
INTEREUROPA GROUP

Global Logistics Service, Ltd. Co.

***Unaudited Report of the
INTEREUROPA GROUP,
January - March 2010***



Koper, 24 May 2010

The INTEREUROPA d.d. is publishing this Unaudited Report of the Intereuropa Group for January-March 2010, in accordance with the Market in Financial Instruments Act (ZTFI).

The unaudited consolidated and non-consolidated financial statements have been prepared in accordance with the provisions of International Financial Reporting Standards (IFRS).

This Report is available at the Company's registered office at Vojkovo nabrežje 32, 6504 Koper.

The Unaudited Report of the Intereuropa Group for January-March 2010 shall also be published on the web site of INTEREUROPA d.d. www.intereuropa.si on 24 May 2010.

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A. INTRODUCTION

After the crisis-stricken year 2009, some of the macro economic trends have turned upwards in the past months raising our hope in a gradual recovery of the European economy which would in turn strengthen the goods flows in the territories representing our key geographical markets. In line with the "Strategic business plan of the Intereuropa Group for the term 2010 – 2014" these are the logistics markets of the SE Europe, the countries of former Yugoslavia, in which we have the highest market shares. At present, the local economies are still struggling with the aftermaths of the global recession which hit them with a slight time deferral.

In the first quarter 2010 Intereuropa generated a sales revenue of € 44.3 million on the Group level, which was 11 percent behind the sales target. Compared with the sales revenue of the same period a year ago, the sales in the first quarter of the reporting year were 9 percent lower. Thereof, the parent company Intereuropa achieved € 22.6 million of sales revenues in the comparable first quarter. In terms of the annual plan our result was 9 percent lower, and 16 percent less than in the preceding year. Our activities were directed towards operation optimization and assuring financial stability for the Group. The reporting term was concluded with an operating result of € 4.4 million and a net profit of € 6.4 million for the Group, while the Parent Company recorded an operating result of € 4.0 million and net profit of € 1.8 million.

Company Fact Sheet

The Parent Company	Intereuropa, Globalni logistični servis, delniška družba (Global Logistics Service, Ltd. Co.)
Abbreviated Firm	Intereuropa d.d.
Country of the Parent Company	Slovenija
Registered Office of the Parent Company	Vojkovo nabrežje 32, 6000 Koper
Company reg. number	5001684
Tax ID number	56405006
Transaction Accounts	03135-1005943869 with SKB banka d.d. 04750-0001009045 with Nova KBM d.d. 07000-0001069709 with Gorenjska banka d.d. 10100-0000006785 with Banka Koper d.d. 24203-9002718580 with Raiffeisen Banka d.d. 29000-0001836455 with UniCredit banka Slovenija d.d.
Entry in the Register of Companies	Registered with the District Court in Koper, file no. 1/00212/00
Share capital	32,976,185.11 €
Number of shares issued and paid-in	7,902,413 no-par value shares
Shares Listing	IEKG shares are listed in the Prime Market of the Ljubljana Stock Exchange (Ljubljanska borza d.d.).
Managing Board	Ernest Gortan, M.Sc., President Tatjana Vošinek Pucer, Procurator
President of the Supervisory Board	Bruno Korelič
The Intereuropa Group	
Number of employees	2,436 employees
Vehicle fleet	505 own trucks and delivery vans
Total warehousing area	268,959 qm of own warehouse facilities
Total land area	2,245,601m ² of land
Membership in intl organizations	FIATA, IATA, FETA, FONASBA, BIMCO, IRU
Quality Certificates	ISO 9001:2008 Certificate: <ul style="list-style-type: none"> o Intereuropa d.d., o Intereuropa, logističke usluge, d.o.o., Zagreb, o Intereuropa Transport d.o.o., Koper, o Interagent d.o.o., o Intereuropa Transport & Spedition, GmbH, Troisdorf o Intereuropa RTC d.d. Sarajevo
Own branch network	Slovenia, Croatia, Serbia, Kosovo, Bosnia & Herzegovina, Macedonia, Germany, France, Ukraine, Russia, Montenegro, Albania

Major events in the reporting period January – March 2010:

- On 8 January, the Managing Board filed the expected action for compensation versus the former Managing Board of Intereuropa d.d., in accordance with the respective Resolution adopted by the 21st General Meeting regarding the preparation and filing of legal action for compensation of damages.
- On 5 March we sold the property at Šmartinska c.134/b in Ljubljana, in line with the Programme of measures by the Managing Board approved earlier, which envisions the disposal of non-operating assets.
- On 17 March the Supervisory Board was introduced to the "Strategic business plan of Intereuropa Group for the term 2010 – 2014", which was prepared by the Managing Board of Intereuropa d.d.
- On 23 March the Managing Board of Intereuropa d.d. as the sole shareholder of the company Intereuropa IT d.o.o. adopted the Resolution approving the Affiliation of the company Intereuropa IT, d.o.o., Koper to the Parent Company Intereuropa d.d.
- In March we joined the formation of a syndicate of five banks in order to reschedule the current short-term loans into long-term loans.

Major events after the reporting period:

- On 19 April the supervisory board and the managing board adopted the "Corporate management policy of Intereuropa d.d."
- On 29 April Intereuropa has been granted Authorised Economic Operator Status (AEO) which means simplified and faster formal custom procedures for goods delivery.
- On 30 April we publicly announced audited "Annual Report 2009" with the external Certified Auditor's Report and declaration on compliance with the "Corporate Governance Code of Public Limited Companies".
- In April, our maritime shipping agency Interagent d.o.o. signed a new agency agreement with the Chilean container shipping company CSAV (Compania Sud Americana de Vapores) and thus acquired agency for all three shipping companies within the group (CSAV, CSAV Norasia and Libra).

Strategic objectives of the Intereuropa Group

Corporate vision

To become a top-ranked provider of integral 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 shareholders, employees and other 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 inventive 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.

Team work 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.

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.

Strategic goals up to the year 2014:

- ensure financial stability through divestment, de-leverage, 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 comprehensive 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 the consolidated 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 core business.

Business Plan for the year 2010

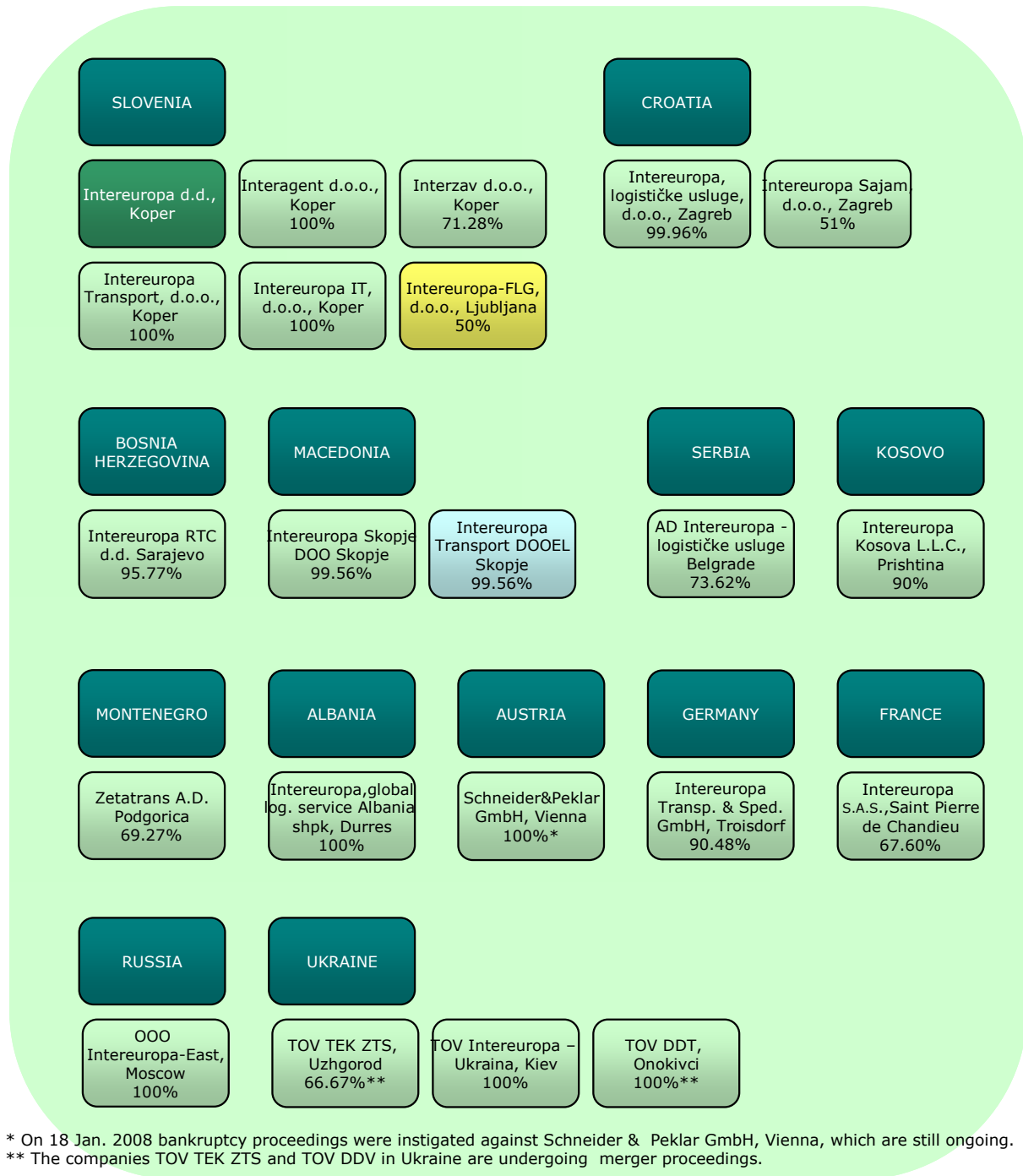
Principal baselines of the Business Plan 2010:

- Economic environment: Estimating that the bottom has been achieved, we do not expect growth yet, but rather the levelling-off on the achieved levels,
- Growth of income is envisioned by increasing the market shares, acquiring new business and customers,
- Current investments in progress have to be completed before expanding any investing activity,
- Own funds from disposal of non-operating assets will be used for debt-reducing in the Parent Company.

