

**Attachment 1.**

Reporting period:

1.1.2017

do

30.6.2017

**Quarterly financial statement of the entrepreneur - TFI-POD**

Tax number (MB): 03750272

Company registration number (MBS): 80000959

Personal identification number (OIB): 79766124714

Issuing company: INSTITUT IGH D.D.

Postal code and place: 10000

ZAGREB

Street and house number: JANKA RAKUŠE 1

E-mail address: igh@igh.hr

Internet address: http://www.igh.hr

Municipality/city code and name: 133 ZAGREB

County code and name: 21 GRAD ZAGREB

Number of employees: 516

(quarter end)

Consolidated report: NO

NKD code: 7219

Companies of the consolidation subject (according to IFRS)

Seat:

MB:

Bookkeeping service:

Contact person: ŠPINDERK JADRANKA

(please enter only contact person's family name and name)

Telephone: 01 6125 444

Telefaks: 01 6125 404

E-mail address: igh@igh.hr

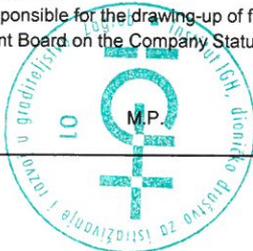
Family name and name: IVAN PALADINA

OLIVER KUMRIĆ

(person authorized to represent the company)

**Documents to be published:**

1. Financial statements (balance sheet, profit and loss statement, cash flow statement, statement of changes in equity, and notes to financial statements)
2. Statement of persons responsible for the drawing-up of financial statements
3. Report of the Management Board on the Company Status



*Paladina*

(signature of the person authorized to represent the company)

*Oliver Kumrić*

**BALANCE SHEET**  
as of 30.06.2017.

<b>INSTITUT IGH D.D.</b>			
Position	AOP	Previous period	Current period
1	2	3	4
<b>A) RECEIVABLES FOR SUBSCRIBED AND NON - PAID CAPITAL</b>	<b>001</b>		
<b>B) LONG - TERM ASSETS (003+010+020+029+033)</b>	<b>002</b>	361.314.399	360.782.234
<b>I. INTANGIBLE ASSETS (004 to 009)</b>	<b>003</b>	4.144.908	4.164.313
1. Assets development	<b>004</b>	0	0
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	<b>005</b>	1.531.701	1.487.496
3. Goodwill	<b>006</b>	0	
4. Prepayments for purchase of intangible assets	<b>007</b>	0	
5. Intangible assets in preparation	<b>008</b>	2.613.207	2.676.817
6. Other intangible assets	<b>009</b>	0	0
<b>II. TANGIBLE ASSETS (011 to 019)</b>	<b>010</b>	175.963.426	174.742.334
1. Land	<b>011</b>	63.760.082	63.760.082
2. Buildings	<b>012</b>	62.001.464	59.941.739
3. Plant and equipment	<b>013</b>	13.934.871	14.534.403
4. Instruments, plant inventories and transportation assets	<b>014</b>	5.473.529	5.383.175
5. Biological assets	<b>015</b>	0	0
6. Prepayments for tangible assets	<b>016</b>	335.434	508.683
7. Tangible assets in preparation	<b>017</b>	26.537.960	26.694.166
8. Other material assets	<b>018</b>	303.336	303.336
9. Investment in buildings	<b>019</b>	3.616.750	3.616.750
<b>III. LONG-TERM FINANCIAL ASSETS (021 to 028)</b>	<b>020</b>	179.619.100	180.415.333
1. Shares (stocks) in related parties	<b>021</b>	156.137.605	156.137.605
2. Loans given to related parties	<b>022</b>	5.088.198	4.863.138
3. Participating interests (shares)	<b>023</b>		
4. Loans to entrepreneurs in whom the entity hold participating interests	<b>024</b>		
5. Investment in securities	<b>025</b>		734.887
6. Loans, deposits and similar assets	<b>026</b>	444.745	798.518
7. Other long - term financial assets	<b>027</b>	2.948.552	2.881.185
8. Investments accounted by equity method	<b>028</b>	15.000.000	15.000.000
<b>IV. RECEIVABLES (030 to 032)</b>	<b>029</b>	1.586.965	1.460.254
1. Receivables from related parties	<b>030</b>	0	0
2. Receivables based on trade loans	<b>031</b>	1.586.965	1.460.254
3. Other receivables	<b>032</b>	0	0
<b>V. DEFERRED TAX ASSETS</b>	<b>033</b>	0	0
<b>C) SHORT TERMS ASSETS (035+043+050+058)</b>	<b>034</b>	166.258.803	173.286.202
<b>I. INVENTORIES (036 to 042)</b>	<b>035</b>	108.840.997	108.840.997
1. Raw material	<b>036</b>	0	0
2. Work in progress	<b>037</b>	247.493	247.493
3. Finished goods	<b>038</b>	0	
4. Merchandise	<b>039</b>	568.162	568.162
5. Prepayments for inventories	<b>040</b>	0	
6. Long - term assets held for sale	<b>041</b>	108.025.342	108.025.342
7. Biological assets	<b>042</b>	0	
<b>II. RECEIVABLES (044 to 049)</b>	<b>043</b>	40.596.629	43.005.805
1. Receivables from related parties	<b>044</b>	790.148	463.185
2. Accounts receivable	<b>045</b>	36.784.143	39.004.221
3. Receivables from participating entrepreneurs	<b>046</b>	0	
4. Receivables from employees and shareholders	<b>047</b>	678.198	688.696
5. Receivables from government and other institutions	<b>048</b>	955.976	574.232
6. Other receivables	<b>049</b>	1.388.164	2.275.471
<b>III. SHORT - TERM FINANCIAL ASSETS (051 to 057)</b>	<b>050</b>	13.287.447	14.257.230
1. Shares (stocks) in related parties	<b>051</b>	0	0
2. Loans given to related parties	<b>052</b>	298.204	197.694
3. Participating interests (shares)	<b>053</b>	0	0
4. Loans to entrepreneurs in whom the entity hold participating interests	<b>054</b>	0	0
5. Investment in securities	<b>055</b>	0	0
6. Loans, deposits and similar assets	<b>056</b>	12.989.243	14.059.536
7. Other financial assets	<b>057</b>	0	0
<b>IV. CASH AT BANK AND IN CASHIER</b>	<b>058</b>	3.533.730	7.182.170
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>059</b>	4.023.444	9.367.096
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	531.596.646	543.435.532
<b>F) OFF-BALANCE SHEET NOTES</b>	<b>061</b>	38.462.783	52.059.837

