



**MANAGEMENT BOARD'S REPORT ON BUSINESS ACTIVITY OF THE COMPANY  
INSTITUT IGH d.d. AND ITS SUBSIDIARIES IN THE PERIOD FROM 1 JANUARY TO  
31 DECEMBER 2012**

The INSTITUT IGH d.d. (hereinafter “the Company”) presents its non-consolidated and consolidated basic financial reports for the fourth quarter of the business year of 2012, and for the period from 1 January to 31 December 2012. The said basic financial reports are not audited and can not be regarded as being the Consolidated Annual Company Reports, as stipulated in Article 250b of the Companies Act.

After successful increase of its share capital and after issuance of convertible bonds in the second quarter of 2012, the Company’s Management, in cooperation with the company KPMG Croatia d.o.o., has completed the analysis of the Company’s operation, Company’s business plan, and the Company’s financial restructuring concept. At the Company’s General Assembly meeting held on 20 December 2012, the KPMG Croatia d.o.o. was also appointed as the Company’s auditor for basic financial reports relating to the business year of 2012.

Accordingly, the Company’s Management has decided, with the consent and approval of the Supervisory Board, to harmonize, in the scope of financial results for the fourth quarter, the values of the Company’s long-term material assets, financial assets, investments in real estate, and the Company’s receivables (claims), all in keeping with International Accounting Standards (IAS 16, IAS 36, IAS 39, IAS 40).

Considering the extreme volatility of market in the real estate and construction sector, the Company’s Management considers that, through such presentation of financial results and balance sheet items, it will provide to the Company’s shareholders, potential investors, and the wider investment community, a highly credible information that is properly harmonized with the time in which the said financial reports are published. It should be noted that in case of long-term material assets, investments in real estate, and in most financial property items, this involves value harmonisations rather than losses realized through concrete sales transactions.



It should especially be emphasized that the Company has fully harmonized the value of its shares in the company Geotehnika-Inženjering d.o.o., and has also fully harmonized the value of claims concerning the company SPORTSKI GRAD TPN d.o.o., all with regard to the fact that both companies submitted on 31 December 2012 requests for initiation of pre-bankruptcy settlements, in accordance with statutory regulations. It should be noted that, referring to these two cases only, the value of harmonisations amounts to HRK 97,843,279. We wish to emphasize that, in the business year of 2012, the Company has also harmonized the losses due to withdrawal from the Zagrepčanka Project. In addition, the Company has also made harmonisations with regard to other investment projects, including also the property/asset items related to the Company's core business, all in accordance with International Accounting Standards.

**The Company's consolidated revenues in the business year of 2012 amounted to HRK 343,879,918, while the revenues at the level of the joint stock company amounted to HRK 288.048.829. If the effects of one time balance sheet harmonisations for revenues and expenses are not taken into account, then the Company realized in the business year of 2012 the EBITDA amounting to HRK 44,843,527, or HRK 15,884,894 at the consolidated level.**

In 2012, the Company continued with intensive restructuring activities and, in that respect, the operating expenses, without employee costs, were reduced in the fourth quarter by 27.9% at the group level, and by 18.12% at the parent company level. In 2012, the costs of employees were reduced by 26.27% at the group level, and by 25.1% at the parent company level.

Taking all this into account, the overall loss presented in the Report on Overall Profit primarily results from the reduction of long-term material assets, investments in real estate and financial assets, and from value harmonization of trade receivables, and so this loss amounts to HRK 329,842,605 at the non-consolidated level, and to HRK 201.397.616 at the consolidated level.

The increase in the value of land and buildings has been recognised in other overall profit items, and has cumulatively been presented in capital as revaluation reserves.

Institut IGH d.d.



**In the context of the Company's book value, expressed through the accounting value of the Company's share as on 31 December 2012, we wish to point out that, after all value harmonisations, the net capital amounts to HRK 277,295,589 at the consolidated level, while it amounts to HRK 193,198,622 at the company level, or to HRK 731.34 per share.**

In 2013 the Company has continued to implement the planned restructuring processes in order to further optimise its business processes, optimize its long-term assets, reduce indebtedness level, and to further strengthen its capital generating capabilities. Based on these objectives, the Company will attempt to complete or sell all projects that are outside of the Company's core business activity, and the value harmonisations already in progress are motivated by this very intention. The Company will insist on continued implementation of excellence criteria through affirmation of its own potentials.

