

## Attachment 1.

Reporting period:

1.1.2017

do

31.3.2017

## 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.igh.hr

Municipality/city code and name: 133 ZAGREB

County code and name: 21 GRAD ZAGREB

Number of employees: 537

Consolidated report: YES

(quarter end)  
NKD code: 7219

Companies of the consolidation subject (according to IFRS):

Seat:

MB:

IGH MOSTAR D.O.O.	MOSTAR, BIŠĆE POLJE BB	4227060470005
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, JANKA RAKUŠE 1	01960229
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, DRINSKA 18	03013669
PROJEKTI BIRO PALMOTIĆEVA 45 D.O.O.	ZAGREB, PALMOTIĆEVA 45	03222853
IGH KOSOVA Sha	PRIŠTINA, KOSOVO	
IGH CONSULTING D.O.O.	ZAGREB, JANKA RAKUŠE 1	02462478
DP AQUA D.O.O.	ZAGREB, SREDNJACI 16	01907522
MBM TERMOPROJEKT D.O.O.	ZAGREB, NIKOLA PAVIĆA 20	00335967
RADELJEVIĆ D.O.O.	ZAGREB, JANKA RAKUŠE 1	01938533
MARTERRA D.O.O.	ZAGREB, JANKA RAKUŠE 1	28983577816
NOVI ČRNOMEREC CENTAR D.O.O.	ZAGREB, JANKA RAKUŠE 1	08291561940
SLAVONIJA CENTAR, POSLOVNA ZONA VELIKA K	ZAGREB, JANKA RAKUŠE 1	81665145943

Bookkeeping service:

Contact person: SPINDERK 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: IVAN PALADINA OLIVER KUMRIĆ

(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



*Paladina*  
(signature of the person authorized to represent the company)

*Oliver Kumrić*

**BALANCE SHEET**  
as of 31.03.2017

INSTITUT IGH D.D.			
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>	312.527.859	311.692.763
I. INTANGIBLE ASSETS (004 to 009)	<b>003</b>	4.218.396	4.186.320
1. Assets development	<b>004</b>		0
2. Concessions, patents, licence fees, merchandise and service brands, software and other rights	<b>005</b>	1.553.352	1.410.980
3. Goodwill	<b>006</b>	51.837	51.837
4. Prepayments for purchase of intangible assets	<b>007</b>		0
5. Intangible assets in preparation	<b>008</b>	2.613.207	2.723.503
6. Other intangible assets	<b>009</b>	0	0
II. TANGIBLE ASSETS (011 to 019)	<b>010</b>	288.096.295	287.367.482
1. Land	<b>011</b>	105.251.572	105.221.926
2. Buildings	<b>012</b>	76.931.551	75.780.614
3. Plant and equipment	<b>013</b>	13.939.974	13.791.103
4. Instruments, plant inventories and transportation assets	<b>014</b>	5.645.218	5.654.614
5. Biological assets	<b>015</b>		0
6. Prepayments for tangible assets	<b>016</b>	335.434	772.372
7. Tangible assets in preparation	<b>017</b>	26.158.200	26.372.505
8. Other material assets	<b>018</b>	364.627	304.629
9. Investment in buildings	<b>019</b>	59.469.719	59.469.719
III. LONG-TERM FINANCIAL ASSETS (021 to 028)	<b>020</b>	18.609.008	18.619.840
1. Shares (stocks) in related parties	<b>021</b>	0	0
2. Loans given to related parties	<b>022</b>	0	0
3. Participating interests (shares)	<b>023</b>	0	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
6. Loans, deposits and similar assets	<b>026</b>	444.745	460.277
7. Other long - term financial assets	<b>027</b>	3.294.942	3.294.942
8. Investments accounted by equity method	<b>028</b>	14.869.321	14.864.621
IV. RECEIVABLES (030 to 032)	<b>029</b>	1.604.160	1.519.121
1. Receivables from related parties	<b>030</b>	0	0
2. Receivables based on trade loans	<b>031</b>	1.204.689	1.119.922
3. Other receivables	<b>032</b>	399.471	399.199
V. DEFERRED TAX ASSETS	<b>033</b>		
<b>C) SHORT TERMS ASSETS (035+043+050+058)</b>	<b>034</b>	260.843.356	264.596.508
I. INVENTORIES (036 to 042)	<b>035</b>	198.297.661	198.297.661
1. Raw material	<b>036</b>	0	0
2. Work in progress	<b>037</b>	90.400.840	90.400.840
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>	107.328.659	107.328.659
7. Biological assets	<b>042</b>	0	0
II. RECEIVABLES (044 to 049)	<b>043</b>	44.677.396	47.034.723
1. Receivables from related parties	<b>044</b>	20.187	46.583
2. Accounts receivable	<b>045</b>	40.296.014	42.453.494
3. Receivables from participating entrepreneurs	<b>046</b>		0
4. Receivables from employees and shareholders	<b>047</b>	678.740	852.673
5. Receivables from government and other institutions	<b>048</b>	1.743.211	964.444
6. Other receivables	<b>049</b>	1.939.244	2.717.529
III. SHORT - TERM FINANCIAL ASSETS (051 to 057)	<b>050</b>	13.265.686	15.045.305
1. Shares (stocks) in related parties	<b>051</b>	0	0
2. Loans given to related parties	<b>052</b>	137.720	157.720
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. Investment in securities	<b>055</b>	0	0
6. Loans, deposits and similar assets	<b>056</b>	13.127.966	14.887.585
7. Other financial assets	<b>057</b>	0	0
IV. CASH AT BANK AND IN CASHIER	<b>058</b>	4.602.613	4.218.819
<b>D) PREPAID EXPENSES AND ACCRUED INCOME</b>	<b>059</b>	8.455.346	9.881.745
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	<b>581.826.561</b>	<b>586.171.016</b>
<b>F) OFF-BALANCE SHEET NOTES</b>	<b>061</b>	38.462.783	44.803.487

