



ANNUAL REPORT FOR THE FISCAL YEAR 2015

Biograd na Moru, April 2016

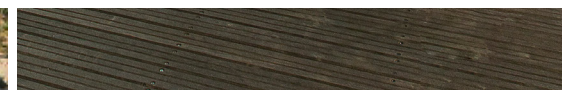
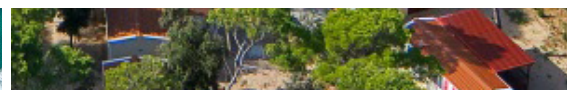
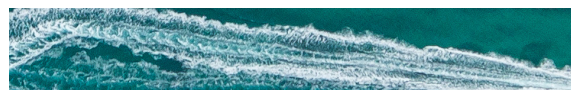
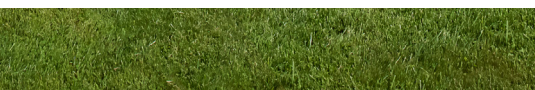


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CONTENTS:

4	Statement of Goran Ražnjević, President of the Management Board, to the Company's Shareholders	72	Long-term development plan of the Company
7	Overview of key performance indicators in the year 2015	73	Operational risks of the Company
10	Key events and information for the year 2015	74	Significant events and recapitalization of the Company
14	General details	77	Significant events after the end of the fiscal year
15	Chronological overview of the Company development	78	Sustainable development and corporate social responsibility
19	Company's bodies	82	Human Resources
20	Company's subsidiaries	84	Other
20	Affiliated companies	85	Notes
21	Statement on applying corporate governance code	86	Financial statements for the period from 01/01/2015 to 31/12/2015
24	Ownership structure of the Company as at 31/12/2015 and trading in the Company's shares at the Zagreb Stock Exchange in 2015	95	Representation letter by responsible persons for the preparation of the financial statements
30	Capacities	96	Supervisory Board decision on approving financial statements for the year 2015
37	Operating results	97	Supervisory Board draft decision on appropriation of profit of Ilirija d.d. and distribution of dividend for the fiscal year 2015
69	Investments	98	Audit report of annual financial reports for 2015
70	Business expectations and development plan in the year 2016		



I. STATEMENT OF GORAN RAŽNJEVIĆ, PRESIDENT OF THE MANAGEMENT BOARD TO THE COMPANY'S SHAREHOLDERS



Dear shareholders,

In 2015 according to all key performance indicators, physical and financial ones, Ilirija d.d. achieved growth in the operating results, not only at the level of the whole Company, but also at the level of all its sectors (hotel industry, nautics, camping, destination management company DMC Ilirija Travel, hospitality). Therefore we find the last financial year of the Company far the most successful since its inception. In addition to achieving significant business results, the year 2015 was marked by two important corporate events: (i) successfully completed process of recapitalization of the Company and (ii) a significant progress made by the Company in the Croatian capital market and its opening up to the investment public - transfer and the listing of the shares onto the Official Market of the Zagreb Stock Exchange, the most transparent market segment on the domestic capital market. By means of the process of recapitalization, Allianz ZB d.o.o., the company for managing the mandatory pension fund acquired a 10% equity share in the Company. These corporate event commit the Company to show a significantly higher level of transparency and excel-

lence in business operations not to you, the shareholders, but also to the investment community and the general public, which is for the company a significant step forward in strengthening its capital and market position, encouraging and ensuring the prerequisites for future capital investments for a wider range of potential investors in their securities. The process of recapitalization of the Company has further resulted in an increased level of transparency in its operations, which has been pronounced so far as well, not only towards the investment, but also the general public, while strengthening its development philosophy and strength in tourism and hospitality business.

Having made the right business decisions in the past period, which contributed to the growth of competitiveness in the demanding Mediterranean tourism market, for over 15 years in a row the Company has ensured stability, continued growth of revenues, development of products and services, maintaining and increasing the quality thereof and every year it records the growth of profitability and cost efficiency and all Company's performance indicators.

As a company, we have opted for high quality tourism and standards, implementation of the latest standards of the tourism industry in parallel with environmental and sea standards, as the most important tourism resources, in accordance with the principles of sustainable development, but mainly owing to the continuous development of new tourism products, which enables us, as the company in a challenging and an uncertain international tourism market, despite a much lower competitiveness of the Croatian tourism burdened by numerous parafiscal levies and higher taxes, the growth of competitiveness and consequently the growth of key physical and financial operating results. In 2015, the company recorded 614,360 overnight stays in their establishments, which is a rise by 2% compared to the year 2014, with a particular emphasis on the camping sector in which we recorded 11% more overnight stays, while the hotel industry sector remained at the level of 2014. In the nautical sector the overnight stays do not constitute the basis of business, but these are rather contractual and transit berth and other supplementary services as a complementary activity of the marina. The growth of physical operating indicators is the result of raising

the quality of services and amenities, introducing new products and services on the market and the significant market and marketing activities at the level of all sectors and on all major source markets as well as opening new markets.

The growth of operating or physical operating indicators was followed by the growth of financial key performance indicators. Total revenues increased by 4.29% as a result of growth in operating revenues by 4.38%, that is, revenues from sales amounting to HRK 125,275,837.54, which increased by 5.28% and account for 98.55% of all operating revenues. Despite the more difficult economic situation and business conditions, the Company realized the growth in revenues from sales in the domestic market by 6%, while the growth in revenues from sales on the foreign market increased by 4%.

In 2015, the Company directed a special attention at all levels of operations to the more efficient management, planning and control of operating expenses resulting in a decrease in operating expenses by 1.28% and financial expenses by 24.74% and maintaining

total expenditures at the level of the year 2014.

The increase in operating revenues and retention of total operating expenditures at the level of 2014 resulted in the generation of the operating profit in the amount of HRK 42,548,994.21, which is an increase by 17.78% or HRK 6,424,013.46 compared to the operating profit in 2014. At the same time the profit amounting to HRK 25,510,509.44 was generated, which is an increase by 25.14% or HRK 5,125,394.32 compared to the year 2014 when it amounted to HRK 20,385,115.12.

The financial position indicators of the Company as of 31/12/2015 (the value of assets, total liabilities, equity and reserves) indicate the results of fifteen-year continuous and stable business growth and sustainable development successfully implemented by the Company at all operational levels. The value of the assets in the period observed increased compared to 2014 by HRK 6,147,484.61 or 1.98%, the total liabilities amount to HRK 96,706,510.04 HRK and decreased by HRK 36,147,106.60 or by 27.32% as a

result of the decrease in the liabilities owed to financial institutions, while the Company's capital amounts to HRK 220,353,306.88 HRK and increased by HRK 42,494,591.21 or by 23.89%.

We are aware of the fact that only sustained investments can ensure a quality tourism product competitive on the international and domestic market. In accordance with the annual plan of investment in 2015, the Company invested a total of HRK 14,115,336.73 in all four sectors of the Company (nautics, hotel industry, camping DMK Illyria Travel) in order to enhance the level of the existing services and facilities and to increase the scope of the current supply and launch new products in the tourism market which is inclined to ILIRIJA d.d. In 2015, Villa Primorje **** was introduced to the market, in the camping sector the investment was made in the purchase of new mobile homes and their complete equipment, and further landscaping of the camp to the level of the arboretum and its further infrastructural development. At the same time, in the hotel industry sector, the investment was made in additional equipment and

refurbishment of hotel rooms and shared facilities.

The Company has invested significant resources in technological equipment, refurbishment and overall increase of the congress facilities. As a result of these investments Ilirija can provide conference services for up to 900 persons, which is a significant step forward of the Company in the congress and MICE market, but also one of the best quality extension of the tourist season, a successful and profitable year-round business, with a particular emphasis on the shoulder season. In addition, the Company has in its sales and marketing activities developed a special segment of innovative and complementary tourist supply that has been presented to the market by the destination management company (DMK) Ilirija Travel intended for the emerging market of experience and special interest tourism, especially important for achieving better business results in shoulder season.

In addition to the outstanding operating results, am I particularly proud that Ilirija d.d. is today recognized as a socially responsible company, not only by its

owners and you shareholders, but also by all our employees and the local community, that binds us in the future to conduct responsible business operations, preserve jobs, achieve growth in revenues, improve services, increase the market share and expand into the new markets.

I thank all the shareholders who have given us confidence and especially I thank the employees for their contribution to the achievement of the recent operating results.



Goran Ražnjević,
President of the Management Board

2. OVERVIEW OF KEY PERFORMANCE INDICATORS IN THE YEAR 2015

in HRK	2015	2014	% changes 2015/2014
Total revenues	128.146.512,63	122.873.752,12	4,29%
Operating income	127.122.379,61	121.792.647,35	4,38%
Hospitality	47.416.243,13	47.432.648,86	-0,03%
Nautics	45.291.162,61	44.086.730,51	2,73%
Camping	26.696.623,82	24.685.606,93	8,15%
Other revenues	7.718.350,05	5.587.661,05	38,13%
Revenues from sales	125.275.837,54	118.988.217,72	5,28%
EBITDA	37.767.176,96	33.211.137,28	13,72%
EBITDA margin	29,7%	27,3%	8,95%
Adjusted EBITDA	39.645.201,46	34.054.305,53	16,42%
Adjusted EBITDA margin	31,2%	28,0%	11,54%
EBIT	29.979.425,41	26.115.153,19	14,80%
Adjusted EBIT	31.857.449,91	26.958.321,44	18,17%
EBT	25.510.509,44	20.385.115,12	25,14%
EBT margin	19,91%	16,59%	19,99%
Net profit	21.533.371,50	18.493.204,03	16,44%

Balance sheet indicators

in HRK	31.12.2015.	31.12.2014.	% changes 2015/2014
Net debt	69.658.644,72	107.868.082,69	-35,42%
Net debt / EBITDA	1,81	3,28	-44,67%
Net debt / Adjusted EBITDA	1,73	3,20	-45,95%
Interest coverage	7,90	5,03	57,02%
Capital investments	14.115.337	16.898.652	-16,47%
ROE	10,0%	10,4%	-4,29%
ROA	6,8%	5,9%	14,87%
Adjusted ROCE	11,9%	10,1%	18,28%

Indicators of the financial position

in HRK	2015.	2014.	% changes 2015/2014
Value of assets	317.059.816,92	310.912.332,31	1,98%
Capital	220.353.306,88	177.858.715,67	23,89%
Total liabilities	96.706.510,04	133.053.616,64	-27,32%

Achievements on the capital market

in HRK	31.12.2015.	31.12.2014.	% changes 2015/2014
Market capitalization	274.286.000	187.039.500	46,65%
EV	343.944.644,72	294.907.582,69	16,63%
EV / EBITDA	9,1	8,9	1,86%
EV / Adjusted EBITDA	8,6	8,7	-0,50%
P / E	12,7	10,1	25,94%
EPS	84,5	74,3	13,64%
DPS	18	15	20,00%

Physical indicators

Physical indicators	2015	2014	% changes 2015/2014
Hospitality			
Number of accommodation units	443	443	0,00%
Overnight stays of tourists	130.643	130.175	0,36%
Occupancy days	143	142	1,00%
Annual occupancy	39%	39%	0,00%
Nautics			
Number of berths	805	805	0,00%
Contracted vessels	732	773	-5,30%
Transit berth, overnight stay of vessel	11.793	12.347	-4,49%
Port service – number of operations	3.948	3.671	7,55%
Days of work	365	365	0,00%
Camping			
Number of accommodation units	1.123	1.123	0,00%
Days of work	191	200	-4,50%
Occupancy days	103,49	99,82	3,61%
Mobile homes	105,25	98	7,39%
Individuals	50,19	43,7	14,85%
Fixed lease	191	200	-4,50%
Lump sum	191	200	-4,50%
Occupancy	54,16%	49,91%	3,67%
Mobile homes	55,10%	49,00%	7,40%
Individuals	26,28%	21,85%	20,27%
Fixed lease	100%	100%	0,00%
Lump sum	100%	100%	0,00%
Overnight stays of tourists	260.579	234.346	11,19%

3. KEY EVENTS AND INFORMATION FOR THE YEAR 2015

1. The payment of the dividend to the Company's shareholders in the gross amount of HRK 15.00 per share has been approved.
2. The share capital of the Company increased from the reinvested profit from the year 2014 by increasing the nominal value of the share by HRK 50.00 from HRK 500.00 per share to the nominal amount of HRK 550.00 per share.
3. The recapitalization of the Company was successfully completed by Allianz ZB d.o.o., the company for the management of the mandatory pension fund with the registered office in Zagreb, which hereby acquired 10% of share in the ownership of the Company, by issuing 24,900 new shares of nominal value of HRK 550.00 that were issued at a price of HRK 875.00 per share or in the total amount of HRK 21,787,500.00. In this way, the share capital of the Company increased for the second time in the fiscal year from the amount of HRK 137,162,300.00 to HRK 150,857,300.00 divided into 274,286 shares. Upon the completion of the process of recapitalization, the Company has turned a new page of the market, financial, stock behavior and development corporate philosophy looking up to the common international business practice.
4. Ordinary shares of the Company, designated ILRA-R-A, shall be transferred/listed into the Official Market of the Zagreb Stock Exchange, according to which we are second tourist company in Croatia on this stock exchange listing, which commits us to show a much higher level of transparency and accountability not only to the general public, but also particularly to the investors.
5. The appointment of Mr. Goran Ražnjević as the sole member of the Management Board of the Company for the fourth time in a row for a 5 years' term of office.
6. The overnight stays in the Company's facilities increased by 2% compared to 2014 with the largest increase in physical turnover in the camping sector by 11%.
7. The increase in revenues by 4.29% from HRK 122,873.752.12 as they amounted in the year

- 2014 to the amount of HRK 128,146,512.63 as realized in the year 2015.
8. The increase in operating revenues by 4.38% from HRK 121,792,647.35 as they amounted in 2014 by the amount of HRK 127,122,379.61 in 2015 as a result of increased revenues from sales by 5.28% from the amount of HRK 118,988,217.72 as much as the revenues from sales amounted in 2014 to the amount of HRK 125,275,837.54 in 2015, or the increase in the revenues from sales in the absolute amount of HRK 6,287,619.84.
 9. The decrease in operating expenses by 1.28% from the amount of HRK 85,667,666.60 as they amounted in 2014 to the amount of HRK 84,573,385.40 as a result of more efficient managing the expenses at all levels of the operations.
 10. The increase in operating profit or profit from the business activities of the Company from HRK 36,124,980.75 to HRK 42,548,994.21, or by 17.78% was followed by an increase in profit after tax from HRK 18.493.204,03 as it amounted in 2014 to HRK 21.533.370,50, which is an increase by 16,43% or HRK 3.040.166,47 as a result of an increase in total revenues and retention of total expenditures at the level of 2014, while reducing operating expenses at the same time.
 11. A significant increase in total revenues in the camping sector by 9%, as a result of an increase in the number of overnight stays and the number of mobile homes, and increase in revenues in the nautical sector by 2% where increased revenues were generated from boat events.
 12. The realized EBITDA in 2015 amounted to HRK 37,767,176.96, which is an increase by 13.72%, while the EBIT was realized in the amount of HRK 29,979,425.41 which is an increase by 14.80% compared to the year 2014.
 13. A significant decrease in the total liabilities of the Company by 27.32% from HRK 133,053,616.64 as they amounted in 2014 to HRK 96,706,510.04, or HRK 36,347,106.60 in 2015 as a result of reduction of loan liabilities owed to financial institutions.
 14. In the same accounting period, the value of the assets increased by 1.98% or by HRK 6,147,484.61 or from HRK 310,912,332.31 as it amounted in the year 2014 to a total of HRK 317,059,816.92 in the year 2015.
 15. In 2015, the capital increased by 23.89% or HRK 42,494,591.21 or from HRK 177,858,715.67 as it amounted in the year 2014 to HRK 220,353,306.88 in the year 2015.
 16. The increase in the market capitalization by 46.65% or by HRK 87,246,500.00 from the amount of HRK 187,039,500.00 as it amounted in 2014 to the amount of HRK 274,286,000.00 in 2015.
 17. The increase in the total turnover of the Company 3.67%, from HRK 4,359,528.24 as it amounted in the year 2014 to HRK 4,519,484.44 realized in the year 2015.
 18. The increase in the average price of shares by 49.14% from HRK 597.93 as it amounted in the year 2014 to HRK 891.77 in the year 2015.
 19. The increase in the latest price of share by 33.33%, that is, from HRK 750.00 as it amounted in the year 2014 to HRK 1,000.00 as much as the latest price of the share was in the year 2015. In 2015, the share reached the highest single price in the amount of HRK 1,100.00 per share.
 20. The continuation of continuous investments in

accommodation facilities, improvement of the service, supply and amenities in all sectors of the company, of which we particularly point out the opening of Villa Primorje****, built in the second half of the 19th century, today luxuriously furnished and equipped to the latest standards for the facilities of its kind and category, with its own restaurant and a Mediterranean garden. The beginning of the first phase of reconstruction of the coastal part of the Port of nautical tourism "Marina Kornati", according to the non-appealable building permit, class: UP/I-361-03/15-01/000111, Reg. No. 531-06-2-1-1467-15-0008, as of 20/10/2015, that judging by the achieved business results as well as the entire supply represents the backbone of the development of nautical tourism and nautical activity not only for the company but also for the Zadar County and the Croatian tourism in general.

21. Marina Kornati, is the leading boating and regatta center in Croatia, in the waters of which some 39 national and international boat events (regattas of all classes) took place with up to 4,980 sailors from around the world that participated in such events. We especially recommend the Engineering Challenge Cup (ECC),

which brings together managers and employees of the world's leading engineering companies, which was attended by 54 teams with 350 sailors from 30 countries.

22. In October, the 17th international boat fair Biograd Boat Show took place, which is organized and hosted by the Company in Marina Kornati in Biograd na Moru, which has become the major event for the nautical tourism and boating industry, which in 2015 was visited by a record 307 exhibitors with more than 300 vessels, 14 premier vessels, over 15,000 visitors and 2,000 realized business visits, by which this boat event not only retained a continuous growth, but also the position as the leading international boat show in Croatia and southeast Europe among the fairs that are held in the water. Biograd Boat Show has been awarded the gold member status by the International Federation of Boat Show Organisers (IFBSO) thanks to the adoption of high standards of the organization and participation in the further development of the association, sharing its unique business model and innovative solutions.
23. Prizes, awards, standards and certificates in 2015:



PRIZES AND REWARDS:

Awards by the Ministry of Maritime Affairs, Transport and Infrastructure to the Company for promoting maritime culture for the organization of the Biograd Boat Show.

“Park Soline” camp is the winner of the following awards: Croatia Best Campsite, awarded by the Croatian Camping Association to the Croatian camps that are distinguished by the quality of their service, amenities and supply, the results achieved and concern for the environment; Naj kamp Adria 2015 for second place in the category of the Best large camp of Dalmatia, award by the leading Slovenian camping portal Autokamp.si that promotes camping tourism. The award is especially significant because it is awarded by the guests themselves who have stayed in Croatian camps that evaluate the following elements: camping plot, decoration, sanitary facilities, sports and other amenities, value for money. Marina Kornati in the “Tourist flower - Quality for Croatia” action was awarded the second place in the category “Best big marina”.

CERTIFICATES:

Camp “Park Soline” is the holder of the international environmental certificate Ecocampig as one of only six camps in Croatia, while in the hotel sector the hotel Ilirija **** was awarded the basic certificate “Sustainable Hotel”

STANDARDS:

Introduction and implementation of HALAL quality in the hospitality facilities of the Company.



4. GENERAL DETAILS

ILIRIJA d.d. is a public joint stock company registered for hospitality and tourism with registered office in Biograd na Moru, Tina Ujevića 7, that has been active in the Croatian tourist market for already 59 years. The business operations of Ilirija d.d. is based on the principles of corporate social responsibility as an integral part its corporate values. In its business operations, the Management Company applies the Code of Corporate Governance of the Zagreb Stock Exchange and HANFA. The data on the operations are public and transparent, and at all times available to all national, financial and other institutions, shareholders, banking institutions, funds, associations, business partners, institutional, individual and other investors in the regulated capital market in the Republic of Croatia.

In its business operations, the Company covers all key segments of the Adriatic Mediterranean tourism supply that is: hotel industry (hotels: Ilirija****, Kornati****, Adriatic***, Villa Donat****/***, Villa Primorje****, diffuse hotel Ražnjevića Dvori AD 1307****), nautical sector (Marina Kornati and ho-

tel port Ilirija-Kornati), camping (camp „Park Soline“****), hospitality (restaurant “Marina Kornati” restaurant “Park Soline”, beach bar “Donat”, “Lavender lounge bar”), destination management company DMC Ilirija Travel, Arsenal in Zadar, Tennis center Ilirija with 20 tennis courts and caffe bar, Aquatic Centar with the hospitality facility and event ship “Nada”, a floating convention center with multifunctional purposes, 36m in length and a capacity to accommodate 180 persons.

Its business is based on providing services by using its capacities (hotel, nautica, camping) at the same time providing additional amenities and services, thus creating a high-quality integrated and complementary tourism product in the domestic and international tourism market, presented under the brand Ilirija Travel. Destination management company was established as a result of the modern tourism demand, conditioned by the technological, social, market factors and trends of ever more demanding customer or market.

5. CHRONOLOGICAL OVERVIEW OF THE COMPANY DEVELOPMENT

Year 1957 | The Company was incorporated and domiciled in Biograd na Moru, where it operates today, although the beginnings of the company date back to 1936 when the first hotel called ILIRIJA in Biograd na Moru was built. These are also the first beginnings of organized tourism not only in Biograd but also in the entire Biograd Riviera, by which the Company becomes the pioneer and the leader of all tourism activities in the Biograd region.

1969 – 1972 | The construction of new hotel facilities (Hotel Kornati **** and Hotel Adriatic ***), the overall reconstruction and construction of hotels Ilirija**** and building an annex to the hotel Villa Donat **** / *** in Sv. Filip and Jakov.

Year 1976 | Beginning of construction of the first nautical tourism port in Croatia Hotel port Ilirija-Kornati, located in Biograd na Moru, with a total of 100 berths and the acquisition of the first charter fleet of 40 vessels, by which the Company becomes a pioneer of the nautical tourism development.

Year 1986 | Extended nautical capacities of the Company by constructing the nautical tourism Port Marina Kornati, located in Biograd na Moru, with total port area (aquatorium) of 131.600 m² with a total capacity of 705 berths on land and sea. Today, Marina Kornati is among the Top 3 Croatian marinas according to the number of berths, technical equipment, quality of service, cleanliness and neatness.

Year 1988 | The construction of Tennis center, located in a pinewood Soline right next to the old town center Biograd na Moru (400m from the hotel, 150m from the main beach), on an area of 48.000 m² with 20 tennis courts (14 clay and 6 color-set tennis courts).

Year 1988 | The construction of Aquatic Center, which is basically an Olympic swimming pool with many additional amenities as a supplement to the basic hotel amenities. Except as a sports facility, it was also built as an entertainment and catering facility with bleachers with the capacity of 4,000 seats and a terrace of 1,000 m², which is a center for holding almost all sports, entertaining and dance events in the city.

Year 1991 | By merger the campsite "Soline", located in Biograd na Moru, later renamed into the camp "Park Soline", by which the Company in its operations in addition to hotel management and nautics also included camping as the third segment of its tourism offer.

Year 1993 | The Croatian Privatisation Fund, makes a decision on the transformation of HTP Ilirija into a joint stock company.

Year 1999 | The Company was privatized and is in major ownership of the company Arsenal Holdings d.o.o. from Zadar, which is in major ownership of Mr. Davor Tudorović.

Year 1999 | The Company starts boat show organized as Spring Open Days, mainly intended for companies that operate in the marina, as the first such event in North Dalmatia.

Wishing for Biograd na Moru, to win the top boat event considering its status of the city as a cradle of nautical tourism, at which all sectors of the boating and charter business will be presented in a short period, the Open Days grew into a boat event - Biograd Boat Show.

Since 2004 Biograd Boat Show is organized as the first autumn boat show in Croatia.

1999 – 2015 | During this period, the Company invested HRK 345,152,398.82 in construction, reconstruction, extension, building annexes, renovation and adaptation of accommodation facilities and establishments of the Company to enhance the quality, improve the overall service and standards in all sectors of the Company, develop new products, improve and increase the categorization of accommodation facilities and nautical capacities, expand hospitality facilities with an aim to create a high-quality, distinctive and competitive tourism product and enhance the quality of the tourism supply of the destination itself, which resulted in the growth of total revenues by 10.13 times and newly created value in the mentioned period in the amount of HRK 554,185,700.83.

Year 2002 | The National Audit Office carried out the audit of transformation and privatization of ILIRIJA d.d. and issued an unqualified opinion on the transformation and privatization in full, with an emphasis that the process was carried out in accordance with the legislation and that no irregularities were determined that would affect the legal implementation of the process of transformation and privatization.

Year 2003 | The Company's shares were listed on the Zagreb Stock Exchange in the quotation of public joint stock companies.

Year 2005 | As part of the Company's business system, the multimedia center Arsenal in Zadar, built in the 17th century at the time of the Venetian Republic, following the completion of the revitalization and renewal according to the concept of "indoor town square," began conducting business activities.

Year 2009 | The Company's shares are listed on the Regular Zagreb of the Stock Exchange, since the quotation of public joint stock companies was cancelled.

Year 2014 | The market was presented the event yacht "Nada" floating convention center with multifunctional purposes 36m in length and a capacity to accommodate 180 persons.

Year 2014 | As a part of the Company's business system, the first Croatian diffuse hotel Ražnjevića dvori AD 1307 was opened.

Year 2015 | Renovated Villa Primorje****, built in the second half of the 19th century, luxuriously decorated and equipped in line with the latest standards for facilities of its kind and category, has its own restaurant that offers the possibility of organizing a number of events.

Year 2015 | Recapitalization of the company by Allianz ZB d.o.o., the company for mandatory pension fund management, with headquarters in Zagreb, which has acquired 10% equity share in the ownership of the company.

Year 2015 | The company's shares are transferred from the Regular market of the Zagreb Stock Exchange which will contribute to even greater transparency and openness of the company to all of its stakeholders, particularly investors, both domestic and international capital markets.

6. COMPANY'S BODIES

2.1 COMPANY MANAGEMENT BOARD

Goran Ražnjević, President of the Management Board represents the company solely and independently

2.2 SUPERVISORY BOARD

Goran Medić, President of the Supervisory Board

David Anthony Tudorović, Deputy President of the Supervisory Board

Davor Tudorović, Member of the Supervisory Board

Siniša Petrović, Member of the Supervisory Board

Darko Prebežac, Member of the Supervisory Board

2.3 SHAREHOLDERS' ASSEMBLY

7. COMPANY'S SUBSIDIARIES

The Company has two subsidiaries in 100% ownership:

ILIRIJA GRAĐENJE d.o.o.

ILIRIJA NAUTIKA d.o.o.

(not active in business)

8. AFFILIATED COMPANIES

Arsenal Holdings d.o.o., Perivoj Gospe od Zdravlja 1, Zadar, Company Tax Number - OIB: 59794687464, holds 178.629 shares in the Company, which accounts for 65.13% of the shares in the share capital of the Company, and the same number of votes in the Shareholders' Assembly.

The parent company Arsenal Holdings d.o.o. is registered with the Commercial Court in Zadar, Company Reg. No. MBS: 060014554; share capital HRK 21,027,500.00 paid in whole.

The major owner of the company Arsenal Holdings d.o.o. is Mr. Davor Tudorović with 75.25% shares in its share capital, who also holds 4.36% shares in the share capital of the company Ilirija d.d.

9. STATEMENT ON APPLYING CORPORATE GOVERNANCE CODE

In its business operations Ilirija d.d. acts in compliance with the best principles and practices of corporate governance with a high level of transparency and accountability towards all of its stakeholders.

In its operations, the Company applies the Corporate Governance Code of the Zagreb Stock Exchange and HANFA (Croatian Financial Services Supervisory Agency) which is reflected in detail in the Annual Questionnaire of Corporate Governance Code, publicized on the websites of the Company www.ilirijabiograd.com and it submits it to the Zagreb Stock Exchange, HANFA and the Central Registry of Prescribed information. Minor deviations from the application of certain recommendations under the Corporate Governance Code by stating the explanations for the same are set forth in the Annual Questionnaire.

The main features of the risk exposure and risk management are set out in the Chapter "Operational risks of the Company".

The Management Board is composed of one member appointed by the Supervisory Board for a term of five years. Management Board represents the company independently and individually and it runs the Company's business in accordance with the Articles of Association and legal regulations.

Mr. Goran Ražnjević was appointed for the fourth time in row to the position of President of the Management Board at the 89th session of the Supervisory Board held on 18th June 2015 to a term of five years.

The Supervisory Board is composed of five members who are appointed for a term of four years. The Supervisory Board is responsible for supervising the operations of the Company, appointment of members of the Management Board and decides on other matters within its jurisdiction as set forth by the law and Articles of Association.

