

**MANAGEMENT REPORT**  
**For the period January – September, 2018**  
**(unrevised)**

Crikvenica, October 2018

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Jadran d.d. za hotelijerstvo i turizam, Bana Jelačića 16, HR-51260 Crikvenica | [www.jadran-crikvenica.hr](http://www.jadran-crikvenica.hr)

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**OIB:** 56994999963  
Privredna banka d.d. 2340009-1110722690  
**IBAN:** HR4323400091110722690  
**SWIFT:** PBZGHR2X

# 1 GENERAL INFORMATION

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## Company and business name

JADRAN, dioničko društvo za hotelijerstvo i turizam, court registration number (MBS): 040000817, Croatian tax number (OIB): 56994999963. The company's business name is JADRAN d.d.

## Registered seat and legal structure

JADRAN d.d. is a joint-stock company. Its registered seat is in Crikvenica, Bana Jelačića 16, in the Republic of Croatia.

## Securities

The Company's share capital on 30<sup>th</sup> September, 2018 is HRK 282,507,090.00 and it is divided in 16,377,223 ordinary shares without the nominal value. The shares have been issued as non-material securities, with code JDRN-R-B and ISIN code HRJDRNB0002 and are managed by the Central Depository and Clearing Company, Inc.

## Board members:

- Goran Fabris, chairman of the Board of Directors
- Karlo Čulo, Board member

## Supervisory Board:

- Tomislav Kitonić, chairman of the Supervisory Board
- Ante Jelčić, vice-chairman of the Supervisory Board
- Ivan Blažević, Supervisory Board member
- Dragan Magaš, Supervisory Board member
- Mirko Herceg, Supervisory Board member

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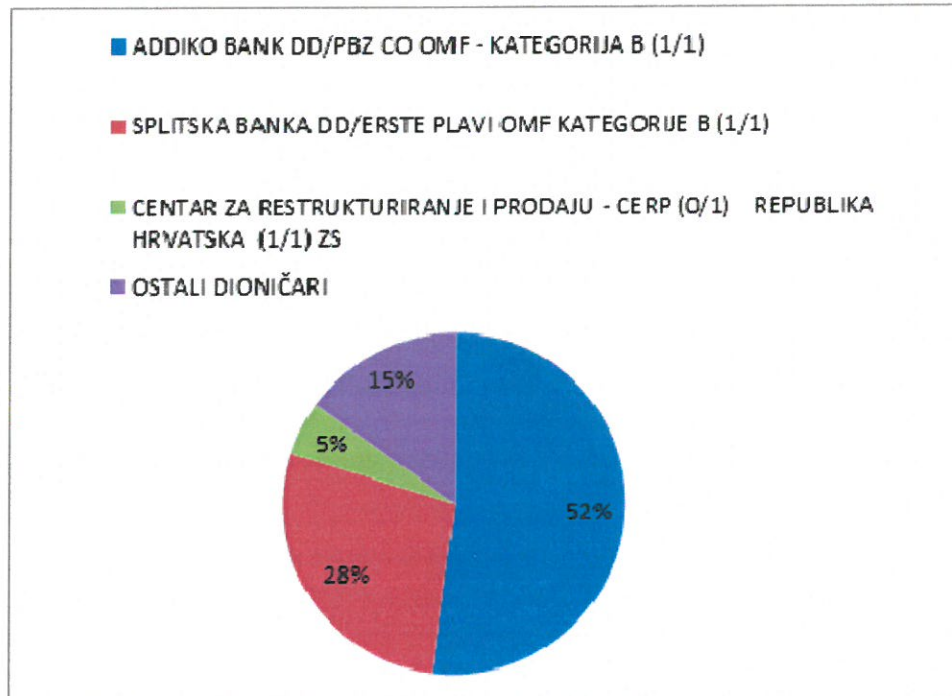
## 2 ORGANISATIONAL AND OWNERSHIP STRUCTURE

JADRAN d.d. is a joint-stock company and is not a member of any group of companies and has no daughter-companies. On 24<sup>th</sup> August, 2018 the Extraordinary General Shareholders Meeting adopted the Capital Reduction Decision decreasing the Company's shareholder equity by HRK 208,809,600.00 to HRK 282,507,090.00 divided in 16,377,223 non-material ordinary shares without the nominal value.

The list of the Company's shareholders holding 5% or more of the Company's shares (as on 30<sup>th</sup> September, 2018):

- PBZ CO OMF - KATEGORIJA B has 8,517,227 shares, representing an equity stake of 52.01 % in the Company;
- ERSTE PLAVI OMF KATEGORIJA B has 4,556,308 shares, representing an equity stake of 27.82 % in the Company;
- CERP, on behalf of the Republic of Croatia, has 830,673 shares, representing an equity stake of 5.07% in the Company.

