

Institut IGH d.d.

Janka Rakuše 1, 10000 Zagreb, CROATIA
Tel: +385 1 6125 125, Fax: +385 1 6125 401,
igh@igh.hr, www.igh.hr



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

The INSTITUT IGH Group, JSC, Zagreb, provides professional services in the field of testing, design and project validation, works supervision and project management in the architectural and civil engineering spheres of design, and conducts scientific research.

In addition to the mother company, the Group consists of 19 subsidiary companies providing services either in the core activity or in associated fields of activity, the exception being one subsidiary company that provides services in the field of hotel industry and tourism.

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

The total number of persons employed with the Group was 1169 on 31 December 2010.

Supervisory Board and Management of Institut IGH, JSC

The company's Supervisory Board members are:

Franjo Gregorić, Ph.D. (Econ.), President

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

Slavko Kojić, B.A. (Econ.), Member

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

Branko Kincl, Academician, Member

Prof. Vlatka Rajčić, Ph.D. (Civ.Eng.), Member

Ante Stojan, B.Arch.

The company's Management members are:
Prof. Jure Radić, Ph.D. (Civ. Eng.), General Manager



SPLIT 21 000
Matice hrvatske 15
Tel:021/558-666
Fax:021/465-335

RJEKA 51 000
Slavka Tomašića 5
Tel:051/206-100
Fax:051/206-106

OSIJEK 31 000
Drinska 18
Tel:031/253-101
Fax:031/253-104

VARAŽDIN 42 000
Hallerova aleja 7
Tel:042/210-970,
042/210-722
Fax:042/211-285

DUBROVNIK 20 000
Vukovarska 8
Tel:020/412-489,
020/411-628
Fax:020/412-489

PULA 52 100
Rizzijeva 40
Tel:052/508-220
Fax:052/508-221

KARLOVAC 47 000
Primorska 16
Tel:047/416-987,
047/416-988
Fax:047/416-989

SISAK 44 000
Ferde Hefelea b.b.
Tel:044/571-255
Fax:044/571-256

ZADAR 23 000
Dobriše Cesarića 1
Tel:023/220-910,
023/323-299
Fax:023/323-225

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

Žiro-račun:
23600001101243767
devizni račun
kod Zagrebačke banke d.d.
Zagreb: 2100085026
OIB: 79766124714

Mjerodavni sud:
Trgovački sud u Zagrebu,
registratori oložak
s matičnim brojem (MBS)
080000959

Temeljni kapital:
63.432.090,00 kn
uplaćen u cijelosti
Biljež izdanih dionica:
158.580, nominalna
vrijednost dionice 400 kn

Upravo:
prof. dr.sc. Jure Radić, direktor,
zastupa društvo pojedinačno i
samostalno
Nadzorni odbor:
dr.sc. Franjo Gregorić, predsjednik



Equity capital

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

Business results of the Institut IGH Group in the period from 1 October to 31 December 2010

In the period from 1 October to 31 December 2010, the Institut IGH Group revenues amounted to HRK 144.9 million and have fallen by 13% with respect to the same period in 2009 (in the same period in 2009, revenues amounted to HRK 166.1 million).

The operating expenses amount to HRK 123 million and have fallen by 39% with respect to the same period last year.

The total financial revenues amount to HRK 9.5 million, while the financial expenses amount to HRK 26.9 million.

The INSTITUT IGH Group realized in the fourth quarter of 2010 the consolidated pre-tax profit of HRK 4 million.

The after-tax profit amounts to HRK 2.9 million. As the profit attributed to minority interest is HRK 1.4 million, the after-tax profit margin of mother-company shareholders is HRK 1.5 million.

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

On the day of this report the Institut IGH Group has the contracts in hand, i.e. works in progress, amounting to HRK 748 million.

Zagreb, 31 January 2011

Institut IGH, d.d.



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



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

The Company's Management has to ensure that the INSTITUT IGH, Zagreb, Group financial reports for the 4th semester of 2010 are prepared in accordance with the Accountancy Law (Official Gazette 146/05) and in keeping with international accounting standards (Official Gazette 140/06, 30/08, 130/08, 137/08) issued by the International Accounting Standards Board (IASB), so that these documents provide a true and unbiased picture of the Group's financial standing, business results, change in capital, and cash flow for the period under consideration.

