

## Attachment 1.

Reporting period:

1.1.2016

do

30.9.2016

## 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: 539

Consolidated report: YES

(quarter end)  
NKD code: 7219

Companies of the consolidation subject (according to IFR):

Seat:

MB:

IGH MOSTAR D.O.O. | MOSTAR, BIŠĆE POLJE BB | 4227060470005

IGH PROJEKTIRANJE D.O.O. | ZAGREB, JANKA RAKUŠE 1 | 02441918

INCRO D.O.O. | ZAGREB, BRANIMIROVA 71 | 01982516

IGH ENERGIJA D.O.O. | ZAGREB, JANKA RAKUŠE 1 | 01819585

FORUM CENTAR D.O.O. | ZAGREB, JANKA RAKUŠE 1 | 01960229

PROJEKT ŠOLTA D.O.O. | ZAGREB, JANKA RAKUŠE 1 | 02592363

VOĐENJE PROJEKATA D.O.O. | ZAGREB, BIJENIČKA CESTA 8 | 02427648

EKONOMSKO TEHNIČKI ZAVOD D.D. | OSIJEK, DRINSKA 18 | 03013669

PROJEKTI BIRO PALMOTIĆEVA 45 D.O.O. | ZAGREB, PALMOTIĆEVA 45 | 03222853

IGH KOSOVA Sha | PRIŠTINA, KOSOVO |

IGH CONSULTING D.O.O. | ZAGREB, JANKA RAKUŠE 1 | 02462478

DP AQUA D.O.O. | ZAGREB, SREDNJACI 16 | 01907522

TEHNIČKE KONSTRUKCIJE D.O.O. | ZAGREB, VLAŠKA 79 | 02405865

MBM TERMOPROJEKT D.O.O. | ZAGREB, NIKOLA PAVIĆA 20 | 00335967

RADELJEVIĆ D.O.O. | ZAGREB, JANKA RAKUŠE 1 | 01938533

MARTERRA D.O.O. | ZAGREB, JANKA RAKUŠE 1 | 28983577816

NOVI ČRNOMEREC CENTAR D.O.O. | ZAGREB, JANKA RAKUŠE 1 | 08291561940

SLAVONIJA CENTAR, POSLOVNA ZONA VELIKA K | ZAGREB, JANKA RAKUŠE 1 | 81665145943

Bookkeeping service:

Contact person: SPINDERK JADRANKA

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

Telephone: 01 6125 444

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Family name and name: IVAN PALADINA

(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

M.P.

(signature of the person authorized to represent the company)

