

**ATTACHMENT 1**

Reporting period:

01.01.2010

to

30.09.2010

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

Tax number (MB): 03750272

Company registration number (MBS): 60000959

Personal identification number (OIB): 79766124714

Issuing company: INSTITUT IGH D.D.

Postal code and place: 10000 ZAGREB

Street and house number: JANKA RAKUSE 1

E-mail address: igh@igh.hr

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

Municipality/city code and name: 133 ZAGREB

County code and name: 133 GRAD ZAGREB

Number of employees: 945  
(quarter end)

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

Facsimile: 01 6125 419

E-mail address: igh@igh.hr

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

(person authorized to represent the company)

Documents to be published.

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



*[Signature]*  
 (signature of the person authorized to represent the company)

*[Handwritten mark]*

## BALANCE SHEET

as of

30.09.2010

thousands HRK

Position	AOP	Previous period	Current period
1	2	3	4
<b>ASSETS</b>			
<b>A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL</b>	<b>001</b>		
<b>B) NON-CURRENT ASSETS</b>	<b>002</b>	687.580	683.256
I. INTANGIBLE ASSETS	003	19.089	18.973
II. PROPERTY, PLANT AND EQUIPMENT	004	237.091	222.862
III. NON-CURRENT FINANCIAL ASSETS	005	422.261	432.482
IV. RECEIVABLES	006	6.379	6.179
V. DEFERRED TAX ASSET	007	2.760	2.760
<b>C) CURRENT ASSETS</b>	<b>008</b>	518.138	478.857
I. INVENTORIES	009	34.926	30.384
II. RECEIVABLES	010	296.768	272.916
III. CURRENT FINANCIAL ASSETS	011	168.392	168.435
IV. CASH AND CASH EQUIVALENTS	012	18.052	7.122
D) PREPAYMENTS AND ACCRUED INCOME	013	18.905	19.933
E) LOSS ABOVE SUBSCRIBED CAPITAL	014		
F) TOTAL ASSETS	015	1.224.623	1.182.046
G) OFF BALANCE SHEET ITEMS	016	114.300	143.413
<b>EQUITY AND LIABILITIES</b>			
<b>A) ISSUED CAPITAL AND RESERVES</b>	<b>017</b>	416.098	429.772
I. SUBSCRIBED SHARE CAPITAL	018	63.432	63.432
II. CAPITAL RESERVES	019	13.376	13.999
III. LEGAL RESERVES	020	5.613	8.068
IV. REVALUATION RESERVES	021	60.219	60.218
V. RETAINED EARNINGS	022	253.431	273.458
VI. LOSS CARRIED FORWARD	023		
VII. NET PROFIT FOR THE PERIOD	024	20.027	10.597
VIII. LOSS FOR THE PERIOD	025		
IX. MINORITY INTEREST	026		
<b>B) PROVISIONS</b>	<b>027</b>	20.658	13.844
<b>C) NON-CURRENT LIABILITIES</b>	<b>028</b>	281.728	298.887
<b>D) CURRENT LIABILITIES</b>	<b>029</b>	498.749	431.762
<b>E) ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>030</b>	7.390	7.781
<b>F) TOTAL EQUITY AND LIABILITIES</b>	<b>031</b>	1.224.623	1.182.046
<b>G) OFF BALANCE SHEET ITEMS</b>	<b>032</b>	114.300	143.413
<b>ADDITION TO BALANCE SHEET (only for consolidated financial statements)</b>			
<b>ISSUED CAPITAL AND RESERVES</b>			
1. Attributable to majority owners	033		
2. Attributable to minority interest	034		



