



INSTITUT IGH, d.d. ZAGREB
FINANCIAL STATEMENTS
for the year ended on 31 December 2010
and the Certified Auditor's Report

Zagreb, 29 March 2011

Contents

	<i>Page</i>
Management Report	I
Independent Auditor's Report	II-III
Balance Sheet	1
Profit and Loss Account	2
Statement of Other Comprehensive Income	2
Cash Flow Statement	3-4
Equity Change Statement	5
Notes to the Financial Statements	6-44
Financial Statements pursuant to the Accounting Act	45-51

Pursuant to the Accounting Act (Official Gazette 109/07), the Board of Directors is to see that the Financial Statements of the company INSTUTUT IGH d.d. Zagreb ("the Company") are prepared in line with the International Financial Reporting Standards (IFRS) as published in the Official Gazette of the Republic of Croatia (nos. 136/09, 08/10, 18/10, 27/10, 65/10, 120/10) so that they present a true and fair presentation of the position of the Group and its business results, cash flows and equity changes in each fiscal year. Pursuant to Article 34, paragraph 3, of the Accounting Act, until the Republic of Croatia becomes a European Union member, the international standards of financial reporting include the International Accounting Standards (IAS) and their amendments and interpretations, and the International Financial Reporting Standards (IFRS) with their amendments and interpretations, as established by the Committee, and are published in the Official Gazette.

Based upon adequate researches, the Board of Directors justifiably expects the Group to dispose of adequate resources in the foreseeable future. Therefore, the Board of Directors produced the Financial Statements assuming the Group's going concern.

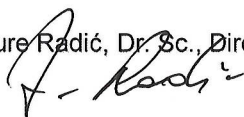
Responsibilities of the Board of Directors in preparing the Financial Statements include the following:

- selection and consistent application of adequate accounting policies;
- producing justified and reasoned opinions and assessments;
- acting in line with the valid accounting standards, and publishing and explaining all materially important deviations in the Financial Statements; and
- producing the Financial Statements assuming a going concern, unless this assumption would not be adequate.

The Board of Directors is responsible about maintaining adequate accounting records that show the financial position of the Company with justified precision at all times, and making the Financial Statements be in line with the Accounting Act. Furthermore, the Board of Directors is responsible about safeguarding the Company's assets and performing of adequate steps to prevent and reveal any frauds and other irregularities.

For the Board of Directors

Prof. Jure Radić, Dr. Sc., Director



Institut IGH, d.d. Zagreb

Janka Rakuše 1

10 000 Zagreb

Republic of Croatia

29 March 2011

INSTITUT IGH, d.d.

Zagreb

Janka Rakuše 1

To the Company Shareholders and Managers

INDEPENDENT AUDITOR'S REPORT

Audited reports

1. Pursuant to the Audit Agreement, we have audited the 2010 Financial Statements of the company INSTITUT IGH, d.d. Zagreb, as provided for by the International Financial Reporting Standards, as follows:

- a) Balance Sheet as of 31 December 2010;
- b) Profit and Loss Account for the year 2010;
- c) Statement of Other Comprehensive Income for the year 2010;
- d) Cash Flow Statement for the year 2010;
- e) Equity Changes Statement for the year 2010;
- f) Notes to the 2010 Financial Statements.

The above Statements were approved for publishing on 29 March 2011, and are presented on pages 1 to 44 attached to this Report.

Financial reporting framework

2. The financial reporting framework of the audited Financial Statements are:

- a) Accounting Act (Official Gazette 109/07),
- b) International Financial Reporting Standards (Official Gazette 136/09, 8/10, 18/10, 27/10, 65/10, 120/10). Pursuant to Article 34, paragraph 3, of the Accounting Act, until the Republic of Croatia becomes a European Union member, the international standards of financial reporting include the International Accounting Standards (IAS) and their amendments and interpretations, and the International Financial Reporting Standards (IFRS) with their amendments and interpretations, as established by the Committee, and are published in the Official Gazette.

Responsibility of the Management

3. The audited financial statements are the responsibility of Management of the company INSTITUT IGH d.d. Zagreb. The Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with the established financial reporting framework. Responsibilities of the Management include:

- a) designing, implementing and maintaining of internal controls relevant to the preparation and fair presentation of the Financial Statements, free of any material misstatements in presentation, whether due to fraud or error,
- b) selecting and applying of appropriate accounting policies and making of accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor

4. Our responsibility is to express an opinion on the Financial Statements, based on our audit. We conducted our audit in accordance with the Auditing Act (Official Gazette 146/05, 139/08) and the International Auditing Standards (Official Gazette 49/10). These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial standards are free from material misstatements.

The audit involves performing procedures aimed to obtaining audit evidence about the amount and disclosures in the Financial Statements. The procedures selected depend on the auditors' judgement, including the assessment of the risk of material misstatements of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the client's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. The audit also includes evaluating of the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

5. In our opinion, the presented Financial Statements present realistically and fairly the financial status of the company INSTITUT IGH, d.d. Zagreb, as at 31 December 2010, the business operations results, cash flow and equity changes in the year 2010, in accordance with the financial reporting frameworks stated in the Point 2 above.

Report on other statutory or regulators requirements

6. Pursuant to the Accounting Act (Official Gazette 109/07), the Rules on of the Annual Financial Statements Structure and Contents (Official Gazette 38/08, 12/09, 130/10), the prescribed financial statements presented here, alongside the audited financial reports, by have been made by the Company Management. The said statements comply with the financial statements that we have commented in the Point 5 of our Report.

Split, 29 March 2011

Director - Certified Auditor:

Josip Tomasović



BALANCE SHEET
 for the year ended on 31 December 2010

	NOTE	31/12/2009 in HRK 000s	31/12/2010 in HRK 000s
ASSETS			
FIXED ASSETS			
Intangible assets	3	19,089	18,066
Real estates, plants and equipment	4	203,733	180,779
Investments in real estates	4	33,358	34,227
Financial assets	5	422,262	410,827
Long-term receivables	6	6,379	6,117
Deferred taxation assets	7	2,759	2,092
		<u>687,580</u>	<u>652,108</u>
CURRENT ASSETS			
Stocks	8	34,926	26,221
Receivables from customers	10	145,114	125,206
Financial assets	13	126,952	93,812
Other receivables and calculated revenues	9,11,12,15	170,559	204,530
Cash and cash equivalents	14	59,491	62,898
		<u>537,042</u>	<u>512,667</u>
TOTAL ASSETS		<u>1,224,622</u>	<u>1,164,775</u>
CAPITAL AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	16	63,432	63,432
Capital reserves	17	13,375	13,999
Statutory reserves	18	3,172	3,172
Reserves for own shares	19	6,343	6,343
Own shares	20	(3,901)	(1,446)
Revaluation reserves	21	60,219	57,127
Profit brought forward	22	253,430	274,017
Current year profit	23	20,028	12,985
TOTAL CAPITAL		<u>416,098</u>	<u>429,629</u>
LIABILITIES			
LONG-TERM LIABILITIES			
Liabilities for loans	25	234,259	212,730
Reservations	24	20,658	7,910
Other long-term liabilities	26,27	47,469	1,803
Deferred tax liabilities		5,266	3,906
		<u>307,652</u>	<u>226,349</u>
SHORT-TERM LIABILITIES			
Liabilities for loans	29,30	122,501	152,017
Liabilities to suppliers	31	133,997	116,653
Liabilities for received prepayments	30	8,490	9,604
Other short-term liabilities	28,30,33	131,180	115,385
Liabilities for issued securities	32	102,580	113,791
Deferred payments and incomes not yet due	34	2,124	1,347
		<u>500,872</u>	<u>508,797</u>
TOTAL CAPITAL AND LIABILITIES		<u>1,224,622</u>	<u>1,164,775</u>

Notes numbers 1 to 54 make integral parts of the Financial Statements.

PROFIT AND LOSS ACCOUNT
for the year ended on 31 December 2010

	NOTE	2009 in HRK 000s	2010 in HRK 000s
Sales revenues	35	614,127	423,645
Other operating revenues	36	27,433	34,589
TOTAL REVENUES FROM CORE ACTIVITY		<u>641,560</u>	<u>458,234</u>
CHANGE OF VALUE OF UNFINISHED AND FINISHED PRODUCT STOCKS	37	38,332	6,840
Costs of raws, materials and services	38,39	229,841	148,454
Staff costs	40	246,108	211,144
Depreciation	41	28,744	19,063
Asset value harmonisation	43	29,310	15,859
Reservations	44	6,384	296
Other operating expenses	42,45	25,431	24,329
TOTAL OPERATING EXPENSES		<u>604,150</u>	<u>425,985</u>
OPERATING PROFIT		<u>37,410</u>	<u>32,249</u>
FINANCING REVENUES	46	<u>45,730</u>	<u>37,465</u>
FINANCING EXPENSES	47	<u>59,342</u>	<u>51,182</u>
FINANCING ACTIVITIES LOSS		<u>(13,612)</u>	<u>(13,717)</u>
PROFIT BEFORE TAXATION		<u>23,798</u>	<u>18,532</u>
PROFIT TAX	48	3,770	5,547
PROFIT OF THE YEAR		<u>20,028</u>	<u>12,985</u>
<i>PROFIT PER SHARE (in Kunas and lipas)</i>	49	126.29	81.88

STATEMENT OF OTHER COMPREHENSIVE INCOME
for the year ended on 31 December 2010

	NOTE	2009 in HRK 000s	2010 in HRK 000s
INCOME OF THE PERIOD		<u>20,028</u>	<u>12,985</u>
Income from revaluation of financial assets available for sale	50	1,771	4,393
TAX TO OTHER COMPREHENSIVE INCOME OF THE PERIOD		(354)	(879)
NET OTHER COMPREHENSIVE INCOME OF THE PERIOD	50	<u>1,417</u>	<u>3,514</u>
COMPREHENSIVE INCOME OF THE PERIOD		<u>21,445</u>	<u>16,499</u>

CASH FLOW STATEMENT
 for the year ended on 31 December 2010

	NOTE	2009 in HRK 000s	2010 in HRK 000s
CASH FLOW FROM OPERATING ACTIVITIES	51		
Profit before taxation		23,798	18,532
Harmonisations:			
Depreciation		28,744	19,063
Costs of interests		52,345	39,201
Revenues from interests		(27,651)	(13,423)
Increase / (decrease) of reservations		(3,375)	(12,748)
Receivables value correction		29,310	15,859
Currency exchange gains and losses from assets in accounts (net)		(4,426)	3,017
Operating activities results before changing the operating capital		98,744	69,501
Increase / (decrease) of current assets:			
(Increase / decrease of stocks		35,585	6,840
(Increase) / decrease of receivables from customers		50,188	19,757
Increase / (decrease) of liabilities to suppliers		7,986	(17,345)
(Increase) / decrease of other receivables		(25,192)	(24,197)
Net cash flow from operating activities before interests and taxes		167,311	54,556
Interests received		3,629	10,355
Interests paid		(52,346)	(39,201)
Profit tax paid		(24,313)	(18,009)
NET CASH FLOW FROM OPERATING ACTIVITIES		<u>94,281</u>	<u>7,701</u>
CASH FLOW FROM INVESTING ACTIVITIES	51		
Inflows from sale of tangible and intangible fixed assets		401	421
Inflows from sale of ownership instruments and debentures		77,374	49,487
Inflows from dividends		529	82
Other inflows from investing activities		2,360	56,273
Outflows for purchasing fixed tangible and intangible assets		(57,634)	(7,780)
Outflows for acquiring ownership instruments and debentures		(205,045)	(57,336)
Other outflows from investing activities			(42,805)
NET CASH FLOW FROM INVESTING ACTIVITIES		<u>(182,015)</u>	<u>(1,658)</u>

CASH FLOW STATEMENT
 for the year ended on 31 December 2010
 (continued)

NOTE	2009 in HRK 000s	2010 in HRK 000s
CASH FLOW FROM FINANCING ACTIVITIES	51	
Inflows from issuing of ownership and debt financial instruments	91,923	67,164
Inflows from loan principals, debt instruments, and other loans	293,326	250,122
Outflows from loan principals and bond payments	(226,127)	(315,798)
Outflows from dividend payments	(8,561)	(11)
Outflows from financial leases	(4,295)	(3,025)
Outflows from purchasing of own shares	0	(1,088)
Other outflows from financing activities	(68,222)	0
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>78,044</u>	<u>(2,636)</u>
Total cash flow increase	0	<u>3,407</u>
Total cash flow decrease	<u>(9,692)</u>	
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>69,183</u>	<u>59,491</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	14	<u>59,491</u>