<b>LIABILITIES AND CAPITAL</b>			
<b>A) CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	<b>-23.799.420</b>	<b>-17.853.574</b>
I. SUBSCRIBED CAPITAL	063	116.604.710	116.604.710
II. CAPITAL RESERVES	064	0	0
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	-2.479.608	-2.510.322
1. Reserves prescribed by law	066		
2. Reserves for treasury stocks	067	1.446.309	1.446.309
3. Treasury stocks and shares (deduction)	068	3.925.917	3.956.631
4. Statutory reserves	069	0	0
5. Other reserves	070	0	0
IV. REVALUATION RESERVES	071	147.356.786	146.371.851
V. RETAINED EARNINGS OR ACCUMULATED LOSS (073-074)	072	-228.039.382	-283.414.704
1. Retained earnings	073		
2. Accumulated loss	074	228.039.382	283.414.704
VI. PROFIT / LOSS FOR THE CURRENT YEAR (076-077)	075	-56.280.307	6.048.898
1. Profit for the current year	076	0	6.048.898
2. Loss for the current year	077	56.280.307	
VII. MINORITY INTEREST	078	-961.619	-954.007
<b>B) PROVISIONS (080 to 082)</b>	<b>079</b>	<b>9.097.176</b>	<b>9.097.176</b>
1. Provisions for pensions, severance pay and similar liabilities	080	768.473	768.473
2. Reserves for tax liabilities	081	0	0
3. Other reserves	082	8.328.703	8.328.703
<b>C) LONG TERM LIABILITIES (084 to 092)</b>	<b>083</b>	<b>324.153.781</b>	<b>319.609.284</b>
1. Liabilities to related parties	084	151.545	153.750
2. Liabilities for loans, deposits etc.	085	70.500	70.500
3. Liabilities to banks and other financial institutions	086	280.626.784	276.063.155
4. Liabilities for received prepayments	087	0	0
5. Accounts payable	088	6.322.152	6.385.902
6. Liabilities arising from debt securities	089		0
7. Liabilities to entrepreneurs in whom the entity holds participating interests	090		0
8. Other long-term liabilities	091	4.464.873	4.622.489
9. Deferred tax liability	092	32.517.927	32.313.488
<b>D) SHORT - TERM LIABILITIES (094 to 105)</b>	<b>093</b>	<b>240.199.294</b>	<b>242.166.726</b>
1. Liabilities to related parties	094	294.235	294.235
2. Liabilities for loans, deposits etc.	095	2.622.731	2.651.836
3. Liabilities to banks and other financial institutions	096	88.156.492	87.739.525
4. Liabilities for received prepayments	097	3.222.927	5.986.779
5. Accounts payable	098	26.155.383	24.893.872
6. Liabilities arising from debt securities	099	70.973.241	70.973.241
7. Liabilities to entrepreneurs in whom the entity holds participating interests	100		0
8. Liabilities to employees	101	9.417.958	9.067.341
9. Liabilities for taxes, contributions and similar fees	102	13.280.559	13.256.074
10. Liabilities to share - holders	103		0
11. Liabilities for long term assets held for sale	104		0
12. Other short - term liabilities	105	26.075.768	27.303.823
<b>E) DEFERRED SETTLEMENTS OF CHARGES AND INCOME DEFERRED TO FUTURE PERIOD</b>	<b>106</b>	<b>32.175.730</b>	<b>33.151.404</b>
<b>F) TOTAL CAPITAL AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	<b>581.826.561</b>	<b>586.171.016</b>
<b>G) OFF-BALANCE SHEET NOTES</b>	<b>108</b>	<b>38.462.783</b>	<b>44.803.487</b>
<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	109	-22.837.801	-16.899.567
2. Attributed to minority interests	110	-961.619	-954.007