### The Company's shareholders on 30<sup>th</sup> September, 2018



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Temeljni kapital iznosi 482.507.730,00 kn uplaćen u cijelosti podijeljen na 27.971.463 redovnih dionica bez nominalnog iznosa. Društvo je upisano u Sudski registar Trgovačkog suda u Rijeci pri Trgovačkom sudu u Rijeci pod MBS: 040000817. Predsjednik Uprave: Goran Fabris, Član Uprave: Karlo Čulo, Predsjednik Nadzornog odbora: Tomislav Kitonić



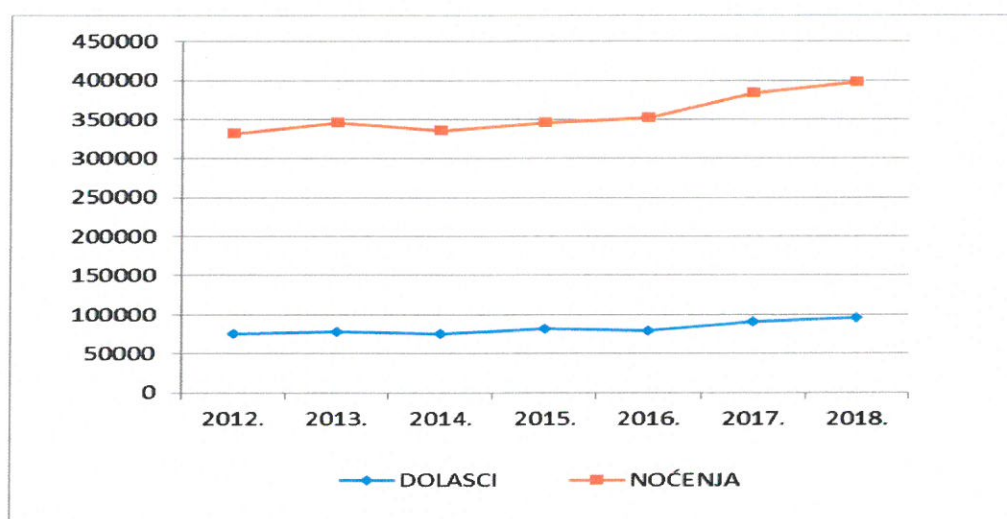
### 3 BUSINESS PERFORMANCE RESULTS

JADRAN d.d. in the period from January until September, 2018 recorded a total of 398,470 overnights, showing a 4% year-over-year growth rate. The hotels recorded an equal number of overnights compared to the same period in 2017, while the camps recorded a 15% year-over-year growth. Capacity utilization in the period from January until September, 2018 is the same as in the same period in 2017, while capacity utilization in camps increased by 15%.

The highest capacity utilization was recorded by the Esplanade, International, Katarina and Slaven hotels. A higher capacity utilization compared to 2017 was recorded by both camps (Autocamp Selce and Camp Kačjak).

In the period from January until September, 2018 the growth rate for tourist arrivals was 4.17% and overnights increased by 3.11%. In that time period tourist stays on average lasted for 4 days.

Chart 1 – Tourist traffic in Jadran d.d. in the period January – September, years 2012 to 2018



The majority of guests in the period January – September, 2018 were the Slovenians, with a 19.2% share in the total number of overnights. They were followed by the Germans with 14.1%, the Croats with 13% overnights and the Czechs with 9.5% overnights.

In the period January – September, 2018 the total sales increased by 9% and the total expenses by 5% year-over-year.

The 2018 income structure shows an 8% year-over-year increase in operating income (accommodation and catering services).

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The expense structure shows a 4% year-over-year increase in operating expenses. Material costs in 2018 are 6% lower compared to 2017, while labour costs are 16% higher in the relevant time period of 2018 compared to the same time period in 2017.

Financial income is 39% higher in 2018 compared to the same period in 2017, while financial expenses are 55% higher than in the same period last year.

In the period January – September, 2018 the Company made a profit of HRK 12,657,374, which is 36% more than in the same period in 2017.