EQUITY CHANGES STATEMENT
for the year ended on 31 December 2010

in HRK 000s

	Share capital	Statutory reserves	Reserves for own shares	Capital reserves	Other reserves	Revaluation reserves	Profit brought forward	Profit of the year	Total
BALANCE on 31 December 2008	63,432	3,172	2,442	13,376	0	66,390	191,480	72,260	412,552
Profit distribution	-	-	-	-	-	-	66,360	(66,360)	-
Rewards paid to the management	-	-	-	-	-	-	-	(5,900)	(5,900)
Dividends	-	-	-	-	-	-	(7,869)	-	(7,869)
Fixed financial assets increase	-	-	-	-	-	2,188	-	-	2,188
Fixed financial assets decrease	-	-	-	-	-	(1,559)	-	-	(1,559)
Fixed tangible assets revaluation	-	-	-	-	-	4,531	2,373	-	6,904
Fixed tangible assets increase	-	-	-	-	-	(11,332)	-	-	(11,332)
Decrease by previous period expenses	-	-	-	-	-	-	(975)	-	(975)
Deferred taxation assets decrease	-	-	-	-	-	-	(243)	-	(243)
Transfer from dividend liabilities	-	-	-	-	-	-	2,304	-	2,304
Current year profit	-	-	-	-	-	-	-	20,028	20,028
BALANCE on 31 December 2009	63,432	3,172	2,442	13,376	0	60,218	253,430	20,028	416,098
Profit distribution	-	-	-	-	-	-	20,028	(20,028)	0
Capital profit	-	-	-	623	-	-	-	-	623
Acquiring own shares	-	-	(1,089)	-	-	-	-	-	(1,089)
Rewards to managers in own shares	-	-	3,544	-	-	-	-	-	3,544
Fixed finance assets revaluation	-	-	-	-	-	4,392	-	-	4,392
Fixed tangible assets revaluation	-	-	-	-	-	3,083	2,503	-	5,586
Fixed tangible assets decrease	-	-	-	-	-	(10,566)	-	-	(10,566)
Decrease by previous period expenses	-	-	-	-	-	-	(1,944)	-	(1,944)
Current year profit	-	-	-	-	-	-	-	12,985	12,985
BALANCE 31 December 2010	63,432	3,172	4,897	13,999	0	57,127	274,017	12,985	429,629

NOTES TO FINANCIAL STATEMENTS
for the year ended on 31 December 2010

3. GENERAL INFORMATION

1.1. The reporting company

Institut IGH d.d., Zagreb, Janka Rakuše 1, ("the Company"), OIB 79766124714, is registered in the Register of Companies of the Municipal Court at Zagreb, company number 080000959.

The Company shares, ticker: IGH-R-A, ISIN: HRIGH0RA0006, are quoted in the Zagreb Stock Exchange.

The Company performs professional testing, designing and validation of designs, supervision and professional management for architectural and civil-engineering fields of designing, as well as scientific research.

1.2. Staff

On 31 December 2010, the Company employed **920** employees (in 2009 there were **1027** employees) of the following qualifications structure:

	<u>2009</u>	<u>2010</u>
Doctors of science	25	26
Masters of science	73	70
University graduates	507	466
Associate degree	100	88
Secondary school	280	241
Skilled labourers	24	16
Non-skilled labourers	18	13
Total	1027	920

1.3. Company Supervising Board and Board of Directors

Members of the Company Supervising Board:

dr . Franjo Gregurić, B. Sc. Econ., Chairman	from 14 July 2008 to 14 July 2012 latest
Aleksandar Čaklović, B. Sc. Civ. Eng., Vice-Chairman	from 16 December 2003 to August 2011 latest
Slavko Kojić, B. Sc. Econ., Member	from 16 December 2003 to August 2011 latest
Dinko Tvrtković, B. Sc. Civ. Eng., Member	from 2 April 2009 to 1 April 2013 latest
Branko Kincl, Academy Member, Member	from 19 July 2010 to 19 July 2014 latest
Prof. Vlatka Rajčić, Dr. Sc., Member	from 19 July 2010 to 19 July 2014 latest
Ante Stojan, B. Sc. Civ. Eng., Member	from 19 July 2010 to 19 July 2014 latest

The Company Director is:

Prof. Jure Radić, Dr. Sc. Civ. Eng., Director	from 19 July 2010 to end of July 2015 latest
---	--

NOTES TO FINANCIAL STATEMENTS
for the year ended on 31 December 2010
(continued)

SUMMARY OF THE MOST SIGNIFICANT ACCOUNTING POLICIES

Summary of the significant accounting policies, strictly adhered to in the current and the last years, are presented hereafter.

2.1. Basis of preparation

The Company Financial Statements are made pursuant to the Accounting Act (Official Gazette no. 109/07) and the International Financial Reporting Standards (Official Gazette nos. 136/09,08/10, 18/10, 27/10, 65/10, 120/10) as issued by the Financial Reporting Standards Committee. Pursuant to Article 34, paragraph 3, of the Accounting Act, until the Republic of Croatia becomes a European Union member, the international standards of financial reporting include the International Accounting Standards (IAS) and their amendments and interpretations, and the International Financial Reporting Standards (IFRS) with their amendments and interpretations, as established by the Committee, and published in the Official Gazette. The Financial Statements are prepared by application of the basic accounting assumption of a transaction occurrence, whereby the transaction effects are recognised when occurred and declared in the financial statements for the period they relate to, and with application of the basic accounting assumption of going concern.

The Financial Statements structure and contents are in line with the IAS 1.

The Company Financial Statements present total amounts of the Company's assets, liabilities, equity and reserves as at 31 December 2010, and the business results, equity changes and cash flows for the year ended that date.

2.2. Reporting currency

The Company Financial Statements are prepared in the Croatian Kuna as the Company's operating and reporting currency.

2.3. Recognising of revenues

Revenues from the sales of goods and services are recognised at the moment of their delivery and transferring of risks and benefits. Revenues from interests are calculated against the outstanding receivables and by the applicable interest rates. Revenues from dividends or participation in the profit are recognised at the moment of establishing of the right to receiving the dividend or participation in the profit.

2.4. Loan costs

Loan costs than can be directly related to acquisition, construction or sale of a qualified asset are capitalised. Other costs of loan charge the profit and loss account in the period when accrued.

2.5. Transactions in foreign currencies

Transactions in foreign currencies are initially converted into Croatian Kuna by the exchange rates valid on the transaction date. Money, receivables and payables disclosed in foreign currencies are subsequently converted by the Croatian National Bank mean exchange rate on the Balance Sheet date. Gains and losses resulting from the conversion are included in the Profit and Loss Account for the current year.

On 31 December 2010, the Croatian Kuna exchange rate was EUR 1 = HRK 7.385173 (31 December 2009: HRK 7.306199).

NOTES TO FINANCIAL STATEMENTS
for the year ended on 31 December 2010
(continued)

2.6. Profit tax

The profit tax liability is determined according to the results achieved in the year, harmonised by the amounts not included in the tax base or tax non-deducted expenses (70% of the entertainment expenses, 30% of the personal car use expenses, etc.). The profit tax is calculated by applying the tax rates in force on the Balance Sheet date. The calculations making the base of tax reporting may be inspected by the tax authorities.

The profit tax of a year comprises the current tax and the deferred tax.

The current tax is the expected tax liability calculated to the taxable profit of the year, by applying the tax rate valid on the Balance Sheet date and all the tax liability harmonisations from the previous periods.

The deferred tax amount is calculated by the balance liability method, taking into account the temporary differences between the asset and liability accounting values for the taxation reporting purposes and the amounts used for the tax calculation purposes. The deferred tax amount is based on the expected realisation or settlement of the asset and liability accounting value, by applying the tax rates in force on the Balance Sheet date.

The deferred taxation assets are recognised in the amount of the probable future taxable profit sufficient for utilisation of the assets. Deferred taxation assets are decreased by the amount that is now unlikely to be allowed as a taxation relief.

2.7. Tangible and intangible fixed assets

Particular real estates, plants and equipment items satisfying the criteria to be recognised as assets are measured by their costs.

Tangible and intangible fixed asset procurement expenses include their procurement value, import duties and non-refundable taxes, as well as any other expense that may be directly related to bringing the asset into the condition for its intended utilisation. Expenses of current maintenance and repairs, replacement and investment maintenance of a lesser extent are recognised as expenses of the period when occurred. Where it is clear that the expenses resulted in increased expectations of future economic benefits that are to be implemented by utilisation of the tangible or intangible fixed assets beyond their initially assessed potentials, they are capitalised, that is, included in the accounting value of the asset. Gains and losses resulting from writing off or disposal of a tangible or intangible fixed asset are declared by the net principle in the Profit and Loss Account in the period when occurred.

Following its initial recognising as asset, particular real estates, plants and equipment items are disclosed by their costs decreased by the accrued depreciation.

According to appraisal performed by an independent appraiser, in 2003 the Company corrected real estates values and created revaluation reserves that are transferred to the profit brought forward in accordance with the adopted depreciation policies.

Calculation of depreciation is started at bringing an asset to its use. Depreciation is calculated by writing off the expenses of procurement or the appraised value of an asset, except land and tangible and intangible fixed assets in the course of preparation, off during the assessed period of use of the asset, by applying the linear method and the maximum annual rate recognised by tax regulations as follows:

	Depreciation rate
Buildings.....	5
Plants and equipment	10-50
Intangible assets.....	50

The Company's Board of Directors believes that the above rates are adequate to the degree of economic wear of the assets. Land and assets under preparations are not depreciated because they are deemed to be of an unlimited duration. Things and rights of the acquisition costs under HRK 3,500.00 per item are written off immediately.

2.8. Investments in real estates

Investments in real estates are the real estates (land or buildings or a part thereof or both) held by the owner or a financial lease holds in order to make incomes from renting or decrease of the market value or both.

Investments in real estates are initially measured by their costs. The costs of investments in real estates include the purchase price and all the related direct costs.

Following their initial recognising, investments in real estates are measured by their fair values.

NOTES TO FINANCIAL STATEMENTS
for the year ended on 31 December 2010

(continued)

2.9. Decreases

On every Balance Sheet date, the Company checks accounting values of its assets in order to establish if there are indications of any losses incurred due to decreasing of the asset values. If there are such indications, the recoverable value of the assets is assessed in order to establish any loss resulting from the decrease. If the recoverable value of an asset is assessed to an amount lesser than the accounting one, the accounting value of the asset is decreased to the recoverable amount. Losses resulting from asset decrease are disclosed in the Profit and Loss Account.

2.10. Investments into subsidiary and associated companies

Subsidiary companies are the companies where the Company controls decision making and implementation of the financial and business policies of the company invested into and for the purpose of gaining from its activities

An associated company is a company in which the Company has a substantial influence, but not the control, by participating in making of decisions on the associated company's financial and business policies.

Investments into subsidiary and associated companies are declared in these Financial Statements by the investment cost method.

2.11. Stocks

Stocks are declared by their cost or the net expected sales value that can be achieved, whichever is lesser. This cost includes direct material and, if applicable, direct labour costs and all overhead/indirect costs related to bringing the stocks to their present location and present condition. The cost is established by applying the method of specific identification of particular costs. The net expected sales value that may be achieved forms the assessed sales price decreased by all assessed finishing, marketing, sales and distribution costs.

Where the stock value is to be brought to the net expected sales value, the stock value is corrected by charging the Profit and Loss Account of the current year.

Small inventory, packaging and car tyres are written off 100% when entered into use.

2.12. Receivables from customers and receivables from prepayments

Receivables from customers and receivables from prepayments are declared in their nominal amounts decreased by the adequate value harmonisation by the assessed bad debts. The Company Board of Directors establishes values of the receivables that are bad in terms of the possibility of their collection by the age structure of all receivables and analysis of particular significant amounts. Value of the bad debts is harmonised by charging the Profit and Loss Account of the current year.

NOTES TO FINANCIAL STATEMENTS
for the year ended on 31 December 2010
(continued)

2.13. Cash and cash equivalents

Cash consists of the balances at bank accounts and the cash in hand, and of the deposits and securities convertible into money at call or within three months latest.

2.14. Financial instruments

Financial instruments are categorised as assets and liabilities or the principal, pursuant to the essence of the contractual deal. Interests, dividends, gains and losses related to a financial instrument categorised as a liability are declared as a revenue or an expense when occurred. Financial instruments are offset when the Company is entitled to offset under the law, or when there are simultaneous incomes and liability settlements in the net amount.

Financial assets and financial liabilities are recognised in the Company Balance Sheet when the Company became party to a financial-instrument contract.

Receivables from customers

Receivables from customers are declared in their nominal amounts decreased by the value harmonisation by the assessed bad debts.

Liabilities to suppliers

Liabilities to suppliers are declared in their nominal amounts.

Financial assets

At the initial recognising, financial assets are measured by their fair value increased, in case of financial assets registered by their fair value in the Profit and Loss Account, by the transaction costs.

After the initial recognition, financial assets are categorised pursuant to the revised IAS 39 into the following categories: financial assets by fair value in the Profit and Loss Account, investments held until mature, loans and receivables and financial assets available for sale.

Own shares

Own shares are declared by their acquisition cost, and their sale by the prices achieved. Profit and loss from sales of own shares are declared in the capital reserves account.