**BALANCE SHEET**  
as of 30.09.2016

INSTITUT IGH D.D.			
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>	<b>389.295.436</b>	<b>364.556.335</b>
<b>I. INTANGIBLE ASSETS (004 to 009)</b>	<b>003</b>	<b>4.163.442</b>	<b>3.761.882</b>
1. Assets development	<b>004</b>	0	0
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	<b>005</b>	1.445.440	745.306
3. Goodwill	<b>006</b>	32.350	51.837
4. Prepayments for purchase of intangible assets	<b>007</b>	0	0
5. Intangible assets in preparation	<b>008</b>	2.685.652	2.964.739
6. Other intangible assets	<b>009</b>	0	0
<b>II. TANGIBLE ASSETS (011 to 019)</b>	<b>010</b>	<b>339.570.671</b>	<b>335.910.937</b>
1. Land	<b>011</b>	105.266.746	105.237.734
2. Buildings	<b>012</b>	81.012.007	78.066.723
3. Plant and equipment	<b>013</b>	16.742.933	15.076.517
4. Instruments, plant inventories and transportation assets	<b>014</b>	4.393.290	3.963.639
5. Biological assets	<b>015</b>	0	0
6. Prepayments for tangible assets	<b>016</b>	142.537	444.038
7. Tangible assets in preparation	<b>017</b>	26.158.200	27.267.350
8. Other material assets	<b>018</b>	364.640	364.618
9. Investment in buildings	<b>019</b>	105.490.318	105.490.318
<b>III. LONG-TERM FINANCIAL ASSETS (021 to 028)</b>	<b>020</b>	<b>44.088.140</b>	<b>23.600.170</b>
1. Shares (stocks) in related parties	<b>021</b>	0	0
2. Loans given to related parties	<b>022</b>	0	0
3. Participating interests (shares)	<b>023</b>	1.020.683	276.863
4. Loans to entrepreneurs in whom the entity hold participating interests	<b>024</b>	0	0
5. Investment in securities	<b>025</b>	753.408	0
6. Loans, deposits and similar assets	<b>026</b>	24.331.495	5.497.667
7. Other long - term financial assets	<b>027</b>	3.090.850	2.948.551
8. Investments accounted by equity method	<b>028</b>	14.891.704	14.877.089
<b>IV. RECEIVABLES (030 to 032)</b>	<b>029</b>	<b>1.473.183</b>	<b>1.283.346</b>
1. Receivables from related parties	<b>030</b>	0	0
2. Receivables based on trade loans	<b>031</b>	1.455.811	1.266.264
3. Other receivables	<b>032</b>	17.372	17.082
<b>V. DEFERRED TAX ASSETS</b>	<b>033</b>		
<b>C) SHORT TERMS ASSETS (035+043+050+058)</b>	<b>034</b>	<b>246.139.159</b>	<b>250.945.678</b>
<b>I. INVENTORIES (036 to 042)</b>	<b>035</b>	<b>197.760.735</b>	<b>198.397.113</b>
1. Raw material	<b>036</b>	0	0
2. Work in progress	<b>037</b>	89.261.838	89.898.216
3. Finished goods	<b>038</b>	0	0
4. Merchandise	<b>039</b>	568.162	568.162
5. Prepayments for inventories	<b>040</b>	0	0
6. Long - term assets held for sale	<b>041</b>	107.930.735	107.930.735
7. Biological assets	<b>042</b>	0	0
<b>II. RECEIVABLES (044 to 049)</b>	<b>043</b>	<b>41.728.552</b>	<b>44.583.902</b>
1. Receivables from related parties	<b>044</b>	20.187	60.651
2. Accounts receivable	<b>045</b>	38.319.122	40.859.255
3. Receivables from participating entrepreneurs	<b>046</b>	0	0
4. Receivables from employees and shareholders	<b>047</b>	685.702	662.137
5. Receivables from government and other institutions	<b>048</b>	1.397.764	988.525
6. Other receivables	<b>049</b>	1.305.777	2.013.334
<b>III. SHORT - TERM FINANCIAL ASSETS (051 to 057)</b>	<b>050</b>	<b>4.979.460</b>	<b>3.487.633</b>
1. Shares (stocks) in related parties	<b>051</b>	0	0
2. Loans given to related parties	<b>052</b>	0	20.000
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>	4.979.460	3.419.301
7. Other financial assets	<b>057</b>	0	48.332
<b>IV. CASH AT BANK AND IN CASHIER</b>	<b>058</b>	<b>1.670.412</b>	<b>4.477.030</b>
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>059</b>	<b>10.849.270</b>	<b>13.174.029</b>
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	<b>646.283.865</b>	<b>628.676.042</b>
<b>F) OFF-BALANCE SHEET NOTES</b>	<b>061</b>	<b>38.870.526</b>	<b>43.877.876</b>