After making due enquiries, the Management has a reasonable expectation that the Group has adequate resources to continue operation in the foreseeable future. Accordingly, the Management has prepared its financial reports under assumption that the Group 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 Group, in full compliance with the Accountancy Law and international accounting standards issued by the International Accounting Standards Board (IASB). The Management is also responsible for protecting and safeguarding the Group's assets, and hence for undertaking every measure it deems necessary to prevent and discover cases of fraud and other illegal activity.

Signed on behalf of the Management:


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

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

31 January 2011

ATTACHMENT 1

Reporting period:

1.10.2010

to

31.12.2010

Quarterly financial statement of the entrepreneur-TFI-POD

Tax number (MB): 03750272

Company registration number (MBS): 80000959

Personal identification number (OIB): 79766124714

Issuing company: INSTITUT IGH D.D.

Postal code and place: 10000 ZAGREB

Street and house number: JANKA RAKUŠE 1

E-mail address: igh@igh.hr

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

Municipality/city code and name: 133 ZAGREB

County code and name: 133 GRAD ZAGREB

Number of employees: 1.169
(quarter end)

Consolidated report: YES NKD code: 7219

Companies of the consolidation subject (according to IFRS)

Seat:

MB:

IGH MOSTAR	MOSTAR, BIŠĆE POLJE BB	4227060470005
GEOTEHNIKA INŽENJERING	ZAGREB, GRADIŠĆANSKA 26	01517597
IGH RAZUM	ZAGREB, JANKA RAKUŠE 1	01819585
ADEPTO	ZAGREB, BRANIMIROVA 71	01982516
EKONOMSKO TEHNIČKI ZAVOD D.D.	OSIJEK, TRG A. STARČEVIĆA 7/II	03013669
IGH PROJEKTIRANJE D.O.O.	ZAGREB, JANKA RAKUŠE 1	02441918

Bookkeeping service:

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

Telephone: 01 6125 444 Facsimile: 01 6125 419

E-mail address: igh@igh.hr

Family name and name: Prof. RADIĆ JURE, Ph.D.(Civ.Eng.)
(person authorized to represent the company)

Documents to be published.

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



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

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

RADELJEVIĆ D.O.O.	ZAGREB, JANKA RAKUŠE 1	01938533
FORUM CENTAR D.O.O.	ZAGREB, JAGODNJAK 17	01960229
HIDROINŽENJERING D.O.O.	ZAGREB, OKUČANSKA 30	03685110
ARHITEKTURA THOLOS PROJEKTIRANJE D.O.O.	ZAGREB, LOPAŠIĆEVA 6	01605291
PROJEKT ŠOLTA D.O.O.	ZAGREB, JANKA RAKUŠE 1	92391754978
DUBROVAČKA INVESTICIJSKA GRUPA D.O.O.	DUBROVNIK, OBALA S. RADIĆA 20	01974378
PROJEKTNI BIRO PALMOTIĆEVA 45 D.O.O.	ZAGREB, PALMOTIĆEVA 45	03222853
CTP PROJEKT D.O.O.	ZAGREB, SAVSKA C. 144A	02396173
VOĐENJE PROJEKATA D.O.O.	ZAGREB, BIJENIČKA CESTA 8	02427648
DP AQUA D.O.O.	ZAGREB, SREDNJACI 16	01907522
TEHNIČKE KONSTRUKCIJE D.O.O.	ZAGREB, VLAŠKA 79	02405865
TERMOSTROJARSKI PROJEKTI D.O.O.	ZAGREB, ILICA 93	02469260
MBM TERMOPROJEKT D.O.O.	ZAGREB, NIKOLE PAVIĆA 20	84674470961

