



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

Mali Lošinj

Consolidated 1-9 / 2009

*Mali Lošinj , 30 October
2009*

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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 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 2008 the Company had 63 employees (on 31 December 2007 the Company had 66 employees).

2. Explanation of operating results

Consolidated operation of the Jadranka Group

Jadranka Group generated consolidated operating revenue in the amount of HRK 293,75 mil, which is 1% (HRK 3,2 mil) more than in 2008.

All companies of Jadranka Group achieved greater income from 2008. except Jadranka commerce that has achieved 2% less.

The operating expenditures amount to HRK 255,73 mil., which is 1% more than in 2008. The increase of operating expenditures was mostly due to the 3% increase of the staff costs of Jadranka hotels.

The cost of amortisation amounting to HRK 18,8 mil. is 32% higher than in 2008. The reason is the increased amortisation of the reconstructed hotel Aurora 4*.

Financial revenues amount to HRK 2,95 mil. which is 65% less than in 2008? In 2008, financial revenues equal HRK 5.2 mil. were generated by the sale of Jadranka hotels d.o.o. business shares.

Financial expenditures of HRK 9,95 mil. are 39% higher than in 2008. The increased costs pertain to the interests concerning the Aurora and Vespera investments.

The profit of HRK 31,03 mil. is 19% less than in 2008. The major reason for such increase compared to 2008 is the difference in financial revenues (HRK 5,5 mil.), increased amortisation costs (HRK 4,5 mil.), increased financial expenditures (HRK +2,78 mil.) and the increase of labour costs (HRK 1,92 mil.).

Fixed assets amounting HRK 848,99 mil. are 18% higher than in 2008. The greatest recorded increase material assets in preparation HRK 131,01 mil. (in 2008. HRK 7,14 mil.), and real-estate investment of HRK 117,05 mil. (in 2008. HRK 42,6 mil.), all in connection with the Hotel Aurora 4* and Hotel Vespera 4* investment.

The reserves of commercial goods amounting to HRK 20,14 mil. 4% less that pervious year .

Debtors amounting to HRK 31,38 mil. are 7% below than last year, and they relate to the increase of 69% in the amounts owned by the state and other institutions, while trade debtors in the amount of HRK 25,18 mil. are 3% lower than in 2008.

Current financial assets amounting to HRK 57.29 mil is 28% less than 2008. are applicable to loans, deposits, etc.

Total assets amount to HRK 973,23 mil., which is 12% more than in 2008.

Fixed liabilities in the amount of HRK 253,44 mil. increased by 44%, and they relate to the long-term loans for hotel investments.

Current liabilities in the amount of HRK 78,54 mil. are 23% higher than in 2008.

Current liabilities of 78,54 mil. greater 23% than in 2008. , the highest growth has a liabilities in relation to the supplier of HRK 48.66 mil for 35% higher than in 2008. Growth is related to approximately 50% of the supplier from the merchandise, and the other is obligations on investment in the hotel Vespera. The above claims are not reached.

Conclusion: The Group Jadranka in crisis 2009. year operated relatively well, most companies are operating better than the 2008., 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 16,9 mil. Are 3% higher then planned and 6% lower than in 2008.

The difference when compared to 2008 relates to the leasing revenues of Jadranka Group.

Labour costs – incurred costs in the amount of HRK 7,7 mil. are 4% lower than planned and 3% lower than in 2008 .

Departmental costs – generated in the amount of HRK 3,6 mil. They are 4% lower than planned and 14% lower than in 2008. When compared to 2008, most of the savings relate to the services regarding the entry of EBRD in Jadranka hotels.

Energy and water – the cost in the amount of HRK 239.000 is 49% higher than planned and 38% higher than in 2008. The increased cost relates to the leased facilities, the cost of which will be refunded.

GOP – all aforementioned items have generated the GOP in the amount of HRK 5,3 mil., which is 22 % better than planned, and 6% less than in 2008.

Fixed costs – in the amount of HRK 371.000 are 8% lower than planned and 10% higher than in 2008.

Amortisation – in the amount of HRK 2,59 mil. is 2% lower than planned and 11% lower than in 2008.

Financial revenues – the revenues in the amount of HRK 8,38 mil. is 16% lower than planned and 3% lower than 2008. In 2008 the revenue in the amount of HRK 5,228 mil. was generated by sale of business shares of Jadranka hotels .

In the 2009 Plan, the revenue in the amount of HRK 9,65 mil. relates to the profit of affiliated companies, however, HRK 8,37 mil. were generated .

Financial expenditures – in the amount of HRK 5,09 mil. are 2% higher than planned and 9% higher than in 2008.

Profit - in the amount of HRK 6,03 mil. is 6% lower than planned 6,03 mil. and 11% lower than in 2008.

Conclusion: To the profit of Jadranka d.d. have a negative issue a lower operating income from business cooperation with Jadranka hotels of HRK 366,000 and less profit from associated companies of HRK 1.2 mil. Positive issue have a reduction of the majority operating costs and revenue from sale of land to Jadranka hotels in amount of 1,0 mil. The effect of the above is a smaller profit than planned to 400,000.00 kn.

3. Investments 1-9 /2009

JADRANKA HOTELI (JADRANKA HOTELS)

d.o.o



- RECONSTRUCTION OF THE VESPERA 4* HOTEL WITH OUTDOOR SWIMMING POOLS SUNČANA UVALA – investment value HRK 119,000,000.00
- SUNČANA UVALA LANDSCAPING investment value HRK 5,500,000.00
- OIL AND PETROLEUM PRODUCTS' SEPARATORS – the value of performed works - HRK 200,000.00

JADRANKA KAMPOVI (JADRANKA CAMPSITES) d.o.o.

- CAMPSITE BALDARIN
- roof reconstruction on the toilet facility “Kamena” HRK 600,000.00
- CAMPSITE ČIKAT
- reconstruction of the toilet facility “Čeh” – HRK 800,000.00
- construction of cable trenches, work cost – HRK 350,000.00

KAMP SLATINA (SLATINA CAMPSITE) d.o.o.

- CONSTRUCTION OF PLOTS, ELECTRICITY + WATER, work cost HRK 900,000.00
- RECONSTRUCTION OF THE TOILET FACILITY III – HRK 3,000,000.00

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

- TRANSFORMATION OF THE GAS BOILER ROOM AND INSTALLATION OF SOLAR COLLECTORS IN THE ZONE - HRK 550,000.00

JADRANKA d.d

- OIL SEPARATORS IN ADDITIONAL HOTEL FACILITIES - HRK 110,000.00

4. Shareholders' structure

Ownership structure of Jadranka d.d. Mali Lošinj as of 30 September 2009

Sector	Security ticker	Amount of securities	% share in the share capital
Croatian natural person	JDRA-R-A	68035	20,46
Financial institution	JDRA-R-A	45120	13,57
Issuer-treasury account	JDRA-R-A	27339	8,22
Public sector	JDRA-R-A	8496	2,55
Foreign person	JDRA-R-A	2287	0,78
Company	JDRA-R-A	180897	54,41
Total		332484	100,00

5. Acquisition of the Company's own shares

In the period 1-9/2009 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 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 1-9 /2009 have not been reviewed. Only annual financial statements are subject to review.

Chairman of the Jadranka d.d. Management Board

Darin Lekić m.p.