

INTEREUROPA GROUP

Intereuropa, Global Logistics service, Co. Ltd.



***Summary of the Annual
Report of
INTEREUROPA Group
for 2007***



Intereuropa[®]

Global Logistics Service

Koper, may 2008

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1. Introductory notes

In accordance with the provisions of the Ljubljana Stock Exchange Rules (Ljubljanska borza d.d.) and the Financial Instruments Act (ZTFI, published in Official Gazette of RS, No. 67/07) the Company INTEREUROPA, d.d., is publishing the Summary of the Annual Report with audited financial statements 2007.

The Company INTEREUROPA d.d. has its registered office at Vojkovo nabrežje 32, 6000 Koper.

The Annual Report of the Intereuropa Group for the financial year 2007, incl. the Summary of the Annual Report, is available at the Company's head-office at Vojkovo nabrežje 32, 6000 Koper, every workday between 08.00 and 14.00. Summary will be published at the Company's web site www.intereuropa.si, from 30 April 2008 onwards.

The Annual Report was endorsed by the Supervisory Board of INTEREUROPA d.d. at its ordinary session on 17 April 2008.

The financial statements of INTEREUROPA d.d. and the consolidated financial statements of the INTEREUROPA GROUP for the financial year 2007 were audited by certified Auditors DELOITTE REVIZIJA d.o.o., Dunajska cesta 9, Ljubljana, which issued its unqualified opinion (without reservation) to the resp. financial statements.

Auditor's Report for the financial statements was received on 8 April 2008.

As required by the regulations, the Annual Report will be submitted to the Agency of the Republic of Slovenia for Public Legal Records and Services.

The Audit Company DELOITTE REVIZIJA d.o.o. has audited the Balance Sheet of the Company Intereuropa d.d. as of 31st December 2007 and the related Income Statement (Profit or Loss), Cash Flow Statement, Capital Flow Statement, and the Notes to the Financial Statements for the year 2007, and the consolidated Balance Sheet of the Intereuropa Group as of 31st December 2007 and the related Income Statement, Cash Flow Statement, Statement of Changes in Equity, and the Notes to the Consolidated Financial Statements for the year 2007; the Auditors have issued unqualified opinion (without reservation) to financial statements.

Intereuropa d.d. publishes its significant and other information on the web, both at the SEOnet www.seonet.ljse.si, and at the website of Intereuropa d.d. www.intereuropa.si.

Notes on the changes between the audited and unaudited financial statements of the Intereuropa Group and of Intereuropa d.d.

Changes in the audited financial statements with respect to unaudited financial statements of Intereuropa d.d. and the Intereuropa Group pertain to presentation (rearrangement) of items in Statement of Changes in Equity. Increased surplus from revaluation of investments in audited financial statements is higher for EUR 251 thousand compared to unaudited financial statements. Transfer of revaluation surplus to revenues decrease is higher for equal amount. Closing balance of surplus from revaluation is equal to that in unaudited financial statements.

In both audited consolidated and non-consolidated Balance Sheet an intermediate sum of Current assets without accrued revenues and deferred expenses is shown.

Change in presentation of this item does not affect value of total balance assets of the Company Intereuropa d.d. or Intereuropa Group.

2. Companies in the Intereuropa Group

Consolidated financial statements as at 31 December 2007 comprised the parent company Intereuropa d.d. and the following subsidiaries:

in 000 €	Country of head office	Used Exchange Rates	% of ownership as at 31 Dec. 2006	% of ownership as at 31 Dec. 2007	Total capital at 31 Dec. 2007	Net profit/loss for 2007	Attributable net profit/loss for 2007
DIRECT SUBSIDIARIES OF THE PARENT COMPANY INTEREUROPA d.d.							
Intereuropa Transport d.o.o., Koper	Slovenia	€	100	100	6,633	121	121
Interagent, d.o.o., Koper	Slovenia	€	100	100	897	172	172
Intereuropa IT, d.o.o., Koper	Slovenia	€	100	100	1,659	323	323
Interzav, d.o.o., Koper	Slovenia	€	71.28	71.28	157	100	71
Intereuropa, logističke usluge, d.o.o., Zagreb	Croatia	HRK	99.96	99.96	38,484	2,556	2,555
Intereuropa Sajam, d.o.o., Zagreb	Croatia	HRK	51	51	2,353	791	403
Intereuropa Skopje, DOO Skopje	Macedonia	MKD	99.56	99.56	1,377	177	176
Intereuropa RTC d.d. Sarajevo	Bosnia & Herzegovina	BAM	89.29	89.29	9,593	267	238
OOO Intereuropa-East, Moscow	Russia	RUB	100	100	7,314	-2,589	-2,589
AD Intereuropa - logistic services Belgrade	Serbia	RSD	73.62	73.62	4,558	2	1
Intereuropa S.A.S., Saint Pierre de Chandieu	France	€	67.60	67.60	177	29	20
TOV TEK ZTS d.o.o., Užgorod	The Ukraine	UAH	66.67	66.67	26	-312	-208
Intereuropa Transport & Spedition GmbH, Troisdorf	Germany	€	90.48	90.48	185	32	29
Intereuropa Kosova L.L.C., Prishtina	Serbia	€	90	90	16	-14	-13
Zetatrans A.D. Podgorica	Montenegro	€	-	67	25,508	182	121
TOV Intereuropa - the Ukraine, Kiev	The Ukraine	UAH	-	100	10,758	-67	-67
TOV DDT, Onakivci	The Ukraine	UAH	-	100	1,377	-5	-5
INDIRECT SUBSIDIARIES OF THE PARENT COMPANY INTEREUROPA d.d.							
Intereuropa Transport DOOEL Skopje	Makedonija	MKD	99.56	99.56	7	-2	-2
ITAR d.o.o., Zagreb	Hrvaška	HRK	-	99.96	59	3	3
An associated company and a jointly controlled company were consolidated in the Group in 2007 according to the capital method:							
ASSOCIATED COMPANY							
AC - Interauto d.o.o., Koper	Slovenia	€	40	40	-333	-144	-58
JOINTLY CONTROLLED COMPANY							
Intereuropa-FLG, d.o.o., Ljubljana	Slovenia	€	50	50	343	200	100

3. Company profile

Parent company

Abbreviated firm name	Intereuropa d.d.
Country of the parent company	Slovenia
Registered office of the parent company	Vojkovo nabrežje 32, 6000 Koper
Company ID number	5001684
Tax number	56405006
Bank Accounts	10100-0000006785 at Banka Koper d.d., Koper 03135-1005943869 at SKB banka d.d., Ljubljana 04750-0001009045 at Nova KBM d.d., Nova Gorica
Entry in the register of companies	Registered with the Koper District Court, file No. 1/00212/00
Share capital	EUR 32,976,185.11
Number of issued and paid-up shares	7,902,413 regular stocks
Shares listing	IEKG is listed in the Prime Market of the Ljubljana Stock Exchange
Management Board	Andrej Lovšin, M.Sc., President of the Management Board Zvezdan Markežič, Deputy President of the Management Board Ondina Jonke, Member of the Management Board – Human Resources Executive
President of the Supervisory Board	Boštjan Rigler

Intereuropa Group

Number of employees	2671
Vehicle fleet	611 company-owned trucks and other delivery vehicles
Total warehousing area	223,660 qm of own warehouse facilities
Total land area	2,211,003 qm
Membership in international organizations	FIATA, IATA, FETA, FONASBA, BIMCO, IRU
Quality certificates	ISO 9001:2000 certificate for providing logistics services in the parent company Intereuropa d.d., Koper and its subsidiaries Intereuropa, Logističke usluge, d.o.o., Zagreb, Intereuropa Transport d.o.o., Koper, and Intereuropa RTC d.d. Sarajevo ISO 9001:2000 certificate for providing Shipping Agency services in the controlled Company Interagent, d.o.o., Koper
Own branch network	Slovenia, Croatia, Serbia, Bosnia and Herzegovina, FYR Macedonia, Montenegro, Austria, Germany, France, Ukraine, Russia

4. Key achievements in 2007

Intereuropa d.d.

Table: INCOME STATEMENT (in '000 €)

	2004*	2005	2006	2007	I 07/06
Net sales	125,174	117,747	124,476	143,386	115
Earnings Before Interest, Taxes, Depreciation and Amortization	8,479	7,581	7,008	6,637	95
Operating loss from ordinary activities	9,993	9,800	6,337	21,997	347
Net profit or loss	8,221	7,267	4,659	19,383	416
Added value	30,911	26,483	28,070	30,249	108
Net earnings per share (in EUR)	1.04	0.92	0.59	2.45	416
Gross dividend per share (in EUR)	1.00	1.00	1.04	1.83	176

* Income statement was prepared in accordance with the SAS.

Table: BALANCE SHEET (in '000 EUR)

	2004*	2005	2006	2007	I 07/06
Total assets	199,598	209,197	226,678	313,071	138
Non-current assets	162,015	172,304	160,009	253,616	159
Current assets	35,060	35,389	66,669	59,455	89
Capital	147,935	162,960	165,905	159,127	96
Average capital**	142,108	161,571	162,103	152,825	94
Financial and Operating Liabilities	40,996	44,598	59,324	152,110	256

* Balance sheet was prepared in accordance with the SAS.

**Capital does not include net profit or loss for the business year.

Table: EMPLOYEES (per hours paid)

	2004	2005	2006	2007	I 07/06
Number of employees	1,046	895	892	918	103

Table: PERFORMANCE INDICATORS

	2004*	2005	2006	2007	I 07/06
Net return on equity	5.8%	4.5%	2.9%	12.7%	441
Net return on assets	4.1%	2.2%	2.1%	7.2%	336
Productivity (in €)	109.70	122.23	137.29	162.47	118
Net return on revenues	6.0%	5.6%	3.5%	11.3%	318

*Data calculated in accordance with the SAS.

