

**Attachment 1.**

Reporting period:

1.1.2016

do

31.12.2016

**ANNUAL FINANCIAL STATEMENTS OF THE ENTREPERNEUR - GFI-POD**

Tax number (MB): 03750272

Company registration number (MRS): 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.igh.hr

Municipality/city code and name: 133 ZAGREB

County code and name: 21 GRAD ZAGREB Number of employees (quarter end): 495

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 125 Telefax: 01 6125 404

E-mail address: igh@igh.hr

Family name and name: IVAN PALADINA OLIVER KUMRIĆ  
(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



Paladinić  
(signature of the person authorized to represent the company)

Oliver Kumrić

**BALANCE SHEET**  
as of 31.12.2016

Legal entity: INSTITUT IGH D.D.			
Position	AOP	Previous year (net)	Current year (net)
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>	444.050.179	361.314.398
<b>I. INTANGIBLE ASSETS (004 to 009)</b>	<b>003</b>	4.012.325	4.144.908
1. Assets development	<b>004</b>	0	0
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	<b>005</b>	1.381.673	1.531.701
3. Goodwill	<b>006</b>	0	0
4. Prepayments for purchase of intangible assets	<b>007</b>	0	0
5. Intangible assets in preparation	<b>008</b>	2.630.652	2.613.207
6. Other intangible assets	<b>009</b>	0	0
<b>II. TANGIBLE ASSETS (011 to 019)</b>	<b>010</b>	188.543.941	175.963.426
1. Land	<b>011</b>	63.760.082	63.760.082
2. Buildings	<b>012</b>	65.972.760	62.001.464
3. Plant and equipment	<b>013</b>	16.666.923	13.934.871
4. Instuments, plant inventories and transportation assets	<b>014</b>	4.176.712	5.473.529
5. Biological assets	<b>015</b>	0	0
6. Prepayments for tangible assets	<b>016</b>	140.079	335.434
7. Tangible assets in preparation	<b>017</b>	26.537.960	26.537.960
8. Other material assets	<b>018</b>	303.336	303.336
9. Investment in buildings	<b>019</b>	10.986.089	3.616.750
<b>III. LONG-TERM FINANCIAL ASSETS (021 to 028)</b>	<b>020</b>	250.038.102	179.619.099
1. Shares (stocks) in related parties	<b>021</b>	208.076.866	171.137.604
2. Loans given to related parties	<b>022</b>	12.303.013	5.088.198
3. Participating interests (shares)	<b>023</b>	743.820	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>	25.070.145	0
7. Other long - term financial assets	<b>027</b>	3.844.258	3.393.297
8. Investments accounted by equity method	<b>028</b>	0	0
<b>IV. RECEIVABLES (030 to 032)</b>	<b>029</b>	1.455.811	1.586.965
1. Receivables from related parties	<b>030</b>	0	0
2. Receivables based on trade loans	<b>031</b>	1.455.811	1.586.965
3. Other receivables	<b>032</b>	0	0
<b>V. DEFERRED TAX ASSETS</b>	<b>033</b>	0	0
<b>C) SHORT TERMS ASSETS (035+043+050+058)</b>	<b>034</b>	151.217.183	166.258.803
<b>I. INVENTORIES (036 to 042)</b>	<b>035</b>	109.443.073	108.840.997
1. Row material	<b>036</b>	0	0
2. Work in progress	<b>037</b>	247.493	247.493
3. Finished goods	<b>038</b>	0	0
4. Merchandise	<b>039</b>	568.162	568.162
5. Prepayments for inventories	<b>040</b>	0	0
6. Long - term assets held for sale	<b>041</b>	108.627.418	108.025.342
7. Biological assets	<b>042</b>	0	0
<b>II. RECEIVABLES (044 to 049)</b>	<b>043</b>	37.890.161	40.596.629
1. Receivables from related parties	<b>044</b>	1.438.263	790.148
2. Accounts receivable	<b>045</b>	34.359.091	36.784.143
3. Receivables from participating entrepreneurs	<b>046</b>	0	0
4. Receivables from employees and shareholders	<b>047</b>	684.960	678.198
5. Receivables from government and other institutions	<b>048</b>	632.205	955.976
6. Other receivables	<b>049</b>	775.642	1.388.164
<b>III. SHORT - TERM FINANCIAL ASSETS (051 to 057)</b>	<b>050</b>	3.452.953	13.287.447
1. Shares (stocks) in related parties	<b>051</b>	0	0
2. Loans given to related parties	<b>052</b>	293.052	298.204
3. Participating interests (shares)	<b>053</b>	0	0
4. Loans to entrepreneurs in whom the entity hold participating interests	<b>054</b>	0	0
5. Investments in securities	<b>055</b>	0	0
6. Loans, deposits and similar assets	<b>056</b>	3.159.901	12.989.243
7. Other financial assets	<b>057</b>	0	0
<b>IV. CASH AT BANK AND IN CASHIER</b>	<b>058</b>	430.996	3.533.730
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>059</b>	5.992.599	4.023.444
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	601.259.961	531.596.645
<b>F) OFF-BALANCE SHEET NOTES</b>	<b>061</b>	38.870.526	38.642.783

