

Institut IGH d.d.

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GENERAL MANAGER'S REPORT ON BUSINESS RESULTS OF THE INSTITUT IGH, JSC AND ITS SUBSIDIARIES IN THE PERIOD FROM 1 JANUARY TO 30 JUNE 2011

The INSTITUT IGH, JSC, Zagreb and its subsidiaries provide 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 conduct scientific research activities.

The Institut IGH, JSC has 19 subsidiaries providing services either in the core activity of the company or in similar activities, the exception being one subsidiary company that provides services in the field of hotel industry and tourism.

The registered seat of the mother company "Institut IGH JSC" is in Zagreb, Janka Rakuše 1, company registration No.: MB 3750272, personal identification No. OIB 79766124714.

The total number of persons employed with the Institut IGH JSC and its subsidiaries was 1220 as on 30 June 2011.

Supervisory Board and Management of Institut IGH, JSC

The company's Supervisory Board members are:

Franjo Gregorić, Ph.D. (Econ.), President
Dinko Tvrtković, B.Sc. (Civ. Eng.), Member
Branko Kincl, Academician, Member
Prof. Vlatka Rajčić, Ph.D. (Civ.Eng.), Member
Ante Stojan, B. Arch., Member

The company's Management members are:

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

Equity capital

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

Business results of the Institut IGH JSC Group in the period from 1 January to 30 June 2011

In the period from 1 January to 30 June 2011, the Institut IGH JSC and its subsidiary companies generated revenues, through sale of products and services, in the amount of HRK 230 million, out of which HRK 35.3 million was earned on foreign markets.

Consolidated revenues amount to HRK 242 million (compared to HRK 252 million earned over the same period in 2010).

The operating expenses amount to HRK 227 million and have been reduced by 7 percent with respect to the same period in the previous year. This reduction in operating expenses

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

Žiro račun:
2360000-1101243767
Devizni račun
kod Zagrebačke banke d.d.
Zagreb: 2100085026
OIB: 79766124714

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

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

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



is mostly due to the reduction in the cost of external services which have been reduced by 51%, and in personnel costs, which have been reduced by 14 percent when compared to the same period last year.

Total financial revenues amount to HRK 19 million, and are formed of interest revenues and currency exchange gains amounting to HRK 4 million, and revenues from sale of company shares amounting to HRK 15 million.

Financial expenses in the period from January to June 2011 amount to HRK 25 million and have been reduced by 6 percent when compared to financial expenses incurred over the same period last year. Financial expenses are mostly related to loan interest payments.

The INSTITUT IGH JSC and its subsidiary companies have realized in the period from January to June 2011 the consolidated pre-tax profit of HRK 6.5 million. The after-tax profit amounts to HRK 4.2 million. As the profit attributed to minority interest is HRK 616 thousand, the profit margin of mother-company shareholders is HRK 3.6 million.

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

On the day of this report the Institut IGH and its subsidiary companies claim HRK 209 million as unpaid trade receivables, and the contracts in hand, i.e. works in progress, amount to HRK 705 million.

Zagreb, 29 July 2011



Institut IGH, JSC

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

Attachment 1.

Reporting period:

