

Pursuant to Item 35 of the legally binding pre-bankruptcy settlement arrangement, and according to Article 79 of the Financial Operations and Pre-Bankruptcy Settlement Act (OG Nos. [108/12](#), [144/12](#), [81/13](#), [112/13](#)), INSTITUT IGH, d.d., company with the registered seat in Zagreb, Janka Rakuše 1, OIB:79766124714 (hereinafter referred to as: the Company and/or Debtor) submits herewith the following

**REPORT ON FULFILMENT OF PRE-BANKRUPTCY SETTLEMENT PLAN
FOR THE PERIOD FROM 1 JANUARY 2016 TO 31 MARCH 2016**

- I INSTITUT IGH, d.d. signed the pre-bankruptcy settlement arrangement on 5 December 2013 at the Commercial Court in Zagreb, 72. Stpn-305/2013. This settlement entered into force on 28 December 2013. The legal validity clause was received by the company on 15 April 2014.
- II The company announces that since December 2015 it has been negotiating arrangement with creditors belonging to category a) claims from credit activities secured by liens on the property of the Debtor or on the property of the Debtor's affiliates, through which arrangement it would be jointly determined that the grace period on return of senior debt principal amount be extended for 18 months, i.e. that the first instalment of the senior debt principal be due on 30 June 2017. Consequently, the period of senior debt repayment would be reduced to 6.5 years, counting from the due date of the first instalment (13 semi-annual instalments in total).
The company expects that an arrangement will very soon be signed with all creditors belonging to the above mentioned category.
- III By the date on which this report is prepared, the Company paid to its creditors listed in category b) claims from other credit activities which are not secured by liens on the property of the Debtor; and to its creditors listed in category d) claims based on factoring, financial leasing and loans granted by non-financial creditors, the sum due according to the first instalment of the senior debt principal, in the amount of:
- HRK 153,332.24**
(in words: one hundred and fifty-three thousand and three hundred and thirty-two kunas and twenty-four lipas)
- as follows:
- the amount of HRK 138,419.10 to the category b) creditors
 - the amount of HRK 14,913.14 to the category d) creditors
- IV As from the date of the duly concluded pre-insolvency settlement agreement, and until the period ending on 31 March 2016, the company honoured its obligations through cash payments, through allocation of shares to convert a part of creditor claims into capital, through payment of priority claims and other employee claims with the corresponding taxes and contributions, and through write-off of obligations in accordance with the pre-insolvency settlement and, consequently, it settled by 31 March 2016 the total amount of
- HRK 102,342,352.10**
(in words: one hundred and two million three hundred and forty-two thousand and three hundred and fifty-two kunas and ten lipas)
- of obligations incurred prior to the start of the pre-insolvency settlement procedure.
- V The Company hereby declares that it has not undertaken any action that would bring any of its creditors to an unequal position.

Zagreb, 29 April 2016

INSTITUT IGH d.d.

Ivan Paladini, B.Sc. Econ., President of the Management Board



Paladini

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BALANCE SHEET
as of 31 March 2016