<b>LIABILITIES AND CAPITAL</b>			
<b>A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	26.446.269	-29.746.044
I. SUBSCRIBED CAPITAL	<b>063</b>	116.604.710	116.604.710
II. CAPITAL RESERVES	<b>064</b>	0	0
III. RESERVES FROM PROFIT (066+067-068+069+070)	<b>065</b>	0	0
1. Reserves prescribed by law	<b>066</b>	0	0
2. Reserves for treasury stocks	<b>067</b>	1.446.309	1.446.309
3. Treasury stocks and shares (deduction)	<b>068</b>	1.446.309	1.446.309
4. Statutory reserves	<b>069</b>	0	0
5. Other reserves	<b>070</b>	0	0
IV. REVALUATION RESERVES	<b>071</b>	138.569.436	137.678.338
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	<b>072</b>	-121.848.675	-223.342.725
1. Retained earnings	<b>073</b>	6.625.537	5.385.153
2. Accumulated loss	<b>074</b>	128.474.212	228.727.878
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	<b>075</b>	-106.879.202	-60.686.367
1. Profit for the current year	<b>076</b>	0	0
2. Loss for the current year	<b>077</b>	106.879.202	60.686.367
VII. MINORITY INTEREST	<b>078</b>	0	0
<b>B) PROVISIONS (080 to 082)</b>	<b>079</b>	12.165.789	6.851.514
1. Provisions for pensions, severance pay and similar liabilities	<b>080</b>	1.656.347	768.473
2. Reserves for tax liabilities	<b>081</b>	0	0
3. Other reserves	<b>082</b>	10.509.442	6.083.041
<b>C) LONG TERM LIABILITIES (084 to 092)</b>	<b>083</b>	336.242.527	321.829.905
1. Liabilities to related parties	<b>084</b>	572.160	241.778
2. Liabilities for loans, deposits etc.	<b>085</b>	64.800	70.500
3. Liabilities to banks and other financial institutions	<b>086</b>	280.038.174	280.626.784
4. Liabilities for received prepayments	<b>087</b>	0	0
5. Accounts payable	<b>088</b>	12.002.334	6.152.231
6. Liabilities arising from debt securities	<b>089</b>	0	0
7. Liabilities to entrepreneurs in whom the entity holds participating interests	<b>090</b>	0	0
8. Other long-term liabilities	<b>091</b>	8.922.700	4.464.873
9. Deferred tax liability	<b>092</b>	34.642.359	30.273.739
<b>D) SHORT - TERM LIABILITIES (094 to 105)</b>	<b>093</b>	203.405.420	200.512.431
1. Liabilities to related parties	<b>094</b>	651.031	1.380.990
2. Liabilities for loans, deposits etc.	<b>095</b>	2.605.144	2.973.345
3. Liabilities to banks and other financial institutions	<b>096</b>	70.162.513	65.459.326
4. Liabilities for received prepayments	<b>097</b>	3.037.965	2.809.026
5. Accounts payable	<b>098</b>	27.257.337	24.435.373
6. Liabilities arising from debt securities	<b>099</b>	70.973.241	70.973.241
7. Liabilities to entrepreneurs in whom the entity holds participating interests	<b>100</b>	0	0
8. Liabilities to employees	<b>101</b>	5.289.873	9.036.057
9. Liabilities for taxes, contributions and similar fees	<b>102</b>	9.570.672	12.481.386
10. Liabilities to share - holders	<b>103</b>	0	0
11. Liabilities for long term assets held for sale	<b>104</b>	0	0
12. Other short - term liabilities	<b>105</b>	13.857.644	10.963.687
<b>E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD</b>	<b>106</b>	22.999.956	32.148.839
<b>F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	601.259.961	531.596.645
<b>G) OFF-BALANCE SHEET NOTES</b>	<b>108</b>	38.870.526	38.642.783
<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>		