Key goals for the year 2010:

1. With a focus on increasing the market share and optimizing all the corporate processes, we envision to achieve a sales turnover of € 200 million, or 5 percent higher than in the preceding year.
2. The highest growth is expected in the area Logistics Solutions arising from the envisioned launch of the new storage capacities in Russia, and in Land Transport with the new business acquired.
3. The focused cost-cutting process will continue in the Parent Company, primarily addressing the operating costs.
4. In the affiliate Intereuropa Transport d.o.o., Koper, we will improve the sales efficiency.
5. With cost streamlining and intensified sales combined, we aim to achieve the EBITDA of € 23.7 million and operating profit of € 6.7 million.
6. Our investing activities will be restricted to the completion of the investments launched in the past, primarily the logistics hub in Chekhov/Moscow, and other necessary investments on a minimal scale for a smooth operation.
7. In the Parent Company, deleveraging will start with the disposal of two bigger items of real property.

The Organisation of the Intereuropa Group



% Stake of the parent company as at 31st March 2010

Figure 1: Organisation chart of the Intereuropa Group as at 31st March 2010

B. BUSINESS REPORT

1. OPERATING PERFORMANCE OF INTEREUROPA GROUP

1.1. Sales achievements

Economic environment and trends

The latest forecasts by international institutions and the recent short-term indicators confirm the expectations of a rather slow and insecure recovery. In January, the short-term indicators varied: while the growth of industrial output in Europe continued, the indicators for the construction industry and trade were still declining. The economic sentiment indicators are improving, most of the major indicators achieved the pre-recession levels in March.

However, in Slovenia the levels of short-term indicators did not reveal any accelerated recovery at the beginning of this year. The economic improvement in the second half-year 2009 resulted from higher exports of goods and increased industrial output in processing industries. In December, the commodity exports declined and remained on the same level in January as well, while the output of processing industries recorded a worse fall in January. The slow recovery during the first quarter of the current year was mirrored in the economic climate indicator, which has remained practically on the same level.

The downturn in commodity exchange in the last quarter 2009 was levelled off by the growing exports of road vehicles. In that period, the values of commodity exchange indicators by country and product were partly attributable to the effects of the base, and partly to the emerging improvements. The last quarter 2009 saw higher exports of road vehicles, after more than one-year's shrinkage, and the drop in exports of all other goods lost its intensity. The measures adopted in certain European countries, granting subsidies for the purchase of new vehicles, had a favourable effect on the gradual improvement of Slovenia's industrial output and exports of vehicles.

Table 1: Economic environment of the Intereuropa Group

Countries	GDP growth, in %		Growth of ind. prod., in %		Inflation, in %		Exports growth, in %		Imports growth, in %	
	2009	Forecast 2010	2009	Forecast 2010	2009	Forecast 2010	2009	Forecast 2010	2009	Forecast 2010
EU 27	-4.2%	0.8%	-14.0%	2.7%	1.0%	1.8%	-12.3%	5.0%	-12.1%	3.4%
Slovenia	-7.8%	0.6%	-16.9%	2.0%	1.8%	1.3%	-15.6%	4.3%	-17.9%	4.1%
Croatia	-6.0%	-1.0%	-9.2%	0.0%	2.4%	2.3%	-20.3%	1.1%	-25.7%	2.6%
BiH	-3.0%	-1.0%	-11.5%	7.3%	-0.4%	1.6%	-17.6%	3.0%	-24.2%	-1.0%
Macedonia	-2.0%	0.0%	-7.7%	0.0%	-0.8%	1.9%	-32.3%	2.5%	-26.4%	5.6%
Serbia	-2.9%	0.0%	-12.1%	0.0%	8.1%	4.8%	-19.7%	0.0%	-28.0%	0.0%
Russia	-7.9%	3.5%	-10.8%	3.0%	11.7%	7.0%	-39.1%	3.0%	-36.4%	2.0%
France	-2.2%	1.3%	-3.1%	-	0.1%	1.2%	-11.2%	4.2%	-9.7%	3.3%
Ukraine	-15.1%	3.7%	-21.9%	3.0%	15.9%	9.2%	-43.4%	6.1%	-49.1%	6.6%
Germany	-5.0%	1.3%	-7.1%	5.0%	0.1%	0.9%	-14.2%	4.4%	-8.9%	0.5%
Kosovo	4.0%	4.8%	-	-	-2.4%	1.5%	-18.1%	-	-1.5%	-
Montenegro	-7.0%	-1.7%	-32.2%	0.0%	3.6%	-0.6%	-33.5%	2.0%	-34.6%	-10.0%
Albania	2.8%	2.3%	-	5.0%	2.2%	3.5%	-14.0%	20.0%	-12.0%	13.0%

(-) no data available

SOURCES:

Eurostat
 IMF, World Economic Outlook, April 2010, October 2009
 European Economic Forecast – Spring 2010, EK, May 2010
 Urad RS za makroekonomske analize in razvoj
 Statistični urad republike Slovenije
 Croatian Bureau of Statistics
 Agencija za statistiku Bosne i Hercegovine
 State Statistical Office, Republic of Macedonia
 Statistical Office of the Republic of Serbia
 Federal State Statistics Service, Russian Federation
 National Institute of Statistics and Economic Studies, France
 State Statistics Committee of Ukraine
 Federal Statistical Office, Germany
 Statistical Office of Kosovo
 Statistical Office of Montenegro
 Institute of statistics, Albania

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Sales Revenue of Intereuropa Group

The sales turnover recorded in the Intereuropa Group in the reporting period was € 44.3 million, 11 percent below the sales target. Compared with the same period a year ago, the sales turnover was 9 percent lower. However, if a part of the UPS product sales (Intercontinental Transport) achieved in 2009 was excluded for the sake of comparison, the overall fall in income would come to 5 percent.

Among all business areas, Land Transport was best performing and it also held the highest share in the sales revenue structure of the Group. Although it exceeded the last year's achievement by 6 percent, it was still 6 percent behind the plan. The highest decline from the preceding year's comparable term was recorded in the sales revenues of Intercontinental Transport (-34 percent), resulting from the severe fall in the handling and transportation of automobiles, as well as the decline in the UPS product. If the impact of the latter was eliminated from the year 2009, the downturn would stop at 24 percent.

Table 2: Sales revenues of the Intereuropa Group by area of operation, in thousand €

Business area	Jan-Mar 2010	Structure	Index 2010/plan	Index 2010/2009
1 Land Transport	26,616	60%	94	106
2 Logistics Solutions	6,121	14%	85	90
3 Intercontinental Transport	10,263	23%	78	66
4 Other Services	1,321	3%	96	97
TOTAL	44,321	100%	89	91

Table 3: Sales revenues of the Intereuropa Group by geographical area, in thousand €

	Jan-Mar 2010	Structure	Index 2010/plan	Index 2010/2009
1 EU Member States	29,265	66%	94	88
2 Non-EU Countries	15,056	34%	81	96
TOTAL	44,321	100%	89	91

Note: Data comprise sales revenues by geographical area according to head-office of companies in the Group.

Two thirds of the sales revenue was achieved in the EU-part of the Group, with the parent company Intereuropa d.d. as the main player. Our customers are located all over the world. The highest share in the revenue structure is held by customers from Slovenia and other EU Member States. That share has been growing and came to 60% in the reporting period. Customers from Croatia and other parts of the former Yugoslavia prevail among other customers, followed by Russian customers. Compared to the same term 2009, we recorded growing trends in the demand in Slovenia, Austria, Kosovo and France, while the worst fall was seen in Russian customers.

Table 4: Sales revenues of the Intereuropa Group by geographical area, in thousand €

	Jan-Mar 2010	Structure	Index 2010/2009
1 Slovenia	15,638	35%	99
2 Croatia	7,271	16%	91
3 Russia	1,609	4%	30
4 Bosina & Herzegovina	1,637	4%	86
5 Serbia	865	2%	76
6 Montenegro	1,199	3%	69
7 Other countries	16,102	36%	99
7a Other EU member states	10,882	25%	93
7b Other countries	5,220	12%	117
TOTAL	44,321	100%	89

Note: Data comprise net sales revenues by geographical area according to customer's head-office.

LAND TRANSPORT

The Land Transport Area contributes 60 percent of the sales revenue of the Group. Though the planned sales revenue was not achieved (-6 percent) in the reporting term, the result was 6 percent above the comparable preceding year's term. Another positive indicator is that the sales target for March was exceeded, too. At the beginning of April we performed the test run of the new information solution and saw that the solution did not achieve the full range of all functionalities yet.

The volume of the **Groupage Services** was growing (+1 percent over the plan and +10 percent over the preceding year).

Intereuropa d.d. prevails with 86 report in the sales revenue structure for the Groupage services, and it has exceeded the sales target in the reporting period. The plan was also surpassed by the affiliate in Kosovo, while all other companies in the Group have not achieved the targets. The recession has also brought about much tougher competition in the market, which reflects in having to do more for a smaller earning. The market also shows a positive trend in the rising volume of consignments shipped within our groupage services. The number of consignments has risen, too, but the margin declines due to strong competition.

In the second half-year we plan to intensify our sales activities and seek synergy effects in the Group.

Express Delivery Service was marked by underachievement of planned revenues in all companies offering this product in the Group. The worst setback was recorded in Croatia, where two thirds of sales revenue is generated in this product. The Slovenian part stands for almost one quarter of the sales turnover and has surpassed the result of the preceding year.