Banking loans

Interest bearing banking loans, as well as overdrafts, are declared in the amounts of the proceeds received or the overdrafts authorised, respectively.

Reservations

A reservation is recognised only where the Company has a present liability resulting from a past event and where it is probable that settlement of the liability will require outflow of the resources with economic benefits and where the amount of the liability can be established by a reliable method. Reservations are checked on every Balance Sheet date and harmonised in line with the latest best assessments.

Reservations are established for the costs of repairs in warranty periods, costs of court procedures and costs of rewards to employees for their long-time employment and retirement (regular loyalty and severance bonuses).

Reservations for the costs of the rewards to employees for their long-time employment and retirement (regular loyalty and severance bonuses) are established as current value of future outflows by applying the discount rate corresponding to the state bond interest rate.

2.15. Contingent liabilities and assets

Contingent liabilities are not recognised in the Financial Statements. They are recognised in the Financial Statements only if the possibility of an outflow or resources forming economic benefits is not distant.

Contingent assets are not recognised in the Financial Statements, but are recognised at the moment when an inflow of economic benefits becomes probable.

2.16. Events after the Balance Sheet Date

Events after the Balance Sheet date providing additional information on the Company position on the Balance Sheet date (events effecting the harmonisation) are recognised in the Financial Statements. Events not effecting the harmonisation are disclosed in the Notes to the Financial Statements if they are of a material importance.

2.17. Comparison data

Wherever necessary, the comparison data are reclassified in order to achieve consistency in disclosing of data with the current financial year and other data.

2.18. Standards, interpretations and published amendments of the standards not yet in force

In the late 2010, the Committee also published translations of material amendments of the IFRS/IAS and their interpretations applicable to period from 1 January 2011. Application of these amendments in the future periods will firstly influence disclosing of Financial Statements due to the amendments of the IAS 1.

3. INTANGIBLE FIXED ASSETS

	Right to use third person assets (patents, licences etc.)	Goodwill	Investments into third person assets	Assets under preparation	Total
PROCUREMENT VALUE					
<u>31 December 2009</u>	<u>23,343,448</u>	<u>13,355,595</u>	<u>342,029</u>	<u>3,861,682</u>	<u>40,902,754</u>
Increases	923,505	-	-	-	923,505
New procurements	975,854	-	-	1,925,359	2,901,213
Brought forward	-	-	-	(1,899,359)	(1,899,359)
Accelerated depreciation (revaluation)	433,277	-	-	-	433,277
<u>31 December 2010</u>	<u>25,676,084</u>	<u>13,355,595</u>	<u>342,029</u>	<u>3,887,682</u>	<u>43,261,390</u>
VALUE CORRECTION					
<u>31 December 2009</u>	<u>20,321,860</u>	<u>0</u>	<u>223,199</u>	<u>1,268,255</u>	<u>21,813,314</u>
Depreciation in 2010	2,173,536	-	79,950	-	2,253,486
Accelerated depreciation cancellation	1,128,375	-	-	-	1,128,375
<u>31 December 2010</u>	<u>23,623,771</u>	<u>0</u>	<u>303,149</u>	<u>1,268,255</u>	<u>25,195,175</u>
NET ACCOUNTING VALUE					
31 December 2009	3,021,588	13,355,595	118,830	2,593,427	19,089,440
31 December 2010	2,052,313	13,355,595	38,880	2,619,427	18,066,215

NOTES TO FINANCIAL STATEMENTS
for the year ended on 31 December 2010
(continued)

5. TANGIBLE FIXED ASSETS

	Land	Buildings	Plants and equipment	Assets under preparation	Other	Investments in real estates	Total	Prepayments for tangible assets	Total
PROCUREMENT VALUE									
<u>31 December 2009</u>	<u>45,615,549</u>	<u>210,268,288</u>	<u>161,336,302</u>	<u>38,496,207</u>	<u>958,502</u>	<u>17,393,412</u>	<u>474,068,260</u>	<u>4,230,304</u>	<u>478,298,564</u>
Increases		47,028	142,323	3,398,574	-	869,675	4,457,600	353,932	4,811,532
Direct procurement	-	7,000	1,037,929	-	-	-	1,044,929	-	1,044,929
Brought forward	-	-	-	(17,198,946)	-	15,964,667	(1,234,279)	(4,488,393)	(5,722,672)
Accelerated depreciation (revaluation)	-	15,725,345	3,373,663	-	-	-	19,099,008	-	19,099,008
Sate or write-off	-	-	(22,796,279)	-	-	-	(22,796,279)	-	(22,796,279)
<u>31 December 2010</u>	<u>45,615,549</u>	<u>226,047,661</u>	<u>143,093,938</u>	<u>24,695,835</u>	<u>958,502</u>	<u>34,227,754</u>	<u>474,639,239</u>	<u>95,843</u>	<u>474,735,082</u>
VALUE CORRECTION									
<u>31 December 2009</u>	-	<u>95,242,678</u>	<u>145,433,308</u>	-	<u>531,132</u>	-	<u>241,207,118</u>	-	<u>241,207,118</u>
Depreciation in 2010	-	10,316,742	6,444,931	-	48,013	-	16,809,687	-	16,809,687
Correction by branch depreciations	-	-	(277,436)	-	-	-	(277,436)	-	(277,436)
Accelerated depreciation cancellation	-	15,725,345	9,018,718	-	-	-	24,744,060	-	24,744,060
Sale or write-off	-	-	(22,754,421)	-	-	-	(22,754,421)	-	(22,754,421)
<u>31 December 2010</u>	-	<u>121,284,765</u>	<u>137,865,100</u>	<u>0</u>	<u>579,145</u>	<u>0</u>	<u>259,729,008</u>	-	<u>259,729,008</u>
NET ACCOUNTING VALUE									
31 December 2009	45,615,549	115,025,610	15,902,994	38,496,207	427,370	17,393,412	232,861,142	4,230,304	237,091,446
31 December 2010	45,615,549	104,762,896	5,228,838	24,695,835	379,357	34,227,754	214,910,231	95,843	215,006,074

NOTES TO FINANCIAL STATEMENTS
for the year ended on 31 December 2010
(continued)

4.1. The Company mortgaged its assets valid HRK 135,651,000 (in 2009: HRK 139,140,000) in collateral securing repayment of the loans and using the bank guarantees from the banks Zagrebačka banka d.d., Zagreb, Erste & Steiermärkische bank d.d., Rijeka, Hypo Group Alpe Adria, Zagreb and Societe Generale Splitska banka d.d., Split.

4.2. The property under preparations comprises constructing of a business building at Janka Rakuše 1 in Zagreb.

5. FINANCIAL FIXED ASSETS

	<u>2009</u>	<u>2010</u>
Investments in subsidiary companies	280,163,896	246,484,400
Investments in associated companies	69,780,765	71,448,956
Shares in join-stock companies	2,741,494	62,220
Shares in limited liability companies	14,714,531	19,107,129
Loans to subsidiary companies	14,306,538	37,204,225
Loans to associated companies	28,120,000	28,120,000
Loans granted	2,486,073	2,048,795
Deposits and earnest moneys paid	6,314,168	2,689,917
Bonds	3,633,145	3,661,563
Total	422,260,610	410,827,205

The Company Board of Directors believes the financial fixed assets accounting value not to differ significantly from their fair value.

NOTES TO FINANCIAL STATEMENTS
for the year ended on 31 December 2010
(continued)

	PARTICIPATION IN OWNERSHIP AND VOTING RIGHTS (%) <u>2009</u>	ACCOUNTING VALUE AT THE END OF THE YEAR <u>2009</u>	PARTICIPATION IN OWNERSHIP AND VOTING RIGHTS (%) <u>2010</u>	ACCOUNTING VALUE AT THE END OF THE YEAR <u>2010</u>
5.1. Investments in subsidiary companies				
IGH Mostar d.o.o., Mostar	100	6,004,877	100	6,004,877
Geoistraživanje d.o.o., Osijek	100	512,400	-	-
IGH Energija d.o.o., Zagreb (ex IGH Razum d.o.o.)	100	222,000	100	222,000
INCRO d.o.o., Zagreb (ex Adepto d.o.o.)	100	20,000	100	20,000
Dubrovačka Investicijska Grupa d.o.o., Dubrovnik	100	2,920,990	100	2,920,990
Radeljević d.o.o., Zagreb	100	117,152,520	100	116,826,632
Geotehnika-inženjering d.o.o., Zagreb	100	46,290,473	100	55,802,873
Projekt Šolta d.o.o.	100	58,544,436	100	58,544,436
ETZ d.d., Osijek	80.20	5,115,943	-	-
IGH KOSOVA SHA, Prishtina	74.80	39,557	74.80	39,557
IGH Projektiranje d.o.o., Zagreb	66.66	4,000,000	100	6,103,035
Arhitektura Tholos projektiranje d.o.o., Zagreb	66	2,000,000	-	-
Hidroinženjering d.o.o., Zagreb	55	1,200,000	-	-
Kila d.o.o., Split	50	14,607,528	-	-
Centar gradski podrum d.o.o., Zagreb	37,50	21,533,172	-	-
31 December		280,163,896		246,484,400

NOTES TO FINANCIAL STATEMENTS
for the year ended on 31 December 2010
(continued)

	PARTICIPATION IN OWNERSHIP AND VOTING RIGHTS (%)	ACCOUNTING VALUE AT THE END OF THE YEAR	PARTICIPATION IN OWNERSHIP AND VOTING RIGHTS (%)	ACCOUNTING VALUE AT THE END OF THE YEAR
	<u>2009</u>	<u>2009</u>	<u>2010</u>	<u>2010</u>
5.2. Investments in associated companies				
Institut za infrastrukturne projekte, Sofia	50	9,292	50	9,292
Institut građevinarstva Sarajevo d.o.o., Sarajevo	49	181,424	49	181,424
Sportski grad TPN d.o.o.Split	40	8,000	40	8,000
Auto cesta Bar Boljare d.o.o., Split	40	8,000	40	8,000
Centar gradski podrum d.o.o., Zagreb	-	-	37.50	21,533,172
Gratius Projekt d.o.o., Zagreb	34	34,000	34	34,000
Gospodarska zona Kukuzovac d.o.o., Sinj	33.33	750,000	-	-
Črnomerec Centar d.o.o., Zagreb	31	53,871,679	20	34,756,698
Lux energija d.o.o., Zagreb	30	14,918,186	30	14,918,186
Prvi Crnogorski autoput d.o.o.	25	184	25	184
31 December		69,780,765		71,448,956
5.3. Shares - participating interests				
Viktor Lenac d.d., Rijeka		47,220		47,220
GP Dubrovnik d.d., Dubrovnik	12,95	2,694,274	12.95	-
Grupacija Biotoplifikacija d.o.o., Zagreb		-	15.00	15,000
31 December		2,741,494		62,220
5.4. Shares in investment funds				
Nexus ALPHA	11,79	1,390,307	11.79	1,390,307
Questus Private Equity Kapital	5,71	13,324,224	5.71	17,716,821
31 December		14,714,531		19,107,128

Notes numbers 1 to 54 make integral parts of the Financial Statements.

NOTES TO FINANCIAL STATEMENTS
 for the year ended on 31 December 2010
 (continued)

5.5. Loans to subsidiary companies

	INTEREST RATE	<u>2009</u>	<u>2010</u>
Geotehnika-inženjering d.o.o. Zagreb	HNB esct. rate	1,725,276	1,725,276
Incro d.o.o., Zagreb	7.5%	12,581,262	30,562,212
Radeljević d.o.o., Zagreb	9.8%	-	4,916,737
31 December		14,306,538	37,204,225

5.6. Loans to associated companies

	INTEREST RATE	<u>2009</u>	<u>2010</u>
Sportski grad TPN d.o.o., Split	HNB esct. rate	28.120.000	28.120.000
31 December		28.120.000	28.120.000

6. LONG TERM RECEIVABLES

	<u>2009</u>	<u>2010</u>
Receivables for sold apartments	6.378.609	6.117.447
31 December	6.378.609	6.117.447

7. DEFERRED TAXATION ASSETS

The deferred taxation assets, amounting to HRK 2,091,631, result from the temporary differences resulting in paying of larger taxes than the tax assessed to the accounting profit increased by the permanent differences. Disclosing the deferred taxation property results from correcting of the receivables and the financial assets and of long-term reservations not recognised for taxation purposes.