<b>LIABILITIES AND CAPITAL</b>			
<b>A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	<b>-29.746.045</b>	<b>-20.747.926</b>
I. SUBSCRIBED CAPITAL	063	116.604.710	116.604.710
II. CAPITAL RESERVES	064	0	0
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	0	-3.104.380
1. Reserves prescribed by law	066	0	0
2. Reserves for treasury stocks	067	1.446.309	1.446.309
3. Treasury stocks and shares (deduction)	068	1.446.309	4.550.689
4. Statutory reserves	069	0	0
5. Other reserves	070	0	0
IV. REVALUATION RESERVES	071	137.678.337	135.815.666
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	-223.342.725	-282.166.420
1. Retained earnings	073	12.010.689	7.247.824
2. Accumulated loss	074	235.353.414	289.414.244
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	075	-60.686.367	12.102.498
1. Profit for the current year	076		12.102.498
2. Loss for the current year	077	60.686.367	0
VII. MINORITY INTEREST	078	0	0
<b>B) PROVISIONS (080 to 082)</b>	<b>079</b>	<b>6.851.514</b>	<b>6.851.514</b>
1. Provisions for pensions, severance pay and similar liabilities	080	768.473	768.473
2. Reserves for tax liabilities	081	0	0
3. Other reserves	082	6.083.041	6.083.041
<b>C) LONG TERM LIABILITIES (084 to 092)</b>	<b>083</b>	<b>321.829.906</b>	<b>302.187.739</b>
1. Liabilities to related parties	084	241.777	116.108
2. Liabilities for loans, deposits etc.	085	70.500	70.500
3. Liabilities to banks and other financial institutions	086	280.626.785	266.948.393
4. Liabilities for received prepayments	087	0	0
5. Accounts payable	088	6.152.231	3.063.712
6. Liabilities arising from debt securities	089	0	0
7. Liabilities to entrepreneurs in whom the entity holds participating interests	090	0	0
8. Other long-term liabilities	091	4.464.873	2.124.166
9. Deferred tax liability	092	30.273.740	29.864.860
<b>D) SHORT - TERM LIABILITIES (094 to 105)</b>	<b>093</b>	<b>200.512.432</b>	<b>220.604.978</b>
1. Liabilities to related parties	094	980.990	1.658.716
2. Liabilities for loans, deposits etc.	095	3.373.345	5.194.291
3. Liabilities to banks and other financial institutions	096	65.459.326	72.815.030
4. Liabilities for received prepayments	097	2.809.026	5.741.727
5. Accounts payable	098	24.435.373	29.689.073
6. Liabilities arising from debt securities	099	70.973.241	70.973.241
7. Liabilities to entrepreneurs in whom the entity holds participating interests	100	0	0
8. Liabilities to employees	101	9.036.057	8.699.977
9. Liabilities for taxes, contributions and similar fees	102	12.481.386	14.030.708
10. Liabilities to share - holders	103	0	0
11. Liabilities for long term assets held for sale	104	0	0
12. Other short - term liabilities	105	10.963.688	11.802.215
<b>E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD</b>	<b>106</b>	<b>32.148.839</b>	<b>34.539.227</b>
<b>F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	<b>531.596.646</b>	<b>543.435.532</b>
<b>G) OFF-BALANCE SHEET NOTES</b>	<b>108</b>	<b>38.462.783</b>	<b>52.059.837</b>
<b>APPENDIX TO BALANCE SHEET (only for consolidated financial statements)</b>			
<b>A) CAPITAL AND RESERVES</b>			
1. Attributed to equity holders of parent company	109		
2. Attributed to minority interests	110		