In **Road Transport**, we exceeded the plan by 1 percent and outstripped the last year's quarterly results by 16 percent. The majority of sales revenue in the road transport product is contributed by the company Intereuropa Transport d.o.o., which did not achieve the plan (-8 percent) in the reporting term. The better performing companies Intereuropa d.d., Intereuropa Logističke usluge, d.o.o. Zagreb, Intereuropa RTC d.d. Sarajevo and Intereuropa Transport & Spedition GmbH, Troisdorf exceeded the plan. In the Parent Company Intereuropa d.d. we recorded an increased volume of operations in our business unit Dravograd, and favourable results from the introduction of a central purchasing department. This year has brought higher fuel prices, which triggers increased direct costs. As a result of increasing volume of goods flows in the market, the freight rates of sub-contractors have risen. Only Intereuropa East, Moscow was underperforming, having realized only 40 percent of the plan.

The **Customs Services** product was below the planned sales revenue (-10%) on the Group level, and below the last year's level, too. The Border Despatch product, on the other hand, has exceeded the plan by 25 percent and the last year's quarterly turnover by 35 percent. Also Intereuropa d.d. surpassed the sales target, primarily on account of the business unit Dravograd. Our companies in Croatia, Bosnia and Herzegovina, and Serbia did not achieve the plan. In absolute terms, the company Zetatrans Podgorica (Montenegro) saw the greatest setback behind the plan. The reasons range from a fall in the volume of declarations and slashed prices due to competition in the market. The plan was outstripped by the companies in Prishtina (Kosovo) and Skopje (Macedonia).

Our **Railway Transport** product was underperforming in the first quarter of this year, mostly due to non-realization of the planned activities in the subsidiary Intereuropa East, Moscow. The company Intereuropa FLG d.o.o, which is specialized in the organization of railway transport, surpassed the sales plan by 16 percent.

LOGISTICS SOLUTIONS

The sale of services in this segment amounted to € 6.1 million, which represents 14 percent in the sales revenue structure.

The income earned from the sale of Logistics Solutions was 10 percent lower than in the last year's first quarter. That can be attributed to the shrunken sales in two key markets, i.e. Slovenia and Croatia, which have most strongly exposed to the unfavourable economic trends. Both these markets that represent more than 80 percent in the sales of this business segment recorded a downturn in sales revenue. The main reasons for that outcome range from the loss of business – cancellation from some key customers and decreased volume of sales in most small-scale customers who were hit by slashed goods flows, which resulted in lower volume of inventories and shorter storage times. In Slovenia, the business unit in Dravograd, which acquired a new major customer and operates on four locations, has contributed most to the sales revenue. The sales revenue has also risen thanks to some other customers.

We perceived a considerable fall on the demand side for logistics solutions in other countries in which our Company operates warehouses. In Montenegro, which represents 5 percent in the sales structure of this product, the sales were down by 19 percent, and in Serbia (with 4 percent in the sales structure) even worse, by 20 percent. The storage capacities in both countries are filled by the goods of their current customers, however, the low turnover of inventories due to adverse economic situation affected the sales result of both companies.

The sales result was 15 percent below the plan. The effects of the crisis are still strongly felt in the markets of the former Yugoslavia and are expect to continue in most of these regions until the end of this year (Croatia, Bosnia and Herzegovina, Serbia). Concurrently, strong pressure to reduce our rates comes from the customers, who are aware of the current surplus of the capacities which suddenly occurred in these strategic markets.

In Slovenia, the Managing Board resolved to dispose of the warehouse facilities in Sežana and Ljubljana, so we stopped offering these storage capacities and as a result, the turnover fell considerably in the business unit Ljubljana. The warehouse facilities in Russia that have not been activated yet increase the setback behind the planned sales result for the reporting period.

Intense commercial activities on larger logistics projects are carried out in individual organizational units in Slovenia, the results of which are expected in the second half-year 2010.

INTERCONTINENTAL TRANSPORT

In this segment, we achieved € 10.3 million of sales revenue, which is 23 percent in the total sales structure of the Group. The setback behind the plan in our car-handling product resulted from the global downturn in the automotive industry; moreover, the higher concentration of competitors in the maritime container shipping market has rendered the market even more difficult. The variance from the sales plan was recorded in all the companies of the Group, attributable to the aggravating financial crisis in the region and to our involvement in the global logistics flows, which were much more exposed to recession.

Our operations in this segment were very good in the first quarter of this year. In addition to some new customers for containerized transport, some of our traditional clients are faced with severe financial difficulties or downturn in volume of operations respectively.

Sea-freight

Our sea-freight segment has remained 5 percent behind the sales targets, on the Group level and was below the plan also in Slovenia. The result achieved in line of business is very important for the Slovenian part of the Group which contributes as much as 91 percent of the total revenue hereof, and is therefore the underlying platform for sea-freight services. We were doing very well in conventional cargo and surpassed the plan by 6 percent. Another successful lines were the undercooled shipments of fruit and vegetables from the Near East, and the liquid cargo shipments.

Behind the target was our RO-RO product and the container business in general: here, our underachievement was most visible in all companies of the Group except the Ukraine, thanks to our good cooperation with the partner Ecu Line, who doubled our sales target. The Ro-Ro product has reflected the adverse situation in the competitiveness of the Ro-Ro service Koper-Durres (Albania) and vice versa, because the shipowner does not offer any competitive terms, unlike in the shipments in land transport. That further reflects in the variance from the targets. Non-achievement of target turnover is further estimated for the second quarter of this year.

In Intereuropa d.d. we estimate that our Sea-freight product will remain promising mainly in the conventional cargo. Having realized certain new businesses involving containers, and the new prospects in cigarette transports, we envision a growth of income also in containerized shipping. Furthermore, the newly founded franchise outlet of the LCL operator ECU Line Slovenia (since April) promises an improved consolidation service via Koper. In the full container load segment (FCL), we will endeavour to liaise with the "house" container service provider CSAV and its newly established liner service from the Far East to Koper. This shipowner is represented in Slovenia by our shipping agency Interagent d.o.o. Our affiliated companies will intensify their marketing activities aiming to acquire new customers. We have arranged for internal workshops and joint visitations to our major customers on the level of the Group. We will continue with the Group-based approach in arranging for more favourable purchasing terms with the key shipowners and partners (M+R Spedag, Hellmann, Yusen and CASA China).

Our conventional cargo has prospects for improving the liquid cargo and bulk cargo business. The new prospects are expected to be operative in the second half-year, by the end of the year.

Car logistics

This segment is still caught in the underachievement of targets. Car logistics continues to be affected by the global crisis which overwhelms our customers, too. The turnover of vehicle imports bound for Russia was slashed and reflects on our operations in Russia as well. In Slovenia we recorded a setback at the level of approximately one third behind the plan, although some of our customers maintained their volumes in the region and recorded positive trends. We acquired some new customers and goods flows for the East European market and were able to replace some deficit of other customers.

The ample underachievement of 40 percent relates to the operation of the Chekhov Car Terminal: we recorded a considerably lower volume of vehicle storage in the first two

months. That had a bearing on less income earned from storage and handling. Despite a lower volume of operations we exceeded the last year's quarterly figures by 3 percent.

We expect better performance of the Car Terminal in Russia in the second quarter of the year, based on the forecasts from our customers. We have signed a new two-year contract with a customer and achieved a rise in the storage rates despite adverse situation in the market. Negotiations with the GM have begun in the second quarter, for operations in Chekhov, under a new three-year tender for the term 2011-2013, which is material for further operations of the car terminal in Chekhov. Concurrently we are negotiating cooperation with new potential customers dealing in automotive logistics, envisioned for the second half-year.

In Slovenia we will be working on the business via the Port of Koper, involving the transportation of cars by land to hinterland land terminals. Furthermore, we will proceed with promoting our storage services in Koper, Logatec, Beograd-Dobanovci (Serbia), Podgorica (Montenegro) and Chekhov.

Shipping Agency

The sales revenue of € 176 thousand was achieved in our Shipping Agency product (the company Interagent d.o.o.). However, that result was still 15 percent behind the target. Our Port Agency Service represented the same number of ships as before (70), but the targets could not be achieved. The worst fall was recorded in car carriers. Interagent d.o.o. remains to be the leading shipping agent in terms of the number of ships represented in the Port of Koper. Our Chartering Department was doing very well, thanks to the favourable season for salt transports. Our negotiations with the shipowner CSAV on the line were successful and we acquired the agency for all the three shipowners in the Group. The agency commences with April, with the liner service from Koper to the Far East. Accordingly, we expect to improve our income from the liner service for the second quarter of this year.

Air-freight

Our Air-freight product in the Slovenian part of the Group was developing in line with expectations. The underachievement of 12 percent below the plan was expected, as the first quarter is traditionally the weakest in the yearly cycle. On the Group level, the sales in the Airfreight product were 14 percent below the plan, which is not surprising either. Our units in Belgrade and Montenegro were performing within the plan. On the contrary, our business unit in Kosovo which was doing excellently last year, achieved the plan only to 62 percent and remained 27 percent below the comparable term a year ago.

We have retained our traditional customers and acquired some new extraordinary transport assignments. This trend will be followed in the second quarter of this year.

We have observed a considerable non-availability of high-value cargo, which is normally carried by air. The rising sea-freight rates have stopped the migration of air-freight shipments to sea-freight consolidated container shipments, so we hope to achieve the targets in the second quarter of the year and to fulfil the planned result on the yearly level.

UPS

This year, the **UPS** product is only offered in Bosnia and Herzegovina. In the reporting quarter we achieved 10 percent higher sales revenues than last year, but were still 2 percent below the plan. Similar trends are expected to continue in the second half-year, possibly with a slight improvement that would bring us closer to the planned results.

1.2. Financial Result

In the first quarter of the year 2010 the Group achieved **€ 8.0 million** as **Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)**, and exceeded the planned result by 24 percent. An essential bearing on the result achieved was the sale of the property at Šmartinska cesta in Ljubljana (€ 3.7 million). If we exclude this one-off transaction and the disposal of fixed assets in the first quarter of the year 2009, the resulting EBITDA is 6 percent lower.