01.01.2011

do

30.06.2011

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	
Consolidated report:	YES		
Number of employees (quarter end)			1.220
NKD code:			7219
Companies of the consolidation subject (according to IFRS)	Seat:		MB:
IGH MOSTAR D.O.O.	MOSTAR, BIŠĆE POLJE BB		4227060470005
GEOTEHNIKA INŽENJERING D.O.O.	ZAGREB, GRADIŠĆANSKA 26		01517597
IGH PROJEKTIRANJE D.O.O.	ZAGREB, JANKA RAKUŠE 1		02441918
INCRO D.O.O.	ZAGREB, BRANIMIROVA 71		01982516
IGH ENERGIJA D.O.O.	ZAGREB, JANKA RAKUŠE 1		01819585
FORUM CENTAR D.O.O.	ZAGREB, JAGODNJAK 17		01960229
IGH TURIZAM D.O.O.	ZAGREB, JANKA RAKUŠE 1		01974378
PROJEKT ŠOLTA D.O.O.	ZAGREB, JANKA RAKUŠE 1		02592363
VOĐENJE PROJEKATA D.O.O.	ZAGREB, BIJENIČKA CESTA 8		02427648
EKONOMSKO TEHNIČKI ZAVOD D.D.	OSIJEK, TRG A. STARČEVIĆA 7/III		03013669
PROJEKTNI BIRO PALMOTIĆEVA 45 D.O.O.	ZAGREB, PALMOTIĆEVA 45		03222853
IGH KOSOVA Sha	PRIŠTINA, KOSOVO		
ARHITEKTURA THOLOS PROJEKTIRANJE D.O.O.	ZAGREB, LOPAŠIĆEVA 6		01605291
HIDROINŽENJERING D.O.O.	ZAGREB, OKUČANSKA 30		03685110
DP AQUA D.O.O.	ZAGREB, SREDNJACI 16		01907522
TEHNIČKE KONSTRUKCIJE D.O.O.	ZAGREB, VLAŠKA 79		02405865
MBM TERMOPROJEKT D.O.O.	ZAGREB, NIKOLA PAVIĆA 20		00335967
CTP PROJEKT D.O.O.	ZAGREB, SAVSKA CESTA 144A		02396173
RADELJEVIĆ D.O.O.	ZAGREB, JANKA RAKUŠE 1		01938533

Bookkeeping service: _____

Contact person: **ŠPINDERK 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 RADIĆ, dipl. ing. građ.**

(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 of the person authorized to represent the company)

BALANCE SHEET
as of 30.06.2011.

INSTITUT IGH D.D.			
Position	AOP	Previous period	Current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED AND NON - PAID CAPITAL	001		
B) LONG - TERM ASSETS (003+010+020+029+033)	002	734.137.704	752.008.012
I. INTANGIBLE ASSETS (004 to 009)	003	33.959.545	34.608.088
1. Assets development	004		0
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	005	2.620.163	1.795.785
3. Goodwill	006	28.719.956	28.657.969
4. Prepayments for purchase of intangible assets	007		0
5. Intangible assets in preparation	008	2.619.426	4.154.334
6. Other intangible assets	009		0
II. TANGIBLE ASSETS (011 to 019)	010	525.741.469	522.204.626
1. Land	011	91.866.993	91.866.993
2. Buildings	012	277.489.617	269.465.966
3. Plant and equipment	013	26.135.735	26.324.297
4. Instruments, plant inventories and transportation assets	014	7.053.055	5.185.453
5. Biological assets	015		0
6. Prepayments for tangible assets	016	128.337	97.160