The composition of the Supervisory Board of the Company is mentioned in Chapter "Bodies of the Company".

The Supervisory Board has appointed the Audit Committee consisting of members appointed to the Supervisory Board.

The Audit Committee supervises the existence and functioning of internal control, risk management and financial reporting and the work and independence of the external auditors.

The General Assembly is the Company's Body in which the shareholders exercise their shareholder rights. In 2015, two General Assembly sessions were held, of which decisions were published in accordance with legal regulations and are available at the Company's website www.ilirijabiograd.com, the Zagreb Stock Exchange www.zse.hr and HANFA www.hanfa.hr and are listed in Chapter "Significant Events and Recapitalization of the Company".

Commissioner for the protection of employees' dignity, that receives and resolves complaints from employees is Jasmina Kulaš Stojanov, Head of Management Board Office, corporate communications and public relations.

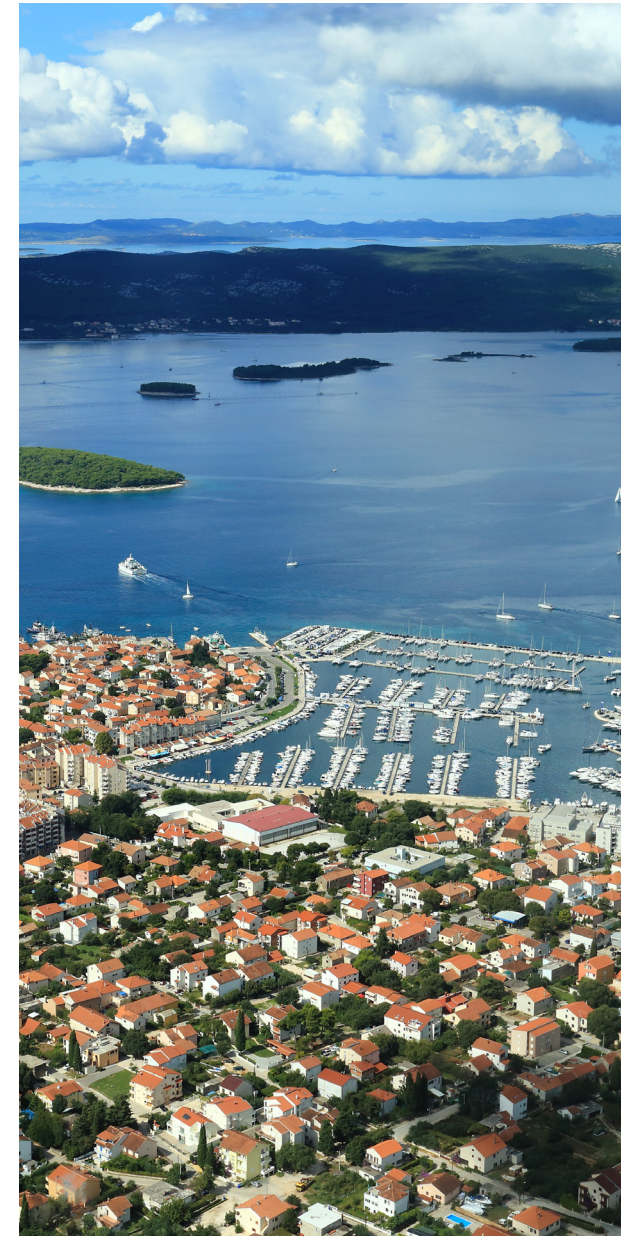
The company may acquire its treasury shares pursuant to the Decision of the Supervisory Board from 22nd August 2014. In 2015, the Company acquired 20 treasury shares and on the date 31st December 2015 it holds 724 treasury shares which make up for 0.26 per cent in the share capital and the same percentage of votes in the Shareholders' Assembly.

Major shareholders in the Company are listed in Chapter "The ownership structure of the Company as of 31st December 2015 and trading in shares of the Company at the Zagreb Stock Exchange in 2015."

There is a time limit for exercising the voting rights at the General Meeting in accordance with the provisions of the Companies' Act and the shareholders are requested to report their participation in a

designated time limit, according to the law and the Articles of Association.

The voting right of shareholders is not limited by the Articles of Association to a specific percentage or number of votes. Each share entitles to one vote at the General Assembly. There are no securities entitling to special controlling rights and there are no limitations of voting rights in the Company.





10. OWNERSHIP STRUCTURE OF THE COMPANY AS AT 31/12/2015 AND TRADING IN THE COMPANY'S SHARES AT THE ZAGREB STOCK EXCHANGE IN 2015

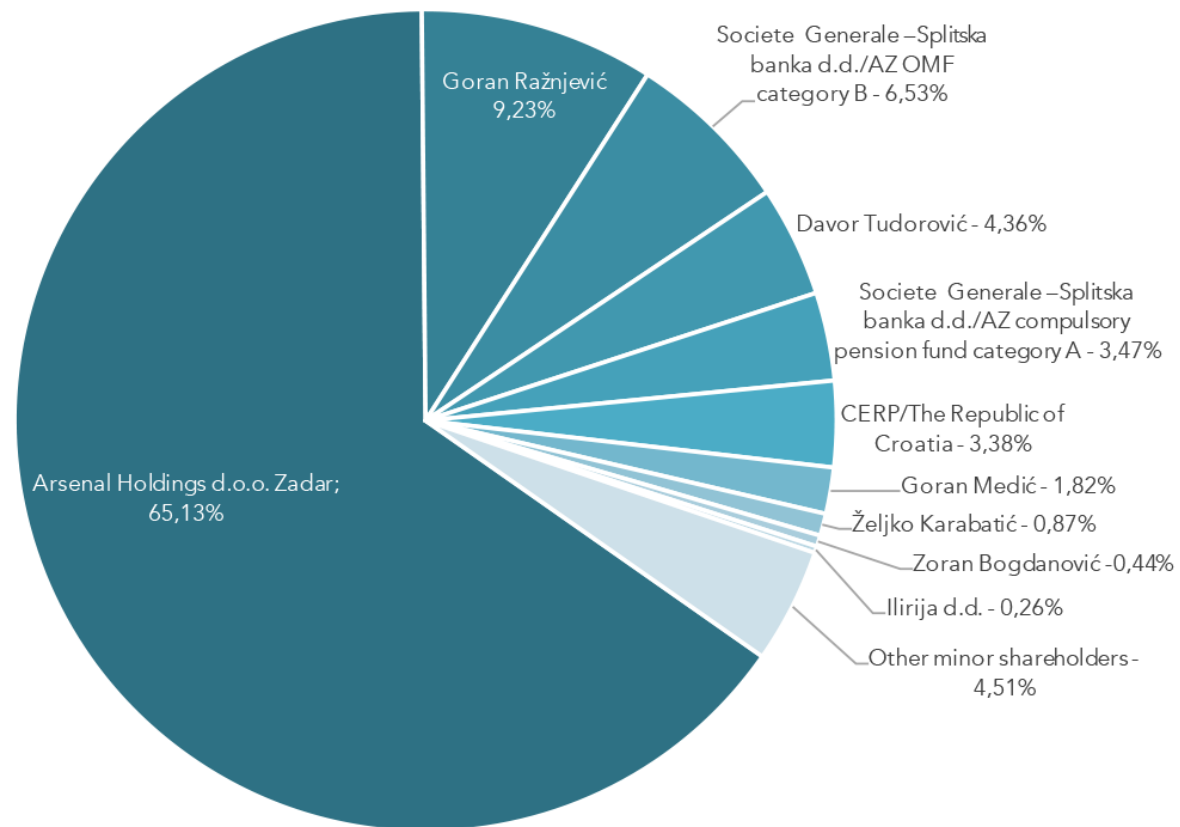
The share capital of the Company is HRK 150,857,300.00 and is divided in 274,286 ordinary shares with nominal value of HRK 550,00.

In the period from 01 January to 31 December 2015 a change was made in the ownership structure as a result of successful completion of a recapitalization by the company Allianz ZB d.o.o., the company for mandatory pension fund management with the headquarters in Zagreb, by issuing 24,900 new ordinary shares, with nominal value of HRK 550.00, designated as: ILRA-R-A, ISIN: HRILRARA0009, at the price of HRK 875.00 per share, on behalf of the funds managed by it.

Overview of the ten major shareholders of the Company as at 31/12/2015:

Owners - shareholders	No. of shares	Share in %
Arsenal Holdings d.o.o. Zadar	178.629	65,13
Goran Ražnjević	25.317	9,23
Societe Generale –Splitska banka d.d./AZ OMF category B	17.900	6,53
Davor Tudorović	11.968	4,36
Societe Generale –Splitska banka d.d./AZ compulsory pension fund category A	9.529	3,47
CERP/The Republic of Croatia	9.275	3,38
Goran Medić	5.000	1,82
Željko Karabatić	2.372	0,87
Zoran Bogdanović	1.200	0,44
Ilirija d.d. treasury shares	724	0,26
Other minor shareholders	12.372	4,51
TOTAL	274.286	100,00

Ownership structure as at 31.12.2015.



TRADING IN SHARES OF THE COMPANY ON THE CROATIAN CAPITAL MARKET IN THE YEAR 2015:

On 28 October 2015 in addition to the transfer of 249,386 ordinary shares of the Company onto the Official Market of the Zagreb Stock Exchange, which were previously listed on the Regular market, there are also 24,900 newly issued shares of the Company that are listed on the Official Market, thereby having all the ordinary shares of the Company or a total of 274,286 quoted on the Official market. The same date, namely, 28 October 2015, is also the first day of trading in financial instruments of the Company on the Official market.

(Amounts in HRK)	I-XII 2015	I-XII 2014	% changes
Total sales	4.519.484,44	4.359.528,24	3,67
Average share price	891,77	597,93	49,14
Average turnover per transaction	22.597,42	22.824,76	-1,00
Latest share price	1.000,00	750,00	33,33
Market capitalization	274.286.000,00	187.039.500,00	46,65

In 2015, continuous trading in shares of ILIRIJA d.d. on the Regulated market of the Zagreb Stock Exchange was recorded. In the period from 01 January 2015 to 31 December 2015, a total of 5,068 shares of the Company were traded in, of which total turnover amounted to HRK 4,519,484.44 with an average price of one share of HRK 891.77, which is an increase in turnover by 3.67% compared to the year 2014 and an increase in the average share price by 49.14%. In 2015, the share reached the highest single price in the amount of HRK 1,100.00 per share.

Comparing the latest share price in 2015, the price rose by HRK 750.00 compared to latest share price in 2014, and so achieved a growth of 33.3%. The market capitalization of the Company as of 30/12/2015 amounted to HRK 274,286,000.00 as compared to 2014 when the market capitalization amounted to HRK 187,039,500.00 which is a growth of 46.65%

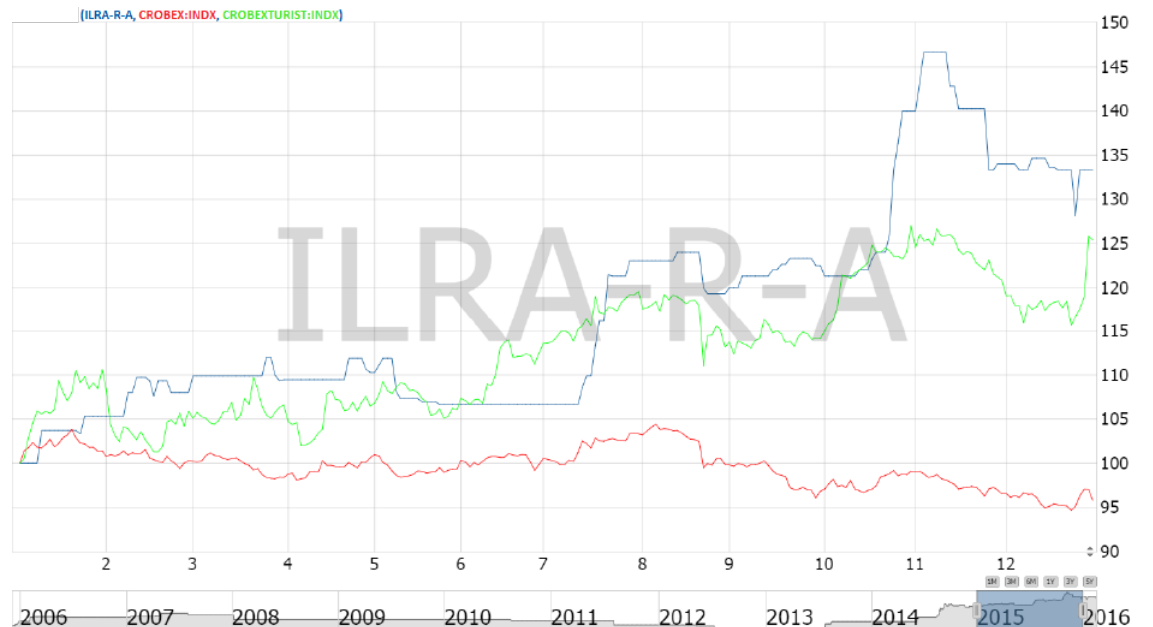
In the reporting period, the Company acquired 20

treasury shares and on 31/12/2015 it held 724 treasury shares, which make for 0.26% of the share in the share capital and the same percentage of votes in the Shareholders' Assembly.

Movement in share price of Ilirija d.d. in the year 2015



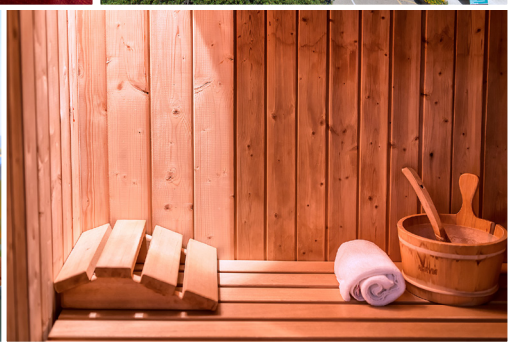
Comparison of movement in the share price of Ilirija d.d. with indices of CROBEX and CROBEXTURIST



The comparison of the movements of the exchange rate of the share ILRA-R-A at the Zagreb Stock Exchange in 2015 to the CROBEX index and CROBEXTURIST index, consisting of the shares of the tourism companies listed on the Stock Exchange, shows a higher growth of this share than in the both indices. The CROBEX index, as a relevant

indicator of the exchange rate of the most liquid shares of all economic activities in the Republic of Croatia fell by 4% in late 2015 in comparison to the beginning of the year, while the CROBEXTURIST index rose by 25.1%. During the same period, the exchange rate of the share of the company Ilirija d.d. rose by 33.3%.

In the last two years (in 2014 and 2015) the price of the Company share ILRA-R-A rose by 153,1%, CROBEXTURIST index rose by 124.9%, while the CROBEX index fell by 9,1%. The fact that the market capitalization of the company Ilirija d.d. has increased by more than 50% suggests that the investors have recognized the quality and potential of the Company.



11. COMPANY'S CAPACITIES

Portfolio of ILIRIJA d.d. consists of six hotels and villas, marina Kornati with Hotel port Ilirija-Kornati, camp "Park Soline," Arsenal in Zadar, Tennis center Ilirija, Aquatic center and hospitality facilities. The added value to the "heart" of our offer is granted by the event boat "Nada", a convention center with multifunctional purposes and event yacht with 180 seats, a complete restaurant, kitchen and a bar which provides an excellent hospitality service during the voyage.

Hotel sector capacity consists of 449 accommodation units (hotel rooms and apartments) with a total of 929 beds located in Biograd na Moru (Ilirija****, Kornati****, Adriatic***, Villa Primorje****), Sv. Filip i Jakov (hotel Villa Donat***/****) and Polači (diffuse hotel Ražnjevića dvori****), mainly classified as four star hotels.

Hotel accommodation is located in Ilirija Resort Hotels & Vilas in Biograd and Sv. Filip i Jakov. The hotels are located along the coast, not far from the town center and beach that is awarded the Blue

Flag, which are owing to the ideal location and infrastructure, intended for leisure and congress tourism. In addition to modern and technically equipped conference halls and meeting rooms intended for conferences, seminars, presentations, workshops and meetings, there are a number of supporting amenities such as Wellness & beauty center Salvie, Polympic and outdoor swimming pool, a fitness center, a la carte restaurants and coffee bars.

As part of Ilirija Resort there is a conference center that consists of 8 halls with a total capacity to accommodate 30 to 250 persons, and there is also a magnificent garden with terraces ideal for banquets, receptions and entertainment, outdoor swimming pools and beach.

ILIRIJA RESORT HOTELS & VILLAS

HOTEL ILIRIJA the largest hotel in the Ilirija Resort classified as a four star hotel, with a capacity of 165 rooms and 337 beds, which includes a restaurant with 200 seats, terrace with 70 seats and aperitif bar with 50 seats. Located by the sea, close to the old town, is surrounded by the beautiful nature, sea and pinewood and numerous amenities as well.

HOTEL KORNATI classified as a four star hotel, with the capacity of 106 rooms and 216 beds, a restaurant with capacity for 220 persons, a terrace for 50 persons and a bar for 40 persons, by its design and atmosphere is linked to and associated with the most beautiful Croatian national park – Kornati. Kornati Hotel is a unique for its connection with the Nautical Tourism Port Hotel Port Ilirija - Kornati, which is located in the very center of Biograd with a beach right next to the hotel.

HOTEL ADRIATIC classified as three star hotel, with capacity of 100 rooms and 210 beds, a restaurant with capacity for 230 persons, a terrace for 300 people and a bar with a capacity for 110 people. Located in a pinewood, almost right on the beach with Aquatic center right next to it, hotel is ideal for family entertainment and for a range of attractive sea summer activities.

In 2015, the market was presented with **VILLA PRIMORJE**, built in the second half of the 19th century, is a typical traditional Dalmatian stone nobleman's house with the farm building. Newly renovated, luxuriously decorated and equipped in line with the latest standards for facilities of its kind and category, it has its own restaurant that offers the possibility of organizing a number of events and the Mediterranean garden with a promenade.

HOTEL VILLA DONAT located in St. Filip i Jakov is classified as a three star hotel or Villa with 16 superb and modern rooms, classified as a four star hotel, while the annex is classified as a three star hotel. The total has a total capacity of 72 rooms and 144 beds, a restaurant with 120 seats, a terrace for 50 persons and aperitif bar for 20 persons. The hotel is located near the main beach and the town center which reminds of the rich history of this region.

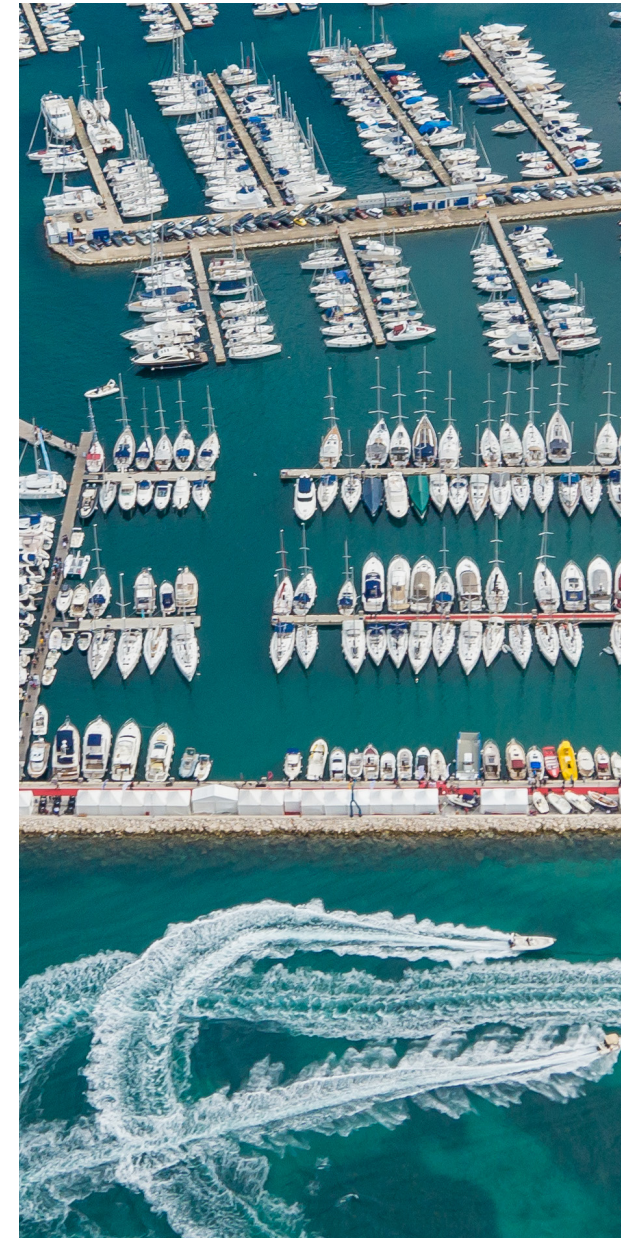
MARINA KORNATI

Nautical sector began to develop in 1976 with the construction of the first marina in Croatia (Hotel port Ilirija-Kornati) with 100 berths and the procurement and organization of the first own charter fleet in the Adriatic sea with more than 40 vessels for the needs of boaters, therefore Ilirija d.d. deserves to be considered to be a pioneer of nautical tourism at the Adriatic sea.

Today, the nautical sector of the Company consists of Kornati marina and Hotel port Ilirija-Kornati, in which the Company has 805 berths on sea and land, which in one day can accept up to 2,000 sailors, but by the number of berths, modern technical equipment, quality of service, cleanliness and neatness (Blue Flag) the Kornati marina is one of the three leading Croatian marinas which annually attracts more than 60,000 sailors.

MARINA KORNATI is the winner of numerous awards, where we wish to emphasize the Special Award in the "XVI. Tourism Flower - Quality for Croatia 2012" action, organized by the Croatian Chamber of Commerce and the Croatian Radio and Television, which is an award for the best marina in the category of over 450 berths. In 2013, in the "XVII. Tourism Flower - Quality for Croatia 2013" action, it received an award in the competition of the largest marinas, while in the same action in 2014 and 2015 it ranked second in the "Best big marina" category.

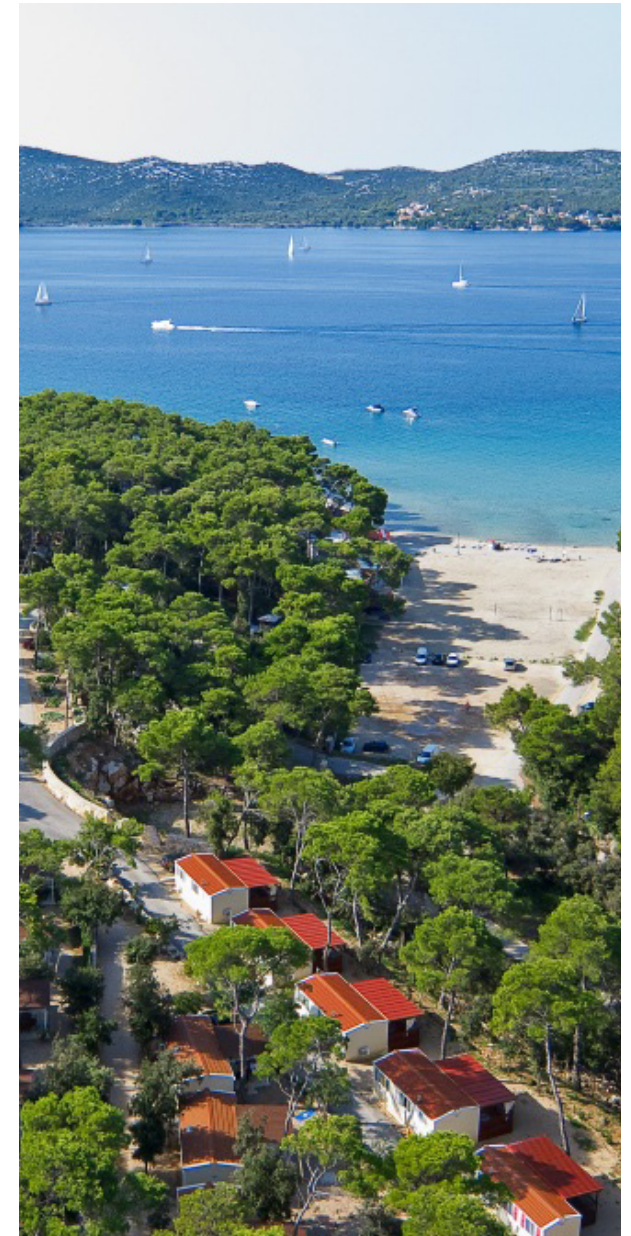
ILIRIJA d.d. is the organizer of the leading boat show in Croatia "BIOGRAD BOAT SHOW" which has been continually held in Marina Kornati for 17 years in a row.



CAMP PARK SOLINE

CAMP PARK SOLINE, classified as a four star camping, also located in Biograd na Moru covers an area of 20.00 Ha, contains 1,123 accommodation units with a total capacity to accommodate up to 3,300 persons. In addition to the enriched restaurant offer, newly built promenade that stretches along the entire camp and the beach leading to the Biograd town center, the camp "Park Soline" is the right choice for a family vacation. In addition to entertainment for children and evening entertainment, active holiday with attractive sports, you can relax walking along the long walking trails and recreational routes in a healthy environment, and the camp is an excellent choice for all nature lovers. The value of investments made so far in the camp "Park Soline" since the year 2000 amounted to approximately HRK 155,000,000.00 and owing to these investments, the number of overnight stays rose from 4,556 in 1996 to 260,579 overnight stays in 2015.

SPORTS FACILITIES: Tennis center Ilirija, located in a pinewood Soline near the old city center, covers an area of 48,000 m², consists of 20 tennis courts and multipurpose courts (14 clay and 6 color set tennis courts) with night lighting, restaurant and changing rooms as well as related facilities.



ILIRIJA TRAVEL

ILIRIJA TRAVEL – destination management company: owing to the development of new services and facilities, a high-quality, integrated and complementary tourism product has been created in response to the needs of the modern tourism demand, conditioned by technological, social, market factors and trends of more demanding markets. Among the most important backbones of the offering and implementation of these special programs and products there is the business operation in own additional facilities such as:

EVENT BOAT „NADA“ a multifunctional yacht, sized 35m and a capacity to accommodate 180 persons, with a complete restaurant, kitchen and bar which provides an excellent hospitality service during the voyage. Conferences, seminars, special events, unique business meetings, gala receptions and banquets, unique weddings, exclusive day and night cruises, incentive events are all activities organized in the Event boat Nada which adapts to the requirements of an individual customer.

ARSENAL which is a world heritage site, a multimedia center located in Zadar, built in the 17th century, which was renovated in 2005 as an indoor town square or as the center of public, cultural and entertainment life in the region in which over 100 public and private events are organized on an annual level.

Diffuse **HOTEL RAŽNJEVIĆA DVORI**, multi-functional facility, located in the settlement of Polača named after the municipality in this settlement, in the heart of Ravni Kotari, which lies half-way between Biograd na Moru and Benkovac and is the first facility of such a category in the Republic of Croatia. This tourist complex has originated from the rural estate tradition, is an example of innovative tourism product conceived as a blend of tradition and contemporary trends.

Offers of trips, special offers according to the requirements of clients, sports programs, MICE etc.



ADDITIONAL SERVICES AND AMENITIES:

HOSPITALITY:

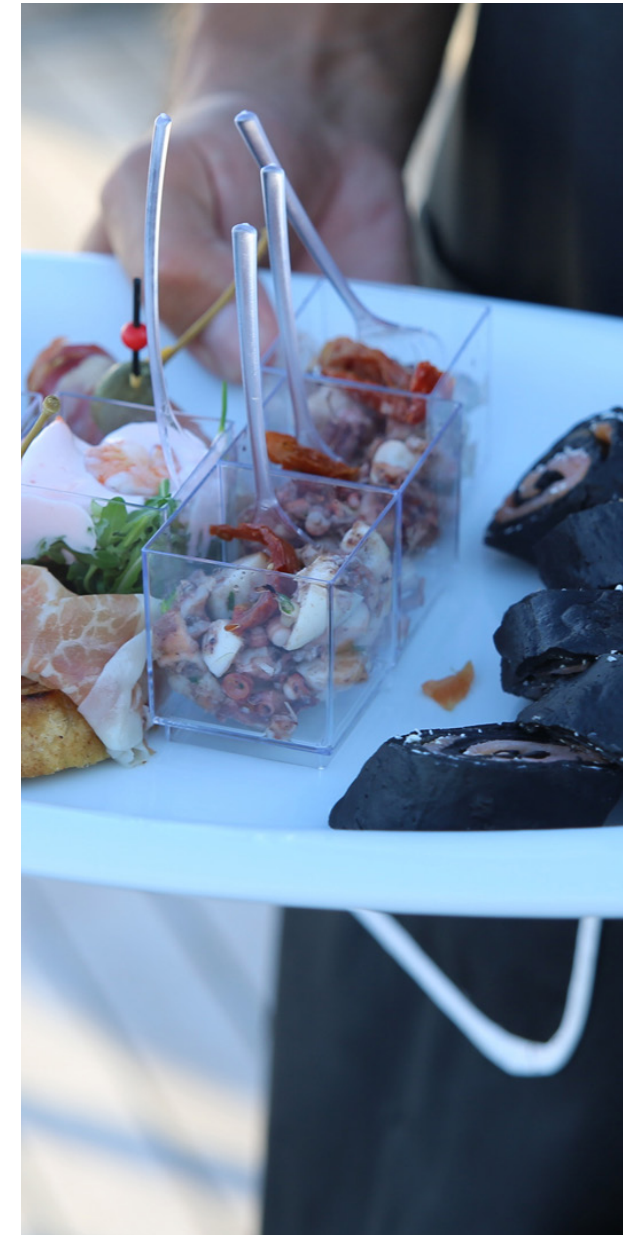
Restaurant *"Marina Kornati"*, located in Marina Kornati, having the capacity for over 350 persons, which together with the recently refurbished Captain's Club having the capacity to accommodate 70 persons, or with the overall capacity for 420 persons meets the requirements of boaters for holding various and numerous events in Marina Kornati. Besides hospitality services, Captain's Club also provides services for a number of presentations on nautical products and services, and is an ideal venue for holding small conferences and events. In 2015 a total of 50 events were held in the Marina restaurant which were attended by over 12,830 persons.