On the Group level, the **operating result** at the end of the reporting period came to **€ 4.4 million** and was twice higher than the plan. The difference is much bigger if compared with the operating result of 2009; if the proceeds from the disposal of fixed assets were excluded, the operating profit would be 41 percent higher than a year ago. If we further excluded the part of operations of the UPS product from the operating result 2009, the operating profit would be € 0.7 million higher and 66 percent (€ +0.3 million) better than in the same term 2009, on the Group level.

The **Financing profit or loss** for the reporting period came to **€ 4.7 million**. Among the financial revenues of € 7.8 million we recorded foreign exchange gains in the amount of € 7.0 million (the company Intereuropa East, Moscow). The periodical financial expenses of the Group were at the level of € 4.1 million, thereof € 0.8 million on account of the revaluation of the financial instrument for hedging against the interest rate risk. If we excluded these two transactions, the **financing result** would come to **€ -2.6 million**.

The profit or loss from ordinary activities came to € 8.1 million. After tax, the **Net profit** for the reporting period came to **€ 6.4 million**.

Tables 5 and 6: Financial results of Intereuropa Group for January-March 2010, in thousand €

Item / Index	Jan-Mar 2010	Plan 2010	Jan-Mar 2009	Index 2010/plan	Index 2010/2009
Sales Revenues	44,321	49,981	48,858	89	91
EBITDA*	7,962	6,420	4,504	124	177
Operating Profit or Loss	4,426	2,154	953	206	464
Financing Profit or Loss	3,680	-3,418	-3,815	-	-
Net Profit or Loss	6,362	-1,528	-2,983	-	-
Sales revenues per employee/month	6.282	6.718	6.317	94	99
Value added per employee/month	2.577	2.311	2.121	112	121

* EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation

Item / Index	31.03. 2010	Plan 31.12.2010	31.12. 2009	Index 2010/plan	Index 2010/2009
Balance Sheet Total*	491,588	485,167	489,270	101	100
Equity*	196,893	206,330	188,803	95	104
Short-term assets/ Short-term liabilities*	0.50	0.76	0.49	66	102
Net Return On Equity (yearly level)**	-2.37%	-3.78%	-7.15%	63	33

* as of the last day of the reporting period ** average equity (capital) of the report. period

As of the end of the reporting period the **Balance Sheet Total** amounted to € 492 million and was on the level of the year-end 2009. On the Assets side, there was an increase recorded in property, plant and equipment (tangible fixed assets) by € 4.9 million (or 1%) and in short-term operating receivables by € 2.3 million (or 4%), and a decrease of € 3.7 million (or 36%) in the Assets held for sale. On the Liabilities side, there was an increase in capital at € 8.1 million (4%), a decrease in short-term financial liabilities by € 3.4 million (or 3%) and an increase in long-term financial liabilities by € 1.1 million (or 1%).

Since the year-end 2009, the share of financial liabilities in the structure of sources fell by 0.7 percentage point to 45.3 percent, while the share of capital in the Liabilities structure of sources rose by 1.5 percentage point to the level of 40.1 percent.

1.3. Investments in fixed assets

In accordance with the plan for the year 2010 that restricts investment only to the completion of the investment in fixed assets that were already started in the past, the investments by the **Intereuropa Group** totalled € 1,027 thousand, thereof 140 thousand in real estate and 887 thousand in plant and equipment. The annual plan of investments was completed to the level of 12 percent.

Table 7: Overview of Investment in January-March 2010, in thousand €

Company	Real property		Plant & Equipment		TOTAL		% of annual realiz. plan
	Plan	Realiz.	Plan	Realiz.	Plan	Realiz.	
Intereuropa d.d.	560	0	705	66	1,265	66	5
Subsidiaries	3,343	140	4,018	821	7,361	961	13
GROUP TOTAL	3,903	140	4,723	887	8,626	1,027	12

In the reporting quarter of the year 2010 **Intereuropa d.d.** realized investments in fixed assets in the amount of € 66 thousand, the major part thereof was spent on warehouse equipment for the business unit Dravograd, for the needs of an individual customer.

Subsidiaries (affiliated companies) invested € 961 thousand in fixed assets. The investments in real property of € 140 thousand primarily concern the completion of investments from the preceding year: business premises in Montenegro, logistics centre Dobanovci /Belgrade, logistics centre Samobor/Zagreb in Croatia and the logistics hub Chekhov/Moscow. The largest investments were made in the company Intereuropa Logističke usluge d.o.o., Zagreb, in the purchase of freight vehicles and computer equipment. The company Intereuropa IT d.o.o. invested in intangible assets, such as licences and rights.

1.4. Human Resources Management

Employment trends

On the Group level, the number of employees was further reduced. There were 60 employees less (or 2 percent) than on 31st December 2009. The first quarter of the year closed with 2,436 employees (as of 31.03.2010).

The highest lay-off was recorded in Intereuropa Transport d.o.o. (-23 employees), Intereuropa RTC d.d. Sarajevo (-11) and in Intereuropa d.d. (-13). The changes to number of employees were very small in other companies of the Group.

In total, the employment terminated to 106 employees in the whole Group and 46 employees were recruited, chiefly to substitute the staff members whose labour relationship terminated for any reason. The highest number of newly recruited workforce was recorded in our Russian subsidiary, OOO Intereuropa East, Moscow.

Table 8: Employees in the Intereuropa Group according to countries, as of 31.03.2010

	31.03. 2010	31.12. 2009	Balance 10-09	Index 10/09
Slovenia	1,084	1,121	-37	97
Croatia	606	615	-9	98
Other countries	746	760	-14	98
TOTAL	2,436	2,496	-60	98

The number of students and hired workforce remained at the same level as at the year-end 2009.

Human Resour Development and Training

Table 9: Spending on Training in the reporting term January-March 2010

Actual Jan-Mar 2010 in 1000 €	Plan Jan-Mar 2010 in 1000 €	Index actual/plan	Actual/employee in €	No. of hours	No. of hours / employee
23	65	36	9.5	2,959	1

Note: Training for the information system to support the sales processes (ISPRO) is not included.

The first quarter of the year was marked by **intensive training forms for the information system to support the sales processes (ISPRO)** in Intereuropa d.d. That explains why only 11 percent of employees (compared with 22 percent last year) were involved in other forms of acquiring new skills and knowledge.

The highest volume of training per employee was implemented in the companies Interzav d.o.o. (25 hours), Intereuropa Transport d.o.o. (5 hours), followed by 2 hours and less in other companies. Intensive training forms were attended by 31 employees from Intereuropa Transport d.o.o. who were included in the State-subsidized scheme for workers on leave for a temporary period.

In accordance with our strategy and HR development policy, we focused on the acquiring of:

- **Logistics-based know-how** the share of which is cca. 15 percent higher than same term last year,
- **Health and occupational safety know-how** at approximately same level as year before,
- other **specific and technical skills**.

Compared with the same period last year, fewer hours were dedicated to:

- **Foreign languages**, 7 percent less than in the previous year,
- **Marketing/ sales skills** 14 percent less than in the previous year.

HR-related measures to mitigate the negative outcome of recession and financial crisis

In line with our strict employment policy which satisfied only the most pressing needs for new human resources, we achieved cost efficiency with:

- **Downsizing** the staff, as follows:
 - by restricting the renewal or extending of temporary labour relationships; 14 employees hired under such contracts were laid off;
 - by offering severance pay to older employees who are eligible for compensation from the National Employment Service for the last year(s) before retirement, the labour relationship terminated before time to 7 employees;
- **Restricting the employment under individual service contracts**, 5 employees were dismissed or accepted another job.

Despite cost containment in all areas, we have provided financial aid to 24 employees with inferior financial situation and difficult health condition in total amount of € 15 thousand in the Group (compared to € 11 thousand in the first quarter last year).

Concern for health and occupational safety

Our concern for offering higher standards in occupational health and safety, as well as well-being of our employees, we maintained the conditions underlying for these areas, in particular:

- Health Care and preventive measures,
- compliance of workplace and work environment with requirements,
- improvement of work conditions (modernization of technological procedures),
- Providing the personal protective equipment and dedicated use thereof to comply with requirements.

Health protection: The concern for health and occupational safety is given priority in the entire Group: Our concern for health and safety at work is an indispensable part of work process, along with quality management, towards achieving the envisioned goals and well-being. In the reporting period there were 144 employees in the Group included in preliminary, periodical or special medical check.

Training qualifying for safe work: In accordance with the plan for 2010, particular attention was dedicated to theoretical and practical in-service training for safe work and conduct of work process. All the internal and external training forms on the occupational health and safety and fire safety were implemented. There were 152 employees involved in dedicated training forms.

Injury at work: On the level of the Group, there were 7 employees injured at work. The analysis of risk factors, sources and causes of accidents proved that the injuries occurred mainly due to the personal factor of each individual (lack of attention, improper approach to work, by fault of others, neglecting the use of personal protective equipment, etc.).

Checks and tests of working assets and equipment: Certain risks for injuries or health impairment are involved in handling with working assets and equipment (such as machinery, forklift, lifting equipment/ elevators, gas, electrical and lightning conductor installations, etc.). There were 70 sets of different working assets/ equipment examined and tested in individual organizational units. In certain work processes and equipment the instructions for safe work have been produced or updated.

Fire safety and protection: Particular attention was dedicated to providing sufficient control over fire safety and precautions. Regular inspections of facilities, work environment, active and passive fire-fighting equipment (fire extinguishers and hydrant network, fire detectors, domed smoke and heat vents/exhausts, automatic fire-proof doors, etc.) were conducted in the scope of fire safety and prevention.

The heads or executives of individual organizational units, as well as their superiors and directors are involved in the concern for occupational safety and health. All of them are accountable for the implementation of preventive measures in occupational health and safety, fire safety and the prevention of accident involving dangerous goods.

1.5. Total quality Management

Six companies in the Intereuropa Group hold the certification under the ISO 9001:2008 standard and employ 70 percent of the workforce in the Group work. The first quarter was marked by the external SVK audit of four companies in the Group, after a preliminary AEO audit in Intereuropa d.d.