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

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

Productivity: net sales revenues and other operating revenues/number of employees

Net return on revenues: net profit or loss/revenues

Values presented in accordance with the IFRS for the years 2005, 2006 and 2007.

Used exchange rate for the period from 2004 to 2006: EUR 1 = SIT 239.64

Intereuropa Group

Table: INCOME STATEMENT (in '000 €)

	2004	2005	2006**	2007	I 07/06
Net sales	212,911	206,536	208,002	235,499	113
Profit/loss before interest, taxes and depreciation (EBITDA)	15,951	17,031	18,239	25,974	142
Operating loss from ordinary activities	13,265	13,212	10,034	33,528	334
Net profit or loss	10,680	9,599	6,742	26,477	393
Added value	57,277	55,065	56,361	70,068	124
Net earnings per share (in EUR)	1.31	1.17	0.81	3.30	408
Gross dividend per share (in EUR)	1.00	1.00	1.04	1.83	176

Table: BALANCE SHEET (in '000 EUR)

	2004	2005	2006**	2007	I 07/06
Total assets	272,456	265,793	289,830	408,571	141
Non-current assets	211,268	201,657	187,485	320,187	171
Current assets	57,948	62,307	102,345	88,384	86
Capital	177,545	176,057	181,340	186,154	103
Average capital*	158,160	172,001	175,327	170,509	97
Financial and Operating Liabilities	90,333	86,317	105,885	219,113	207

*Capital does not include net profit or loss for the business year.

Table: EMPLOYEES (per hours paid)

	2004	2005	2006**	2007	I 07/06
Average number of employees	2,260	2,118	2,129	2,343	110
Number of employees in subsidiaries	1,215	1,223	1,238	1,425	115

Table: PERFORMANCE INDICATORS

	2004	2005	2006**	2007	I 07/06
Net return on equity	6.8%	5.6%	3.8%	15.5%	404
Net return on assets	4.2%	2.4%	2.4%	7.6%	317
Productivity (in €)	95.02	99.73	98.73	103.56	105
Net return on revenues	4.7%	4.4%	3.1%	9.8%	314

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

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

Productivity: net sales revenues and other operating revenues/number of employees

Net return on revenues: net profit or loss/revenues

Used exchange rate for the period from 2004 to 2006: EUR 1 = SIT 239.64

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

5. Major events in 2007

January

- The company A.D. Interjug-AS started operating under a new name: A.D. Intereuropa logističke usluge, Belgrade.
- On 19 January, on the sixteenth Annual General Meeting, the shareholders of Intereuropa d.d. adopted a resolution on the dismissal of the Member of the Supervisory Board Anton Može, and elected a new Member Emerik Eržen.
- On 24 January Intereuropa held a business meeting titled “*Kosovo – a New Challenge for Leading Slovenian Economists*”, and invited numerous economists who share the interest of entering the Kosovo market, or are interested in cooperation with partners from Kosovo.
- On 26 January, the Supervisory Board of Intereuropa d.d. adopted the Resolution on the conversion of the company’s share capital into EUR, and on the adjustment of the Statute in this respect – the amount of the registered capital.
- On 28 January, the Management Board informed the Supervisory Board of Intereuropa d.d. on the economic eligibility of the investments into the logistic centres in Moscow Čechov and Kiev.
- In January Intereuropa acquired a share in the company ITAR d.o.o., Zagreb.

February

- In February, Intereuropa sold its 8.33 per cent interest in the bank Banka Koper d.d. to Intesa Sanpaolo S.p.A.

March

- On 13 March, Intereuropa held a celebration of its 60th Anniversary, hosting its business partners and customers from all countries in Avditorij Portorož.

April

- On 11 April, Intereuropa d.d. took part in the conference “*Days of Slovenian Capital*” that was arranged by the Ljubljana Stock Exchange and the Clearing Depository Company (KDD) in order to promote the best Slovenian companies and invite domestic investors.
- In April Intereuropa responded to the request of Health Centre Koper and donated 3,000 euros to help them purchase a new EMG apparatus.
- On 18 April, we completed the first phase of the new product – a direct overseas consolidation from the Far East, with a direct connection between Singapore and Koper.
- On 23 April, we organised a free despatch and transportation of sanitation materials and medicines from Brnik airport to Nangoma in Zambia to support a three-month expedition with humanitarian aid and medical assistance “Zambia 2007”.

May

- On 7 May, Intereuropa sponsored a conference on logistics “*Supply Chains Going Global*”, held at Brdo pri Kranju.
- On 13 May, traditional international nautical fair “*Internautica 2007*” in Portorož was closed, where Intereuropa was presented as the provider of ad hoc vessel transport services.
- On 22 May, we organised the “*Intereuropa Business Conference*” in Sarajevo (BiH), attended by numerous reputable participants representing the political, technical and economic public from Slovenia, Croatia and Bosnia and Herzegovina.
- On 24 May, we opened a specialized Coldstore Facility with controlled temperature regime in Maribor, a branch of our logistics solutions branch.

June

- On 1 June we acquired 100 per cent share in the company TOV Intereuropa – Ukraine, Kiev.
- Between 8 – 10 June, Sarajevo was the venue of the 23rd traditional sports games and socializing event, called “*Intereuropiada*”, which is held every year.

- 22 June, Belgrade – Dobanovci, Serbia: opening ceremony of the new modern logistics centre with 8,600 qm.
- July**
- On 6 July, the shareholders of Intereuropa d.d. gathered in the 17th Annual General Meeting, adopted the Annual Report for 2006, along with Auditor's Opinion and the Report by the Supervisory Board confirming the Annual Report.
- August**
- In August, the Management Board adopted the Resolution on wage adjustment tied to the inflation rate by 2.5, following an earlier agreement with the Representative Trade Union ŠAK.
- September**
- On 11 and 12 September we presented our Group in two events “*Slovenian Capital Market*”, held abroad – in Milan and in Vienna.
 - On 19 September, Intereuropa hosted the opening ceremony of the new logistics centre in Samobor near Zagreb, one of the most advanced logistics facilities within the Intereuropa Group with 43,744 qm.
 - We responded to the initiative of the Primorska Regional Chamber of Commerce and Industry and donated EUR 10,000 for the recently flood-stricken areas in Slovenia.
- October**
- On 1 October, Intereuropa d.d. signed the contract on a capital takeover with the majority owners of the Montenegrin company Zetatrans A.D. Podgorica. Intereuropa became a majority owner of shares of the company Zetatrans A.D. Podgorica.
 - On 1 October Intereuropa became owner of the company TOV DDT, Onakivci.
 - On 12 October Intereuropa hosted economic advisors of Slovenia embassies abroad. The meeting was organized upon initiative of the Ministry of the Economy.
 - Between 15 – 17 October, we made a presentation in the »*Investors Conference in Moscow*«. This conference was an opportunity for Russian businessmen to establish business contacts with companies from Austria and CEE countries.
- November**
- On 21 and 22 November we presented our company in the HR fair called “*Kariera 07*”.
 - On 23 November, we took part in the »*Management International Conference*« (MIC'07), a scientific conference held in Portorož. As a *keynote speaker*, President of the Management Board Andrej Lovšin, M.Sc. gave a speech on opportunities, trends and traps in logistics business and on success and further ambitions of Intereuropa Group.
 - On 28 November, the Ambassador to India Dr. V. S. Seshadri visited Intereuropa. With the President of the Management Board they addressed the current topics in Slovenia and India and discussed mutual projects eligible to strengthen the cooperation between both countries.
- December**
- On 19 December, Intereuropa RTC d.d. Sarajevo as the fifth company in the Group received the ISO 9001:2000 quality certificate for logistics services.
 - On 21 December, the international Certification Establishment Bureau Veritas has approved the procedure of ecologic product storage in Koper.

Major events after the end of 2007

- On 1 January 2008, our subsidiary Intereuropa Transport & Spedition GmbH, Troisdorf, Germany opened its own branch in Stuttgart dedicated to support the full and part-load service for the customers based around Stuttgart.
- On 16 January 2008, the General Meeting was held in Podgorica (Montenegro) and appointed the new Board of Directors of the company Zetatrans A.D. Some minor changes to the Statute were adopted as well.
- In January, the bankruptcy procedure for the Austrian subsidiary of Intereuropa, Schneider & Peklar GmbH, Vienna, begun.

6. Supervisory Board and Management Board

Supervisory Board structure:

Shareholders' representatives:

Boštjan Rigler	President of the Supervisory Board (from 15.11.2005)
Emerik Eržen	Member of the Supervisory Board (from 19.01.2007)
Ervin Bužan	Member of the Supervisory Board (from 15.11.2005)
Manja Skernišak	Member of the Supervisory Board (from 15.11.2005)
Anton Može	Deputy President of the Supervisory Board (until 19.01.2007)

Workers' representatives:

Nevija Pečar	Deputy President of the Supervisory Board (from 26.01.2007)
Zlatka Čretnik	Member of the Supervisory Board (from 17.11.2005)
Vinko Rebula	Member of the Supervisory Board (from 17.11.2005)

Management Board structure:

Andrej Lovšin, M.Sc.	President of the Management Board (from 17.01.2006)
Zvezdan Markežič	Deputy President of the Management Board (from 17.01.2006)
Ondina Jonke	Human Resources Executive (from 20.06.2006)

7. Corporate Governance Code

Statement on Compliance with the Corporate Governance Code

The Management and the Supervisory Boards of Intereuropa, Global Logistics Service, Ltd. Co., Koper have issued the following Statement on Compliance with the Corporate Governance Code for Joint Stock Companies.

The Ljubljana Stock Exchange together with The Managers' Association of Slovenia and The Association of Supervisory Boards' Members prepared the consolidated text of the first Slovene Corporate Governance Code which took effect as at 18 March 2004, and was amended on 14 December 2005 and on 5 February 2007. The Corporate Governance Code for Joint Stock Companies in Slovene and English language is available to the public on the web pages of the Ljubljana Stock exchange (www.ljse.si).