## 4 KEY PERFORMANCE INDICATORS

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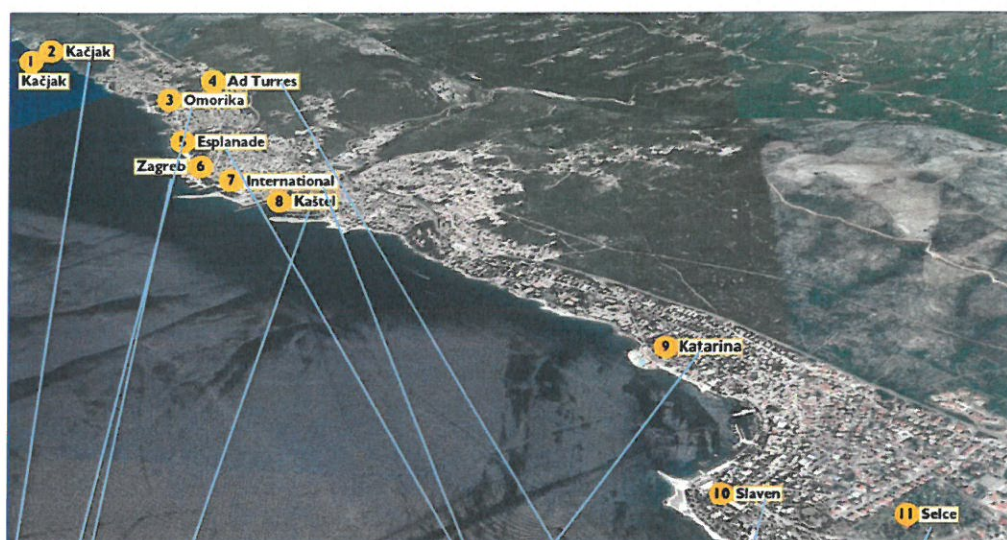
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KAČJAK	OVERNIGHT STAYS	ARRIVALS	UNITS	CAPACITY BEDS
TS	37.527	6.328	15.736	435
Camping site	7.667	2.010	2.953	90
<b>TOTAL</b>	<b>45.194</b>	<b>8.338</b>	<b>18.689</b>	<b>525</b>

OMORIKA	OVERNIGHT STAYS	ARRIVALS	UNITS	CAPACITY BEDS
Hotel	32.590	10.347	16.033	248

ZAGREB	OVERNIGHT STAYS	ARRIVALS	UNITS	CAPACITY BEDS
Hotel	7.071	1.476	3.863	64

KAŠTEL	OVERNIGHT STAYS	ARRIVALS	UNITS	CAPACITY BEDS
Hotel	20.769	6.039	10.407	178

KATARINA	OVERNIGHT STAYS	ARRIVALS	UNITS	CAPACITY BEDS
Hotel	50.746	12.722	25.352	352

AD TURRES	OVERNIGHT STAYS	ARRIVALS	UNITS	CAPACITY BEDS
TS	61.120	14.353	27.211	762

ESPLANADE	OVERNIGHT STAYS	ARRIVALS	UNITS	CAPACITY BEDS
Hotel	9.772	2.271	5.124	76

INTERNATIONAL	OVERNIGHT STAYS	ARRIVALS	UNITS	CAPACITY BEDS
Hotel	11.175	2.666	6.031	83

SLAVEN	OVERNIGHT STAYS	ARRIVALS	UNITS	CAPACITY BEDS
Hotel	43.871	8.403	20.003	407

CAMPING SELCE	OVERNIGHT STAYS	ARRIVALS	UNITS	CAPACITY BEDS
Camp	116.162	29.385	39.603	1.500

TOTAL JADRAN	OVERNIGHT STAYS	ARRIVALS	UNITS	CAPACITY BEDS
TS	98.647	20.681	42.947	1.197
Hotels	175.994	43.924	86.813	1.408
Camp	116.162	29.385	39.603	1.500
Camping site	7.667	2.010	2.953	90
<b>TOTAL</b>	<b>398.470</b>	<b>96.000</b>	<b>172.316</b>	<b>4.195</b>

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## 5 RISK EXPOSURE

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Below are the most significant risks the Company or its activities are exposed to:

### **Competitive risk**

Competitive risk in the hospitality industry is extremely high, as other destinations are also investing significantly in capacity growth and development and in tourism marketing. Competitive pressures are based on, among other things, price, quality and amenities offered on the Crikvenica Riviera and other national and international tourist destinations.

### **Currency risk**

The Company is exposed to currency risk due to financial transactions with its customers denominated in currencies that are not its base currency, i.e. due to currency clauses used in agreements.

The Company has expenses based on the currency clause.

The monetary policy based on maintaining the stability of the Croatian kuna is partly affecting the competitiveness of the Company in the global tourism industry.

### **Interest rate risk**

The Company is exposed to the interest rate risk that arises from its loan agreements and fluctuating interest rates. The Company manages this risk by maintaining its loan portfolio in a way that ensures the appropriate ratio between fixed and floating interest rate loans.

### **Default risk**

Default risk is part of every bilateral agreement. The other contracting parties' ability to meet their financial obligations toward the Company is one of the key elements for maintaining financial stability. The Company pays a great deal of attention to this risk, especially due to the domestic economic situation.

### **Liquidity risk**

The Company manages this risk by keeping adequate reserves, through loans issued by foreign banks and via other sources of finance and by continually planning and monitoring cash flows and comparing maturity profiles of financial assets and liabilities.