Restaurant *"Park Soline"* is located in "Park Soline"****, close to the sea, ten minutes walk from the center of Biograd na Moru with an offer of food based on Mediterranean cuisine. The restaurant with a capacity to accommodate 280 people offers the possibility of organizing various events - family celebrations, banquets and receptions as well as meetings. The restaurant includes a Dalmatian tavern with a fireplace, coffee bar and taps of wine decorated as a wine

cellar, which offers the possibility of buying and tasting top quality red and white wines produced from native Croatian species.

Beach bar *"Donat"* is located in the building-magazine located in a protected cultural and historical complex of village Sv. Filip i Jakov settlement, which is also entered in the Register of Croatian cultural monuments, which is now classified as a beach catering facility or beach bar/cocktail bar with capacity to accommodate 140 persons.

Lavender lounge bar, located inside of Adriatic hotel, next to the beach, known for its Mediterranean design, fully designed for people to relax, with a beautiful view of the Pašman Channel, a place that offers the possibility of organizing a number of events of different character (MICE, weddings, banquets, cocktail bar, night club, etc.).



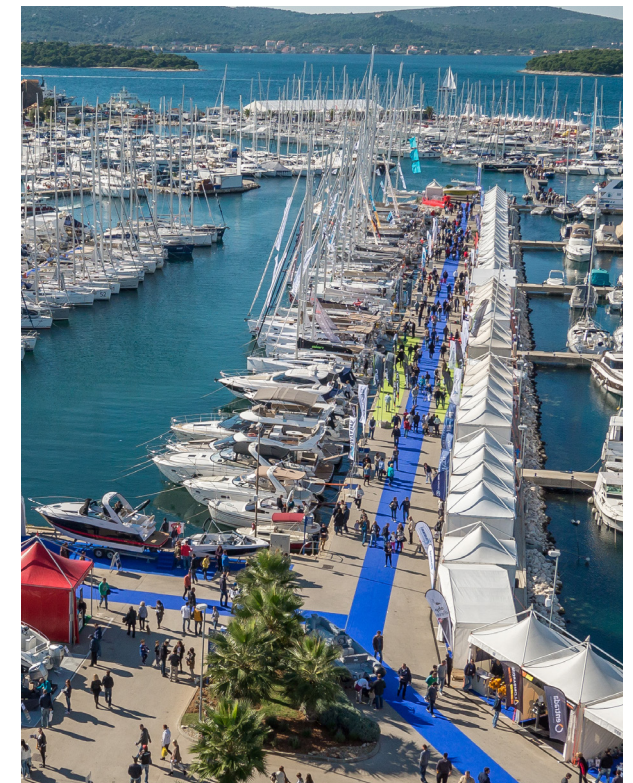
EVENTS: Biograd Boat Show, the largest international autumn boat show in the Republic of Croatia and the largest boat show in South East Europe among the fairs which takes place on the water and brings together all the key representatives of the boating industry and tourism. At the beginning, that is, in the year 1999 the boat show was organized as Spring Open Days, mainly intended for companies that operate in the marina, as the first such event in North Dalmatia. Wishing for Biograd na Moru, to win top boat event considering its status of the city as a cradle of nautical tourism, at which all sectors of the boating and charter business will be presented, the Open Days grew into Biograd Boat Show. Since autumn 2004 Biograd Boat Show has been organized as an autumn fair, which has contributed to the improvement of nautical offer and extension of the tourist season.

Biograd Boat Show was admitted to the International Federation of Boat Show Organisers-IFBSO at the 50th meeting of the Federation that took place in Istanbul, Turkey, in June 2014, and in 2015 it became

its gold member. The fairs of former members of the Federation were mainly organized in the major world centers, and the fact that the Biograd Boat Show is organized in the city of only 5,000 residents makes this success even greater, which is a great recognition not only to the Company as the fair organizer, but also the Croatian boating industry and tourism.

Today the leading international autumn boat show has become major Croatian boat event. From its early beginnings the fair brings together all representatives of the boating industry and tourism, government institutions, umbrella organizations in tourism and boating as well as professional associations. Owing to this partnership with all relevant stakeholders, and now long-term exhibitors and partners, we have developed Biograd Boat Show by listening to their needs, keeping up with trends in the boating and fair industry while implementing our own vision of its development creating a high quality, distinctive, and above all, sustainable economic and tourism product, which since its beginnings further enriches the Croatian tourism supply, especially its post-season.

In 2015 the fair was attended by over 307 registered exhibitors that participated with 300 vessels, while the number of visitors surpassed 15,000 with over 2000 realized business visits.

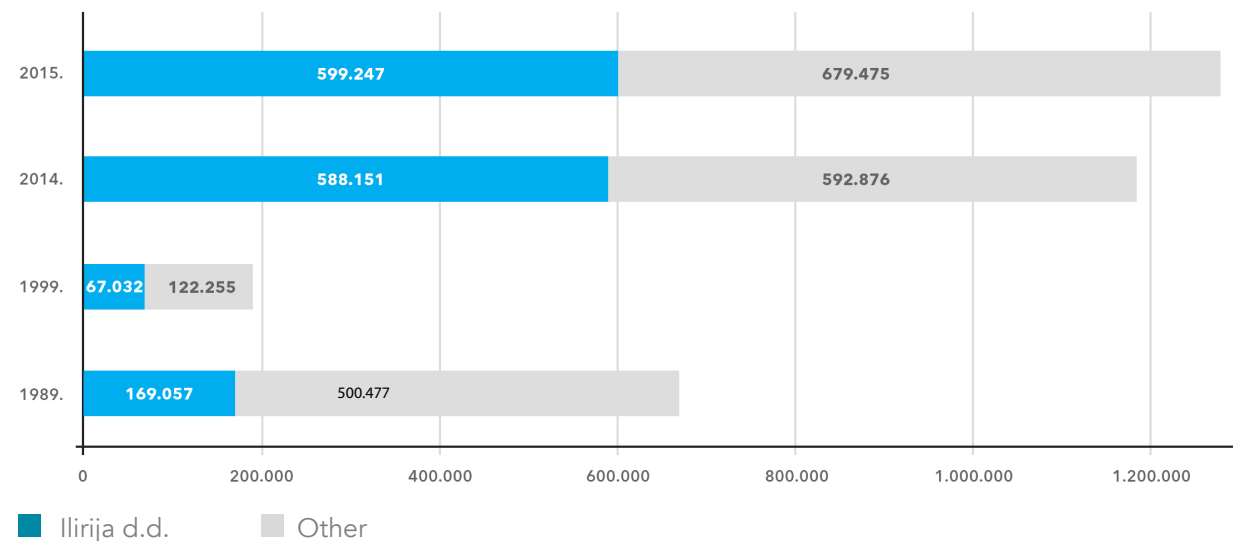


I 2. OPERATING RESULTS

PHYSICAL OPERATING RESULTS

In all facilities of the Company, 614,360 overnight stays were recorded in the year 2015, which is a growth by 2% compared to the year 2014. Overnight stays in the establishments of Ilirija d.d., except for overnight stays in the hotel located in Sv. Filip i Jakov, makes for 46.86% of all overnight stays realized in the city of Biograd na Moru. A share of the Company in the organized tourist overnight stays is particularly significant, with an exception of overnight stays in private accommodation and summer houses, where overnight stays in our facilities account for 65.6% of organized tourist turnover of the city of Biograd na Moru.

The overnight stays realized in the city Biograd na Moru in 1989, 1999, 2014 and 2015*



*Note: Regarding the overnight stays of Ilirija d.d., excluded are the overnight stays in the destination Sv. Filip i Jakov.

HOTEL INDUSTRY SECTOR

In the year 2015, the hotel industry sector recorded 39,327 guests or 3% more guests than in 2014, with an average stay of 3.32 days, with a total of 130,643 overnight stays, almost as much as in 2014. In 2015, a trend of shortening the length of stay of guests was recorded, with an increase in the number of arrivals and hotel occupancy days.

In the structure of overnight stays, the top five source markets represented are (1) the Slovenian market with a share of 17.83% overnight stays, (2) the German market with a share of 13.95% overnight stays, (3) the Croatian market with a share of 13.94 % overnight stays, (4) the Austrian market with 10.30% overnight stays and (5) the Slovak market with 7.58% overnight stays.

The revenues generated in the hotel industry sector are continuously stable, in 2015 they were as high as the revenues in 2014, where all the hotels recorded a growth in average price of overnight

stays and total revenues of other business establishments in the hotel industry, with an exception of separated business establishment Villa Donat in Sv. Filip i Jakov, which is extremely seasonal and is located outside of the business establishment Ilirija Resort in Biograd.

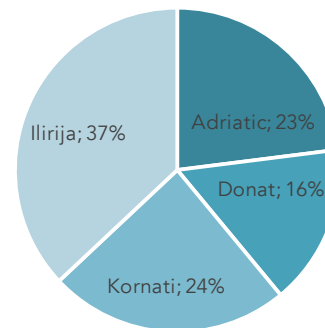
The revenue per room sold for the hospitality sector in 2015 amounts to EUR 90.24, or HRK 687.59, which includes the accommodation and food services, since 98% of the hotel activity refers to the half board, which is characteristic for leisure hotels of Ilirija d.d., and along the Croatian part of the Adriatic sea. Taking into account other revenues earned in the hotel industry segment or business establishments as a part of the hotel industry segment, of which revenues are a direct consequence of hotel operations, which account for 10% in relation to direct revenues generated by the hotel, this aggregated revenue per room sold will grow to EUR 98.53, that is, HRK 750.76.



Capacities of hospitality

	NUMBER OF ROOMS				NUMBER OF BEDS			
	2013	2014	2015	index 15/14	2013	2014	2015	index 15/14
Hotel ILIRIJA	165	165	165	1,00	337	337	337	1,00
Hotel KORNATI	106	106	106	1,00	216	216	216	1,00
Hotel ADRIATIC	100	100	100	1,00	210	210	210	1,00
Hotel Villa DONAT	72	72	72	1,00	144	144	144	1,00
TOTAL	443	443	443	1,00	907	907	907	1,00

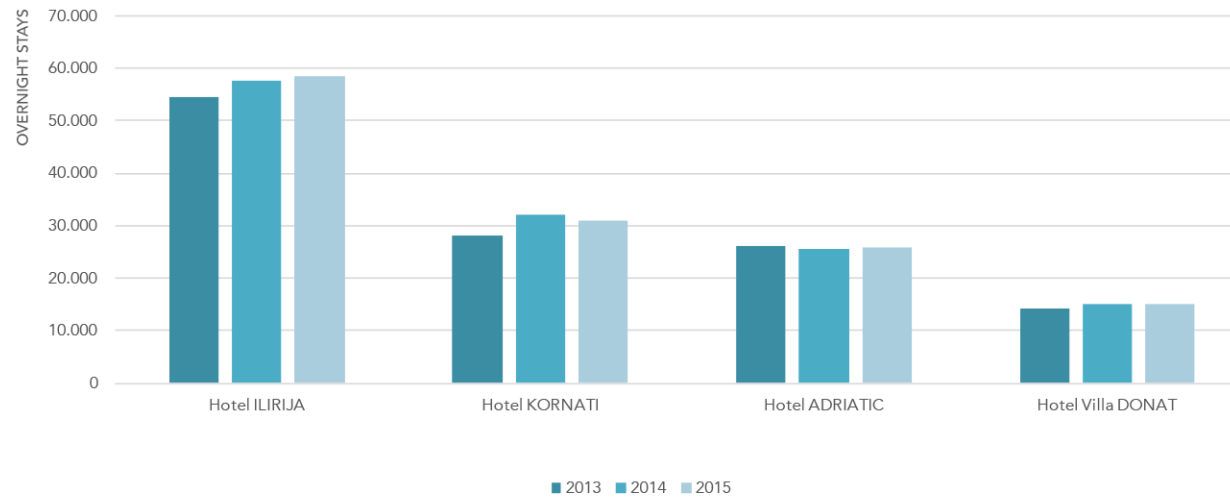
% Share of indiv. hotel (number of beds)



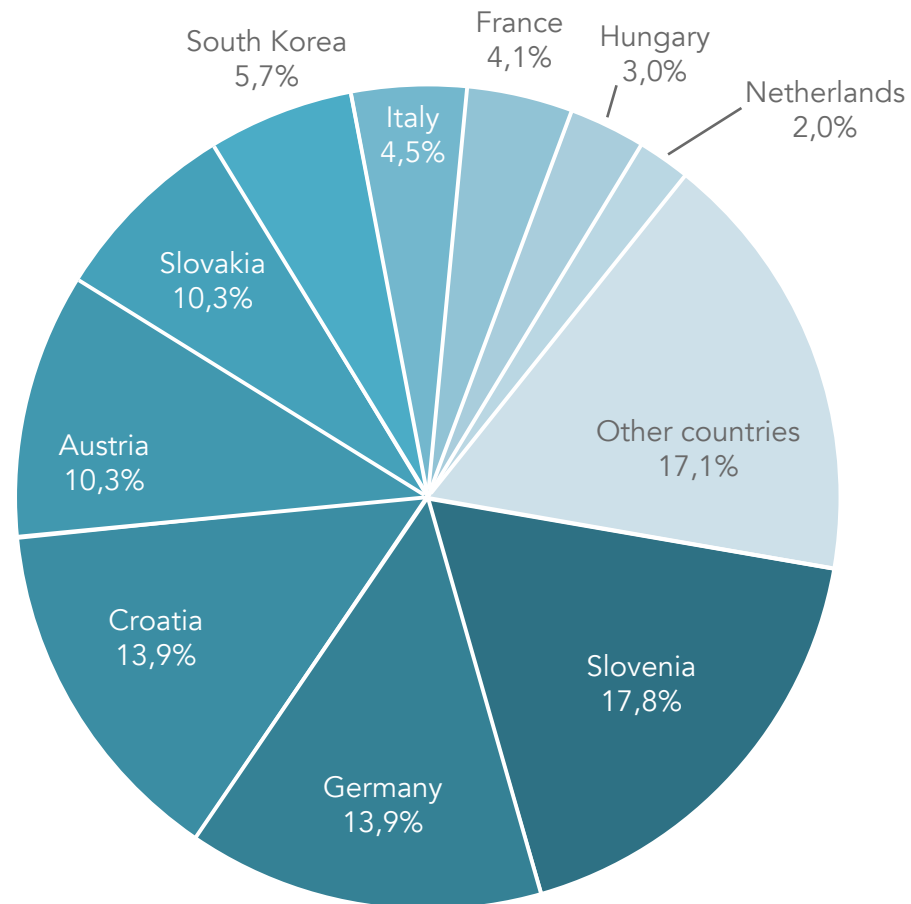
■ Adriatic ■ Donat ■ Kornati ■ Ilirija

Arrivals and overnight stays in 2015 and comparison of the years 2014 and 2013

PROFIT CENTER	HOTEL INDUSTRY							
	ARRIVALS			INDEX	OVERNIGHT STAYS			INDEX
	2013	2014	2015	15 / 14	2013	2014	2015	15 / 14
Hotel ILIRIJA	16.281	19.376	21.074	109	54.577	57.596	58.575	102
Hotel KORNATI	8.692	10.289	9.299	90	28.134	32.195	31.047	96
Hotel ADRIATIC	5.514	5.125	5.929	116	25.992	25.446	25.906	102
Hotel Villa DONAT	3.044	3.242	3.025	93	14.218	14.938	15.115	101
TOTAL	33.531	38.032	39.327	103	122.921	130.175	130.643	100



Overnight stays in 2015



Capacity occupancy rate in 2015 and comparison to the year 2014

Percentage

MONTH	ILIRIJA					KORNATI					ADRIATIC					DONAT					GRANDTOTAL				
	Total rooms	2014	%	2015	%	Total rooms	2014	%	2015	%	Total rooms	2014	%	2015	%	Total rooms	2014	%	2015	%	Total rooms	2014	%	2015	%
JANUARY (I)	5.115	0	0,00%	0	0,00%	3.286	267	8,13%	681	20,72%	3.100	0	0,00%	0	0,00%	2.232	0	0,00%	0	0,00%	13.733	267	1,94%	681	4,96%
FEBRUARY (II)	4.620	0	0,00%	0	0,00%	2.968	491	16,54%	301	10,14%	2.800	0	0,00%	0	0,00%	2.016	0	0,00%	0	0,00%	12.404	491	3,96%	301	2,43%
MARCH (III)	5.115	595	11,63%	852	16,66%	3.286	260	7,91%	382	11,63%	3.100	0	0,00%	0	0,00%	2.232	0	0,00%	0	0,00%	13.733	855	6,23%	1.234	8,99%
APRIL (IV)	4.950	3.103	62,69%	2.285	46,16%	3.180	483	15,19%	440	13,84%	3.000	0	0,00%	251	8,37%	2.160	0	0,00%	0	0,00%	13.290	3.586	26,98%	2.976	22,39%
MAY (V)	5.115	3.923	76,70%	3.701	72,36%	3.286	1.666	50,70%	1.534	46,68%	3.100	778	25,10%	578	18,65%	2.232	19	0,85%	123	5,51%	13.733	6.386	46,50%	5.936	43,22%
JUNE (VI)	4.950	3.727	75,29%	3.323	67,13%	3.180	2.052	64,53%	2.186	68,74%	3.000	2.226	74,20%	1.952	65,07%	2.160	1.139	52,73%	1.500	69,44%	13.290	9.144	68,80%	8.961	67,43%
JULY (VII)	5.115	4.245	82,99%	4.556	89,07%	3.286	2.824	85,94%	2.931	89,20%	3.100	2.767	89,26%	2.724	87,87%	2.232	1.909	85,53%	1.940	86,92%	13.733	11.745	85,52%	12.151	88,48%
AUGUST (VIII)	5.115	4.779	93,43%	4.665	91,20%	3.286	3.104	94,46%	2.914	88,68%	3.100	2.929	94,48%	2.975	95,97%	2.232	2.015	90,28%	2.008	89,96%	13.733	12.827	93,40%	12.562	91,47%
SEPTEMBER (IX)	4.950	4.211	85,07%	4.041	81,64%	3.180	2.689	84,56%	2.707	85,13%	3.000	2.349	78,30%	2.218	73,93%	2.160	1.246	57,69%	833	38,56%	13.290	10.495	78,97%	9.799	73,73%
OCTOBER (X)	5.115	3.094	60,49%	3.621	70,79%	3.286	1.305	39,71%	1.116	33,96%	3.100	973	31,39%	1.562	50,39%	2.232	380	17,03%	332	14,87%	13.733	5.752	41,88%	6.631	48,29%
NOVEMBER (XI)	4.950	620	12,53%	1.093	22,08%	3.180	344	10,82%	0	0,00%	3.000	0	0,00%	0	0,00%	2.160	0	0,00%	0	0,00%	13.290	964	7,25%	1.093	8,22%
DECEMBER (XII)	5.115	0	0,00%	644	12,59%	3.286	479	14,58%	189	5,75%	3.100	0	0,00%	0	0,00%	2.232	0	0,00%	0	0,00%	13.733	479	3,49%	833	6,07%
TOTAL	60.225	28.297	47,00%	28.781	48,00%	38.690	15.964	41,00%	15.381	40,00%	36.500	12.022	33,00%	12.260	34,00%	26.280	6.708	26,00%	6.736	26,00%	161.695	62.991	39,00%	63.158	39,00%

Occupancy days

MONTH	ILIRIJA					KORNATI					ADRIATIC					DONAT					GRANDTOTAL				
	Total rooms	2014	days	2015	days	Total rooms	2014	days	2015	days	Total rooms	2014	days	2015	days	Total rooms	2014	days	2015	days	Total rooms	2014	days	2015	days
JANUARY (I)	5.115	0	0	0	0	3.286	267	3	681	6	3.100	0	0	0	0	2.232	0	0	0	0	13.733	267	1	681	2
FEBRUARY (II)	4.620	0	0	0	0	2.968	491	5	301	3	2.800	0	0	0	0	2.016	0	0	0	0	12.404	491	1	301	1
MARCH (III)	5.115	595	4	852	5	3.286	260	2	382	4	3.100	0	0	0	0	2.232	0	0	0	0	13.733	855	2	1.234	3
APRIL (IV)	4.950	3.103	19	2.285	14	3.180	483	5	440	4	3.000	0	0	251	3	2.160	0	0	0	0	13.290	3.586	8	2.976	7
MAY (V)	5.115	3.923	24	3.701	22	3.286	1.666	16	1.534	14	3.100	778	7	578	6	2.232	19	0	123	2	13.733	6.386	14	5.936	13
JUNE (VI)	4.950	3.727	23	3.323	20	3.180	2.052	19	2.186	21	3.000	2.226	21	1.952	20	2.160	1.139	16	1.500	21	13.290	9.144	21	8.961	20
JULY (VII)	5.115	4.245	26	4.556	28	3.286	2.824	27	2.931	28	3.100	2.767	26	2.724	27	2.232	1.909	27	1.940	27	13.733	11.745	27	12.151	27
AUGUST (VIII)	5.115	4.779	29	4.665	28	3.286	3.104	29	2.914	27	3.100	2.929	28	2.975	30	2.232	2.015	28	2.008	28	13.733	12.827	29	12.562	28
SEPTEMBER (IX)	4.950	4.211	26	4.041	24	3.180	2.689	25	2.707	26	3.000	2.349	22	2.218	22	2.160	1.246	17	833	12	13.290	10.495	24	9.799	22
OCTOBER (X)	5.115	3.094	19	3.621	22	3.286	1.305	12	1.116	11	3.100	973	9	1.562	16	2.232	380	5	332	5	13.733	5.752	13	6.631	15
NOVEMBER (XI)	4.950	620	4	1.093	7	3.180	344	3	0	0	3.000	0	0	0	0	2.160	0	0	0	0	13.290	964	2	1.093	2
DECEMBER (XII)	5.115	0	0	644	4	3.286	479	5	189	2	3.100			0	0	2.232	0	0	0	0	13.733	479	1	833	2
TOTAL	60.225	28.297	171	28.781	174	38.690	15.964	151	15.381	145	36.500	12.022	120	12.260	123	26.280	6.708	93	6.736	94	161.695	62.991	139	63.158	143

Monthly comparison of generated revenues/realized overnight stays in 2015 to the year 2014

	GENERATED REVENUES			PLANNED REVENUES		OVERNIGHT STAYS			PLANNED OVERNIGHT STAYS		AVER. PRICE IN HRK		AVER. PRICE IN €		
	2014	2015	INDEX	2015	INDEX	2014	2015	INDEX	2015	INDEX	2014	2015	2014	2015	INDEX
JANUARY	278.764,73	504.665,66	181	309.852,81	163	543	1.159	213	713	163	513,38	435,43	67,15	56,59	84
FEBRUARY	120.990,31	123.508,47	102	116.919,50	106	905	493	0	532	93	0,00	0,00	0,00	0,00	0
MARCH	744.133,80	494.898,88	67	335.222,14	148	1.519	2.184	144	1.930	113	489,88	226,60	63,97	29,64	46
APRIL	1.873.027,94	1.423.601,41	76	1.637.599,36	87	6.614	5.127	78	5.118	100	283,19	277,67	37,24	36,58	98
MAY	3.390.330,57	2.987.906,32	88	3.038.312,99	98	11.252	10.474	93	11.715	89	301,31	285,27	39,70	37,63	95
JUNE	6.343.748,36	6.485.413,33	102	5.169.679,33	125	17.440	18.231	105	17.038	107	363,75	355,74	48,08	46,93	98
JULY	8.673.110,47	9.366.733,66	108	11.541.854,02	81	28.580	30.361	106	30.079	101	303,47	308,51	39,74	40,64	102
AUGUST	11.234.552,55	10.573.838,57	94	13.017.915,62	81	31.861	30.022	94	30.944	97	352,61	352,20	46,23	46,63	101
SEPTEMBER	6.853.790,03	6.973.430,48	102	5.183.991,61	135	19.330	18.171	94	19.031	95	354,57	383,77	46,49	50,19	108
OCTOBER	3.181.611,75	3.260.914,46	102	2.397.656,82	136	9.588	10.838	113	10.523	103	331,83	300,88	43,28	39,59	91
NOVEMBER	700.405,30	463.418,09	66	371.836,83	125	1.720	2.011	117	3.788	53	407,21	230,44	53,07	30,20	57
DECEMBER	332.389,11	768.552,30	231	189.220,73	406	823	1.572	191	713	220	403,87	488,90	52,72	64,03	121
TOTAL	43.726.854,92	43.426.881,63	99	43.310.061,77	100	130.175	130.643	100	132.124	99	335,91	332,41	44,00	43,63	99

Revenues per sold room 687,59 kn 90,24 €

Lavender	1.021.456,64	1.120.588,98	110	1.339.000,00	84
31.12.2015.	1.021.456,64	1.120.588,98	110		
Aquatic center	2.395.807,14	2.599.501,49	109	2.687.385,00	97
31.12.2015.	2.395.807,14	2.599.501,49	109		
Tennis center	288.530,16	269.271,03	93	331.534,00	81
31.12.2015.	288.530,16	269.271,03	93		
TOTAL:	47.432.648,86	47.416.243,13	100	47.667.980,77	99

NAUTICAL SECTOR

In the nautical sector the overnight stays are not the core business of the marina, but are indicated for informative purposes, while the core nautical activities in terms of generating revenues are: (1) The contractual berth for vessels in the marina, (2) transit number of inbound vessels from other ports (3rd) repair services, (4) lifting services, (5) parking and (6) hospitality.

So here we point out that in 2015, Marina Kornati had 732 vessels based on the berth contract concluded, of which 459 individual vessels, which make up for 63% of all vessels based on the berth contract, which compared to the year 2014 is a growth by 2%, and 273 chartered vessels which account for 37% of all vessels based on the berth contract. The number of concluded berth contracts compared to 2014 is slightly lower as a result of a decrease in the number of chartered vessels as a result of long-term and continuous decline in the price of charter vessels, resulting in a trend of reducing chartered vessels in the fleets at the national level.

A total of 3,479 inbound vessels sailed in the port having the transit berth in the marina Kornati, which have a berth in some other marinas, compared to 2014 is a decline by 2% as a result of exceptionally favorable weather conditions in July, August and September when most vessels reduced sailing inwards into transit ports. Although the number of vessels in transit decreased and their structure changed, the reduction of the volume of physical traffic did not adversely affect the marina operating revenues, where the revenues from inbound transit vessels increased by 5%. Transit vessels made a total of 11,793 overnight stays in port with a pronounced rising trend of overnight stays of vessels longer than 16 meters in port compared to the year 2014.

In 2015, some 3,948 port service and lifting operations by crane were carried out, which compared to the year 2014 is a growth by 8% when 3,671 port service and lifting operations were carried out, which is a result of an increase in the number of smaller vessels (up to 9 m), which are brought by

their owners on trailers and that stay at the marina just in high season, and their owners take them back and park them in the nearby dry marinas.

