



MANAGEMENT'S STATEMENT ON THE RESPONSIBILITY FOR PREPARING FINANCIAL REPORTS FOR THE INSTITUT IGH, JSC

The Company's Management has to ensure that the INSTITUT IGH d.d. financial reports for the first semester of 2010 are prepared in accordance with the Accountancy Law (Official Gazette 146/05) and in keeping with international accounting standards (Official Gazette 140/06, 30/08, 130/08, 137/08) issued by the International Accounting Standards Board (IASB), 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 has a reasonable expectation that the Company has adequate resources to continue operation in the foreseeable future. Accordingly, the Management 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 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 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 accounting standards issued by the International Accounting Standards Board (IASB). The Management 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:

Prof. Jure Radić, Ph.D. (Civ. Eng.), General Manager

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



29 July 2010

ATTACHMENT 1

Reporting period:

01.01.2010

to

30.06.2010

Quarterly financial statement of the entrepreneur-TFI-POD

Tax number (MB): 03750272

Company registration number (MBS): 60000959

Personal identification number (OIB): 79766124714

Issuing company: INSTITUT IGH D.D.

Postal code and place: 10000 ZAGREB

Street and house number: JANKA RAKUSE 1

E-mail address: igh@igh.hr

Internet address: http://www.institutigh.com

Municipality/city code and name: 133 ZAGREB

County code and name: 133 GRAD ZAGREB

Number of employees: 997
(quarter end)

Consolidated report: NO NKD code: 7218

Companies of the consolidation subject (according to IFRS)	Seat:	MB:

Bookkeeping service:

Contact person: SPINDERK JADRANKA
(please enter only contact person's family name and name)

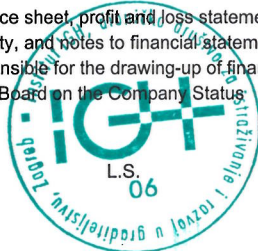
Telephone: 01 6125 444 Facsimile: 01 6125 419

E-mail address: igh@igh.hr

Family name and name: Prof. RADIC JURE, Ph.D. (City Eng.)
(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



J. Radic
(signature of the person authorized to represent the company)

BALANCE SHEET

as of

30.6.2010

thousands HRK

Position	AOP	Previous period	Current period
1	2	3	4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL	001		
B) NON-CURRENT ASSETS	002	687.580	694.691
I. INTANGIBLE ASSETS	003	19.089	18.631
II. PROPERTY, PLANT AND EQUIPMENT	004	237.091	231.035
III. NON-CURRENT FINANCIAL ASSETS	005	422.261	436.042
IV. RECEIVABLES	006	6.379	6.223
V. DEFERRED TAX ASSET	007	2.760	2.760
C) CURRENT ASSETS	008	518.138	524.595
I. INVENTORIES	009	34.926	30.985
II. RECEIVABLES	010	296.768	316.963
III. CURRENT FINANCIAL ASSETS	011	168.392	173.570
IV. CASH AND CASH EQUIVALENTS	012	18.052	3.077
D) PREPAYMENTS AND ACCRUED INCOME	013	18.905	14.854
E) LOSS ABOVE SUBSCRIBED CAPITAL	014		
F) TOTAL ASSETS	015	1.224.623	1.234.140
G) OFF BALANCE SHEET ITEMS	016	114.300	132.122
EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES	017	416.098	428.136
I. SUBSCRIBED SHARE CAPITAL	018	63.432	63.432
II. CAPITAL RESERVES	019	13.376	13.999
III. LEGAL RESERVES	020	5.613	8.068
IV. REVALUATION RESERVES	021	60.219	60.218
V. RETAINED EARNINGS	022	253.431	273.458
VI. LOSS CARRIED FORWARD	023		
VII. NET PROFIT FOR THE PERIOD	024	20.027	8.961
VIII. LOSS FOR THE PERIOD	025		
IX. MINORITY INTEREST	026		
B) PROVISIONS	027	20.658	19.501
C) NON-CURRENT LIABILITIES	028	281.728	309.659
D) CURRENT LIABILITIES	029	498.749	469.811
E) ACCRUED EXPENSES AND DEFERRED INCOME	030	7.390	7.033
F) TOTAL EQUITY AND LIABILITIES	031	1.224.623	1.234.140
G) OFF BALANCE SHEET ITEMS	032	114.300	132.122
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	033		
2. Attributable to minority interest	034		