The Management and Supervisory Boards of Intereuropa, Global Logistics Service, Ltd. Co., Koper would hereby like inform all the shareholders and the public that the governing of the company is in line with the provisions of Corporate Governance Code for Joint Stock Companies, apart from exceptions, presented below, together with explanations:

- **Provision 1.3.19 of the Code:** The general meeting should adopt resolutions on adopting discharge note to management or supervisory bodies separately for each body.
The General Meeting of shareholders adopted a resolution in 2007 to give a joint discharge note to the Management Board and the Supervisory Board. The General Meeting will respect recommendation on separate discharge notes to the Management Board and the Supervisory Board in future.
- **Provision 8.15.5 of the code:** Company should evaluate the need for a provision in their internal bylaw, which would specify the rules on limitation of trading and on disclosure of trading in company shares and shares of associated companies. It is recommended that the companies specify in the bylaw a complete list of persons to whom limitation of trading applies, and the time period of limitation of trading, related to disclosure of information.
The company estimates there is no need for the internal bylaw, which would specify the rules on limitation of trading in company shares and shares of associated companies. The company established that provisions of the Securities Market Act (ZTVP – 1) and later on provisions of the Market in Financial Instruments Act (ZTFI) were specific enough and obligatory, therefore it is not necessary to duplicate same provisions.

Some of the recommendations of the Corporate Governance Code are not relevant for the company, therefore we decided not to mention them specifically. The company will strive to respect recommendations which are specified for the company or its bodies for certain situations, when such situations occur. If the company will not be able to respect any of the provisions in full, it would explain such derogations in the next Statement on Compliance with the Corporate Governance Code.

Since the end of the accounting period to the date of publication of this Statement there were no changes and new non-compliances.

Statement on Compliance with the Corporate Governance Code is a constituent part of the Annual Report for 2007 and will be published on web page www.intereuropa.si.

8. Total sales of Intereuropa Group

In 2007, the Group generated total of EUR 235.5 million net sales revenues and thus exceeded sales results in 2006 by 13 per cent. The Group monitors sales results by individual business segment, the so called “business areas”.

Table: Net sales revenues of the Intereuropa Group by business area (in EUR thousand)

		Jan-Dec 2007	Index 2007/plan	Index 2007/2006
1	Land transport	124,963	93	106
2	Logistics services	26,052	103	114
3	Intercontinental transport	78,572	118	126
4	Other services	5,912	116	119
	TOTAL	235,499	101	113

The Group improved its sales results in all business areas compared to the previous year. The most dynamic growth was recorded in the area of intercontinental transport, where we exceeded sales generated in 2006 by 26 per cent. The Continental Transport remains to be the most important business area in the corporate sales structure, which generates more than one half of the entire net sales revenue.

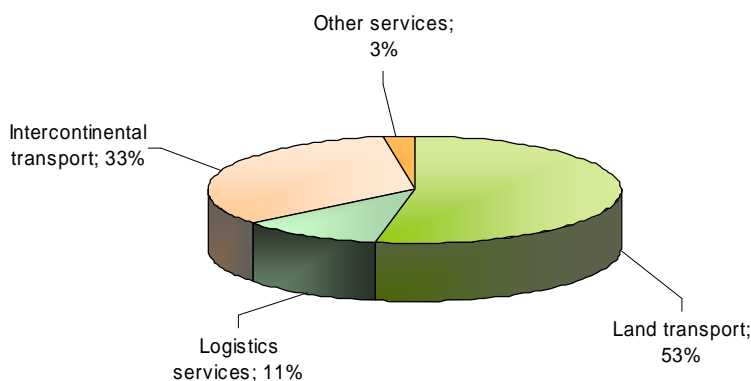


Figure: Net sales revenues of the Intereuropa Group by business area in 2007

Slightly more than two thirds of net sales revenues at the Group’s level were made in Slovenia. Among export markets Croatia is the strongest market, where we still hold the position of the leading provider of logistics solutions.

Table: Net sales revenues of Intereuropa Group by country (in EUR thousand)

		Jan-Dec 2007	Structure	index 2007/plan	index 2007/2006
1	Slovenia	162,663	69%	102	108
2	Croatia	40,012	17%	105	115
3	Bosnia and Herzegovina	8,144	3%	119	136
4	Serbia	6,927	3%	127	210
5	Macedonia	2,283	1%	197	256
6	Russia	1,331	1%	33	64
7	France	2,020	1%	86	111
8	Ukraine	5,648	2%	88	113
9	Germany	4,447	2%	154	154
10	Montenegro*	2,024	1%	-	-
	EU countries	169,130	72%	102	108
	Countries outside EU	66,369	28%	99	127
	TOTAL	235,499	100%	101	113

* Montenegro: the company consolidated only for last three months

Among other markets we shall mention Montenegro, where we acquired a majority share of the leading Montenegro provider of logistics services Zetatrans A.D. Podgorica, and expansion of our business on Serbian, Kosovo and German market.

9. Analysis of operations

Operating performance of the Group

Business conditions were rather favourable in 2007. Intereuropa Group achieved satisfactory results, partially as a consequence of favourable economic conditions and mostly due to our efforts for efficient sales and cost control. The summary of most important results is described below.

Net sales revenues

After slight decrease in 2005 when Slovenia joined the European Union, net sales revenues of Intereuropa Group and the parent company Intereuropa d.d. grew constantly. In 2007, the Intereuropa Group achieved its goals and generated EUR 235.5 million of net sales revenues, therefore exceeding sales results by 13 per cent compared to 2006. Thus we successfully implemented our strategic goal to achieve at least 10 per cent annual growth in sales revenues.

In addition, in 2007 parent company also achieved very satisfactory results and exceeded sales goals by 10 per cent, while recorded growth by 15 per cent compared to 2006. Parent company also achieved or even exceeded the plan in all business areas. Most notable growth was recorded in intercontinental transport, namely by 18 per cent.

Net sales revenues per employee in the Group show positive growth trends, however sales growth rate per employee decreased. Main reason for this is expansion of our business on Markets of the South-Eastern Europe, where productivity still lags behind significantly compared to Slovenia and Croatia. However we record growth in productivity throughout the entire period. Productivity was particularly high in parent company in 2007, where amounted to 12 per cent. This is mostly a result of successful sales, since we acquired new customers and increased the volume of business with our existing customers. On the level of the Group, net sales revenues per employee amounted to EUR 100,459 in 2007, falling short of the plan by 1 percentage point.

Operating expenses

Structure of operating expenses remained relatively stable during the years, since the most important part of these expenses are costs of goods, materials and services and labour costs. In 2006, the share of costs of goods, materials and services increased by 1 percentage point, while in 2007 we succeeded to keep it below average of previous years and amounted to 69 per cent of the operating revenues. In costs of goods, materials and services, the latter prevail – in 2007 they represent 92 per cent of expenses in this group.

Finance income and expenses

Financial management of the Group is concentrated within parent company to the widest extent possible. Most notable growth in finance income happened in 2007, when we decided to sell majority part of our financial investment in Banka Koper d.d. We invested these funds in basic activities of the Group.

Operating profit or loss and net profit or loss of the Group

Operating profit in 2007 amounted to EUR 12.8 million and exceeded the result from the previous year by 90 per cent or by EUR 6.0 million. With this result we exceeded the planned values by 13 per cent or by EUR 1.4 million. This is mostly a result of successful sales and operating revenues (acquisition of the company Zetatrans A.D. Podgorica, sales of assets). Net profit of the Group in 2007 is almost three times higher compared to 2006, mostly as a result of successful operations and sales of our financial investment in Banka Koper d.d.

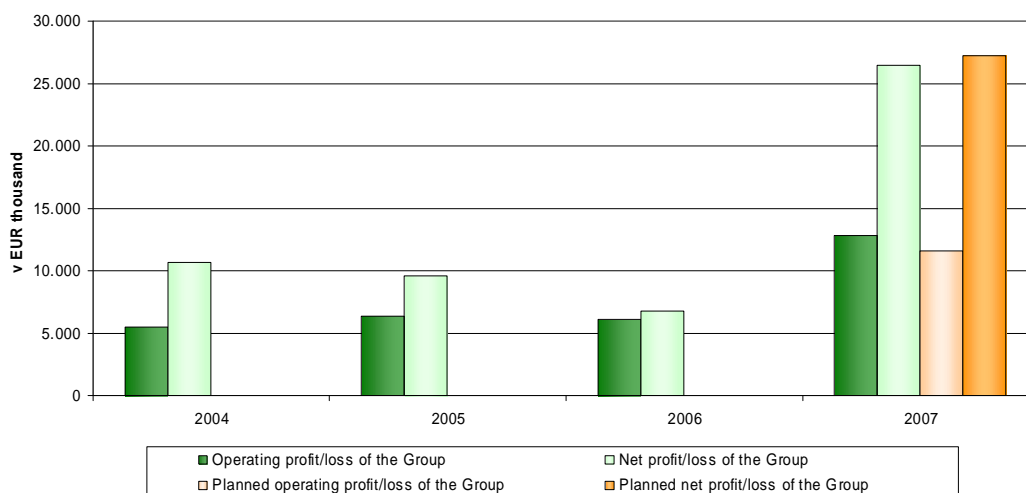


Figure: Movements in operating profit and net profit of the Group from 2004 to 2007

10. Investments in fixed assets

In the year 2007, the investments in fixed assets realized by the Intereuropa Group totalled EUR 111,460 thousand, thereof 99,305 thousand in real estate and 12,155 thousand in equipment. The annual plan of investments was completed at the rate of 84.1 percent.