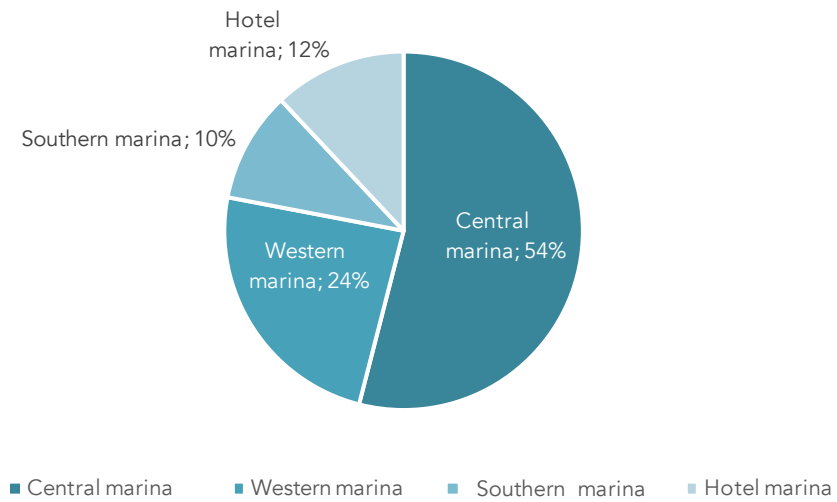
In Marina Kornati one portion of the revenues from the transit berth is generated from the vessels that sail in port as participants boat events, mostly in off-season. During the year, up to 39 boat events take place in the marina, involving an average of about 10 to about 100 vessels, or from about 50 to 700 participating boaters per event.

The financial and physical indicators are also associated with the business partners who conduct their independent business in the marina, such as chartering vessels, service and boat accessories, and other services that clients are interested in (nautical shop, market ...). In 2015, the business activity in Marina Kornati was performed by a total of 54 companies/trades with which a Cooperation Agreement was signed and for which the marina has obtained a special Consent from the Ministry of Maritime Affairs, Transport and Infrastructure.

Capacities of marina Kornati

	Number of berths	Dry berth	Total number of berths
Central marina	365	70	435
Western marina	190	0	190
Southern marina	80	0	80
Hotel marina	100	0	100
TOTAL	735	70	805

SHARE OF INDIVIDUAL MARINA- BERTHS



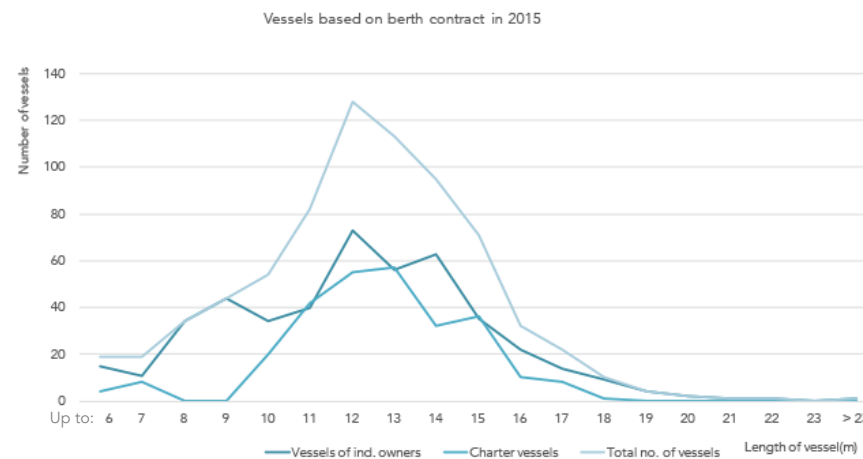
Overview of physical turnover of Marina Kornati in the year 2015 and comparison to the year 2014

Physical turnover positions		Months 2015.											
Name of position	Measurement unit	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
Contracted berth - individual	Contracted vessel	126	293	340	381	401	424	434	441	445	447	459	459
Contracted berth - charter	Contracted vessel	0	2	14	258	265	268	271	272	272	272	273	273
TOTAL Contracted berth	Contracted vessel	126	295	354	639	666	692	705	713	717	719	732	732
Transit berth – sailing in port	Sailing in port	6	16	60	172	528	954	1.722	2.671	3.213	3.445	3.474	3.479
Transit berth – overnight stay of vessel	Boat /day	152	388	878	1.645	2.745	3.867	6.199	9.390	10.629	11.316	11.573	11.793
Transit berth – overnight stay of vessel crew	Overnight stay of a person												
Port service	Operation	135	403	798	1.225	1.677	2.108	2.575	3.130	3.426	3.582	3.802	3.948

Physical turnover positions		Months 2014.											
Name of position	Measurement unit	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
Contracted berth - individual	Contracted vessel	116	293	333	389	412	430	436	441	441	444	468	469
Contracted berth - charter	Contracted vessel	14	22	42	293	301	302	303	303	303	304	304	304
TOTAL Contracted berth	Contracted vessel	130	315	375	682	713	732	739	744	744	748	772	773
Transit berth – sailing in port	Sailing in port	0	6	30	206	446	944	1.826	2.888	3.353	3.538	3.554	3.558
Transit berth – overnight stay of vessel	Boat /day	331	654	1.108	2.011	3.026	4.326	6.945	10.083	11.300	11.856	12.135	12.347
Transit berth – overnight stay of vessel crew	Overnight stay of a person												
Port service	Operation	91	330	664	1.093	1.513	1.946	2.399	2.947	3.218	3.377	3.550	3.671

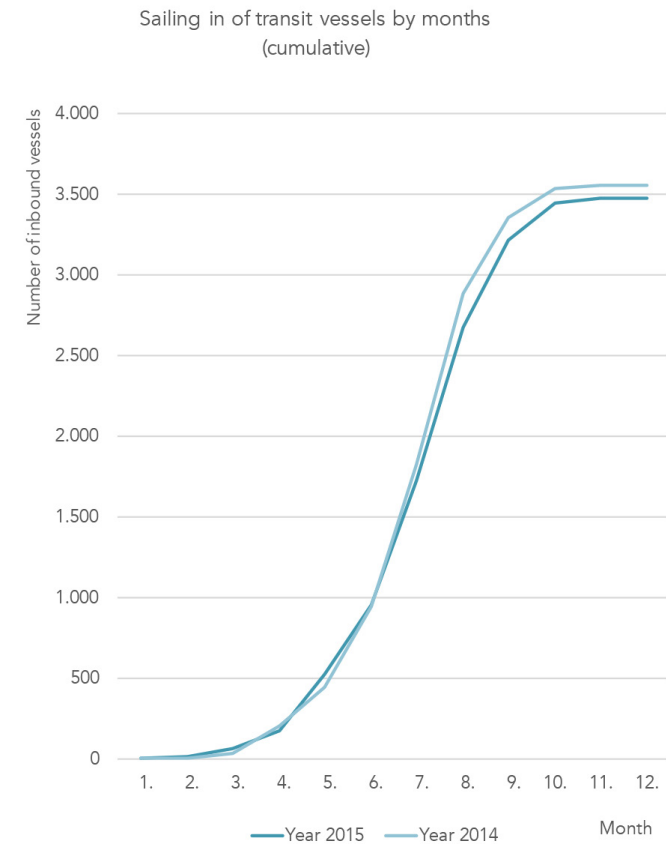
Vessels with berth contract in 2015 and comparison to the year 2014

Purpose	Type of berth	Position of berth	Total	% of total	Total	% of total	Index
			2015	vessels	2014	vessels	2015/14.
Vessels of individual owners	Annual berth in sea	Central aquatorium	319	44	316	41	101
		South aquatorium	65	9	76	10	86
		Western aquatorium	3	0	5	1	60
	Annual berth on land	Hotel harbor	25	3	36	5	69
		Marina inland	5	1	6	1	83
	Seasonal berth in sea	Marina aquatorium	19	3	15	2	127
		Hotel harbor	23	3	15	2	153
Total:			459	63	469	61	98
CHARTER VESSELS	Annual berth in sea	Central aquatorium	60	8	61	8	98
		South aquatorium	9	1	9	1	100
		Western aquatorium	195	27	225	29	87
		Hotel harbor	9	1	9	1	100
	Total:			273	37	304	39
Total vessels in 2015			732	100	773	100	95



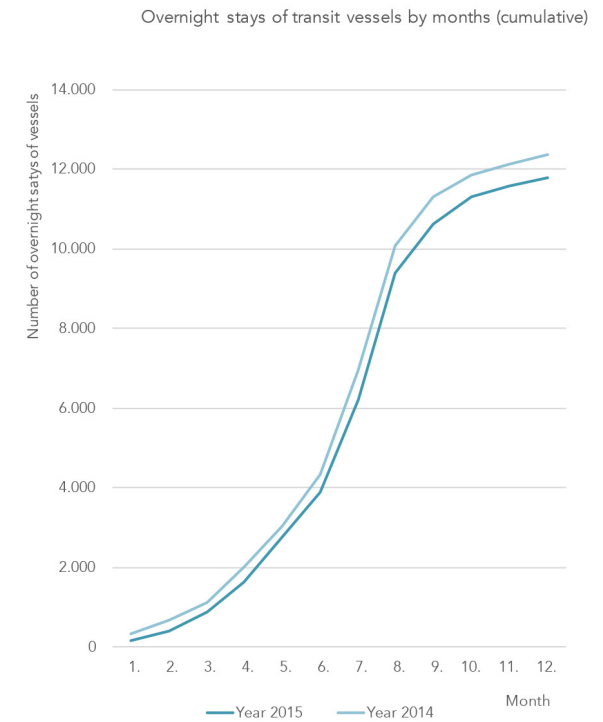
Transit berth – inbound vessels in the year 2015 and comparison to the year 2014

Year 2015	Individually by months			Cumulative by months		
	2015	2014	INDEX	2015	2014	INDEX
Month	2015/14			2015/14		
1.	6	0	#DIV/0!	6	0	#DIV/0!
2.	10	6	167	16	6	267
3.	44	24	183	60	30	200
4.	112	176	64	172	206	83
5.	356	240	148	528	446	118
6.	426	498	86	954	944	101
7.	768	882	87	1.722	1.826	94
8.	949	1.062	89	2.671	2.888	92
9.	542	465	117	3.213	3.353	96
10.	232	185	125	3.445	3.538	97
11.	29	16	181	3.474	3.554	98
12.	5	4	125	3.479	3.558	98
Total 2015	3.479					
Total 2014	3.558					
Index 2015/2014	98					



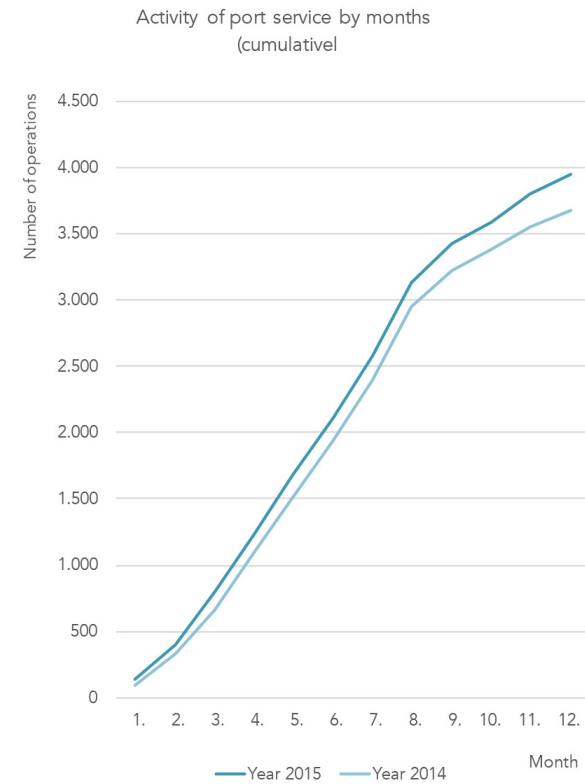
Transith berth - overnight stay of vessels in the year 2015 and comparison to the year 2014

Year 2015	Individually by months			Cumulative by months		
	2015	2014	INDEX	2015	2014	INDEX
Month	2015/14			2015/14		
1.	152	331	46	152	331	46
2.	236	323	73	388	654	59
3.	490	454	108	878	1.108	79
4.	767	903	85	1.645	2.011	82
5.	1.100	1.015	108	2.745	3.026	91
6.	1.122	1.300	86	3.867	4.326	89
7.	2.332	2.619	89	6.199	6.945	89
8.	3.191	3.138	102	9.390	10.083	93
9.	1.239	1.217	102	10.629	11.300	94
10.	687	556	124	11.316	11.856	95
11.	257	279	92	11.573	12.135	95
12.	220	212	104	11.793	12.347	96
Total 2015.	11.793					
Total 2014.	12.347					
Index 2015/2014	96					



Port service operations in the year 2015 and comparison to the year 2014

Year 2015	Individually by months			Cumulative by months		
	2015	2014	INDEX	2015	2014	INDEX
Month	2015/14			2015/14		
1.	135	91	148	135	91	148
2.	268	239	112	403	330	122
3.	395	334	118	798	664	120
4.	427	429	100	1.225	1.093	112
5.	452	420	108	1.677	1.513	111
6.	431	433	100	2.108	1.946	108
7.	467	453	103	2.575	2.399	107
8.	555	548	101	3.130	2.947	106
9.	296	271	109	3.426	3.218	106
10.	156	159	98	3.582	3.377	106
11.	220	173	127	3.802	3.550	107
12.	146	121	121	3.948	3.671	108
Total 2015.	3.948					
Total 2014.	3.671					
Index 2015/2014	108					



Revenues of Marina Kornati in the year 2015 separately by months and comparison to the year 2014

REVENUES OF MARINA KORNATI 2015 SEPERATE BY MONTHS																
Revenue positions		Months 2015												2015	2014	Index
		1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	cumulat.	total	2015./14.
I.	Daily berth	34.901	45.351	88.723	167.703	314.909	312.393	468.109	666.507	304.390	177.342	30.272	54.957	2.665.558	2.521.861	106
II.	Contracted berth with accessories	4.337.435	5.849.005	1.552.678	4.069.631	3.202.264	783.699	6.026.428	162.595	138.367	92.364	261.795	57.519	26.533.780	27.584.388	96
III.	Port service	210.179	275.204	386.386	386.775	403.737	299.670	246.378	235.036	141.662	109.010	164.520	138.200	2.996.757	2.667.909	112
IV.	Vehicle parking lot	2.424	8.136	22.023	100.866	222.990	234.682	340.555	458.824	342.808	151.599	18.972	4.236	1.908.116	2.001.774	95
V.	Other services	4.610	55.500	45.657	30.577	61.135	102.410	97.501	157.230	100.730	40.757	24.844	-442	720.510	528.513	136
VI.	Business cooperation	0	11.836	0	1.055.064	18.235	18.910	1.072.626	-47.428	0	0	0	0	2.129.243	2.192.912	97
VII.	Boat fair and events	0	9.130	5.840	0	1.462.572	3.750	31.642	177.775	114.531	1.513.761	241.645	0	3.560.646	1.970.844	181
TOTAL:		4.589.548	6.254.161	2.101.307	5.810.616	5.685.841	1.755.515	8.283.239	1.810.540	1.142.489	2.084.834	742.049	254.470	40.514.609	39.468.201	103

REVENUES OF MARINA KORNATI 2014 SEPERATE BY MONTHS																
Revenue positions		Months 2014												2014	2013	Indeks
		1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	cumulat.	total	2014./13.
I.	Daily berth	38.119	28.968	54.471	182.392	207.631	339.896	570.166	590.031	330.868	127.224	24.591	27.503	2.521.861	2.485.250	101
II.	Contracted berth with accessories	3.896.586	6.426.379	1.547.202	3.975.967	4.035.829	692.651	6.087.303	197.943	211.058	115.110	395.806	2.552	27.584.388	25.291.581	109
III.	Port service	65.561	243.645	290.676	439.146	381.886	305.185	257.439	229.120	136.727	81.262	138.163	99.099	2.667.909	2.951.569	90
IV.	Vehicle parking lot	3.456	2.348	19.877	129.668	205.854	317.661	359.963	469.843	336.367	138.082	15.726	2.928	2.001.774	1.958.053	102
V.	Other services	816	39.548	21.924	33.127	37.681	70.034	90.271	139.695	48.880	39.861	4.149	2.527	528.513	771.245	69
VI.	Business cooperation	2.041	0	0	1.095.709	0	6.090	1.089.073	0	0	0	0	0	2.192.912	2.144.409	102
VII.	Boat fair and events	90.807	0	4.840	7.370	0	5.701	63.446	91.871	174.093	1.462.330	47.191	23.194	1.970.844	1.570.928	125
TOTAL:		4.097.386	6.740.888	1.938.990	5.863.380	4.868.882	1.737.218	8.517.662	1.718.504	1.237.994	1.963.870	625.626	157.803	39.468.201	37.173.035	106

Revenues of Marina Kornati in the year 2015 separately by months and comparison to the year 2014 (continuing from previous page)

REVENUES OF MARINA KORNATI 2015 CUMULATIVE BY MONTHS														
Revenue positions		Months 2015												% of total revenues
		1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	
I.	Daily berth	34.901	80.252	168.975	336.678	651.587	963.980	1.432.089	2.098.596	2.402.987	2.580.329	2.610.601	2.665.558	6,6
II.	Contracted berth with accessories	4.337.435	10.186.439	11.739.117	15.808.748	19.011.012	19.794.711	25.821.140	25.983.735	26.122.101	26.214.466	26.476.261	26.533.780	65,5
III.	Port service	210.179	485.383	871.768	1.258.544	1.662.281	1.961.951	2.208.328	2.443.364	2.585.026	2.694.037	2.858.557	2.996.757	7,4
IV.	Vehicle parking lot	2.424	10.560	32.583	133.449	356.439	591.121	931.676	1.390.500	1.733.308	1.884.908	1.903.880	1.908.116	4,7
V.	Other services	4.610	60.110	105.766	136.343	197.478	299.888	397.389	554.620	655.350	696.107	720.952	720.510	1,8
VI.	Business cooperation	0	11.836	11.836	1.066.900	1.085.135	1.104.045	2.176.671	2.129.243	2.129.243	2.129.243	2.129.243	2.129.243	5,3
VII.	Boat fair and events	0	9.130	14.970	14.970	1.477.542	1.481.292	1.512.934	1.690.710	1.805.240	3.319.001	3.560.646	3.560.646	8,8
TOTAL		4.589.548	10.843.709	12.945.016	18.755.632	24.441.474	26.196.988	34.480.227	36.290.767	37.433.256	39.518.090	40.260.139	40.514.609	100,0

REVENUES OF MARINA KORNATI 2014 CUMULATIVE BY MONTHS														
Revenue positions		Months 2014												% of total revenues
		1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	
I.	Daily berth	38.119	67.087	121.558	303.950	511.581	851.477	1.421.644	2.011.675	2.342.543	2.469.767	2.494.358	2.521.862	6,4
II.	Contracted berth with accessories	3.896.586	10.322.965	11.870.167	15.846.134	19.881.963	20.574.614	26.661.918	26.859.861	27.070.919	27.186.030	27.581.835	27.584.387	69,9
III.	Port service	65.561	309.206	599.882	1.039.029	1.420.915	1.726.099	1.983.538	2.212.658	2.349.385	2.430.647	2.568.810	2.667.909	6,8
IV.	Vehicle parking lot	3.456	5.804	25.681	155.349	361.203	678.864	1.038.827	1.508.670	1.845.038	1.983.120	1.998.846	2.001.774	5,1
V.	Other services	816	40.364	62.288	95.415	133.096	203.130	293.401	433.096	481.977	521.837	525.986	528.514	1,3
VI.	Business cooperation	2.041	2.041	2.041	1.097.750	1.097.750	1.103.839	2.192.912	2.192.912	2.192.912	2.192.912	2.192.912	2.192.912	5,6
VII.	Boat fair and events	90.807	90.807	95.647	103.018	103.018	108.718	172.165	264.036	438.129	1.900.459	1.947.650	1.970.844	5,0
TOTAL		4.097.386	10.838.274	12.777.264	18.640.644	23.509.525	25.246.743	33.764.405	35.482.908	36.720.903	38.684.772	39.310.398	39.468.202	100,0

CAMPING SECTOR

In 2015, 33,446 guests or 9.05% more guests than in the same period of 2014 stayed in the camping sector, with an average length of stay of 7.79 days. 260,579 overnight stays or 11.19% more overnight stays in the observed period were realized, which accounts for 83.86% of all camping overnight stays in the city of Biograd na Moru.

In the process of making decisions on strategic planning for marketing and sales activities, we continuously monitor our important source camping markets, of which the following are the most important for us: Slovenia, Germany, Netherlands and Croatia. Owing to marketing activities and pricing policy in 2015, we realized an increase in total overnight stays by 11.19% and an increase in the total number of arrivals by 9.05% compared to the year 2014. The segments of mobile homes and camping units record the highest increase in arrivals of guests from the Dutch market (mobile homes record an increase by 44.47%, and camping units by 44.51%), the German market (mobile homes by 7.59% and camping units by 4.70 %), the Slovenian market (mobile

homes by 50.41% and the camping units by 21.55%) compared to the year 2014.

In the structure of overnight stays, the top five source markets are (1) the Slovenian market with a share of 24% overnight stays, (2) the German market with a share of 17% overnight stays, (3) the Czech market with a share of 17% overnight stays, (4) the Dutch market with a share of 10% overnight stays and (5) the Croatian market with a share of 6% overnight stays.

The investment in the purchase of new mobile homes in 2015 (14% increase compared to the year 2014) proved to be a likely potential for further growth not only in physical, but also financial performance indicators for the camp operations.

In 2015, an increase in physical indicators resulted in an increase in annual revenues which in 2014 amounted to HRK 22,562,848.34 and increased to HRK 24,214,326.42 in 2015, which is a rise by 7.32%. The reported increase was mainly driven by

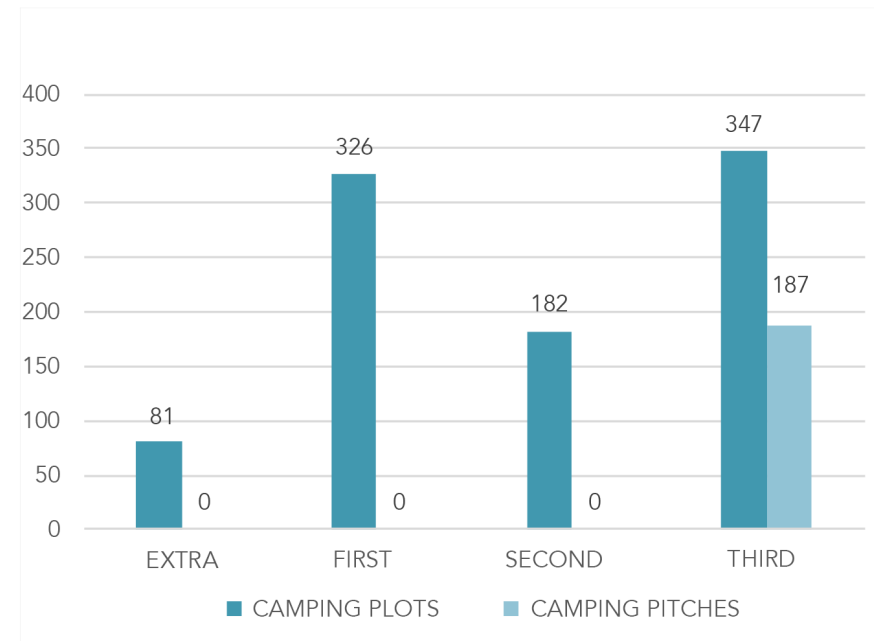
the investments in marketing and sales, as well as the continuing presence in the important European markets through trade fairs, print ads and online editions, and other marketing activities.

A higher increase in the number of overnight stays compared to the number of arrivals indicates a higher average number of days of stay, which in 2014 was 7.64 days and 7.79 days in 2015. This means that guests stay longer in the camp, where it was not only the service we provide, but also the sunny weather that contributed to such results.



Capacities of the Camp „Park Soline“

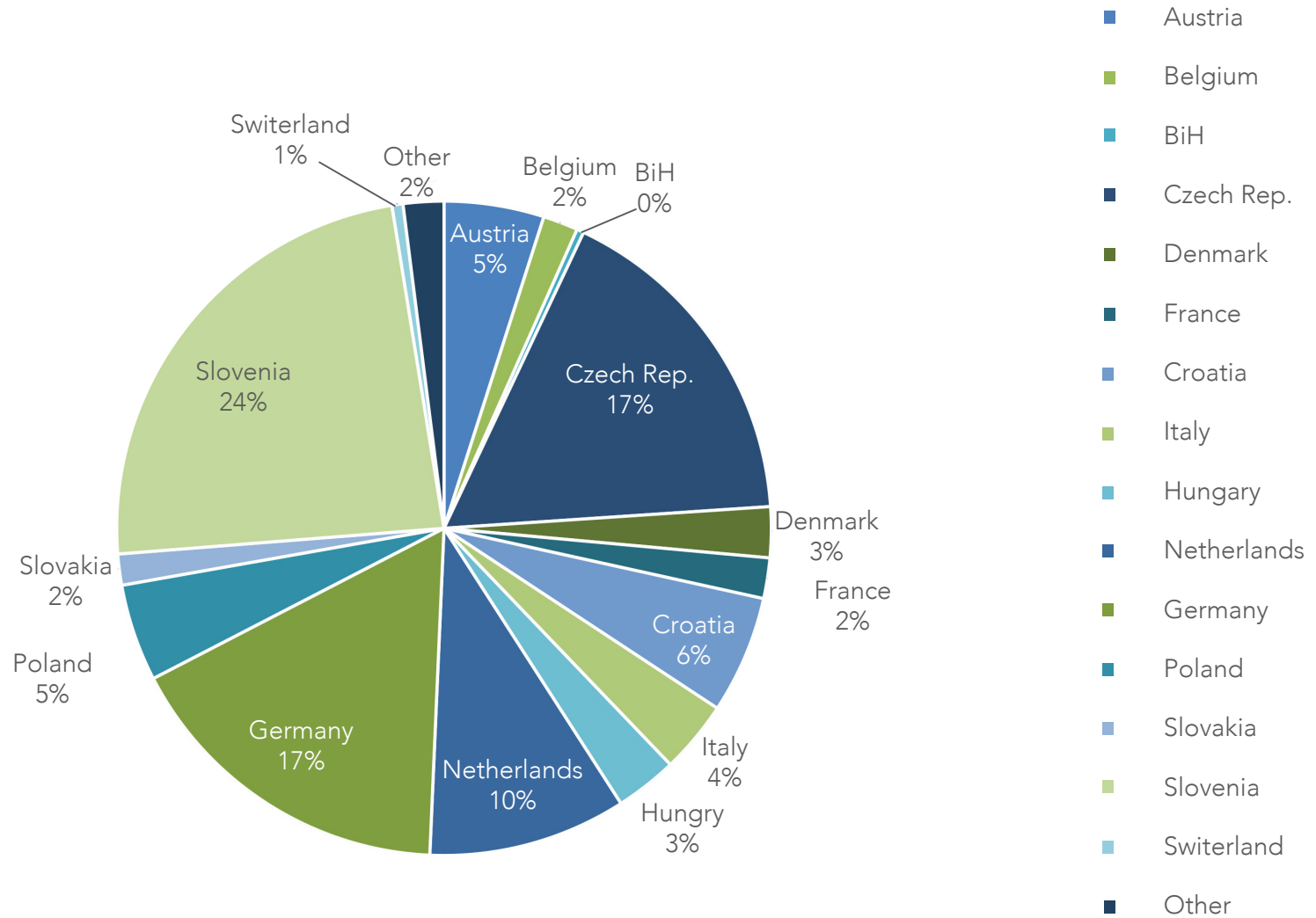
		2012	2013	2014	2015
I.	EXTRA ZONE				
	CAMPING PLOTS	80	80	80	81
	CAMPING PITCHES	0	0	0	0
	TOTAL	80	80	80	81
II.	FIRST ZONE				
	CAMPING PLOTS	327	336	345	326
	CAMPING PITCHES	0	0	0	0
	TOTAL	327	336	345	326
III.	SECOND ZONE				
	CAMPING PLOTS	157	168	168	182
	CAMPING PITCHES	0	0	0	0
	TOTAL	157	168	168	182
IV.	THIRD ZONE				
	CAMPING PLOTS	161	342	342	347
	CAMPING PITCHES	263	130	188	187
	TOTAL	424	472	530	534
TOTAL	GRANDTOTAL				
	CAMPING PLOTS	725	926	935	936
	CAMPING PITCHES	263	130	188	187
	GRANDTOTAL	988	1056	1123	1123



Arrivals and overnight stays per source markets in 2015 and comparison to the year 2014