BALANCE SHEET

as of

31.12.2010

thousands HRK

Position	AOP	Previous period	Current period
1	2	3	4
ASSETS			
A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL	001		
B) NON-CURRENT ASSETS	002	766.484.712	706.178.382
I. INTANGIBLE ASSETS	003	66.004.452	57.926.358
II. PROPERTY, PLANT AND EQUIPMENT	004	550.978.949	507.419.748
III. NON-CURRENT FINANCIAL ASSETS	005	137.852.323	130.164.444
IV. RECEIVABLES	006	6.179.032	6.092.020
V. DEFERRED TAX ASSET	007	5.469.956	4.575.812
C) CURRENT ASSETS	008	951.343.614	619.192.341
I. INVENTORIES	009	572.740.668	140.330.885
II. RECEIVABLES	010	284.361.535	323.636.674
III. CURRENT FINANCIAL ASSETS	011	77.827.347	136.987.318
IV. CASH AND CASH EQUIVALENTS	012	16.414.064	18.237.464
D) PREPAYMENTS AND ACCRUED INCOME	013	25.197.387	21.962.434
E) LOSS ABOVE SUBSCRIBED CAPITAL	014		
F) TOTAL ASSETS	015	1.743.025.713	1.347.333.157
G) OFF BALANCE SHEET ITEMS	016	143.412.805	150.016.000
EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES	017	447.070.937	401.050.255
I. SUBSCRIBED SHARE CAPITAL	018	63.432.000	63.432.000
II. CAPITAL RESERVES	019	13.998.640	13.998.640
III. LEGAL RESERVES	020	8.068.491	8.068.492
IV. REVALUATION RESERVES	021	69.240.606	69.035.211
V. RETAINED EARNINGS	022	238.146.465	238.503.821
VI. LOSS CARRIED FORWARD	023		
VII. NET PROFIT FOR THE PERIOD	024	2.149.889	3.635.291
VIII. LOSS FOR THE PERIOD	025		
IX. MINORITY INTEREST	026	52.034.846	4.376.800
B) PROVISIONS	027	13.844.446	9.892.531
C) NON-CURRENT LIABILITIES	028	430.592.141	415.115.266
D) CURRENT LIABILITIES	029	843.738.497	511.759.626
E) ACCRUED EXPENSES AND DEFERRED INCOME	030	7.779.692	9.515.479
F) TOTAL EQUITY AND LIABILITIES	031	1.743.025.713	1.347.333.157
G) OFF BALANCE SHEET ITEMS	032	143.412.805	150.016.000
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	033	395.036.091	396.673.455
2. Attributable to minority interest	034	52.034.846	4.376.800

PROFIT AND LOSS STATEMENT

for period 01.10.2010 to 31.12.2010

thousands HRK

Position	AOP oznaka	Previous period		Current period	
		Cumulative	Periodical	Cumulative	Periodical
		1	2	3	4
I. OPERATING INCOME	035		166.101.565		144.870.316
1. Rendering of services	036		156.454.413		132.248.141
2. Income from usage of own products, merchandise and services	037		477.450		158.129
3. Other operating income	038		9.169.702		12.464.046
II. OPERATING COSTS	039		202.171.217		123.196.137
1. Decrease of work in progress and merchandise	040		-5.064.000		5.399.802
2. Increase of work in progress and merchandise	041		79.685.869		-70.628.606
3. Material expenses	042		185.936.684		-22.532.260
4. Employee benefits expenses	043		64.717.448		47.508.009
5. Depreciation and amortisation	044		12.225.749		3.394.417
6. Other expenses	045		18.071.685		22.690.762
7. Write down of assets	046		9.432.076		-4.938.694
8. Provisions	047		-1.417.799		502.920
9. Other operating costs	048		-2.044.757		542.575
III. FINANCIAL INCOME	049		30.627.141		9.301.983
1. Interest, foreign exchange differences, dividends and similar income from subsidiaries	050				-
2. Interest, foreign exchange differences, dividends and similar income from third parties	051		22.401.047		-4.354.543
3. Income from investments in associates and joint ventures	052		3.698.494		4.742.021
4. Unrealised gains (income)	053				
5. Other financial income	054		4.527.600		8.914.505
IV. FINANCIAL EXPENSES	055		34.430.040		26.918.588
1. Interest, foreign exchange differences and similar expenses from subsidiaries	056				
2. Interest, foreign exchange differences and similar expenses from third parties	057		34.277.278		24.224.314
3. Unrealised losses (expenses) from financial assets	058		152.762		2.694.274
4. Other financial expenses	059				
V. EXTRAORDINARY - OTHER INCOME	060				
VI. EXTRAORDINARY - OTHER EXPENSES	061				
VII. TOTAL INCOME	062		196.728.706		154.172.299
VIII. TOTAL EXPENSES	063		236.601.257		150.114.725
IX. PROFIT BEFORE TAXES	064				4.057.574
X. LOSS BEFORE TAXES	065		39.872.551		
XI. TAXATION	066		-11.168.163		1.165.528
XII. NET PROFIT FOR THE PERIOD	067				2.892.046
XIII. LOSS FOR THE PERIOD	068		28.704.388		
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV.* NET PROFIT ATTRIBUTABLE TO MAJORITY OWNERS	069				1.485.402
XV.* NET PROFIT ATTRIBUTABLE TO MINORITY INTEREST	070				1.406.644
XVI.* LOSS ATTRIBUTABLE TO MAJORITY OWNERS	071		27.512.230		
XVII.* LOSS ATTRIBUTABLE TO MINORITY INTEREST	072		1.192.148		