<b>LIABILITIES AND CAPITAL</b>			
<b>A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	<b>29.411.617</b>	<b>14.825.366</b>
I. SUBSCRIBED CAPITAL	<b>063</b>	116.604.710	116.604.710
II. CAPITAL RESERVES	<b>064</b>	0	0
III. RESERVES FROM PROFIT (066+067-068+069+070)	<b>065</b>	-2.419.226	-2.479.608
1. Reserves prescribed by law	<b>066</b>		
2. Reserves for treasury stocks	<b>067</b>	1.446.309	1.446.309
3. Treasury stocks and shares (deduction)	<b>068</b>	3.865.535	3.925.917
4. Statutory reserves	<b>069</b>	0	0
5. Other reserves	<b>070</b>	0	0
IV. REVALUATION RESERVES	<b>071</b>	148.880.230	146.011.684
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	<b>072</b>	-151.943.469	-230.412.845
1. Retained earnings	<b>073</b>		
2. Accumulated loss	<b>074</b>	151.943.469	230.412.845
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	<b>075</b>	-81.748.614	-14.271.832
1. Profit for the current year	<b>076</b>	0	
2. Loss for the current year	<b>077</b>	81.748.614	14.271.832
VII. MINORITY INTEREST	<b>078</b>	37.986	-626.743
<b>B) PROVISIONS (080 to 082)</b>	<b>079</b>	<b>12.165.788</b>	<b>12.546.696</b>
1. Provisions for pensions, severance pay and similar liabilities	<b>080</b>	1.709.611	1.709.611
2. Reserves for tax liabilities	<b>081</b>	0	0
3. Other reserves	<b>082</b>	10.456.177	10.837.085
<b>C) LONG TERM LIABILITIES (084 to 092)</b>	<b>083</b>	<b>338.598.967</b>	<b>339.225.546</b>
1. Liabilities to related parties	<b>084</b>	365.388	274.041
2. Liabilities for loans, deposits etc.	<b>085</b>	64.800	64.800
3. Liabilities to banks and other financial institutions	<b>086</b>	280.038.174	286.069.559
4. Liabilities for received prepayments	<b>087</b>	0	0
5. Accounts payable	<b>088</b>	11.979.016	9.386.845
6. Liabilities arising from debt securities	<b>089</b>	0	0
7. Liabilities to entrepreneurs in whom the entity holds participating interests	<b>090</b>	0	0
8. Other long-term liabilities	<b>091</b>	8.959.814	6.923.807
9. Deferred tax liability	<b>092</b>	37.191.775	36.506.494
<b>D) SHORT - TERM LIABILITIES (094 to 105)</b>	<b>093</b>	<b>243.040.968</b>	<b>229.708.666</b>
1. Liabilities to related parties	<b>094</b>	284.859	277.888
2. Liabilities for loans, deposits etc.	<b>095</b>	2.779.699	2.750.102
3. Liabilities to banks and other financial institutions	<b>096</b>	93.019.922	80.914.932
4. Liabilities for received prepayments	<b>097</b>	3.234.476	5.112.969
5. Accounts payable	<b>098</b>	31.042.871	27.293.685
6. Liabilities arising from debt securities	<b>099</b>	70.973.241	70.973.241
7. Liabilities to entrepreneurs in whom the entity holds participating interests	<b>100</b>	0	0
8. Liabilities to employees	<b>101</b>	5.905.096	5.292.634
9. Liabilities for taxes, contributions and similar fees	<b>102</b>	11.587.660	10.025.747
10. Liabilities to share - holders	<b>103</b>	1.733.004	1.733.004
11. Liabilities for long term assets held for sale	<b>104</b>	0	0
12. Other short - term liabilities	<b>105</b>	22.480.140	25.334.464
<b>E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD</b>	<b>106</b>	<b>23.066.525</b>	<b>32.369.768</b>
<b>F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	<b>646.283.865</b>	<b>628.676.042</b>
<b>G) OFF-BALANCE SHEET NOTES</b>	<b>108</b>	<b>38.870.526</b>	<b>43.877.876</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	<b>109</b>	29.373.631	15.452.109
2. Attributed to minority interests	<b>110</b>	37.986	-626.743