	<u>2009</u>	<u>2010</u>
Initial balance	3,061,755	2,759,956
Increase	1,299,656	495,987
Decrease	1,601,455	1,164,312
31 December	2,759,956	2,091,631

NOTES TO FINANCIAL STATEMENTS
 for the year ended on 31 December 2010
 (continued)

8. STOCKS

	<u>2009</u>	<u>2010</u>
Production in progress	501,348	501,348
Finished product stocks	28,022,886	19,033,411
Goods for sale	1,609,007	6,135,426
Prepayments for procurement of goods	4,793,229	550,897
Total	34,926,470	26,221,082

9. RECEIVABLES FROM RELATED COMPANIES

	<u>2009</u>	<u>2010</u>
RECEIVABLES FROM AFFILIATED COMPANIES		
Geotehnika-inženjering d.o.o., Zagreb	16,667,297	474,010
IGH Mostar d.o.o., Mostar	291,714	320,035
Incro d.o.o., Zagreb	337,351	-
ETZ d.d., Osijek	-	77,490
Radeljević d.o.o., Zagreb	684,400	1,053,400
Forum centar d.o.o., Zagreb	683	683
Hidroinženjering d.o.o.	-	154,724
IGH Projektiranje d.o.o.	312,661	11,985,964
Arhitektura Tholos Projektiranje d.o.o.	123,000	49,200
Total	<u>18,417,106</u>	<u>14,115,506</u>
RECEIVABLES FROM ASSOCIATED COMPANIES		
Sportski grad TPN d.o.o., Split	294,250	424,630
Črnomerec Centar d.o.o.	178,504	151,412
Centar gradski podrum d.o.o., Zagreb	4,135,867	5,587,298
Centar Bundek d.o.o., Zagreb	4,651,502	-
Total	<u>9,260,123</u>	<u>6,163,340</u>
RECEIVABLES FROM BRANCHES		
IGH Albania, Tirana	6,274,261	9,372,687
INSTITUT IGH d.d. Podgorica Branch	348,193	445,976
Total	<u>6,622,454</u>	<u>9,818,663</u>
31 December	34,299,683	30,097,509

NOTES TO FINANCIAL STATEMENTS
for the year ended on 31 December 2010
(continued)

10. RECEIVABLES FROM CUSTOMERS

	<u>2009</u>	<u>2010</u>
Receivables from domestic customers	163,946,244	159,084,801
Receivables from foreign customers	30,199,598	20,178,653
Minus: value correction	(49,031,688)	(54,057,481)
31 December	145,114,154	125,205,973

The correction of value of receivables from the customers comprises the receivables sued for and those corrected under the valid taxation regulations. The Company Board of Directors deems the corrections to be based on reasonable assessments.

10.1. Maturity structure of receivables from customers on 31 December 2010:

<u>ITEM</u>	<u>RECEIVABLES FROM CUSTOMERS</u>	<u>STRUCTURE IN %</u>
Total	125,205,972	100.00
Not yet due	49,470,838	39.51
Due	75,735,134	60.49
- up to 30 days	12,833,604	10.25
- 30 – 60 days	11,876,643	9.49
- 60 – 90 days	7,835,873	6.25
- over 90 days	43,189,014	34.50

NOTES TO FINANCIAL STATEMENTS
 for the year ended on 31 December 2010
 (continued)

10.2. The most important customers by turnover in 2010:

	<u>2009</u>	<u>2010</u>
Hrvatske autoceste d.o.o., Zagreb	171,897,650	82,996,797
Hrvatske ceste d.o.o., Zagreb	50,220,343	37,894,107
Bechtel Enka GP, Prishtina	0	26,904,778
ARKA 96 d.o.o., Zagreb	1,028,034	19,506,422
Ministarstvo komunikacija i transporta BIH, Sarajevo	15,953,310	17,003,166
Auto cesta Rijeka-Zagreb d.o.o., Zagreb	22,196,091	10,640,718
Zagrebački holding d.o.o., Zagreb	24,049,842	10,193,188
Hrvatske vode , Zagreb	7,790,395	10,137,166
Konzum d.d., Zagreb	5,525,705	8,449,288
Trigranit Lanište d.o.o. , Zagreb	1,577,869	7,286,246
Total	300,239,239	231,011,876

11, OTHER SHORT TERM RECEIVABLES

	<u>2009</u>	<u>2010</u>
Receivables from government and governmental institutions	32,761,119	5,765,880
Receivables from employees	179,939	636,527
Receivables for re-invoiced interests	14,888,111	16,251,216
Receivables from Konstruktor d.d., Split	18,810,708	-
Receivables from Niva Inženjering d.o.o.	38,836,613	29,868,543
Receivables from Zagrebački Holding d.o.o.	33,331,514	33,691,793
Igor Sapunar	-	35,090,246
Reinvest d.o.o.	-	4,253,860
Other receivables	68,906	47,572
31 December	138,876,908	125,605,637

NOTES TO FINANCIAL STATEMENTS
for the year ended on 31 December 2010
(continued)

11.1. Receivables from Niva Inženjering d.o.o. Zagreb comprise receivables for the sold 38.269% of interests in the company Črnomerec Centar d.o.o.

11.2. Receivables from Zagrebački Holding d.o.o. are created by the Statement on Cancellation of Purchase Agreement pertaining indivisible 1/2 of properties in Heinzelova Street in Zagreb, and comprise payment of 10% of the purchase price.

Pending are negotiations with Zabrebački Holding d.o.o. related to repayment of the said funds. The negotiations outcome and possibility of a court procedure cannot be foreseen. It is to be underlined that Institut IGH d.d. has already obtained the important and legally indicative fact of repayment of the property transfer tax related to the agreement in question, in the amount of HRK 16,374,614.70. The receivables related to the property transfer tax were collected on 10 February 2010.

11.3. Receivables from Igor Sapunar, amounting to HRK 35.090.246, relate to the sold 100% shares Kila d.o.o. The remaining receivables are disclosed in the paid deposits account.

12. RECEIVABLES FROM PREPAYMENTS

	<u>2009</u>	<u>2010</u>
Prepayments made domestically	1.226.307	830.060
Prepayments made abroad	422.160	188.480
Prepayments to affiliated companies		
DP AQUA d.o.o., Zagreb	-	26.115
CTP Projekt d.o.o., Zagreb	-	14.657
Incro d.o.o., Zagreb	509.761	-
<u>Total</u>	<u>2.158.228</u>	<u>1.059.312</u>
Minus: Value correction	(793.182)	(651.240)
31 December	1.365.046	408.072

NOTES TO FINANCIAL STATEMENTS
for the year ended on 31 December 2010
(continued)

13. CURRENT FINANCIAL ASSETS

	<u>2009</u>	<u>2010</u>
Loans to subsidiary companies	83,395,620	61,139,089
Loans to associated companies	6,123,655	8,452,760
Receivables from interests to loans to related companies	15,072,128	14,021,488
Loans paid	3,525,556	1,184,267
Paid deposits and earnest moneys	4,053,554	9,619,279
Minus: Value correction	(106,984)	(604,553)
31 December	112,063,529	93,812,330

The Company Board of Directors believes the current financial assets accounting value not to differ significantly from their fair value.

13.1. Loans to subsidiary companies (with receivables from accrued interests)

	INTEREST RATE	<u>2009</u>	<u>2010</u>
Geotehnika-inženjering d.o.o., Zagreb	-	104,527	87,979
IGH ENERGIJA d.o.o., Zagreb	7.5%	2,772	23,810
ETZ d.d., Osijek	HNB esc. rate	1,160	1,160
INCRO d.o.o., Zagreb	7.5%	17,980,950	7,494,334
Radeljević d.o.o., Zagreb	9.8%	4,916,737	368,755
Dubrovačka investicijska grupa, Dubrovnik	7.5%	22,653,492	43,904,713
IGH Projektiranje d.o.o.	7.5%	12,912,206	13,834,706
Slavonija centar V, Kapanica d.o.o., Zagreb	-	4,620	4,620
Forum centar d.o.o., Zagreb	4%	10,651	15,066
IGH KOSOVA Sha, Prishtina,	HNB esc. rate	-	1,908,234
PROJEKT ŠOLTA d.o.o., Zagreb	7.5%	-	5,275
31 December		58,587,115	67,648,652

NOTES TO FINANCIAL STATEMENTS
 for the year ended on 31 December 2010
 (continued)

13.2. Loans to associated companies (with receivables from accrued interests)

		<u>2009</u>	<u>2010</u>
Sportski grad TPN d.o.o., Split	9%	3,848,996	8,802,031
Črnomerec Centar d.o.o.	9%	6,407,839	6,937,895
Centar gradski podrum d.o.o., Zagreb	9.8%	27,840,463	96,657
Centar Bundek d.o.o., Zagreb	6%	7,906,990	128,100
31 December		46,004,288	15,964,683

14. CASH

		<u>2009</u>	<u>2010</u>
Kuna business accounts balance		14,262,325	5,604,833
Cash in hand		21,739	7,804
Foreign currency accounts balance		3,767,797	3,095,670
Shares in investment funds		-	-
Securities		12,644,821	11,993,303
Time deposits maturing in less than 3 months		28,794,916	42,196,394
31 December		59,491,598	62,898,004

15. PAYABLES NOT YET DUE

The future cost payments, amounting to **HRK 48,418,697** (2009: **HRK 18,905,350**) comprise payments of future payables amounting to HRK 4,202,630 (2009: HRK 3,609,625) and revenues entered pursuant to the IAS-u 11 amounting to HRK 42,780,932 (2009: HRK 15,295,725), and the prepayments received in the amount of HRK 1,435,135.

16. SHARE CAPITAL

The share capital is established in the nominal amount of **HRK 63,432,000** (2009: same amount) divided in **158,580** shares nominally valid **HRK 400 each**.

The Company ownership structure on 31 December 2010 was as follows:

	<u>2009</u>		<u>2010</u>	
	No. of shares	Percentage	No. of shares	Percentage
Akcionar d.o.o, Zagreb	20,086	12.67	20,086	12.67
Zagrebačka banka d.d., Zagreb – joint escrow account-I	6,428	4.05	4,571	2.88
Zagrebačka banka d.d., Zagreb – joint escrow account -II	1,998	1.26	4,313	2.72
Privredna banka Zagreb d.d., Zagreb – joint escrow account -I	4,231	2.67	3,429	2.16
RAIFFEISEN BANK AUSTRIA d.d.	2,463	1.55	3,178	2.00
Petar Đukan, Zagreb	2,716	1.71	2,616	1.65
Societe Generale Splitska banka d.d., Split – joint escrow account	1,966	1.24	1,966	1.24
Hrvatska poštanska banka d.d., Zagreb	-	-	1,929	1.22
Erste & Steiermarkische Bank d.d., Zagreb	1,196	0.75	1,529	0.96
Stojan Ante, Mokošica	1,405	0.89	1,525	0.96
Other small shareholders	114,902	72.46	112,899	71.19
Own shares	1,189	0.75	539	0.34
Total	158,580	100	158,580	100

NOTES TO FINANCIAL STATEMENTS
for the year ended on 31 December 2010
(continued)

17. CAPITAL RESERVES

The capital reserves, amounting to **HRK 13,998,640** (2009: HRK 13,375,766), comprise profits from acquisition and sale of own shares.

18. STATUTORY RESERVES

The statutory reserves, amounting to **HRK 3,171,600** (2009: same amount), comprise the reserves appropriated from the previous years profits.

19. RESERVES FOR OWN SHARES

The reserves for own shares, amounting to **HRK 6,343,200** (2009: same amount), comprise the reserves appropriated from previous years profits.

20. OWN SHARES

On 31 December 2010 the Company held 539 of own shares, the acquisition cost of which is **HRK 1,446,309** (in 2009 it held 1,189 own shares). The Company Members Meeting at the session held on 26 October 2009 resolved on paying to the management a special reward for 2008 in shares. 1,510 own shares have been paid in special rewards. The share distribution was partly implemented in January of 2010.

21. REVALUATION RESERVES

<u>31 December 2009</u>	<u>60,218,605</u>
Tangible fixed assets decrease	(10,566,611)
Financial long term assets decrease	-
Tangible fixed assets increase	3,083,011
Financial long term assets increase	4,392,597
31 December 2010	57,127,602

NOTES TO FINANCIAL STATEMENTS
for the year ended on 31 December 2010
(continued)

Changes in the revaluation reserves comprise harmonisation of the tangible fixed assets value by the depreciation amount calculated by the rates higher than the economic duration of the assets. On this base, the 2009 depreciation was increased by HRK 5.6 million, of which HRK 4.5 million relate to the current profit and HRK 1.1 million to the deferred taxes.

22. PROFIT BROUGHT FORWARD

<u>31 December 2009</u>	<u>253,430,766</u>
2009 profit (see Note 23)	20,027,699
Tangible fixed assets revaluation	2,503,573
Previous period expenses charging the profit brought forward	(1,945,160)
31 December 2010	274,016,878

23. FISCAL YEAR PROFIT

In the year 2010, the Company made profit amounting to **HRK 12,985,385** (2009: **HRK 20,027,699**).