CASH FLOW STATEMENT - Indirect method

period 1.10.2010 to 31.12.2010

thousands HRK

Position	AOP oznaka	Previous period	Current period
1	2	ž	4
CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	073	-39.872.542	4.057.574
2. Depreciation and amortisation	074	12.225.749	3.394.417
3. Increase of current liabilities	075	22.095.263	7.555.065
4. Decrease of current receivables	076	0	-38.936.710
5. Decrease of inventories	077	0	357.348.379
6. Other cash flow increases	078	57.287.850	0
I. Total increase of cash flow from operating activities	079	51.736.320	333.318.725
1. Decrease of current liabilities	080	0	-3.273.133
2. Increase of current receivables	081	-47.360.920	338.429
3. Increase of inventories	082	-62.151.135	-69.220.109
4. Other cash flow decreases	083	0	414.425.375
II. Total decrease of cash flow from operating activities	084	-109.512.055	342.270.562
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	085	161.248.375	0
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	086		8.951.837
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of non-current assets	087	115.215	124.033
2. Proceeds from sale of non-current financial assets	088	75.910.751	136.249
3. Interest received	089	1.085.623	-622.678
4. Dividend received	090	0	0
5. Other proceeds from investing activities	091	7.983.029	32.224.000
III. Total cash inflows from investing activities	092	85.094.618	31.861.604
1. Purchase of non-current assets	093	22.471.684	6.041.345
2. Purchase of non-current financial assets	094	166.967.789	6.035.090
3. Other cash outflows from investing activities	095	-5.685.000	2.363.752
IV. Total cash outflows from investing activities	096	183.754.473	14.440.187
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	097		17.421.417
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	098	98.659.855	
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	099	21.785.313	0
2. Proceeds from loans and borrowings	100	219.440.055	202.027.386
3. Other proceeds from financing activities	101	-20.546.000	0
V. Total cash inflows from financing activities	102	220.679.368	202.027.386
1. Repayment of loans and bonds	103	244.782.785	213.919.666
2. Dividends paid	104	7.369.555	0
3. Repayment of finance lease	105	987.420	1.196.505
4. Purchase of treasury shares	106	0	0
5. Other cash outflows from financing activities	107	35.328.495	0
VI. Total cash outflows from financing activities	108	288.468.255	215.116.171
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	109	0	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	110	67.788.887	13.088.785
Total increases of cash flows	111	161.248.375	17.421.417
Total decreases of cash flows	112	166.448.742	22.040.622
Cash and cash equivalents at the beginning of period	113	85.804.432	80.604.065
Increase of cash and cash equivalents	114		
Decrease of cash and cash equivalents	115	5.200.367	4.619.205
Cash and cash equivalents at the end of period	116	80.604.065	75.984.860

STATEMENT OF CHANGES IN EQUITY

from 1.10.2010 to 31.12.2010

thousands HRK

Position	AOP	Previous period	Increase	Decrease	Current period
ž	2	31.12. previous year		3	4
1. Subscribed share capital	117	63.432.000			63.432.000
2. Capital reserves	118	13.998.640			13.998.640
3. Net income reserves	119	8.068.492			8.068.492
4. Retained earnings or loss carried forward	120	238.146.465	2.149.889	1.792.533	238.503.821
5. Net profit (loss) for the period	121	2.149.889	3.635.291	2.149.889	3.635.291
6. Revaluation of property, plant and equipment	122	65.672.995		160.802	65.512.193
7. Revaluation of intangible assets	123				
8. Revaluation of available for sale financial assets	124	3.722.611			3.722.611
9. Other revaluation	125				
10. Foreign exchange differences from investments abroad	126	-155.001	-44.592		-199.593
11. Current and deferred taxes (part)	127				
12. Hedging of the cash flow	128				
13. Change of accounting policies	129				
14. Change of prior period error	130				
15. Other changes in equity	131				
16. Total increase or decrease of equity	132	395.036.091	5.740.588	4.103.224	396.673.455
16a. Attributable to majority owners	133	395036091			396.673.455
16b. Attributable to minority interest	134	52034846			4.376.800