ASSETS

- in HRK -

POSITION	31/12/2015 VALUE	31/03/2016 VALUE
A. CALLED UP SHARE CAPITAL NOT PAID IN		
B. LONG TERM ASSETS	444.050.179	439.308.525
I. INTANGIBLE ASSETS	4.012.325	3.483.299
1. Expenses for development	0	
2. Concessions, patents, licences, trademarks and service marks, software and other rights	1.381.673	852.647
3. Goodwill	0	0
4. Advances for purchase of intangible assets	0	0
5. Intangible assets - work in progress	2.630.652	2.630.652
6. Other intangible assets	0	
II. TANGIBLE ASSETS	188.543.941	187.580.740
1. Land	63.760.082	63.760.082
2. Civil engineering structures	65.972.760	64.979.580
3. Industrial plants and equipment	16.666.923	16.019.588
4. Tools, operating supplies and transport machinery	4.176.712	4.021.022
5. Biological property	0	0
6. Advances for tangible assets	140.079	318.366
7. Tangible assets - work in progress	26.537.960	27.192.677
8. Other tangible assets	303.336	303.336
9. Real property investments	10.986.089	10.986.089
III. FINANCIAL ASSETS	250.038.102	246.852.278
1. Shares in subsidiaries	208.076.866	208.076.866
2. Loans to subsidiaries	12.303.013	12.234.825
3. Participating interests	743.820	743.820
4. Loans to companies in which participating interests are held	0	0
5. Investment in securities	0	0
6. Loans, deposits and similar	25.070.145	22.705.917
7. Other long-term financial assets	3.844.258	3.090.850
8. Investments calculated by proportioning method	0	0
IV. RECEIVABLES	1.455.811	1.392.208
1. Amounts owed by subsidiaries		0
2. Receivables based on sale on credit	1.455.811	1.392.208
3. Other receivables	0	0
V. DEFERRED TAX ASSETS	0	0
C. CURRENT ASSETS	151.217.183	152.390.622
I. INVENTORIES	109.443.073	109.443.073
1. Raw materials and other materials	0	0
2. Production in progress	247.493	247.493
3. Finished products	0	0
4. Commercial goods	568.162	568.162
5. Advance payments for stock	0	0
6. Fixed assets intended for sale	108.627.418	108.627.418
7. Biological property	0	0
II. RECEIVABLES	37.890.161	39.227.791
1. Amounts owed by subsidiaries	1.438.263	185.270
2. Accounts receivables	34.359.091	33.747.170
3. Receivable from companies in which we hold participating interest	0	0
4. Receivables from employees and equity owners	684.960	684.132
5. Receivables from state and other institutions	632.205	1.654.700
6. Other receivables	775.642	2.956.519
III. SHORT-TERM FINANCIAL ASSETS	3.452.953	3.304.699
1. Shares in subsidiaries	0	0
2. Loans to subsidiaries	293.052	308.089
3. Participating interests	0	0
4. Loans to companies in which participating interests are held	0	0
5. Investment in securities	0	0
6. Loans, deposits and similar	3.159.901	2.996.610
7. Other financial assets	0	0
IV. CASH IN HAND AND AT BANK	430.996	415.059
D. PREPAID EXPENSES AND ACCRUED INCOME	5.992.599	6.751.571
E. TOTAL ASSETS	601.259.961	598.450.718
F. OFF-BALANCE SHEET RECORDS	38.870.526	39.814.924

LIABILITIES

POSITION	31/12/2015	31/03/2016
	VALUE	VALUE
A. CAPITAL AND RESERVES	26.446.269	22.220.497
I. SHARE CAPITAL	116.604.710	116.604.710
II. CAPITAL RESERVES	0	0
III. RESERVES FROM RETAINED EARNINGS	0	0
1. Legal reserves	0	0
2. Reserves for treasury shares	1.446.309	1.446.309
3. Treasury shares and stakes	1.446.309	1.446.309
4. Statutory reserves	0	0
5. Other reserves	0	0
IV. REVALUATION RESERVES	138.569.436	138.569.436
V. RETAINED EARNINGS OR ACCUMULATED LOSS	-121.848.675	-228.727.878
1. Retained earnings	6.625.537	6.625.536
2. Accumulated loss	128.474.212	235.353.414
VI. PROFIT OR LOSS FOR THE YEAR	-106.879.202	-4.225.771
1. Profit for the year	0	0
2. Loss for the year	106.879.202	4.225.771
VII. NON-CONTROLLING INTERESTS	0	0
B. PROVISIONS	12.165.789	12.165.789
1. Provisions for pensions, severance payments, and similar costs	1.656.347	1.656.347
2. Provisions for tax payment	0	0
3. Other provisions	10.509.442	10.509.442
C. LONG-TERM LIABILITIES	336.242.527	332.829.805
1. Liabilities towards related parties	572.160	586.801
2. Lease liabilities and deposits received	64.800	64.800
3. Liabilities towards banks and other financial institutions	280.038.174	275.663.170
4. Liabilities for advances received	0	0
5. Trade payables	12.002.334	12.719.955
6. Liabilities due to issued securities	0	0
7. Liabilities towards companies in which we have participating interest	0	0
8. Other long-term liabilities	8.922.700	9.152.720
9. Deferred tax liabilities	34.642.359	34.642.359
D. CURRENT LIABILITIES	203.405.420	204.691.263
1. Liabilities towards related parties	651.031	728.814
2. Lease liabilities and deposits received	2.605.144	2.605.155
3. Liabilities towards banks and other financial institutions	70.162.513	69.882.953
4. Liabilities for advances received	3.037.965	4.577.907
5. Trade payables	27.257.337	24.899.803
6. Liabilities due to issued securities	70.973.241	70.973.241
7. Liabilities towards companies in which we have participating interest	0	0
8. Liabilities towards employees	5.289.873	5.548.710
9. Liabilities for taxes, contributions and other charges	9.570.672	11.048.157
10. Liabilities on account of participation in profit	0	0
11. Liabilities for long term assets destined to sale	0	0
12. Other short-term liabilities	13.857.644	14.426.523
E. ACCRUED EXPENSES AND DEFERRED INCOME	22.999.956	26.543.364
F. TOTAL LIABILITIES	601.259.961	598.450.718
G. OFF-BALANCE SHEET RECORDS	38.870.526	39.814.924