Table: Overview of implementation of the plan of investments in the period from January to December 2007 (in EUR thousand)

company	Total Real Estate		Total Equipment		TOTAL INVESTMENTS		Achieved in %
	Corrected plan*	Actual	Corrected plan*	Actual	Corrected plan*	Actual	
Intereuropa d.d.	36.142	29.871	3.527	1.553	39.669	31.425	79,2
subsidiaries	77.565	69.433	15.359	10.602	92.924	80.035	86,1
TOTAL GROUP	113.706	99.305	18.886	12.155	132.593	111.460	84,1

* Corrections = supplements of the basic plan (in compliance with the resolution of the Management Board of the parent company or the Supervisory Board of a subsidiary)

In 2007, **Intereuropa d.d.** realized EUR 31,425 thousand of investments in the fixed assets. Its greatest investment of the reporting period was the purchase of land and the project for the construction of logistics centre in Moscow amounting to EUR 27 million. In addition to that, the Parent Company invested EUR 1 million in the second stage of the warehouse construction in Celje and renovated and reconstructed several buildings from Logistics solutions business area, completed the renovation and purchase of the equipment in Celje branch and purchased new forklifts.

Subsidiaries invested EUR 80,035 thousand in fixed assets. The biggest investment of the reporting period was the purchase and development of logistics centre in Russia, worth EUR 53 million. The reporting year saw some other ample investments like the construction of logistics centre Samobor in Croatia (EUR 8.7 million), the completion of warehousing facility in Dobanovci, Serbia (EUR 4.9 million), purchase of 25 trucks and 5 compositions for car transport by Intereuropa Transport d.o.o. (EUR 3.4 million), purchase of 20 trucks by OOO Intereuropa-East Moskva (EUR 2.7 million) and 10 trucks by TOV TEK ZTS, Užgorod (EUR 1.3 million), the acquisition of land with commercial facilities in Ploče, Croatia (EUR 1.6 million) and completion/adaptation of warehousing facilities in various locations in Bosnia and Herzegovina.

11. Human Resources Management

Average number and structure of employees

As of 31 December 2007, there were 361 more employees in the Group than at the year end 2006 (16 percent increase). The growing trends continue in most subsidiaries abroad, which reflects the investment activity and expansion of the corporate network. Following our penetration to new markets, the acquisitions made abroad and the resulting expansion of operations in our companies, we have greatly increased the staff in the Ukraine, Macedonia, Russia, Bosnia and Herzegovina, Croatia and Montenegro.

The parent company recorded a rising trend in employment for the second year, which can be attributed to successful alignment of the operations after Slovenia's accession to the European Union.

Table: The number of people employed in the Intereuropa Group at the end of 2006 and 2007

	31.12.2006	31.12.2007	Index 07/06
Intereuropa d.d., Koper	934	972	104
Intereuropa Transport d.o.o., Koper	298	289	97
Interagent, d.o.o., Koper	25	25	100
Interzav, d.o.o., Koper	5	4	80
Intereuropa IT, d.o.o., Koper	35	36	103
Slovenia	1,297	1,326	102
Intereuropa, logističke usluge, d.o.o., Zagreb	554	609	110
ITAR d.o.o., Zagreb	0	22	-
Intereuropa Sajam, d.o.o., Zagreb	51	47	92
Croatia	605	678	112
Intereuropa RTC d.d. Sarajevo	170	200	118
Bosnia in Herzegovina	170	200	118
AD Intereuropa - logističke usluge Beograd	107	118	110
Intereuropa Kosova L.L.C., Prishtina	25	28	112
Serbia	132	146	111
Zetatrans A.D. Podgorica	0	191	-
Montenegro	0	191	-
Intereuropa Skopje, DOO Skopje	12	25	208
Intereuropa Transport DOOEL Skopje	4	9	225
Macedonija	16	34	213
OOO Intereuropa - East, Moscow	15	27	180
Russia	15	27	180
TOV TEK ZTS, Uzhgorod	17	46	271
TOV Intereuropa - Ukraine, Kiev	0	6	-
TOV DDT, Onakivci	0	2	-
Ukrajina	17	54	318
Intereuropa Transport & Spedition GmbH, Troisdorf (GER)	7	10	143
Intereuropa S.A.S., Saint Pierre de Chandieu (FRA)	5	5	100
Schneider & Peklar GmbH, Wien (AUS)	46	0	0
Other countries	58	15	26
TOTAL	2,310	2,671	116

Human Resources development and education

The staff involved in education and training is increasing from year to year. In the reporting year, there were 83 percent of employees included in various forms of acquiring new skills and knowledge. On the Group level, we spent in total EUR 308,555 for education and trainings or on average EUR 166 for each employee. On average, the total number of hours spent in training was 13 hours per employee on the Group level, ranging from 16 hours in Slovenia. With 20 hours on average in Intereuropa d.d., we achieved the goal set.

In the reporting year, the greatest share of training was dedicated to acquire and upgrade the knowledge of logistics (novelties in customs clearing, the HACCP system, special and non-standard transport, organization of transport, etc.), occupational safety and other technical skills from a variety of areas. New employees were involved in induction training and seminars where they were informed on the corporate vision and culture, organization, occupational safety, and computer programs used in our operations. In Zagreb were organized the Intereuropa Advanced School of Management and the School of Business Logistics, which was a major investment in education and training.

Additional voluntary pension insurance

Since 1 October 2006, Intereuropa has been allocating a portion of the profit to the social security of employees for the post-retirement time. At present, there are 1,075 employees or 80.8 percent in the Slovenian part of the Group included in the Pension Plan for the voluntary supplementary pension insurance. Our goal is to introduce appropriate insurance system to other subsidiaries abroad, in compliance with their legislation, based on the results achieved.

Internal communication

Efficient internal communication is relevant factor of success of the Group, therefore it enjoys particular attention in Intereuropa. Immediate Managers are responsible for direct communication and providing the information to the employees, so we support them in acquiring these skills in our internal school of management. All the relevant information on the events and situation in the company is available to the employees in internal bulletin Interklas, published in three languages, while current information is published on the intranet.

Measuring the commitment and satisfaction of employees

Through the international research project The Best Employer 2007, we measured the commitment and satisfaction of the employees in our Group. The results of this research provide a kind of benchmarking of the commitment of employees and their satisfaction with their employment in Intereuropa, according to categories, compared with the average results in Slovenia and in the Region.

The research highlighted the following aspects of the employee satisfaction in Intereuropa: good relations with fellow workers, great correlation between the employee satisfaction and their work output, clearly defined and challenging work assignments, understanding the business goals of the company, a good reputation of the Group, and a strong support of line managers to a successful work of co-workers.

Concern for health and occupational safety

Providing for occupational health and safety for our employees is an important issue of permanent concern. Our attitude to occupational safety and health complies with the principles of the comprehensive quality assurance in the operation of the Group and is based on the concept of permanent improvement on the level of occupational safety.

Our concern for health at the workplace is focused on: detecting any risks against occupational health and safety, the concern for elimination and continually reducing the risks, prevention of accidents at work leading to injury or health impairment, and providing for optimum work condition of our workforce and their well-being in the workplace.

Particular attention in the Group was dedicated to theoretical and practical training for health and safety at work. These training forms were held internally, but also involving external professionals. In

these trainings included: organization and operative safety on the workplace, fire protection, safety in handling hazardous substances-goods-chemicals; some of the workers were trained for safe work at the railway and for giving first-aid.

In the organizational units of the Group, we focused on particular workplaces and examined the work environment in view of reducing any damaging impacts to the health of our employees, as well as burdens to the environment.

12. Share and ownership structure

The Intereuropa share (IEKG) was first listed in the Ljubljana Stock Exchange in 1998 and in 2005, it was listed in the segment A.

The IEKG share is included in the structure of the Slovenian Stock Exchange Index, the SBI 20 and in the first »blue chip« index of the same Stock Exchange, the SBI TOP. Individual index comprises 4,747,177 IEKG shares.

At the beginning of July, the share reached its highest value to date, i.e. the average price of EUR 51.07, while the lowest price was recorded in February at EUR 26.11. The average price on the first trading day in 2007 amounted to EUR 27.80, while on the last day of the year IEKG share came to EUR 37.93.

In the year 2007, the trust in the IEKG share rose considerably, and the Share Register as at 31 December shows 1,269 shareholders more than at the end of the preceding year.

Table: Key Data on the Intereuropa Shares in the in the 2004–2007 period

	2004*	2005	2006	2007
Number of shares	7,902.413	7,902.413	7,902.413	7,902.413
Data on trading				
Share book value	18.72	20.62	20.99	20.14
Average price at the end of the year	31.06	22.38	25.51	37.93
Weighted average price	27.94	27.34	23.63	40.19
Highest price	32.13	32.44	26.79	51.07
Lowest price	21.97	21.30	19.22	26.11
Market capitalisation in thousand EUR	245,411	176,846	201,623	299,739
Turnover in thousand EUR	49,320	9,034	13,750	70,398
Indicators				
Net earnings per share	1.04	0.92	0.59	2.45
Cash flow per share	0.85	0.54	0.14	2.21
Gross dividend per share	1.00	1.00	1.04	0.83
P / TA	1.66	1.09	1.21	1.88
P / CF	36.50	41.83	176.34	17.14
P/E	29.85	24.34	43.28	15.46
Capital gain	39.1%	-28.5%	14.0%	48.7%
Dividend yield	4.5%	3.2%	4.8%	3.0%
Total return on share	43.6%	-25.3%	18.8%	51.7%

* The values for the financial year 2004 have been adjusted in accordance with the SAS..