The Company profit made in 2009, amounting to HRK 20,027,699, was distributed by the Company Members Meeting as follows:

Profit brought forward (see Note 22)	20,027,699
Total	20,027,699

NOTES TO FINANCIAL STATEMENTS
 for the year ended on 31 December 2010
 (continued)

24. RESERVATIONS

	<u>warranty times</u>	<u>severances and bonuses</u>	<u>litigations</u>	<u>total</u>
<u>31 December 2009</u>	<u>15,474,460</u>	<u>3,857,732</u>	<u>1,325,629</u>	<u>20,657,821</u>
Additional reservations	-	-	296,150	296,150
Reservation revenues	(12,271,911)	(599,808)	(172,500)	(13,044,219)
31 December 2010	3,202,549	3,257,924	1,449,279	7,909,752

25. LONG-TERM LIABILITIES FROM LOANS

	<u>INTEREST RATE</u>	<u>2009</u>	<u>2010</u>
Zagrebačka banka d.d., Zagreb	EURIBOR+4.0-6.5 p.p.	56,290,639	136,062,580
Unicredit bank, Austria	3 m EURIBOR+4.0 p.p.	90,596,868	-
Erste & Steiermärkische bank d.d., Rijeka	EURIBOR+2.95-6.75 p.p.	41,137,554	62,765,319
Adria bank AG, Vienna, Austria	3 m EURIBOR+4.0 p.p.	26,302,316	26,254,290
Hypo Alpe Adria Bank, Zagreb	6 m EURIBOR+6.0 p.p.	30,320,726	30,644,560
Hrvatska poštanska banka d.d., Zagreb	3 m EURIBOR+6.75 p.p.	-	15,555,555
<u>total</u>		<u>244,648,103</u>	<u>271,282,304</u>
Minus: Current dues (see Note 29)	(10,389,415)	(58,552,577)	
31 December		234,258,688	212,729,727

NOTES TO FINANCIAL STATEMENTS
 for the year ended on 31 December 2010
 (continued)

25.1 Changes of the long-term liabilities for loans in the course of the year were as follows:

<u>31 December 2009</u>	<u>234,258,688</u>
Loan repayment	(130,055,130)
New loans	166,419,452
Currency exchange differences	659,295
<u>Total</u>	<u>271,282,305</u>
Minus: Current dues	(58,552,578)
31 December 2010	212,729,727

25.2 Long-term liabilities for loans are maturing as follows:

Maturing in one to two years	150,568,140
Maturing in two to three years	24,669,757
Maturing in three to four years	9,183,145
Maturing in four to five years	28,308,685
31 December	212,729,727

26. LONG-TERM LIABILITIES TO SUPPLIERS

	<u>2009</u>	<u>2010</u>
Raiffeisen leasing d.o.o., Zagreb	7,355,680	-
Other suppliers	1,428,897	-
PBZ leasing d.o.o., Zagreb	-	321,844
Minus: Current dues (see Note 29)	(3,663,766)	-
31 December	5,120,811	321,844

NOTES TO FINANCIAL STATEMENTS
 for the year ended on 31 December 2010
 (continued)

27. OTHER LONG-TERM LIABILITIES

	<u>2009</u>	<u>2010</u>
Liabilities from securities	1,386,036	1,401,018
Liabilities from guarantees and deposits	79,732	79,732
Liabilities to Konstruktor Inženjering d.d.	40,882,997	-
31 December	42,348,765	1,480,750

28. LIABILITIES TO RELATED COMPANIES

	<u>2009</u>	<u>2010</u>
LIABILITIES TO SUBSIDIARY AND ASSOCIATED COMPANIES		
IGH Projektiranje d.o.o., Zagreb	1,789,251	2,836,494
Geotehnika-inženjering d.o.o., Zagreb	3,268,896	2,451,684
CTP Projekt d.o.o., Zagreb	1,741,571	1,838,817
ETZ d.d., Osijek	1,018,277	1,251,919
Projektni biro Palmotićeva 45 d.o.o., Zagreb	887,588	480,756
Arhitektura Tholos Projektiranje d.o.o., Zagreb	388,901	405,900
Geoistraživanje d.o.o., Osijek	1,756,558	-
IGH Mostar d.o.o., Mostar	702,989	13,862
IGH KOSOVA SHA, Prishtina	1,033,002	-
MBM Termoprojekt d.o.o., Zagreb	-	35,055
Centar Gradski podrum d.o.o., Zagreb	-	1,905
31 December	12,587,033	9,316,392

NOTES TO FINANCIAL STATEMENTS
 for the year ended on 31 December 2010
 (continued)

29. SHORT-TERM LIABILITIES FROM LOANS

	INTEREST RATE	<u>2009</u>	<u>2010</u>
Zagrebačka banka d.d., Zagreb	7.15%	36,426,334	47,820,317
SG Splitska banka d.d., Split	EURIBOR+5.0 p.p.	14,612,398	14,770,346
Erste Bank d.d., Rijeka	EURIBOR+2.75-7.0 p.p.	13,770,179	-
PBZ D.D., Zagreb	3 m EURIBOR+7.5 p.p.	-	14,770,346
Hypo Alpe Adria Bank	6 m EURIBOR+6.0 p.p.	37,451,576	-
Hrvatska poštanska banka d.d., Zagreb	3 m EURIBOR+6.75 p.p.	-	7,251,733
Agrokor d.d., Zagreb	4%	6,210,269	6,277,397
Paktor d.o.o., Split	8%	-	2,523,778
Other short-term liabilities loans		-	50,394
<u>total</u>		<u>108,470,756</u>	<u>93,464,311</u>
Plus: Current dues (see Notes 25 and 26)		14,030,057	58,552,578
31 December		122,500,813	152,016,889

29.1. Changes of the short-term liabilities for loans in the course of the year were as follows:

<u>31 December 2009</u>	<u>122,500,813</u>
New loans	83,702,907
Repayments	(110,254,883)
Currency exchange differences	(2,484,526)
<u>Total</u>	<u>93,464,311</u>
Plus: Current dues	58,552,578
31 December 2010	152,016,889

NOTES TO FINANCIAL STATEMENTS
 for the year ended on 31 December 2010
 (continued)

30. LIABILITIES FROM PREPAYMENTS AND DEPOSITS

	<u>2009</u>	<u>2010</u>
From domestic customers	7,240,895	6,688,779
From foreign customers	1,249,359	2,915,411
Received prepayments and earnest moneys	37,256,377	37,646,310
31 December	45,746,631	47,250,500

31. LIABILITIES TO SUPPLIERS

	<u>2009</u>	<u>2010</u>
Liabilities to domestic suppliers	119,388,235	111,268,257
Liabilities to foreign suppliers	7,469,880	3,483,858
Liabilities for goods and services not invoiced	7,139,705	1,900,642
31 December	133,997,820	116,652,757

31.1. The maturity structure of liabilities to suppliers on 31 December 2010 was as follows:

<u>ITEM</u>	<u>LIABILITIES TO SUPPLIERS</u>	<u>PERCENTAGE</u>
Total	116,652,757	100.00
Not yet due	19,978,930	17.13
Due	96,673,827	82.87
- up to 30 days	11,534,011	9.89
- 30 – 60 days	9,404,838	8.06
- 60 – 90 days	8,017,894	6.87
- over 90 days	67,717,084	58.05

NOTES TO FINANCIAL STATEMENTS
for the year ended on 31 December 2010
(continued)

31.2. The most important suppliers by turnovers in 2010 were as follows:

	<u>2009</u>	<u>2010</u>
PBZ Leasing d.o.o., Zagreb	7,623,817	7,920,143
Investinženjering d.d., Zagreb	9,419,251	6,191,633
Ina Kartica – Industrija nafte d.d., Zagreb	6,511,878	6,122,961
Dalekovod d.d., Zagreb	1,950,352	4,908,523
KWI International Environment Treatment, GmbH	-	4,645,638
Dalekovod Projekt d.o.o., Zagreb	3,816,833	4,463,542
Željezničko projektno društvo d.o.o., Zagreb	10,602,188	4,398,575
Topoing d.o.o., Kastav	2,758,911	4,393,786
Građevinski fakultet, Zagreb	3,182,437	4,275,399
Brodarski institut d.o.o., Zagreb	1,157,673	3,712,165
Total	47,023,340	51,032,365

32. LIABILITIES FROM SECURITIES

In line with its Programme of Issuing of Commercial Bills, on 15 June 2010 the Company issued the third set of commercial bills amounting to the Kuna equivalent of EUR 10,144,800, maturing in 364 days. The issuance agent is Zagrebačka banka d.d.

On 29 March 2010, the Company issued bills of exchange totalling to HRK 25,550,000, in favour of Erste Factoring d.o.o. On 31 December 2010, the liabilities from these bills of exchange amounted to HRK 17,884,376.

On 15 October 2010, the Company issued bills of exchange totalling to HRK 20,985,272, in favour of Konstruktor inženjering d.d., maturing on 31 March 2011 and 30 September 2011.

NOTES TO FINANCIAL STATEMENTS
for the year ended on 31 December 2010
(continued)

33. OTHER SHORT-TERM LIABILITIES

	<u>2009</u>	<u>2010</u>
Liabilities to government and governmental institutions	17,791,468	15,630,518
Liabilities to employees	10,574,575	8,276,060
Liabilities from dividends	439,727	431,377
Liabilities from rewards to the management	5,900,000	1,733,004
Liabilities from assignments	4,614,043	28,256,504
Liabilities from interests	11,369,911	5,671,607
Konstruktor Inženjering d.d., Split	22,825,888	-
Other liabilities	10,449,866	8,424,543
31 December	83,965,478	68,423,613

34. DEFERRED PAYMENTS AND INCOMES

The deferred payments and incomes, amounting to **HRK 1,347,450** (2009: **HRK 2,123,384**) comprise the deferred cost payments amounting to HRK 534,121 (2009: HRK 1,080,263) and the revenues not yet due amounting to HRK 813,329 (2009: HRK 1,043,120).

NOTES TO FINANCIAL STATEMENTS
for the year ended on 31 December 2010
(continued)

35. SALE REVENUES

	<u>2009</u>	<u>2010</u>
Revenues from sales of goods and services	546,500,836	346,713,881
Revenues from sales abroad	67,626,341	76,931,260
Total	614,127,177	423,645,141

36. OTHER OPERATING REVENUES

	<u>2009</u>	<u>2010</u>
revenues from reservation cancellation	9,759,899	13,044,220
Revenues from sales of assets	609,695	428,363
Revenues from rentals	5,971,905	5,923,161
Revenues from collection of receivables	7,576,783	8,666,157
Revenues from collecting of indemnities	32,040	83,391
Revenues from compensations, subsidies and refunds	470,335	1,415,177
Revenues from writing liabilities off	54,316	3,332,643
Other revenues	2,957,747	1,696,012
Total	27,432,720	34,589,124

37. CHANGES OF STOCKS OF FINISHED GOODS AND PRODUCTION IN COURSE

The decrease of value of the stocks of finished products and production in course relative to the previous reporting period, amounting to **HRK 6,840,119** (2009: decrease amounting to **HRK 38,332,675**).

38. COSTS OF RAW AND MATERIALS

	<u>2009</u>	<u>2010</u>
Costs of raws and materials	4,760,538	3,916,545
Costs of energy	9,356,592	8,949,920
Costs of small inventory and spare parts	1,567,719	1,066,180
Total	15,684,849	13,932,645

NOTES TO FINANCIAL STATEMENTS
 for the year ended on 31 December 2010
 (continued)

39. OTHER EXTERNAL COSTS

	<u>2009</u>	<u>2010</u>
Transport, telephone, mail costs	4,820,562	4,388,484
Subcontractors costs	165,879,735	99,323,150
Production services costs	14,534,327	7,568,180
Utility services costs	2,513,785	2,203,122
Maintenance costs	6,882,303	4,684,320
Rental costs	11,470,115	10,527,372
Other external costs	8,055,223	5,676,974
Total	214,156,050	134,371,602

40. STAFF COSTS

	<u>2009</u>	<u>2010</u>
Net salaries	111,528,214	96,906,291
Taxes, contributions and other levies	98,044,716	81,847,742
Staff cost reimbursement (travel costs, per diems, etc.)	21,257,834	15,732,841
Loyalty and severance bonuses, etc.	4,126,328	4,938,769
Reimbursements, bonuses and supports above tax relieves	11,151,560	11,718,532
Total	246,108,652	211,144,175

40.1. The Company Director's incomes, amounting to HRK 893,724 gross (2009: HRK 985,443), make part of the disclosed staff costs.

41. DEPRECIATION

	<u>2009</u>	<u>2010</u>
Tangible assets depreciation	26,122,955	16,809,687
Intangible assets depreciation	2,621,058	2,253,487
Total	28,744,013	19,063,174

NOTES TO FINANCIAL STATEMENTS
 for the year ended on 31 December 2010
 (continued)

42. OTHER COSTS

	<u>2009</u>	<u>2010</u>
Legal, consulting and other service costs	4,801,229	2,015,940
Entertainment costs	1,641,661	1,680,235
Insurance premiums	3,101,620	2,529,798
Training and education costs	2,785,489	2,004,751
Banking fees and commissions	5,687,339	4,644,626
Contributions to public bodies	2,747,020	2,135,402
Withholding tax paid abroad	68,681	1,346,319
Cost of VAT reclaim distribution	-	1,689,440
Other costs	1,605,809	2,625,099
Total	22,438,848	20,671,610

In the other costs account, the Company has disclosed the total fees paid to the auditors for the compulsory audit of its annual financial statements, in the year 2010 amounting to HRK 250,000.