7. Tangible assets in preparation	017	24.627.461	30.035.940
8. Other material assets	018	1.316.301	1.382.357
9. Investment in buildings	019	97.123.970	97.846.460
III. LONG-TERM FINANCIAL ASSETS (021 to 028)	020	166.037.582	190.486.809
1. Shares (stocks) in related parties	021		0
2. Loans given to related parties	022	28.120.000	28.120.000
3. Participating interests (shares)	023	89.791	89.791
4. Loans to entrepreneurs in whom the entity hold participating interests	024		0
5. Investment in securities	025		0
6. Loans, deposits and similar assets	026	13.249.298	8.925.703
7. Other long - term financial assets	027	19.107.129	19.107.129
8. Investments accounted by equity method	028	105.471.364	134.244.186
IV. RECEIVABLES (030 to 032)	029	6.117.447	2.426.828
1. Receivables from related parties	030		0
2. Receivables based on trade loans	031	6.117.447	2.426.828
3. Other receivables	032		0
V. DEFERRED TAX ASSETS	033	2.281.661	2.281.661
C) SHORT TERMS ASSETS (035+043+050+058)	034	561.061.453	582.313.634
I. INVENTORIES (036 to 042)	035	148.297.183	137.444.600
1. Raw material	036	101.256	351.284
2. Work in progress	037	119.611.959	120.129.043
3. Finished goods	038	20.872.844	6.605.571
4. Merchandise	039	6.160.227	9.358.702
5. Prepayments for inventories	040	1.550.897	1.000.000
6. Long - term assets held for sale	041		0
7. Biological assets	042		0
II. RECEIVABLES (044 to 049)	043	310.045.842	393.980.556
1. Receivables from related parties	044	6.163.340	2.330.037
2. Accounts receivable	045	161.474.555	208.912.636
3. Receivables from participating entrepreneurs	046		0
4. Receivables from employees and shareholders	047	664.664	1.079.208
5. Receivables from government and other institutions	048	6.372.217	4.604.703
6. Other receivables	049	135.371.066	177.053.972
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	050	83.270.192	43.465.852
1. Shares (stocks) in related parties	051		0
2. Loans given to related parties	052	15.969.304	17.553.769
3. Participating interests (shares)	053		0
4. Loans to entrepreneurs in whom the entity hold participating interests	054		0
5. Investment in securities	055	12.035.303	9.948.615
6. Loans, deposits and similar assets	056	13.069.191	12.205.481
7. Other financial assets	057	42.196.394	3.757.987
IV. CASH AT BANK AND IN CASHIER	058	19.448.236	7.422.626
D) PREPAID EXPENSES AND ACCRUED INCOME	059	53.817.473	34.329.046
E) TOTAL ASSETS (001+002+034+059)	060	1.349.016.630	1.368.650.692
F) OFF-BALANCE SHEET NOTES	061	128.346.841	122.457.060