Despite reductions in the number of employees as made in the scope of the restructuring program, the Company, with its current 721 employees, is more than capable of undertaking even the most complex assignments in the sphere of design, supervision, project management, and laboratory testing, and to provide other consulting and engineering services in construction industry. In addition, the Company is fully equipped to successfully realize contracts currently in progress, which amount to HRK 550,124,898.

We expect that negative trends in economy, and especially in construction sector, will be stopped in 2013 as a result of activation of public investment projects in the Republic of Croatia, which will undoubtedly result in an increased business activity of the Company on the domestic market. Similarly, the Company is intensifying its business activities on international markets, with a special emphasis on markets in the Russian Federation, in order to additionally strengthen and improve the market position currently held by the Company

Zagreb, 31 January 2013

On behalf of Management Board of the Institut IGH d.d.

Prof. Jure Radić, Ph.D., CE, President of the Management Board

Željko Grzunov, B.Sc.Econ., Member of the Management Board



# Institut IGH d.d.

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## STATEMENT OF MANAGEMENT BOARD ON THE RESPONSIBILITY FOR PREPARING FINANCIAL REPORTS FOR THE INSTITUT IGH, JSC

The Company's Management Board has to ensure that the INSTITUT IGH d.d. financial reports for the fourth quarter of 2012 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, 58/11, 140/11) 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 Board has a reasonable expectation that the Company has adequate resources to continue operation in the foreseeable future. Accordingly, the Management Board 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 Board 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 Board 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 Board 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 Board:

Prof. Jure Radić, Ph.D. (Civ. Eng.), President of Management Board

Željko Grzunov, B.Econ., Management Board Member

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

31 January 2013

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023/323-299  
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**Attachment 1.**

Reporting period:

01.01.2012

do

31.12.2012

**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 (quarter end): 730

Consolidated report: NO

NKD code: 7219

Companies of the consolidation subject (according to IFRS)	Seat:	MB:

Bookkeeping service:

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

Telephone: 01 6125 444

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E-mail address: igh@igh.hr

Family name and name: prof. dr. JURE RADIĆ, dipl. ing. građ.; Željko Grzunov, dipl. oec.  
(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

M.P.

(signature of the person authorized to represent the company)