43. CURRENT-ASSETS VALUE HARMONISATION

	<u>2009</u>	<u>2010</u>
Other receivables	517,123	99,331
Receivables from customers	28,793,358	13,610,387
Stock value harmonisation	-	2,149,356
Total	29,310,481	15,859,074

44. COST AND RISK RESERVATIONS

	<u>2009</u>	<u>2010</u>
Reservations for repairs and complaints in the warranty periods	6,315,794	-
Reservations for loyalty and severance bonuses	18,407	-
Reservations for litigation costs	50,000	296,150
Total	6,384,201	296,150

Based on analyses of previous experiences of the Company and other companies performing similar activities in similar circumstances, and by assessing future costs, reservations for repairs and complaints in the warranty periods have been reduced to lower amount. Therefore, in 2010 no reservations for risks in warranty periods were made.

NOTES TO FINANCIAL STATEMENTS
 for the year ended on 31 December 2010
 (continued)

In 2010, reservations for loyalty and severance bonuses are lesser by HRK 599,808 because of the lesser number of employees.

Reservations for risks and contingent losses in litigations, to include principals and default interests, have been made in line with the lawyers' assessment of litigation success. Reservation for default interests claimed by the plaintiff in the labour dispute pending before the Municipal Court at Zagreb has not been made since the interests cannot be estimated with certainty, however, compared to a similar case, the contingent loss from default interests is estimated up to HRK 3.5 million. With regard to this litigation, reservations are made for the principal payment and legal costs.

45. OTHER OPERATIVE COSTS

	<u>2009</u>	<u>2010</u>
Alienated assets value not written off	360,288	-
Previous periods costs	151,148	1,850,072
Contractual penalties and like	2,478,867	709,395
Total	2,990,303	2,559,467

46. FINANCIAL REVENUES

	<u>2009</u>	<u>2010</u>
Currency exchange gains	11,393,589	5,799,252
Revenues from interests	27,650,547	13,423,017
Revenues from participation in related-company profits	529,438	82,500
Revenues from sales of share	4,302,668	18,019,632
Other financial revenues	1,854,095	140,948
Total	45,730,337	37,465,349

47. FINANCIAL EXPENSES

	<u>2009</u>	<u>2010</u>
Currency exchange losses	6,996,529	8,815,511
Expenses from interests	51,873,893	39,201,069
Losses of financial assets in accounts	-	2,694,274
Other financial expenses	472,068	470,773
Total	59,342,490	51,181,627

48. PROFIT TAX

Turning the accounting profit into the taxation profit has been done as follows:

	<u>2010</u>
Accounting profit (profit before taxation)	18,532,903
Expenses not recognised in taxation	12,509,878
Taxable profit decrease	(5,904,059)
Tax relieves	<u>(742,760)</u>
Taxable profit corrected by not recognised expenses and tax incentives	24,395,962
Tax at the 20% rate	4,879,192
Taxation effect of the cancelled temporary differences	668,325
Profit tax	5,547,518
Effective tax rate	29.93%

The profit tax rate valid in the Republic of Croatia in the year 2010 was 20%.

49. PROFIT PER SHARE

The basic profit per share is calculated by dividing the net profit with the average number of ordinary shares.

	<u>2009</u>	<u>2010</u>
Net profit (in HRK)	20,027,699	12,985,385
Weighted average number of shares	158,580	158,580
Profit per share (in HRK)	126.29	81.88

NOTES TO FINANCIAL STATEMENTS
for the year ended on 31 December 2010
(continued)

50. OTHER COMPREHENSIVE INCOME

Other comprehensive income made in 2010 relates to the incomes resulting from repeated measuring of the financial assets available for sales. The income, amounting to HRK 4,392,598, or after taxation to HRK 3,514,074, results from the increase of value of investment fund shares.

51. CASH FLOW

The Cash Flow Statement has been made by the indirect method.

At the beginning of the period, cash and cash equivalents amounted to HRK 59,491,598.

At the end of the period, cash and cash equivalents amounted to HRK 62,898,004. Cash equivalents include, besides securities, investments that can be converted into cash in three months or sooner. Therefore, the funds in accounts and securities at the end of the period have been added also short-term time deposits maturing in less than three months. The distribution of cash flows to operating, investing and financing is disclosed and explained in the report.

The cash flows show decrease of cash on the Balance Sheet date relative to the initial balance by HRK 3,406,406.

52. AFFILIATED PARTIES

Pursuant to the IAS 24.9, the affiliated parties are the companies of the IGH Group stated in the Note 5, and the Company Board of Directors. Transactions with affiliated parties are disclosed in the Notes to the Financial Statements nos. 5, 9, 13 and 28.

The prices applied in trading between the affiliated parties were equal to those in the market.

53. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

53.1. Financial risk factors

The Company is exposed to various financial risks, related to the currency, interest, credit and solvency risks. The Company is following the said risks up and trying to limit their possible influence to the financial exposure of the Company. The Company does not use derivative financial instrument for active protection from the financial risk exposure.

NOTES TO FINANCIAL STATEMENTS
for the year ended on 31 December 2010
(continued)

a) *Market risk*

The Company trades in the Croatian and the international markets. The Board of Directors establishes the Company service prices separately for domestic and international markets, based upon the market prices.

b) *Interest risk*

Interest risk is the risk of changes of a financial instrument value due to changes of the market rates relative to the interest rates applied to the financial instrument.

Cash-flow risk is the risk of possible changes of the interest cost of a certain instrument in the course of time. The Company has liabilities from short-term loans in the amount of HRK 152,017,000 (2009: HRK 122,501,000), and from long-term loans in the amount of HRK 212,730,000 (2009: HRK 234,259,000), most of these contracted with changing interest rate, which exposes the Company to the cash-flow risks. Details of the interest rates to the loans received by the Company are stated in the Notes nos. 25 and 29.

c) *Credit risk*

Credit risk is the risk of one party to a financial instrument causing financial losses to the other party by not honouring its obligations, fully or partly, at the moment of maturity. Failing to honour an obligation would endanger the Company and decrease its assets value. On 31 December 2010, the financial assets that could expose the Company to credit risk comprised mostly cash, loans granted to others and receivables from customers.

On the reporting date, the Company had financial instruments held for trading, and was not exposed to a credit risk on these grounds.

Receivables from customers are harmonised by the amount of the reservations for bad debts.

The loans paid relate to short- and long-term loans to affiliated companies, totalling to HRK 148,937,000 (2009: 147,017,000). The financial assets value on the reporting date shows maximum exposure to the credit risk. The Company regularly follows the risk of the possibility that the other party will not honour their liabilities.

d) *Currency risk*

The Company's official currency is the Croatian Kuna. However, the Company invested in financial instruments and entered transactions denominated in currencies other than its functioning currency. Therefore, the Company is exposed to the risk of change of exchange rate of its currency relative to other currencies in a way that may adversely affect the Company's profit and value.

NOTES TO FINANCIAL STATEMENTS
 for the year ended on 31 December 2010
 (continued)

Transactions in foreign currencies are converted into Kunas by application of exchange rates valid on the Balance Sheet date. Any currency exchange gains or losses are entered to credit or charge respectively in the Profit and Loss Account. Currency exchange rates may effect the profit mostly as results of the currency exchange gains or losses resulting from conversion into Kunas of the receivables in the foreign currency (EUR) and of the borrowed loans and liabilities contracted with the foreign currency clause (EUR). Due to the portion of incomes made in international markets and the liabilities determined in other currencies, the Company is exposed to changes of the exchange rate of, firstly, the Euro, wherefore the expected changes are not great.

The total Company exposure to changes of foreign currency exchange rates on the reporting date was as follows:

ASSETS	2009		2010	
	in HRK 000s	%	in HRK 000s	%
Croatian Kuna	1,070,798	87.44	996,829	85.58
Euro	153,825	12.56	167,946	14.42
TOTAL	1,224,623	100.00	1,164,775	100.00

LIABILITIES	2009		2010	
	in HRK 000s	%	in HRK 000s	%
Croatian Kuna	709,130	57.91	665,219	57.11
Euro	515,493	42.09	499,556	42.89
TOTAL	1,224,623	100.00	1,164,775	100.00

e) Solvency risk

Solvency risk is the risk of the Company encountering problems in meeting its obligations. The solvency risk is generated during general financing of the Company's activities and managing its asset positions. It includes the risk of impossibility to finance the assets when they fall due and at their prices, as well as the risk of impossibility to sell the assets at reasonable prices and within an adequate period of time. The tables showing the Company's solvency based on when the receivables from customers and liabilities to customers become due are included in the Notes 10 and 31.

NOTES TO FINANCIAL STATEMENTS
for the year ended on 31 December 2010
(continued)

e) Financial instruments fair value

The financial instruments, till their maturity, are entered by their cost, or by the net amount deducted by the part paid off, whichever is lesser. The fair value is the amount at which the financial instrument may be exchanged between known and willing parties at market conditions, except in case of forced sales or sales for liquidation. A financial instrument fair value is the value that is published in the security market and obtained by the discounted cash flow method.

On 31 December 2010, the accounting amounts of cash, short-term deposits, receivables, short-term liabilities and the included costs, and of short-term borrowed loans are close to their fair values due to the short-term nature of these financial instruments.

54. ADOPTING THE FINANCIAL STATEMENTS

The Financial Statements presented on the pages 1 to 51 above are adopted and approved by the Board of Directors of Institut IGH, d.d., Zagreb, on 29 March 2011.



For Institut IGH, d.d., Zagreb:

J. Radić
Prof. Đure Radić, Dr. Sc., Director

BALANCE SHEET
 as at 31 December 2010

	NOTE	31/12/2009 in HRK 000s	31/12/2010 in HRK 000s
ASSETS			
RECEIVABLES FOR CAPITAL SUBSCRIBED AND NOT YET PAID			
FIXED ASSETS		<u>687,580,061</u>	<u>652,108,571</u>
INTANGIBLE ASSETS	3	19,089,440	18,066,215
Expenses for development		0	0
Concessions, patents, licences, trademarks, software and other rights		3,140,418	2,091,193
Goodwill		13,355,595	13,355,595
Intangible assets under preparation		2,593,427	2,619,427
TANGIBLE ASSETS	4	237,091,446	215,006,072
Land and forests		45,615,550	45,615,550
Buildings		115,025,609	104,762,894
Plants and equipment		11,260,892	3,238,984
Tools, plant inventory and transportation means		4,642,101	1,989,856
Prepayments for tangible assets		4,230,305	95,843
Tangible assets under preparation		22,531,540	24,695,834
Other tangible assets		427,370	379,356
Investments in real estates		33,358,080	34,227,755
FINANCIAL ASSETS	5	422,260,610	410,827,205
Interests (shares) in affiliated companies		349,944,661	317,933,356
Loans granted to affiliated companies		42,426,538	65,324,225
Participating interests		2,741,494	62,220
Paid loans, deposits and like		8,800,242	4,738,712
Other long-term financial assets		18,347,676	22,768,692
RECEIVABLES	6	6,378,609	6,117,448
Receivables from sale on credit		6,378,609	6,117,448
DEFERRED TAXATION ASSETS	7	2,759,956	2,091,631

BALANCE SHEET
 as at 31 December 2010
 (continued)

	NOTE	31/12/2009 in HRK 000s	31/12/2010 in HRK 000s
CURRENT ASSETS (OPERATING ASSETS)		<u>518,137,389</u>	<u>464,248,608</u>
STOCKS	8	34,926,470	26,221,082
Production in course		501,348	501,348
Finished products		28,022,886	19,033,411
Sale commodities		1,609,007	6,135,426
Prepayments for stocks		4,793,229	550,897
RECEIVABLES		296,767,680	281,317,191
Receivables from affiliated companies	9	34,299,683	30,097,509
receivables from customers	10	145,114,154	125,205,973
Receivables from employees and members	11	179,939	636,527
Receivables from government and governmental institutions	11	32,761,119	5,765,880
Other receivables	11,12	84,412,786	119,611,302
FINANCIAL ASSETS		168,391,377	148,002,027
Loans granted to affiliated companies	13	104,591,403	83,613,337
Investments in securities	14	12,644,821	11,993,303
Paid loans, deposits and like	13	22,360,237	10,198,993
Other financial assets	14	28,794,916	42,196,394
CASH AT BANK AND IN HAND	14	18,051,862	8,708,308
PREPAYMENTS AND RECEIVABLES NOT YET DUE	15	<u>18,905,350</u>	<u>48,418,697</u>
TOTAL ASSETS		<u>1,224,622,800</u>	<u>1,164,775,876</u>
OFF BALANCE SHEET EVIDENCE		114,300,566	128,346,842

BALANCE SHEET

as at 31 December 2010

(continued)