**PROFIT AND LOSS ACCOUNT**  
for period 01.01.2017 to 31.03.2017

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>	<b>36.638.228</b>	<b>36.638.228</b>	<b>46.387.950</b>	<b>46.387.950</b>
1. Sales revenues	112	34.703.559	34.703.559	45.205.212	45.205.212
2. Other operating revenues	113	1.934.669	1.934.669	1.182.738	1.182.738
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	<b>41.849.397</b>	<b>41.849.397</b>	<b>41.757.454</b>	<b>41.757.454</b>
1. Changes in the value of work in progress and finished goods	115		0		
2. Material costs (117 to 119)	116	9.811.816	9.811.816	12.882.291	12.882.291
a) Raw material and material costs	117	1.845.894	1.845.894	1.996.186	1.996.186
b) Costs of goods sold	118	0	0		
c) Other external costs	119	7.965.922	7.965.922	10.886.105	10.886.105
3. Staff costs (121 to 123)	120	23.570.557	23.570.557	22.072.829	22.072.829
a) Net salaries and wages	121	13.558.926	13.558.926	12.252.279	12.252.279
b) Costs for taxes and contributions from salaries	122	6.574.931	6.574.931	6.879.111	6.879.111
c) Contributions on gross salaries	123	3.436.700	3.436.700	2.941.439	2.941.439
4. Depreciation	124	2.547.560	2.547.560	2.150.165	2.150.165
5. Other costs	125	4.085.285	4.085.285	4.001.620	4.001.620
6. Impairment (127+128)	126	1.154.172	1.154.172	618.946	618.946
a) Impairment of long-term assets (excluding financial assets)	127	0	0		
b) Impairment of short-term assets (excluding financial assets)	128	1.154.172	1.154.172	618.946	618.946
7. Provisions	129	617.707	617.707		
8. Other operating expenses	130	62.300	62.300	31.603	31.603
<b>III. FINANCIAL INCOME (132 to 136)</b>	<b>131</b>	<b>4.636.708</b>	<b>4.636.708</b>	<b>5.030.727</b>	<b>5.030.727</b>
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	4.636.708	4.636.708	5.030.727	5.030.727
3. Share in income from affiliated entrepreneurs and participating interests	134	0	0	0	0
4. Unrealized gains (income) from financial assets	135	0	0	0	0
5. Other financial income	136	0	0	0	0
<b>IV. FINANCIAL EXPENSES (138 to 141)</b>	<b>137</b>	<b>4.613.653</b>	<b>4.613.653</b>	<b>3.709.693</b>	<b>3.709.693</b>
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	3.932.238	3.932.238	3.317.166	3.317.166
3. Unrealized losses (expenses) on financial assets	140	0	0		
4. Other financial expenses	141	681.415	681.415	392.527	392.527