**PROFIT AND LOSS ACCOUNT**  
for period 01.01.2016 to 30.09.2016

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>	<b>138.020.069</b>	<b>42.207.876</b>	<b>117.588.321</b>	<b>43.233.286</b>
1. Sales revenues	112	128.016.827	39.051.713	112.223.783	41.571.959
2. Other operating revenues	113	10.003.242	3.156.163	5.364.538	1.661.327
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	<b>148.391.677</b>	<b>49.330.738</b>	<b>125.206.139</b>	<b>44.223.042</b>
1. Changes in the value of work in progress and finished goods	115			-401.820	-150.683
2. Material costs (117 to 119)	116	38.982.082	12.384.991	33.548.146	13.701.588
a) Raw material and material costs	117	6.241.445	1.983.070	5.100.737	1.598.134
b) Costs of goods sold	118	0	0	0	0
c) Other external costs	119	32.740.637	10.401.921	28.447.409	12.103.454
3. Staff costs (121 to 123)	120	74.232.650	24.711.868	64.721.444	20.436.582
a) Net salaries and wages	121	42.925.357	13.864.417	38.170.089	12.352.085
b) Costs for taxes and contributions from salaries	122	20.375.826	7.256.180	17.088.102	5.075.510
c) Contributions on gross salaries	123	10.931.467	3.591.271	9.463.253	3.008.987
4. Depreciation	124	7.181.807	2.425.084	6.365.106	2.106.192
5. Other costs	125	16.319.500	4.836.144	14.527.343	4.510.625
6. Impairment (127+128)	126	6.115.305	1.523.187	1.468.199	246.773
a) Impairment of long-term assets (excluding financial assets)	127			0	0
b) Impairment of short-term assets (excluding financial assets)	128	6.115.305	1.523.187	1.468.199	246.773
7. Provisions	129	252.677	0	3.665.397	2.994.536
8. Other operating expenses	130	5.307.656	3.449.464	1.312.324	377.429
<b>III. FINANCIAL INCOME (132 to 136)</b>	<b>131</b>	<b>4.485.797</b>	<b>345.312</b>	<b>6.495.209</b>	<b>210.177</b>
1. Interest income, foreign exchange gains, dividends and similar income from related parties	132		0	0	0
2. Interest income, foreign exchange gains, dividends and similar income from non-related	133	3.768.032	0	5.779.749	210.177
3. Share in income from affiliated entrepreneurs and participating interests	134			0	0
4. Unrealized gains (income) from financial assets	135			0	0
5. Other financial income	136	717.765	345.312	715.460	0
<b>IV. FINANCIAL EXPENSES (138 to 141)</b>	<b>137</b>	<b>16.649.541</b>	<b>6.317.871</b>	<b>13.732.758</b>	<b>4.416.010</b>
1. Interest expenses, foreign exchange losses and similar expenses from related parties	138			0	0
2. Interest expenses, foreign exchange losses and similar expenses from non - related	139	14.475.265	5.627.293	11.800.730	3.900.498
3. Unrealized losses (expenses) on financial assets	140			0	0
4. Other financial expenses	141	2.174.276	690.578	1.932.028	515.512
<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>	<b>7.362.148</b>	<b>29.148</b>	<b>14.615</b>	<b>3.235</b>
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>				
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>				
<b>IX. TOTAL INCOME (111+131+142 + 144)</b>	<b>146</b>	<b>142.505.866</b>	<b>42.553.188</b>	<b>124.083.530</b>	<b>43.443.463</b>
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	<b>172.403.366</b>	<b>55.677.757</b>	<b>138.953.512</b>	<b>48.642.287</b>
<b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	<b>-29.897.500</b>	<b>-13.124.569</b>	<b>-14.869.982</b>	<b>-5.198.824</b>
1. Profit before taxation (146-147)	149	0	0	0	0
2. Loss before taxation (147-146)	150	29.897.500	13.281.027	14.869.982	5.198.824
<b>XII. PROFIT TAX</b>	<b>151</b>	<b>312.042</b>	<b>156.458</b>	<b>-548.302</b>	<b>-633.705</b>
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	<b>-30.209.542</b>	<b>-13.281.027</b>	<b>-14.321.680</b>	<b>-4.565.119</b>
1. Profit for the period(149-151)	153	0	0	0	0
2. Loss for the period (151-148)	154	30.209.542	13.281.027	14.321.680	4.565.119
<b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>					
1. Attributed to equity holders of parent company	155	-30.342.998	-13.288.648	-14.271.832	-4.594.484
2. Attributed to minority interests	156	133.456	7.621	-49.848	29.365
<b>STATEMENT OF COMPREHENSIVE INCOME (IFRS)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD (= 152)</b>	<b>157</b>	<b>-30.209.542</b>	<b>-13.281.027</b>	<b>-14.321.680</b>	<b>-4.565.119</b>
<b>II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)</b>	<b>158</b>	<b>49.425</b>	<b>-94.945</b>	<b>-54.726</b>	<b>-104.261</b>
1. Exchange differences on translation of foreign operations	159	49.425	-94.945	-54.726	-104.261
2. Movements in revaluation reserves of long-term tangible and intangible assets	160		0		0
3. Profit or loss from revaluation of financial assets available for sale	161		0		0
4. Gains or losses on efficient cash flow hedging	162		0		0
5. Gains or losses on efficient hedge of a net investment in foreign countries	163		0		0
6. Share in other comprehensive income / loss of associated companies	164		0		0
7. Actuarial gains / losses on defined benefit plans	165		0		0
<b>III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>166</b>	<b>9.882</b>	<b>-18.992</b>	<b>10.945</b>	<b>1.038</b>
<b>IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)</b>	<b>167</b>	<b>39.543</b>	<b>-75.953</b>	<b>-43.781</b>	<b>-83.409</b>
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)</b>	<b>168</b>	<b>-30.169.999</b>	<b>-13.356.980</b>	<b>-14.365.461</b>	<b>-4.648.528</b>
<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	-30.303.455	-13.364.601	-14.315.613	-4.677.893
2. Attributed to minority interests	170	133.456	7.621	-49.848	29.365