Maintaining the ISO 9001:2008 Quality Management System

- Yearly QMS reports for the year 2009 were prepared and the measures to improve the QM system were triggered in all six companies. In our report on three certified companies we extended the measures introduced mid year 2009, and decided that Intereuropa Logističke usluge, d.o.o. Zagreb was to undertake certification for its own QM system independently.
- Two quality management manuals were prepared in the Parent Company.

Internal quality of service auditing

Intereuropa d.d. performed a process audit on:

- Warehousing and distribution – 15 recommendations for improvement were given,
- Sea-freight – 8 recommendations for improvement were issued.

Quality control by QM indicators

Table 10: QM indicators for 1. quarter 2010 compared to 1. quarter 2009

	Number of complaints	Number Claims for damages.	Value in € 1000	Approved Value in € 1000	AV/P1 ratio ¹
I-III 2010	198	71	41	6	0.08%
I-III 2009	268	73	50	21	0.23%

The relationship (ratio) between the settled claims for damages and gross margin (P1) according to the data collected is very favourable and has come below 0.10 percent of the contribution ratio P1 for the first time.

External quality of service audit by the certification authority

All the 6 certified companies in the Group have migrated to the ISO 9001:2008 standard already in the first year (2009). In the first quarter 2010, the external audit was already carried out in the Parent Company Intereuropa d.d. and its subsidiaries: Intereuropa Transport d.o.o., Koper, Intereuropa Logističke usluge, d.o.o. Zagreb, and Intereuropa Transport & Spedition, GmbH, Troisdorf.

The audit for **Intereuropa d.d., Intereuropa Transport d.o.o., and Intereuropa, log. usluge d.o.o. Zagreb** was a control audit (the 11th in sequence), which means that it covers the period of one year in the QMS (Quality Management System). The audit was conducted in the following organizational units:

- Intereuropa d.d. - the Managing Board and the supporting functions, the business units (BU) Koper, Celje and Maribor
- Intereuropa Transport d.o.o. – the Management and operational commercial dept.,
- Intereuropa, Logistical Services d.o.o., Zagreb – branch in Split.

Four auditors have confirmed in their reports that our operations are conducted in compliance with the requirements of the ISO 9001 standard. They did not find any non-compliance, however, they issued 25 recommendations for improvement.

Recommendations related in most cases to the implementation of services (10), measuring and analyses (9) and the responsibility of the management (3), to training (2) and document management (1).

¹ The Contribution 1 represents sales revenues deducted by direct costs.

According to the companies, there were 17 recommendations issued to Intereuropa d.d., two joint recommendations for Intereuropa and Intereuropa Transport d.o.o., 7 recommendations for Intereuropa, logističke usluge d.o.o. Zagreb, and one recommendation for Intereuropa Transport d.o.o.

We will prepare an implementation plan for the recommendations accepted on our part; we will substantiate any recommendations not accepted by the end of May. After that date, the measures and recommendations issued will be compiled in a report, reviewed by the Managing Board and forwarded to the certification authority.

Intereuropa Transport & Spedition GmbH, Troisdorf – the external audit performed in the reporting term was of a control character. There was no case of non-compliance found, only one recommendation was issued, concerning an automatic listing of the quotation-issuing process. The unit in Troisdorf was involved in audit, next year the audit is planned for the unit in Stuttgart.

1.6. Creating Value for Shareholders

Key Data on Intereuropa Share IEKG

- **The Company's share capital is divided into 7,209,413 registered no-par-value shares tagged IEKG.**
- **The Intereuropa share was listed on the Ljubljana Stock Exchange in 1998.**
- **Since 2005 it has been included in the Prime Market of the Ljubljana Stock Exchange.**

Table 11: Principal Data on Intereuropa Share IEKG for the term January-March 2010

	Jan-Mar 2010	Jan-Dec 2009
Number of shares*	7,902,413	7,902,413
Number of own shares*	18,135	18,135
Book value of share in €*	17.56	17.34
Net earning per share in €	0.23	-9.05
Data on trading		
Market capitalisation in thousand €*	34,455	44,649
Turnover in thousand €	590	6,621
Average price in € *	4.36	5.65
Weighted average rate in €	5.33	6.85
Average rate in €	5.31	7.02
Highest rate in €	6.13	10.45
Lowest rate in €	4.06	5.20
Capital gain	-22.8%	35.3%

* as of the last day of the accounting period

Book value = capital / (number of ordinary shares – number of own shares)

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

Net earnings per share = net earnings / (number of ordinary shares – number of own shares)

Capital gain = price increase over one year

Share Trading

The total turnover with the IEKG shares in the reporting term amounted to € 590 thousand. The average daily turnover came to € 10 thousand. In the reporting term from 4 January to 31 March 2010, the trading comprised 112,584 IEKG shares, or 1.4 percent of all Intereuropa shares. Compared with the same period a year ago, the turnover was 14 percent lower.

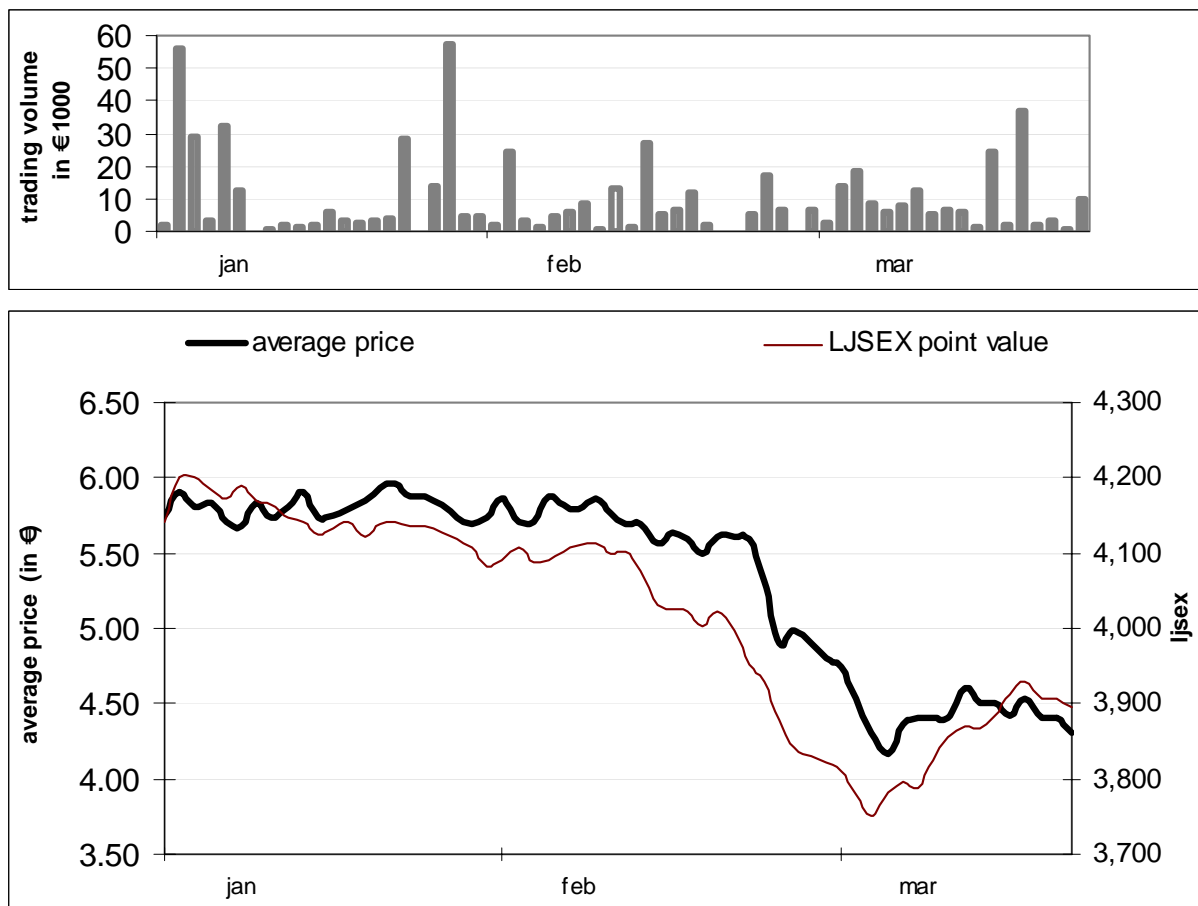


Figure 2: Movements of trading volume and average prices of IEKG share, and of the LJSEX Index in the term January-March 2010

In the given term, the average rate of the Intereuropa share (IEKG) ranged from € 4.17 to 5.96 per share. In the comparable term a year ago the Intereuropa share lost -22.8 percent of value, while the stock exchange index LJ Composite lost -3.8 percent. On the last day of March 2010, the average rate of the IEKG share closed at € 4.36.

Ownership structure

Of major shareholders of Intereuropa d.d., the following have increased their shareholding in the reporting term:

- Abanka Vipava d.d. purchased 18,933 IEKG shares and held 200,233 IEKG shares on 31.03.2010, or a 2.5 percent shareholding. Compared to the shareholding as of 31.12.2009, the bank increased its shareholding by 10.0 percent.
- Finančna družba NLB Skladi – Kombinirani globalni increased its shareholding by a purchase of 14,656 IEKG shares,
- Deželna banka Slovenije d.d. increased its shareholding by 5,442 IEKG shares.

Shares sold in the reporting period:

- The company Finančna družba VS Medvešek Pušnik MP-Global disposed 14,649 IEKG shares, and the mutual fund VS Medvešek Pušnik MP-Balkan.SI disposed its entire shareholding of 8,658 IEKG shares,
- The company Finančna družba Abančna DZU – Delniški Evropa (equity fund) sold 17,168 IEKG shares,
- The company Finančna družba KD Rastko – delniški sklad (equity fund) sold 6,560 IEKG shares and held 80,164 IEKG shares as of 31.03.2010, or a 1.01 percent shareholding.