Country	2015		2014		INDEX 15/14		AVERAGE STAY (DAYS)	
	Arrivals	Overnight stays	Arrivals	Overnight stays	Arrivals	Overnight stays	2015	2014
Austria	1.897	12.865	1.774	13.116	106,93	98,09	6,78	7,39
Belgium	562	4.505	612	4.820	91,83	93,46	8,02	7,88
B&H	207	912	207	983	100,00	92,78	4,41	4,75
Czech Republic	5.579	44.104	4.342	32.845	128,49	134,28	7,91	7,56
Denmark	700	6.524	771	7.131	90,79	91,49	9,32	9,25
France	692	5.223	786	5.850	88,04	89,28	7,55	7,44
Croatia	1.706	15.170	1.568	13.984	108,80	108,48	8,89	8,92
Italy	1.568	9.313	1.642	9.913	95,49	93,95	5,94	6,04
Hungary	1.304	7.980	1.263	7.758	103,25	102,86	6,12	6,14
The Netherlands	2.558	25.497	2.093	20.290	122,22	125,66	9,97	9,69
Germany	5.137	43.554	5.047	42.663	101,78	102,09	8,48	8,45
Poland	1.509	12.520	1.548	11.334	97,48	110,46	8,30	7,32
Slovakia	507	3.999	521	3.537	97,31	113,06	7,89	6,79
Slovenia	8.300	61.773	7.118	52.932	116,61	116,70	7,44	7,44
Switzerland	311	1.420	329	1.644	94,53	86,37	4,57	5,00
Other	909	5.220	1.048	5.546	86,74	94,12	5,74	5,29
TOTAL	33.446	260.579	30.669	234.346	109,05	111,19	7,79	7,64

Overnight stays per source market in 2015



Cumulative overview of daily and monthly occupancy of accommodation camp units "Park Soline" in 2015

MONTH	APRIL				MAY				JUNE				JULY			
SEGMENT	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY
MOBILE ILIRIJA	869	260	28,11%	1,97	3.844	618	13,60%	4,22	3.720	2.242	59,73%	17,92	3.875	3.776	97,60%	30,26
AGENCIES	1.428	1.428	100,00%	7,00	6.324	6.324	100,00%	31,00	6.120	6.120	100,00%	30,00	6.324	6.324	100,00%	31,00
LUMP SUM	1.190	1.190	100,00%	7,00	5.270	5.270	100,00%	31,00	5.100	5.100	100,00%	30,00	5.363	5.356	99,87%	30,96
INDIVIDUALS EXTRA, I, II and III ZONE	3.052	69	2,26%	0,16	13.516	1.088	8,05%	2,50	13.080	4.476	34,22%	10,27	13.423	9.896	73,72%	22,85
INDIVIDUALS IV ZONE	1.316	0	0,00%	0,00	5.828	3	0,05%	0,02	5.640	33	0,59%	0,18	5.828	1.158	19,87%	6,16
INDIVIDUALS TOTAL	4.368	69	1,58%	0,11	19.344	1.091	5,64%	1,75	18.720	4.509	24,09%	7,23	19.251	11.054	57,42%	17,80
TOTAL	7.855	2.947	37,49%	2,62	34.813	13.212	37,95%	11,76	33.690	17.969	53,34%	16,00	34.813	26.516	76,17%	23,61

MONTH	AUGUST				SEPTEMBER				OCTOBER				TOTAL				
SEGMENT	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	NUMBER OF ACCOMMODATING UNITS	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY
MOBILE ILIRIJA	3.875	3.791	97,96%	30,37	3.750	2.426	64,75%	19,42	3.875	6	0,15%	0,05	125	23.808	13.119	55,10%	105,25
AGENCIES	6.324	6.324	100,00%	31,00	6.120	6.120	100,00%	30,00	6.324	6.324	100,00%	31,00	204	38.964	38.964	100,00%	191,00
LUMP SUM	5.363	5.363	100,00%	31,00	5.190	5.190	100,00%	30,00	5.363	5.363	100,00%	31,00	173	32.839	32.832	99,98%	190,96
INDIVIDUALS EXTRA, I, II and III ZONE	13.423	9.726	72,46%	22,46	12.990	2.921	22,49%	6,75	13.454	45	0,33%	0,10	434	82.938	28.221	34,03%	64,99
INDIVIDUALS IV ZONE	5.828	1.741	29,87%	9,26	5.640	67	1,19%	0,36	5.797	0	0,00%	0,00	187	35.877	3.002	8,37%	15,98
INDIVIDUALS TOTAL	19.251	11.467	59,57%	18,47	18.630	2.988	16,04%	4,81	19.251	45	0,23%	0,07	621	118.815	31.223	26,28%	50,19
TOTAL	34.813	26.950	77,41%	24,00	33.690	16.726	49,65%	14,89	34.813	11.738	33,72%	10,45	1123	214.426	116.138	54,16%	103,45

Revenues generated by the camp in 2015 and comparison to the year 2014*

		2014					2015						INDEX			
		GENERATED IN 2014			CONTRACTED PRIOR TO 31/2/2014		PLAN FOR 2015			GENERATED PRIOR TO 31/12/2015			2015/2014		PLAN REALIZATION	
SEGMENT		NO. OF PITCHES	OVER-NIGHT STAYS	REVENUES	REALIZED OVERNIGHT STAYS	REVENUES	NO. OF PITCHES	OVER-NIGHT STAYS	REVENUES	NO. OF PITCHES	REALIZED OVER-NIGHT STAYS	CONTRACTED REVENUE	OVER-NIGHT STAYS	REVENUES	OVERNIGHT STAYS	REVENUES
1.	MOBILE HOMES	110	41.530	6.618.550,41 kn	41.530	6.618.550,41 kn	125	49.940	7.692.533,72 kn	125	50.786	7.418.607,10 kn	122	112	102	96
2.	AGENCIES	185	66.828	3.361.947,40 kn	66.828	3.361.947,40 kn	204	73.100	3.799.696,00 kn	204	77.043	3.761.086,51 kn	115	112	105	99
3.	INDIVIDUALS	648	87.338	7.099.725,98 kn	87.338	7.099.725,98 kn	616	95.120	7.890.573,54 kn	621	94.869	7.682.644,60 kn	109	108	100	97
4.	LUMP SUM	180	38.650	2.974.926,69 kn	38.650	2.974.278,61 kn	178	39.520	3.046.086,79 kn	173	37.881	3.003.719,62 kn	98	101	96	99
6.	OTHER SERVICES	-	-	700.617,86 kn	-	700.617,86 kn	-	-	876.709,43 kn	0	0	1.037.166,15 kn	#DIV/0!	148	#DIV/0!	118
TOTAL:		1123	234.346	20.755.768,34 kn	234.346	20.755.120,26 kn	1123	257.680	23.305.599,48 kn	1123	260.579	22.903.223,98 kn	111	110	101	98

*Note: The total operating revenues of the camp "Park Soline" does not include other revenues and difference between revenues and pre-arranged and approved discounts.

ILIRIJA TRAVEL – COMPLEMENTARY PRODUCT

In the reporting period in 2015, through the system and organization of the destination management company (DMC) Ilirija Travel, including the other profit centers of Ilirija d.d., we recorded over 411 individual events; special programs, conferences, weddings, banquets and similar events, with a total number of over 49.837 guests, mostly in the shoulder season, which is crucial to expanding the season of the Company by offering complementary forms of tourism and special interest tourism, that generated HRK 9,307,157,19 in revenues, which is a result of the new product activity of Ilirija Travel as the integrated product of the Company.

The difference in revenues in the amount of HRK 1,588.807,14 was shown in Overview of revenues generated by sectors, as recorded in the hotel industry, camping and nautical sector.

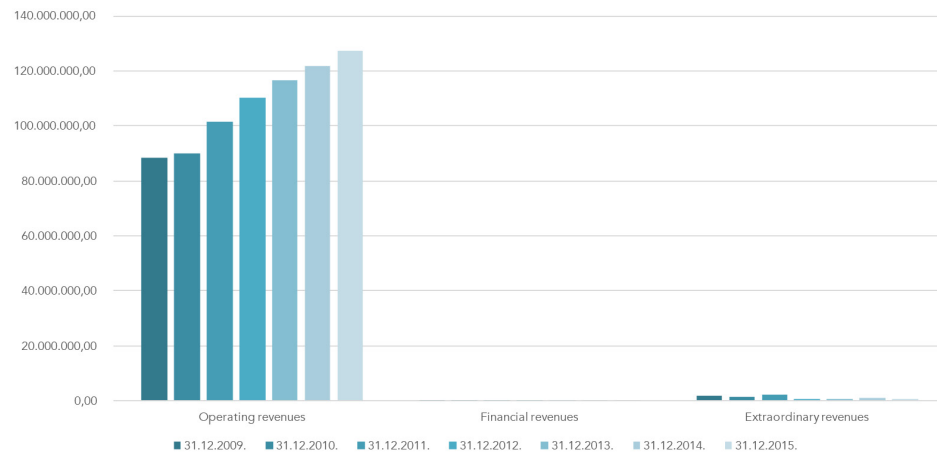


FINANCIAL OPERATING RESULTS

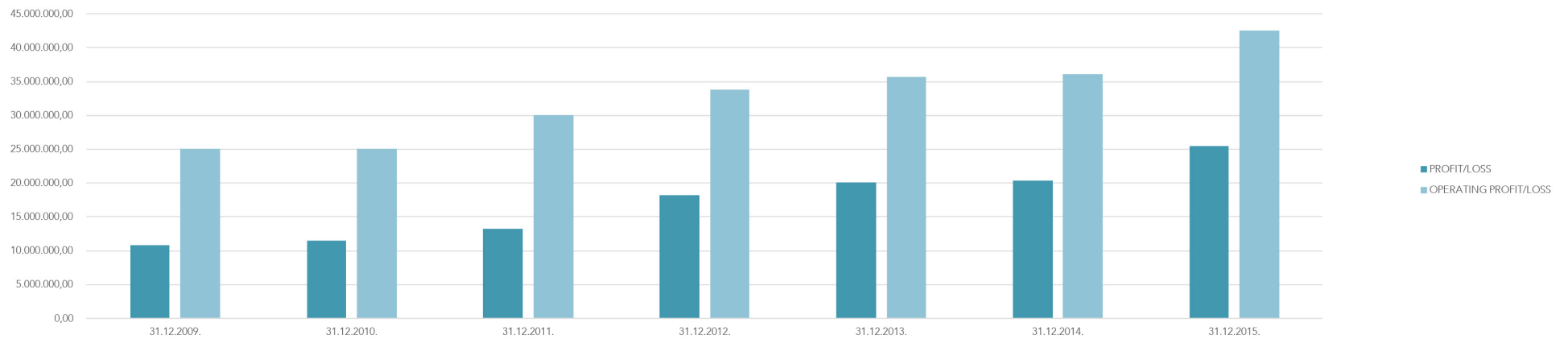
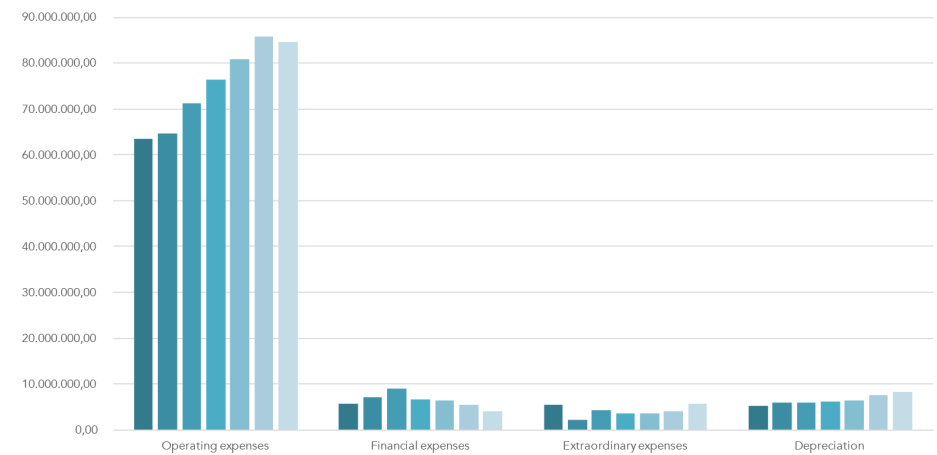
Overview of financial operating results from 2009 to 2015

Description	31.12.2009.	31.12.2010.	31.12.2011.	31.12.2012.	31.12.2013.	31.12.2014.	31.12.2015.	Index 15/14
Operating revenues	88.585.658,86	89.851.286,86	101.315.471,31	110.113.121,89	116.431.304,58	121.792.647,35	127.122.379,61	104,38
Financial revenues	234.844,61	140.059,61	264.065,69	220.374,90	272.620,92	136.259,45	484.269,24	355,40
Extraordinary revenues	2.012.270,69	1.373.598,08	2.155.691,95	801.335,91	616.481,19	944.845,32	539.863,78	57,14
TOTAL REVENUES	90.832.774,16	91.364.944,55	103.735.228,95	111.134.832,70	117.320.406,69	122.873.752,12	128.146.512,63	104,29
Operating expenses	63.584.274,47	64.738.583,70	71.301.495,32	76.286.679,54	80.774.385,77	85.667.666,60	84.573.385,40	98,72
Financial expenses	5.717.782,00	7.034.774,08	8.894.619,15	6.662.995,79	6.333.307,89	5.355.803,37	4.030.686,50	75,26
Extraordinary expenses	5.421.386,12	2.248.044,27	4.403.636,28	3.690.513,45	3.698.321,67	3.994.948,24	5.805.950,27	145,33
Amortization	5.290.741,74	5.830.783,65	5.885.794,82	6.239.514,80	6.385.207,46	7.470.218,79	8.225.981,02	110,12
TOTAL EXPENDITURES	80.014.184,33	79.852.185,70	90.485.545,57	92.879.703,58	97.191.222,79	102.488.637,00	102.636.003,19	100,14
PROFIT/LOSS	10.818.589,83	11.512.758,85	13.249.683,38	18.255.129,12	20.129.183,90	20.385.115,12	25.510.509,44	125,14
OPERATING PROFIT/LOSS	25.001.384,39	25.112.703,16	30.013.975,99	33.826.442,35	35.656.918,81	36.124.980,75	42.548.994,21	117,78

REVENUES 2009-2015



EXPENSES 2009-2015



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Total revenues generated for the year 2015 amount to HRK 128,146,512.63 which is a rise by 4.29% compared to the year 2014.

Total operating revenues generated in the observed period amount to HRK 125,275,837.54 which is a rise by 5.28% compared to the same period in 2014.

Total revenues generated from the sale in the year 2015 amount to HRK 125,275,837.54 which is a rise by 5.28% compared to the year 2014. The revenues from sale account for 98.55% of the operating revenues, or 97.76% of the total revenues.

2

Total operating expenses in the said period amount to HRK 102,636,003.00 and range within the forecasted limits.

Total operating expenses generated in the year 2015 amount to HRK 84,573,385.40 and are lower by 1.28% compared to the year 2014.

3

The operating profit or the profit from operations of the Company rose by 17.78% compared to the year 2014 and amounts to HRK 42,548,994.21.

EBITDA or Earnings before interest, taxes, depreciation and amortization was realized in the amount of HRK 37,767,176.96, and rose by HRK 4,556,039.68 or by 13.72% compared to the year 2014.

EBIT - or Earnings before interest and tax was realized in the amount of HRK 29,979,425.41 and rose by HRK 3,800,277.45 or by 14.80% compared to the year 2014.

Profit after tax amounts to HRK 21,533,370.50, and rose by HRK 3,040,166.47 or by 16.43% compared to the year 2014.

Operating profit, EBITDA, EBIT and profit after-tax are the results of an increase in revenues and cost-efficiency and reduction of operating expenses and increase in the operational efficiency of the Company as a whole.



Financial statements of the Company as at 31 December 2015 compared to the years 2013 and 2014

REVENUES	2013	2014	INDEX 14./13.	2015	INDEX 15./14.
Revenues on the local market	78.629.358,69	84.675.322,34	108	89.485.635,86	106
Revenues on foreign market	35.659.411,84	34.312.895,38	96	35.790.201,68	104
Other revenues	2.142.534,05	2.804.429,63	131	1.846.542,07	66
OPERATING REVENUES	116.431.304,58	121.792.647,35	105	127.122.379,61	104
FINANCIAL REVENUES	272.620,92	136.259,45	50	484.269,24	355
EXTRAORDINARY REVENUES	616.481,19	944.845,32	153	539.863,78	57
TOTAL REVENUES	117.320.406,69	122.873.752,12	105	128.146.512,63	104
EXPENSES					#DIV/0!
Raw material and material expenses	19.093.641,84	20.227.454,80	106	20.106.891,81	99
Services costs	16.278.650,28	16.922.695,44	104	17.867.521,54	106
Gross salaries	30.202.641,66	32.942.681,21	109	29.763.374,67	90
Other costs	15.199.452,00	15.574.835,15	102	16.835.597,38	108
TOTAL COSTS	80.774.385,77	85.667.666,60	106	84.573.385,40	99
AMORTIZATION	6.385.207,46	7.470.218,79	117	8.225.981,02	110
FINANCIAL EXPENSES	6.333.307,89	5.355.803,37	85	4.030.686,50	75
EXTRAORDINARY EXPENSES	3.698.321,67	3.994.948,24	108	5.805.950,27	145
TOTAL EXPENDITURES	97.191.222,79	102.488.637,00	105	102.636.003,19	100
PROFIT / LOSS	20.129.183,90	20.385.115,12	101	25.510.509,44	125
OPERATING PROFIT/LOSS	35.656.918,81	36.124.980,75	101	42.548.994,21	118

REVENUES BY ACTIVITIES:

Revenues from hotel services amount to HRK 47,416,243.13 and remained at the same level compared to the year 2014 and make up for 37% of the total operating revenues of the Company.

Revenues from nautical services amount to HRK 45,291,162.61 and rose by 3% compared to the year 2014 and make up for 35.34% of the total operating revenues of the Company.

Revenues from the camp amount to HRK 26,696,623.82 and rose by 8% compared to the year 2014 and make up for 20.83% of the total operating revenues of the Company.

The revenues from other activities, that is, from Ilirija Travel, hospitality, Arsenal and event boat „Nada“ were generated in the amount of HRK 7,718,350.05 and rose by 38% compared to the year 2014 and make up for 6.02% of the total operating revenues of the Company.

GRANDTOTAL: Operating revenues by activities amount to HRK 127,122,379.61 and rose by 4% compared to the year 2014.

Structure and share of generated revenues by sectors for the year 2015 in the total revenues of the Company

REVENUES	2014	Share	2015	Share	INDEX 15./14.
Hotel industry	47.432.648,86	38,60	47.416.243,13	37,00	100
Nautics	44.086.730,51	35,88	45.291.162,61	35,34	103
Camping	24.685.606,93	20,09	26.696.623,82	20,83	108
Revenues of other economic operators	5.587.661,05	4,55	7.718.350,05	6,02	138
OPERATING REVENUES	121.792.647,35		127.122.379,61		104
FINANCIAL REVENUES	136.259,45	0,11	484.269,24	0,38	355
EXTRAORDINARY REVENUES	944.845,32	0,77	539.863,78	0,42	57
TOTAL REVENUES	122.873.752,12	100,00	128.146.512,63	100,00	104

FUNDAMENTAL FINANCIAL INDICATORS OF THE COMPANY'S POSITION AS AT 31/12/2015

I

The value of the assets of the Company as at 31/12/2015 amounted to HRK 317,059,816.92 and rose by HRK 6,147,484.61 or by 1.98% compared to the same period in the previous year 2014.

2

Total liabilities of the Company as at 31/12/2015 amounted to HRK 96,706,510.04 and decreased by HRK 36,347,106.60 that is by 27.31% compared to the year 2014 when they amounted to HRK 133,053,616.64.

3

Capital and reserves of the Company as at 31/12/2015 amounted to HRK 220,353,306.88 and rose by HRK 42,494,591.21 that is by 23.9% compared to the year 2014 when they amounted to HRK 177,858,715.67.



OPERATING AND OTHER EXPENSES

Operating expenses in the year 2015 amount to HRK 84,573,385.40, which is a decline by 1.28% compared to the previous fiscal year. The reduction of these expenses is the result of better and more rational management of operating expenses, especially the labor costs.

FINANCIAL EXPENSES

Financial expenses for the year 2015 amount to HRK 4,030,686.50, which is a decline by 24.74% compared to the year 2014 when they amounted to HRK 5,355,803.37. Reduced financial expenses are the result of gradual total indebtedness of the Company and smaller volume of short-term financing of the Company by foreign funding sources.

Financial expenses mainly include ordinary expenses arising from financing, that is, interests on long-term and short-term financial liabilities and they amount HRK 3,562,929.35, while the amount of HRK 467,757.15 incurred as a result of interests accrued on other financial and short-term credit activities.

EXTRAORDINARY EXPENSES

Financial expenses for the year 2015 amount to HRK 5,805,950.27, that is, they rose by 45.33% compared to the year 2014 when they amounted to HRK 3,994,948.24. These expenses mostly incurred as a result of the incentive discounts to customers in the amount of HRK 3,095,682.31 duly recorded by the Company in this manner in its business records for the sake of transparency to the tax authorities, in the position of one-time write-off of past due receivables in the amount of HRK 1,336,072, 07 for which the processes of forced debt collection has been initiated and subsequently determined expenses from previous years in the amount of HRK 902,141.72.

LIQUIDITY:

It is assessed as satisfactory for current and accrued liabilities of the Company for the reporting period.

SHARE SPLIT

During the period from 01 January to 31 December, there was no share split.

EARNING PER SHARE

In 2015, it amounts HRK 93.01 gross, that is, after the deduction of corporate income tax, it amounts to HRK 84.50.

MERGERS AND ACQUISITIONS

There have been no mergers and acquisitions.

UNCERTAINTY OF COLLECTING REVENUES AND POTENTIAL FUTURE COSTS

There are no such risks that may substantially affect the financial position and financial operating results of the Company and can therefore be regarded as negligible.

13. INVESTMENTS

In 2015, the Company continued to make investments in the supply, improvement of services, supply and amenities at the level of the whole Company, tailoring its offer to the requirements, demands and wishes of its clients, thereby ensuring a competitive market position and high-quality and recognizable tourism product.

In accordance with the annual Plan of investments for the year 2015, HRK 14,115,336.73 was invested in all sectors of the Company, of which the amount HRK 11,829,096.97 was spent from the Company's resources, while the investments in the amount of HRK 2,286,239.76 was realized by means of leasing. In 2015, the largest single investment was the final development of the accommodation facility Villa Primorje**** in which the amount of HRK 2,847,130.39 was invested.

Regarding the camping sector, the investment was made in the purchasing and equipment of new mobile homes, landscaping of the camp up to the level of the arboretum and its further infra-

structural development, while at the same time the Company continued to invest in the improvement of the existing tourism supply in the hotel, nautical and hospitality sector.

In November 2015, the Company started with the first phase of reconstruction of the coastal part of Nautical Tourism Port "Marina Kornati", which according to the established schedule is planned to be finalized by the end of February 2016, i.e. before the start of this year's boating season, thereby enabling it to provide accommodation for higher category of vessels, better utilization of aquatorium of the marina, further enrichment and modernization of the offer by implementing the best existing technical solutions, whereby the Company will strengthen its market position among the top three nautical tourism ports at the Adriatic Sea.

14. BUSINESS EXPECTATIONS AND DEVELOPMENT PLAN OF THE COMPANY IN THE YEAR 2016

In the fiscal year 2016, we expect minimal achievement or repetition of 2015 operating results, either financial or physical ones, while an increase in the physical and financial results compared to 2015 has been forecasted in the business plan and budget for 2016, assuming that no significant changes will be made, especially in terms of safety in the major source markets of the Croatian tourism.

Growth is expected particularly in certain segments of the tourism supply - especially in the segment of innovative and complementary tourism supply that we present to the market through DMK Ilirija Travel intended for the emerging experience and special interest tourism market, which is important for achieving better business results in the shoulder season, since the marketing and acquisition activities are greatly focused on this supply segment.

In addition, we continue with a significant investment cycle in our nautical sector, where in addition to

the finalization of the first phase of reconstruction of the coastal part of the Nautical Tourism Port Marina Kornati, planned to be finalized by end of February 2016, the Company would start with the reconstruction of the second phase of the coastal area of Marina Kornati by the end of the fiscal year, where by implementing the best existing technical solutions the Company would further enrich and modernize the marina itself, one of the three largest marinas at the Croatian Adriatic Sea, followed by the modernization of other services, particularly in the area of accepting the vessels.

Besides the nautical sector, the investment cycle also encompasses the hotel industry and camping sector in order to increase the capacities, improve service quality and standards. The Company will invest in the purchase of new mobile homes, landscaping of camp, increasing the hospitality capacities and restaurants, while regarding the hotel management sector, the Company will invest in raising the quality of accommodation facilities and additional amenities.

The Company will continue to invest in the training of our employees by organizing a wide range of workshops for improving their personal and professional skills, in particular in the area of sales and marketing and the department of food and beverages.

The Company will perform significant activities to adapt to and implement the standards, procedures and regulations in all aspects of environmental protection (protection of the sea, coast, water, air, soil) and waste management and take further actions focused on the implementation of HALAL standards in the Company's restaurants.



15. LONG-TERM DEVELOPMENT OF THE COMPANY

As in the observed period, the Amendments to the Physical Planning Document of the city of Biograd na Moru are pending, and the Company submitted to the City Biograd its own request for incorporation in the Amendments to the Physical Planning Document of the city of Biograd na Moru within the stipulated time and on a timely manner, and only for the property, real estate, land plots and maritime domain which are owned or in long-term concession or leased by the Company.

A total of eight (8) requests – proposals for the existing and planned facilities and interventions in the area have been submitted:

1. Conservation, extension and improvement of the quality of the existing camp "Park Soline" on the surface of 20.00 Ha
2. Reconstruction and extension of the hotel complex Ilirija-Kornati-Adriatic
3. Reconstruction and extension of nautical tourism Port Ilirija
4. Reconstruction and extension of nautical tour-

ism Port Marina Kornati

5. Construction of health-recreation center Soline – on the area of the existing tennis center
6. Construction of the agrotourism center Primorje – on the land plot of the existing rural estate of the Company
7. Construction of the golf course in the area of Jankolovic on the public worthless forest land of an area of approximately 90.00 Ha without building facilities except for the club premises
8. Development of the camp stop up to the level of full equipment

The construction of the proposed tourist facilities would result in an improved and enhanced existing and achieved level of organized tourism in the city of Biograd na Moru as the most powerful economic branch at least by one third or even more regarding the scope and quality of supply and amenities, compared to the existing level including new employment.

16. OPERATIONAL RISKS OF THE COMPANY

The Company is, after all, as the most businesses in the tourism sector, exposed to foreign exchange risk, interest rate risk, price risk, credit risk and liquidity risk, environmental risk, risk of tourism as the branch of economy, the risk of macroeconomic trends and risk of changes in tax and other regulations.

Since most of the monetary fund inflows of the Company are quoted in EUR, as well as the most of the loans, the Company is to the highest degree hedged against the foreign exchange risk owing to this circumstance.

Indebtedness of the Company with the commercial bank is mainly subject to variable interest rates, so taking this into consideration, the Company is partially exposed to interest rates, but only due to exceptional circumstance and disturbance in the operations which are not attributable to the Company.

In order to reduce the credit risk, the Company strives to reduce the total loan debts to an appropriate level that would be inferior to their own funding source.

The Company has most of its prices quoted in EUR and collects the majority of claims in the same currency, thereby being hedged against the price risk.

The Company is exposed to changes in tax and other regulations in the legal system of the Republic of Croatia. This, in particular applies to legislation in the field of maritime domain and the tourist land plots on which the Company has significant commercial and critical long-term investments and all the constitutionally guaranteed rights have not been exercised in the field of protection of capital investment.

17. SIGNIFICANT EVENTS AND RECAPITALIZATION OF THE COMPANY

General Shareholders' Assembly session was held in the reporting period as at 27 March 2015, at which all the reports of the Management Board of the Company on the operations for 2014 were accepted and approved, and among other things, the decision on utilization of the profit for the year 2014 was made.

We emphasize a part of the Decision approving the payment of the dividend in the amount of HRK 15.00 per share and the increase in share capital of the Company by the amount of HRK 12,469,300.00 from the reinvested profit of the Company. In this way, the value of each share of the Company increased by HRK 50.00 so that each share has a nominal amount of HRK 550.00 after the increase.

At its 89th session held on 18 June 2015, the Supervisory Board appointed Mr. Goran Ražnjević as the sole member of the Management Board of Ilirija d.d. again for the fourth time in a row, whose term of office started running as of the date of his appointment.

General Shareholders' Assembly of the Company passed the following Decisions on 04 September 2015:

- Decision on an increase in the share capital of the Company and issue of new shares completing excluding pre-emptive rights of the existing shareholders to the subscription and payment of New shares.
- Decision on listing of shares on the Official market of the Zagreb Stock Exchange.
- Decision on changes and amendments to the Company's Articles of Association.

According to the above mentioned Decision, the share capital of the Company increased from the amount of HRK 137,162,300.00 by the amount of HRK 13,695,000.00 to the amount of HRK 150,857,300.00 by issuing 24,900 new bearer ordinary shares with nominal value of HRK 550.00. The New shares were issued in the amount of HRK 875.00 for one New share, and the right to subscribe and pay New ordinary shares was vested

only in the company Allianz ZB d.o.o., the company for mandatory pension fund management with the headquarters in Zagreb, on behalf of the pension funds managed by it.

Allianz ZB d.o.o. subscribed and paid all 24,900 new bearer ordinary shares, with nominal value of HRK 550.00 each, at a price of HRK 875.00 each.