**BALANCE SHEET**  
as of 31.12.2012.

<b>INSTITUT IGH D.D.</b>			
Position	AOP	Previous period	Current period
1	2	3	4
<b>A) RECEIVABLES FOR SUBSCRIBED AND NON - PAID CAPITAL</b>	<b>001</b>		
<b>B) LONG - TERM ASSETS (003+010+020+029+033)</b>	<b>002</b>	710.603.464	656.928.122
I. INTANGIBLE ASSETS (004 to 009)	<b>003</b>	19.970.706	6.533.997
1. Assets development	<b>004</b>	0	0
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	<b>005</b>	4.021.684	2.243.941
3. Goodwill	<b>006</b>	13.355.595	0
4. Prepayments for purchase of intangible assets	<b>007</b>	0	0
5. Intangible assets in preparation	<b>008</b>	2.593.427	4.290.056
6. Other intangible assets	<b>009</b>	0	0
II. TANGIBLE ASSETS (011 to 019)	<b>010</b>	212.933.972	374.254.585
1. Land	<b>011</b>	45.615.550	95.558.373
2. Buildings	<b>012</b>	94.828.405	200.583.967
3. Plant and equipment	<b>013</b>	2.675.605	2.493.609
4. Instruments, plant inventories and transportation assets	<b>014</b>	1.947.253	1.636.660
5. Biological assets	<b>015</b>	0	0
6. Prepayments for tangible assets	<b>016</b>	88.452	112.623
7. Tangible assets in preparation	<b>017</b>	29.515.618	29.793.702
8. Other material assets	<b>018</b>	331.343	303.336
9. Investment in buildings	<b>019</b>	37.931.746	43.772.315
III. LONG-TERM FINANCIAL ASSETS (021 to 028)	<b>020</b>	472.042.265	272.174.919
1. Shares (stocks) in related parties	<b>021</b>	320.537.631	196.282.499
2. Loans given to related parties	<b>022</b>	84.102.981	53.689.016
3. Participating interests (shares)	<b>023</b>	45.621.261	0
4. Loans to entrepreneurs in whom the entity hold participating interests	<b>024</b>	0	0
5. Investment in securities	<b>025</b>	0	0
6. Loans, deposits and similar assets	<b>026</b>	598.788	1.064.051
7. Other long - term financial assets	<b>027</b>	21.181.604	21.139.353
8. Investments accounted by equity method	<b>028</b>	0	0
IV. RECEIVABLES (030 to 032)	<b>029</b>	3.849.560	2.157.660
1. Receivables from related parties	<b>030</b>	0	0
2. Receivables based on trade loans	<b>031</b>	3.849.560	2.157.660
3. Other receivables	<b>032</b>	0	0
V. DEFERRED TAX ASSETS	<b>033</b>	1.806.961	1.806.961
<b>C) SHORT TERMS ASSETS (035+043+050+058)</b>	<b>034</b>	364.703.151	223.757.319
I. INVENTORIES (036 to 042)	<b>035</b>	4.274.005	4.274.005
1. Raw material	<b>036</b>	0	0
2. Work in progress	<b>037</b>	247.493	247.493
3. Finished goods	<b>038</b>	2.646.935	2.646.935
4. Merchandise	<b>039</b>	1.379.577	1.379.577
5. Prepayments for inventories	<b>040</b>	0	0
6. Long - term assets held for sale	<b>041</b>	0	0
7. Biological assets	<b>042</b>	0	0
II. RECEIVABLES (044 to 049)	<b>043</b>	292.002.656	124.942.799
1. Receivables from related parties	<b>044</b>	21.516.646	2.395.359
2. Accounts receivable	<b>045</b>	101.163.598	72.438.295
3. Receivables from participating entrepreneurs	<b>046</b>	146.963	146.963
4. Receivables from employees and shareholders	<b>047</b>	622.982	751.408
5. Receivables from government and other institutions	<b>048</b>	2.040.776	4.651.427
6. Other receivables	<b>049</b>	166.511.691	44.559.347
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	<b>050</b>	66.307.264	93.757.985
1. Shares (stocks) in related parties	<b>051</b>	0	0
2. Loans given to related parties	<b>052</b>	39.486.573	15.062.501
3. Participating interests (shares)	<b>053</b>	0	0
4. Loans to entrepreneurs in whom the entity hold participating interests	<b>054</b>	7.371.332	71.238.018
5. Investment in securities	<b>055</b>	10.823.215	1.712.416
6. Loans, deposits and similar assets	<b>056</b>	8.626.144	5.745.050
7. Other financial assets	<b>057</b>	0	0
IV. CASH AT BANK AND IN CASHIER	<b>058</b>	2.119.226	782.530
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>059</b>	74.127.828	42.426.675
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	1.149.434.443	923.112.116
<b>F) OFF-BALANCE SHEET NOTES</b>	<b>061</b>	81.406.022	107.618.634