### **Regulatory and compliance risk (especially relating to changes in taxation and concession regulations)**

Regulatory risk is also a probability that the legislator will change tax regulations in a way that will have a negative impact on profitability. The regulatory risk poses a significant risk for potential investors in the Company's shares. It is reflected in potential changes in tax rates and taxable assets.

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The Company is exposed to risks of potential changes to concession regulations and concession permits, i.e. maritime domain concession fees. Maritime domain use rights are among the especially important conditions for the Company to be able to continue its operations.

#### ***Tourism risk and tourism trend change***

Tourism is strongly affected by a wider political situation, increase in the acts of terrorism and the most recent migrant crisis and a rising number of people arriving from the war-torn North Africa and the Middle East, with Croatia becoming a standard route on their way to Western Europe.

The specificities of hospitality services are a relatively short duration of production and service processes, discontinuous flow of work processes, inability of tourism product storage, constant readiness of workers and infrastructure and provision of services that begins from the guest's arrival, i.e. from the moment of ordering, product and service diversity, direct communication with guests and adjusting to guest preferences, specific working conditions (long standing, long walking, high temperatures, dealing with nervous guests, etc.), inability to make precise plans and distribute production and supply of services over time, rigidity of the scope and structure of factors that dictate a dominant share of fixed costs in the total hotel costs, inability to ensure permanent and complete adjustment of the number of staff and capacity utilization, working time flexibility, need to differentiate prices of hotel services, i.e. continuous adjustment of consumption.

One of the tourism risks is seasonality and only one bad season can lead to business interruptions and liquidity problems.

#### ***Litigation risk – Risk of losing in court***

The Company is involved in many litigation and non-litigation disputes relating to ownership, disputing actions of secured creditors who have not accepted terms and conditions of the bankruptcy plan, civil and enforcement proceedings and those for the return of property, i.e. compensation for the expropriated property.

Legal actions that may expose the Company to the risk are those disputing the actions of secured creditors who have not accepted terms and conditions of the bankruptcy plan. These are disputed with former employees of the Company and Croatia osiguranje d.d. Zagreb, Rijeka Branch. They all have mortgages and enforcement notices on the Company's real estate.

## 6 EMPLOYEES

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The total number of JADRAN d.d. employees on 30<sup>th</sup> September, 2018 was 382. The number of permanent employees is 152 and 230 are parties to fixed-term employment contracts.

## 7 CORPORATE MANAGEMENT CODE

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JADRAN d.d. applies and fosters the principles of corporate management. The Company does not have its own corporate management code, but applies the provisions of the Zagreb Stock Exchange Code (<http://zse.hr/default.aspx?id=10865> ).

The Company's shares are listed on the Zagreb Stock Exchange.

All reports and required information are published and available according to the Capital Market Act and Rules of the Zagreb Stock Exchange.

The Company applies recommendations as provided in the Code, with certain exceptions, as specified and explained later in this document.

The Company has not yet introduced the possibility to attend and vote in the General Shareholders Meeting using modern communications technology, as there was no need or requests from shareholders.

The fee the Supervisory Board members are entitled to receive has been determined in a fixed amount by a decision adopted in the General Shareholders Meeting.

On 6<sup>th</sup> July, 2018 the Audit Committee, Remuneration and Appointment Committee and Corporate Management Committee have been appointed.

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**ENCLOSURE 1**

Reporting period:

01.01.2018.

to

30.09.2018.

**Quarterly Financial Report TFI-POD**

Tax number (MB): 03145662

Registration number (MBS): 040000817

Personal identification number (OIB): 56994999963

Issuer: JADRAN D.D., CRIKVENICA

Postal code and location: 51260 CRIKVENICA

Street and number: Bana Jelačića 16

E-mail: [uprava@jadran-crikvenica.hr](mailto:uprava@jadran-crikvenica.hr)

Internet address: [www.jadran-crikvenica.hr](http://www.jadran-crikvenica.hr)

Code and city / municipality: 53 CRIKVENICA

Code and county: 8 PRIMORSKO-GORANSKA

Number of employees: 382  
(at the end of year)

Consolidated Report: NO

Business activity code: 5510

Entities in consolidation (according to IFRS)

Registered seat:

Tax number (MB):

Book-keeping office:

Contact person: Marija Galjanić Sovar  
(Name and surname of contact person)

Telephone: +385 (0)51 588 451

Telefaks: +385 (0)51 241 632

E-mail: [financije@jadran-crikvenica.hr](mailto:financije@jadran-crikvenica.hr)

Name and surname: Goran Fabris  
(authorized representatives)

**Documents to be published:**

1. Financial Statements (Balance Sheet, Income statement, Cash Flow Statement, Statement of Changes in Equity)
2. Management Commentary Statement with notes
3. Responsibility of the Management for the preparation of the financial statements

(seal)