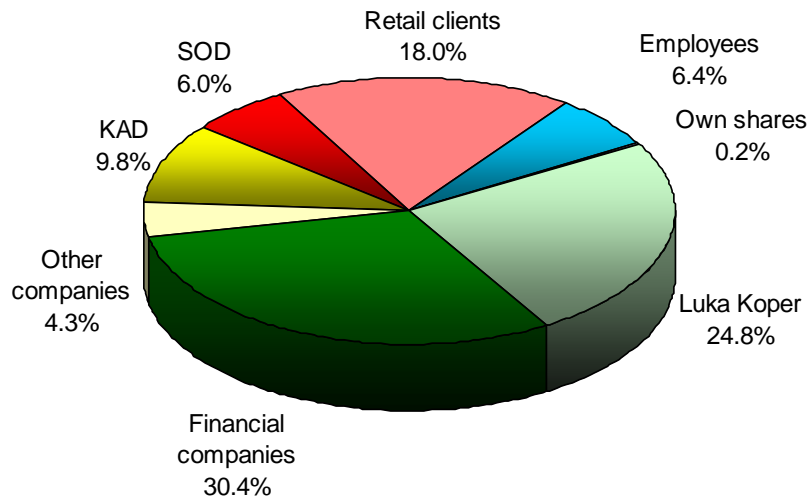


Figure 3: Ownership structure of ordinary shares of Intereuropa d.d. as of 31.03.2010

Table 12: Top ten shareholders of Intereuropa d.d. as of 31.03.2010 compared to 31.12.2009

Curr No.	Shareholder	31.03.2010		31.12.2009		index 10/09
		Number of shares	Share	Number of shares	Share	
1.	Luka Koper d.d.	1,960,513	24.8%	1,960,513	24.8%	100
2.	Kapitalska družba d.d.	719,797	9.1%	719,797	9.1%	100
3.	Slovenska odškodninska družba d.d.	474,926	6.0%	474,926	6.0%	100
4.	KBM Infond d.o.o. UVS Infond Global	313,391	4.0%	313,391	4.0%	100
5.	NFD 1 Delniški investicijski sklad d.d.	304,312	3.9%	304,312	3.9%	100
6.	NLB d.d.	240,000	3.0%	240,000	3.0%	100
7.	Zavarovalnica Triglav d.d.	213,640	2.7%	213,640	2.7%	100
6.	Abanka Vipava d.d.	200,233	2.5%	181,300	2.3%	110
9.	Delniški VS Triglav Steber I d.d.	152,482	1.9%	152,482	1.9%	100
10.	PS Modra linija - Delniški sklad	123,007	1.6%	123,007	1.6%	100

On 31.03.2010, there were 6,428 shareholders entered in the Share Register of Intereuropa d.d., or 53 shareholders less than on 31st December 2009.

Managing Board President Ernest Gortan, M.Sc., and procurator Tatjana Vošinek Pucer did not own any Intereuropa shares on 31.03.2010.

Table 13: Shares held by members of Supervisory Board, as of 31.13.2010

Supervisory Board	Number of shares	Shareholding in %
Bruno Korelič, president of the Supervisory Board	10	0.000
Maksimilijan Babič, Deputy President of the Supervisory Board	100	0.001
Nevija Pečar, member	4,185	0.053
Maša Čertalič M.Sc., member	99	0.001

Own shares

As of 31st March 2009, Intereuropa was holding 18,135 own shares, which represents 0.2295 percent of all shares of the Issuer. The number of own shares has not changed since 31.12.2009.

The Company does not have any authorized capital and has not increased its share capital stock.

Dividend

In view of accelerated investment cycle and the financial situation in the company Intereuropa d.d., the Managing Board estimates that no dividend distribution is planned for the year 2010.

Informing the shareholders

Press Releases, publications, reports and other information are available to the public through electronic system of electronic information system of the Ljubljana Stock Exchange/ SEOnet (www.seonet.ljse.si), our website (www.intereuropa.si), e-newsletter, press conferences and other media. Our shareholders can e-mail their remarks and proposals to us at: info@intereuropa.si.

2. OPERATION OF THE COMPANY INTEREUROPA D.D.

Tables 14 and 15: Operations of Intereuropa d.d. in January-March 2010, in thousand €

Item / Index	Jan-Mar 2010	Plan 2010	Jan-Mar 2009	Index 2010/plan	Index 2010/2009
Sales Revenue	22,586	24,730	26,787	91	84
Land Transport	9,767	9,627	8,415	101	116
Logistics Solutions	3,141	3,541	3,546	89	89
Intercontinental Transport	8,330	10,309	13,247	81	63
Other Services	1,347	1,253	1,579	108	85
EBITDA*	5,132	1,890	1,890	272	272
Operating Profit or Loss	4,032	632	-144	638	-
Financing Profit or Loss	-1,852	-1,505	78	123	-
Net Profit or Loss	1,777	-873	-69	-	-
Sales revenues per employee/month	9.565	10.233	10.207	93	94
Value added per employee/ month	4.097	2.709	2.549	151	161

* EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation

Item / Index	31.03. 2010	Plan 31.12.2010	31.12. 2009	Index 2010/plan	Index 2010/2009
Balance Sheet Total*	372,801	395,622	410,132	94	91
Equity*	138,483	160,670	136,674	86	101
Short-term assets/Short-term liabilities*	0.55	1.40	0.78	39	71
Net Return on Equity (yearly level) **	-1.35%	-3.12%	-0.18%	43	750

* as of the last day of the reporting period ** average capital of the report. period

Highlights on the performance of Intereuropa d.d. in January – March 2010:

- The **sales revenues** amounted to **€ 22.6 million** and were 9 percent behind the plan and 16 percent below the last-year's figures. If the disposal of the UPS product was excluded for the sake of comparison, the intermediate decline in the sales revenues would come to 10 percent. Of all the business segments, Land Transport was the best performing: it was 1 percent above the plan and surpassed the comparable last year's figure by 16 percent. The highest drop in the sales was recorded in the Intercontinental Transport (-37 percent, if the sale of the UPS product was excluded, the drop would be -28 percent).
- The **operating result came to € 4.0 million** and exceeded the plan considerably, which can be largely attributed to the profit from the sale of property at Šmartinska cesta, Ljubljana (€ 3.7 million). For the sake of comparison between the periods in 2010 and 2009, if we excluded the sale and reversal of provisions for lawsuits (€ 162 thousand), the Company would achieve an operating profit of € 138 thousand in 2010, or € 775 thousand more than in the year 2009, but still € 494 thousand below the plan. If we further exclude the part of operations of the UPS product 2009, the operating result would be € 832 thousand better than in the same term 2009.
- The **financial result** for the reporting period was **€ -1.9 million** and below the plan mainly on account of the revaluation of the financial instrument for hedging against the interest rate risk (without these expenses, the result would be € -1.1 million).
- The **Net Profit/Loss** for the period came to **€ 1.8 million**, however, if all the a.m. one-off transactions in 2010 were excluded, it would amount to € -1.4 million.
- The **sales-efficiency ratio** has not achieved the plan yet, but is improving.
- In the structure of Assets, the **share of capital** represents 37 percent (33 percent as at 31.12.2009), and the **current ratio** was 0.55 (compared to 0.78 percent as at 31.12.2009).

3. OPERATION OF THE SUBSIDIARY OOO INTEREUROPA-EAST, MOSCOW

The outcome of the economic recession 2009 was adverse for the operating results of OOO Intereuropa-East, Moscow, too.

Car logistics

The car-handling logistics was worst hit by the recession. Two significant customers (GM and Boston Kontinental) took effective cost-cutting measures and slashed their expenses for logistics, including the inventories. At the end of March, the quantities of their cars in the terminal was below 3,000, which is even less than at the time of the launch of terminal.

As a result, the sales revenues in February and March dropped by 8 or 7 percent, respectively. We expect that the negative trends could continue till mid year 2010. The company has intensified its sales activities among all car-makers who are dealing in the Russian market.

Land Transport

The sales revenue from Land Transport have been greatly improved. In March they were twice as high as in January, and 12 percent higher than in February. A growth of retail prices was perceived in the market, which is expected to continue in the next quarter of the year. We have also concluded several contracts with large companies directly, such as FM Logistic for refrigerated transports that are about to start in May. Along with that we have adopted measures to reduce the fuel and technical maintenance.

Logistics Solutions

In both segments, the car-handling logistics and logistics solutions, we have felt the adverse consequences of the recession, which reflected on the demand side where the majority of potential customers were looking for hiring storage facilities in stead of purchasing the entire storage service from us. Another difficulty we face in acquiring new customers include numerous technical insufficiencies within the storage facilities, e.g. insufficient power supply.

Tables 16 and 17: Operations of OOO Intereuropa-East, Moscow, January - March 2010, in thousand €

Item / Index	Jan-Mar 2010	Plan 2010	Jan-Mar 2009	Index 2010/plan	Index 2010/2009
Sales Revenue	1,248	3,263	934	38	134
Land Transport	249	1,236	84	20	296
Logistics Solutions	115	383	0	30	-
Intercontinental Transport	884	1,614	830	55	107
Other Services	0	31	20	0	0
EBITDA*	-306	492	-359	-	85
Operating Profit or Loss	-809	-390	-550	207	147
Financing Profit or Loss	6,965	-1,289	-3,321	-	-
Net Profit or Loss	4,969	-1,730	-3,850	-	-
Sales revenues per employee/month	2.689	4.596	2.451	59	110
Value added per employee/ month	0.621	1.530	0.619	41	100

* EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation

Item / Index	31.03. 2010	Plan 31.12.2010	31.12. 2009	Index 2010/plan	Index 2010/2009
Balance Sheet Total*	108,730	134,873	133,637	81	81
Equity*	26,454	38,668	19,622	68	135
Short-term assets/Short-term liabil.*	0.46	0.23	0.54	201	86
Net Return on Equity (yearly level) **	100.07%	-15.18%	-132.76%	-	-

* as of the last day of the reporting period ** average capital of the report. period

In the first quarter 2010 the Company achieved a positive operating profit before tax, € 6,156 thousand, which is a result of the financing activity.