After 08 September 2015, the Company's Management Board sent a notice that in the process of recapitalization 100% of the total issue of New shares was subscribed and paid and that the issuing of New shares was considered successfully completed.

At the 91st session held on 08 September 2015, the Supervisory Board adopted the full text of the Articles of Association of Ilirija d.d. in accordance with the decisions of the Extraordinary General Meeting of 4 September 2015.

On 19 October 2015 according to the Decision passed by the General Meeting, the Company

submitted a request to the Zagreb Stock Exchange (ZSE) for listing/transfer from the Regular Market onto the Official Market of the Zagreb Stock Exchange.

On 26 October, 2015 the Zagreb Stock Exchange d.d. passed a decision by which the Company is granted a transfer of 249,386 ordinary shares of the Company, with a nominal amount of HRK 550,00 each, designated as ILRA-R-A, ISIN: HRILR-ARA0009, from the Regular Market onto the Official Market of Zagreb Stock Exchange. According to this Decision, the transfer of the ordinary shares of the Company onto the Official Market of the Zagreb Stock Exchange was carried out on 28 October 2015.

On 26 October, 2015 the Zagreb Stock Exchange d.d. passed a decision by which the Company is granted the listing of 24,900 newly issued shares of the Company, with a nominal amount of HRK 550.00, designated as ILRA-R-A, ISIN: HRILR-ARA0009, on the Official Market of Zagreb Stock

Exchange. According to this Decision, the listing of the ordinary shares of the Company onto the Official Market of the Zagreb Stock Exchange was carried out on 28 October 2015.

According to the above mentioned Decisions of Zagreb Stock Exchange d.d. on the transfer and listing of financial instruments of the Company on 28 October 2015, the Contract on the listing of financial instruments onto the regulated market was signed between the Company and Zagreb Stock Exchange d.d. according to which 274,286 ordinary shares with a nominal value of HRK 550.00, designated: ILRA-R-A, ISIN designated: HRILR-ARA0009, were listed onto the Official Market of the Zagreb Stock Exchange d.d., which is also the first day of trading in the Company's shares on that market segment of the regulated market of Zagreb Stock Exchange.

At the 93rd session held on 29 October 2015, the Supervisory Board adopted the Report by the Company's Management Board on the Company's

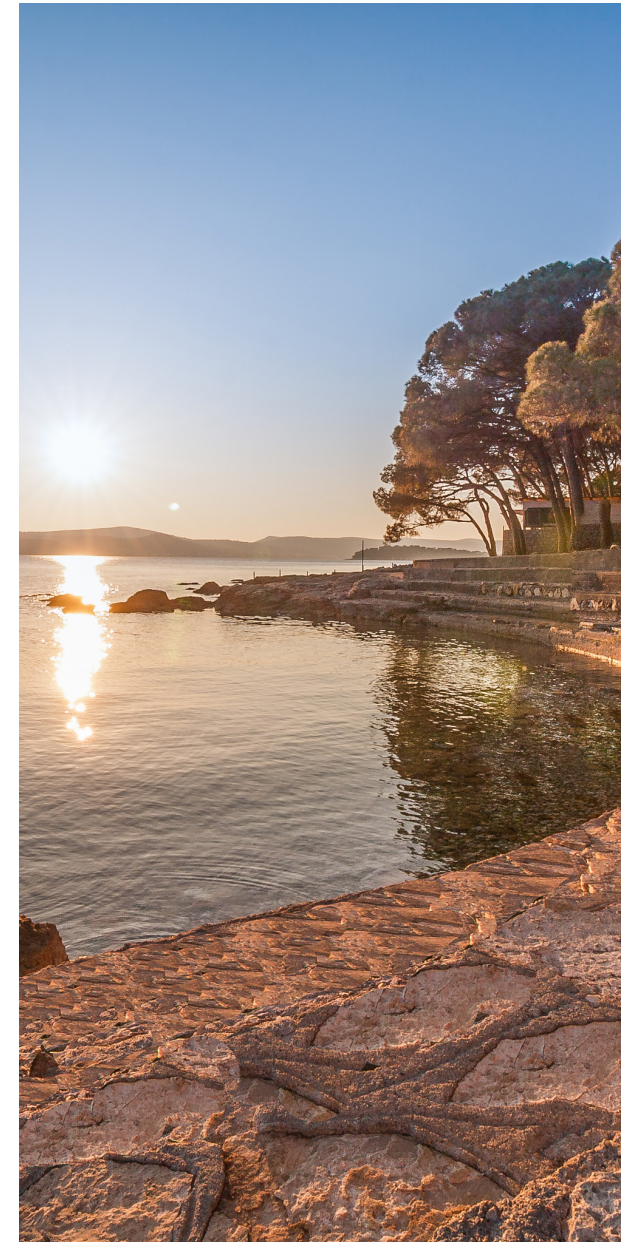
operations for the period from 1 January to 30 September, 2015, Report on investments by profit centers, Plan of Investments in 2016 and adopted a framework plan of the Company's Supervisory Board sessions for the year 2016.

At the 94th session held on 22 December 2015, the Supervisory Board of the Company gave a consent to the Company's Management Board to entering into long-term investment loan with Erste&Steiermarkische Bank d.d. from the funds of the Croatian Bank for Reconstruction and Development, adopted the Report by the Management Board on the financial operations and financial position of the Company for the period from 01 January to 30 November 2015 and acknowledged the receipt of the information of the Company's Management Board on the progress of Changes and Amendment to the Physical Planning Document of the city of Biograd na Moru.

On 29 December 2015 the Company provided the City of Biograd, developer of the Physical Plan-

ning Document, with the comments and suggestions to be incorporated in the 3rd Changes and Amendments to the Physical Planning Document of the city of Biograd na Moru where it proposes the incorporation of eight (8) development projects of the Company in the third Changes and Amendments to the Physical Planning Document of the city of Biograd na Moru at the second repeated public debate.

In the year 2015, the Company acquired 20 shares in the regulated capital market designated IL-RA-R-A, and following the above acquisition, as at 31/12/2015 the Company owns 724 shares which make up for 0.26% share in the share capital and the same percentage of votes at the General Shareholders' Assembly.



18. SIGNIFICANT EVENTS AFTER THE END OF THE FISCAL YEAR

After the end of the fiscal year as at 03 March 2016, the Company has acquired 135 treasury shares designated as ILRA-R-A in the regulated capital market of Zagreb Stock Exchange. Following the above acquisition, the Company owns 859 treasury shares which make up for 0.313% share in the share capital and the same percentage of votes at the General Shareholders' Assembly.



19. SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

SUSTAINABLE DEVELOPMENT

An integral part of the corporate social responsibility includes sustainable development of the Company, which is particularly pronounced in the tourism industry and in Ilirija d.d. as well, which is based on compliance with the principles of sustainable development, where the economic growth will not threaten the existing natural resources, cultural, historical and natural heritage. Such a kind of responsible and sustainable tourism in which the current and future economic, social and environmental requirements of all participants in the business process are harmonized, ensures long-term viability of Ilirija as an economic operator, the tourism as an industry and the future for the generations that are yet to come as well.

Every day at the operational level, we attend to managing the environmental protection processes with an aim and obligation to: comply with legal regulations, prevent environmental pollution, reduce the amount and harmfulness of waste produced, reduce the emissions of pollutants in water, soil and air, and

provide education and training of employees for environmental protection.

Since the tourism industry largely depends on preserved natural resources, while planning the business processes, the Company has established excellent quality and environmental protection management system by establishing the Safety Department in charge of health care, environmental protection and safety for all employees and guests. HACCP system has been implemented and certified in the hospitality sector of the Company according to the standard Codex Alimentarius which was renewed in all establishments in the years 2012/ 2013/ 2014/2015, which proved maintaining high standards in serving food.

The Company has continued to invest in improvement of the quality and advancement of its own business processes by establishing and certifying the quality management system according to standard HRN EN ISO 9001:2008 and implementing the environmental management system according to standard HRN EN ISO 14001.

DMK Ilirija Travel agency reached the first of three phases: "Travelife engaged". Travelife is a management and certification system that shows travel agencies and touroperators a way how to establish sustainable corporate social responsibility practices in their own offices and also in relation with suppliers. Our agency is dedicated to working on appropriate procedures for the sustainable operation management. The appointed sustainability coordinator, after having completed the training program, has been awarded personal Travelife certificate. The basic steps and practices are currently being implemented.

The Company has been awarded Croatian Business Tour 2014 - CBTour 2014, organized by Croatian Association for Energetics of 2010, which aims to encourage and promote creative, innovative and modern programs/projects /services in the field of business tourism for domestic and international market with an emphasis placed on sustainable development. The Company received the award for the project "Arsenal: Revitalized heritage monu-

ment for the purpose of organizing business events" in the category Best program of responsible tourism and the best team building program.

We are also holders of international environmental certificates especially relevant to tourism:

- Since 2004, Marina Kornati has been the holder of „Blue Flag“ for beaches and marinas, which is an international symbol of coast, sea and underwater protection,
- Since 2013, the camp "Park Soline" has been the holder of the international eco label for accommodation facilities "Green Key", which is exclusively granted to accommodation facilities that reduce negative impacts on the environment through the optimization of energy consumption, waste management and sorting such waste, educating guests and employees about the most important aspects of sustainable development.
- Camp "Park Soline" was selected among the

ten camps in Croatia for participation in the Ecocamping project, which is implemented in cooperation with the German Association Ecocamping, which aims to introduce the principles of sustainable development and ecology into the companies that provide accommodation services. In September 2015, the Association Ecocamping conducted the audit, after which in October 2015 the camp was awarded the Ecocamping certificate.

- In 2014, we participated in the pilot project "Green business in the hotel industry", organized by the Association of Employers in Croatian Hospitality, the leading Association of Employers in Croatian Hospitality, which aims to reduce operating costs and harmful effects on the environment and at the same time to introduce green business into Croatian hotels and achieve a balance between the economic development, the need for conservation of the environment and involvement of the community. As a part of this project, the hotel Ilirija**** has been awarded the basic certificate

Sustainable hotel – Održivi hotel“ for meeting sustainability criteria in its operations in the eight defined and observed areas (sustainability management, purchasing, sales, marketing and public relations, environment, energy efficiency and human resources).

The Company is among the first companies in Croatia that use the so-called green energy or energy derived from renewable sources.

By adopting the environmental management policy, we systematically, responsibly and sustainably implement the environmental protection policy across the whole Company, that on the one hand allows us to minimize the negative effects of the tourism activity on the environment and nature, and on the other hand to manage the environment and natural resources in our surrounding for the present and future generations in a high quality, responsible and sustainable manner.

CORPORATE SOCIAL RESPONSIBILITY

The basic principles of corporate social responsibility are an integral part of corporate values, embedded in long-term business strategy of the Company, business practice and processes to all stakeholders of the Company starting from the owners, shareholders, employees, current and future business partners and the community in which we conduct business operations, particularly considering the fact that the Company is the driving force not only of tourism, but also its overall economic development.

Corporate social responsibility in Ilirija d.d. is especially reflected in the following areas: environmental protection, employee relations and community relations:

- Environmental protection - our goal is to raise awareness of employees by providing training to them and improve the relation of employees and guests towards the conservation of and care for nature and our environment by business processes, undertake activities in the

field of sustainable and responsible management of all forms and types of energy, systematic planning, implementation, monitoring and improvement of all activities in the field of environmental protection in order to minimize negative impacts on the nature and environment.

- Employee Relations – in the tourism industry a man is the key to success, therefore, the employees, as the key to success of the Company are assigned jobs that best suit their abilities, where by their knowledge, skills, enthusiasm and commitment they contribute to the further development and growth.
- Community relation - Systematically and actively through sponsorships and donations, recognizing the needs of the society, Ilirija d.d. supports, promotes and initiates a number of projects aimed at enhancing and improving the quality of life and projects of greater importance to the community, clearly underlining and confirming its commitment and support to the development and improvement of sports, culture, education and science, but also the promotion of corporate social responsibility.

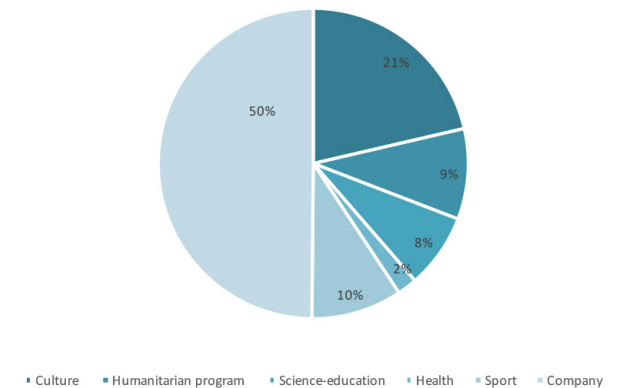
In 2015, the Company has through its philanthropic activity supported a total of 67 projects, followed by the individual requests by natural persons and organizations in the six (6) different areas (culture, science-education, health, sports, society and humanitarian program) of which 44 projects through donations activities and 23 projects through sponsorships.

The Company is the first tourism company that has received awards for corporate social responsibility CSR Index in the category of medium sized enterprises for the years 2011 and 2012, while in 2013 we were just one of the 12 Croatian companies that participated in the first organized competition for winning the unique European Prize for Corporate Social Responsibility for partnership, innovation and impact. The Company is a member of HR PSOR (Croatian Business Council for Sustainable Development), involving all prominent, recognizable and successful companies of the Croatian economy, which in their operations apply and promote the principles of corporate social responsibility and sustainable development. Goran Ražn-

jević, President of the Company's Management Board has been selected as the President of the Management Council of HR PSOR for a one year's term of office.

As part of the international project "CSR for ALL" ("Corporate Social Responsibility for all") which was co-financed by the European Union and implemented by the International Organization of Employers (IOE) and Organizations of Employers from Croatia, Montenegro, Macedonia, Romania and Turkey, in which the initiative Croatian Employers' Association HUP's award for CSR best practice example was launched", which promotes the corporate social responsibility good practices in the following categories: Care for employees, Care for the environment and Care for the community, Ilirija d.d. actively participated in the entire project also including the initiative HUP's award for CSR best practice example" in which the Company was ranked third among the medium-sized enterprises in the category Care for employees for the project "Knowledge is power" - training for the employees and in-house trainings".

Overview of donations and sponsorships of the Company by areas of donating and sponsoring in the year 2015



20. HUMAN RESOURCES

As at 31/12/2015 the Company had 189 employees, while the average number of employees based on working hours at the level of the year is 304. In 2015, in addition to 180 full-time employees, due to seasonality of the business operations, the Company hired over 200 seasonal employees, or a total of 400 employees. If we include other companies with business cooperation agreements concluded that perform nautical activity in Marina Kornati, Ilirija d.d. provides jobs for over 800 employees during the season. Not a single labor dispute has been initiated against the Company from the process of privatization to date.

One of the long-term goals of the company is the employee motivation, which in addition to financial remuneration is accomplished by enabling employees to work in an environment that ensures their professional development and training, while attending to their social needs, taking into account their personal and professional peculiarities, therefore the Company continuously and systematically invest in people as business process holders at all levels of

the Company, their lifelong education and training, gaining knowledge about new tools and adoption of communication and sales skills as well as the guest treatment skills, while they are also trained to be flexible and creative in the working process.

In 2015, the Company initiated a series of training programs, workshops and seminars aimed at improving business standards, raising the quality of services, implementing the best practices in the tourism industry, strengthening the visibility and competitiveness of the Company, universality and standardization of the service, improving the food and beverage service, improving organizational, sales and marketing skills, business process and staff management skills, which contributed to an increase in employee satisfaction, creation of a stimulating and motivating working environment, improvement of the quality of services and products that we deliver to end-users of our services and improvement of business performances in food and drinks departments and profit centers, and hotel industry, nautical and camping sectors.

Such educational and training programs organized with an aim to improve professional, social and communication skills of employees and to stimulate their motivation were aimed at: getting a well trained employee who possesses the most recent knowledge and competences, creating a stimulating and motivating working environment in which every employee will be aware that he as an individual greatly contributes to the improvement of the business process in the company, improving the quality of products and services, and ultimately improving the operating results.



21. OTHER

LEGAL ISSUES

Some attempts were made to bring the ownership of the Tennis center into question during the process of updating the land registries of the Cadastal Municipality Biograd according to the administrative decision.

With respect to disputes in which the Company participates either as a plaintiff or a defendant, we estimate that these disputes can neither significantly cause a disturbance in the Company's operations nor can they cause significant financial expenses for the Company nor negatively affect the current and future financial results of the Company.

CHANGED ACCOUNTING POLICY

There have been no changes in the accounting policies.

MERGERS AND ACQUISITIONS

There have been no mergers and acquisitions.

UNCERTAINTY OF COLLECTING REVENUES OR POTENTIAL FUTURE COSTS

There are no such risks that may substantially affect the Company's financial operating results and can therefore be regarded as negligible.

22. NOTES

There are no particularly significant events that could substantially affect the Company's smooth operations, and further achievement of forecasted business results.

The Company owns all the proper permits to carry out the business activities, such as the decision on the classification, meeting minimum technical requirements for the operation, water management licenses, etc.



Reporting period: 01/01/2015 to 31/12/2015
Annual audited report TFI-POD

Tax number (MB):	03311953		
Company registration number (MBS):	060032302		
Personal identification number (OIB):	05951496767		
Issuing company:	ILIRIJA d.d.		
Postal code and place:	23210	BIOGRAD NA MORU	
Street and house number:	TINA UJEVIĆA 7		
E-mail address:	zorkas@ilirijabiograd.com		
Internet address:	www.ilirijabiograd.com		
Municipality/city code and name:	22	BIOGRAD NA MORU	
County code and name:	13	ZADARSKA	Number of employees: 211 (period end)
Consolidated report:	NE		NKD code: 55100

Companies of the consolidation subject (according to IFRS): _____ Seat: _____ MB: _____

Bookkeeping service:
Contact person: STRPIĆ ZORKA
(only surname and name)
Telephone: 023/383178 Telefaks: 023/384564
E-mail address: zorkas@ilirijabiograd.com
Family name and name: RAŽNJEVIĆ GORAN
(person authorized to represent the company)

Documents disclosed:

1. Financial statements (Balance Sheet, Income Statement, Cash Flow Statement, Statement of Changes in Equity and notes to financial statements);
2. Management Interim Report;
3. Declaration of the persons responsible for preparing the issuer's statements;

M.P. (signature of the person authorized to represent the company)

ILIRIJA dioničko društvo
za ugostiteljstvo i turizam
Biograd na Moru



Balance Sheet - as of 31/12/2015

Company: ILIRIJA d.d.

Position	AOP	Previous period	Current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL	001		
B) NON-CURRENT ASSETS (003+010+020+029+033)	002	294.951.783	300.424.757
I. INTANGIBLE ASSETS (004 to 009)	003	547.614	471.783
1. Expenditure for development	004		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	005		
3. Goodwill	006		
4. Advances for purchase of intangible assets	007		
5. Intangible assets in progress	008		
6. Other intangible assets	009	547.614	471.783
II. PROPERTY, PLANT AND EQUIPMENT (011 to 019)	010	294.364.169	299.912.974
1. Land	011	41.067.581	42.340.227
2. Buildings	012	209.416.762	224.502.143
3. Plant and equipment	013	30.553.209	32.154.204
4. Tools, working inventory and transportation assets	014		
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	942.966	488.422
7. Tangible assets in progress	017	12.383.651	427.978
8. Other tangible assets	018		
9. Investment in real-estate	019		
III. NON-CURRENT FINANCIAL ASSETS (021 to 028)	020	40.000	40.000
1. Share in related parties	021	40.000	40.000
2. Loans to related parties	022		
3. Participating interests (shares)	023		
4. Loans to companies with participating interest	024		
5. Investments in securities	025		
6. Loans, deposits, etc.	026		
7. Other non-current financial assets	027		
8. Equity-accounted investments	028		
IV. RECEIVABLES (030 to 032)	029	0	0
1. Receivables from related parties	030		
2. Receivables arising from sales on credit	031		
3. Other receivables	032		
V. DEFERRED TAX ASSET	033		
C) CURRENT ASSETS (035+043+050+058)	034	15.816.301	14.726.911
I. INVENTORIES (036 to 042)	035	2.275.940	2.160.647
1. Raw materials and supplies	036	2.275.940	2.160.647
2. Production in progress	037		
3. Finished products	038		

4. Merchandise	039		
5. Advances for inventories	040		
6. Long term assets held for sale	041		
7. Biological assets	042		
II. RECEIVABLES (044 to 049)	043	7.581.751	7.775.000
1. Receivables from related parties	044		
2. Receivables from end-customers	045	4.427.436	6.513.026
3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	772.839	800.776
5. Receivables from government and other institutions	048	2.237.368	377.162
6. Other receivables	049	144.108	84.036
III. CURRENT FINANCIAL ASSETS (051 to 057)	050	5.849.432	4.453.388
1. Share in related parties	051		
2. Loans to related parties	052		
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055		
6. Loans, deposits, etc.	056	5.849.432	4.453.388
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	109.178	337.876
D) PREPAYMENTS AND ACCRUED INCOME	059	144.248	
E) TOTAL ASSETS (001+002+034+059)	060	310.912.332	315.151.668
F) OFF BALANCE SHEET ITEMS	061		
EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	177.858.715	216.376.168
I. SUBSCRIBED SHARE CAPITAL	063	124.693.000	150.857.300
II. CAPITAL RESERVES	064	829.039	8.921.539
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	20.723.814	21.693.815
1. Legal reserves	066	6.610.343	7.610.343
2. Reserve for own shares	067	6.975.716	6.975.716
3. Treasury shares and shares (deductible items)	068	384.924	414.924
4. Statutory reserves	069		
5. Other reserves	070	7.522.679	7.522.680
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	13.119.658	13.370.143
1. Retained earnings	073	13.119.658	13.370.143
2. Loss carried forward	074		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	18.493.204	21.533.371
1. Net profit for the period	076	18.493.204	21.533.371
2. Net loss for the period	077		
VII. MINORITY INTEREST	078		

B) PROVISIONS (080 to 082)	079	0	0
1. Provisions for pensions, severance pay and similar liabilities	080		
2. Provisions for tax liabilities	081		
3. Other provisions	082		
C) NON-CURRENT LIABILITIES (084 to 092)	083	89.409.176	59.934.774
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086	89.409.176	59.934.774
4. Liabilities for advances	087		
5. Trade payables	088		
6. Commitments on securities	089		
7. Liabilities to companies with participating interest	090		
8. Other non-current liabilities	091		
9. Deferred tax liabilities	092		
D) CURRENT LIABILITIES (094 to 105)	093	40.224.599	36.392.050
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits, etc.	095		
3. Liabilities to banks and other financial institutions	096	13.539.427	3.803.426
4. Liabilities for advances	097		
5. Trade payables	098	14.247.242	15.882.936
6. Commitments on securities	099	7.600.000	8.600.000
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	1.244.687	1.131.821
9. Taxes, contributions and similar liabilities	102	2.672.755	6.105.430
10. Liabilities arising from share in the result	103		
11. Liabilities arising from non-current assets held for sale	104		
12. Other current liabilities	105	920.488	868.437
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	3.419.842	2.448.676
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	310.912.332	315.151.668
G) OFF BALANCE SHEET ITEMS	108		
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	109		
2. Attributable to minority interest	110		

Income statement - period 01/01/2015 to 31/12/2015

Company: ILIRIJA d.d.

Position	AOP	Previous period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (112 to 113)	111	121.792.648	9.729.036	127.122.380	11.085.202
1. Sales revenues	112	118.988.218	8.862.262	125.275.838	10.782.147
2. Other operating revenues	113	2.804.430	866.774	1.846.542	303.055
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	93.137.885	21.011.438	92.799.366	21.511.961
1. Change in inventories of work in progress	115				
2. Material expenses (117 to 119)	116	37.150.150	7.939.993	37.974.413	7.878.082
a) Costs of raw materials	117	20.227.455	3.600.199	20.106.892	3.905.182
b) Cost of goods sold	118				
c) Other material expenses	119	16.922.695	4.339.794	17.867.521	3.972.900
3. Employee benefits expenses (121 to 123)	120	32.942.681	7.450.424	29.763.375	6.743.374
a) Net salaries	121	19.493.919	4.399.600	17.872.540	4.047.379
b) Tax and contributions from salary expenses	122	8.695.524	1.957.417	7.511.127	1.694.650
c) Contributions on salary	123	4.753.238	1.093.407	4.379.708	1.001.345
4. Depreciation and amortisation	124	7.470.219	1.867.554	8.225.981	2.056.492
5. Other expenses	125	15.574.835	3.753.467	16.835.597	4.834.013
6. Write down of assets (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				
8. Other operating costs	130				
III. FINANCIAL INCOME (132 to 136)	131	136.259	34.386	484.269	298.660
1. Interest, foreign exchange differences, dividends and similar income from related parties	132				
2. Interest, foreign exchange differences, dividends and similar income from third parties	133	136.259	34.386	484.269	298.660
3. Income from investments in associates and joint ventures	134				
4. Unrealised gains (income) from financial assets	135				
5. Other financial income	136				
IV. FINANCIAL EXPENSES (138 to 141)	137	5.355.803	965.477	4.030.686	806.609
1. Interest, foreign exchange differences, dividends and similar income from related parties	138				
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	5.355.803	965.477	4.030.686	806.609
3. Unrealised losses (expenses) from financial assets	140				
4. Other financial expenses	141				
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	142				

VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	143				
VII. EXTRAORDINARY - OTHER INCOME	144	944.845	577.595	539.863	133.339
VIII. EXTRAORDINARY - OTHER EXPENSES	145	3.994.949	311.628	5.805.950	2.423.762
IX. TOTAL INCOME (111+131+142+144)	146	122.873.752	10.341.017	128.146.512	11.517.201
X. TOTAL EXPENSES (114+137+143+145)	147	102.488.637	22.288.543	102.636.002	24.742.332
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	20.385.115	-11.947.526	25.510.510	-13.225.131
1. Profit before taxes (146-147)	149	20.385.115	0	25.510.510	0
2. Loss before taxes (147-146)	150	0	11.947.526	0	13.225.131
XII. TAXATION	151	1.891.911		3.977.139	
XII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	18.493.204	-11.947.526	21.533.371	-13.225.131
1. Profit for the period (149-151)	153	18.493.204	0	21.533.371	0
2. Loss for the period (151-148)	154	0	11.947.526	0	13.225.131
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155				
2. Attributable to minority interest	156				
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I. PROFIT OR LOSS FOR THE PERIOD (=152)	157				
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 to 165)	158	0	0	0	0
1. Exchange differences from international settlement	159				
2. Changes in revaluation reserves of long-term tangible and intangible assets	160				
3. Profit or loss from re-evaluation of financial assets held for sale	161				
4. Profit or loss from cash flow hedging	162				
5. Profit or loss from hedging of foreign investments	163				
6. Share of other comprehensive income/loss from associated companies	164				
7. Actuarial gains/losses from defined benefit plans	165				
III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166				
IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 - 166)	167	0	0	0	0
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	0	0	0	0
ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements)					
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	169				
2. Attributable to minority interest	170				

CASH FLOW STATEMENT: indirect method (01/01/2015 to 31/12/2015)

Company: ILIRIJA d.d.

Position	AOP	Previous period	Current period
1	2	3	4
CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	001	20.385.115	25.510.509
2. Depreciation and amortisation	002	7.470.219	8.225.981
3. Increase of current liabilities	003	8.504.499	2.431.752
4. Decrease of current receivables	004	194.396	
5. Decrease of inventories	005		115.293
6. Other cash flow increases	006		
I. Total increase of cash flow from operating activities	007	36.554.229	36.283.535
1. Decrease of current liabilities	008		
2. Increase of current receivables	009		561.105
3. Increase of inventories	010	608.675	
4. Other cash flow decreases	011	5.676.539	
II. Total decrease of cash flow from operating activities	012	6.285.214	561.105
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	30.269.015	35.722.430
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	0	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of non-current assets	015	1.322.298	
2. Proceeds from sale of non-current financial assets	016		
3. Interest received	017		
4. Dividend received	018		
5. Other proceeds from investing activities	019	265.753	
III. Total cash inflows from investing activities	020	1.588.051	0
1. Purchase of non-current assets	021	18.140.950	13.698.955
2. Purchase of non-current financial assets	022		
3. Other cash outflows from investing activities	023	251.770	
IV. Total cash outflows from investing activities	024	18.392.720	13.698.955
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	16.804.669	13.698.955
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	027		21.787.500
2. Proceeds from loans and borrowings	028	9.550.175	
3. Other proceeds from financing activities	029		
V. Total cash inflows from financing activities	030	9.550.175	21.787.500
1. Repayment of loans and bonds	031	19.135.799	38.778.859
2. Dividends paid	032	3.740.790	3.740.790

3. Repayment of finance lease	033		
4. Purchase of treasury shares	034	138.924	30.000
5. Other cash outflows from financing activities	035		1.032.628
VI. Total cash outflows from financing activities	036	23.015.513	43.582.277
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	0	0
C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	13.465.338	21.794.777
Total increases of cash flows	039	0	228.698
Total decreases of cash flows	040	992	0
Cash and cash equivalents at the beginning of period	041	110.170	109.178
Increase of cash and cash equivalents	042		228.698
Decrease of cash and cash equivalents	043	992	
Cash and cash equivalents at the end of period	044	109.178	337.876

STATEMENT OF CHANGES IN EQUITY period 01/01/2015 to 31/12/2015

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	124.693.000	150.857.300
2. Capital reserves	002	829.039	8.921.539
3. Reserves from profit	003	20.723.814	21.693.815
4. Retained earnings or loss carried forward	004	13.119.658	13.370.143
5. Net profit or loss for the period	005	18.493.204	21.533.371
6. Revaluation of tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of available for sale assets	008		
9. Other revaluation	009		
10. Total equity and reserves (AOP 001 to 009)	010	177.858.715	216.376.168
11. Foreign exchange differences from foreign investments	011		
12. Current and deferred taxes	012		
13. Cash flow hedge	013		
14. Change of accounting policies	014		
15. Correction of significant mistakes of prior period	015		
16. Other changes	016	12.824.185	38.517.453
17. Total increase or decrease of equity (AOP 011 to 016)	017	12.824.185	38.517.453
17 a. Attributable to majority owners	018		
17 b. Attributable to minority interest	019		

ILIRIJA d.d.