	NOTE	31/12/2009 in HRK 000s	31/12/2010 in HRK 000s
CAPITAL AND LIABILITIES			
CAPITAL AND RESERVES		<u>416,097,820</u>	<u>429,628,995</u>
SHARE (SUBSCRIBED) CAPITAL	16	63,432,000	63,432,000
CAPITAL RESERVES	17	13,375,766	13,998,640
RESERVES FROM PROFIT		5,612,984	8,068,491
Statutory reserves	18	3,171,600	3,171,600
Reserves for own shares	19	6,343,200	6,343,200
Own shares	20	(3,901,816)	(1,446,309)
REVALUATION RESERVES	21	60,218,605	57,127,602
PROFIT BROUGHT FORWARD	22	253,430,766	274,016,877
PROFIT OF THE YEAR	23	20,027,699	12,985,385
RESERVATIONS	24	<u>20,657,821</u>	<u>7,909,751</u>
Reservations for pensions, severance pays and similar liabilities		3,857,731	3,257,923
Other reservations		16,800,090	4,651,828
LONG-TERM LIABILITIES		<u>286,994,841</u>	<u>218,438,778</u>
Liabilities from loans, deposits, etc.		0	0
Liabilities to banks and other financial institutions	25	234,258,687	212,729,727
Liabilities to suppliers	26	5,120,811	321,844
Liabilities from securities	27	1,386,036	1,401,018
Other long-term liabilities	27	40,962,729	79,732
Deferred tax liabilities		5,266,578	3,906,457
SHORT-TERM LIABILITIES		<u>498,748,934</u>	<u>507,450,902</u>
Liabilities to affiliated companies	28	9,957,874	9,316,392
Liabilities from loans, deposits, etc.	29,30	47,107,289	46,463,807
Liabilities to banks and other financial institutions	29,33	112,649,902	143,199,392
Liabilities from prepayments	30	8,490,254	9,604,190
Liabilities to suppliers	31	133,997,821	116,652,758
Liabilities from deposits	32	102,580,318	113,790,751
Liabilities to employees	33	10,574,575	8,276,060
Liabilities from taxes, contributions and similar levies		17,791,468	15,630,518
Liabilities from participation in profit		439,726	431,377
Other short-term liabilities		55,159,707	44,085,658
DEFERRED PAYMENTS AND INCOMES NOT YET DUE	34	<u>2,123,384</u>	<u>1,347,450</u>
TOTAL LIABILITIES		<u>1,224,622,800</u>	<u>1,164,775,876</u>
OFF BALANCE SHEET EVIDENCE		114,300,566	128,346,842

Notes numbers 1 to 54 make integral parts of the Financial Statements.

PROFIT AND LOSS ACCOUNT
for the period 1 January to 31 December 2010

	NOTE	31/12/2009 in HRK 000s	31/12/2010 in HRK 000s
OPERATING REVENUES		<u>641,559,898</u>	<u>458,234,265</u>
Revenues from sales	35	614,127,177	423,645,141
Other operating revenues	36	27,432,721	34,589,124
OPERATING EXPENSES		<u>604,150,072</u>	<u>425,985,084</u>
Changes of values of production in progress and finished product stocks	37	38,332,675	6,840,119
Material expenses		229,840,899	148,453,054
Costs of raws and materials	38	15,684,849	13,932,645
Costs of sold goods			148,807
Other external expenses	39	214,156,050	134,371,602
Staff expenses	40	220,724,490	190,472,565
Net salaries and wages		114,149,207	101,497,245
Taxes and contribution deducted from salaries		74,974,714	61,316,002
Contributions additional to salaries		31,600,569	27,659,318
Depreciation	41	28,744,013	19,063,174
Other expenses	40,42	47,823,010	42,441,481
Value harmonisation	43	29,310,481	15,859,074
of fixed assets (except financial assets)		0	0
of current assets (except financial assets)		29,310,481	15,859,074
Reservations	44	6,384,201	296,150
Other operative expenses		2,990,303	2,559,467
FINANCIAL REVENUES	46	<u>45,730,337</u>	<u>37,465,349</u>
Interests, currency exchange gains, dividends and like revenues from relations with affiliated companies		5,874,078	5,967,147
Interests, currency exchange gains, dividends and like revenues from relations with companies not affiliated and other persons		31,019,470	7,405,192
Part of revenues from affiliated companies and participating interests		2,680,026	5,932,430
Other financial revenues		6,156,763	18,160,580
FINANCIAL EXPENSES	47	<u>59,342,490</u>	<u>51,181,627</u>
Interests, currency exchange losses, dividends and like expenses from relations with companies not affiliated and other persons		58,870,422	48,016,581
Losses (expenses) from financial assets in accounts		0	2,694,274
Other financial expenses		472,068	470,772
TOTAL REVENUES		<u>687,290,235</u>	<u>495,699,614</u>
TOTAL EXPENSES		<u>663,492,562</u>	<u>477,166,711</u>
PROFIT BEFORE TAXATION		<u>23,797,673</u>	<u>18,532,903</u>
PROFIT TAX	48	3,769,975	5,547,518
PROFIT AFTER TAXATION		<u>20,027,699</u>	<u>12,985,385</u>

Notes numbers 1 to 54 make integral parts of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME
 for the year ended on 31 December 2010

NOTE	2009 in HRK	2010 in HRK
PROFIT OR LOSS OF THE PERIOD	<u>20,027,699</u>	<u>12,985,385</u>
OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXATION	<u>1,771,451</u>	<u>4,392,598</u>
Currency exchange differences from converting international operations		
Changes of fixed tangible- and intangible-asset revaluation reserves		
Profit or loss from revaluation of financial assets available for sales	1,771,451	4,392,598
Profit or loss from efficient protection of cash flow		
Profit or loss from efficient protection of net investments abroad		
Participation in other comprehensive income/loss of associated companies		
Actuary profits/losses by defined revenue plans		
TAX PAYABLE TO OTHER COMPREHENSIVE INCOME OF THE PERIOD	354,290	878,520
NET OTHER COMPREHENSIVE INCOME OR LOSS OF THE PERIOD	<u>1,417,161</u>	<u>3,514,078</u>
COMPREHENSIVE INCOME OR LOSS OF THE PERIOD	<u>21,444,859</u>	<u>16,499,463</u>

CASH FLOW STATEMENT

By indirect method, for the period 1 January to 31 December 2010

	NOTE	31/12/2009 in HRK 000s	31/12/2010 in HRK 000s
CASH FLOW FROM OPERATING ACTIVITIES	51		
Profit before taxation		23,797,673	18,532,903
Depreciation		28,744,012	19,063,174
Short-term liability increase		84,504,262	8,871,707
Short-term receivable decreases		0	15,280,750
Stock decrease		35,582,460	6,840,119
Other cash-flow increase		6,108,993	0
Total increase of cash flow from operating activities		178,737,400	68,588,653
Short-term receivable increase		(14,677,522)	0
Other cash-flow decrease		(73,407,824)	(60,887,708)
Total decrease of cash flow from operating activities		(88,085,346)	(60,887,708)
NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES		<u>90,652,054</u>	<u>7,700,945</u>
CASH FLOW FROM INVESTING ACTIVITIES	51		
Inflows from sale of fixed tangible and intangible assets		400,281	421,600
Inflows from sale of ownership instruments and debentures		77,373,751	49,486,690
Inflows from interests		3,629,078	10,354,934
Inflows from dividends		529,438	82,500
Other inflows from investing activities		2,360,000	56,272,883
Total inflows from investing activities		84,292,548	116,618,607
Outflows from procuring fixed tangible and intangible assets		(57,633,977)	(7,780,160)
Outflows from acquisition of ownership documents and debentures		(205,044,834)	(57,336,484)
Other outflows from investing activities		0	(53,159,610)
Total outflows from investing activities		(262,678,811)	(118,276,254)
NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES		<u>0</u>	<u>0</u>
NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES		<u>(178,386,263)</u>	<u>(1,657,647)</u>
CASH FLOW FROM FINANCING ACTIVITIES	51		
Inflows from issuing ownership and debt financial instruments		91,923,313	67,163,618
Inflows from loan principals, debentures and other loans		293,326,186	250,122,359
Total inflows from financing activities		385,249,499	317,285,977
Outflows from loan principal and bond repayments		(226,127,470)	(315,797,939)
Outflows from dividend payments		(8,560,993)	(11,550)
Outflows from financial lease		(4,295,739)	(3,024,765)
Outflows from purchasing own shares		0	(1,088,615)
Other outflows from financing activities		(68,222,417)	0
Total outflows from financing activities		(307,206,619)	(319,922,869)

Notes numbers 1 to 54 make integral parts of the Financial Statements.

CASH FLOW STATEMENT
for the year ended on 31 December 2010
(continued)

NOTE	31/12/2009 in HRK 000s	31/12/2010 in HRK 000s
	<u>78,042,880</u>	<u>0</u>
	<u>0</u>	<u>(2,636,892)</u>
	<u>0</u>	<u>3,406,406</u>
	(9,691,329)	
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>69,182,927</u>	<u>59,491,598</u>
Cash and cash-equivalent increase	0	3,406,406
Cash and cash-equivalent decrease	(9,691,329)	
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	14 <u>59,491,598</u>	<u>62,898,004</u>

Attachment 1.

Reporting period:

01.01.2010

do

31.12.2010

ANNUAL FINANCIAL STATEMENTS OF THE ENTREPERNEUR - GFI-POD

Tax number (MB): 03750272

Company registration number (MRS): 8000959

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 (quarter end): 920

Consolidated report: NO

NKD code: 7219

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 Telefax: 01 6125 404

E-mail address: igh@igh.hr

Family name and name: prof. dr. JURE RADIC, dipl. ing. grad.
(person authorized to represent the company)

Documents for publishing:

1. Audited Annual Financial Statements with Audit Report
2. Management Board Report
3. Statement form persons responsible for preparation of Annual statement,
4. Decision by the authorized body (proposal) on the establishment of Annual F. Statement
5. Decision on the Proposal for distribution of profit or loss coverage



(signature of the person authorized to represent the company)



BALANCE SHEET
as of 31.12.2010.

Legal entity: INSTITUT IGH D.D.					
Position	AOP	Previous year (net)	Current year (net)		
1	2	3	4		
A) RECEIVABLES FOR SUBSCRIBED AND NON - PAID CAPITAL	001				
B) LONG - TERM ASSETS (003+010+020+029+033)	002	687.560.963	652.108.574		
I. INTANGIBLE ASSETS (004 to 009)	003	18.053.440	18.053.213		
1. Assets development	004				
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	005	3.140.418	2.091.193		
3. Goodwill	006	13.355.595	13.355.595		
4. Prepayments for purchase of intangible assets	007				
5. Intangible assets in preparation	008	2.593.427	2.619.427		
6. Other intangible assets	009				
II. TANGIBLE ASSETS (011 to 019)	010	237.091.447	215.006.072		
1. Land	011	45.615.550	45.615.550		
2. Buildings	012	115.025.609	104.762.894		
3. Plant and equipment	013	11.260.892	3.238.984		
4. Instuments, plant inventories and transportation assets	014	4.642.101	1.989.856		
5. Biological assets	015				
6. Prepayments for tangible assets	016	4.230.305	95.843		
7. Tangible assets in preparation	017	22.531.540	24.695.834		
8. Other material assets	018	427.370	379.356		
9. Investment in buildings	019	33.358.080	34.227.755		
III. LONG-TERM FINANCIAL ASSETS (021 to 028)	020	422.260.613	410.627.206		
1. Shares (stocks) in related parties	021	349.944.661	317.933.356		
2. Loans given to related parties	022	42.426.538	65.324.225		
3. Participating interests (shares)	023	2.741.494	62.220		
4. Loans to entrepreneurs in whom the entity hold participating interests	024				
5. Investment in securities	025				
6. Loans, deposits and similar assets	026	8.800.242	4.738.712		
7. Other long - term financial assets	027	18.347.676	22.768.692		
8. Investments accounted by equity method	028				
IV. RECEIVABLES (030 to 032)	029	6.378.609	6.117.448		
1. Receivables from related parties	030				
2. Receivables based on trade loans	031	6.378.609	6.117.448		
3. Other receivables	032				
V. DEFERRED TAX ASSETS	033	2.759.956	2.091.631		
C) SHORT TERMS ASSETS (035+043+050+058)	034	513.137.390	464.247.608		
I. INVENTORIES (036 to 042)	035	34.928.470	26.221.082		
1. Row material	036				
2. Work in progress	037	501.348	501.348		
3. Finished goods	038	28.022.886	19.033.411		
4. Merchandise	039	1.609.007	6.135.426		
5. Prepayments for inventories	040	4.793.229	550.897		
6. Long - term assets held for sale	041				
7. Biological assets	042				
II. RECEIVABLES (044 to 049)	043	236.747.681	281.316.191		
1. Receivables from related parties	044	34.299.683	30.097.509		
2. Accounts receivable	045	145.114.154	125.205.973		
3. Receivables from participating entrepreneurs	046				
4. Receivables from employees and shareholders	047	179.939	635.527		
5. Receivables from government and other institutions	048	32.761.119	5.765.880		
6. Other receivables	049	84.412.786	119.611.302		
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	050	188.591.477	148.902.027		
1. Shares (stocks) in related parties	051				
2. Loans given to related parties	052	104.591.403	83.613.337		
3. Participating interests (shares)	053				
4. Loans to entrepreneurs in whom the entity hold participating interests	054				
5. Investments in securities	055	12.644.821	11.993.303		
6. Loans, deposits and similar assets	056	22.360.237	10.198.993		
7. Other financial assets	057	28.794.916	42.196.394		
IV. CASH AT BANK AND IN CASHIER	058	18.051.862	8.708.308		
D) PREPAID EXPENSES AND ACCRUED INCOME	059	18.905.350	48.418.697		
E) TOTAL ASSETS (001+002+034+059)	060	1.254.622.803	1.047.774.876		
F) OFF-BALANCE SHEET NOTES	061	114.300.566	128.346.842		