The financing result is € 6,965 thousand. The total financial result comprises interest expenses of € -151 thousand and a revenue of € 7,649 thousand from foreign exchange gains from the liabilities for loans and interest. The exchange rate of the rouble gained 8.5% against the Euro in the reporting term.

Under the International Financial Reporting Standards and the accounting policy of the Group, the portion of interest (€ 818 thousand) that stand for the borrowing expenses for the investment in LC Chekhov was capitalized and increased the procurement value of the facilities not activated yet.

It should be noted that when comparing the values achieved and planned, the planned exchange rate (46,00 rub/€) varies from the actual average exchange rate (41,30 rub/€) by 10,2 percent. The Company achieved a negative EBITDA € -306 thousand, which is attributable to non-achievement of the target sales revenue. Otherwise, it is typical of the first quarter in the year to record the worst sales result, the highest cost of materials and services (due to winter season) and labour costs (digressive account of levies for social security and pension insurance).

Lower depreciation values (than the plan) with a variance of € -379 thousand and of property tax (under Other operating expenses) – with a variance of € -14 thousand are a consequence of the impairment of buildings at the end of 2009.

C. FINANCIAL REPORT

The unaudited concise financial statements of the Parent Company and the consolidated financial statements for the Group are prepared in accordance with the law and the International Financial Reporting Standards (IFRS).

The same accounting guidelines were applied in the consolidated financial statements as in those of the Parent Company, as indicated in the Accounting Report for the financial year 2009.

The form and classification of items in the income statement entirely corresponds to the Income Statement for the year 2009. Considering the published Income Statement for the comparable term, we undertook a reclassification of the following items (as well as of comparable data):

- The revenue from the elimination (reversal) of allowances for receivables and collected written-off receivables, and the revenues from write-offs of operating liabilities were transferred from the item Other Operating Revenues to the Financial Revenue item,
- The cost of materials was transferred from the item Cost of Services and Materials to the item Other Operating Expenses, and
- The expenses arising from impairment and write-downs/-offs of tangible (property, plant and equipment) and intangible fixed assets were transferred from the item "Amortisation and other write-downs/-offs" to the item "Other Operating Expenses".

Compared with the same period last year, this year the company Intereuropa Transport & Spedition GmbH, Lebring is excluded from the Group due to disposal in the preceding year.

THE MANAGING BOARD STATEMENT

The Managing Board hereby confirms that the the financial report of the company Intereuropa, Global Logistics Service, Ltd. Co. and the Intereuropa Group, to their best knowledge, is compiled in compliance with the appropriate framework of financial reporting and that it presents a true and fair account of assets and liabilities, financial position, and the income of the company Intereuropa, Global Logistics Service, Ltd. Co. and other companies included in the consolidated statements. The business report includes a fair account of information on relevant transaction with associated persons, and it is compiled in compliance with the relevant accounting standard.

INTEREUROPA d.d.
The Managing Board

1. FINANCIAL REPORT FOR THE INTEREUROPA GROUP

1.1. Unaudited Financial Statements of the Intereuropa Group

CONSOLIDATED INCOME STATEMENT FOR INTEREUROPA GROUP

1 January – 31 March 2010

in € thousand	January - March 2010	January - March 2009
Sales revenues	44,321	48,858
Other operating revenues	4,298	1,032
Costs of services	26,534	29,668
Labour costs	10,217	11,899
Depreciation	3,535	3,550
Other operating expenses	3,907	3,820
Operating profit/loss	4,426	953
Financial income	7,816	1,202
Financial expenses	4,138	5,041
Profit/loss from financial operations	3,678	-3,839
Result recognized according to equity method	2	24
Profit/loss from regular operations	8,106	-2,862
Corporate income tax (with deferred tax)	1,744	121
Net profit /loss for the period	6,362	-2,983
Net profit or loss / non-controlling interest	124	142
Net profit or loss / controlling interest	6,238	-3,126
Basic and diluted earnings per share (in €)	0.79	-0.40

CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF INTEREUROPA GROUP
as at 31 March 2010

in € thousand	31. 3. 2010	31. 12. 2009
ASSETS		
Tangible fixed assets	382,771	377,910
Investment property	6,965	7,025
Intangible assets	9,750	9,491
Other non-current operating assets	469	517
Deferred tax assets	6,747	7,845
Loans given and deposits	94	80
Investment in a jointly controlled company	150	148
Other financial investments	3,837	3,805
TOTAL NON-CURRENT ASSETS	410,783	406,821
Available-for-sale assets	6,527	10,180
Inventories	232	203
Loans given and deposits	1,192	2,764
Other financial investments	0	5
Short-term operating receivables	65,385	63,080
Short-term income tax receivables	802	899
Cash and cash equivalents	6,667	5,318
TOTAL CURRENT ASSETS	80,805	82,449
TOTAL ASSETS	491,588	489,270
CAPITAL		
Capital - controlling interest	186,907	178,705
Share capital	32,976	32,976
Treasury shares	-180	-180
Reserves	115,881	113,900
Retained earnings	38,230	32,009
Capital - non-controlling interest	9,986	10,098
TOTAL CAPITAL	196,893	188,803
LIABILITIES		
Provisions	3,510	3,804
Long-term borrowings	107,466	107,009
Other long-term financial liabilities	2,830	2,206
Long-term operating liabilities	390	288
Deferred tax liabilities	19,016	18,834
TOTAL NON-CURRENT LIABILITIES	133,212	132,141
Short-term borrowings	112,088	115,481
Other short-term financial liabilities	452	465
Short-term operating liabilities	48,902	52,325
Short-term income tax liabilities	41	55
TOTAL CURRENT LIABILITIES	161,483	168,326
TOTAL LIABILITIES	294,695	300,467
TOTAL CAPITAL AND LIABILITIES	491,588	489,270

1.2. Notes to Unaudited Financial Statements of Intereuropa Group

a) Notes to CONSOLIDATED INCOME STATEMENT

Sales revenues amounting to € 44,321 thousand represent the revenues from services rendered. Compared to the same term last year, these Revenues were by € 4,537 thousand lower, while the **costs of services** were cut by € 3,134 thousand.

Other Operating Revenues amount to € 4,298 thousand. The major part of them (€ 3,849 thousand) relates to the profits gained from the disposal of property items which were on the comparable cut-off date shown among the Assets available for sale, and to the proceeds from the disposal of other tangible fixed assets.

Under **Other operating expenses** amounting to € 3,907 thousand, the Cost of materials (2,916 thousand €) stand for the essential portion.

Financial expenses amount to € 7,816 thousand. The highest share in this item is the net foreign exchange loss (€ 6,996 thousand) and the Revenues from elimination (reversal) of allowances for receivables and collected written-off receivables (€ 631 thousand).

Financial expenses amount to € 4,138 thousand. The highest amounts hereunder are the interest expenses (€ 2,598 thousand), followed by the expenses from derivative financial instruments (€ 789 thousand) and expenses from allowances and write-offs for receivables (€ 751 thousand). In the comparable term last year, the highest items were interest expenses (€ 2,274 thousand) and net foreign exchange losses (€ 2,116 thousand).

In the reporting term, the **Profit or loss from ordinary activities** came to € 8,106 thousand.

Taking into account the tax on corporate profit and deferred taxes, the Group generated the **Net Profit** of € 6,362 thousand.

b) Notes to CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Among **Long-term assets** we recorded the highest rise in **Tangible fixed assets** (€ 4,861 thousand) on the ground of increased foreign exchange gains that were higher than depreciation.

The decline in **short-term assets** was primarily due to the sale of property listed as the **Assets available for sale** (decrease by € 3,653 thousand). The rise was due to the increased short-term operating receivables (by € 2,305 thousand).

On the Group level, the **Capital** amounts to at € 196,893 thousand and represents 40 percent of the liabilities to sources of funding. In the reporting term, it rose primarily on the account of the Net Profit (€ 6,362 thousand and the increase in reserves from translation by € 1,945 thousand).

As of the end of reporting period of the Statement of Financial Position, the Group had € 3,510 thousand of unused **Provisions** and Long-term Deferred Revenues. The prevailing part comprises the provisions for pensions and similar obligations.

The **long-term received loans** amount to € 107,466 thousand. Compared to the cut-off date a year ago, this amount increased by € 457 thousand.

Other Long-term financial liabilities amount to € 2,830 thousand. They are valued at fair value through profit or loss and represent the net present value of the derivative financial instrument for hedging against interest rate risk.

The **Short-term received loans** amounted to € 112,088 thousand and recorded a decrease of € 3,393 thousand.

Short-term operating liabilities amounting to € 48,902 thousand primarily (€ 40,425 thousand) relate to the liabilities to suppliers.

