



Report on the state of the company Jadranka d.d.

Mali Lošinj

Consolidated 1-6 / 2010.

***Mali Lošinj , 30th July
2010***

Contents:

- 1. Company introduction*
- 2. Explanation of operating results*
- 3. Investments*
- 4. Shareholders' structure*
- 5. Acquisition of the Company's own shares*
- 6. Statement of the Management on the presentation of true operating data*
- 7. Statement on financial statements' review*

1. Company introduction

JADRANKA d.d. Mali Lošinj, Dražica 1, was reorganized and registered as a joint-stock company on 23 October 1992, in accordance with the Decision No. 01-02/92-06/444/II of the Croatian Agency for Reconstruction and Development.

According to the Charter in force, adopted in October 2002, the share capital of the Company amounts to HRK 332,484 and it is divided into 332.484 ordinary shares, each having the nominal value of HRK 1,000. The shares are quoted on the Zagreb Stock Exchange pursuant to the Regular trading regime and they are identified by the JDRA-R-A ticker.

The Company's Personal Identification Number (OIB) is 70741052040, and the Company Registration Number (MBS) is 040027578.

The joint-stock company has the General Assembly, Management Board and Supervisory Board.

Members of the
Management
Board:

Darin Lekić, Chairman of the Management Board, represents
independently and individually

Sanjin Šolić, Member of the Management Board, represents
independently and individually

Supervisory Board:

Neven Ivandić, Chairman of the Supervisory Board

Tatjana Braškić, Vice Chairman

Dražen Grubišić - Čabo, Member

Željko Kovačić, Member

Sanja Trajkov, Member

According to the December 2009. Report of the Central Depository Agency, the ownership structure on the balance date was the following:

| Sector | Security ticker | Amount of securities | % share in the share capital |
|-------------------------|------------------------|-----------------------------|-------------------------------------|
| Croatian natural person | JDRA-R-A | 68856 | 20,71 |
| Financial institution | JDRA-R-A | 44498 | 13,38 |
| Issuer-treasury account | JDRA-R-A | 27339 | 8,22 |
| Public sector | JDRA-R-A | 8485 | 2,55 |
| Foreign person | JDRA-R-A | 2205 | 0,66 |
| Company | JDRA-R-A | 181101 | 54,48 |
| Total | | 332484 | 100,00 |

On 31 December 2009 the Company had 61 employees (on 31 December 2008 the Company had 62 employees).

2. Explanation of operating results

Consolidated operation of the Jadranka Group

Jadranka Group generated consolidated operating revenue in the amount of HRK 104,75 mil, which is 3,6% (HRK 3,6 mil) more than in 2009.

Greater income from 2009. achieved Jadranka camps (+29%) , Kamp Slatina (+22%) and Jadranka d.d. (56%) , while Jadranka hotels achieve 4% lower revenue and Jadranka commerce 11 % less.

The operating expenditures amount to HRK 133,78 mil., which is 0,5% less than in 2009.

The cost of amortization amounting to HRK 15,74 mil. is 26% higher than in 2009. The reason is the increased amortization of the reconstructed hotel Aurora and Vespera.

Financial revenues amount to HRK 1,07 mil which is 50% less than in 2009. Applies to interest to the funds for investment on the Special Account of Jadranka hotels. Fund was reduced by investing in hotel Vespera.

Financial expenditures of HRK 3,96 mil are 11% higher than in 2009. The cost of the interests concerning the Aurora and Vespera investments.

The loss of HRK 31,92 mil. is 8% lower than in 2009. (loss 2009. HRK 34,68 mil). The minor loss compared to the 2009. are influenced by the better result of Jadranka camps, Camp Slatina and Jadranka d.d. In Jadranka d.d. income was HRK 3.1 mil of the sale of property, without that revenue and profits would be at the level of the 2009.

Fixed assets amounting HRK 846,14 mil. are 8% higher than in 2009. The greatest recorded increase long-term financial assets of HRK 39,23 mil. (in 2009. HRK 29,36 mil.).

The reserves amounting to HRK 20,15 mil. 16% lower than previous year .

Debtors amounting to HRK 26,78 mil. are 41% below than last year.

Current financial assets amounting to HRK 42,66 mil is 64% higher than 2009., are applicable to loans, deposits, etc.

Total assets amount to HRK 943,11 mil., which is 0,3% less than in 2009.

Fixed liabilities in the amount of HRK 253,5 mil. are on the level of previous year. , and they relate to the long-term loans for hotel investments.

Current liabilities in the amount of HRK 110,5 mil. is 1% higher than in 2009.

Conclusion: The Group Jadranka in the 1-6/2010 operated approximately as in the same period in 2009. and worse than planned .

Better than the 2009. are operating Jadranka camps, Kamp Slatina and Jadranka d.d. , worse of 2009. Jadranka hotels and Jadranka commerce .

Total loss of the Group is lower than 2009. , the reason is the extraordinary income from sale of property, without this revenue, loss would be at the level of the 2009.

Jadranka d.d.

Revenues – generated revenues in the amount of HRK 17,74 mil are 18% higher than planned and 56% higher than in 2009. The difference in relation to the 2009. and plan refers mainly to revenue from sales of assets outstanding amounted to HRK 3,15 mil , the other income are level as plan and 2009. The biggest income is from the business with members of Jadranka Group amounted to HRK of 9,39 mil (overhead cost and rent) . In 2010. was achieved a revenue from insurance premiums amounted to HRK 4.73 mil , which is 7% less than planned.