PROFIT AND LOSS STATEMENT

for period

1.1.2010

to

30.6.2010

thousands HRK

Position	AOP oznaka	Previous period		Current period	
		Cummulative	Periodical	Cummulative	Periodical
1	2	3	4	5	6
I. OPERATING INCOME	035	364.462	174.817	215.968	107.398
1. Rendering of services	036	348.706	169.369	207.095	102.330
2. Income from usage of own products, merchandise and services	037	304	101	400	213
3. Other operating income	038	15.452	5.347	8.473	4.855
II. OPERATING COSTS	039	294.331	151.747	207.617	105.843
1. Decrease of work in progress and merchandise	040	13.468	9.367	4.150	1.817
2. Increase of work in progress and merchandise	041				
3. Material expenses	042	109.666	56.897	65.331	35.260
4. Employee benefits expenses	043	108.585	53.355	90.486	44.651
5. Depreciation and amortisation	044	15.462	6.554	10.120	3.501
6. Other expenses	045	21.761	16.060	21.137	13.583
7. Write down of assets	046	15.764	1.782	13.069	4.937
8. Provisions	047	4.687	2.892	1.686	850
9. Other operating costs	048	4.938	4.840	1.638	1.244
III. FINANCIAL INCOME	049	11.857	7.170	23.575	7.979
1. Interest, foreign exchange differences, dividends and similar income from subsidiaries	050	3.434	1.875	5.196	3.300
2. Interest, foreign exchange differences, dividends and similar income from third parties	051	7.986	5.295	8.958	4.679
3. Income from investments in associates and joint ventures	052				
4. Unrealised gains (income)	053				
5. Other financial income	054	437	0	9.421	0
IV. FINANCIAL EXPENSES	055	15.480	-2.247	19.790	13.136
1. Interest, foreign exchange differences and similar expenses from subsidiaries	056				
2. Interest, foreign exchange differences and similar expenses from third parties	057	15.480	-2.247	19.790	13.136
3. Unrealised losses (expenses) from financial assets	058				
4. Other financial expenses	059				
V. EXTRAORDINARY - OTHER INCOME	060				
VI. EXTRAORDINARY - OTHER EXPENSES	061				
VII. TOTAL INCOME	062	376.319	181.987	239.543	115.377
VIII. TOTAL EXPENSES	063	309.811	149.500	227.407	118.979
IX. PROFIT BEFORE TAXES	064	66.508	32.487	12.136	
X. LOSS BEFORE TAXES	065				3.602
XI. TAXATION	066	9.325	5.187	3.175	1.237
XII. NET PROFIT FOR THE PERIOD	067	57.183	27.300	8.961	
XIII. LOSS FOR THE PERIOD	068				4.839
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV.* NET PROFIT ATTRIBUTABLE TO MAJORITY OWNERS	069				
XV.* NET PROFIT ATTRIBUTABLE TO MINORITY INTEREST	070				
XVI.* LOSS ATTRIBUTABLE TO MAJORITY OWNERS	071				
XVII.* LOSS ATTRIBUTABLE TO MINORITY INTEREST	072				

CASH FLOW STATEMENT - Indirect method

period 1.1.2010 to 30.6.2010

thousands HRK

Position	AOP oznaka	Previous period	Current period
1	2	ž	4
CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	073	66.508	12.136
2. Depreciation and amortisation	074	15.462	10.120
3. Increase of current liabilities	075	37.278	
4. Decrease of current receivables	076		
5. Decrease of inventories	077	12.202	3.941
6. Other cash flow increases	078	118	2.539
I. Total increase of cash flow from operating activities	079	131.568	28.736
1. Decrease of current liabilities	080		28.938
2. Increase of current receivables	081	70.882	20.196
3. Increase of inventories	082		
4. Other cash flow decreases	083	144.258	17.739
II. Total decrease of cash flow from operating activities	084	215.140	66.873
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	085		
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	086	83.572	38.137
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of non-current assets	087	199	204
2. Proceeds from sale of non-current financial assets	088		11.159
3. Interest received	089	2.277	683
4. Dividend received	090	437	0
5. Other proceeds from investing activities	091		29.489
III. Total cash inflows from investing activities	092	2.913	41.535
1. Purchase of non-current assets	093	28.457	3.099
2. Purchase of non-current financial assets	094	59.387	18.661
3. Other cash outflows from investing activities	095	4.920	46.352
IV. Total cash outflows from investing activities	096	92.764	68.112
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	097		
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	098	89.851	26.577
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	099	69.632	67.164
2. Proceeds from loans and borrowings	100	193.449	49.629
3. Other proceeds from financing activities	101		
V. Total cash inflows from financing activities	102	263.081	116.793
1. Repayment of loans and bonds	103	93.587	95.491
2. Dividends paid	104		4
3. Repayment of finance lease	105	2.170	1.710
4. Purchase of treasury shares	106		1.089
5. Other cash outflows from financing activities	107		0
VI. Total cash outflows from financing activities	108	95.757	98.294
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	109	167.324	18.499
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	110		
Total increases of cash flows	111	167.324	18.499
Total decreases of cash flows	112	173.423	64.714
Cash and cash equivalents at the beginning of period	113	69.183	59.491
Increase of cash and cash equivalents	114		
Decrease of cash and cash equivalents	115	6.099	13.276
Cash and cash equivalents at the end of period	116	63.084	46.215

STATEMENT OF CHANGES IN EQUITY

from 1.1.2010 to 30.6.2010

thousands HRK

Position	AOP	Previous period	Increase	Decrease	Current period
ž	2	31.12. previous year		3	4
1. Subscribed share capital	117	63.432			63.432
2. Capital reserves	118	13.376	623		13.999
3. Net income reserves	119	5.613	3.544	1.089	8.068
4. Retained earnings or loss carried forward	120	253.431	20.027		273.458
5. Net profit (loss) for the period	121	20.027	8.961	20.027	8.961
6. Revaluation of property, plant and equipment	122	56.498			56.498
7. Revaluation of intangible assets	123				
8. Revaluation of available for sale financial assets	124	3.721			3.721
9. Other revaluation	125				
10. Foreign exchange differences from investments abroad	126				
11. Current and deferred taxes (part)	127				
12. Hedging of the cash flow	128				
13. Change of accounting policies	129				
14. Change of prior period error	130				
15. Other changes in equity	131				
16. Total increase or decrease of equity	132	416.098	33.155	21.116	428.137
16a. Attributable to majority owners	133				
16b. Attributable to minority interest	134				