



GENERAL MANAGER'S REPORT ON BUSINESS RESULTS OF THE INSTITUT IGH GROUP, JSC IN THE PERIOD FROM 1 JANUARY TO 31 MARCH 2010

The INSTITUT IGH Group, JSC, Zagreb, provides 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 conducts scientific research.

The Group gathers together 22 subsidiary companies providing services either in the core activity or in associated fields of activity, the exception being one subsidiary company that provides services in the field of hotel industry and tourism.

The mother company of the Group is Institut IGH, JSC, Zagreb, with the head office in Zagreb, Janka Rakuše 1, company registration No.: 3750272, personal identification No. 79766124714.

The total number of persons employed with the Group was 1265 on 31 March 2010.

Supervisory Board and Management of Institut IGH, JSC

The company's Supervisory Board members are:

Petar Đukan, Ph.D. (Civ. Eng.), President

Aleksandar Čaklović, B.Sc. (Civ. Eng.), Deputy President

Franjo Gregurić, B.A. (Econ.), Member

Slavko Kojić, B.A. (Econ.), Member

Dinko Tvrtković, B.Sc. (Civ. Eng.), Member

The company's Management members are:

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

Equity capital

The equity capital amounts to HRK 63,432,000.00 and consists of 158,580 regular shares each with the nominal value of HRK 400.

Business results of the Institut IGH Group in the period from 1 January to 31 March 2010

In the period from 1 January to 31 March 2010, the Institut IGH Group revenues, generated through sale of products and services, amounted to HRK 119 million.

Consolidated revenues from sales realized on domestic market amount to HRK 107 million.

Revenues realized in other countries amount to HRK 12 million, which is a 31 percent increase over the same period a year ago, when these revenues amounted to HRK 9.2 million. The consolidated business revenues amount to HRK 129 million (they amounted to 202 million in the same period last year).

The operating expenses amount to HRK 119 million and have been reduced by 25 percent with respect to the same period in the previous year. This reduction in operating expenses is mostly due to the reduction in the cost of external services and personnel costs, which have been reduced by 11 percent when compared to the same period last year.

Total financial revenues amount to HRK 11 million, and are formed of interest revenues and currency exchange gains amounting to HRK 2 million, and revenues from sale of company shares amounting to HRK 9 million.

Financial expenses in the period from January to March 2010 amount to HRK 10 million and have been reduced by 54% with respect to the same period last year. Financial expenses are formed of interest on loans amounting to HRK 8.9 million, and net losses from negative exchange rate differences and other financial expenses amounting to HRK 1.1 million.

The INSTITUT IGH Group realized in the period from January to March 2010 the consolidated pre-tax profit of HRK 11.8 million. The after-tax profit amounts to HRK 9.6 million. As the loss attributed to minority interest is HRK 764 thousand, the profit margin of mother-company shareholders is HRK 10.3 million.

The reduction registered in the Group's revenues and profits over the reporting period with respect to the same period last year is due to recession, which has resulted in the reduced scope of construction activity and stagnation of investment in the construction of infrastructure facilities in the Republic of Croatia, although it should be noted that such effects have been partly compensated by an increase marked in international operations.

On the day of this report the Institut IGH d.d. Group claims HRK 218 million as unpaid trade receivables, and the contracts in hand, i.e. works in progress, amount to HRK 902 million.

Zagreb, 29 April 2010

Institut IGH, d.d.

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

Djelatnost: 73102
MB: 3750272
Poslovna banka:
Zagrebačka banka d.d.
Zagreb, Paromlinska 2

Žiro-račun:
2360000-1101243767
devizni račun
kod Zagrebačke banke d.d.
Zagreb: 2100085026

Mjerodavni sud:
Trgovački sud u Zagrebu,
registarski uložak
s matičnim brojem (MBS)
080000959

Temeljni kapital:
63.432.000,00 kn
uplaćen u cijelosti
Broj izdanih dionica:
158.580, nominalna
vrijednost dionice 400 kn

Uprava:
prof. dr.sc. Jure Radić, direktor,
zastupa društvo pojedinačno i
samostalno
Nadzorni odbor:
dr. sc. Petar Đukan, predsjednik