(signature of authorized representative)

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**Balance Sheet**  
as at 30 september 2018

Issuer: JADRAN D.D., CRIKVENICA			
Item	AOP	Previous period	Current period
1	2	3	4
<b>A) RECEIVABLES FOR REGISTERED UNPAID CAPITAL</b>	<b>001</b>		
<b>B) NON CURRENT ASSETS (003+010+020+029+033)</b>	<b>002</b>	<b>629.821.930</b>	<b>625.377.799</b>
<b>I. INTANGIBLE ASSETS (004 do 009)</b>	<b>003</b>	265.876	208.275
1. Research & Development expenditure	004		
2. Patents, licences, royalties, trade marks, software&similar rights	005	256.491	208.275
3. Goodwill	006		
4. Prepayments for intangible assets	007		
5. Intangible assets under construction	008	9.385	0
6. Other intangible assets	009		
<b>II. PROPERTY, PLANT AND EQUIPMENT (011 do 019)</b>	<b>010</b>	<b>626.009.343</b>	<b>622.988.015</b>
1. Land	011	298.461.517	298.373.064
2. Property	012	262.221.725	295.155.340
3. Plants and equipment	013	18.212.467	29.109.294
4. Tools, plants&vehicles	014		
5. Biological asset	015		
6. Prepayments for tangible assets	016		
7. Assets under construction	017	47.113.634	350.317
8. Other tangible assets	018		
9. Investments property	019		
<b>III. FINANCIAL ASSETS (021 do 028)</b>	<b>020</b>	<b>3.212.240</b>	<b>1.847.038</b>
1. Investments in subsidiaries	021		
2. Loans to subsidiaries	022		
3. Participating interests (stakes)	023		
4. Loans to participating interest	024		
5. Investments in securities	025		
6. Loans & deposits	026		
7. Other non-current financial assets	027	3.212.240	1.847.038
8. Investment accounted by equity method	028		
<b>IV. RECEIVABLES (030 do 032)</b>	<b>029</b>	<b>0</b>	<b>0</b>
1. Receivables from subsidiaries	030		
2. Receivables from credit sales	031		
3. Other receivables	032		
<b>V. DEFERRED TAX ASSETS</b>	<b>033</b>	334.471	334.471
<b>C) CURENT ASSETS (035+043+050+058)</b>	<b>034</b>	<b>19.985.782</b>	<b>21.301.758</b>
<b>I. INVENTORIES (036 do 042)</b>	<b>035</b>	681.440	668.695
1. Raw materials & consumables	036	671.962	645.229
2. Work in progress	037		
3. Products	038		
4. Merchandise	039	9.478	23.466
5. Prepayments for inventories	040		
6. Other available-for-sale assets	041		
7. Biological asset	042		
<b>II. RECEIVABLES (044 do 049)</b>	<b>043</b>	<b>7.649.906</b>	<b>8.224.876</b>
1. Receivables for trade debt of subsidiaries	044		
2. Trade receivables	045	5.916.467	7.195.303
3. Receivables for trade debts of participating entities	046		
4. Amounts receivable from employees	047	122.725	83.398
5. Receivables from government agencies	048	232.757	356.142
6. Other receivables	049	1.377.957	590.033
<b>III. FINANCIAL ASSETS (051 do 057)</b>	<b>050</b>	<b>224.941</b>	<b>66.100</b>
1. Investments in subsidiaries	051		
2. Loans to subsidiaries	052		
3. Participating interests (stakes)	053		
4. Loans to participating interest	054		
5. Investments in securities	055		