** The exchange rate used for translating amounts into euro: 1EUR = 239.64 SIT

Book value = capital / number of ordinary shares

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

Cash flow per share = (net earnings – dividend + depreciation) / number of ordinary shares

P / BV = price at year's end / book value of a share

P / E = price at year's end / earnings per share

P / CF = price at year's end / cash flow per share

Capital gain = price increase over one year

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

Trading with IEKG shares

The IEKG share was among the frequently traded shares on the Ljubljana Stock Exchange. There were 8,168 transactions concluded with the IEKG shares, in the value of EUR 70,398 which was five times more than in 2006. The number of 1,824,362 IEKG shares or 23.1 percent of all these shares changed the holder. The average daily turnover amounted to EUR 528 thousand.

In the reporting year, the Intereuropa share gained 48.7 percent of value, while the Stock Exchange Index (SBI20) rose by 78.1 percent in the same term; the SBI TOP rose by 70.1 percent in the same year.

Data on IEKG shares and ownership structure

Despite some major changes in the first ten shareholders, the top ten shareholders still hold 60.2 percent of all shares, the same share as on the last day in 2006.

Major changes between the first ten shareholders:

- ABANKA VIPA d.d. sold its total share – 119,870 IEKG shares.
- ISTRABENZ d.d. sold its total share – 299,516 IEKG shares.
- BANKA CELJE d.d. bought 287,993 IEKG shares and thus became the sixth largest shareholder of Intereuropa.
- NFD 1 Delniški investicijski sklad d.d. purchased additional 207,895 IEKG shares and is the fifth largest shareholder of Intereuropa with 302,749 IEKG shares.

In 2007, the share of foreign investors rose by 2 percentage points and was 2.8 percent on 31 December 2007.

At the end of 2007, there were 5,595 shareholders registered in the Intereuropa's Share Register.

Table: Ten largest shareholders of Intereuropa d.d. as at 31 December 2007

shareholder	registered office	Ownership structure as at 31 December07	
		No. of shares	Share in %
LUKA KOPER, D.D.	Vojkovo nabrežje 38, 6000 Koper	1,960,513	24.8
KAPITALSKA DRUŽBA, D.D.	Dunajska cesta 119,1000 Ljubljana	719,797	9.1
SLOVENSKA ODŠKODNINSKA DRUŽBA D.D.	Mala ulica 5, 1000 Ljubljana	474,926	6.0
INFOND ID, D.D.	Vita Kraigherja 5, 2000 Maribor	337,839	4.3
NFD 1 DELNIŠKI INVESTICIJSKI SKLAD D.D.	Trdinova 4, 1000 Ljubljana	302,749	3.8
BANKA CELJE D.D.	Vodnikova ulica 2, 3000 Celje	287,993	3.6
ZAVAROVALNICA TRIGLAV, D.D.	Miklošičeva 19, 1000 Ljubljana	213,640	2.7
DELNIŠKI VS TRIGLAV STEBER I, D.D.	Slovenska cesta 54, 1000 Ljubljana	170,147	2.2
VS PROBANKA GLOBALNO NALOŽBENI SKLAD	Svetozarska ulica 12, 2000 Maribor	170,000	2.2
KD INVESTMENT, delniški vzajemni sklad RASTKO	Celovška cesta 206, 1000 Ljubljana	123,117	1.6

Table: Number of shares held by the Management Board as at 31 December 2007

	No. of shares	Share in %
ANDREJ LOVŠIN, M.Sc., President of the Management Board	49,650	0.628
MARKEŽIČ ZVEZDAN, Deputy President of the Management Board	3,094	0.039
JONKE ONDINA, Member – Workers' Director	3,080	0.039

Table: Number of shares held by the Supervisory Board as at 31 December 2007

	No. of shares	Share in %
NEVJA PEČAR, Deputy President of the Supervisory Board	4,185	0.053
VINKO REBULA, Member of the Supervisory Board	450	0.006

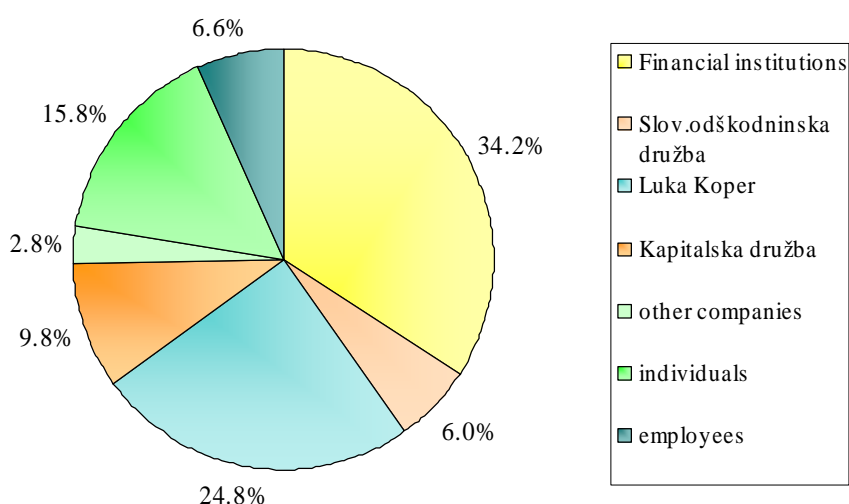


Figure: Ownership structure of Intereuropa's ordinary shares as at 31 December 2007

Own shares

Intereuropa d.d. has no own share fund.

Dividend policy

In the Development Plan, the Management Board of Intereuropa d.d. defined the long-term stable policy of dividend payout.

Following the Resolution of the 17th regular General Meeting, Intereuropa earmarked EUR 6,595 thousand of the accumulated profit for dividend payout. Dividend was paid out end of August 2007 in gross amount of EUR 0.83 per share.

Information for shareholders

Public announcements, publications, reports and other 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.si), press conferences and other media.

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

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

13. Plans for 2008

Intereuropa Group plans for financial year 2008 are based upon its development strategy for the term 2006–2011 and upgraded strategy of the Group, which includes quicker penetration on Eastern European markets. Therefore the Group plans **net sales revenues in the amount of EUR 335 million**, representing 42 per cent growth compared to 2007. We expect the fastest growth in business areas intercontinental transport and logistics services, mostly as a result of **higher productivity and exploitation of resources, as well as new investments in logistics infrastructure** in 2007. However considering net sales revenues, land transport remains the most important business area with 45 per cent share in total net sales revenues. Growth in sales and implementation of goals are based upon better productivity and marketing activities, growth of net sales revenues in all business areas and units of the Group, high investment activities compared to previous years and **greater importance of companies with registered office outside of Slovenia**. We expect the highest growth rates in net sales revenues in Russia, Ukraine and Montenegro, while the highest increase in value in Russia and Slovenia. Turnover share in sales in Slovenian part of the Group is decreasing significantly (for 17 percentage points compared to 2007) in favour of the Group outside of Slovenia.

Besides growth in sales, in 2008 we plan to carry on our activities to provide for better cost control, which can be seen from **operating profit in the amount of EUR 25.1 million**. We plan to enhance profitability of our businesses in companies operating on the territory of former Yugoslavia. Our plans include **net profit in the amount of EUR 12.7 million**, net return on equity (ROE) of 6.1 per cent and net return on assets (ROA) of 2.5 per cent. In contrast to 2007, our financial activities are planned to be negative, mostly due to sold share in Banka Koper d.d. in 2007 and higher financing costs in 2008.

Year 2008 will be earmarked with further growth of business in existing capacities, exploitation of new logistics capacities in Croatia, Bosnia and Herzegovina, Serbia and Montenegro, as well as exploitation of the greatest investment of Intereuropa Group in Russia.

This year will be the third year of implementation of strategic orientations, defined with the »Corporate Vision and Development Strategy for the Intereuropa Group for the term 2006 – 2011«. This year's plan fully considers strategic objectives and even exceeds them in some parts. This helps us strengthening our position of the leading provider of logistics services in South-Eastern Europe, while through construction of logistics centres in Moscow and Kiev we establish our position also on East European markets.

14. Summary of the important accounting policies for the Intereuropa Group and Intereuropa d.d. company

The financial statements of the Intereuropa Group and the parent company Intereuropa d.d. were compiled in accordance with the International Financial Reporting Standards as adopted by the International Accounting Standards Board and interpretations thereof by the International Financial Reporting Interpretations Committee, as adopted by the European Union. Reporting requirements laid down in the Companies Act were also complied with. The financial statements of Intereuropa d.d. were compiled in line with the IFRS for the first time for 2006 whereas that of the Intereuropa Group were compiled in line with the IFRS for 2005 for the first time.

- IFRS collection includes:
- International Accounting Standards (IAS) issued until April 2001;
- Interpretations of the Standing Interpretations Committee (SIC) issued until March 2002;
- IFRS issued from April 2001 onwards; and
- Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) issued from March 2002 onwards.

IFRS include requirements regarding recognising, measuring, presenting and disclosing transactions and business events important for financial statements.

In the current year, the Group applied for the first time IFRS 7, Financial Instruments: Disclosures, which entered into force on 1 January 2007, and amendments to IAS 1, Presentation of Financial Statements. The standard introduces new disclosures related to financial instruments. Additionally, the International Financial Reporting Interpretations Committee issued four interpretations that have no significant impact on the Group's accounting policies, namely:

IFRIC 7 – Applying the Restatement Approach under IAS 29;

IFRIC 8 – Scope of IFRS 2 (the Annual General Meeting of the parent company adopted on 6 July 2007 a resolution on issuing an authorisation to the Management Board for acquisition of treasury shares valid for 18 months from the resolution's date. No such acquisition took place in the financial year);

IFRIC 9 – Reassessment of Embedded Derivatives;

IFRIC 10 – Interim Financial Reporting and Impairment.

New standards not applicable as at the date of compiling of financial statements, 31 December 2007, were not used in compiling of financial statements, namely:

IFRS 8 – Operating Segments – the standard will replace IAS 14 and will apply to companies with securities traded on a stock exchange; as of 1 January 2009.

