



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

Mali Lošinj

Consolidated 10 - 12 / 2009

*Mali Lošinj , 29 January
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 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 2008 Report of the Central Depository Agency, the ownership structure on the balance date was the following:

Sector	Number of shares	% share
Jadranka ESOP d.o.o.	83,100	24.99370
Rive d.o.o.	46,880	14.09990
Žeča d.o.o.	26,347	7.92430
PBZ d.d. – custodial account	22,097	6.64600
Radnik d.d.	11,792	3.54660
HPB d.d. – custodial account	10,763	3.23710
Hrvatski fond za privatizaciju (Croatian Privatisation Fund)	8,496	2.55530
Raiffeisen Bank Austria d.d. – custodial account	7,813	2.34990
Bojoplast d.d.	6,272	1.88640
KD BPD d.o.o.	2,287	0.68790
Others	79,298	23.85017
Jadranka d.d. – Company’s own shares	27,339	8.222651
TOTAL	332,484	100.00

On 31 December 2009 the Company had 62 employees (on 31 December 2008 the Company had 63 employees).

2. Explanation of operating results

Consolidated operation of the Jadranka Group

Jadranka Group generated consolidated operating revenue in the amount of HRK 34,7 mil, which is 1% (HRK 242.000) less than in 2008.

The operating expenditures amount to HRK 55,077 mil., which is 10% less than in 2008. The material costs amount to HRK 25,89 mil , which is 10% less than in 2008., the cost of labour amount to HRK 16,3 mil , which is 5% less than in 2008.

The cost of amortisation amounting to HRK 6,4 mil. is 23% higher than in 2008. The reason is the increased amortisation of the reconstructed hotel Aurora 4*.

Financial revenues amount to HRK 997.000 which is 50% less than in 2008. It refers to the interest to term deposit for investments.

Financial expenditures of HRK 2,54 mil. are 29% less than in 2008. It refers to the interests concerning the Aurora and Vespera investments.

The loss of HRK 21,951 mil. is 21% less than in 2008. (in the 2008. The loss amount HRK 27,768 mil.).

For the period 10-12/2009. is not prepared Consolidated balance sheet since the recordings are still in process, as will be shown in the annual report at the end of 04/2010.

Conclusion: Because of Jadranka Group companies have highly seasonal business activity a period of 10 -12 months does not result a substantial differences, the difference seems mainly control costs. In the same period 2008. significant difference in the expenditure were the value adjustments that in 2008. was HRK 2.1 million higher then in the 2009. If we exclude the impact of this cost, the loss is really HRK 3.69 million less thanks to the reducing of all types of costs, except the cost of depreciation that is higher by HRK 1.2 mil , for calculating depreciation for the renovated hotels.

Jadranka d.d.

Jadranka d.d. generated operating revenue in the amount of HRK 5,2 mil, which is 19% less than in 2008. The difference in relation on 2008. is the income from leasing of Jadranka Group.

The operating expenditures amount to HRK 4,5 mil., which is 37% less than in 2008. The biggest difference in the costs related to the adjustment to current assets, which in 2008. was HRK 2.2 mil. (relating to a lawsuit which is ongoing). Without the adjustment the costs are lower by 8%.

The material costs amount to HRK 455.248,00 , which is 6% less than in 2008., the cost of labour amount to HRK 2,4 mil , which is 4% less than in 2008.

Other operating expenses amounted to HRK 864,955.00 , 12% lower then in 2008.

The cost of amortisation amounting to HRK 869.744,00 is 6% less than in 2008.

Financial expenditures amount to HRK 433.689,00 considerably less than in 2008. (HRK 2,08 mil.) It refers to the interest to the loan.

The realized profit is HRK 142,202.00, while in 2008. for the same period was a loss of HRK 2.5 million . If the loss from the 2008. adjusted for the cost of value adjustments of HRK 2.2 million , it is realistic improve of the operations of HRK 512,615.00.

Conclusion: Jadranka d.d. in the last quarter of 2009. operated better than the previous year thanks to savings in all business cost , especially for lower financial expenditure.

3. Investments 10-12 /2009

JADRANKA TRGOVINA (JADRANKA TRADE) d.o.o.

- RECONSTRUCTION OF THE STORAGE SPACE IN BAKERY AND PASTRY PRODUCTION - in the period from 9 to 12 of 2009 obtaining the building permits, preparation of project documentation, confirmation of the main project HRK 210,000.00 , start work on reconstruction in January 2010.g . - the total value of works with the equipment HRK 7,000,000.00
- RECONSTRUCTION OF THE REINFALL AT SSZ AND CONNECTION TO THE PUBLIC AND MUNICIPAL SEWAGE SYSTEM - (between 9 to 12 2009. preparation of project documentation HRK 25,500.00 , start work on reconstruction in January 2010 - value of works HRK 660,000.00

JADRANKA d.d

- OIL SEPARATORS IN PUNTA EC RESTORAN - HRK 68,000.00

4. Shareholders' structure

Ownership structure of Jadranka d.d. Mali Lošinj as of 31 December 2009

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

5. Acquisition of the Company's own shares

In the period 10-12/2009 there was 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 half year, 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 - Darin Lekić m.p.

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

7 .Statement on financial statements' review

Consolidated financial statements of Jadranka d.d. for the period 10-12 /2009 have not been reviewed. Only the final annual financial statements are subject to review.

Chairman of the Jadranka d.d. Management Board

Darin Lekić m.p.