**STATEMENT OF CASH FLOWS - Indirect method**  
period 01.01.2016. to 30.09.2016

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	-29.897.500	-14.869.982
2. Depreciation	002	7.181.807	6.365.106
3. Increase in short-term liabilities	003	0	1.720.727
4. Decrease in short term receivables	004	24.659.784	
5. Decrease in inventories	005	0	
6. Other cash flow increases	006	0	
<b>I. Total increase in cash flow from operating activities (001 to 006)</b>	<b>007</b>	<b>1.944.091</b>	<b>-6.784.149</b>
1. Decrease in short - term liabilities	008	1.935.981	0
2. Increase in short - term receivables	009	0	4.990.271
3. Increase in inventories	010	650.615	636.379
4. Other cash flow decreases	011	2.780.771	1.196.141
<b>II. Total decrease in cash flow from operating activities (008 to 011)</b>	<b>012</b>	<b>5.367.367</b>	<b>6.822.791</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	<b>0</b>	<b>0</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	<b>3.423.276</b>	<b>13.606.940</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Cash flow from sale of long - term tangible and intangible assets	015	9.363.991	76.563
2. Cash inflows from sale of equity and debt financial instruments	016	0	1.337.838
3. Interest receipts	017	274.516	552.266
4. Dividend receipts	018	0	0
5. Other cash inflows from investing activities	019	635.000	20.888.668
<b>III. Total cash inflows from investing activities(015 to 019)</b>	<b>020</b>	<b>10.273.507</b>	<b>22.855.335</b>
1. Cash outflows for purchase of long - term tangible and intangible assets	021	1.836.953	1.835.543
2. Cash outflows for purchase of equity and debt financial instruments	022	159.200	1.369.000
3. Other cash outflows from investing activities	023	2.760.000	1.770.000
<b>IV. Total cash outflows from investing activities (021 to 023)</b>	<b>024</b>	<b>4.756.153</b>	<b>4.974.543</b>
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES(020-024)</b>	<b>025</b>	<b>5.517.354</b>	<b>17.880.792</b>
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES(024-020)</b>	<b>026</b>	<b>0</b>	<b>0</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	0
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>0</b>
1. Cash outflows for repayment of loans and bonds	031	7.813.629	963.834
2. Dividends paid	032	0	0
3. Cash outflows for finance lease	033	61.992	455.068
4. Cash outflows for purchase of own stocks	034	0	0
5. Other cash outflows from financing activities	035	0	0
<b>VI. Total cash outflows from financing activities (031 do 035)</b>	<b>036</b>	<b>7.875.621</b>	<b>1.418.902</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>7.875.621</b>	<b>1.418.902</b>
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	039	0	2.854.950
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	040	5.781.543	0
Cash and cash equivalents at the beginning of period	041	8.273.610	1.670.412
Increase in cash and cash equivalents	042	0	2.854.950
Decrease in cash and cash equivalents	043	5.781.543	0
Cash and cash equivalents at the end of period	044	2.492.067	4.525.362