<b>LIABILITIES AND CAPITAL</b>			
<b>A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	442.792.826	193.198.622
I. SUBSCRIBED CAPITAL	<b>063</b>	63.432.000	105.668.000
II. CAPITAL RESERVES	<b>064</b>	13.998.640	52.011.040
III. RESERVES FROM PROFIT (066+067-068+069+070)	<b>065</b>	8.068.491	8.068.491
1. Reserves prescribed by law	<b>066</b>	3.171.600	3.171.600
2. Reserves for treasury stocks	<b>067</b>	6.343.200	6.343.200
3. Treasury stocks and shares (deduction)	<b>068</b>	1.446.309	1.446.309
4. Statutory reserves	<b>069</b>		0
5. Other reserves	<b>070</b>		0
IV. REVALUATION RESERVES	<b>071</b>	54.432.245	172.802.919
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	<b>072</b>	289.267.812	305.182.938
1. Retained earnings	<b>073</b>	289.267.812	305.182.938
2. Accumulated loss	<b>074</b>		0
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	<b>075</b>	13.593.638	-450.534.766
1. Profit for the current year	<b>076</b>	13.593.638	0
2. Loss for the current year	<b>077</b>		450.534.766
VII. MINORITY INTEREST	<b>078</b>		0
<b>B) PROVISIONS (080 to 082)</b>	<b>079</b>	5.749.308	4.225.507
1. Provisions for pensions, severance pay and similar liabilities	<b>080</b>	2.360.607	1.550.087
2. Reserves for tax liabilities	<b>081</b>		0
3. Other reserves	<b>082</b>	3.388.701	2.675.420
<b>C) LONG TERM LIABILITIES (084 to 092)</b>	<b>083</b>	230.548.214	402.282.267
1. Liabilities to related parties	<b>084</b>		0
2. Liabilities for loans, deposits etc.	<b>085</b>		0
3. Liabilities to banks and other financial institutions	<b>086</b>	224.475.198	282.312.876
4. Liabilities for received prepayments	<b>087</b>		0
5. Accounts payable	<b>088</b>	374.789	245.600
6. Liabilities arising from debt securities	<b>089</b>	1.428.573	76.887.696
7. Liabilities to entrepreneurs in whom the entity holds participating interests	<b>090</b>	0	0
8. Other long-term liabilities	<b>091</b>	60.695	8.454.096
9. Deferred tax liability	<b>092</b>	4.208.959	34.381.999
<b>D) SHORT - TERM LIABILITIES (094 to 105)</b>	<b>093</b>	467.492.325	319.687.474
1. Liabilities to related parties	<b>094</b>	4.432.746	4.486.246
2. Liabilities for loans, deposits etc.	<b>095</b>	49.383.358	9.387.965
3. Liabilities to banks and other financial institutions	<b>096</b>	131.086.049	127.644.219
4. Liabilities for received prepayments	<b>097</b>	5.042.667	5.029.189
5. Accounts payable	<b>098</b>	104.127.479	91.617.887
6. Liabilities arising from debt securities	<b>099</b>	98.432.756	9.854.975
7. Liabilities to entrepreneurs in whom the entity holds participating interests	<b>100</b>	0	0
8. Liabilities to employees	<b>101</b>	10.747.136	14.714.205
9. Liabilities for taxes, contributions and similar fees	<b>102</b>	28.156.105	24.177.055
10. Liabilities to share - holders	<b>103</b>	418.051	0
11. Liabilities for long term assets held for sale	<b>104</b>	0	0
12. Other short - term liabilities	<b>105</b>	35.665.978	32.775.733
<b>E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD</b>	<b>106</b>	2.851.770	3.718.246
<b>F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	1.149.434.443	923.112.116
<b>G) OFF-BALANCE SHEET NOTES</b>	<b>108</b>	81.406.022	107.618.634
<b>APPENDIX TO BALANCE SHEET (only for consolidated financial statements)</b>			
<b>A) CAPITAL AND RESERVES</b>			
1. Attributed to equity holders of parent company	<b>109</b>		
2. Attributed to minority interests	<b>110</b>		

**PROFIT AND LOSS ACCOUNT**  
for period 01.01.2012. to 31.12.2012.

INSTITUT IGH D.D.