IAS 23 – Borrowing Costs – the standard was revised in March 2003 but has not yet entered into force.

IFRIC 11 – Scope of IFRS 2, Group and Treasury Share Transactions – accounting for granting of treasury and group shares to employees. The Group owns no treasury shares as at the date of compiling of financial statements.

IFRIC 12 – Service Concession Arrangements (applicable as of 1 January 2008) – determines the method for recognising concessions if the granting authority controls which services, to whom and at what price the concessionaire renders, and if the granting authority controls the residual value of infrastructure upon expiry of the contract.

IFRIC 13 – Recognising revenue from Customer Loyalty Programmes.

IFRIC 14 – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The IASC Board published IFRIC 10, 11, 12, 13 and 14, however they have yet to be approved by the European Union.

Authorising the Financial Statements for Issue

The Management Board of Intereuropa d.d. authorised issuing of the consolidated financial statements of the Intereuropa Group for the financial year 2007 and unconsolidated financial statements of the company Intereuropa d.d. for the financial year 2007 on 22 February 2007.

The basis for compiling financial statements

Slovenia adopted the euro as the functional currency on 1 January 2007. For comparable data for 2006, all assets, liabilities, capital, revenues and expenses were converted at the exchange rate of €1 = SIT 239.64. All financial data are rounded to a thousand units.

Consolidation base

1. Group companies / Subsidiaries

Subsidiaries are enterprises controlled by the Group. 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date it ceases.

2. Associated companies

Associated companies are those in which the Group has a significant but not dominant influence on financial and operating policies of an entity. Consolidated financial statements include the Group's share in jointly recognised profit & loss of companies calculated by using the equity method as of the date the significant influence commences until the date it ceases.

3. Transactions excluded from consolidation

Consolidated financial statements are exclusive of all intragroup relations and unrealised profit or loss between Group members. Unrealised profit from transactions with associated companies is excluded proportionately to the Group's share.

Terminated operations

Schneider & Peklar GmbH was due to initiating of bankruptcy proceedings in January 2008 excluded from the Group in 2007. In order to ensure comparability of data, comparable data in consolidated financial statements for 2006, related to the aforementioned company, were disclosed as terminated operations (the income statement recorded loss of that company under item "Loss from terminated operations after tax" in the amount of € 490 thousand, the balance sheet recorded assets of that company and the appertaining goodwill under item "Assets held for sale and terminated operations" in the amount of €5,979 thousand and liabilities under item "Liabilities included in the disposal group" in the amount of €2,495 thousand). Consequently, total assets rose by €53 thousand as receivables from and liabilities to other Group members of the aforementioned company were excluded from the offset.

Presentation of Data by Geographical Area and Business Segment

Consolidated financial statements disclose information by geographical area and business segment. The market principle is used in measuring revenues of an area/segment resulting from transactions with other areas/segments.

Geographical area:

- Ø European Union; and
- Ø The area outside the European Union.

Business segment:

- Ø Land transport;
- Ø Logistic solutions;
- Ø Intercontinental transport; and
- Ø Other services (leases, fairs, etc.).

15. Auditor's report

Deloitte.

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Faks: +386 1 30 72 900
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AUDITOR'S REPORT

Issued for the purpose of publishing summarized financial statements

We have audited the financial statements of Intereuropa d.d. and the Intereuropa Group for the year ended December 31, 2007 and the notes thereto, from which the summarized financial statements were derived, in accordance with International Standards on Auditing. In our report dated March 21, 2008 we expressed an opinion that the financial statements and notes thereto, from which the summarized financial statements were derived, give a true and fair view of the financial position of Intereuropa d.d. and the Intereuropa Group of December 31, 2007, and of their financial performance and cash flows for the year ended in accordance with International Financial and Reporting Standards as adopted by the European Union. Having reviewed the Business Report we determined that it is consistent with audited financial statements.

In our opinion, the accompanying summarized financial statements are consistent, in all material respects, with the financial statements from which they were derived.

For a better understanding of the Intereuropa d.d. and the Intereuropa Group's financial position, the results of their operations and cashflows for the period and of the scope of our audit, the summarized financial statements should be read in conjunction with the financial statements and the notes thereto from which the summarized financial statements were derived and our audit report thereon.

DELOITTE REVIZIJA d.o.o.

Lidija Jezernik
Certified auditor
Member of the Board



Ljubljana, April 22, 2008

Deloitte.

DELOITTE REVIZIJA D.O.O.
Ljubljana, Slovenija 1

TRANSLATION ONLY – SLOVENIAN ORIGINAL PREVAILS

16. Audited consolidated financial statements of the Intereuropa Group

CONSOLIDATED PROFIT & LOSS ACCOUNT OF THE INTEREUROPA GROUP from 1 January to 31 December 2007

In 000 €	January-December 2007	January-December 2006	I 07/06
Net sales revenues	235,499	208,002	113
OTHER OPERATING INCOME	7,185	2,243	320
COST OF MATERIAL AND SERVICES	168,062	150,768	111
LABOUR COSTS	44,094	38,122	116
DEPRECIATION AND WRITE-OFFS	15,188	12,683	120
a) Amortisation, depreciation and other write-downs of intangible long-term assets and tangible fixed asset	13,172	11,494	115
b) Investment write-offs and value adjustments of current assets	2,016	1,189	170
OTHER OPERATING EXPENSES	2,538	1,927	132
Operating profit/loss	12,802	6,745	190
FINANCIAL REVENUES FROM STAKES	24,596	3,795	648
FINANCIAL REVENUES FROM LOANS GRANTED	435	217	200
FINANCIAL REVENUES FROM OPERATING RECEIVABLES	1,706	1,321	129
FINANCIAL EXPENSES FROM IMPAIRMENTS AND FINANCIAL ASS. WRITE-OFFS	270	48	-
FINANCIAL EXPENSES FROM FINANCIAL LIABILITIES	5,131	1,596	321
FINANCIAL EXPENSES FROM OPERATING LIABILITIES	610	400	153
Profit/loss from regular operation	33,528	10,034	334
Income tax expense	4,199	2,400	175
Deferred taxes	-578	402	-
NET OPERATING PROFIT OR LOSS FROM ORDINARY ACTIVITIES	29,907	7,232	414
Net profit/loss after tax from discontinued operations	-3,430	-490	700
Net profit/loss for the period	26,477	6,742	393
Net profit or loss of minority shareholders	414	355	117
Net profit or loss of the majority shareholder	26,063	6,387	408
Basic and adjusted net earnings per share (in EUR)	3.30	0.81	408

Notes to financial statements are a constituent part of these financial statements and must be read together with these statements.

CONSOLIDATED BALANCE SHEET OF THE INTEREUROPA GROUP as at 31 December 2007

In 000 €	31.12.2007	31.12.2006	I 07/06
Assets	408,571	289,830	141
Non-current assets	320,187	187,485	171
Intangible assets and long-term deferred items	8,105	6,802	119
Tangible fixed assets	285,086	153,526	186
Investment property	12,831	14,259	90
Long-term financial investments	13,979	12,760	110
Long-term operating receivables	23	0	-
Deferred tax assets	163	138	118
Current assets (without accrued revenues and deferred expenses)	83,927	99,554	84
Assets classified as held for sale and discontinued operations.	2,105	32,416	6
Stocks	150	79	190
Short-term financial investments	3,368	4,375	77
Short-term trade receivables	69,924	59,615	117
Cash	8,380	3,069	273
Short-term accrued revenues and deferred expenses	4,457	2,791	160
Current assets (with accrued revenues and deferred expenses)	88,384	102,345	86
Liabilities	408,571	289,830	141
Capital	186,154	181,340	103
Majority interests	174,143	177,874	98
Called up capital	32,976	32,976	100
Capital surplus	49,403	49,403	100
Profit reserves	12,008	12,008	100
Revaluation surplus	6,029	25,516	24
Net profit or loss from previous periods	49,557	50,205	99
Profit or loss for the business year	26,063	6,387	408
Consolidated capital adjustment (translation exchange rate differentials)	-1,893	1,379	-
Minority interests	12,011	3,466	347
Provisions and long-term accrued expenses and deferred revenues	3,304	2,605	127
Long-term liabilities	81,331	31,804	256
Long-term financial liabilities	77,796	27,482	283
Long-term operating liabilities	2,517	480	524
Deferred tax liabilities	1,018	3,842	26
CURRENT LIABILITIES	137,782	74,081	186
Liabilities included in disposal groups	0	2,495	-
Short-term financial liabilities	83,640	22,853	366
Short-term operating liabilities	54,142	48,733	111

Notes to financial statements are a constituent part of these financial statements and must be read together with these statements.

