



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

Mali Lošinj

Consolidated 1-3 / 2010.

***Mali Lošinj , 30th April
2010***

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1. Company introduction

JADRANKA d.d. Mali Lošinj, Dražica 1, was reorganised 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 24,83 mil, which is 2% (HRK 485.000) more than in 2009.

All companies of Jadranka Group achieved greater income from 2009. Except Jadranka commerce that has achieved 10% less.

The operating expenditures amount to HRK 52,13 mil., which is 1% more than in 2009. The increase of operating expenditures was mostly due to for the winter work of Hotel Aurora, who in 2009. did not work.

The cost of amortisation amounting to HRK 7,8 mil. is 25% higher than in 2008. The reason is the increased amortisation of the reconstructed hotel Aurora and Vespera.

Financial revenues amount to HRK 360.000 which is 65% 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 920.000 are 5% less than in 2009. The cost of the interests concerning the Aurora and Vespera investments.

The loss of HRK 27,85 mil. is 2% higher than in 2009. The reason for such increase compared to 2009. is the difference in increased amortisation costs of HRK 1,6 mil.

Fixed assets amounting HRK 840,45 mil. are 6% higher than in 2009. The greatest recorded increase material assets HRK 804,89 mil. (in 2009. HRK 762,16 mil.), and long-term financial assets of HRK 33,01 mil. (in 2009. HRK 29,36 mil.), all in connection with the Hotel Aurora 4* and Hotel Vespera 4* investment.

The reserves amounting to HRK 17,05 mil. 11% higher that pervious year .

Debtors amounting to HRK 16,12 mil. are 19% below than last year.

Current financial assets amounting to HRK 41,79 mil is 6% less than 2009. are applicable to loans, deposits, etc.

Total assets amount to HRK 919,45 mil., which is 4% more than in 2009.

Fixed liabilities in the amount of HRK 252,0 mil. increased by 20%, and they relate to the long-term loans for hotel investments.

Current liabilities in the amount of HRK 90,02 mil. are 12% higher than in 2009.

Conclusion: The Group Jadranka in the 1-3/2010 operated approximately as in the same period in 2009. and within the planned size.

Are operated relatively well, most companies are operating better than the 2009., except Jadranka hotels that operated to the level of GOP better, but worse at the level of profit, for the impact of increased depreciation expenses and interest on loans, all related to investments in hotels Aurora 4 * Vespera and 4 * with outdoor pools Sunčana uvala.

Jadranka d.d.

Revenues – generated revenues in the amount of HRK 5,99 mil are 22% higher than planned and 14% 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 1.02 mil , the other income are level as plan and 2009. The biggest income is from the business with members of Jadranka Group .

Labour costs – incurred costs in the amount of HRK 2,48 mil. are 1% lower than planned and 4% lower than in 2009 .

Departmental costs – generated in the amount of HRK 912.963,00 are 40% lower than planned and 30% lower than in 2009. Greater savings compared to the 2009. related to sponsorship and donations (- HRK 200,000), compensation of the members SB (-HRK 110,000), the cost of building Dražica (- HRK 110,000). In relation to planned the savings related to the ongoing maintenance (- HRK 70,000), sponsorship and donations (- HRK 200,000) and expenses from previous years (- HRK 395,000).

Energy and water – the cost in the amount of HRK 104.575 is 1% lower than planned and 2009.

GOP – all aforementioned items have generated the GOP in the amount of HRK 2,4 mil., which is 99 % better than planned, and 124% better than in 2009.

Fixed costs – in the amount of HRK 121.921 are 26% lower than planned and 13% lower than in 2009. The difference relates to water management fees and insurance costs.

Amortisation – in the amount of HRK 867.650 is 1% higher than planned and 2009.

Financial revenues – the revenues in the amount of HRK 18.900. are not planned , and 61% lower than 2009.

Financial expenditures – in the amount of HRK 186.506 are 30% higher than planned and 13% lower than in 2009.

Profit - in the amount of HRK 1,326 mil. compared with planned loss of HRK 398,000 are much better also compared with the amount of HRK 97.997 profit in 2009.

Conclusion: To the profit of Jadranka d.d. positively acted proceeds from sales of property with outstanding of HRK 1.02 mil, and the majority of cost savings with HRK 722,000.00 . The largest cost savings (related to the planned) are the expenditures from the previous year (HRK 395.000) witch is related to the litigation pending. The same costs may arise later.

3. Investments 1-3 /2010.

Jadranka hoteli d.o.o

- Parking hotel Aurora - realized the value of HRK 81,000
- Reconstruction of the Hotel Punta - realized the value of HRK 330,000
- Hotel Punta - restructuring of the kitchen - value of work performed HRK 264,221
- Hotel Helios - restructuring of the kitchen - value of work performed HRK 93,900
- Hotel Bellevue - restructuring of the kitchen - value of work performed HRK 111,000
- Hotel Aurora - restructuring of the kitchen - value of work performed HRK 526,500
- Hotel Punta - a connection of beach bar to the swage system - the value of project documentation HRK 18.000

Jadranka trgovina d.o.o.

- Reconstruction of warehouse space in the new bakery and patisseries - value of performed work HRK 3.115.000
 - Reconstruction of Rainfall and sewage in SZZ, and connection to public city sewage system - the value of performed work HRK 639,000

Jadranka kampovi d.o.o.

- CAMP BALDARIN – Reconstruction of the toilet - realized value of HRK 727,200
- 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 80,000
- Reconstruction of the entertainment center PUNTA - road design HRK 132,000
- 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 31st March 2010.

Sector	Security ticker	Amount of securities	% share in the share capital
Croatian natural person	JDRA-R-A	68941	20,73
Financial institution	JDRA-R-A	44109	13,27
Issuer-treasury account	JDRA-R-A	27339	8,22
Public sector	JDRA-R-A	8515	2,56
Foreign person	JDRA-R-A	2011	0,61
Company	JDRA-R-A	181569	54,61
Total		332484	100,00

5. Acquisition of the Company's own shares

In the period 1-3/2010. 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 1-3/2010. , 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 issuer 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 1-3 /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.