Position	AOP	Previous period		Current period	
		Cummulative	Periodical	Cummulative	Periodical
1	2	3	4	5	6
<b>I. OPERATING REVENUES (112+113)</b>	<b>111</b>	388.951.285	112.203.602	272.562.849	83.211.718
1. Sales revenues	112	371.481.564	103.036.054	243.436.789	63.348.570
2. Other operating revenues	113	17.469.721	9.167.548	29.126.060	19.863.148
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	361.112.698	108.494.267	689.299.213	474.038.080
1. Changes in the value of work in progress and finished goods	115	14.319.083	1.745.582	0	0
2. Material costs (117 to 119)	116	126.624.830	50.087.333	94.885.528	30.971.950
a) Raw material and material costs	117	12.946.052	3.611.340	13.167.886	4.241.316
b) Costs of goods sold	118	5.202.736	120.516	0	0
c) Other external costs	119	108.476.042	46.355.477	81.717.642	26.730.634
3. Staff costs (121 to 123)	120	155.602.571	37.605.484	116.543.170	27.372.580
a) Net salaries and wages	121	86.556.884	21.202.840	66.500.677	15.712.465
b) Costs for taxes and contributions from salaries	122	46.426.010	10.964.966	33.902.199	8.026.360
c) Contributions on gross salaries	123	22.619.677	5.437.678	16.140.294	3.633.755
4. Depreciation	124	14.792.194	3.923.741	13.086.560	3.021.972
5. Other costs	125	41.618.953	12.224.564	49.685.564	20.051.819
6. Impairment (127+128)	126	4.291.905	0	162.074.261	142.797.938
a) Impairment of long-term assets (excluding financial assets)	127	0	0	19.068.712	19.068.712
b) Impairment of short-term assets (excluding financial assets)	128	4.291.905	0	143.005.549	123.729.226
7. Provisions	129	1.716.559	1.716.559	1.709.774	644.805
8. Other operating expenses	130	2.146.603	1.191.004	251.314.356	249.177.016
<b>III. FINANCIAL INCOME (132 to 136)</b>	<b>131</b>	40.788.944	16.090.304	15.485.980	2.132.984
1. Interest income, foreign exchange gains, dividends and similar income from related	132	6.943.136	0	6.145.909	1.598.077
2. Interest income, foreign exchange gains, dividends and similar income from non-related	133	4.713.308	2.408.229	5.199.243	0
3. Share in income from affiliated entrepreneurs and participating interests	134	2.862.938	2.862.938	3.913.336	534.907
4. Unrealized gains (income) from financial assets	135	10.802.342	10.802.342	0	0
5. Other financial income	136	15.467.220	16.795	227.492	0
<b>IV. FINANCIAL EXPENSES (138 to 141)</b>	<b>137</b>	49.965.501	14.295.168	49.284.382	16.611.973
1. Interest expenses, foreign exchange losses and similar expenses from related parties	138	0	0	226.540	66.711
2. Interest expenses, foreign exchange losses and similar expenses from non - related	139	48.867.828	13.649.566	47.283.403	15.956.887
3. Unrealized losses (expenses) on financial assets	140	181.424	181.424	0	0
4. Other financial expenses	141	916.249	464.178	1.774.439	588.375
<b>V. INCOME FROM INVESTMENT SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS</b>	<b>142</b>	0	0	0	0
<b>VI. LOSS FROM INVESTMENT SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS</b>	<b>143</b>	0	0	0	0
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>	0	0	0	0
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>	0	0	0	0
<b>IX. TOTAL INCOME (111+131+142 + 144)</b>	<b>146</b>	429.740.229	128.293.906	288.048.829	85.344.702
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	411.078.199	122.789.435	738.583.595	490.650.053
<b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	18.662.030	5.504.471	-450.534.766	-405.305.351
1. Profit before taxation (146-147)	149	18.662.030	5.504.471	0	0
2. Loss before taxation (147-146)	150	0	0	450.534.766	405.305.351
<b>XII. PROFIT TAX</b>	<b>151</b>	5.068.392	1.701.028	0	-1.219.798
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	13.593.638	3.803.443	-450.534.766	-404.085.553
1. Profit for the period(149-151)	153	13.593.638	3.803.443	0	0
2. Loss for the period (151-148)	154	0	0	450.534.766	404.085.553
<b>APPENDIX to Profit and Loss Account (only for consolidated financial statements)</b>					
<b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>					
1. Attributed to equity holders of parent company	155				
2. Attributed to minority interests	156				
<b>STATEMENT OF COMPREHENSIVE INCOME (IFRS)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD (= 152)</b>	<b>157</b>	13.593.638	3.803.443	-450.534.766	-404.085.553
<b>II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX (159 to 165)</b>	<b>158</b>	0	0	150.865.201	150.865.201
1. Exchange differences on translation of foreign operations	159	0	0	0	0
2. Movements in revaluation reserves of long-term tangible and intangible assets	160	0	0	150.865.201	150.865.201
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
<b>III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>166</b>	0	0	30.173.040	30.173.040
<b>IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)</b>	<b>167</b>	0	0	120.692.161	120.692.161
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)</b>	<b>168</b>	13.593.638	3.803.443	-329.842.605	-283.393.392
<b>APPENDIX to Statement of comprehensive Income (only for consolidated financial statements)</b>					
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD</b>					
1. Attributed to equity holders of parent company	169				
2. Attributed to minority interests	170				