LIABILITIES AND CAPITAL			
A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	402.518.107	466.669.277
I. SUBSCRIBED CAPITAL	063	63.432.000	63.432.000
II. CAPITAL RESERVES	064	13.998.640	13.998.640
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	8.068.491	8.068.491
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	1.446.309	1.446.309
4. Statutory reserves	069		0
5. Other reserves	070		0
IV. REVALUATION RESERVES	071	61.688.896	61.653.599
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	241.862.057	249.413.741
1. Retained earnings	073	241.862.057	249.413.741
2. Accumulated loss	074		0
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	075	8.300.652	3.619.175
1. Profit for the current year	076	8.300.652	3.619.175
2. Loss for the current year	077		0
VII. MINORITY INTEREST	078	5.167.371	66.483.631
B) PROVISIONS (080 to 082)	079	8.279.751	6.571.624
1. Provisions for pensions, severance pay and similar liabilities	080	3.257.923	3.257.923
2. Reserves for tax liabilities	081		0
3. Other reserves	082	5.021.828	3.313.701
C) LONG TERM LIABILITIES (084 to 092)	083	356.256.617	343.314.351
1. Liabilities to related parties	084		0
2. Liabilities for loans, deposits etc.	085	30.168.432	5.028.592
3. Liabilities to banks and other financial institutions	086	313.796.999	326.135.922
4. Liabilities for received prepayments	087		0
5. Accounts payable	088	6.455.546	6.761.574
6. Liabilities arising from debt securities	089	1.401.018	1.401.018
7. Liabilities to entrepreneurs in whom the entity holds participating interests	090		0
8. Other long-term liabilities	091	528.165	80.788
9. Deferred tax liability	092	3.906.457	3.906.457
D) SHORT - TERM LIABILITIES (094 to 105)	093	580.577.260	549.221.393
1. Liabilities to related parties	094	820.676	1.684.488
2. Liabilities for loans, deposits etc.	095	52.131.918	51.741.407
3. Liabilities to banks and other financial institutions	096	169.460.999	163.933.530
4. Liabilities for received prepayments	097	13.901.490	13.283.402
5. Accounts payable	098	143.616.702	134.631.066
6. Liabilities arising from debt securities	099	113.790.751	105.958.555
7. Liabilities to entrepreneurs in whom the entity holds participating interests	100		0
8. Liabilities to employees	101	10.175.100	10.466.191
9. Liabilities for taxes, contributions and similar fees	102	18.585.194	22.425.873
10. Liabilities to share - holders	103	2.410.448	2.410.448
11. Liabilities for long term assets held for sale	104		0
12. Other short - term liabilities	105	55.683.982	42.686.433
E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD	106	1.384.895	2.874.047
F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)	107	1.349.016.630	1.368.650.692
G) OFF-BALANCE SHEET NOTES	108	128.346.841	122.457.060
APPENDIX TO BALANCE SHEET (only for consolidated financial statements)			
A) CAPITAL AND RESERVES			
1. Attributed to equity holders of parent company	109	397.350.735	400.185.646
2. Attributed to minority interests	110	5.167.371	66.483.631