CONSOLIDATED CASH-FLOW STATEMENT OF THE INTEREUROPA GROUP for the period
from 1 January 2006 to 31 December 2007

In 000 €	January- December 2007	January- December 2006
Cash flows from operating activities		
Income statement items	22,071	13,146
Operating revenue (except from revaluation) and financial revenue from operating receivables	237,811	222,161
Operating expenses excluding depreciation or amortisation and long-term provisions (except from revaluation) and financial expenses from operating liabilities	-214,136	-203,311
Income taxes and other taxes not included in operating expenses	-1,604	-5,704
Changes in net current assets (and accruals, provisions and deferred tax receivables and liabilities) of the operating balance sheet items	-10,434	-6,075
Opening less closing accounts receivable and deferred expenses and accrued revenues	-13,388	-13,654
Opening less closing inventories	-31	112
Closing less opening operating liabilities, accrued costs and deferred revenue, and provisions	2,985	7,467
Net receipts from operating activities	11,637	7,071
Cash flows from investment activities		
Inflows from investments	29,784	13,481
Cash receipts from earned interest associated with investment activities	191	379
Receipts from other profit shares	746	1,454
Payments from the disposal of intangible fixed assets	0	0
Cash receipts from disposal of tangible fixed assets and investment property	2,234	2,000
Cash receipts from disposal of long-term investments	25,802	8,403
Cash receipts from decrease of short-term of investments	811	1,245
Disbursements for investments	-135,710	-25,160
Acquisition of subsidiaries net of cash acquired	-23,023	0
Disbursements for acquiring intangible fixed assets	-1,453	-3,628
Expenses for the purchase of tangible fixed assets and investment property	-111,124	-21,327
Cash payments to acquire long-term investments	-110	-205
Surplus outflows from investments	-105,926	-11,679
Cash flows from financing activities		
Inflows from financing activities	118,950	23,457
Equity increase	0	15
Receipts based on long-term loans	65,322	11,998
Receipts from increased raised short-term loans	53,628	11,444
Disbursements for financing	-19,396	-18,744
Interest paid on financing activities	-4,426	-1,562
Cash payments for dividends and other profit participations	-6,931	-8,533
Cash disbursements for repayment of long-term loans	-8,039	-8,649
Surplus cash receipts from financing	99,554	4,713
Net increase/decrease in cash assets	5,265	105
Exchange rate effects	46	-156
Opening cash balance	3,069	3,584
Closing Cash balance	8,380	3,533
Cash assets, transferred to discontinued operations		-464

Notes to financial statements are a constituent part of these financial statements and must be read together with these statements.

CONSOLIDATED CAPITAL FLOW STATEMENT OF THE GROUP for the year 2007

In 000 €	Equity capital	Capital surplus	Legal reserves	Revaluation surplus	Net profit or loss from previous periods	Profit or loss for the business year	Consolidated capital adjustment (translation exchange rate differentials)	Minority interests	Total capital
Opening balance as at 1 January 2007	32,976	49,403	12,008	25,516	50,205	6,387	1,379	3,466	181,340
Entry of net operating profit or loss for the period	0	0	0	0	0	26,063	0	414	26,477
Increased surplus from revaluation of investments	0	0	0	1,728	0	0	0	2	1,730
Transfer of revaluation surplus to revenues (from the sale of investments)	0	0	0	-23,643	0	0	0	0	-23,643
Cancelled liabilities for deferred taxes credited to capital	0	0	0	2,428	0	0	0	0	2,428
Translation exchange rate differentials	0	0	0	0	0	0	-3,272	49	-3,223
Total recognised revenues and expenses in capital	0	0	0	-19,487	0	26,063	-3,272	465	3,769
Increase arising from the purchase or establishment of new companies	0	0	0	0	0	0	0	8,416	8,416
Other reallocation of components of equity	0	0	0	0	6,387	-6,387	0	0	0
Paid out dividends and profit shares	0	0	0	0	-6,595	0	0	-310	-6,905
Payment of remunerations to the Members of the Management and the Supervisory Boards	0	0	0	0	-75	0	0	0	-75
Other decreases in components of equity	0	0	0	0	-365	0	0	-26	-391
Closing balance as at 31 December 2007	32,976	49,403	12,008	6,029	49,557	26,063	-1,893	12,011	186,154

Notes to financial statements are a constituent part of these financial statements and must be read together with these statements.

CONSOLIDATED CAPITAL FLOW STATEMENT OF THE GROUP for the year 2006

In 000 €	Equity capital	Capital surplus	Legal reserves	Revaluation surplus	Net profit or loss from previous periods	Profit or loss for the business year	Consolidated capital adjustment (translation exchange rate differentials)	Minority interests	Total capital
Opening balance as at 1 January 2006	32,976	49,403	11,096	18,977	49,876	9,245	1,303	3,181	176,057
Entry of net operating profit or loss for the period	0	0	0	0	0	6,387	0	356	6,743
Increased surplus from revaluation of investments	0	0	0	4,338	0	0	0	5	4,343
Cancelled liabilities for deferred taxes credited to capital	0	0	0	2,201	0	0	0	0	2,201
Translation exchange rate differentials	0	0	0	0	0	0	76	-22	54
Total accrued profit for the business year	0	0	0	6,539	0	6,387	76	339	13,341
Increase arising from the purchase of new companies	0	0	0	0	0	0	0	15	15
Transfer from net profit/loss brought forward to statutory reserves	0	0	912	0	-912	0	0	0	0
Other increases in capital components	0	0	0	0	240	0	0	210	450
Other reallocation of components of equity	0	0	0	0	9,245	-9,245	0	0	0
Paid out dividends and profit shares	0	0	0	0	-8,244	0	0	-279	-8,523
Closing balance as at 31 December 2006	32,976	49,403	12,008	25,516	50,205	6,387	1,379	3,466	181,340

Notes to financial statements are a constituent part of these financial statements and must be read together with these statements.

17. Notes to consolidated financial statements of the Intereuropa Group

PROFIT & LOSS ACCOUNT OF THE INTEREUROPA GROUP

The Group improved operating efficiency by 3% by faster growth of operating revenues than operating expenses. Comparative data were reduced by revenues and expenses of Schneider & Peklar GmbH with the effect presented in the item loss after tax from discontinued operations in the amount of €490 thousand.

Generated **net sales revenues** rose by 13%.

The Group's **operating profit** was € 12,802 thousand nearly doubling from 2006 due to higher operating revenues.

The Group made **net profit** of €26,477 thousand in 2007 of which the share of majority and minority interest was €26,063 thousand and €414 thousand, respectively.

BALANCE SHEET OF THE INTEREUROPA GROUP

Non-current assets represented 78% of total assets and rose by 71% from 2006. Their share in assets rose by 13 percentage points resulting from assets of acquired companies and investments with a reduction of the item in comparable data for transfer of assets of Schneider & Peklar GmbH (including goodwill) in the amount of €5,979 thousand to the short-term part of the balance sheet, namely to the item of assets held-for-sale and discontinued operations.

Property, plant and equipment represent 69% of total assets of the Group. The increase in 2007 was due to new acquisitions of fixed assets by associates and assets of newly consolidated companies. Disposal and depreciation of assets contributed to a decrease in value of property, plant & equipment. Compared to the relevant date in 2006, property, plant & equipment rose by 86% primarily as a result of inclusion of new subsidiaries and fixed assets under construction due to new investments in property and equipment.

Long-term financial investments increased their share in assets, namely by 9 percentage points. 75 % of all long-term financial investments represents fair value for available-for-sale assets listed on an active market

Current assets fell by 14%, a result of a decrease in held-for-sale assets.

Assets held-for-sale and discontinued operations amounted to €2,105 thousand and fell primarily because of sale of financial assets (investment in shares of Banka Koper) and impairment of assets and discontinued operations of Schneider & Peklar GmbH.

Of assets held-for-sale, 64% were that of the parent company, namely real estate held for sale.

Short-term operating receivables amount to €69,924 thousand. The bulk of short-term operating receivables (83%) were accounts receivables which increased by 2% from 2006.

Capital

	In 000 EUR	31. 12. 2007	in %	31. 12. 2006	in %	I 07/06
A.	CAPITAL	186,154	100%	181,340	100%	103
I.	Called up capital	32,976	18%	32,976	18%	100
II.	Capital surplus	49,403	27%	49,403	27%	100
III.	Profit reserves	12,008	6%	12,008	7%	100
IV.	Revaluation surplus	6,029	3%	25,516	14%	24
V.	Net profit or loss from previous periods	49,557	26%	50,205	28%	99
VI.	Profit or loss for the business year	26,063	14%	6,387	4%	408
VII.	Consolidated capital adjustment (translation exchange rate differentials)	-1,893	-1%	1,379	1%	-137
VIII.	Minority interests	12,011	6%	3,466	2%	347

Changes in capital in 2007 is presented in the statement of changes in equity.

Long-term financial and operating liabilities as at the balance sheet date accounted for 20% of total liabilities. Their share rose by 9 percentage points on account of long-term financial liabilities.

Current liabilities grew by 86% mostly from short-term borrowing.

18. Audited non-consolidated financial statements of the Intereuropa d.d. company

PROFIT & LOSS ACCOUNT OF INTEREUROPA d.d. from 1 January to 31 December 2007

In 000 €	January-December 2007	January-December 2006	I 07/06
Net sales revenues	143,386	124,476	115
OTHER OPERATING INCOME	1,520	1,615	94
COST OF MATERIAL AND SERVICES	113,817	97,192	117
LABOUR COSTS	22,366	19,907	112
DEPRECIATION AND WRITE-OFFS	5,537	5,558	100
a) Amortisation, depreciation and other write-downs of intangible long-term assets and tangible fixed asset	4,785	4,795	100
b) Investment write-offs and value adjustments of current assets	752	763	99
OTHER OPERATING EXPENSES	1,334	1,221	109
Operating profit/loss	1,852	2,213	84
FINANCIAL REVENUES FROM STAKES	25,231	4,435	569
FINANCIAL REVENUES FROM LOANS GRANTED	1,536	390	394
FINANCIAL REVENUES FROM OPERATING RECEIVABLES	456	593	77
FINANCIAL EXPENSES FROM IMPAIRMENTS AND FINANCIAL ASS. WRITE-OFFS	3,726	472	789
FINANCIAL EXPENSES FROM FINANCIAL LIABILITIES	3,261	731	446
FINANCIAL EXPENSES FROM OPERATING LIABILITIES	91	91	100
Profit/loss from regular operation	21,997	6,337	347
Income tax expense	3,090	1,276	242
Deferred taxes	-476	402	-118
Net profit/loss for the period	19,383	4,659	416
Basic and adjusted net earnings per share (in EUR)	2.45	0.59	416

Notes to financial statements are a constituent part of these financial statements and must be read together with these statements.