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 01.01.2016 to 31.12.2016

Legal entity: INSTITUT IGH D.D.			
Position	AOP	Previous year	Current year
1	2	3	4
<b>I. OPERATING REVENUES (112+113)</b>	<b>111</b>	171.979.717	176.461.943
1. Sales revenues	112	154.532.425	162.885.308
2. Other operating revenues	113	17.447.292	13.576.635
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	266.219.792	225.104.921
1. Changes in the value of work in progress and finished goods	115	59.735	0
2. Material costs (117 to 119)	116	53.038.593	51.447.186
a) Raw material and material costs	117	7.951.141	7.143.936
b) Costs of goods sold	118	0	0
c) Other external costs	119	45.087.452	44.303.250
3. Staff costs (121 to 123)	120	91.820.910	88.293.515
a) Net salaries and wages	121	53.564.042	50.973.330
b) Costs for taxes and contributions from salaries	122	24.740.088	24.416.002
c) Contributions on gross salaries	123	13.516.780	12.904.183
4. Depreciation	124	6.572.219	7.636.060
5. Other costs	125	20.291.556	20.356.716
6. Impairment (127+128)	126	6.838.637	9.873.381
a) Impairment of long-term assets (excluding financial assets)	127	236.076	7.369.338
b) Impairment of short-term assets (excluding financial assets)	128	6.602.561	2.504.043
7. Provisions	129	1.919.859	998.355
8. Other operating expenses	130	85.678.283	46.499.708
<b>III. FINANCIAL INCOME (132 to 136)</b>	<b>131</b>	4.177.013	4.323.725
1. Interest income, foreign exchange gains, dividends and similar income from related	132	13.645	11.218
2. Interest income, foreign exchange gains, dividends and similar income from non-related	133	2.584.177	4.308.965
3. Share in income from affiliated entrepreneurs and participating interests	134	0	0
4. Unrealized gains (income) from financial assets	135	67.003	0
5. Other financial income	136	1.512.188	3.542
<b>IV. FINANCIAL EXPENSES (138 to 141)</b>	<b>137</b>	17.263.438	17.280.151
1. Interest expenses, foreign exchange losses and similar expenses from related parties	138	107.386	125.280
2. Interest expenses, foreign exchange losses and similar expenses from non - related	139	14.274.243	14.510.310
3. Unrealized losses (expenses) on financial assets	140	9.658	142.298
4. Other financial expenses	141	2.872.151	2.502.263
<b>V. INCOME FROM INVESTMENT SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS</b>	<b>142</b>	0	0
<b>VI. LOSS FROM INVESTMENT SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS</b>	<b>143</b>	0	0
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>	0	0
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>	0	0
<b>IX. TOTAL INCOME (111+131+142 + 144)</b>	<b>146</b>	176.156.730	180.785.668
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	283.483.230	242.385.072
<b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	-107.326.500	-61.599.404
1. Profit before taxation (146-147)	149	0	0
2. Loss before taxation (147-146)	150	107.326.500	61.599.404
<b>XII. PROFIT TAX</b>	<b>151</b>	-447.298	-913.037
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	-106.879.202	-60.686.367
1. Profit for the period(149-151)	153	0	0
2. Loss for the period (151-148)	154	106.879.202	60.686.367
<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>	-106.879.202	-60.686.367
<b>II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)</b>	<b>158</b>	17.939.215	3.451.213
1. Exchange differences on translation of foreign operations	159	0	-294.202
2. Movements in revaluation reserves of long-term tangible and intangible assets	160	17.939.215	3.745.415
3. Profit or loss from revaluation of financial assets available for sale	161	0	0
4. Gains or losses on efficient cash flow hedging	162	0	0
5. Gains or losses on efficient hedge of a net investment in foreign countries	163	0	0
6. Share in other comprehensive income / loss of associated companies	164	0	0
7. Actuarial gains / losses on defined benefit plans	165	0	0
<b>III. TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>166</b>	3.587.843	690.243
<b>IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)</b>	<b>167</b>	14.351.372	2.760.970
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)</b>	<b>168</b>	-92.527.830	-57.925.397
<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 01.01.2016 to 31.12.2016