BIOGRAD NA MORU

Biograd n/m 22/04/2016

Statement made by the persons responsible for preparation of financial statements
for the period from 01 January 2015 to 31 December 2015

According to Article 403-410 of the Capital Market Act, we declare that:

Financial statements of Ilirija d.d. Biograd na Moru, Tina Ujevića 7, Tax No. OIB: 05951496767 for the period from January to December 2015 have been prepared in accordance with International Financial Reporting Standards and Croatian Accounting Act.

The financial statements give a true and fair view of the financial position of the Company as at 31/12/2015, operating results and cash flows of the Company in accordance with International Financial Reporting Standards.

The Management's Report gives a true presentation of operating results and position of the Company as at 31/12/2015.

Accounting Manager:

Zorka Strpić



Management Board:

Goran Ražnjević



ILIRIJA dioničko društvo
za ugostiteljstvo i turizam
Biograd na Moru

ILIRIJA joint stock company
for hospitality and tourism
Biograd na Moru

SUPERVISORY BOARD

Number:170/2016-2

In Biograd na Moru, 22nd April 2016

According to Article 263 of the Companies' Act ("Official Gazette" Number 152/11- consolidated text, 111/12 and 68/13) and Article 6 of the Articles of Association of ILIRIJA d.d., SUPERVISORY BOARD OF ILIRIJA d.d. Biograd na moru has at the 95th session held on 22nd April 2016 passed the following

DECISION

1. The fundamental financial statements of the Company for the year 2015 have been determined.
 - 1.1. Report on financial operations of the Company from 01st January to 31st December 2015;
 - 1.2. Report on financial position of the Company as at 31st December 2015;
 - 1.3. Cash flow of the Company from 01st Jan. 2015 to 31st Dec. 2015.

President of the Supervisory Board

Goran Medić



ILIRIJA joint stock company
for hospitality and tourism
BIOGRAD NA MORU
Tina Ujevica 7

SUPERVISORY BOARD
Number:170/2016 - 5
In Biograd na Moru, 22nd April 2016

According to Article 263 of the Companies' Act ("Official Gazette" Number 152/11- consolidated text, 111/12 and 68/13) and Article 6 of the Articles of Association of ILIRIJA d.d., SUPERVISORY BOARD OF ILIRIJA d.d. Biograd na moru has at the 95th session held on 22nd April 2016 passed the following

DRAFT DECISION
on appropriation of profit of ILIRIJA d.d. and distribution
of dividend for the fiscal year 2015

Article 1

The draft decision has been determined suggesting that the profit generated in the fiscal year 2015 after taxation in the amount of HRK 21,533,370.50 should be appropriated in the following way:

- HRK 1,867,642.50 to statutory reserves,
- HRK 6,500,000.00 to retained profit.
- HRK 4,937,148.00 for profit distribution,
- HRK 8,228,580.00 for an increase in share capital from reinvested profit,

The dividend per one share amounts to 18 (eighteen) HRK and shall be distributed with prior consent by the commercial bank of the Company.

Article 2

The dividend referred to in Article 1 of this Decision shall be distributed to the shareholders registered in the Depository of the Central Clearing Depository Company as at 15th June 2016 (record date.) The date on which the share of the company Ilirija d.d. without a right to distribution of the dividend will be traded in is 14th June 2016 (ex date). The claim for the dividend distribution falls due on 08th July 2016 (payment date).

Article 3

This draft decision is submitted to the General Assembly for adoption.

President of the Supervisory Board
Goran Medić



ILIRIJA d.d., BIOGRAD NA MORU

AUDIT REPORT OF ANNUAL
FINANCIAL REPORTS FOR 2015

CONTENT

Management's Responsibility Statements.....	1
Independent Auditor's Report to the Shareholders.....	2
Statement of Financial Position	4
Statement of Comprehensive Income and Income Statement	5
Statement of Changes in equity.....	6
Cash Flow Statement.....	7
Notes.....	8
Appendix I - Standard annual financial reports	
Appendix II - Management report	

MANAGEMENT'S RESPONSIBILITY STATEMENTS

Pursuant to the Croatian Accounting Law, ("Official Gazette" 109/07, 54/13, 78/15, 134/15), the Management Board is responsible for ensuring that financial statements are prepared for each financial year which give a true and fair view of the state of affairs as well as its results and cash flows of the Company for the period in accordance with valid accounting standards.

After making enquiries, the Management Board has a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing the financial statements.

In preparing those financial statements, the responsibilities of the Management Board include ensuring that:

- suitable accounting policies are selected and then applied consistently;
- judgments and estimates are reasonable and prudent;
- applicable accounting standards are followed, subject to any material departures disclosed and explained in the financial statements; and
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Bank and must also ensure that the financial statements comply with the Croatian Accounting Law ("Official Gazette" 109/07, 54/13, 78/15, 134/15). The Management Board is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Management Board:

Goran Ražnjević, director

Ilirija d.d., Biograd na Moru

22 April 2016

ILIRIJA dioničko društvo
za ugostiteljstvo i turizam
Biograd na Moru



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS "ILIRIJA" d.d., BIOGRAD NA MORU

Report on the financial statements

We have audited the accompanying financial statement of Ilirija d.d., Biograd na Moru (the Company) comprising the statement of financial position as of 31 December 2015, and the related statement of comprehensive income and income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes (set forth on pages 4 to 34).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Accounting Law and International Financial Reporting Standards, as adopted by the European committee and published in the Official Journal of the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit.

Furthermore we read accompanying management report of the Company for 2015 to be able to express an opinion on the conformity of the management report with accompanying financial reports of the company Ilirija for 2015.

Opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Company as of 31 December 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Accounting Law and International Financial Reporting Standards as specified by the European Commission and published in the Official Journal of the European Union.

Emphasis of Matter

Without further qualifying our opinion we draw attention to Notes 3 and 28 to the financial statements.

As it is explained in Note 3 the Company has made the investments and based on the existing contract rights performs its registered touristic activity on a land which, in the process of transformation and privatization, was not estimated into the value of Company's equity, and conditions of its usage is defined by the "Law on tourist land and other building lands left unvalued in the process of privatization and transformation" (Official Gazette 91/10). By adoption of this Law, the Company, at the beginning of 2011, filed a request to the Republic of Croatia for concession on the land in camp where the business activity is performed.

Note 28 indicates to Tax Administration supervision and the commenced law suits with the Town of Biograd na Moru and possible losses especially from the procedures of reconstruction of land registry K.O. Biograd na Moru in which it is registered co-ownership in 1/2 parts on the Town of Biograd and 1/2 parts on HTP Ilirija d.d., on the land which till then completely belonged to the Company. Trial judgment of the Commercial Court in Zadar was in favor of the Company.

Liabilities for the Company arising from public contributions were established by the Supervision of the Tax Administration in the amount of HRK 1,182 thousand, to be increased by a further accrued interest up to the date of payment, for which no provision was created in the financial report since the administrative procedure is

pending, the result of which, by management's opinion, could be a decrease of liabilities.

Report on other legal requests

Opinion about Compliance with Regulations which set the operation

In our opinion the accompanying financial statements are in compliance with those regulations which set the Company's operations, for which is, according to International Standard on Auditing 250, point 6, the Auditor's Consideration of Compliance with Laws and Regulations generally recognized to have a direct effect on the determination of material amounts and disclosures in the financial statements and nothing has come to our attention that causes us to believe that accompanying financial statements are not in compliance with other regulations which set the operation of the Company.

Opinion about Compliance of Management Report to Financial Reports

In our opinion the information given in accompanying management report for 2015 for which financial statements are being made, are in accordance with accompanying financial statements of the company Ilirija for 2015.


REVICON d.o.o.
Certified auditors
Zadar, Ruđera Boškovića 4
Croatia

Signed for and on behalf of Revicon d.o.o.:


Ervin Colić
Director



Zadar, 22 April 2016


Martina Mustać
Certified auditor

ILIRIJA d.d., BIOGRAD NA MORU
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

(In HRK thousands)	Notes	31 December 2015	31 December 2014 restated
ASSETS			
Long term assets			
Property, plant and equipment	3	299,714	293,901
Intangible assets	4	472	548
Loans and deposits	5	3,471	3,561
Investment in dependent companies	6	40	40
Total long term assets		303,697	298,050
Current assets			
Inventories	7	2,160	2,276
Receivables and prepayments	8	7,717	8,079
Short-term financial investments	9	1,249	1,737
Prepayments	11	-	144
Cash	10	380	109
Total current assets		11,464	12,345
Total assets		315,161	310,395
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	150,857	124,693
Treasury shares	12	(415)	(385)
Capital reserves		8,922	829
Reserves	13	22,109	21,109
Retained profit		13,370	12,603
Net comprehensive profit for the period		21,533	17,977
Total equity		216,376	176,826
Long term liabilities			
Borrowings	14	53,361	73,388
Total long term liabilities		53,361	73,388
Current liabilities			
Trade and other payables	15	32,693	27,624
Borrowings	14	10,282	29,137
Deferred income	16	2,449	3,420
Total current liabilities		45,424	60,181
Total liabilities		98,785	133,569
Total equity and liabilities		315,161	310,395

These financial statements were approved by the Managing Board of the Company on 31 March 2016.

Director
Goran Ražnjević

ILIRIJA dioničko društvo
za ugostiteljstvo i turizam
Biograd na Moru



The accompanying notes form an integral part of these financial statements.

ILIRIJA d.d., BIOGRAD NA MORU
STATEMENT OF COMPREHENSIVE INCOME AND INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

<i>(In HRK thousands)</i>	Note	31 December 2015	31 December 2014 restated
Sales	17	122,180	115,818
Other operating revenues	18	1,031	1,189
Total operating revenue		123,211	117,007
Cost of raw material and energy	19	(20,107)	(20,227)
Cost of services	20	(17,868)	(16,923)
Staff costs	21	(29,634)	(32,112)
Depreciation	3	(8,073)	(7,129)
Amortization	4	(153)	(341)
Other operating expenses	22	(18,319)	(15,186)
Total operating expenses		(94,154)	(91,918)
Profit from operations		29.057	25.089
Net financial expenses	23	(3.547)	(5.220)
Profit before taxation		25.510	19.869
Income tax	24	(3.977)	(1.892)
Net profit for the current year		21.533	17.977
Other comprehensive profit		-	-
Total comprehensive profit for the period		21.533	17.977
Earning per share – basic (in HRK)	25	84,46	72,25

The accompanying notes form an integral part of these financial statements.

ILIRIJA d.d., BIOGRAD NA MORU
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

<i>(In HRK thousands)</i>	Share capital	Treasury shares	Capital reserves	Reserves	Retained profit	Total shareholders' equity
Balance at 1 January 2014						
As previously reported	112,224	(246)	829	20,109	32,118	165,034
Effects of correcting the prior period error - IAS 8	-	-	-	-	(1,789)	(1,789)
As restated 1 January 2014	112,224	(246)	829	20,109	30,329	163,245
Increase from reinvested profit	12,469	-	-	-	(12,469)	-
Purchase of treasury shares	-	(139)	-	-	-	(139)
Transfer to reserves	-	-	-	1,000	(1,000)	-
Dividend paid	-	-	-	-	(3,740)	(3,740)
Net comprehensive profit for the period	-	-	-	-	18,493	18,493
Balance at 31 December 2014	124,693	(385)	829	21,109	31,613	177,859
Balance at 1 January 2015						
As previously reported	124,693	(385)	829	21,109	31,613	177,859
Effects of correcting the prior period error - IAS 8	-	-	-	-	(1,033)	(1,033)
As restated 1 January 2015	124,693	(385)	829	21,109	30,580	176,826
Increase by issuing new shares	13,695	-	8,093	-	-	21,788
Increase from reinvested profit	12,469	-	-	-	(12,469)	-
Purchase of treasury shares	-	(30)	-	-	-	(30)
Transfer to reserves	-	-	-	1,000	(1,000)	-
Dividend paid	-	-	-	-	(3,741)	(3,741)
Net comprehensive profit for the period	-	-	-	-	21,533	21,533
Balance at 31 December 2015	150,857	(415)	8,922	22,109	34,903	216,376

Ordinary shares, treasury shares and reserves are presented in detail in Notes 12 and 13.

The accompanying notes form an integral part of these financial statements.

ILIRIJA d.d., BIOGRAD NA MORU
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

<i>(In HRK thousands)</i>	31 2015	December 2014
Operating activities		
Cash generated from operations (Note 26)	34,750	31,144
Investing activities		
Purchase of tangible assets	(14,115)	(16,588)
Purchase of intangible assets	(77)	(1,422)
Decrease in deposits	90	1,254
Decrease/(increase) in short-term investments	488	(1,032)
Net cash outflow from investing activities	(13,614)	(17,788)
Financing activities		
Issuing of new shares	21,788	-
Purchase of treasury shares	(30)	(139)
Dividend paid	(3,741)	(3,740)
Decrease in long-term borrowings	(20,027)	(12,723)
(Decrease)/increase in short-term borrowings	(18,855)	3,245
Net cash outflow from financing activities	(20,865)	(13,357)
Net increase/(decrease) in cash	271	(1)
Movement in cash		
At beginning of year	109	110
At end of year (Note 10)	380	109
Increase/(decrease) in cash	271	(1)

The accompanying notes form an integral part of these financial statements.

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 1 – GENERAL INFORMATION

“Ilirija” d.d., Biograd na Moru (the Company), OIB:05951496767 operates in the Republic of Croatia. The Company’s principal activity is tourism and hotel industry, trade and maritime affairs. The Company is registered with the Commercial Court in Zadar with the subscribed capital in the amount of HRK 150,857,300.00. The Company is domiciled in Biograd na Moru, Tina Ujevića 7, Croatia.

As of 31 December 2015 the Company’s shares were listed in the Official Market of the Zagreb Stock Exchange. The Company’s ownership structure is shown in Note 12.

The Company’s management board is Mr. Goran Ražnjević

Members of the Supervisory Board are: Mr. Goran Medić (President), Mr. David Anthony Tudorović (Deputy President), Mr. Davor Tudorović, Darko Prebežac and Siniša Petrović (members).

NOTE 2 – ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of presentation

The financial statements are prepared in accordance with International Financial Reporting Standards using the historical cost convention. The financial statements are denominated in Croatian kuna (HRK). On 31 December 2015 the exchange rate of HRK 1 was EUR 7.64 (31 December 2014: EUR 7.66).

(b) Adoption of new and amended International Financial Reporting Standards (IFRSs)

Amendments to IFRSs effective in the current year

The Company has in the current year applied several new and amended IFRS as published by the International Accounting Standards Board (IASB) which are effective for annual periods beginning on or after 1 January 2015.

Amendments to IAS 19 "Employee Benefits" under the heading "Defined Benefit Plans: Employee Contributions"

The amendments are effective for annual periods beginning on or after 1 July 2015. IAS 19 requires that the company consider contributions from employees or third parties during the recognition of defined benefit plans. The amendments are intended to provide relief in recognition of these contributions, which are independent in relation to the number of years of service/ employment such as contributions which are calculated according to a fixed percentage of salary. Management has evaluated improvements and does not expect their significant impact on the financial reporting of the Company since the Company does not contributions that are independent in relation to the number of years of service / employment.

NOTE 2 – ACCOUNTING POLICIES (continued)

Annual Improvements to IFRSs 2010–2012 Cycle on 1 July 2014, amending the following pronouncements:

IFRS 2 “Share-based Payment” amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').

IFRS 3 „Business Combinations” this improvement defines as to whether standard “IFRS 9 Financial Instruments” is applicable on the contingent consideration in a business acquisition that is not classified as equity and is subsequently measured at fair value through profit and loss.

IFRS 8 “Operating Segments” requires an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments and clarifies that the Company shall only provide reconciliations of the total of the reportable segments' assets to the Company's assets if the segment assets are reported regularly.

IFRS 13 “Fair Value Measurement” clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

IAS 16 “Property, Plant and Equipment” clarifies that when an item of property, plant and equipment is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

IAS 24 “Related Party Disclosures” clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

IAS 38 “Intangible Assets” clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Annual Improvements to IFRSs 2011–2013 Cycle on 1 July 2014, amending the following pronouncements:

IFRS 3 “Business Combinations” clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

IFRS 13 “Fair Value Measurement” clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.

IAS 40 “Investment Property” clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 Business Combinations and investment property as defined in IAS 40 Investment Property requires the separate application of both standards independently of each other.

Management has evaluated improvements and does not expect their significant impact on the financial reporting of the Company.

NOTE 2 – ACCOUNTING POLICIES (continued)

New and amended IFRSs issued, but not yet effective

- Amendments to IFRS 11 - „Accounting for Acquisitions of Interests in Joint Operations”
- Amendments to IAS 1 - „Disclosure Initiative”
- Amendments to IAS 16 and IAS 38 - „ Clarification of Acceptable Methods of Depreciation and Amortization”
- Amendments to IAS 16 and IAS 41 - „Agriculture: *Bearer Plants*”
- Amendments to IFRS 10 and IAS 28 - „ Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
- Amendments to IFRS 10, IFRS 12 and IAS 28 - „Investment Entities: Applying the Consolidation Exception”
- Amendments to IAS 27 - „Equity Method in Separate Financial Statements”

Amendments effective for annual periods beginning on or after 1 January 2016

-Annual Improvements to IFRSs 2012–2014 Cycle on 1 January 2016, amending the following standards:

- IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”
- IFRS 7 “Financial Instruments: Disclosures”

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

IAS 19 "Employee Benefits"
IAS 34 "Interim Financial Reporting"

- New IFRS 15 "Revenue from Contracts with Customers" effective for annual periods beginning on or after 1 January 2018
- New IFRS 9 "Financial Instruments" effective for annual periods beginning on or after 1 January 2018
- Novi MRS 7 „Statement of Cash Flows“- effective for annual periods beginning on or after 1 January 2017 (published 29.1.2016.)
- Novi MRS 12 „Income taxes“- effective for annual periods beginning on or after 1 January 2017 (published 19.1.2016.)
- New IFRS 16 „Leases“ - effective for annual periods beginning on or after 1 January 2019 (published 13.1.2016)

Management anticipates that all of the above standards will be applied in the Company's financial statements for the period when they are in force, and that their adoption will not have a significant impact on the Company's financial statements in the period of application.

(c) Correction of prior periods errors

The Company has stated receivables from employees for undocumented expenses paid according to the calculation of the credit card company on which, in accordance with tax regulations, tax and contributions has been calculated. As this is expenditure from previous years, HRK 1,033 thousand, i.e. receivables for which it is necessary to provide for and charge to expenses. The Board has concluded that it is a significant amount, which date is from prior periods and as such represent a significant omission from the financial report, which influenced the amounts of receivables disclosed for the current and previous year, the amount of operating liabilities as well as the amounts of personnel costs.

NOTE 2 – ACCOUNTING POLICIES (continued)

Consequently recording the loss of doubtful receivables was conducted retroactively by restatement in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors. Receivables, liabilities and personnel costs in the comparative financial statements were restated in accordance with accounting standards.

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

This change of accounting recording resulted in a decrease of receivables in the amount of HRK 517 thousand and a decrease in retained earnings by the same amount, increasing the income tax and contributions for HRK 516 thousand while decreasing the current profit in 2014 for the same amount and increasing the personnel costs in the income statement with the statement of comprehensive income. The Company has not accounted for and reported deferred tax assets.

(d) Nonconsolidated financial statements

Financial statements of the Company are prepared on nonconsolidated basis.

The Company is 100% owner of 2 companies (see Note 6) which are not consolidated in the financial statements of the Company because they have not started with their activities.

(e) Revenue recognition

Revenue earned from the sale of services is recorded at the date of invoicing, which is after the point of delivery.

(f) Costs of sale

Cost of services rendered (goods sold) includes all purchase cost and cost of rendering services incurred in relation to the invoiced service or goods.

(g) Selling, general and administrative expenses

Selling, general and administrative expenses comprise all expenses of joint and general affair.

(h) Repairs and maintenance

Repairs and maintenance costs are charged to income in accounting period in which they are incurred. Reconstruction and adaptation, by which the capacity or purpose of the tangible assets is changed, are recorded as an increase in the value of tangible assets.

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 2 – ACCOUNTING POLICIES (continued)

(i) Income tax

The Company is subject to taxation according to the laws of the Republic of Croatia. Income tax is assessed on the tax basis, which is determined as the difference between income and expenses, increased and decreased by items provided by tax regulations.

(j) Foreign currencies

Foreign currency transactions are presented in Croatian kuna using the mid exchange rate of the Croatian National Bank in effect on the transaction date. Monetary items resulting from transactions in foreign currencies are converted to the reporting currency at the mid exchange rate rulings of the Croatian National Bank prevailing on the date of settlement or at the balance sheet date. Exchange differences are recognized as financial income or financial expense for the period.

(k) Property, plant and equipment

Tangible assets have been recorded at cost less accumulated depreciation. Purchase cost includes all costs directly attributable to bringing the asset to its working condition for its intended use.

Purchases of tangible assets are capitalized if the estimated life is over one year.

Tangible assets that are retired or otherwise disposed of are eliminated from the balance sheet together with the corresponding accumulated depreciation (if any). Gains and losses on such disposals or retirements are included in the income statement for the year.

Depreciation of tangible assets is charged from the time the asset becomes operational and is calculated using the straight-line method at rate, which are based on estimated useful lives of the asset. Depreciation is calculated for each asset until the asset is fully depreciated. Depreciation rates are as follows:

	2015	2014
Buildings	55,5 years	66.6 years
Equipment for tourism and hotel industry	10-40 years	10-40 years
Other equipment	7-15 years	7-15 years

Land is not depreciated since it is considered to have an indefinite useful life.

Depreciation of assets in course of construction commences when they are put in use.

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 2 – ACCOUNTING POLICIES (continued)

(l) Investments

Investments in dependent companies are stated in the balance sheet at cost. Gains and losses on investments are recognized in the income statement of the Company in the period when incurred.

In the opinion of the management, the value of investments is not below their net book values.

Dependent companies are stated in Note 6.

(m) Inventories

Inventories are recorded at the lower of cost and net realizable value. Cost is calculated on the average annual cost price basis. Small inventories are 50 % expensed when put in use.

(n) Receivables and prepayments

Trade receivables include all receivables for goods sold and services provided, as well as prepayments, receivables from government institutions, and other short-term receivables. They are stated in the amounts expected to be collected. All provisions for bad and doubtful receivables are made on the Management's estimate of collectability.

(o) Cash and cash equivalents

For the purposes of cash flow statements, cash consists of cash in hand and balances with banks and investment in highly liquid monetary instruments.

(p) Treasury shares

Treasury shares of the Company held at the balance sheet are treated as a deduction from the Company's equity. The gains and losses on sales of own shares are charged to the share premium account.

(r) Financial instruments and risk management

Financial instruments included in the balance sheet consist of cash and balances with banks, trade receivables, trade payables and loans. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 2 – ACCOUNTING POLICIES (continued)

Credit risk

Financial assets which potentially subject the Company to concentrations of credit risk consist of cash and trade receivables. The Company's cash is held with major banks. A part of trade receivables can bear a certain credit risk, considering the level of business with certain buyers, and the state of general liquidity in the country. Trade receivables are stated at real value. Except for the stated, the Company has no other significant concentration of credit risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash for closing Company's liabilities. Management board on regular basis monitors the level of liquidity.

Foreign exchange risk

Although the majority of revenues are earned on the domestic market, the Company is exposed to foreign exchange risk. The accommodation services' prices are connected to foreign exchange, mainly EURO which vicissitude can significantly influence the operation results. Exposure to foreign exchange risk is also a result of borrowings agreements which amounts are concluded in EURO.

Interest rate risk

Due to the fact that the Company uses the borrowings with both fixed and variable interest rate, it is exposed to the risk of variable interest rates. Most of the approved borrowings are with variable interest rate.

Fair value

Net book values of the following items of the financial assets and financial liabilities approximately reflect their fair values: cash, investment, trade receivables, trade payables, other receivables and payables, loans to employees, short-term borrowing to related parties, long-term liabilities.

(s) Comparative figures

The Financial statements for the year ended as of 31 December 2014 have been restated to record material prior period error as follows:

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 2 – ACCOUNTING POLICIES (continued)

<i>(In HRK thousands)</i>	Notes	31 Dec. 2014 Before restatement	31 Dec. 2014 Restated
ASSETS			
Long term assets			
Property, plant and equipment	3	293,901	293,901
Intangible assets	4	548	548
Loans and deposits	5	3,561	3,561
Investment in dependent companies	6	40	40
Total long term assets		298,050	298,050
Current assets			
Inventories	7	2,276	2,276
Receivables and prepayments	8	8,596	8,079
Short-term financial investments	9	1,737	1,737
Prepayments	11	144	144
Cash and cash equivalents	10	109	109
Total current assets		12,862	12,345
Total assets		310,912	310,395
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	124,693	124,693
Treasury shares	12	(385)	(385)
Capital reserves		829	829
Reserves	13	21,109	21,109
Retained profit		13,120	12,603
Net comprehensive profit for the period		18,493	17,977
Total equity		177,859	176,826
Long term liabilities			
Borrowings	14	73,388	73,388
Total long term liabilities		73,388	73,388
Current liabilities			
Trade and other payables	15	27,108	27,624
Borrowings	14	29,137	29,137
Deferred income	16	3,420	3,420
Total current liabilities		59,665	60,181
Total liabilities		133,053	133,569
Total equity and liabilities		310,912	310,395

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 2 – ACCOUNTING POLICIES (continued)

<i>(In HRK thousands)</i>	Note	31 December 2014 Before restatement	31 December 2014 Restated
Sales	17	115,818	115,818
Other operating revenues	18	1,189	1,189
Total operating revenue		117,007	117,007
Cost of raw material and energy	19	(20,227)	(20,227)
Cost of services	20	(16,923)	(16,923)
Staff costs	21	(31,596)	(32,112)
Depreciation	3	(7,129)	(7,129)
Amortization	4	(341)	(341)
Other operating expenses	22	(15,186)	(15,186)
Total operating expenses		(91,402)	(91,918)
Profit from operations		25,605	25,089
Net financial expenses	23	(5,220)	(5,220)
Profit before taxation		20,385	19,869
Income tax	24	(1,892)	(1,892)
Net profit for the current year		18,493	17,977
Other comprehensive profit		-	-
Total comprehensive profit for the period		18,493	17,977
Earning per share – basic (in HRK)	25	74,32	72,25

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 3 – PROPERTY, PLANT AND EQUIPMENT

<i>(In thousands of HRK)</i>	Land	Buildings	Equipment	Assets in course of construction	Total
Year ended 31 December 2014					
At beginning of year					
As previously reported net book value	39,463	197,726	11,623	37,218	286,030
Effects of correcting material error - IAS 8	-	-	(235)	-	(235)
Restated at beginning of year net book value	39,463	197,726	11,388	37,218	285,795
Additions	1,605	12	1,816	13,155	16,588
Transfer from assets in course of construction	-	15,863	20,325	(36,188)	-
Disposals	-	-	(31)	(1,322)	(1,353)
Depreciation charge	-	(4,184)	(2,945)	-	(7,129)
Closing net book amount	41,068	209,417	30,553	12,863	293,901
Balance at 31 December 2014					
Cost	41,068	258,162	49,794	12,863	361,887
Accumulated depreciation	-	(48,745)	(19,241)	-	(67,986)
Net book value	41,068	209,417	30,553	12,863	293,901
Year ended 31 December 2015					
At beginning of year	41,068	209,417	30,553	12,863	293,901
Additions	1,272	256	3,006	9,581	14,115
Transfer from assets in course of construction	-	19,858	1,679	(21,537)	-
Disposals	-	-	(39)	(190)	(229)
Depreciation charge	-	(5,028)	(3,045)	-	(8,073)
Closing net book amount	42,340	224,503	32,154	717	299,714
Balance at 31 December 2015					
Cost	42,340	278,276	54,213	717	375,546
Accumulated depreciation	-	(53,773)	(22,059)	-	(75,832)
Net book value	42,340	224,503	32,154	717	299,714

In the process of the Company's transformation, the estimated value of the Company's capital has included the estimated value of the property for which the property relations were not solved. The shares of equal value are reserved by Croatian Privatization Fund (Agency for State Property Management / CERP). For a part of shares reservation was eliminated, so the number of reserved shares remaining is 9,275 (Note 12).