ATTACHMENT 1

Reporting period:

1.1.2010

to

31.3.2010

Quarterly financial statement of the entrepreneur-TFI-PODTax 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.hrInternet address: <http://www.institutigh.com>Municipality/city code and name: **133** **ZAGREB**County code and name: **133** **GRAD ZAGREB**Number of employees: **1.265**
(quarter end)Consolidated report: **YES** NKD code: **7219**

Companies of the consolidation subject (according to IFRS)

Seat:

MB:

IGH MOSTAR	MOSTAR, BIŠĆE POLJE BB	4227060470005
GEOISTRAŽIVANJE OSIJEK	OSIJEK, DRINSKA 18	01519573
IGH RAZUM	ZAGREB, JANKA RAKUŠE 1	01819585
ADEPTO	ZAGREB, BRANIMIROVA 71	01982516
GEOTEHNIKA INŽENJERING	ZAGREB, GRADIŠĆANSKA 26	01517597
EKONOMSKO TEHNIČKI ZAVOD D.D.	OSIJEK, TRG A. STARČEVIĆA 7/II	03013669

Bookkeeping service: _____

Contact person: **ŠPINDERK JADRANKA**

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

Telephone: **01 6125 444** Facsimile: **01 6125 419**E-mail address: igh@igh.hrFamily name and name: **Prof. RADIĆ JURE, Ph.D.(Civ.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

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(signature of the person authorized to represent the company)

Companies of the consolidation subject (according to IFRS) - continued :

RADELJEVIĆ D.O.O.	ZAGREB, JANKA RAKUŠE 1	01938533
CENTAR GRADSKI PODRUM D.O.O.	ZAGREB, AUGUSTA CESARCA 2	01305123
KILA D.O.O.	SPLIT, SVAČIČEVA 4	01938541
CENTAR BUNDEK D.O.O.	ZAGREB, KNINSKI TRG 14	01890247
FORUM CENTAR D.O.O.	ZAGREB, JAGODNJAK 17	01960229
HIDROINŽENJERING D.O.O.	ZAGREB, OKUČANSKA 30	03685110
ARHITEKTURA THOLOS PROJEKTIRANJE D.O.O.	ZAGREB, LOPAŠIČEVA 6	01605291
PROJEKT ŠOLTA D.O.O.	ZAGREB, JANKA RAKUŠE 1	92391754978
IGH PROJEKTIRANJE D.O.O.	ZAGREB, JANKA RAKUŠE 1	02441918
DUBROVAČKA INVESTICIJSKA GRUPA D.O.O.	DUBROVNIK, OBALA S. RADIĆA 20	01974378
PROJEKTNI BIRO PALMOTIČEVA 45 D.O.O.	ZAGREB, PALMOTIČEVA 45	03222853
CTP PROJEKT D.O.O.	ZAGREB, SAVSKA C. 144A	02396173
VOĐENJE PROJEKATA D.O.O.	ZAGREB, BIJENIČKA CESTA 8	02427648
DP AQUA D.O.O.	ZAGREB, SREDNJACI 16	01907522
TEHNIČKE KONSTRUKCIJE D.O.O.	ZAGREB, VLAŠKA 79	02405865
TERMOSTROJARSKI PROJEKTI D.O.O.	ZAGREB, ILICA 93	02469260