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6. Loans & deposits	056	224.941	66.100
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	11.429.495	12.342.087
D) PREPAYMENTS AND ACCRUED INCOME	059	1.029.162	1.501.413
E) TOTAL ASSETS (001+002+034+059)	060	650.836.874	648.180.970
F) OFF-BALANCE SHEET ITEMS	061		
<b>EQUITY AND LIABILITIES</b>			
A) EQUITY (063+064+065+071+072+075+078)	062	537.625.281	533.093.896
I. SHARE CAPITAL	063	491.316.690	282.507.090
II. CAPITAL RESERVES	064	25.401.322	25.401.322
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	0	0
1. Legal reserves	066		
2. Reserves for treasury shares	067		
3. Treasury shares and stakes (less)	068		
4. Statutory reserves	069		
5. Other reserves	070		
IV. REVALUATION RESERVES	071		208.809.600
V. RETAINED EARNINGS (073-074)	072	11.586.151	3.718.510
1. Retained earnings	073	11.586.151	3.718.510
2. Loss brought forward	074		
VI. PROFIT OR LOSS FOR THE FINANCIAL YEAR (076-077)	075	9.321.118	12.657.374
1. Profit for the financial year	076	9.321.118	12.657.374
2. Loss for the financial year	077		
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 do 082)	079	839.413	885.032
1. Provisions for redundancy costs	080	392.923	438.542
2. Provisions for tax obligations	081		
3. Other provisions	082	446.490	446.490
C) NON-CURRENT LIABILITIES (084 do 092)	083	95.496.587	91.799.005
1. Amounts payable to subsidiaries	084		
2. Liabilities for loans, deposits and other	085		
3. Liabilities towards banks and other financial institutions	086	85.754.629	84.126.272
4. Amounts payable for prepayment	087		
5. Trade payables	088		
6. Amounts payable for securities	089		
7. Liabilities toward participating interests	090		
8. Other non-current liabilities	091	9.741.958	7.672.733
9. Deferred tax	092		
D) CURRENT LIABILITIES (094 do 105)	093	15.944.061	21.475.959
1. Amounts payable to subsidiaries	094		
2. Liabilities for loans, deposits and other	095	466.761	495.946
3. Liabilities towards banks and other financial institutions	096	657.126	2.241.541
4. Amounts payable for prepayment	097	1.206.450	1.499.112
5. Trade payables	098	9.167.743	12.655.821
6. Amounts payable for securities	099		
7. Liabilities toward participating interests	100		
8. Amounts payable to employees	101	2.166.615	2.008.619
9. Liabilities for taxes and contributions	102	1.922.155	2.306.981
10. Dividend payables	103		
11. Liabilities directly associated with the assets classified as held for sale	104		
12. Other current liabilities	105	357.211	267.939
E) ACCRUED CHARGES AND DEFERRED REVENUE	106	931.532	927.078
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	650.836.874	648.180.970
G) OFF-BALANCE SHEET ITEMS	108		
<b>ANNEX TO THE BALANCE SHEET (to be filled in by entrepreneur submitting consolidated financial report)</b>			
<b>A) CAPITAL AND RESERVES</b>			
1. Attributable to equity holders of the parent company's capital	109		
2. Attributable to minority interest	110		

Note 1.: APPENDIX TO THE BALANCE SHEET (to be filled in by entities who submitting consolidated financial statements).

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**INCOME STATEMENT**  
for the period 01 january 2018 to 30 september 2018