BALANCE SHEET OF INTEREUROPA d.d. as at 31 December 2007

In 000 €	31.12.2007	31.12.2006	I 07/06
Assets	313,071	226,678	138
Non-current assets	253,616	160,009	159
Intangible assets and long-term deferred items	3,146	2,412	130
Tangible fixed assets	104,739	76,590	137
Investment property	12,102	13,535	89
Long-term financial investments	133,629	67,472	198
Current assets (without accrued revenues and deferred expenses)	55,429	64,598	86
Assets classified as held for sale and discontinued operations.	1,366	26,437	5
Stocks	60	46	130
Short-term financial investments	22,147	5,314	417
Short-term trade receivables	31,770	32,133	99
Cash	86	668	13
Short-term accrued revenues and deferred expenses	4,026	2,071	194
Current assets (with accrued revenues and deferred expenses)	59,455	66,669	89
Liabilities	313,071	226,678	138
Capital	159,127	165,905	96
Called up capital	32,976	32,976	100
Capital surplus	49,403	49,403	100
Profit reserves	11,096	11,096	100
Revaluation surplus	6,007	25,498	24
Net profit or loss from previous periods	40,262	42,273	95
Profit or loss for the business year	19,383	4,659	416
Provisions and long-term accrued expenses and deferred revenues	1,834	1,449	127
Long-term liabilities	47,397	14,952	317
Long-term financial liabilities	46,540	11,190	416
Long-term operating liabilities	19	19	100
Deferred tax liabilities	838	3,743	22
CURRENT LIABILITIES	104,713	44,372	236
Short-term financial liabilities	73,298	16,682	439
Short-term operating liabilities	31,415	27,690	113

Notes to financial statements are a constituent part of these financial statements and must be read together with these statements.

CASH-FLOW STATEMENT OF INTEREUROPA d.d. for the period from 1 January 2006 to 31 December 2007

In 000 €	January-December 2007	January-December 2006
Cash flows from operating activities		
Income statement items	6,927	2,898
Operating revenue (except from revaluation) and financial revenue from operating receivables	144,266	125,849
Operating expenses excluding depreciation or amortisation and long-term provisions (except from revaluation) and financial expenses from operating liabilities	-137,031	-118,330
Income taxes and other taxes not included in operating expenses	-308	-4,621
Changes in net current assets (and accruals, provisions and deferred tax receivables and liabilities) of the operating balance sheet items	-1,932	-3,921
Opening less closing accounts receivable and deferred expenses and accrued revenues	-2,521	-8,633
Opening less closing inventories	-14	6
provisions	603	4,706
Net receipts/disbursements from operating activities	4,995	-1,023
Cash flows from investment activities		
Inflows from investments	29,685	14,141
Cash receipts from earned interest associated with investment activities	621	390
Receipts from other profit shares	1,307	2,067
Cash receipts from disposal of tangible fixed assets and investment property	1,199	997
Cash receipts from disposal of long-term investments	26,558	8,992
Receipts from reduction of short-term investments	0	1,695
Disbursements for investments	-117,850	-18,141
Disbursements for acquiring intangible fixed assets	-873	-1,753
Expenses for the purchase of tangible fixed assets and investment property	-30,625	-3,972
Cash payments to acquire long-term investments	-71,456	-12,416
Cash disbursements for acquisition of short-term investments:	-14,896	0
Surplus outflows from investments	-88,165	-4,000
Cash flows from financing activities		
Inflows from financing activities	94,188	17,206
Receipts from received long-term loans	43,500	6,959
Receipts from increased raised short-term loans	50,688	10,247
Disbursements for financing	-11,568	-12,033
Interest paid on financing activities	-2,725	-698
Cash payments for dividends and other profit participations	-6,621	-8,254
Cash disbursements for repayment of long-term loans	-2,222	-3,081
Surplus cash receipts from financing	82,620	5,173
Net increase/decrease in cash assets	-550	150
Exchange rate effects	-32	-2
Opening cash balance	668	520
Closing Cash balance	86	668

Notes to financial statements are a constituent part of these financial statements and must be read together with these statements.

CAPITAL FLOW STATEMENT OF INTEREUROPA d.d. for the year 2007

In 000 €	Equity capital	Capital surplus	Legal reserves	Revaluation surplus	Net profit or loss from previous periods	Profit or loss for the business year	Total capital
Opening balance as at 1 January 2007	32,976	49,403	11,096	25,498	42,273	4,659	165,905
Entry of net operating profit or loss for the period	0	0	0	0		19,383	19,383
Increased surplus from revaluation of investments	0	0	0	1,724	0	0	1,724
Transfer of revaluation surplus to revenues (from the sale of investments)	0	0	0	-23,643	0	0	-23,643
Reduced liabilities for deferred taxes credited to capital	0	0	0	2,428	0	0	2,428
Total recognised revenues and expenses in capital	0	0	0	-19,491	0	19,383	-108
Other reallocation of components of equity	0	0	0	0	4,659	-4,659	0
Dividend payout	0	0	0	0	-6,595	0	-6,595
Payment of remunerations to the Members of the Management and the Supervisory Boards	0	0	0	0	-75	0	-75
Closing balance as at 31 December 2007	32,976	49,403	11,096	6,007	40,262	19,383	159,127

CAPITAL FLOW STATEMENT OF INTEREUROPA d.d. for the year 2006

In 000 €	Equity capital	Capital surplus	Legal reserves	Revaluation surplus	Net profit or loss from previous periods	Profit or loss for the business year	Total capital
Opening balance as at 1 January 2006	32,976	49,403	11,096	18,969	43,250	7,267	162,961
Entry of net operating profit or loss for the period	0	0	0	0	0	4,659	4,659
Increased surplus from revaluation of investments	0	0	0	4,902	0	0	4,902
Transfer of revaluation surplus to revenues (from the sale of investments)	0	0	0	-573	0	0	-573
Reduced liabilities for deferred taxes credited to capital	0	0	0	2,200	0	0	2,200
Total recognised revenues and expenses in capital	0	0	0	6,529	0	4,659	11,188
Other reallocation of components of equity	0	0	0	0	7,267	-7,267	0
Dividend payout	0	0	0	0	-8,244	0	-8,244
Closing balance as at 31 December 2006	32,976	49,403	11,096	25,498	42,273	4,659	165,905

Notes to financial statements are a constituent part of these financial statements and must be read together with these statements.

19. Notes to non-consolidated financial statements of the Intereuropa d.d. company

PROFIT & LOSS ACCOUNT OF INTEREUROPA D.D.

Net sales revenues of € 143,386 thousand were revenues from rendered services. A detailed presentation of generated revenues of the Group is provided in segment reporting.

Net Sales Revenues by Business Area (Business Segments)

	in 000 EUR	Year 2007	in%	PLAN 2007	in%	Year 2006	in%	I 07/plan	I 07/06
1	Land transport	49,665	35%	49,782	38%	46,559	37%	100	107
2	Logistic solutions	16,009	11%	14,705	11%	14,783	12%	109	108
3	Intercontinental transport	72,022	50%	60,781	47%	57,619	46%	118	125
4	Other services	5,690	4%	5,477	4%	5,515	5%	104	103
TOTAL		143,386	100%	130,745	100%	124,476	100%	110	115

In 2007, we exceeded both the planned net sales revenues as well as those generated in 2006. The share of land transport in net sales revenues fell while that of intercontinental transport rose.

The company made **operating profit** of €1,852 thousand, a decrease of 16% from 2006 due to of higher operating expenses.

Net profit generated in 2007 equalled €19,383 thousand, four times the amount in 2006.

BALANCE SHEET OF INTEREUROPA D.D.

Non-current assets represented 81% of total assets. Their increase from the underlying date in the previous year was mostly due to new investments in property, plant & equipment and increased investments in subsidiaries.

The increase in **property, plant & equipment** in 2007 was due to new purchases (€31,455 thousand) and transfer from investment property (€1,043 thousand), and the decrease was due to disposals (€174 thousand), depreciation (€4,133 thousand) and transfer to investment property (€42 thousand). A decrease of 1% was recorded from 31 December 2006 reflecting higher depreciation cost and sale of property, plant & equipment than was the value of new purchases.

Long-term financial investments rose by 98% (i.e. €66,157 thousand) in 2007. The major impact was increase in long-term investments in subsidiaries and the rise in long-term loans granted to Group members.

Current assets (without accrued revenues and deferred expenses) represented 18% of total assets.

Short-term operating receivables represented €31.770 thousand. The bulk of short-term operating receivables (96%) were accounts receivables which decreased by 3% from 2006.

Capital

Share capital of the parent company Intereuropa d.d. amounted to €32,976 thousand is divided into 7,902,413 ordinary freely transferable no-par value shares. Each no-par value share has an identical share and the pertaining amount in share capital. All issued shares are fully paid. Ordinary shares are shares which grant the holder:

- Ø The right to participate in management of the company;
- Ø The right to part of the profit (dividend);
- Ø The right to a corresponding part of the remaining assets after the liquidation or bankruptcy of the company.

The company had no approved and unused capital as at 31 December 2007. The parent company issued no shares for authorised capital in 2007. The company had no redeemed treasury shares and its shares were not held by Group members.

Changes in capital in 2007 are presented in the statement of changes in equity.

Long-term financial and operating liabilities as at the balance sheet date accounted for 15% of total liabilities

Current liabilities

Short-term financial liabilities equalled € 73,298 thousand. The amount of € 8,150 thousand represented the short-term part of long-term loans and the remaining part of €65,148 thousand short-term credit lines for managing liquidity. These were fully collateralised by bills of exchange. The granted loans have a floating interest rate EURIBOR topped by the average margin of 0.58%.

Short-term accounts payable account for 85% of **short-term operating liabilities**. Only liabilities arising from customs duties equalling €5,423 thousand as at the balance sheet date were collateralised by a bank guarantee. Payment collateralisation instruments are not provided to other suppliers, which can be attributed to good credit rating of the Company.

INTEREUROPA d.d
President of the Management Board

Andrej Lovšin, M.Sc.