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 3 – PROPERTY, PLANT AND EQUIPMENT (continued)

Buildings of Marina Kornati and swimming pool are located at the maritime domain. The usage is regulated by the approved concessions, With the Concession agreement of the maritime domain-harbour of the nautical tourism Kornati, the use is regulated for a period of 32 years, or up to 2031. For hotel port Ilirija - Kornati in February 2015 a request is submitted to Zadar County for an extension of the concession to 30 years. In preparation is a study and surveys to apply for an extension of the concession for outdoor swimming pool.

On 31.12.2015 the total investment made in the facilities of the campsite are in total value, as reported at cost in the amount of 59,775 thousand. Auto camp is spread over 200,800 sqm of land, which the Company by the Decision of the former Assembly of the Municipality of Biograd na Moru and the Contract on granting permanent use of building land, concluded with the Assembly of the Municipality of Biograd na Moru, is received for permanent use for the performance of registered tourist activities.

The above land, except land plot of 779 sq.m., is not included in the estimated value of the Croatian Privatization Fund and is not included in the Company's share capital in the process of transformation and privatization. This confirms one of the most important outstanding issues of the procedure of transformation and privatization of social enterprises in our country, and that is arranging the real owner of the construction land, which in the transformation and privatization has not estimated the value of the social capital of legal entities. According to the Ministry of Justice in the camps is not estimated 22 million sqm of land, a total surface area which is not entered in the equity during the transformation and privatization is 100 million square meters.

This kind of legal situation has created a legal void concerning property-law status of those properties. The uncertainty of ownership and usage of those properties without proper legal ground disables touristic entities to invest and to do legal business regarding the usage of that land, and could have influence on the financial reports.

The decision is expected in the adoption of amendments to the Law on Tourist and Other Construction Land in the transformation and privatization and in conclusion of the concession contract. Based on the text of the said Act, tourist land in camps, whose value is not fully assessed in the social capital in the process of transformation and privatization, is ownership of the Republic of Croatia, while usage of these assets would be regulated by concessions.

In the meantime the Company has also regulated performing its registered touristic activity on the stated land by the Lease Contract concluded with the Croatian Forests and the Town of Biograd na Moru.

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Since the mentioned Law was adopted on 24 July 2010 the Company has, within a legal deadline, 14 January 2011 submitted a request to the Republic of Croatia for the concession for a period of 50 years.

A part of the buildings of Ilirija d.d. with purchase value HRK 117,183 thousand and its land of a purchase value HRK 30,571 thousand are subjects to lien in favour of commercial banks for loans (Note 14).

The reassessment of useful life of buildings was done, which was decreased, i.e. depreciation rates were increased, and thus depreciation was increased. Had they retained the same depreciation rate as in 2014 depreciation charge would be for about HRK 800 thousand lower.

NOTE 4 - INTANGIBLE ASSETS

<i>(In HRK thousands)</i>	Lease hold improvement - buildings	Lease hold improve. Agro tourism Pašman	Total
Year ended 31 December 2014			
Opening net book amount	563	567	1,130
Additions	75	1,347	1,422
Transfer to co-owner's receivable	-	(1,663)	(1,663)
Amortization charge	(90)	(251)	(341)
Closing net book amount	548	-	548
Balance at 31 December 2014			
Cost	1,526	-	1,526
Accumulated amortization	(978)	-	(978)
Net book value	548	-	548
Year ended 31 December 2015			
Opening net book amount	548	-	548
Additions	17	60	77
Amortization charge	(153)	-	(153)
Closing net book amount	412	60	472
Balance at 31 December 2015			
Cost	1,543	60	1,603
Accumulated amortization	(1,131)	-	(1,131)
Net book value	412	60	472

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Investments are made in the restaurant "Arsenal" in which the Company conducts business on the basis of the Agreement on Co-operation concluded with the Parent company, Arsenal Holdings Ltd., Zadar.

Pursuant to the Agreement on co-financing of project design, nautical tourism - marina in Pašman, the Company recorded leasehold improvements in the amount of HRK 60 thousand.

NOTE 5 – LOANS AND DEPOSITS

<i>(In HRK thousands)</i>	2015	2014
Loan to co-owners - related party	1,856	1,727
Loan - Ilirija nautika d.o.o., - related party	136	136
Deposits at leasing companies	1,479	1,698
	3,471	3,561

According to the leasing contracts for purchase of equipment deposits are paid till the leases expire.

NOTE 6 – INVESTMENTS IN DEPENDENT COMPANIES

<i>(In HRK thousands)</i>	2015	2014
Ilirija Građenje d.o.o., Biograd n/m	20	20
Ilirija Nautika d.o.o., Biograd n/m	20	20
	40	40

The above companies have not yet started with their business activities.

Investments and the respective holding are presented below:

Name of the company	Nature of business	Country of incorporation	Holding 2015	in % 2014
Subsidiaries				
Ilirija Građenje d.o.o., Biograd n/m	construction, property	Croatia	100,00%	100,00%
Ilirija Nautika d.o.o., Biograd n/m	marina	Croatia	100,00%	100,00%

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 7 – INVENTORIES

<i>(In HRK thousands)</i>	2015	2014
Raw material	1,123	837
Small inventory and spare parts	1,037	1,439
	2,160	2,276

NOTE 8 – RECEIVABLES AND PREPAYMENTS

<i>(In HRK thousands)</i>	2015	2014 restated
Domestic trade receivables	4,928	3,985
Trade receivables - Group, Arsenal Holdings	-	6
Foreign trade receivables	1,585	437
Interests receivables - Group, Arsenal Holdings	31	-
Prepayments	415	878
Co-owners receivables - related party	123	204
VAT	316	655
Due from employees	165	167
Income tax receivables	-	1,583
Other receivables	154	164
	7,717	8,079

NOTE 8 – RECEIVABLES AND PREPAYMENTS (continued)

Receivables from co-owners - related parties

<i>(In HRK thousands)</i>	2015	2014 restated
At beginning of year	204	554
Effects of correcting prior period errors	-	(517)
Changes - increase	92	167
Changes - correction	(173)	-
At end of year	123	204

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 9 – SHORT-TERM FINANCIAL INVESTMENTS

<i>(In HRK thousands)</i>	2015	2014
Loans to employees	412	310
Loan to employee - co-owner, related party	224	234
Loan to Arsenal Holdings, Group	-	1,145
Deposit - leasing	613	48
	1,249	1,737

Short-term loans to employees are granted with interest calculation in the amount of the annual increase in retail prices which is calculated after repayment.

NOTE 10 – CASH

<i>(In HRK thousands)</i>	2015	2014
Cash balance on domestic currency account	290	99
Cash balance on foreign currency account	30	4
Cash in hand	18	6
	338	109

NOTE 11 – PREPAYMENTS

<i>(In HRK thousands)</i>	2015	2014
Prepaid operative lease	-	144
Prepayments	-	-
	-	144

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 12 – SHARE CAPITAL AND TREASURY SHARES

<i>(In HRK thousands)</i>	Ordinary shares	Reserved shares	Treasury shares	Total
Balance at 1 January 2015	117,700	6,993	(385)	124,308
Balance at 31 December 2015	145,756	5,101	(415)	150,442

The share capital comprises a total of 274,286 shares, with a nominal value of HRK 550.00 (2014: HRK 500.00), which amounts to HRK 150,857 thousand.

Share capital was increased by the Decision of the General Assembly on 27 March 2015, from reinvested profit-part of profit for 2014, with which the share capital was increased from the amount of HRK 124,693,000.00 for the amount of HRK 12,469,300.00 to HRK 137,162,300.00 and was divided into 249,386 ordinary shares with a nominal value of HRK 550.00.

Company's capital is increased by the Decision of the extraordinary General Assembly on 4 September 2015 from the amount of HRK 137,162,300 for the amount of HRK 13,695,000 to the total amount of HRK 150,857,300. The share capital is increased by cash payment and issue of 24,900 new ordinary shares, each in nominal value of HRK 550.00. After this change the total number of shares amounts to 274,286. Upon payment of the amount over the nominal, capital reserves are formed in the amount of HRK 8,093 thousand.

Balance of treasury shares on 31.12.2015 there were 724 pieces (2014: 704) with nominal value of HRK 398 thousand i.e. HRK 415 thousand reported at cost (2014: HRK 385 thousand).

In the process of Company's transformation, by the Croatian Privatization Fund's resolution, because of the unsolved property rights over some assets, the shares in the amount of DEM 2,727,000 are reserved. In the meantime, a part of the assets have been sold, and for a part the ownership has been solved. By the Resolution of the Croatian Privatization Fund reservation of shares has been canceled first for 13,755 shares, then 4,710 shares, which reduces the amount of reserved shares and in 2015 was 9,275 shares, or 3.382%.

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 12 – SHARE CAPITAL AND TREASURY SHARES (continued)

The principal shareholders and their respective holdings in Ilirija d.d., Biograd are as follows:

	31 December 2015	31 December 2014
Arsenal Holdings d.o.o., Zadar	65,13	72,64
Ilirija d.d., Biograd na Moru (treasury shares)	0,26	0,28
AZ mandatory pension fund	10,00	-
Center for restructuring and sale (CERP)	3,38	3,72
Other shareholders	21,23	23,36
	<u>100,00</u>	<u>100,00</u>

NOTE 13 – RESERVES

<i>(In HRK thousands)</i>	2015	2014
Compulsory reserves	7.610	6.610
Reserves for treasury shares	6.976	6.976
Other reserves	7.523	7.523
	<u>22.109</u>	<u>21.109</u>

Changes in compulsory reserves during 2015 are:

<i>(In HRK thousands)</i>	2015
1 January	6,610
Transfer from profit	1,000
31 December	<u>7,610</u>

Compulsory reserves are formed from realized profit up to 5 % of share capital, what is according to the Commercial Companies Act. Compulsory reserves cannot be paid to shareholders.

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 14 – BORROWINGS

<i>(In HRK thousands)</i>	Initial amount of principal	Interest rate	2015	2014
Short-term borrowings				
Erste&Steiermarkische Bank d.d., Rijeka	EUR 1.000.000	3m euribor+5,6%	-	7,662
Erste&Steiermarkische Bank d.d., Rijeka	KN 2.500.000	5,94 %	2,371	808
Erste&Steiermarkische Bank d.d., Rijeka	EUR 2.000.000	Euribor+ 7%	-	4,596
Erste&Steiermarkische Bank d.d., Rijeka	EUR 1.000.000	5,3%	347	-
S - Leasing d.o.o., Zagreb	EUR 174.196,08	3mj-euribor	745	-
			<u>3,463</u>	<u>13,066</u>
Plus: current portion of long-term borrowings			6,819	16,071
Total current portion			<u>10,282</u>	<u>29,137</u>
Long-term borrowings				
Erste&Steiermarkische Bank d.d., Rijeka	EUR 675.240	2%	-	808
Erste&Steiermarkische Bank d.d., Rijeka	EUR 343.228	4%	-	411
Erste&Steiermarkische Bank d.d., Rijeka	EUR 1.881.057	4%	-	4,504
Erste&Steiermarkische Bank d.d., Rijeka	EUR 1.358.897,27	4%	-	4,555
Erstebank der oerster.Sparkassen, Vienna	EUR 6.519.000	3m euribor+3%	38,102	39,153
Erstebank der oerster.Sparkassen, Vienna	EUR 3.500.000	3m euribor+3%	21,833	22,994
Erste&Steiermarkische Bank d.d., Rijeka	KN 14.047.543,13	6 %	-	2,809
Erste&Steiermarkische Bank d.d., Rijeka	EUR 1.000.000	Euribor+5,65	-	7,279
Erste&Steiermarkische Bank d.d., Rijeka and HBOR	EUR 906.053,71	Euribor+5,5%	-	-
	KN 6.825.000	1,8%	-	6,896
S - Leasing d.o.o., Zagreb	EUR 356.897,45	3m-euribor	-	50
S - Leasing d.o.o., Zagreb	EUR 49.273,41	3m-euribor	245	-
			<u>60,180</u>	<u>89,459</u>
Less: current portion of long-term borrowings			(6,819)	(16,071)
Total long-term portion			<u>53,361</u>	<u>73,388</u>
Total borrowings			<u>63,643</u>	<u>102,525</u>

Short-term borrowings

The Company used revolving loan on the account in Erste&Steiermarkische Bank d.d till 13 December 2016, up to HRK 2.500.000.

During 2015 Erste&Steiermarkische Bank d.d approved a loan to the Company for working capital in the amount of EUR 1,000,000.00 at an interest rate of 5.3% per year. Repayment period is 2 months after the expiry of the grace period, which lasts until 31 May 2016. Loans are secured with collateral from the Contract on the short-term limit of 5 November 2015, amounting to EUR 1,800,000.

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 14 – BORROWINGS (continued)

Long-term borrowings

Liabilities to Erste&Steiermarkische Bank d.d for long-term loans are as follows:

- Loan from 2007 in the amount of EUR 6,519,000 for refinancing of the long-term loan from Erste&Steiermarkische Bank d.d., Rijeka. On 30/06/2014 an addition to this contract was signed and for the rest of the debt a new repayment schedule was concluded. It is repayable in 14 equal quarterly installments in the amount of EUR 30,000.00. The last one is due on 31/10/2015, after that in 36 equal quarterly installments in the amount of EUR 138,622.40; the last one is due on 31 October 2024.

- Loan from 2007 in the amount of EUR 3,500,000 for refinancing the loan from Erste&Steiermarkische Bank d.d., Rijeka. On 30/06/2012 an addition to this contract was signed and for the rest of the debt a new repayment schedule was concluded. It is repayable in 14 equal quarterly installments in the amount of EUR 20,000.00. The last one is due on 31/10/2015, after that in 36 equal quarterly installments in the amount of EUR 81,701.39; the last one is due on 31 March 2024.

The repayment of borrowings are secured by financial instruments, joint and several guarantees of majority shareholder Arsenal Holdings d.o.o. and transfer of title over a part of the Company's property in favor of the commercial banks (Note 3).

S-leasing d.o.o., Zagreb refers to the liability according to one finance lease agreements for purchasing equipment for the marine. It is repayable in equal monthly installment, the last one is due in 2018. The interests are variable and adjusted with quarterly Euribor.

The repayment schedule for the following five years is as follows:

(In HRK thousands)

2016	6,819
2017	6,824
2018	6,788
2019	6,729
2020	6,729
after 2020	26,291
	60,180

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 15 - TRADE AND OTHER PAYABLES

<i>(In HRK thousands)</i>	2015	2014 restated
Trade payables	15,754	13,858
Trade payables - Group, Arsenal Holdings, TC Zadar	129	389
Liabilities for bills of exchange	8,600	7,600
Income tax	2,091	-
Sojourn tax	24	14
Maritime domain dues	1,214	1,171
Interest payable	12	422
Dividend	403	455
Dividend - Group, Arsenal Holdings	465	466
Due to employees	1,282	1,245
Taxes and contributions on salaries	1,447	1,393
Other taxes and contributions	108	-
VAT	724	176
Provisions for law suits	-	297
Other liabilities	440	138
	32,693	27,624

Taxes and contributions on salaries

<i>(In HRK thousands)</i>	2014
At beginning of year before restatement	877
Effects of correcting prior periods errors	516
At end of year after restatement	1,393

NOTE 16 – DEFERRED INCOME

<i>(In HRK thousands)</i>	2015	2014
Prepayments from individual guests	465	1,347
Prepayments from agencies	930	1,234
Obsolete liabilities	1,054	839
	2,449	3,420

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 17 – SEGMENT INFORMATION

Business segments are determined for the primary reporting format based on risks and rates of return of the Company which is primarily influenced by the differences in services which they offer to the market. Secondary information are reports according to geographical segments.

Business segments are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services to different markets. They are recorded based on the information that is internally prepared for the Management Board who is also the chief operating decision maker.

There are two basic segments: tourism and catering and marina.

Segment "tourism and catering" comprise services in catering and tourism, and segment "marina" services relating to nautical tourism.

Company's services mostly refer to tourism and catering, and the Republic of Croatia is the home country. Revenues from the sale of these services may also vary according to geographic location of customers.

Business segment

The following tables present revenue and profit and certain assets and liabilities of the Company's business segments:

<i>Year ended 31.12.2015</i> <i>(In HRK thousands)</i>	Nautica	Tourism and catering	Total
Income			
Income from catering and tourism	-	77,139	77,139
Rental - Group, Arsenal Holdings	-	62	62
Income from marina	44,979	-	44,979
Total income	44,979	77,201	122,180
Result			
Segment result	17.313	11.745	29.058
Finance cost - net	(1.329)	(2.218)	(3.547)
Profit before tax	15.984	9.527	25.511
Income tax	(2.492)	(1.485)	(3.977)
Net profit for the year	13.492	8.042	21.534

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

At 31 December 2015

Assets and liabilities			
Segments assets	66,512	244,336	310,848
Unallocated assets	-	-	4,313
Total assets			<u>315,161</u>

NOTE 17 – SEGMENT INFORMATION (continued)

Segments liabilities	2,239	2,693	4,932
Unallocated liabilities			93,852
Total liabilities			<u>98,784</u>
Other segment information			
Capital investment:			
Property, plant and equipment	5,720	8,395	14,115
Intangible assets	60	17	77
Depreciation	1,785	5,918	7,703
Unallocated depreciation			370
Total depreciation			<u>8,073</u>
Amortization	-	153	153

Total Company's assets, capital expenditure are located in the Republic of Croatia.

Year ended 31.12.2014 (In HRK thousands)	Nautica	Tourism and catering	Total
Income			
Income from catering and tourism	-	72,134	72,134
Rental - Group, Arsenal Holdings	-	60	60
Income from marina	43,624	-	43,624
Total income	<u>43,624</u>	<u>72,194</u>	<u>115,818</u>
Result			
Segment result	17,918	7,687	25,605
Finance cost - net	(1,824)	(3,396)	(5,220)
Profit before tax	16,094	4,291	20,385
Income tax	(1,495)	(397)	(1,892)
Net profit for the year	<u>14,599</u>	<u>3,894</u>	<u>18,493</u>

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

At 31 December 2014

Assets and liabilities

Segments assets	62,726	243,376	306,102
Unallocated assets			4,293
Total assets			310,395
Segments liabilities	590	1,582	2,172
Unallocated liabilities			131,397
Total liabilities			133,569

NOTE 17 – SEGMENT INFORMATION (continued)

Other segment information

Capital investment

Property, plant and equipment	4,029	12,559	16,588
Intangible assets	-	1,422	1,422
Depreciation	1,562	5,567	7,129
Amortization	-	341	341

Income - geographical segment

Sales revenues can also vary according to the geographic location of customers.

<i>(In HRK thousands)</i>	2015	2014
Domestic sales	86,328	81,445
Domestic sales - Group, Arsenal Holdings	62	60
Foreign sales	35,790	34,313
	122,180	115,818

NOTE 18 – OTHER OPERATING REVENUES

<i>(In HRK thousands)</i>	2015	2014
Income from previous years	198	138
Exchange office's commission-fee	195	245
Insurance damages collected	224	223
Donations	60	170
Other income	354	413
	1,031	1,189

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 19 - COST OF RAW MATERIAL AND ENERGY

<i>(In HRK thousands)</i>	2015	2014
Raw materials and material	14,641	14,974
Energy	4,259	4,219
Small inventory	1,207	1,034
	20,107	20,227

NOTE 20 - COST OF SERVICES

<i>(In HRK thousands)</i>	2015	2014
Transport, telephone, postage	1,584	1,483
Repairs and maintenance	4,720	4,648
Cost of fairs	308	231
Rental	3,498	3,668
Rental - Group, Arsenal Holdings	1,262	1,262
Advertising and promotion	2,190	2,004
Municipal utility services	2,764	2,218
Utility fees	1,398	1,294
Other services	144	115
	17,868	16,923

NOTE 21 - STAFF COSTS

<i>(In HRK thousands)</i>	2015	2014 restated
Net salaries	16,518	16,934
Taxes and contributions for salaries	11,890	13,965
Other regulatory disbursements	1,226	1,213
	29,634	32,112

At the end of the year the number of staff employed by the Company was 211 (2014: 226).

Gross wages and compensation of key management in 2015 amounted to HRK 2,151 thousand (2014: HRK 2,301 thousand).

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

Taxes and contributions on salaries

<i>(In HRK thousands)</i>	2014
At end of year before restatement	13.449
Effects of correcting prior periods errors	516
At end of year after restatement	13.965

NOTE 22 – OTHER OPERATING EXPENSES

<i>(In HRK thousands)</i>	2015	2014
Travelling expenses	901	1,145
Nautical fair, regatta	2,178	1,192
Fees to members of Supervisory Board	414	609
Agencies' fees	1,750	1,577
Contract of temporary employment (net)	1,470	1,151
Intellectual services (lawyer, notary and other)	229	206
Cultural, sport and amusement manifestation	592	518
Security services	1,010	1,005
Entertainment	722	722
Insurance premium	1,511	1,528
Contributions and membership dues	834	741
Bank and payment operation charges	399	401
Concessions	1,425	1,375
Donation, sponsorship	201	417
Deficits	44	31
Subsequently identified expenses from previous years	902	287
Write-off of bad receivables	1,336	-
Other	2,401	2,281
	18,319	15,186

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 23 – NET FINANCIAL EXPENSES

<i>(In HRK thousands)</i>	2015	2014
Financial income		
Foreign exchange gains	52	119
Interest income	432	17
Total financial income	484	136
Financial expense		
Foreign exchange losses	(118)	(454)
Interest expense	(3,913)	(4,902)
Total financial expenses	(4,031)	(5,356)
Net financial expenses	(3,547)	(5,220)

NOTE 24 - INCOME TAX

Income tax is calculated in accordance with Croatian law. Tax rate on taxable income is 20% (2014: 20%). On 31 December 2015 the Company has established the income tax liability based on the tax return in the amount of HRK 3.977 thousand (2014: HRK 1,892 thousand).

A reconciliation of the Company's effective tax expense per income statement with statement of comprehensive income and taxation at the statutory rate is detailed in the table below:

<i>(In thousands of HRK)</i>	31 December 2015	31 December 2014
Profit before tax	25,510	20,385
Tax calculated at a rate of 20%	5,102	4,077
Tax effect of expenses non-deductible for tax purposes	521	309
Tax effect of income not subject to tax	(1,646)	(2,494)
Tax charge	3,977	1,892
Actual income tax rate	15,59%	9,28%

ILIRIJA d.d., BIOGRAD NA MORU
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

The Company has decided to increase the capital from the Company's funds, profit from the year 2015. According to tax regulations this kind of capital increase represents re-invested profit which is a tax benefit when paying income tax. Re-invested profit in the amount of HRK 8,228,580.00 decreases tax basis for payment of income tax. Supervisory Board has brought this Decision on 22 April 2016, based on which they will suggest to the Assembly of the Company, share capital increase by increasing nominal amount of shares for the amount of HRK 30.00 per share. After increase each share will have nominal amount of HRK 580.00.

Within six months of the expiry of the deadline for filing income tax returns, the Company has to submit to the tax authorities, evidence that that in the Court Registry there is a capital increase for the amount of re-invested profit or otherwise to correct the income tax for the period in which a decrease of the tax base occurred.

NOTE 25 - EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Company and held as treasury shares (Note 12).

	2015	2014
Profit attributable to equity holders <i>(In HRK thousands)</i>	21,533	18,493
Weighted average number of ordinary shares in issue	254,958	248,822
Basic earnings per share <i>(In HRK)</i>	84,46	74,32

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 26 - CASH GENERATED FROM OPERATIONS

Reconciliation of profit with cash generated from operations is as follows:

<i>(In thousands of HRK)</i>	2015	2014
Profit for the year	21,533	18,493
Adjustments for:		
Depreciation (Note 3)	8,073	7,129
Amortization (Note 4)	153	341
Book value of sold and disposed tangible assets (Note 3)	229	1,353
Changes in working capital:		
- trade receivables	(2,085)	(817)
- receivables for prepayments	463	(570)
- other receivables	2,026	(1,748)
- inventories	116	(609)
- trade payables	1,636	3,830
- liabilities for bills of exchange	1,000	1,958
- due from employees	37	118
- other payables	2,396	(890)
- prepaid expenses	144	639
- deferred income	(971)	1,917
Cash inflow generated from operations	34,750	31,144

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 27 - RELATED PARTY TRANSACTIONS

The majority shareholder of the Company is Arsenal Holdings Ltd., Zadar which owns 65.13% of shares. Transactions with related parties, beside mentioned, include transactions with the company Ilirija Nautika Ltd., Biograd n/m, which is 100% owned by Ilirija dd (2014: Trgovinski Centar Zadar Ltd., which is a member of the group "Arsenal Holdings" and which is affiliated with the Ilirija) as well as co-owners of the Company - physical persons and the Board and key management. Related party transactions, in the normal course of its operations, include purchase and sale of goods under market conditions, as well as services, assets, loans and gross salaries of key management and supervisory board compensation.

Year-end balances resulting from related party transactions (members of the Group) that are included in the balance sheet are as follows:

<i>(In HRK thousands)</i>	2015	2014
Domestic trade receivables (Note 8)	-	6
Loan to co-owners (Note 5)	1,856	1,727
Loan receivables d.o.o. (Note 5)	136	136
Interest receivables (Note 8)	31	-
Co-owners receivables (Note 8)	123	204
Loans to co-owner (Note 9)	224	234
Loan to Arsenal Holdings (Note 9)	-	1,145
Trade payables (Note 15)	129	389
Dividend (Note 15)	645	466

NOTE 27 - RELATED PARTY TRANSACTIONS (continued)

During the year the Company had related party transactions which are reflected in the income statement as follows:

<i>(In HRK thousands)</i>	2015	2014
Service revenue (Note 17)	62	60
Rental (Note 20)	1,262	1,262
Gross salaries of key management (Note 21)	2,151	2,301
The Supervisory Board (Note 22)	414	609

ILIRIJA d.d., BIOGRAD NA MORU
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

NOTE 28 - CONTINGENT LIABILITIES

The Company has several legal proceedings with the town of Biograd in order to determine property rights over specific land plots. The most significant one, in the process of reconstruction of land registry in KO Biograd, the ownership over a part of the Ilirija's assets was tried to be taken away. It refers to the Tennis centre with its land 48,000 m² and it is estimated in the process of Company's transformation and registered in the Company's capital. This is seen from the Transformation Elaborate and by Croatian privatization fund resolution. With administrative procedures it is registered co-ownership in ½ parts to the town of Biograd. The Board has started, by the complaint on the work of commission, supervision from the Ministry of Justice and does not expect losses for the Company. Trial judgment of the Commercial Court in Zadar was in favor of the Company, and by the Appeal the proceeding has been continued to the second instance court. Also for other proceedings the Management Board does not expect losses which could significantly have influence on property, ownership status and the Company's operation.

During the year the Company had supervision by the Ministry of Finance - Tax Administration, Regional Office Dalmatia, Department for control. The subject of supervision was accounting, recording and reporting of value added tax, income tax, income tax and mandatory contributions on salaries for the period from 1 January to 31 December 2013. About it is composed Minutes of 12 June 2015 and the Tax Solution of 12 August 2015 which identified irregularities and ordered the payment of income tax and contributions in the amount of HRK 1,017,539.77 and interest paid thereon in the amount of HRK 164,474.50 to be increased by a further default interest up to the date of payment. In the legal deadline, the Company has appealed to the Tax Solution.

According to the Company's order, the bank guarantee has been issued in favour of Hrvatske šume d.o.o. in the amount of HRK 500 thousand valid till 15 July 2024.

NOTE 29 - COMMITMENTS

The Company has concluded 14 Operating lease agreements, so total commitments as of 31 December 2015 amount to HRK 3,352 thousand.



Ražnjevića Dvori

Arsenal Zadar

Vila Donat

Vila Primorje

Event Ship Nada

Marina Kornati

Restaurant Marina Kornati

Ilirija Travel

Hotel Kornati

Hotel Ilirija

Hotel Adriatic

Hotel Marina

Aquatic Center

Tennis Centar

Restaurant Park Soline

Camping park Soline