**PROFIT AND LOSS ACCOUNT**  
for period 01.01.2017. to 30.06.2017

INSTITUT IGH D.D.

Position	AOP	Previous period		Current period	
		Cummulative	Periodical	Cummulative	Periodical
1	2	3	4	5	6
<b>I. OPERATING REVENUES (112+113)</b>	<b>111</b>	70.768.680	35.580.276	96.956.734	52.498.040
1. Sales revenues	112	67.983.390	34.496.224	95.194.506	51.581.729
2. Other operating revenues	113	2.785.290	1.084.052	1.762.228	916.311
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	76.195.626	36.841.668	84.218.222	44.279.621
1. Changes in the value of work in progress and finished goods	115		0		0
2. Material costs (117 to 119)	116	19.104.662	9.763.579	28.528.670	15.827.174
a) Raw material and material costs	117	3.263.436	1.566.138	3.626.813	1.742.650
b) Costs of goods sold	118	0	0	0	0
c) Other external costs	119	15.841.226	8.197.441	24.901.857	14.084.524
3. Staff costs (121 to 123)	120	42.526.480	19.962.184	42.205.319	21.262.680
a) Net salaries and wages	121	24.789.896	11.806.687	23.001.360	11.445.824
b) Costs for taxes and contributions from salaries	122	11.525.443	5.237.881	13.367.647	6.764.564
c) Contributions on gross salaries	123	6.211.141	2.917.616	5.836.312	3.052.292
4. Depreciation	124	3.751.546	1.426.314	3.818.030	1.909.015
5. Other costs	125	8.939.941	5.262.834	7.856.346	4.119.859
6. Impairment (127+128)	126	1.196.371	42.199	1.613.630	994.684
a) Impairment of long-term assets (excluding financial assets)	127		0		
b) Impairment of short-term assets (excluding financial assets)	128	1.196.371	42.199	1.613.630	994.684
7. Provisions	129	289.954	53.154		
8. Other operating expenses	130	386.672	331.404	196.227	166.209
<b>III. FINANCIAL INCOME (132 to 136)</b>	<b>131</b>	5.087.127	781.531	6.226.985	1.559.743
1. Interest income, foreign exchange gains, dividends and similar income from related	132	139	139	0	0
2. Interest income, foreign exchange gains, dividends and similar income from non-related	133	5.086.988	781.392	6.226.985	1.559.743
3. Share in income from affiliated entrepreneurs and participating interests	134	0	0	0	0
4. Unrealized gains (income) from financial assets	135	0	0	0	0
5. Other financial income	136	0	0	0	0
<b>IV. FINANCIAL EXPENSES (138 to 141)</b>	<b>137</b>	8.707.658	4.341.845	7.271.877	3.670.739
1. Interest expenses, foreign exchange losses and similar expenses from related parties	138	195.216	29.525	225.313	53.142
2. Interest expenses, foreign exchange losses and similar expenses from non - related	139	7.095.926	3.577.219	6.135.119	3.098.679
3. Unrealized losses (expenses) on financial assets	140	0	0	67.367	67.367
4. Other financial expenses	141	1.416.516	735.101	844.078	451.551
<b>V. INCOME FROM INVESTMENT SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS</b>	<b>142</b>		0		0
<b>VI. LOSS FROM INVESTMENT SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS</b>	<b>143</b>		0		0
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>		0		0
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>		0		0
<b>IX. TOTAL INCOME (111+131+142 + 144)</b>	<b>146</b>	75.855.807	36.361.807	103.183.719	54.057.783
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	84.903.284	41.183.513	91.490.099	47.950.360
<b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	-9.047.477	-4.821.706	11.693.620	6.107.423
1. Profit before taxation (146-147)	149	0	0	11.693.620	6.107.423
2. Loss before taxation (147-146)	150	9.047.477	4.821.706	0	0
<b>XII. PROFIT TAX</b>	<b>151</b>		0	-408.878	-204.439
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	-9.047.477	-4.821.706	12.102.498	6.311.862
1. Profit for the period(149-151)	153	0	0	12.102.498	6.311.862
2. Loss for the period (151-148)	154	9.047.477	4.821.706	0	0
<b>APPENDIX to Profit and Loss Account (only for consolidated financial statements)</b>					
<b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>					
1. Attributed to equity holders of parent company	155				
2. Attributed to minority interests	156				
<b>STATEMENT OF COMPREHENSIVE INCOME (IFRS)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD (= 152)</b>	<b>157</b>	-9.047.477	-4.821.706	12.102.498	6.311.862
<b>II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)</b>	<b>158</b>	0	0	0	0
1. Exchange differences on translation of foreign operations	159	0	0	0	0
2. Movements in revaluation reserves of long-term tangible and intangible assets	160	0	0	0	0
3. Profit or loss from revaluation of financial assets available for sale	161	0	0	0	0
4. Gains or losses on efficient cash flow hedging	162	0	0	0	0
5. Gains or losses on efficient hedge of a net investment in foreign countries	163	0	0	0	0
6. Share in other comprehensive income / loss of associated companies	164	0	0	0	0
7. Actuarial gains / losses on defined benefit plans	165	0	0	0	0
<b>III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>166</b>	0	0	0	0
<b>IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)</b>	<b>167</b>	0	0	0	0
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)</b>	<b>168</b>	-9.047.477	-4.821.706	12.102.498	6.311.862
<b>APPENDIX to Statement of comprehensive income (only for consolidated financial statements)</b>					
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD</b>					
1. Attributed to equity holders of parent company	169				
2. Attributed to minority interests	170				