LIABILITIES AND CAPITAL			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	418.067.020	429.620.995
I. SUBSCRIBED CAPITAL	063	63.432.000	63.432.000
II. CAPITAL RESERVES	064	13.375.766	13.998.640
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	5.812.954	8.053.491
1. Reserves prescribed by law	066	3.171.600	3.171.600
2. Reserves for treasury stocks	067	6.343.200	6.343.200
3. Treasury stocks and shares (deduction)	068	3.901.816	1.446.309
4. Statutory reserves	069		
5. Other reserves	070		
IV. REVALUATION RESERVES	071	60.218.605	57.127.602
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	253.430.766	274.016.877
1. Retained earnings	073	253.430.766	274.016.877
2. Accumulated loss	074		
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	075	20.027.699	12.985.385
1. Profit for the current year	076	20.027.699	12.985.385
2. Loss for the current year	077		
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 to 082)	079	20.657.821	7.909.731
1. Provisions for pensions, severance pay and similar liabilities	080	3.857.731	3.257.923
2. Reserves for tax liabilities	081		
3. Other reserves	082	16.800.090	4.651.828
C) LONG TERM LIABILITIES (084 to 092)	083	258.964.843	218.438.778
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits etc.	085		
3. Liabilities to banks and other financial institutions	086	234.258.687	212.729.727
4. Liabilities for received prepayments	087		
5. Accounts payable	088	5.120.811	321.844
6. Liabilities arising from debt securities	089	1.386.036	1.401.018
7. Liabilities to entrepreneurs in whom the entity holds participating interests	090		
8. Other long-term liabilities	091	40.962.729	79.732
9. Deferred tax liability	092	5.266.578	3.906.457
D) SHORT - TERM LIABILITIES (094 to 105)	093	498.748.954	507.450.802
1. Liabilities to related parties	094	9.957.874	9.316.392
2. Liabilities for loans, deposits etc.	095	47.107.289	46.463.807
3. Liabilities to banks and other financial institutions	096	112.649.902	143.199.392
4. Liabilities for received prepayments	097	8.490.254	9.604.190
5. Accounts payable	098	133.997.821	116.652.758
6. Liabilities arising from debt securities	099	102.580.318	113.790.751
7. Liabilities to entrepreneurs in whom the entity holds participating interests	100		
8. Liabilities to employees	101	10.574.575	8.276.060
9. Liabilities for taxes, contributions and similar fees	102	17.791.468	15.630.518
10. Liabilities to share - holders	103	439.726	431.377
11. Liabilities for long term assets held for sale	104		
12. Other short - term liabilities	105	55.159.707	44.085.657
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD	106	2.123.384	1.347.450
F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)	107	1.224.622.800	1.164.275.876
G) OFF-BALANCE SHEET NOTES	108	114.300.566	128.346.842
APPENDIX TO BALANCE SHEET (only for consolidated financial statements)			
A) CAPITAL AND RESERVES			
1. Attributed to equity holders of parent company	109		
2. Attributed to minority interests	110		

Note 1: Annex to the Balance Sheet to be filled in by entrepreneurs preparing the Consolidated Annual Financial Statements.

PROFIT AND LOSS ACCOUNT
for period 01.01.2010. to 31.12.2010.

Legal entity: INSTITUT IGH D.D.				
Position	AOP	Previous year	Current year	
1	2	3	4	
I. OPERATING REVENUES(112+113)	111	641.559.899	459.254.265	
1. Sales revenues	112	614.127.177	423.645.141	
2. Other operating revenues	113	27.432.721	34.589.124	
II. OPERATING EXPENSES(115+116+120+124+125+126+129+130)	114	604.190.072	426.095.064	
1. Changes in the value of work in progress and finished goods	115	38.332.675	6.840.119	
2. Material costs(117 to 119)	116	229.640.899	148.433.054	
a) Raw material and material costs	117	15.684.849	13.932.645	
b) Costs of goods sold	118		148.807	
c) Other external costs	119	214.156.050	134.371.602	
3. Staff costs(121 to 123)	120	229.724.400	199.472.585	
a) Net salaries and wages	121	114.149.207	101.497.245	
b) Costs for taxes and contributions from salaries	122	74.974.714	61.316.002	
c) Contributions on gross salaries	123	31.600.569	27.659.318	
4. Depreciation	124	28.744.013	19.063.174	
5. Other costs	125	47.823.010	42.441.481	
6. Impairment(127+128)	126	29.310.481	15.859.074	
a) Impairment of long-term assets (excluding financial assets)	127			
b) Impairment of short-term assets (excluding financial assets)	128	29.310.481	15.859.074	
7. Provisions	129	6.384.201	296.150	
8. Other operating expenses	130	2.990.303	2.559.467	
III. FINANCIAL INCOME (132 to 136)	131	45.730.337	37.465.349	
1. Interest income, foreign exchange gains, dividends and similar income from related	132	5.874.078	5.967.147	
2. Interest income, foreign exchange gains, dividends and similar income from non-related	133	31.019.470	7.405.192	
3. Share in income from affiliated entrepreneurs and participating interests	134	2.680.026	5.932.430	
4. Unrealized gains (income) from financial assets	135			
5. Other financial income	136	6.156.763	18.160.580	
IV. FINANCIAL EXPENSES(138 to 141)	137	59.342.490	51.181.627	
1. Interest expenses, foreign exchange losses and similar expenses from related parties	138			
2. Interest expenses, foreign exchange losses and similar expenses from non - related	139	58.870.422	48.016.581	
3. Unrealized losses (expenses) on financial assets	140		2.694.274	
4. Other financial expenses	141	472.068	470.772	
V. INCOME FROM INVESTMENT SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS	142			
VI. LOSS FROM INVESTMENT SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS	143			
VII. EXTRAORDINARY - OTHER INCOME	144			
VIII. EXTRAORDINARY - OTHER EXPENSES	145			
IX. TOTAL INCOME(111+131+142 + 144)	146	647.290.235	495.659.614	
X. TOTAL EXPENSES(114+137+143 + 145)	147	663.492.562	477.186.711	
XI. PROFIT OR LOSS BEFORE TAXATION(146-147)	148	23.797.673	18.532.903	
1. Profit before taxation (146-147)	149	23.797.673	18.532.903	
2. Loss before taxation (147-146)	150	0	0	
XII. PROFIT TAX	151	3.769.974	5.547.518	
XIII. PROFIT OR LOSS FOR THE PERIOD(148-151)	152	20.027.699	12.985.385	
1. Profit for the period(149-151)	153	20.027.699	12.985.385	
2. Loss for the period (151-148)	154	0	0	

APPENDIX TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)			
XIV. PROFIT OR LOSS FOR THE PERIOD			
1. Attributed to equity holders of parent company	155		
2. Attributed to minority interests	156		
STATEMENT OF COMPREHENSIVE INCOME (IFRS)			
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	20.027.699	12.985.385
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)	158	1.771.451	4.392.598
1. Exchange differences on translation of foreign operations	159		
2. Movements in revaluation reserves of long-term tangible and intangible assets	160		
3. Profit or loss from revaluation of financial assets available for sale	161	1.771.451	4.392.598
4. Gains or losses on efficient cash flow hedging	162		
5. Gains or losses on efficient hedge of a net investment in foreign countries	163		
6. Share in other comprehensive income / loss of associated companies	164		
7. Actuarial gains / losses on defined benefit plans	165		
III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166	354.290	878.520
IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD(158-166)	167	1.417.161	3.514.078
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)	168	21.444.860	16.499.463
APPENDIX to Statement of comprehensive income (only for consolidated financial statements)			
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD			
1. Attributed to equity holders of parent company	169		
2. Attributed to minority interests	170		

STATEMENT OF CASH FLOWS - Indirect method
period 01.01.2010. to 31.12.2010.

Legal entity: INSTITUT IGH D.D.				
Position	AOP	Previous year	Current year	
1	2	3	4	
CASH FLOW FROM OPERATING ACTIVITIES				
1. Profit before tax	001	23.797.673	18.532.903	
2. Depreciation	002	28.744.012	19.063.174	
3. Increase in short-term liabilities	003	84.504.262	8.871.707	
4. Decrease in short term receivables	004	0	15.280.750	
5. Decrease in inventories	005	35.582.460	6.840.119	
6. Other cash flow increases	006	6.108.993	0	
I. Total increase in cash flow from operating activities (001 to 006)	007	178.737.400	68.588.653	
1. Decrease in short - term liabilities	008			
2. Increase in short - term receivables	009	14.677.522		
3. Increase in inventories	010			
4. Other cash flow decreases	011	73.407.824	60.887.708	
II. Total decrease in cash flow from operating activities (008 to 011)	012	88.725.346	60.887.708	
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	90.012.054	7.700.945	
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	0	0	
CASH FLOW FROM INVESTING ACTIVITIES				
1. Cash flow from sale of long - term tangible and intangible assets	015	400.281	421.600	
2. Cash inflows from sale of equity and debt financial instruments	016	77.373.751	49.486.690	
3. Interest receipts	017	3.629.078	10.354.934	
4. Dividend receipts	018	529.438	82.500	
5. Other cash inflows from investing activities	019	2.360.000	56.272.883	
III. Total cash inflows from investing activities(015 to 019)	020	84.292.548	116.618.607	
1. Cash outflows for purchase of long - term tangible and intangible assets	021	57.633.977	7.780.160	
2. Cash outflows for purchase of equity and debt financial instruments	022	205.044.834	57.336.484	
3. Other cash outflows from investing activities	023	0	53.159.610	
IV. Total cash outflows from investing activities (021 to 023)	024	262.678.811	118.276.254	
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES(020-024)	025	0	0	
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES(024-020)	026	178.386.263	1.657.647	
CASH FLOW FROM FINANCING ACTIVITIES				
1. Cash receipts from issuance of equity and debt financial instruments	027	91.923.313	67.163.618	
2. Cash inflows from loans, debentures, credits and other borrowings	028	293.326.186	250.122.359	
3. Other cash inflows from financing activities	029			
V. Total cash inflows from financing activities (027 to 029)	030	385.249.499	317.285.977	
1. Cash outflows for repayment of loans and bonds	031	226.127.470	315.797.939	
2. Dividends paid	032	8.560.993	11.550	
3. Cash outflows for finance lease	033	4.295.739	3.024.765	
4. Cash outflows for purchase of own stocks	034	0	1.088.615	
5. Other cash outflows from financing activities	035	68.222.417	0	
VI. Total cash outflows from financing activities (031 do 035)	036	307.206.619	319.922.869	
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)	037	78.042.880	0	
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)	038	0	2.636.892	
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	039	0	3.406.406	
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	040	8.691.329	0	
Cash and cash equivalents at the beginning of period	041	69.182.927	59.491.598	
Increase in cash and cash equivalents	042		3.406.406	
Decrease in cash and cash equivalents	043	9.691.329		
Cash and cash equivalents at the end of period	044	59.491.598	62.898.004	

STATEMENT OF CHANGES IN EQUITY

from 01.01.2010 to 31.12.2010

	Position	AOP	Previous year	Current year
1	2	3	4	5
1. Subscribed capital	001	63.432.000	63.432.000	63.432.000
2. Capital reserves	002	13.375.766	13.375.766	13.998.640
3. Reserves from profit	003	5.612.984	5.612.984	8.068.491
4. Retained earnings or accumulated loss	004	253.430.766	253.430.766	274.016.877
5. Profit / loss for the current year	005	20.027.699	20.027.699	12.985.385
6. Revaluation of long - term tangible assets	006	56.498.394	56.498.394	49.014.794
7. Revaluation of intangible assets	007			
8. Revaluation of financial assets available for sale	008	3.720.211	3.720.211	8.112.808
9. Other revaluation	009			
10. Total capital and reserves (AOP 001 to 009)	010	416.097.820	416.097.820	429.528.995
11. Currency gains and losses arising from net investments in foreign operations	011			
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			
17. Total increase or decrease in capital (AOP 011 to 016)	017		6	0
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