BALANCE SHEET

as of

31.3.2010

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	802.649	777.926
I. INTANGIBLE ASSETS	003	58.805	63.361
II. PROPERTY, PLANT AND EQUIPMENT	004	570.113	563.570
III. NON-CURRENT FINANCIAL ASSETS	005	162.801	140.120
IV. RECEIVABLES	006	6.379	6.324
V. DEFERRED TAX ASSET	007	4.551	4.551
C) CURRENT ASSETS	008	943.400	992.383
I. INVENTORIES	009	503.521	530.605
II. RECEIVABLES	010	323.298	357.892
III. CURRENT FINANCIAL ASSETS	011	77.417	86.586
IV. CASH AND CASH EQUIVALENTS	012	39.164	17.300
D) PREPAYMENTS AND ACCRUED INCOME	013	20.680	9.240
E) LOSS ABOVE SUBSCRIBED CAPITAL	014		
F) TOTAL ASSETS	015	1.766.729	1.779.549
G) OFF BALANCE SHEET ITEMS	016	114.300	111.967
EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES	017	460.249	456.187
I. SUBSCRIBED SHARE CAPITAL	018	63.432	63.432
II. CAPITAL RESERVES	019	13.375	13.999
III. LEGAL RESERVES	020	5.569	9.156
IV. REVALUATION RESERVES	021	68.712	68.699
V. RETAINED EARNINGS	022	228.168	238.166
VI. LOSS CARRIED FORWARD	023		
VII. NET PROFIT FOR THE PERIOD	024	10.684	10.378
VIII. LOSS FOR THE PERIOD	025		
IX. MINORITY INTEREST	026	70.309	52.357
B) PROVISIONS	027	20.808	19.845
C) NON-CURRENT LIABILITIES	028	407.560	447.971
D) CURRENT LIABILITIES	029	870.462	849.537
E) ACCRUED EXPENSES AND DEFERRED INCOME	030	7.650	6.009
F) TOTAL EQUITY AND LIABILITIES	031	1.766.729	1.779.549
G) OFF BALANCE SHEET ITEMS	032	114.300	111.967
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	033	389.940	403.830
2. Attributable to minority interest	034	70.309	52.357

PROFIT AND LOSS STATEMENT

for period

1.1.2010

to

31.3.2010

thousands HRK

Position	AOP oznaka	Previous period		Current period	
		Cumulative	Periodical	Cumulative	Periodical
1	2	3	4	5	6
I. OPERATING INCOME	035	202.042	202.042	129.467	129.467
1. Rendering of services	036	191.963	191.963	119.078	119.078
2. Income from usage of own products, merchandise and services	037	203	203	122	122
3. Other operating income	038	9.876	9.876	10.267	10.267
II. OPERATING COSTS	039	159.510	159.510	119.031	119.031
1. Decrease of work in progress and merchandise	040				
2. Increase of work in progress and merchandise	041	3.423	3.423	27.702	27.702
3. Material expenses	042	62.555	62.555	64.018	64.018
4. Employee benefits expenses	043	62.888	62.888	55.677	55.677
5. Depreciation and amortisation	044	11.046	11.046	9.803	9.803
6. Other expenses	045	10.560	10.560	7.873	7.873
7. Write down of assets	046	13.982	13.982	8.131	8.131
8. Provisions	047	1.795	1.795	836	836
9. Other operating costs	048	107	107	395	395
III. FINANCIAL INCOME	049	8.756	8.756	11.396	11.396
1. Interest, foreign exchange differences, dividends and similar income from subsidiaries	050				
2. Interest, foreign exchange differences, dividends and similar income from third parties	051	3.730	3.730	2.010	2.010
3. Income from investments in associates and joint ventures	052				
4. Unrealised gains (income)	053				
5. Other financial income	054	5.026	5.026	9.386	9.386
IV. FINANCIAL EXPENSES	055	21.925	21.925	10.069	10.069
1. Interest, foreign exchange differences and similar expenses from subsidiaries	056				
2. Interest, foreign exchange differences and similar expenses from third parties	057	21.925	21.925	10.069	10.069
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	210.798	210.798	140.863	140.863
VIII. TOTAL EXPENSES	063	181.435	181.435	129.100	129.100
IX. PROFIT BEFORE TAXES	064	29.363	29.363	11.763	11.763
X. LOSS BEFORE TAXES	065				
XI. TAXATION	066	4.191	4.191	2.149	2.149
XII. NET PROFIT FOR THE PERIOD	067	25.172	25.172	9.614	9.614
XIII. LOSS FOR THE PERIOD	068				
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV.* NET PROFIT ATTRIBUTABLE TO MAJORITY OWNERS	069	26.770	26.770	10.378	10.378
XV.* NET PROFIT ATTRIBUTABLE TO MINORITY INTEREST	070				
XVI.* LOSS ATTRIBUTABLE TO MAJORITY OWNERS	071				
XVII.* LOSS ATTRIBUTABLE TO MINORITY INTEREST	072	1.598	1.598	764	764

