With the combination of cost cutting and increased sales we will achieve EBITDA of EUR 23.7 million and operating profit of EUR 6.7 million.

6 Investments will be limited to the completion of initiated investments, notably the Chekhov-Moscow Logistics Centre, and to minimum investments required for smooth operations.

7 The parent company will dispose of its two large properties in order to start the process of reducing the outstanding debts of the parent company.

Branch Network Slovenia

Intereuropa, Global Logistics Service, joint-stock company, Koper

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Area of the President of the Management Board

- President of the Management Board
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- Investment and Real Estate Department
t: +386 5 664 13 13, f: 664 20 49
- Accounting Department
t: +386 5 664 13 73, f: 664 13 21
- Finance Department
t: +386 5 664 13 73, f: 664 13 21
- Human Resources and General
Resources Department
t: +386 5 664 22 86, f: 664 26 74
- Internal Audit Department
t: +386 5 664 13 46, f: 665 13 21
- Public Relations Department
t: +386 5 664 12 87, f: 664 12 73
- Legal Department
t: +386 5 664 12 61, f: 664 26 74
- Quality Department
t: +386 5 664 12 25, f: 664 15 35
- Controlling Department
t: +386 5 664 13 73, f: 664 13 21

Forwarding and Logistics Area

t: +386 5 664 15 20, f: 664 15 35

Branch offices in Slovenia

Branch office Koper

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Business unit Brnik
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- Office Novo mesto
Češča vas 40, 8000 Novo mesto
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Business unit Jesenice
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Business unit Dravograd
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Branch office border clearance

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Border crossing Jelšane, 6254 Jelšane
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Branch Metlika
Border crossing Metlika, 8330 Metlika
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Branch Gruškovje
Border crossing Gruškovje, 2286 Podlehnik
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Subsidiaries in Slovenia

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t: +386 5 664 14 43, f: 664 14 55

- Marketing Department
t: +386 5 664 18 45, f: 664 26 59
- Commercial Activities Department
t: +386 5 664 14 73, f: 664 14 05
- Termo transports
t: +386 5 664 14 49, f: 664 18 54
- Extra transports
t: +386 5 664 14 45, f: 664 14 05
- Ljubljana Department
Letališka cesta 35, 1000 Ljubljana
t: +386 1 524 02 15, f: 524 02 15
- Transport of prefabricated houses
Repno 8, 3230 Sentjur
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Interagent, Shipping agency, ltd., Koper

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Intereuropa-FLG, Railway freight forwarding, ltd., Ljubljana

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Interzav, Insurance agency, ltd., Koper

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Intereuropa IT, Information technology, ltd., Koper

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Croatia

Intereuropa, Logistics services, ltd., Zagreb

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- Branch Koprivnica
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Business unit Osijek
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