**STATEMENT OF CASH FLOWS - Indirect method**  
**period 01.01.2017. to 30.06.2017**

Legal entity : INSTITUT IGH D.D.			
Position	AOP	Previous period	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	001	-9.047.477	11.693.620
2. Depreciation	002	3.751.546	3.818.030
3. Increase in short-term liabilities	003	3.280.852	11.712.836
4. Decrease in short term receivables	004		
5. Decrease in inventories	005		
6. Other cash flow increases	006		
<b>I. Total increase in cash flow from operating activities (001 to 006)</b>	<b>007</b>	<b>-2.015.079</b>	<b>27.224.486</b>
1. Decrease in short - term liabilities	008	0	0
2. Increase in short - term receivables	009	4.869.513	7.752.828
3. Increase in inventories	010	0	0
4. Other cash flow decreases	011	8.993.796	13.155.340
<b>II. Total decrease in cash flow from operating activities (008 to 011)</b>	<b>012</b>	<b>13.863.309</b>	<b>20.908.168</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	<b>0</b>	<b>6.316.318</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	<b>15.878.388</b>	<b>0</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Cash flow from sale of long - term tangible and intangible assets	015	4.025	208.445
2. Cash inflows from sale of equity and debt financial instruments	016	1.337.838	0
3. Interest receipts	017	552.140	150.766
4. Dividend receipts	018	0	0
5. Other cash inflows from investing activities	019	20.963.668	1.119.306
<b>III. Total cash inflows from investing activities(015 to 019)</b>	<b>020</b>	<b>22.857.671</b>	<b>1.478.517</b>
1. Cash outflows for purchase of long - term tangible and intangible assets	021	988.072	1.824.239
2. Cash outflows for purchase of equity and debt financial instruments	022	0	0
3. Other cash outflows from investing activities	023	1.920.071	444.000
<b>IV. Total cash outflows from investing activities (021 to 023)</b>	<b>024</b>	<b>2.908.143</b>	<b>2.268.239</b>
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES(020-024)</b>	<b>025</b>	<b>19.949.528</b>	<b>0</b>
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES(024-020)</b>	<b>026</b>	<b>0</b>	<b>789.722</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Cash receipts from issuance of equity and debt financial instruments	027	0	0
2. Cash inflows from loans, debentures, credits and other borrowings	028	0	526.000
3. Other cash inflows from financing activities	029	0	0
<b>V. Total cash inflows from financing activities (027 to 029)</b>	<b>030</b>	<b>0</b>	<b>526.000</b>
1. Cash outflows for repayment of loans and bonds	031	745.084	645.100
2. Dividends paid	032	0	0
3. Cash outflows for finance lease	033	358.789	191.509
4. Cash outflows for purchase of own stocks	034		1.567.547
5. Other cash outflows from financing activities	035		
<b>VI. Total cash outflows from financing activities (031 do 035)</b>	<b>036</b>	<b>1.103.873</b>	<b>2.404.156</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)</b>	<b>037</b>	<b>0</b>	<b>0</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)</b>	<b>038</b>	<b>1.103.873</b>	<b>1.878.156</b>
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	039	2.967.267	6.316.318
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	040	0	2.667.878
Cash and cash equivalents at the beginning of period	041	430.996	3.533.730
Increase in cash and cash equivalents	042	2.967.267	3.648.440
Decrease in cash and cash equivalents	043	0	0
Cash and cash equivalents at the end of period	044	3.398.263	7.182.170