PROFIT AND LOSS ACCOUNT
for period 01.01.2011. to 30.06.2011.

INSTITUT IGH D.D.

Position	AOP	Previous period		Current period	
		Cummulative	Periodical	Cummulative	Periodical
1	2	3	4	5	6
I. OPERATING REVENUES (112+113)	111	252.381.211	122.914.541	242.428.643	143.450.744
1. Sales revenues	112	241.252.217	122.173.964	229.644.283	133.857.246
2. Other operating revenues	113	11.128.994	740.577	12.784.360	9.593.498
II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)	114	244.865.595	125.833.742	227.210.184	125.489.939
1. Changes in the value of work in progress and finished goods	115	-58.785.902	-31.084.280	12.377.745	6.460.268
2. Material costs (117 to 119)	116	138.826.662	74.808.972	79.937.736	50.986.810
a) Raw material and material costs	117	12.504.290	9.592.210	18.182.838	11.774.239
b) Costs of goods sold	118			31.350	31.350
c) Other external costs	119	126.322.372	65.216.762	61.723.548	39.181.221
3. Staff costs (121 to 123)	120	114.289.625	58.612.137	98.264.050	47.884.336
a) Net salaries and wages	121	61.259.239	31.416.105	54.941.734	27.938.207
b) Costs for taxes and contributions from salaries	122	36.572.680	18.755.884	28.979.387	12.857.879
c) Contributions on gross salaries	123	16.457.706	8.440.148	14.342.929	7.088.250
4. Depreciation	124	15.522.593	5.719.699	11.124.965	4.607.653
5. Other costs	125	18.612.295	10.739.604	21.349.640	13.632.912
6. Impairment (127+128)	126	13.069.114	4.937.434	3.124.691	1.017.812
a) Impairment of long-term assets (excluding financial assets)	127	0	0	0	0
b) Impairment of short-term assets (excluding financial assets)	128	13.069.114	4.937.434	3.124.691	1.017.812
7. Provisions	129	1.685.693	849.962	0	0
8. Other operating expenses	130	1.645.515	1.250.214	1.031.357	900.148
III. FINANCIAL INCOME (132 to 136)	131	26.332.308	14.935.270	19.480.657	2.476.822
1. Interest income, foreign exchange gains, dividends and similar income from related parties	132	0	0	0	0
2. Interest income, foreign exchange gains, dividends and similar income from non-related	133	15.797.164	14.319.302	2.642.957	1.766.552
3. Share in income from affiliated entrepreneurs and participating interests	134	1.109.538	576.935	1.356.756	682.126
4. Unrealized gains (income) from financial assets	135	0	0	0	0
5. Other financial income	136	9.425.606	39.033	15.480.944	28.144
IV. FINANCIAL EXPENSES (138 to 141)	137	26.983.553	16.914.830	25.452.677	15.277.320
1. Interest expenses, foreign exchange losses and similar expenses from related parties	138	0	0	0	0
2. Interest expenses, foreign exchange losses and similar expenses from non - related	139	26.983.553	16.914.830	25.077.940	14.902.583
3. Unrealized losses (expenses) on financial assets	140	0	0	0	0
4. Other financial expenses	141	0	0	374.737	374.737
V. INCOME FROM INVESTMENT SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS	142	0	0	0	0
VI. LOSS FROM INVESTMENT SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS	143	0	0	2.660.292	2.397.916
VII. EXTRAORDINARY - OTHER INCOME	144	0	0	0	0
VIII. EXTRAORDINARY - OTHER EXPENSES	145	0	0	0	0
IX. TOTAL INCOME (111+131+142 + 144)	146	278.713.519	137.849.811	261.909.300	145.927.566
X. TOTAL EXPENSES (114+137+143 + 145)	147	271.849.148	142.748.572	255.323.153	143.165.175
XI. PROFIT OR LOSS BEFORE TAXATION (146-147)	148	6.864.371	-4.898.761	6.586.147	2.762.391
1. Profit before taxation (146-147)	149	6.864.371	0	6.586.147	2.762.391
2. Loss before taxation (147-146)	150	0	0	0	0
XII. PROFIT TAX	151	2.680.362	531.400	2.350.388	1.294.240
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	4.184.009	-5.430.161	4.235.759	1.468.151
1. Profit for the period(149-151)	153	4.184.009	0	4.235.759	1.468.151
2. Loss for the period (151-148)	154	0	5.430.161	0	0
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributed to equity holders of parent company	155	4.024.273	-6.354.791	3.619.175	1.259.479
2. Attributed to minority interests	156	159.736	924.630	616.584	208.672
STATEMENT OF COMPREHENSIVE INCOME (IFRS)					
I. PROFIT OR LOSS FOR THE PERIOD (= 152)	157	4.184.009	-5.430.161	4.235.759	1.468.151
II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 to 165)	158	-83.243	-47.116	-35.348	-11.154
1. Exchange differences on translation of foreign operations	159	-83.243	-47.116	-35.348	-11.154
2. Movements in revaluation reserves of long-term tangible and Intangible assets	160	0	0	0	0
3. Profit or loss from revaluation of financial assets available for sale	161	0	0	0	0
4. Gains or losses on efficient cash flow hedging	162	0	0	0	0
5. Gains or losses on efficient hedge of a net investment in foreign countries	163	0	0	0	0
6. Share in other comprehensive income / loss of associated companies	164	0	0	0	0
7. Actuarial gains / losses on defined benefit plans	165	0	0	0	0
III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166	0	0	0	0
IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)	167	-83.243	-47.116	-35.348	-11.154
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)	168	4.100.766	-5.477.277	4.200.411	1.458.997
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	3.941.030	-6.401.907	3.583.827	1.248.325
2. Attributed to minority interests	170	159.736	924.630	616.584	208.672