Labor costs – incurred costs in the amount of HRK 4,9 mil. are 1% lower than planned and 4% lower than in 2009 .

Departmental costs – generated in the amount of HRK 2,8 mil are 1% lower than planned and 15% lower than in 2009. Greater savings compared to the 2009. related to sponsorship and donations (- HRK 238,000), compensation of the members SB (-HRK 217,000), the cost of building Dražica (- HRK 210,000). In relation to planned the savings related to the ongoing maintenance (- HRK 107,000), sponsorship and donations (- HRK 238,000) .

Energy and water – the cost in the amount of HRK 167.011 is 2% lower than planned and 2009.

GOP – all aforementioned items have generated the GOP in the amount of HRK 10,39 mil., which is 38 % better than planned (HRK 13,01 mil) , and 209 % better than in 2009.(HRK 9,37 mil).

Fixed costs – in the amount of HRK 250.697 are 28% lower than planned and 2% lower than in 2009.

Amortization – in the amount of HRK 1,72 mil is 1% higher than planned and 2009.

Financial revenues – the revenues in the amount of HRK 7,28 mil are 4% lower than planned , and 2009. The highest income refers to income from shares in profits from associated companies, amounted to HRK 7.24 mil, while the planned HRK 7.78 mil(in 2009. was achieved HRK 8.3 mil).

Financial expenditures – in the amount of HRK 657.796 are 140% higher than planned and 52% higher than in 2009. Refers to interest on loans.

Profit - in the amount of HRK 14.96 mil is 16% higher than planned (HRK 13.01 mil) and 60% higher than in 2009. (HRK 9.38 mil).

Conclusion: Regular business of Jadranka d.d. is mainly at the level of the planned size. The better operating results in relation to the plan are affects to the income of HRK 3.14 mil of the sale of property, that is not planned in the development plans for the company. Funds from sale of assets is planned to be invested in the purchase of bonds of society that become due in 2012.

3. Investments 1-6 /2010.

Jadranka hoteli d.o.o

- Parking hotel Aurora - realized the value of HRK 125.000
- Reconstruction of the Hotel Punta - realized the value of HRK 596.082.
- Hotel Punta - restructuring of the kitchen - value of work performed HRK 1.076.830
- Hotel Helios - restructuring of the kitchen - value of work performed HRK 93.900
- Hotel Bellevue - restructuring of the kitchen - value of work performed HRK 260.460
- Hotel Aurora - restructuring of the kitchen - value of work performed HRK 526,500
- Hotel Punta - a connection of beach bar to the sewage system - the value of project documentation HRK 18.000
- Sunčana uvala horticultural - the value of work performed HRK 711.405

Jadranka trgovina d.o.o.

- Reconstruction of warehouse space in the new bakery and patisseries - value of performed work HRK 5.179.000
 - Reconstruction of Rainfall and sewage in SZZ, and connection to public city sewage system - the value of performed work HRK 646,000

Jadranka kampovi d.o.o.

- CAMP BALDARIN – Reconstruction of the toilet - realized value of HRK 1,363,400
- CAMP ČIKAT - MAKING CABLE SEWAGE - the value of project documentation HRK 7,500 (construction in progress, if not submitted a temporary situation),
- CAMP ČIKAT - CREATION OF NEW PLOT - derived value of HRK 142,000

Kamp Slatina d.o.o.

- CAMP SLATINA - CONSTRUCTION SITE FOR MOBILE HOMES - value of performed work HRK 300.000

Jadranka d.d.

- Residential / Commercial building in Punta Kriza - realized the value of HRK 108,000
- Reconstruction of the entertainment center PUNTA - road design HRK 168,000
- CATERING FACILITIES IN THE BAY Rovenska, CONNECTION TO PUBLIC SEWERAGE - realized the value of HRK 150,710

4. Shareholders' structure

Ownership structure of Jadranka d.d. Mali Lošinj as of 30th June 2010.

| Sector | Security ticker | Amount of securities | % share in the share capital |
|-------------------------|------------------------|-----------------------------|-------------------------------------|
| Croatian natural person | JDRA-R-A | 68945 | 20,74 |
| Financial institution | JDRA-R-A | 44307 | 13,33 |
| Issuer-treasury account | JDRA-R-A | 27339 | 8,22 |
| Public sector | JDRA-R-A | 8512 | 2,56 |
| Foreign person | JDRA-R-A | 1812 | 0,54 |
| Company | JDRA-R-A | 181569 | 54,61 |
| Total | | 332484 | 100,00 |

5. Acquisition of the Company's own shares

In the period 1-6/2010. there were no acquisitions of the Company's own shares.

6. Statement of the Management on the presentation of true operating data

To the best of our knowledge we confirm that:

- 1) the abbreviated set of interim financial statements for the 1-6/2010. , drafted in accordance with the appropriate standards of financial reporting, gives a complete and true representation of the assets and liabilities, profit and loss, financial standing and business operation of the issuer and the companies included in the consolidation as a whole;
- 2) the interim report of the Management contains a true representation of the development and operating results, as well as the standing of the issuer and the companies included in the consolidation, along with a description of the most important risks and uncertainties that the issue and the companies are faced with as a whole.

Chairman of the Jadranka d.d. Management Board – Sanjin Šolić m.p.

Member of the Jadranka d.d. Management Board – Darin Lekić m.p.

7 .Statement on financial statements' review

Consolidated financial statements of Jadranka d.d. for the period 1-6 /2010. have not been reviewed. Only annual financial statements are subject to review.

Chairman of the Jadranka d.d. Management Board

Sanjin Šolić m.p.