## CASH FLOW STATEMENT - Indirect method

period 01.01.2010 to 30.09.2010

thousands HRK

Position	AOP oznaka	Previous period	Current period
1	2	ž	4
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	073	61.022	14.699
2. Depreciation and amortisation	074	22.560	14.665
3. Increase of current liabilities	075	89.604	
4. Decrease of current receivables	076		23.852
5. Decrease of inventories	077	16.138	4.542
6. Other cash flow increases	078	4.529	6.670
<b>I. Total increase of cash flow from operating activities</b>	<b>079</b>	<b>193.853</b>	<b>64.428</b>
1. Decrease of current liabilities	080		66.987
2. Increase of current receivables	081	38.480	
3. Increase of inventories	082		
4. Other cash flow decreases	083	308.314	5.941
<b>II. Total decrease of cash flow from operating activities</b>	<b>084</b>	<b>346.794</b>	<b>72.928</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>085</b>		
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>086</b>	<b>152.941</b>	<b>8.500</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Proceeds from sale of non-current assets	087	306	291
2. Proceeds from sale of non-current financial assets	088	1.463	57.628
3. Interest received	089	2.835	4.264
4. Dividend received	090	437	0
5. Other proceeds from investing activities	091		29.848
<b>III. Total cash inflows from investing activities</b>	<b>092</b>	<b>5.041</b>	<b>92.031</b>
1. Purchase of non-current assets	093	32.659	4.032
2. Purchase of non-current financial assets	094	60.403	19.147
3. Other cash outflows from investing activities	095	4.920	48.569
<b>IV. Total cash outflows from investing activities</b>	<b>096</b>	<b>97.982</b>	<b>71.748</b>
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>097</b>		<b>20.283</b>
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>098</b>	<b>92.941</b>	
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Proceeds from issue of equity securities and debt securities	099	70.138	67.164
2. Proceeds from loans and borrowings	100	268.188	53.342
3. Other proceeds from financing activities	101	20.546	
<b>V. Total cash inflows from financing activities</b>	<b>102</b>	<b>358.872</b>	<b>120.506</b>
1. Repayment of loans and bonds	103	112.601	143.862
2. Dividends paid	104		11
3. Repayment of finance lease	105	3.240	2.069
4. Purchase of treasury shares	106		1.089
5. Other cash outflows from financing activities	107		0
<b>VI. Total cash outflows from financing activities</b>	<b>108</b>	<b>115.841</b>	<b>147.031</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>109</b>	<b>243.031</b>	
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>110</b>		<b>26.525</b>
Total increases of cash flows	111	243.031	20.283
Total decreases of cash flows	112	245.882	35.025
Cash and cash equivalents at the beginning of period	113	69.183	59.491
Increase of cash and cash equivalents	114		
Decrease of cash and cash equivalents	115	2.851	14.742
Cash and cash equivalents at the end of period	116	66.332	44.749

## STATEMENT OF CHANGES IN EQUITY

from **01.01.2010** to **30.09.2010**

thousands HRK

Position	AOP	Previous period	Increase	Decrease	Current period
ž	2	31.12. previous year		3	4
1. Subscribed share capital	117	63.432			63.432
2. Capital reserves	118	13.376	623		13.999
3. Net income reserves	119	5.613	3.544	1.089	8.068
4. Retained earnings or loss carried forward	120	253.431	20.027		273.458
5. Net profit (loss) for the period	121	20.027	10.597	20.027	10.597
6. Revaluation of property, plant and equipment	122	56.498		1	56.497
7. Revaluation of intangible assets	123				
8. Revaluation of available for sale financial assets	124	3.721			3.721
9. Other revaluation	125				
10. Foreign exchange differences from investments abroad	126				
11. Current and deferred taxes (part)	127				
12. Hedging of the cash flow	128				
13. Change of accounting policies	129				
14. Change of prior period error	130				
15. Other changes in equity	131				
<b>16. Total increase or decrease of equity</b>	<b>132</b>	416.098	34.791	21.117	429.772
16a. Attributable to majority owners	133				
16b. Attributable to minority interest	134				



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

The Company's Management has to ensure that the INSTITUT IGH d.d. financial reports for the third quarter of 2010 are prepared in accordance with the Accountancy Law (Official Gazette 146/05) and in keeping with international accounting standards (Official Gazette 140/06, 30/08, 130/08, 137/08) issued by the International Accounting Standards Board (IASB), so that these documents provide a true and unbiased picture of the Company's financial standing, business results, change in capital, and cash flow for the period under consideration.

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

During preparation of financial reports, the Management is responsible:

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

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

Signed on behalf of the Management:

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

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10000 Zagreb



29 October 2010