**STATEMENT OF CHANGES IN EQUITY**  
from 1.1.2016 to 30.9.2016

	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
3. Reserves from profit		003	-2.419.226	-2.479.608
4. Retained earnings or accumulated loss		004	-151.943.469	-230.412.845
5. Profit / loss for the current year		005	-81.748.614	-14.271.832
6. Revaluation of long - term tangible assets		006	148.767.078	146.055.492
7. Revaluation of intangible assets		007		
8. Revaluation of financial assets available for sale		008		
9. Other revaluation		009		
<b>10. Total capital and reserves (AOP 001 to 009)</b>		010	29.260.479	15.495.917
11. Currency gains and losses arising from net investments in foreign operations		011	113.152	-43.808
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>		017	113.152	-43.808
17 a. Attributed to equity holders of parent company		018	29.373.631	15.452.109
17 b. Attributed to minority interest		019	37.986	-626.743

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



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

The Company's Management Board has to ensure that the Group's consolidated financial reports for the third quarter of 2016 are prepared in accordance with the Accountancy Law (Official Gazette 146/05) and International Financial Reporting Standards as adopted by the European Union, so that these documents provide a true and unbiased picture of the Group'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 Group has adequate resources to continue operation in the foreseeable future. Accordingly, the Group has prepared its financial reports under assumption that the Group will continue operating 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 Group, 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 Group'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

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28 October 2016

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## MANAGEMENT BOARD REPORT

### ON BUSINESS RESULTS OF INSTITUT IGH d.d. AND ITS SUBSIDIARIES IN THE PERIOD FROM 1 JANUARY TO 30 SEPTEMBER 2016

INSTITUT IGH, d.d. Zagreb and its subsidiaries provide professional services in the field of testing, design and project validation, works supervision and project management in the architectural and civil engineering spheres of design, and also conduct scientific research. Institut IGH d.d. has 18 subsidiaries providing services either in its core activity or in associated fields of activity.

A total of 539 persons were employed with INSTITUT IGH, d.d. and its subsidiary companies on 30 September 2016.

In the period from January to September 2016, INSTITUT IGH d.d. operated with the loss amounting to HRK 13.1 million. Operating revenues of the company, as presented in financial reports for the period from January to September 2016, amount to HRK 111.8 million, which is by 12.7 % less when compared to the operating revenues realized over the same period in the preceding year. At the same time, the Company reduced its operating expenses by 13.05%. All the above mentioned resulted in realization of the EBITDA amounting to HRK 1.09 million in the third quarter of 2016.

Consolidated financial reports for the period from January to September 2016 show that the company INSTITUT IGH d.d. and its subsidiaries realized the operating revenues of HRK 117.5 million at the consolidated level, which is by 14.8 % less when compared to the same period last year. The consolidated revenues from sales of services amounted to HRK 112.2 million.

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With the consolidated financial revenues of HRK 6.5 million, the total consolidated revenues amount to HRK 124.1 million, which is by 12.2 % less compared to the same period in the previous year.

Consolidated operating costs amount to HRK 125.2 million, which is by 15.6 % less compared to the same period last year. The overall reduction of operating costs in the absolute amount of HRK 23.2 million is mainly the result of reduction in material costs, salary costs and other operating costs, and reduction of the value adjustment for receivables.

Financial expenses amount to HRK 13.7 million, which is by 10.9% less compared to the same period in 2015.

Consequently, the total consolidated revenues of HRK 124.1 million, and the total consolidated expenses of HRK 138.9 million, resulted in the consolidated loss of HRK 14.8 million in this period.

On 30 September 2016, INSTITUT IGH, d.d. had the contracts in progress amounting to HRK 331 million.

Taking into account the status of concluded contracts and the ongoing implementation of operational restructuring measures aimed at optimizing business expenses and increasing productivity and operating profit of the company, the Management Board of INSTITUT IGH d.d. believes that all preconditions are in place for stable operation of the company, and for continued fulfilment of obligations assumed by the concluded pre-bankruptcy settlement arrangement.

Zagreb, 28 October 2016

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



Ivan Paladina, President of the Management Board

*Paladina*

*PA*