<b>V. INCOME FROM INVESTMENT SHARE IN PROFIT OF ASSOCIATED ENTREPRENEURS</b>	<b>142</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>VI. LOSS FROM INVESTMENT SHARE IN LOSS OF ASSOCIATED ENTREPRENEURS</b>	<b>143</b>	<b>4.116</b>	<b>4.116</b>	<b>4.700</b>	<b>4.700</b>
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>	<b>0</b>	<b>0</b>		
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>	<b>0</b>	<b>0</b>		
<b>IX. TOTAL INCOME (111+131+142 + 144)</b>	<b>146</b>	<b>41.274.936</b>	<b>41.274.936</b>	<b>51.418.677</b>	<b>51.418.677</b>
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	<b>46.467.166</b>	<b>46.467.166</b>	<b>45.471.847</b>	<b>45.471.847</b>
<b>XI. PROFIT OR LOSS BEFORE TAXATION (146-147)</b>	<b>148</b>	<b>-5.192.230</b>	<b>-5.192.230</b>	<b>5.946.830</b>	<b>5.946.830</b>
1. Profit before taxation (146-147)	149	0	0	5.946.830	5.946.830
2. Loss before taxation (147-146)	150	5.192.230	5.192.230	0	0
<b>XII. PROFIT TAX</b>	<b>151</b>	<b>18.183</b>	<b>18.183</b>	<b>-109.680</b>	<b>-109.680</b>
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	<b>-5.210.413</b>	<b>-5.210.413</b>	<b>6.056.510</b>	<b>6.056.510</b>
1. Profit for the period(149-151)	153	0	0	6.056.510	6.056.510
2. Loss for the period (151-148)	154	5.210.413	5.210.413	0	0
<b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>					
1. Attributed to equity holders of parent company	155	-5.096.776	-5.096.776	6.048.898	6.048.898
2. Attributed to minority interests	156	-113.637	-113.637	7.612	7.612
<b>STATEMENT OF COMPREHENSIVE INCOME (IFRS)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD (= 152)</b>	<b>157</b>	<b>-5.210.413</b>	<b>-5.210.413</b>	<b>6.056.510</b>	<b>6.056.510</b>
<b>II. OTHER COMPREHENSIVE INCOME / LOSS BEFORE TAX(159 to 165)</b>	<b>158</b>	<b>49.658</b>	<b>49.658</b>	<b>-68.736</b>	<b>-68.736</b>
1. Exchange differences on translation of foreign operations	159	49.658	49.658	-68.736	-68.736
2. Movements in revaluation reserves of long-term tangible and intangible assets	160		0		0
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>	<b>9.932</b>	<b>9.932</b>	<b>-12.372</b>	<b>-12.372</b>
<b>IV. NET OTHER COMPREHENSIVE INCOME/ LOSS FOR THE PERIOD (158-166)</b>	<b>167</b>	<b>39.726</b>	<b>39.726</b>	<b>-56.364</b>	<b>-56.364</b>
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD(157+167)</b>	<b>168</b>	<b>-5.170.687</b>	<b>-5.170.687</b>	<b>6.000.146</b>	<b>6.000.146</b>
<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	-5.057.050	-5.057.050	5.992.534	5.992.534
2. Attributed to minority interests	170	-113.637	-113.637	7.612	7.612

