



*Announcement of INGRA Inc.'s operating results  
for the first half-year of 2011*

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- I. Management's operating statement for the first half-year of 2011 and unaudited financial statements
- II. Responsibility for the financial statements
- III. Unaudited standalone financial statements for the first half-year of 2011
- IV. Unaudited consolidated financial statements for the first half-year of 2011

## I. Management's Operating Statement for the Period between 1 January and 30 June 2011

### Basic Characteristics of the Period

#### First Half Year 2011

- ◆ Operating income has decreased to HRK 121 million, which is a 6% decrease compared to the same period in 2010.
- ◆ The domestic market continues to dominate the structure of INGRA's operating income with an 80% share.
- ◆ We have realized an operating profit (EBIT - Earnings before Interest and Tax) in the amount of HRK 195 thousand, while in 2010 we had an operating loss of HRK 21 million in the same period.
- ◆ Successfully concluded two contracts on two of our traditional foreign markets in the total amount of over EUR 60 million.

#### 1. INGRA Group's Income in the First Half Year of 2011

With regard to the first half-year of 2010, INGRA Group's operating income showed a 6% decrease to HRK 121 million during the first half-year of 2011, which is largely in line with the plan and the expected pace.

The domestic market mostly contributed (80%) to the revenue generated in the first half-year of 2011, especially in the field of road construction, while the rest of the revenue was realized in foreign projects, given that the greater part of the realization is expected in the second part of the year. The projects which have been contracted and initiated are in progress according to the agreed schedule of construction activities.

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## 2. Profitability of INGRA Group

### First Half Year

	2010 (HRK mil.)	2011 (HRK mil.)	Growth % in HRK	Share 2010 %	Share 2011 %
<b>Total revenue</b>	129	121	-6	100	100
<b>Gross profit</b>	5	19	301	4	16
<b>EBIT</b>	-21	0.2	101	-17	0
<b>Net profit</b>	-25	-25	1	-19	-20

Despite the lower revenue, operating loss is significantly reduced with regard to the same period last year, which is a result of better cost management, but is also due to exceptional items as well as the higher profitability of ongoing projects.

In the period in question there was also a significant increase of the net financial expense. This was primarily caused by one-time value adjustments (receivables) as well as the way the costs of financing projects are expressed. Namely, finished projects can no longer capitalize the costs of financing, but must be accounted for as financial expense.

## 3. Financial position

Working capital during the first half-year of 2011 improved by HRK 54 million due to the higher level of realization among other things, while short term financial liabilities decreased by HRK 17 million compared to the end of 2010 as a result of regular financial structure management.

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## 4. Expectations for the forthcoming period

### Year 2011

Company management still stands by its earlier forecast for year 2011 and expects revenue at last year's level, while an improvement of operating profitability is expected at the level of the year as a result of cost restructuring, but also with regard to projects with higher profitability rates whose implementation is expected later in the year.

As for foreign markets, INGRA is traditionally most active in North Africa, Middle East and the Russian Federation where alongside projects already in progress there are several active tenders with real prospects of negotiating new contracts.

We anticipate that by the end of this year our comprehensive financial and corporate restructuring will be finished, including the restructuring of financial debt, cost control and the sale of non-operational assets. In 2011 INGRA plans further recruitment in order to strengthen its personnel, and by the end of the year a redefinition of strategy and organization of the INGRA Group regarding market and business orientation is also in order.

## 5. Other

In June 2011 on one of its traditional markets abroad INGRA has signed a contract for a project worth around EUR 56 million with a 26-month deadline for the completion of construction works.

In July 2011 INGRA has concluded a business cooperation agreement with the Italian company Bonatti S.p.A. on the markets of mutual interest - Croatia, Iraq, Algiers and Saudi Arabia, in the field of construction, industry and energy industry.

All works have been carried out in the construction of the hydroelectric power plant Lešće, it has been put on trial run and the handover of the property is in progress.

A technical inspection of the Zagreb University Hospital for Tumors building has been performed and the takeover by the investor is expected.

During the second quarter of 2011 INGRA has recruited new employees in order to improve the quality of its personnel. After bringing in a new CFO, the management team was also joined by Mario Đaković who is in charge of the technical coordination of all sectors. Both of these new staff members have a valuable and extensive international experience.

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Pursuant to the decisions of the Shareholders' Meeting held on 22 December 2010 6,045,200 ordinary shares, without par value and dematerialized, have been listed on the Official Market of the Zagreb Stock Exchange.

**Ingra Inc.**  
**Company Management**

*Calendar of events\**

*Announcement of standalone and consolidated statements for third quarter 2011  
10/31/2011*

*\* Temporary calendar; changes are possible. For the updated calendar of events please visit our website:  
[www.ingra.hr](http://www.ingra.hr).*

*For additional information please refer to the address:*

Vladimir Villach Čeliković  
Corporate Communications  
Head of Department  
Tel: 385 1 6120 522  
Fax: 385 1 6150 383  
E-mail: [ir@ingra.hr](mailto:ir@ingra.hr)

Kornelija Lojo  
Office of Investor Relations  
Tel: 385 1 6120 694  
Fax: 385 1 6150 383  
E-mail: [ir@ingra.hr](mailto:ir@ingra.hr)

This report contains certain statements regarding future business activities of the Group which can be recognized by the use of expressions indicating the future such as "will be", "planned", "expectations", "predictions" and similar expressions, or by statements concerning strategy, plans or intentions. Descriptions of new projects whose realization are expected or have already been started by the Group also belong to this type of statements, as well as certain demands on the part of buyers for those products. These statements reflect the Group's current attitudes on future events and are subject to certain risks, uncertainties and assumptions. Many factors can cause the Group's performance or accomplishments to be considerably different than the results, performance or accomplishments which are expressed or implied in such statements referring to the future.

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## II. Responsibility for the Financial Statements

The Management Board presents the financial statements for the company INGRA Inc. ('the Company') and its subsidiaries ('the Group') for the period ended 30 June 2011.

Pursuant to the Croatian Accounting Law (Official Gazette 109/07), the Board is responsible for ensuring that financial statements are prepared in accordance with International Financial Reporting Standards which are published by the Croatian Committee for the Standards of Financial Reporting and designed to provide a true and objective view of the Group's financial position and operating results for the given period.

To the best of the Management Board's knowledge,

- the Issuer's financial statements, prepared by applying adequate standards of financial reporting, provide a true and complete review of the assets and liabilities, profit and loss, financial position and operating activity of the Issuer and the subsidiaries included in the consolidation as a whole
  
- the management's report contains a true review of the development, operating results and position of the Issuer and subsidiaries included in the consolidation, along with a description of the most significant risks and uncertainties to which the Issuer and the Group are exposed as a whole

The Board has reasonable expectations that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Board continues to adopt the going concern basis in preparing financial statements.

In preparing the financial statements, the responsibilities of the Board include ensuring that:

- appropriate accounting policies are selected and then consistently applied;
  
  - judgments and estimates are reasonable and prudent;
  
  - applicable accounting standards are followed, and any significant departures disclosed and explained in the financial statements; and that
  
  - financial statements are prepared according to the going concern basis unless it is inappropriate to assume that the Group will continue in business.
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The Board is responsible for keeping proper accounting records which will reflect the Group's financial position with reasonable accuracy at any time, as well as for the compliance of the financial statements with the Croatian Accounting Law (Official Gazette 109/07). The Board is also responsible for safeguarding the Group's assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INGRA Inc**  
**Company Management**