CASH FLOW STATEMENT - Indirect method

period 1.1.2010 to 31.3.2010

thousands HRK

Position	AOP oznaka	Previous period	Current period
1	2	ž	4
CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	073	29.363	10.378
2. Depreciation and amortisation	074	11.046	9.803
3. Increase of current liabilities	075	93.950	
4. Decrease of current receivables	076		
5. Decrease of inventories	077		
6. Other cash flow increases	078		38.704
I. Total increase of cash flow from operating activities	079	134.359	58.885
1. Decrease of current liabilities	080		20.925
2. Increase of current receivables	081	73.136	34.594
3. Increase of inventories	082	13.843	27.084
4. Other cash flow decreases	083	83.898	12.884
II. Total decrease of cash flow from operating activities	084	170.877	95.487
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	085		
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	086	36.518	36.602
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of non-current assets	087	85	101
2. Proceeds from sale of non-current financial assets	088		10.552
3. Interest received	089	1.540	526
4. Dividend received	090		
5. Other proceeds from investing activities	091		2.000
III. Total cash inflows from investing activities	092	1.625	13.179
1. Purchase of non-current assets	093	9.719	1.007
2. Purchase of non-current financial assets	094	37.078	20.826
3. Other cash outflows from investing activities	095	300	72
IV. Total cash outflows from investing activities	096	47.097	21.905
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	097		
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	098	45.472	8.726
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	099		
2. Proceeds from loans and borrowings	100	171.433	56.604
3. Other proceeds from financing activities	101		
V. Total cash inflows from financing activities	102	171.433	56.604
1. Repayment of loans and bonds	103	93.047	16.727
2. Dividends paid	104		4
3. Repayment of finance lease	105	1.087	1.035
4. Purchase of treasury shares	106		
5. Other cash outflows from financing activities	107		
VI. Total cash outflows from financing activities	108	94.134	17.766
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	109	77.299	38.838
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	110		
Total increases of cash flows	111	77.299	38.838
Total decreases of cash flows	112	81.990	45.328
Cash and cash equivalents at the beginning of period	113	78.236	80.604
Increase of cash and cash equivalents	114		
Decrease of cash and cash equivalents	115	4.691	6.490
Cash and cash equivalents at the end of period	116	73.545	74.114

STATEMENT OF CHANGES IN EQUITY

from 1.1.2010 to 31.3.2010

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	13.375	624		13.999
3. Net income reserves	119	5.569	3.587		9.156
4. Retained earnings or loss carried forward	120	228.168	10.758	760	238.166
5. Net profit (loss) for the period	121	10.684	10.378	10.684	10.378
6. Revaluation of property, plant and equipment	122	65.103	23		65.126
7. Revaluation of intangible assets	123				
8. Revaluation of available for sale financial assets	124	3.723			3.723
9. Other revaluation	125				
10. Foreign exchange differences from investments abroad	126	-114	-36		-150
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	389.940	25.334	11.444	403.830
16a. Attributable to majority owners	133	389940			403.830
16b. Attributable to minority interest	134	70309			52.357

Bilješke uz financijske izvještaje

(1) Bilješke uz financijske izvještaje sadrže dodatne i dopunske informacije koje nisu prezentirane u bilanci, računu dobiti i gubitka, izvještaju o novčanom tijeku i izvještaju o promjenama kapitala sukladno odredbama odgovarajućih standarda financijskog izvještavanja. (2) Bilješke uz godišnji financijski izvještaj objavljuju se u punom sadržaju sukladno odgovarajućim odredbama standarda financijskog izvještavanja. (3) Uz pretpostavku da su bilješke uz zadnji godišnji financijski izvještaj javno dostupne, bilješke u izvještaju za razdoblja tijekom godine sadrže samo objašnjenja poslovnih događaja koji su značajni za razumjevanje promjena financijskog položaja i uspješnosti poslovanja izdavatelja od posljednjeg godišnjeg izvještaja.



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

The Company's Management has to ensure that the Group's consolidated 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 Group'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 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 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 Group, 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 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:

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

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

29 April 2010