**STATEMENT OF CASH FLOWS - Indirect method**  
period 01.01.2012. to 31.12.2012.

Legal entity : INSTITUT IGH D.D. _____			
Position	AOP	Previous period	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	001	18.662.061	-450.534.766
2. Depreciation	002	14.792.194	13.086.560
3. Increase in short-term liabilities	003	0	0
4. Decrease in short term receivables	004	0	167.059.857
5. Decrease in inventories	005	23.947.077	0
6. Other cash flow increases	006	0	395.176.753
<b>I. Total increase in cash flow from operating activities (001 to 006)</b>	<b>007</b>	<b>57.401.332</b>	<b>124.788.404</b>
1. Decrease in short - term liabilities	008	39.611.570	147.804.851
2. Increase in short - term receivables	009	10.279.428	0
3. Increase in inventories	010	0	0
4. Other cash flow decreases	011	14.572.774	0
<b>II. Total decrease in cash flow from operating activities (008 to 011)</b>	<b>012</b>	<b>64.463.772</b>	<b>147.804.851</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	<b>0</b>	<b>0</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	<b>7.062.440</b>	<b>23.016.447</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Cash flow from sale of long - term tangible and intangible assets	015	375.664	370.700
2. Cash inflows from sale of equity and debt financial instruments	016	35.090.246	0
3. Interest receipts	017	7.363.373	842.288
4. Dividend receipts	018	0	0
5. Other cash inflows from investing activities	019	54.877.425	428.860
<b>III. Total cash inflows from investing activities(015 to 019)</b>	<b>020</b>	<b>97.706.708</b>	<b>1.641.848</b>
1. Cash outflows for purchase of long - term tangible and intangible assets	021	9.108.216	4.206.826
2. Cash outflows for purchase of equity and debt financial instruments	022	95.955.763	4.253.209
3. Other cash outflows from investing activities	023	31.118.582	81.195.899
<b>IV. Total cash outflows from investing activities (021 to 023)</b>	<b>024</b>	<b>136.182.561</b>	<b>89.655.934</b>
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES(020-024)</b>	<b>025</b>	<b>0</b>	<b>0</b>
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES(024-020)</b>	<b>026</b>	<b>38.475.853</b>	<b>88.014.086</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Cash receipts from issuance of equity and debt financial instruments	027	75.719.108	155.770.260
2. Cash inflows from loans, debentures, credits and other borrowings	028	87.134.219	186.071.028
3. Other cash inflows from financing activities	029	0	0
<b>V. Total cash inflows from financing activities (027 to 029)</b>	<b>030</b>	<b>162.853.327</b>	<b>341.841.288</b>
1. Cash outflows for repayment of loans and bonds	031	167.144.846	240.750.992
2. Dividends paid	032	13.325	0
3. Cash outflows for finance lease	033	112.425	507.258
4. Cash outflows for purchase of own stocks	034	0	0
5. Other cash outflows from financing activities	035	0	0
<b>VI. Total cash outflows from financing activities (031 do 035)</b>	<b>036</b>	<b>167.270.596</b>	<b>241.258.250</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)</b>	<b>037</b>	<b>0</b>	<b>100.583.038</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)</b>	<b>038</b>	<b>4.417.269</b>	<b>0</b>
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	49.955.562	10.447.495
Cash and cash equivalents at the beginning of period	041	62.898.004	12.942.441
Increase in cash and cash equivalents	042	0	0
Decrease in cash and cash equivalents	043	49.955.563	10.447.495
Cash and cash equivalents at the end of period	044	12.942.441	2.494.946

## STATEMENT OF CHANGES IN EQUITY

from 01.01.2012 to 31.12.2012

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed capital	001	63.432.000	105.668.000
2. Capital reserves	002	13.998.640	52.011.040
3. Reserves from profit	003	8.068.491	8.068.491
4. Retained earnings or accumulated loss	004	289.267.812	305.182.938
5. Profit / loss for the current year	005	13.593.638	-450.534.766
6. Revaluation of long - term tangible assets	006	47.959.251	166.329.925
7. Revaluation of intangible assets	007	0	0
8. Revaluation of financial assets available for sale	008	6.472.994	6.472.994
9. Other revaluation	009	0	0
<b>10. Total capital and reserves (AOP 001 to 009)</b>	<b>010</b>	<b>442.792.826</b>	<b>193.198.622</b>
11. Currency gains and losses arising from net investments in foreign operations	011	0	0
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
<b>17. Total increase or decrease in capital (AOP 011 to 016)</b>	<b>017</b>	<b>0</b>	<b>0</b>
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