Zagreb, 29/04/2016



President of the Management Board:

Ivan Paladina

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INCOME STATEMENT
for the period from 1 January 2015 to 31 March 2016

- in HRK -

POSITION	1 January - 31 March 2015	1 January - 31 March 2016
	VALUE	VALUE
I. OPERATING REVENUES	43.923.058	35.188.404
1. Revenues from sale	40.950.653	33.487.166
2. Other operating revenues	2.972.405	1.701.238
II. OPERATING EXPENSES	42.150.165	39.353.958
1. Change in value of the work in progress and finished goods on stock	0	0
2. Material expenses	10.662.107	9.341.083
a) Cost of raw materials and consumables	2.094.320	1.697.298
b) Cost of goods sold	0	0
c) Other external costs	8.567.787	7.643.785
3. Staff costs	23.092.989	22.564.296
a) Net wages and salaries	13.487.511	12.983.209
b) Social security contributions and taxes paid by employer	6.197.759	6.287.562
c) Social security contributions and taxes paid by employees	3.407.719	3.293.525
4. Amortization	1.344.466	2.325.232
5. Other expenses	4.968.654	3.677.107
6. Value adjustment	1.048.267	1.154.172
a) on fixed assets (not including financial assets)	0	0
b) on current assets (not including financial assets)	1.048.267	1.154.172
7. Provisions	0	236.800
8. Other operating expenses	1.033.682	55.268
III. FINANCIAL REVENUES	789.607	4.305.596
1. Interest, exchange rate differences, dividends, and similar revenues generated through business with associated companies	4.712	0
2. Interest, exchange rate differences, dividends, and similar revenues generated through business with non-associated companies and other persons	773.810	4.305.596
3. Part of revenues from affiliated companies and participating interests	0	0
4. Unrealised gains (revenues)	0	0
5. Other financial revenues	11.085	0
IV. FINANCIAL EXPENSES	4.224.487	4.365.813
1. Interest, exchange rate differences, and other expenses incurred through business with associated companies	0	165.691
2. Interest, exchange rate differences, and other expenses incurred through business with non-associated companies and other persons	3.473.128	3.518.707
3. Unrealised losses(expenses) on financial assets	0	0
4. Other financial expenses	751.359	681.415
V. SHARE IN PROFIT REALIZED BY AFFILIATED COMPANIES	0	0
VI. SHARE IN LOSS REALIZED BY AFFILIATED COMPANIES	0	0
VII. EXTRAORDINARY & OTHER REVENUES	0	0
VIII. EXTRAORDINARY & OTHER EXPENSES	0	0
IX. TOTAL REVENUES	44.712.665	39.494.000
X. TOTAL EXPENSES	46.374.652	43.719.771
XI. PROFIT OR LOSS BEFORE TAXATION	-1.661.987	-4.225.771
1. Profit before taxation	-1.661.987	
2. Loss before taxation		4.225.771
XII. PROFIT TAX	0	0
XIII. PROFIT OR LOSS FOR THE PERIOD	-1.661.987	-4.225.771
1. Profit for the period	-1.661.987	
2. Loss for the period	0	4.225.771
XIV. PROFIT OR LOSS FOR THE PERIOD	0	0
1. Assigned to holders of parent company capital	0	0
2. Assigned to minority interest	0	0

REPORT ON COMPREHENSIVE PROFIT
for the period from 1 January 2015 to 31 March 2016

POSITION	1 January - 31 March 2015	1 January - 31 March 2016
	VALUE	VALUE
I. PROFIT OR LOSS FOR THE PERIOD	-1.661.987	-4.225.771
II OTHER COMPREHENSIVE PROFIT / LOSS BEFORE TAXATION	0	0
1. Exchange rate differences after calculation of income from foreign operations	0	0
2. Change in revaluation reserves of tangible and intangible long-term assets	0	0
3. Profit or loss due to repeated evaluation of financial assets available for sale	0	0
4. Profit or loss resulting from efficient protection of cash flow	0	0
5. Profit or loss resulting from efficient protection of net foreign investments	0	0
6. Share in other comprehensive profit/loss of affiliated companies	0	0
7. Actuarial gains and losses on defined benefit plans	0	0
III TAX ON OTHER COMPREHENSIVE PROFIT FOR THE PERIOD	0	0
IV NET OTHER COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	0	0
V COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	-1.661.987	-4.225.771
VI COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD	0	0
1. Assigned to holders of parent company capital	0	0
2. Assigned to minority interest	0	0

Zagreb, 29/04/2016



President of the Management Board:

Ivan Paladina

Paladina

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STATEMENT OF CHANGES IN EQUITY
 for the period from 1 January 2015 to 31 March 2016

- in HRK -

POSITION		31/12/2015 VALUE	31/03/2016 VALUE
1.	Subscribed capital	116.604.710	116.604.710
2.	Capital reserves	0	0
3.	Reserves from profit	0	0
4.	Retained earnings or accumulated loss	-121.848.675	-228.727.878
5.	Profit or loss for the current year	-106.879.202	-4.225.771
6.	Revaluation of fixed tangible assets	138.569.436	138.569.436
7.	Revaluation of intangible assets	0	0
8.	Revaluation of financial assets available for sale	0	0
9.	Other revaluation	0	0
10.	TOTAL CAPITAL AND RESERVES	26.446.269	22.220.497
11.	Exchange rate differences resulting from net investments in foreign operations	0	0
12.	Current and deferred taxes (part)	0	0
13.	Cash flow hedge	0	0
14.	Changes in accounting policies	0	0
15.	Correction of error from the previous period	0	0
16.	Other changes in equity	0	0
17.	TOTAL INCREASE OR DECREASE OF CAPITAL	0	0
a)	Assigned to holders of parent company capital	0	0
b)	Assigned to minority interest	0	0

Zagreb, 29 April 2016

President of the Management Board:



Ivan Paladina

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CASH FLOW STATEMENT for the period from 1 January 2016 to 31 March 2016

- in HRK -

POSITION	1 January - 31 March 2015 VALUE	1 January - 31 March 2016 VALUE
CASH FLOWS FROM OPERATING ACTIVITIES		
1. Profit / loss before taxation	(1.661.987)	(4.225.771)
2. Amortization	1.344.466	2.325.232
3. Increase of short term liabilities	0	5.108.799
4. Decrease of short term receivables	1.884.254	0
5. Decrease of inventories	0	0
6. Other increase of cash flow	0	0
I. Total increase of cash flow from business activities	1.566.733	3.208.260
1. Decrease of short term liabilities	(2.434.831)	0
2. Increase of short term receivables	0	(2.033.000)
3. Increase of inventories	0	0
4. Other decrease of cash flow	(1.551.272)	(2.367.627)
II. Total decrease of cash flow from business activities	(3.986.103)	(4.400.627)
A1) NET INCREASE OF CASH FLOW FROM BUSINESS ACTIVITIES	0	0
A2) NET DECREASE OF CASH FLOW FROM BUSINESS ACTIVITIES	(2.419.370)	(1.192.367)
CASH FLOWS FROM INVESTMENT ACTIVITIES		
1. Cash inflow from sales of long term tangible and intangible assets	8.997.030	4.025
2. Cash inflow from sales of ownership and debt instruments	0	0
3. Cash inflow from interests	62.504	41.797
4. Cash inflow from dividends	0	0
5. Other cash inflows from investment activities	1.065.837	2.022.929
III. Total cash inflow from investing activities	10.125.371	2.068.751
1. Cash outflow for purchase of long term tangible and intangible assets	(59.339)	(395.841)
2. Cash outflow for acquisition of ownership and debt instruments	(109.900)	0
3. Other cash outflow from investment activities	(1.273.828)	(15.118)
IV. Total cash outflow from investing activities	(1.443.067)	(410.959)
B1) NET INCREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES	8.682.304	1.657.792
B2) NET DECREASE OF CASH FLOW FROM INVESTMENT ACTIVITIES	0	0
CASH FLOWS FROM FINANCIAL ACTIVITIES		
1. Cash inflow from issuing ownership and debt financial instruments	0	0
2. Cash inflow from interest capital amount, debit note, loan, etc.	7.000	0
3. Other inflow from financing activities	0	0
V. Total cash inflow from financing activities	7.000	0
1. Cash outflow for repayment of capital amount of loans and bonds	(7.457.358)	(218.750)
2. Cash outflow for payment of dividend	0	0
3. Cash outflow for finance lease	(5.675)	(262.612)
4. Cash outflow for purchase of company's own shares	0	0
5. Other cash outflow from financial activities	0	0
VI. Total cash outflow from financing activities	(7.463.033)	(481.362)
C1) NET INCREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES	(7.456.033)	0
C2) NET DECREASE OF CASH FLOW FROM FINANCIAL ACTIVITIES	0	(481.362)
Total increase of cash flow	0	0
Total decrease of cash flow	(1.193.099)	(15.937)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5.762.138	430.996
Increase of cash and cash equivalents	0	0
Decrease of cash and cash equivalents	(1.193.099)	(15.937)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4.569.039	415.059

Zagreb, 29 April 2016



President of the Management Board:

Ivan Paladina

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