**STATEMENT OF CASH FLOWS - Indirect method**  
period 01.01.2017. to 31.03.2017

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	-5.192.230	5.946.830
2. Depreciation	002	2.547.560	2.150.165
3. Increase in short-term liabilities	003	4.786.106	1.737.522
4. Decrease in short term receivables	004	0	
5. Decrease in inventories	005	0	
6. Other cash flow increases	006	0	
<b>I. Total increase in cash flow from operating activities (001 to 006)</b>	<b>007</b>	<b>2.141.436</b>	<b>9.834.517</b>
1. Decrease in short - term liabilities	008	0	0
2. Increase in short - term receivables	009	1.663.714	3.783.724
3. Increase in inventories	010	0	
4. Other cash flow decreases	011	2.322.047	5.997.276
<b>II. Total decrease in cash flow from operating activities (008 to 011)</b>	<b>012</b>	<b>3.985.761</b>	<b>9.781.000</b>
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES (007-012)</b>	<b>013</b>	<b>0</b>	<b>53.517</b>
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES (012-007)</b>	<b>014</b>	<b>1.844.325</b>	<b>0</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Cash flow from sale of long - term tangible and intangible assets	015	4.025	128.193
2. Cash inflows from sale of equity and debt financial instruments	016	0	0
3. Interest receipts	017	41.797	150.739
4. Dividend receipts	018	0	
5. Other cash inflows from investing activities	019	2.022.929	500.000
<b>III. Total cash inflows from investing activities(015 to 019)</b>	<b>020</b>	<b>2.068.751</b>	<b>778.932</b>
1. Cash outflows for purchase of long - term tangible and intangible assets	021	433.683	807.596
2. Cash outflows for purchase of equity and debt financial instruments	022	0	0
3. Other cash outflows from investing activities	023	0	20.000
<b>IV. Total cash outflows from investing activities (021 to 023)</b>	<b>024</b>	<b>433.683</b>	<b>827.596</b>
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES(020-024)</b>	<b>025</b>	<b>1.635.068</b>	<b>0</b>
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES(024-020)</b>	<b>026</b>	<b>0</b>	<b>48.664</b>
<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	0	0
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>0</b>	<b>0</b>
1. Cash outflows for repayment of loans and bonds	031	218.750	291.667
2. Dividends paid	032	0	0
3. Cash outflows for finance lease	033	262.612	96.980
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>481.362</b>	<b>388.647</b>
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES (030-036)</b>	<b>037</b>	<b>0</b>	<b>0</b>
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES (036-030)</b>	<b>038</b>	<b>481.362</b>	<b>388.647</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	690.619	383.794
Cash and cash equivalents at the beginning of period	041	1.670.412	4.602.613
Increase in cash and cash equivalents	042	0	
Decrease in cash and cash equivalents	043	690.619	383.794
Cash and cash equivalents at the end of period	044	979.793	4.218.819

## STATEMENT OF CHANGES IN EQUITY

from 1.1.2017 to 31.3.2017

	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	-2.479.608	-2.510.322
4. Retained earnings or accumulated loss		004	-228.039.382	-283.414.704
5. Profit / loss for the current year		005	-56.280.307	6.048.898
6. Revaluation of long - term tangible assets		006	147.371.922	146.303.115
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>	<b>-22.822.665</b>	<b>-16.968.303</b>
11. Currency gains and losses arising from net investments in foreign operations		011	-15.136	68.736
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>	<b>-15.136</b>	<b>68.736</b>
17 a. Attributed to equity holders of parent company		018	-22.837.801	-16.899.567
17 b. Attributed to minority interest		019	-961.619	-954.007

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

# 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



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

The Company's Management Board has to ensure that the Group's consolidated financial reports for the first quarter of 2017 are prepared in accordance with the Accountancy Law (Official Gazette 78/15, 133/15, 120/16) and International Financial Reporting Standards as adopted by the European Union, 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 Board 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 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 Group, in full compliance with the Accountancy Law and International Financial Reporting Standards issued by the International Accounting Standards Board (IASB). The Management Board 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 Board:

Ivan Paladina, President of Management Board



Institut IGH, d.d. Zagreb

Janka Rakuše 1  
10000 Zagreb

28 April 2017

RC SPLIT  
SPLIT 21000  
Matice hrvatske 15  
Tel: 021/558-666  
Fax: 021/465-335

RC RIJEKA  
KUKULJANOVO 51227  
Kukuljanovo 182/2  
Tel: 051/206-100  
Fax: 051/331-100

RC OSIJEK  
OSIJEK 31000  
Drinska 18  
Tel: 031/253-103  
Fax: 031/253-104

VARAŽDIN 42000  
Hallerova aleja 7  
Tel: 042/210-970,  
042/210-722  
Fax: 042/211-285

DUBROVNIK 20000  
Vukovarska 8  
Tel: 020/412-489,  
020/411-628  
Fax: 020/412-489

