



*Announcement of INGRA Inc.'s operating results
from January to September 2011*

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Zagreb, October 28th, 2011

I. Management's Operating Statement for the period January - September 2011 and unaudited financial statements

Basic Characteristics of the Period

Period from January 1st - September 30th, 2011

- ◆ Operating income was HRK 160 million during the first nine months of the year 2011, which is a 17.9% decrease compared to the same period in 2010
- ◆ The foreign market revenue share has risen from 16% in the first half-year to 25% in the first nine months of 2011
- ◆ We have realized an operating loss (EBIT - Earnings before Interest and Tax) in the amount of HRK 12 million, two times less than the operating loss compared to the same period in 2010
- ◆ After successfully signing two contracts on foreign markets, valued over EUR 60 million, the realisation of the first project has commenced and the second project has entered the engineering and design phase
- ◆ The maturity date of Ingra's bonds has been prolonged to December 6th, 2016 and the interest repayment plan has also been amended accordingly

1. INGRA Group's Income for the period between January and September 2011

With regard to the period between January - September 2010, INGRA Group's operating income showed a 17.9% decrease to HRK 160 million during the period between January and September 2011, which is largely effected by a slower pace of realisation in the field of road construction.

The foreign market has increased in the revenue structure by 25%. The reasons for this increase lie in the realization of Ingra's previously signed contracts in Iraq and as previously mentioned, a slower pace in realization of work in the field of road construction, linked to the slow administration and handling of proprietary-legal relations of the building sites. The projects which have been contracted and initiated are in progress according to the previously planned schedule of construction activities.

2. Profitability of INGRA Group

Period from January 1st - September 30th, 2011

	2010 (HRK mil.)	2011 (HRK mil.)	Growth	Share 2010	Share 2011
Operating revenue	195	160	-17.9%	100%	100%
Gross profit	9	14	+55.6%	4.6%	8.8%
EBIT	-25	-12	+52.0%	-12.8%	-7.5%
Net profit	-36	-48	-33.3%	-18.5%	-30.0%

Despite lower operating revenue, gross profit was significantly increased. In the first nine months of 2010 the gross profit margin was 4.6%, while in the same period of this year it increased by 8.8%. Subsequently, the operating loss was reduced for almost half of the amount realized in the same period of the year 2010. Higher profitability was achieved due to higher profitability of new projects, as well as a positive influence of one-time basis items.

Taking into consideration that the construction of the Dvori Lapad residential-business complex is finished, the cost of interests linked with the construction of this complex is shown as a financial expense. This has caused a significant growth in financial expenditures and a larger net loss in comparison to the previous period.

3. Financial position

Compared to the end of 2010, net debt decreased by HRK 18 million and amounts HRK 971 million on September 30th, 2011. Working capital during the first nine months of 2011 improved by HRK 38 million compared to the end of 2010.

4. Expectations for the forthcoming period

Year 2011

Due to the slower pace in realisation of the highway construction projects, the Board has revised their previous forecast for 2011 and is expecting income in a lesser amount than in 2010, while as a result of projects with higher profitability that are to be implemented in the last quarter of 2011 along with the results of the restructuring of the expenditures, a betterment in the operating profitability is expected.

As the economy in Croatia is recovering more slowly than expected, Ingra has decided to put a greater focus on the foreign markets, mostly North Africa, Middle East and the Russian Federation.

Taking into consideration that the situation on the financial markets has significantly deteriorated during the second quarter of 2011, the Board believes that a comprehensive financial and strategic restructuring, including the restructuring of the financial debt will be completed. During the first half of 2011 Ingra has enforced its team with experienced and educated staff, as a part of a complete strategy redefining process, upon which a new organisation of Ingra Group should take place by the end of 2011.

5. Other

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

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.

Ingra is planning to open a foreign representation office in Istanbul, in accordance with the Supervisory Board consent from October 2011.

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 has been performed.

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

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.

Based on a prior Decision of the Bondholders' Meeting held in September 2011, the maturity date of the INGR-O-11CA bond has been altered from 6 December 2011 to 6 December 2016 and the interest repayment plan has been amended accordingly.

Ingra Inc.
Company Management

*Calendar of events**

Announcement of the temporary unaudited annual financial report for 2011 February 15th, 2012

** Temporary calendar; changes are possible. For the updated calendar of events please visit our website: www.ingra.hr.*

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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.

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 September 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
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- financial statements are prepared according to the going concern basis unless it is inappropriate to assume that the Group will continue in business.

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
