



**Ingra's Management board report  
for the period from 01/01-30/5 2010**

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During the first six months of 2010, INGRA achieved consolidated revenues amounting to 145.50 million, of which operating income amounted to 128.93 million HRK. The current period result is still negative and amounts to 20.74 million HRK.

Despite the unchanged management conditions in the sector and related activities that are still faced with the consequences of economic crisis, for Ingra this period marked the successful construction completion of the residential-commercial complex Dvori Lapad in Dubrovnik, the handover of sold flats and shops is planned for August 2010. This investment is worth over 55 million EUR, and is currently INGRA's largest investment project. Sale effects will be visible in following accounting periods.

In May 2010 INGRA signed a contract worth 4.2 million EUR, with the Ministry of Industry of Iraq, and INGRA has proved its previous investment in Middle-east market with the possibility of continued implementation of activities in Iraq and Libya. In addition, the enhanced offering on the Macedonian market have resulted in signing two contracts worth 4.1 million EUR to build a clinical hospitals. Therewith INGRA's activity on regional market is present, and INGRA uses their opportunity to participate in the building of still insufficient developed/built infrastructure. Traditional Algerian market is still INGRA's largest export market, where it participates in tenders worth 230 million USD.

There are still a deep crisis impact in the field of civil engineering and industrial engineering on most markets due to the current economic situation. Besides the income, the crisis influenced also the margin in all business segments; also it reduced exposures to projects with difficulties in collecting or uncertain financial leverage. The high cost of projects financing made currently many of them unprofitable, and for this reason INGRA postponed specific projects for an indefinite period that will take a while till the financial market stabilization.

In order to a better adaption to the new market conditions, INGRA has begun in mid-2009, a restructuring at all levels. Fixed costs, number of organizational units and the number of employees by 25 percent, were increased. Most of these employees were retired, and all were financially cared for by stimulation of severance. In the first half of 2010, Ingra continued to carry out a financial restructuring. So the Company has successfully reprogrammed tranche of commercial bills, while other financial liabilities are regularly serviced. In accordance to the plan, in early June began the preparations for maturity prolongation of 200 mil HRK bond labels INGR-O-11CA, from December 2011 to December 2016th, as one of the Company's key steps in its financial restructuring, which will continue in the second half. The investors confirmed their confidence in the restructuring process, at the

owners of bonds Assembly held on 16.07.2010, where they adopted all the proposals of decisions which reprogrammed the bonds successfully.

INGRA is still in a period of business difficulty caused primarily by outside influences. The Company is maximally engaged in the implementation of appropriate measures to accommodate the current situation and appropriately respond to market demands. Stabilization of operations triggered by the financial and personnel restructuring and new contracts on foreign markets is expected during the next period 2010th year.

**INGRA d.d.**  
**Management Board**