PULA 52100  
Divkovičeva 2/C  
Tel: 052/508-220  
Fax: 052/508-221

ZADAR 23000  
Dobriše Cesarića 1  
Tel: 023/220-910,  
023/323-299  
Fax: 023/323-225

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## MANAGEMENT BOARD REPORT

### ON BUSINESS RESULTS OF INSTITUT IGH d.d. AND ITS SUBSIDIARIES IN THE PERIOD FROM 1 JANUARY TO 31 MARCH 2017

INSTITUT IGH, d.d. Zagreb and its subsidiaries are the leading service provider in the field of design, technical supervision, laboratory services and project management of infrastructure and civil engineering projects in Southeast Europe. 17 subsidiary companies with the same core activity or similar business activities are affiliated to Institut IGH d.d.

On 31 March 2017, a total of 537 employees were employed with INSTITUT IGH, d.d. and its subsidiary companies.

In the first quarter of 2017, INSTITUT IGH d.d. operated at a profit of HRK 5.8 million, primarily as the result of a 26% increase in operating revenues, which amount to HRK 44.4 million and a positive result of financial operations. On the other hand, the operating expenses remained at the level of the previous period of the previous year, which resulted in achieved EBITDA of HRK 6.4 million. Moreover, the Company achieved a positive result during the first quarter of 2017 in terms of financial revenues and expenses, primarily due to positive exchange rate differences due to appreciation of HRK compared to EUR.

In the first quarter of 2017, IGH Group realized a net profit of HRK 6 million, also primarily due to an increase in operating revenues of 27%, which amount to HRK 46.4 million and a positive result of financial operation. Consolidated operating expenses amount to HRK 41.8 million i.e. they are at the same level as in the first quarter of 2016, which together with an increase in revenues, resulted in achieved EBITDA of HRK 6.8 million.

RC SPLIT  
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Tel: 021/558-666  
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Mjerodavni sud:  
Trgovački sud u Zagrebu,  
registarSKI uložak  
s matičnim brojem (MBS)  
080000959

Temeljni kapital:  
116.604.710,00 kn  
uplaćen u cijelosti  
Broj izdanih dionica:  
IGH- R-A 613.709  
Nominalna vrijednost  
dionice 190 kn

MB: 3750272  
OIB: 79766124714  
Poslovna banka:  
Zagrebacka banka d.d.  
IBAN:  
HR772360001101243767  
SWIFT kod: ZABAHR2X

Uprava:  
Ivan Paladina, dipl. oec, predsjednik Uprave  
mr.sc. Oliver Kumrić, dipl.ing.grad.,  
Zoran Uprave

Nadzorni odbor:  
Žarko Dežković, dipl.ing.grad.,  
predsjednik Nadzornog odbora





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On 31 March 2017, INSTITUT IGH, d.d. had contracts in progress in the value amounting to HRK 431 million, out of which HRK 302 million refer to active contracts.

The achieved operating and net profit is a continuation of positive trends in the business operation of the Company and Group, and comes as a result of strong development of business operation on the domestic as well as international markets. On the other hand, the operating expenses were reduced by operational restructuring measures, and are directly managed on a daily basis. The results of the first quarter are partly result of external impact of HRK appreciation, however, independently of this effect, the net result is still positive, which represents another turning point after a period of losses. Followed by an increase in operating results, the Company continues the process of deleveraging and improvement of current liquidity.

Despite positive trends in business operation and the status of contracts, it cannot be ignored that the Company records negative equity as and that the obligation to repay the Senior loan principal commences in 2017 in compliance with the provisions of the Pre-bankruptcy Settlement Agreement and subsequent agreements with creditors of category a). Taking into account everything mentioned above, the Management Board is facing a challenging period, but being guided primarily by a stable positive operating result and the status of contracts base, the Management Board believes in stable and successful operations in following periods.

Zagreb, 28 April 2017

On behalf of the Management Board of INSTITUT IGH, d.d.



Ivan Paladina, President of the Management Board

*Paladina*



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Uprava:  
Ivan Paladina, dipl.oec, predsjednik Uprave  
mr.sc. Oliver Kumić, dipl.ing.grad.,  
član Uprave

Nadzorni odbor:  
Žarko Dešković, dipl.ing.grad,  
predsjednik Nadzornog odbora