STATEMENT OF CASH FLOWS - Indirect method
period 01.01.2011. to 30.06.2011.

INSTITUT IGH D.D.			
Position	AOP	Previous period	Current period
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before tax	001	6.864.371	6.586.247
2. Depreciation	002	15.522.593	11.124.965
3. Increase in short-term liabilities	003	8.085.871	0
4. Decrease in short term receivables	004	0	0
5. Decrease in inventories	005	0	10.852.583
6. Other cash flow increases	006	24.607.556	57.844.150
I. Total increase in cash flow from operating activities (001 to 006)	007	55.080.391	86.407.945
1. Decrease in short - term liabilities	008	0	31.355.867
2. Increase in short - term receivables	009	10.851.397	83.934.714
3. Increase in inventories	010	55.779.598	0
4. Other cash flow decreases	011	17.388.639	0
II. Total decrease in cash flow from operating activities (008 to 011)	012	84.019.634	115.290.581
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)	013	0	0
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)	014	28.939.243	28.882.636
CASH FLOW FROM INVESTING ACTIVITIES			
1. Cash flow from sale of long - term tangible and intangible assets	015	207.599	199.650
2. Cash inflows from sale of equity and debt financial instruments	016	11.159.760	31.300.000
3. Interest receipts	017	1.652.884	1.084.986
4. Dividend receipts	018	0	0
5. Other cash inflows from investing activities	019	2.000.000	2.048.795
III. Total cash inflows from investing activities(015 to 019)	020	15.020.243	34.633.431
1. Cash outflows for purchase of long - term tangible and intangible assets	021	3.174.365	4.964.276
2. Cash outflows for purchase of equity and debt financial instruments	022	21.626.776	31.300.000
3. Other cash outflows from investing activities	023	5.070.692	0
IV. Total cash outflows from investing activities (021 to 023)	024	29.871.833	36.264.276
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	14.851.590	1.630.845
CASH FLOW FROM FINANCING ACTIVITIES			
1. Cash receipts from issuance of equity and debt financial instruments	027	67.163.618	75.719.107
2. Cash inflows from loans, debentures, credits and other borrowings	028	56.391.168	17.787.203
3. Other cash inflows from financing activities	029	0	0
V. Total cash inflows from financing activities (027 to 029)	030	123.554.786	93.506.310
1. Cash outflows for repayment of loans and bonds	031	97.405.040	110.674.874
2. Dividends paid	032	4.500	52.725
3. Cash outflows for finance lease	033	1.907.850	1.151.296
4. Cash outflows for purchase of own stocks	034	1.088.615	0
5. Other cash outflows from financing activities	035	0	0
VI. Total cash outflows from financing activities (031 do 035)	036	100.406.005	111.878.895
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)	037	23.148.781	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)	038	0	18.372.585
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	039	0	0
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	040	20.642.052	48.886.066
Cash and cash equivalents at the beginning of period	041	80.604.065	73.679.933
Increase in cash and cash equivalents	042	0	0
Decrease in cash and cash equivalents	043	20.642.052	48.886.066
Cash and cash equivalents at the end of period	044	59.962.013	24.793.867

STATEMENT OF CHANGES IN EQUITY
from 01.01.2011 to 30.06.2011

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed capital	001	63.432.000	63.432.000
2. Capital reserves	002	13.998.640	13.998.640
3. Reserves from profit	003	8.068.491	8.068.491
4. Retained earnings or accumulated loss	004	241.862.057	249.413.741
5. Profit / loss for the current year	005	8.300.652	3.619.175
6. Revaluation of long - term tangible assets	006	53.606.519	53.606.570
7. Revaluation of intangible assets	007	0	0
8. Revaluation of financial assets available for sale	008	8.112.808	8.112.808
9. Other revaluation	009	0	0
10. Total capital and reserves (AOP 001 to 009)	010	397.381.167	400.251.425
11. Currency gains and losses arising from net investments in foreign operations	011	-30.431	-65.779
12. Current and deferred taxes (part)	012	0	0
13. Cash flow hedging	013	0	0
14. Changes in accounting policies	014	0	0
15. Correction of significant errors in prior periods	015	0	0
16. Other changes in capital	016	0	0
17. Total increase or decrease in capital (AOP 011 to 016)	017	-30.431	-65.779
17 a. Attributed to equity holders of parent company	018	397.350.736	400.185.646
17 b. Attributed to minority interest	019	5.167.371	66.483.631

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

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

The Company's Management has to ensure that the Group's consolidated financial reports for the first semester of 2011 are prepared in accordance with the Accountancy Law (Official Gazette 146/05) and in keeping with international accounting standards (Official Gazette 136/09, 08/10, 27/10, 65/10, 120/10) issued by the International Accounting Standards Board (IASB), so that these documents provide a true and unbiased picture of the Group's financial standing, business results, change in capital, and cash flow for the period under consideration.

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

During preparation of financial reports, the Management is responsible:

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

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

Signed on behalf of the Management:

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

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29 July 2011