Legal entity: INSTITUT IGH D.D.			
Position	AOP	Previous year	Current year
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	001	-107.326.500	-61.599.404
2. Depreciation	002	6.572.219	7.636.060
3. Increase in short-term liabilities	003	0	2.391.894
4. Decrease in short term receivables	004	21.475.449	
5. Decrease in inventories	005	147.747	
6. Other cash flow increases	006	79.131.085	54.827.387
<b>I. Total increase in cash flow from operating activities (001 to 006)</b>	<b>007</b>	0	3.255.937
1. Decrease in short - term liabilities	008	2.158.015	0
2. Increase in short - term receivables	009	0	21.318.298
3. Increase in inventories	010	0	0
4. Other cash flow decreases	011	0	
<b>II. Total decrease in cash flow from operating activities (008 to 011)</b>	<b>012</b>	2.158.015	21.318.298
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	0	0
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	2.158.015	18.062.361
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Cash flow from sale of long - term tangible and intangible assets	015	9.364.291	547.054
2. Cash inflows from sale of equity and debt financial instruments	016	0	1.337.838
3. Interest receipts	017	428.715	968.340
4. Dividend receipts	018	0	3.542
5. Other cash inflows from investing activities	019	4.465.426	25.224.921
<b>III. Total cash inflows from investing activities(015 to 019)</b>	<b>020</b>	14.258.432	28.081.695
1. Cash outflows for purchase of long - term tangible and intangible assets	021	3.338.856	2.239.031
2. Cash outflows for purchase of equity and debt financial instruments	022	173.100	1.732.000
3. Other cash outflows from investing activities	023	5.176.572	1.937.071
<b>IV. Total cash outflows from investing activities (021 to 023)</b>	<b>024</b>	8.688.528	5.908.102
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES(020-024)</b>	<b>025</b>	5.569.904	22.173.593
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES(024-020)</b>	<b>026</b>	0	0
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Cash receipts from issuance of equity and debt financial instruments	027	0	0
2. Cash inflows from loans, debentures, credits and other borrowings	028	7.000	3.828.043
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>	7.000	3.828.043
1. Cash outflows for repayment of loans and bonds	031	8.113.608	1.337.203
2. Dividends paid	032	0	0
3. Cash outflows for finance lease	033	636.423	551.870
4. Cash outflows for purchase of own stocks	034	0	0
5. Other cash outflows from financing activities	035	0	2.947.468
<b>VI. Total cash outflows from financing activities (031 do 035)</b>	<b>036</b>	8.750.031	4.836.541
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)</b>	<b>037</b>	0	0
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)</b>	<b>038</b>	8.743.031	1.008.498
Total increases of cash flows (013 – 014 + 025 – 026 + 037 – 038)	<b>039</b>	0	3.102.734
Total decreases of cash flows (014 – 013 + 026 – 025 + 038 – 037)	<b>040</b>	5.331.142	0
Cash and cash equivalents at the beginning of period	<b>041</b>	5.762.138	430.996
Increase in cash and cash equivalents	<b>042</b>	0	3.102.734
Decrease in cash and cash equivalents	<b>043</b>	5.331.142	
Cash and cash equivalents at the end of period	<b>044</b>	430.996	3.533.730

## STATEMENT OF CHANGES IN EQUITY

from 1.1.2016 to 31.12.2016

	Position 1	AOP 2	Previous year 3	Current year 4
1. Subscribed capital		001	116.604.710	116.604.710
2. Capital reserves		002	0	0
3. Reserves from profit		003	0	0
4. Retained earnings or accumulated loss		004	-121.848.675	-223.342.724
5. Profit / loss for the current year		005	-106.879.202	-60.686.367
6. Revaluation of long - term tangible assets		006	138.569.436	137.678.337
7. Revaluation of intangible assets		007		
8. Revaluation of financial assets available for sale		008		
9. Other revaluation		009		
<b>10. Total capital and reserves (AOP 001 to 009)</b>		<b>010</b>	26.446.269	-29.746.044
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		
<b>17. Total increase or decrease in capital (AOP 011 to 016)</b>		<b>017</b>	0	0
<b>17 a. Attributed to equity holders of parent company</b>		<b>018</b>		
<b>17 b. Attributed to minority interest</b>		<b>019</b>		

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