INFORMATION ACCORDING TO BUSINESS SEGMENTS

FOR JANUARY – MARCH 2010

in € thousand	Slovenia		Croatia		Montenegro	
	Jan-Mar 2010	Jan-Mar 2009	Jan-Mar 2010	Jan-Mar 2009	Jan-Mar 2010	Jan-Mar 2009
Revenues from external customers	27,505	31,521	7,487	8,178	1,264	1,755
Revenues from business with other segments	2,720	3,280	172	253	35	11
Total revenues	30,225	34,802	7,660	8,431	1,298	1,766
Depreciation	1,928	2,112	634	708	162	157
Operating profit or loss	4,059	-210	819	1,083	165	97
Revenues from interest rates	1,175	1,640	89	240	12	17
Expenses from interest rates	2,351	1,994	264	367	0	2
Net profit or loss from ordinary activities	2,126	-186	728	537	140	98
Corporate income tax	411	9	107	107	21	13
Assets	394,732	397,144	92,522	76,973	23,710	23,992
Tangible fixed assets under construction	2,316	2,216	87	4,937	527	395
Long-term assets	318,196	259,520	71,615	56,474	20,887	21,311
Operating liabilities	47,148	46,751	12,302	10,543	821	876
Financial liabilities	202,455	191,304	20,238	21,254	286	319
Investment in jointly controlled entities	75	75	0	0	0	0
Revenues from investment in jointly controlled entities	0	109	0	0	0	0

in € thousand	Russia		Others		Group	
	Jan-Mar 2010	Jan-Mar 2009	Jan-Mar 2010	Jan-Mar 2009	Jan-Mar 2010	Jan-Mar 2009
Revenues from external customers	1,248	934	6,771	6,465	44,321	48,858
Revenues from business with other segments	0	0	362	482	0	0
Total revenues	1,248	934	7,133	6,947	44,321	48,858
Depreciation	503	191	308	383	3,535	3,550
Operating profit or loss	-809	-550	193	309	4,426	953
Revenues from interest rates	13	13	5	5	184	413
Expenses from interest rates	164	541	100	146	2,598	2,274
Net profit or loss from ordinary activities	6,156	-3,871	62	45	8,106	-2,862
Corporate income tax	1,187	-21	18	14	1,744	121
Assets	108,730	111,216	42,874	42,366	491,588	447,284
Tangible fixed assets under construction						
Long-term assets	90,001	99,321	35,912	35,156	410,783	351,556
Operating liabilities	18,681	7,787	7,912	7,281	71,859	63,101
Financial liabilities	63,594	103,782	9,407	11,216	295,980	327,875
Investment in jointly controlled entities	0	0	0	0	150	125
Revenues from investment in jointly controlled entities	0	0	0	0	2	24

2. FINANCIAL REPORT FOR INTEREUROPA D.D.

2.1. Unaudited Financial Statements of the Company Intereuropa d.d.

INCOME STATEMENT OF INTEREUROPA d.d.

1 January – 31 March 2010

in € thousand	January - March 2010	January - March 2009
Sales revenues	22,586	26,787
Other operating revenues	3,917	78
Costs of services	15,693	19,309
Labour costs	4,542	5,660
Depreciation	1,100	1,174
Other operating expenses	1,136	867
Operating profit/loss	4,032	-144
Financial income	1,454	2,259
Financial expenses	3,306	2,181
Profit/loss from financial operations	-1,852	78
Profit/loss from regular operations	2,180	-67
Corporate income tax (with deferred tax)	403	3
Net profit/loss for the period	1,777	-69
Basic and diluted earnings per share (in €)	0.23	-0.01

STATEMENT OF FINANCIAL POSITION OF INTEREUROPA d.d.

as of 31 March 2010

in € thousand	31.3.2010	31.12.2009
ASSETS		
Tangible fixed assets	161,914	162,893
Investment property	6,281	6,335
Intangible assets	4,676	4,586
Other non-current operating assets	454	499
Deferred tax assets	3,224	3,628
Loans given and deposits	43,216	20,788
Investment in subsidiaries	82,032	82,032
Investment in a jointly controlled company	75	75
Other financial investments	3,760	3,728
TOTAL NON-CURRENT ASSETS	305,632	284,564
Available-for-sale assets	0	3,684
Inventories	28	24
Loans given and deposits	29,515	82,332
Short-term operating receivables	37,371	38,806
Short-term income tax receivables	112	97
Cash and cash equivalents	143	625
TOTAL CURRENT ASSETS	67,169	125,568
TOTAL ASSETS	372,801	410,132
CAPITAL		
Share capital	32,976	32,976
Treasury shares	-180	-180
Reserves	103,910	103,878
Retained earnings	1,777	0
TOTAL CAPITAL	138,483	136,674
LIABILITIES		
Provisions	1,990	2,169
Long-term borrowings	93,320	93,320
Other long-term financial liabilities	2,647	2,024
Long-term operating liabilities	0	0
Deferred tax liabilities	14,169	14,169
TOTAL NON-CURRENT LIABILITIES	112,126	111,682
Short-term borrowings	98,211	101,065
Other short-term financial liabilities	165	172
Short term operating liabilities	23,816	60,539
TOTAL CURRENT LIABILITIES	122,192	161,776
TOTAL LIABILITIES	234,318	273,458
TOTAL CAPITAL AND LIABILITIES	372,801	410,132

2.2. Notes to the Unaudited Financial Statements of the Company Intereuropa d.d.

a) Notes to INCOME STATEMENT

The Sales revenues amounting to € 22,586 thousand represent the revenues from services rendered. Compared to the same term last year, these Revenues were by € 4,201 thousand lower, while the costs of services were cut by € 3,616 thousand.

Other Operating Revenues amount to € 3,917 thousand. The major part of them (€ 3,731 thousand) relates to the profits gained from the disposal of property items which were on the comparable cut-off date shown among the Assets available for sale, and to the proceeds from the disposal of other tangible fixed assets.

Under **Other operating expenses** amounting to € 1,136 thousand, the Cost of materials (664 thousand €) stand for the highest portion.

Financial expenses amount to € 1,454 thousand. The major part (€ 1,168 thousand) is interest expenses.

Financial expenses amount to € 3,306 thousand. The highest amounts hereunder are the interest expenses (€ 2,304 thousand), followed by the expenses from derivative financial instruments (€ 759 thousand) and expenses from allowances and write-offs for receivables (€ 226 thousand) and net foreign exchange losses (€ 17 thousand).

In the reporting term, the **Profit or loss from ordinary activities** came to € 2,180 thousand.

Taking into account the tax on corporate profit and deferred taxes, the Company generated the **Net Profit** of € 1,777 thousand.

b) Notes to STATEMENT OF FINANCIAL POSITION

The **Property, plant and equipment** decreased mainly on account of depreciation.

In the **Long-term loans granted** we recorded an increase of € 22,428 thousand. The prevailing portion of the increase (€ 17,800 thousand) relates to refinancing of short-term loans into long-term loans granted to the affiliated companies.

The **Assets available for sale**, which amounted to € 3,864 thousand as at 31 December 2009 and comprised real property held for sale, were all sold.

In **Short-Term Operating Receivables**, there was a decrease in the item Short-term receivables due from customers outside the Group (by € 2,273 thousand).

The **capital** expresses equity financing of the Company and is regarded as its liability to the owners. As of 31.03.2010, it amounts to 37 percent of all liabilities in broader sense.

As of the end of reporting period of the Statement of Financial Position, the Company had € 1,990 thousand of unused **Provisions** and Long-term Deferred Revenues. The prevailing part comprises the provisions for pensions and similar obligations.

The **Long-term loans received** amount to € 93,320 thousand and remained on the same level as on the comparable cut-off date a year ago.

Other Long-term financial liabilities amount to € 2,647 thousand. They are valued at fair value through profit or loss and represent the net present value of the derivative financial instrument for hedging against interest rate risk.

Short-term operating liabilities of € 23,816 thousand primarily relate to the liabilities to suppliers. Short-term operating liabilities to the companies in the Group decreased primarily as a result of the settled liability for the capital increase of the affiliate OOO Intereuropa East, Moscow.

D. CONCLUSION

The logistics industry is directly subject to changes in the level of economic activity. Despite an improvement in the economic sentiment indicators in the initial months of the current year, no accelerated recovery trend has been felt in the economies of Europe and Slovenia yet. In the key markets of the Intereuropa Group, in the South-East of Europe, where we command the largest market shares, the economic activity was still fairly moderate during the past period.

The Intereuropa Group recorded **€ 44.3 million of sales revenue** in the first quarter of the year 2010, which was 11 percent behind the sales target. Compared with the same period a year ago, the sales revenues achieved in the reporting term was 9 percent lower. If a part of the UPS product sales in the year 2009 was excluded for the sake of comparison, this reduction would come to 5 percent. The most successful segment in the Group was Land Transport, with a 6 percent higher result than a year ago, but still 6 percent below the target. The decline in the car logistics and in the UPS product operations were the main reasons for the highest fall (34 percent) in the sales in the Intercontinental Transport. After the UPS product was excluded – this product is only marketed in Bosnia and Herzegovina now, the Intercontinental Transport saw a drop of 24 percent.

In accordance with the business plan for the year 2010, which restricts investments only to the completion of investments in property, plant, and equipment that were started in the past, we realized the investments in the amount of € 1.0 million.

In the first quarter of the year 2010 the Group achieved **€ 8.0 million as Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)**, and exceeded the planned result by 24 percent. The **operating result** at the end of the reporting period came to **€ 4.4 million** and was twice higher than the plan. If the effects of one-off transaction - the sale of property at Šmartinska cesta in Ljubljana (€ 3.7 million) in the year 2010 and the proceeds from the sale of fixed assets in the year 2009 were excluded, the EBITDA would be 6 percent lower and the operating result 41 percent higher than a year ago. If we further exclude the part of operations of the UPS product from the operating result 2009, the profit /loss on the Group level would be € 0.7 million and 66 percent better (€ +0.3 million) than in the same term of 2009.

The **Financing profit or loss** for the reporting period came to **€ 4.7 million**. Among the financial revenues we recorded € 7.0 million revenues from foreign exchange differences (the company Intereuropa East, Moscow), and on the expenses side there were € 0.8 million of expenses from revaluation of financial instruments for hedging against interest rate risk. If we excluded these two transactions, the financing result would come to € - 2.6 million.

The **Profit or Loss from ordinary activities** in the reporting term came to **€ 8.1 million** and the **net profit** after taxes was **€ 6.4 million**.

The Company's **Balance Sheet Total** at the end of reporting period was **€ 492 million** and has not changed essentially since the year-end 2009. Since the year-end 2009, the share of financial liabilities in the structure of sources fell by 0.7 percentage point to 45.3 percent, while the share of capital in the Liabilities structure of sources rose by 1.5 percentage point to the level of 40.1 percent.

In March we informed the Supervisory Board on the "Strategic business plan of Intereuropa Group for the term 2010 – 2014", in which we outlined the **strategic goals up to the year 2014:**

- ensure financial stability through divestment, de-leverage, 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 comprehensive 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 the consolidated 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 core business.

INTEREUROPA d.d.
President
of the Managing Board

Ernest Gortan