## STATEMENT OF CHANGES IN EQUITY

from 1.1.2017 to 30.6.2017

	Position	AOP	Previous year	Current year
	1	2	3	4
1. Subscribed capital		001	116.604.710	116.604.710
2. Capital reserves		002	0	0
3. Reserves from profit		003	0	-3.104.380
4. Retained earnings or accumulated loss		004	-223.342.725	-282.166.420
5. Profit / loss for the current year		005	-60.686.367	12.102.498
6. Revaluation of long - term tangible assets		006	137.913.699	135.815.666
7. Revaluation of intangible assets		007	0	
8. Revaluation of financial assets available for sale		008	0	0
9. Other revaluation		009	0	
<b>10. Total capital and reserves (AOP 001 to 009)</b>		<b>010</b>	<b>-29.510.683</b>	<b>-20.747.926</b>
11. Currency gains and losses arising from net investments in foreign operations		011	-235.362	
12. Current and deferred taxes (part)		012		
13. Cash flow hedging		013		
14. Changes in accounting policies		014		
15. Correction of significant errors in prior periods		015		
16. Other changes in capital		016		
<b>17. Total increase or decrease in capital (AOP 011 to 016)</b>		<b>017</b>	<b>-235.362</b>	<b>0</b>
17 a. Attributed to equity holders of parent company		018		
17 b. Attributed to minority interest		019		

Items decreasing the capital are entered with a negative number sign

Data entered under AOP marks 001 to 009 are entered as situation on the Balance Sheet date

# INSTITUT IGH, d.d.

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## STATEMENT OF MANAGEMENT BOARD ON THE RESPONSIBILITY FOR PREPARING FINANCIAL REPORTS FOR THE INSTITUT IGH, JSC

The Company's Management Board has to ensure that the INSTITUT IGH d.d. financial reports for the first semester of 2017 are prepared in accordance with the Accountancy Law (Official Gazette 78/15, 133/15, 120/16) and International Financial Reporting Standards as adopted by the European Union, so that these documents provide a true and unbiased picture of the Company's financial standing, business results, change in capital, and cash flow for the period under consideration.

After making due enquiries, the Management Board has a reasonable expectation that the Company has adequate resources to continue operation in the foreseeable future. Accordingly, the Management Board has prepared its financial reports under assumption that the Company will continue to operate for an unlimited period of time.

During preparation of financial reports, the Management Board is responsible:

- for the selection and, thereafter, for consistent use of appropriate accounting policies;
- for giving reasonable and sensible assessments and estimates;
- for applying valid financial reporting standards and for making public and explaining every materially significant discrepancy discovered in financial reports;
- for preparing financial reports under assumption of an unlimited period of operation, except in cases when such assumption is inappropriate.