Issuer: JADRAN D.D., CRIKVENICA

Item	AOP	Previous period		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
<b>I. OPERATING INCOME (112+113)</b>	<b>111</b>	<b>76.752.489</b>	<b>53.421.729</b>	<b>83.129.031</b>	<b>56.790.845</b>
1. Sales revenue	112	73.747.844	52.509.145	80.545.416	55.791.547
2. Other operating income	113	3.004.645	912.584	2.583.615	999.298
<b>II. OPERATING EXPENSES (115+116+120+124+125+126+129+130)</b>	<b>114</b>	<b>66.951.627</b>	<b>33.316.789</b>	<b>69.526.666</b>	<b>33.393.928</b>
1. Changes in inventories of finished products and work in progress	115				
2. Raw material and consumables used (117 do 119)	116	34.320.658	19.324.353	32.107.977	18.247.716
a) Cost of raw materials & consumables	117	17.957.696	10.628.975	17.329.522	9.960.495
b) Cost of goods sold	118	103.231	76.271	155.710	121.963
c) Other costs	119	16.259.731	8.619.107	14.622.745	8.165.258
3. Staff costs (121 do 123)	120	20.972.493	9.774.614	24.239.325	10.338.074
a) Net salaries	121	13.625.304	6.369.710	15.629.415	6.874.982
b) Employee income tax and contributions	122	4.469.410	2.068.048	5.371.142	2.112.765
c) Employer's contributions	123	2.877.779	1.336.856	3.238.768	1.350.327
4. Depreciation and amortisation expense	124	6.557.275	2.212.284	8.073.080	2.757.975
5. Other costs	125	4.537.385	1.993.967	4.893.104	2.050.163
6. Impairment losses (127+128)	126	0	0	0	0
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128				
7. Provisions	129	0	0	0	0
8. Other operating expenses	130	563.816	11.571	213.180	0
<b>III. FINANCIAL INCOME (132 do 136)</b>	<b>131</b>	<b>1.209.225</b>	<b>251.825</b>	<b>1.676.723</b>	<b>172.452</b>
1. Interest, foreign exchange gains, dividends and other income from related parties	132				
2. Interest, foreign exchange gains, dividends and other income from non-related and other entities	133	1.209.225	251.825	1.676.723	172.452
3. Income from associates and ownership interests	134				
4. Unrealized gains	135				
5. Other financial income	136				
<b>IV. FINANCIAL EXPENSES (138 do 141)</b>	<b>137</b>	<b>1.688.969</b>	<b>668.902</b>	<b>2.621.714</b>	<b>1.205.078</b>
1. Interest, foreign exchange losses and other expenses with related parties	138				
2. Interest, foreign exchange differences and other expenses with non-related and other entities	139	1.688.969	668.902	2.621.714	1.205.078
3. Unrealized losses	140				
4. Other financial expenses	141				
<b>V. SHARE OF INCOME OF ASSOCIATES</b>	<b>142</b>				
<b>VI. SHARE OF LOSS OF ASSOCIATES</b>	<b>143</b>				
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>				
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>				
<b>IX. TOTAL INCOME (111+131+142 + 144)</b>	<b>146</b>	<b>77.961.714</b>	<b>53.673.554</b>	<b>84.805.754</b>	<b>56.963.297</b>
<b>X. TOTAL EXPENSES (114+137+143 + 145)</b>	<b>147</b>	<b>68.640.596</b>	<b>33.985.691</b>	<b>72.148.380</b>	<b>34.599.006</b>
<b>XI. PROFIT OR LOSS BEFORE TAX (146-147)</b>	<b>148</b>	<b>9.321.118</b>	<b>19.687.864</b>	<b>12.657.374</b>	<b>22.364.291</b>
1. Profit before tax (146-147)	149	9.321.118	19.687.864	12.657.374	22.364.291
2. Loss before tax (147-146)	150				
<b>XII. INCOME TAX EXPENSE</b>	<b>151</b>				
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22.364.291</b>
1. Profit for the period (149-151)	153	9.321.118	19.687.864	12.657.374	22.364.291
2. Loss for the period (151-148)	154	0	0	0	0
<b>ANNEX TO THE PROFIT AND LOSS ACCOUNT (to be filled in by entities submitting consolidated financial statements)</b>					
<b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>					
1. Attributable to owners of the company	155				
2. Attributable to non-controlling interests	156				
<b>STATEMENTS OF COMPREHENSIVE INCOME (to be filled by entities who work in compliance with IFRS)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD (= 152)</b>	<b>157</b>				
<b>II. OTHER COMPREHENSIVE INCOME /LOSS BEFORE TAX (159 do 165)</b>	<b>158</b>				
1. Exchange differences arising from foreign operations	159				
2. Revaluation of non-current assets and intangible assets	160				
3. Gains or loss available for sale investments	161				
4. Gains or loss on net movement on cash flow hedges	162				
5. Gains or loss on net investments hedge	163				
6. Share of the other comprehensive income/loss of associates	164				
7. Actuarial gain / loss on post employment benefit obligations	165				
<b>III. TAX ON OTHER COMPREHENSIVE INCOME OF THE PERIOD</b>	<b>166</b>				
<b>IV. NET OTHER COMPREHENSIVE INCOME OR LOSS FOR THE YEAR (158-166)</b>	<b>167</b>				
<b>V. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD (157+167)</b>	<b>168</b>				
<b>APPENDIX Statement of Comprehensive Income (to be filled in by entities submitting consolidated financial statements)</b>					
<b>VI. TOTAL COMPREHENSIVE INCOME/LOSS FOR THE PERIOD</b>					
1. Attributable to owners of the company	169				
2. Attributable to non-controlling interests	170				

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**CASH FLOW STATEMENT - Indirect+A1:K35 method**  
in the period 01 january 2018 to 30 september 2018

