

## Announcement of INGRA Inc.'s Operating Results for the First Quarter of 2011

### Basic features of the period

#### First Quarter 2011

- ◆ Operating revenue has risen by 28% to HRK 32 million
- ◆ The domestic market continues to dominate in INGRA Inc.'s revenue structure
- ◆ Operating loss before interest and taxes (EBIT) has been reduced by 26% to HRK 12 million
- ◆ Business Cooperation Agreement with Russian companies Mašinoimport and Interaktiva concluded
- ◆ Projects in Algiers successfully finalized - delivery of construction projects Port Stora and Port Marsa carried out

#### 1. INGRA Group's Revenue in the First Quarter of 2011

With regard to the first quarter of 2010, INGRA Group's operating revenue has risen by 28% to HRK 32 million during the first quarter of 2011, mainly owing to the Construction Sector's activities.

The domestic market has mostly contributed to the realized revenue in the first quarter of 2011, especially in the domain of road building, while the rest of the revenue has been realized abroad. The initiated and contracted projects are in progress in accordance with the dynamics of the execution of construction works which has been agreed upon.

## 2. Profitability of the INGRA Group

### First quarter

	2010 (HRK mil.)	2011 (HRK mil.)	Growth % in HRK	Participation 2010 %	Participation 2011 %
<b>Operating revenue</b>	25	32	28	100	100
<b>Gross profit</b>	-5	-1	-73	-22	-4
<b>EBIT</b>	-16	-12	-26	-64	-37
<b>Net profit</b>	-15	-13	-14	-61	-40

Owing to the revenue growth which contributes to a greater coverage of overheads and the strict control of expenses, the first quarter operating loss has been reduced with regard to the same period last year. Certain extraordinary items (writing off debt from earlier periods) have also contributed to the reduction of net loss during the first quarter.

## 3. Financial position

The first quarter 2011 working capital has been improved by HRK 43 million owing to the greater level of realization, among other things, while total financial liabilities have been reduced by HRK 10 million with regard to the end of year 2010.

## 4. Expectations in the forthcoming period

### Year 2011

By the end of year 2011 INGRA is expecting revenue at last year's level, while, owing to projects with higher profit rates whose realization is expected later in the year as well as the results of cost restructuring, an improvement in profitability is expected.

On INGRA's traditional markets of North Africa, Middle East and Russian Federation INGRA has significantly increased its activities and currently there are around ten active tenders with real prospects of negotiating new business deals.

We anticipate that during this year we will finalize the full-scale financial and business restructuring which we have begun, including the restructuring of financial debt, control of expenses, and sale of non-operating assets. During 2011 INGRA is planning further

personnel reinforcements, and by the end of the year also a redefinition of strategy and the organization of the INGRA Group regarding market and business orientation.

## 5. Other

On 12 April 2011 INGRA concluded a project in Iraq worth EUR 5.8 million on the rehabilitation of Unit One of the Haditha Hydroelectric Power Plant. The construction works will include the rehabilitation of the turbines, the generator and the related equipment on Unit One and will be carried out in two phases. The execution of the construction project, including delivery, will last 24 months.

During the first quarter the planned sale of residential and commercial properties in the buildings Dvori Lapad and Srebrnjak was realized. The delivery of apartments and business premises was carried out during April 2011, therefore the HRK 25 million revenue will be displayed in the second quarter of 2011.

All works have been executed on the Hydroelectric Power Plant Lešće construction project, the Plant has been put on trial run, and the delivery is expected during the second quarter.

A technical inspection has been carried out on the project of University Hospital for Tumors in Zagreb and the takeover on the part of the investors is also expected.

From 1 March 2011 Karlo Došen has joined INGRA's team as the new CFO.

**Ingra Inc.  
Management Board**

### *Calendar of forthcoming events\**

*Announcement of the Unconsolidated and Consolidated Semi-Annual Financial Statement for 2011* *7/29/2011*

*Announcement of the Unconsolidated and Consolidated Financial Statement for the third quarter of 2011* *10/31/2011*

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

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