The Management Board is responsible for keeping proper accountancy records that will depict, to an acceptable level of accuracy, the financial standing and business results of the Company, in full compliance with the Accountancy Law and International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). The Management Board is also responsible for protecting and safeguarding the Company's assets, and hence for undertaking every measure it deems necessary to prevent and discover cases of fraud and other illegal activity.

Signed on behalf of the Management Board:

Ivan Paladina, President of Management Board

Institut IGH, d.d. Zagreb  
Janka Rakuše 1  
10000 Zagreb

28 July 2017



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Mjerodavni sud:  
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registarSKI uležak  
s matičnim brojem (MBS)  
080000959

Temeljni kapital:  
116.604.710,00 kn  
uplaćen u cijelosti  
Broj izdanih dionica:  
IGH-R-A 613.709  
Nominalna vrijednost  
dionice 190 kn

MB: 3750272  
OIB: 79766124714  
Poslovna banka:  
Zagrebačka banka d.d.  
IBAN:  
HR772360001101243767  
SWIFT kod: ZABHR2X

Uprava:  
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mr.sc. Oliver Kumić, dipl.ing.grad.,  
član Uprave

Nadzorni odbor:  
Žarko Dešković, dipl.ing.grad,  
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## MANAGEMENT BOARD REPORT ON BUSINESS RESULTS OF THE COMPANY INSTITUT IGH d.d. AND ITS SUBSIDIARIES IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017

INSTITUT IGH, d.d. Zagreb and its subsidiaries are the leading service provider in the field of design, technical supervision, laboratory services and project management of infrastructure and civil engineering projects in Southeast Europe. 17 subsidiary companies with the same core activity or similar business activities are affiliated to Institut IGH d.d.

A total of 541 employees were employed with INSTITUT IGH d.d. and its subsidiaries on 30 June 2017.

In the first half-year of 2017, INSTITUT IGH d.d. operated at a profit in the amount of HRK 12.1 million, primarily as the result of a 37% increase in operating revenues, which amounted to HRK 97.0 million out of which 35% relates to operating revenues from international operations. On the other hand, the operating expenses increased by 11% when compared to the same period of the previous year, which resulted in achieved EBITDA of HRK 16.6 million. Moreover, in the first half-year of 2017, the Company achieved a positive result from exchange rate differentials, due to appreciation of Croatian kuna exchange rate against euro.

In the first half-year of 2017, IGH Group realized a net profit of HRK 13.7 million, also primarily due to a 38% increase in operating revenues, which amounted to HRK 102.6 million, and a positive result from exchange rate differentials. Consolidated operating revenues from international operations represent 33% of total operating revenues. Consolidated operating expenses amounted to HRK 88.0 million, which is an increase by 9% when compared to the first half-year of 2016, which together with a

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član Uprave

Nadzorni odbor:  
Žarko Dešković, dipl.ing.grad,  
predsjednik Nadzornog odbora



significant increase in revenues resulted in achieved EBITDA of HRK 18.9 million.

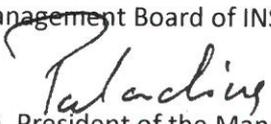
On 30 June 2017, INSTITUT IGH d.d., had active contracts in progress amounting to HRK 266 million.

The achieved operating and net profit represents a continuation of positive trends in the business operation of the Company and Group, and follows as a result of strong development of business operation on the domestic as well as international markets. On the other hand, the operating expenses were relatively reduced by operational restructuring measures, and are directly managed on a daily basis. The results of the first half-year are partly a result of external impact of HRK appreciation, however, independently of this effect, the net result is definitely positive, which is a continuation of an upward business trend according to all indicators. In parallel with the growth in operating results, the Company continues the process of deleveraging and improvement of current liquidity.

However, despite positive trends in operational business and the status of contracts, which provide grounds for optimism for the following period, the fact that the Company continues to record negative equity and that the obligation to repay the senior loan principal commenced in June 2017, in compliance with provisions of the Pre-bankruptcy Settlement and subsequent agreements with creditors of category a), cannot be disregarded. The Company has not paid corresponding principal instalment till the day of this report, but the Management Board gives maximal effort to regulate relationship with creditors and fulfil liabilities, and we are confident that the outcome will be positive. Further on, taking into account all indicators, Management Board is confident that the business operation in the following period will be successful and stable.

Zagreb, 28 July 2017

On behalf of the Management Board of INSTITUT IGH d.d.

  
Ivan Paladina, President of the Management Board