Issuer: JADRAN D.D., CRIKVENICA

Item	AOP	Previous period	Current period
1	2	3	4
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	001	9.321.118	12.657.374
2. Depreciation and amortisation	002	6.557.275	8.073.080
3. Increase in liabilities	003		5.531.898
4. Decrease in receivables	004	1.229.430	
5. Decrease in inventories	005		-12.745
6. Other increase in cash flow	006	97.020	426.632
<b>I. Total increase in operating cash flow (001 do 006)</b>	<b>007</b>	<b>17.204.843</b>	<b>26.676.239</b>
1. Decrease in liabilities	008	3.145.595	
2. Increase in receivables	009		574.970
3. Increase in inventories	010	190.576	
4. Other decrease in cash flow	011	8.699.761	11.519.258
<b>II. Total decrease in operating cash flow (008 do 011)</b>	<b>012</b>	<b>12.035.932</b>	<b>12.094.228</b>
<b>A1) NET INCREASE IN OPERATING CASH FLOW (007-012)</b>	<b>013</b>	<b>5.168.911</b>	<b>14.582.011</b>
<b>A2) NET DECREASE IN OPERATING CASH FLOW (012-007)</b>	<b>014</b>		
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>			
1. Proceeds from sale of property, plant and equipment	015		
2. Net disposal of financial assets	016		
3. Interest received	017	1.735	1.638
4. Dividend received	018		
5. Other cash from investing activities	019	6.754.514	66.100
<b>III. Total cash flow from investing activities (015 do 019)</b>	<b>020</b>	<b>6.756.249</b>	<b>67.738</b>
1. Purchase of property, plant and equipment and intangible assets	021	45.161.314	3.085.710
2. Purchase of financial instruments	022		
3. Other cash flow used in investing activities	023		
<b>IV. Total cash flow from investing activities (021 do 023)</b>	<b>024</b>	<b>45.161.314</b>	<b>3.085.710</b>
<b>B1) NET INCREASE IN CASH FLOW FROM INVESTING ACTIVITIES (020-024)</b>	<b>025</b>		
<b>B2) NET DECREASE IN CASH FLOW FROM INVESTING ACTIVITIES (024-020)</b>	<b>026</b>	<b>38.405.065</b>	<b>3.017.972</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>			
1. Proceeds from issuance of financial instruments	027		
2. Proceeds from loans	028	42.746.603	2.807.549
3. Other cash flow from financial activities	029		
<b>V. Total cash flow from financial activities (027 do 029)</b>	<b>030</b>	<b>42.746.603</b>	<b>2.807.549</b>
1. Repayment of interest-bearing borrowings	031	1.991.646	4.681.971
2. Dividend paid	032		
3. Repayment of finance lease	033		
4. Repurchase of treasury shares	034		
5. Other cash flow used in financial activities	035		
<b>VI. Total cash flow used in financial activities (031 do 035)</b>	<b>036</b>	<b>1.991.646</b>	<b>4.681.971</b>
<b>C1) NET INCREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (030-036)</b>	<b>037</b>	<b>40.754.957</b>	<b>0</b>
<b>C2) NET DECREASE IN CASH FLOW FROM FINANCIAL ACTIVITIES (036-030)</b>	<b>038</b>	<b>0</b>	<b>1.874.422</b>
Total increase in cash flow (013 – 014 + 025 – 026 + 037 – 038)	<b>039</b>	7.518.803	9.689.617
Total decrease in cash flow (014 – 013 + 026 – 025 + 038 – 037)	<b>040</b>		
Cash and cash equivalents at the beginning of the period	<b>041</b>	3.910.692	2.652.470
Increase in cash and cash equivalents	<b>042</b>	7.518.803	9.689.617
Decrease in cash and cash equivalents	<b>043</b>		
Cash and cash equivalents at the end of the period	<b>044</b>	11.429.495	12.342.087

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**STATEMENT OF CHANGES IN EQUITY**  
for the period from 1.1.2018 to 30.9.2018

Item	AOP	Previous period	Current period
1	2	3	4
1. Share capital	001	491.316.690	282.507.090
2. Capital reserves	002	25.401.322	25.401.322
3. Reserves from profit	003		
4. Retained earnings	004	11.586.151	3.718.510
5. Profit or loss for the period	005	9.321.118	12.657.374
6. Revaluation of property, plant and equipment	006		
7. Revaluation of intangible assets	007		
8. Revaluation of financial assets available for sale	008		
9. Other revaluations	009		208.809.600
<b>10. Total capital and reserves (AOP 001 do 009)</b>	<b>010</b>	<b>537.625.281</b>	<b>533.093.896</b>
11. Foreign exchange differences from investments in foreign operations	011		0
12. Current and deferred taxes	012		
13. Cash flow hedge	013		
14. Changes in accounting policies	014		
15. Prior year adjustment	015	0	-3.636.990
16. Other changes in equity	016		
<b>17. Total increase/decrease in equity (AOP 011 do 016)</b>	<b>017</b>	<b>0</b>	<b>-3.636.990</b>
17 a. Parent company share in subsidiary	018		
17 b. Minority interest	019		

Items that decrease equity have negative sign

Items from 001 to 009 are state of balance sheet date

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Pursuant to Articles 407 and 410 of the Capital Market Act (Official Gazette 88/08, 146/08), the Management Board of the company JADRAN d.d., according to our best knowledge, gives the following

## STATEMENT BY PERSONS RESPONSIBLE FOR THE PREPARATION OF THE REPORT

Unaudited financial reports of JADRAN d.d. are prepared in accordance with International Financial Reporting Standards and the Accounting Act valid at the date of the financial reports.

Unaudited financial reports of JADRAN d.d. for the period from 1 January 2018 to 30 September 2018 provide a true and fair view of the assets and liabilities, losses and gains, financial position and operations of the Company.

Report on business operations contains a true and faithful presentation of the Company's business development and results, along with a description of the most significant risks and uncertainties to which the Company is exposed.

In Crikvenica, 29 October 2018

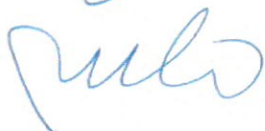
Chairman of the Board

Goran Fabris



Member of the Board

Karlo Čulo



Jadran  
dioničko društvo  
za hotelijerstvo i turizam  
Crikvenica

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