

**Annex 1.**

Reporting period

01.01.

2016 to

30.09.2016.

**Quarterly financial report TFI-POD**

Tax number (MB): 03311953

Company registration number  
(MBS): 060032302Personal 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: ilirija@zd.t-com.hr

Internet address: www.ilirijabiograd.com

Municipality/city code and name: 22 BIOGRAD NA MORU

County code and name: 13 ZADARSKA

Number of employees: 336

(period end)

Consolidated report: NOT

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;

L.S.

(signature of the person authorized to represent the company)

**ILIRIJA** dioničko društvo  
za ugostiteljstvo i turizam  
Biograd na Moru

**Balance Sheet**  
as of 30. 09. 2016.

<b>Company: ILIRIJA d.d.</b>			
Position	AOP	Previous period	Current period
1	2	3	4
<b>A) RECEIVABLES FOR SUBSCRIBED NOT PAID CAPITAL</b>	<b>001</b>		
<b>B) NON-CURRENT ASSETS (003+010+020+029+033)</b>	<b>002</b>	297.270.992	313.973.420
I. INTANGIBLE ASSETS (004 to 009)	<b>003</b>	0	
1. Expenditure for development	<b>004</b>		
2. Concessions, patents, licenses, trademarks, service marks, software and other rights	<b>005</b>		
3. Goodwill	<b>006</b>		
4. Advances for purchase of intangible assets	<b>007</b>		
5. Intangible assets in progress	<b>008</b>		
6. Other intangible assets	<b>009</b>		
II. PROPERTY, PLANT AND EQUIPMENT (011 to 019)	<b>010</b>	297.230.992	313.933.420
1. Land	<b>011</b>	42.340.267	42.340.227
2. Buildings	<b>012</b>	206.831.179	221.199.612
3. Plant and equipment	<b>013</b>	29.978.179	39.388.902
4. Tools, working inventory and transportation assets	<b>014</b>		
5. Biological assets	<b>015</b>		
6. Advances for purchase of tangible assets	<b>016</b>	360.111	420.130
7. Tangible assets in progress	<b>017</b>	17.721.256	10.584.549
8. Other tangible assets	<b>018</b>		
9. Investment in real-estate	<b>019</b>		
III. NON-CURRENT FINANCIAL ASSETS (021 to 028)	<b>020</b>	40.000	40.000
1. Share in related parties	<b>021</b>	40.000	40.000
2. Loans to related parties	<b>022</b>		
3. Participating interests (shares)	<b>023</b>		
4. Loans to companies with participating interest	<b>024</b>		
5. Investments in securities	<b>025</b>		
6. Loans, deposits, etc.	<b>026</b>		
7. Other non-current financial assets	<b>027</b>		
8. Equity-accounted investments	<b>028</b>		
IV. RECEIVABLES (030 to 032)	<b>029</b>	0	0
1. Receivables from related parties	<b>030</b>		
2. Receivables arising from sales on credit	<b>031</b>		
3. Other receivables	<b>032</b>		
V. DEFERRED TAX ASSET	<b>033</b>		
<b>C) CURRENT ASSETS (035+043+050+058)</b>	<b>034</b>	26.979.274	23.949.592
I. INVENTORIES (036 to 042)	<b>035</b>	2.698.414	2.410.935
1. Raw materials and supplies	<b>036</b>	2.698.414	2.410.935
2. Production in progress	<b>037</b>		
3. Finished products	<b>038</b>		
4. Merchandise	<b>039</b>		
5. Advances for inventories	<b>040</b>		
6. Long term assets held for sale	<b>041</b>		
7. Biological assets	<b>042</b>		
II. RECEIVABLES (044 to 049)	<b>043</b>	18.682.254	17.832.810
1. Receivables from related parties	<b>044</b>		
2. Receivables from end-customers	<b>045</b>	17.169.412	16.524.251
3. Receivables from participating parties	<b>046</b>		
4. Receivables from employees and members of the company	<b>047</b>	695.077	768.619
5. Receivables from government and other institutions	<b>048</b>	337.254	243.139
6. Other receivables	<b>049</b>	480.511	296.801
III. CURRENT FINANCIAL ASSETS (051 to 057)	<b>050</b>	4.929.195	3.670.925
1. Share in related parties	<b>051</b>		
2. Loans to related parties	<b>052</b>		
3. Participating interests (shares)	<b>053</b>		
4. Loans to companies with participating interest	<b>054</b>		
5. Investments in securities	<b>055</b>		
6. Loans, deposits, etc.	<b>056</b>	4.929.195	3.670.925
7. Other financial assets	<b>057</b>		
IV. CASH AND CASH EQUIVALENTS	<b>058</b>	669.411	34.922
<b>D) PREPAYMENTS AND ACCRUED INCOME</b>	<b>059</b>	1.121.927	485.504
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	325.372.193	338.408.516
<b>F) OFF BALANCE SHEET ITEMS</b>	<b>061</b>		

<b>EQUITY AND LIABILITIES</b>			
<b>A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)</b>	<b>062</b>	213.593.054	256.102.675
I. SUBSCRIBED SHARE CAPITAL	<b>063</b>	137.162.300	159.085.880
II. CAPITAL RESERVES	<b>064</b>	829.039	8.921.539
III. RESERVES FROM PROFIT (066+067-068+069+070)	<b>065</b>	21.723.814	23.435.964
1. Legal reserves	<b>066</b>	7.610.343	9.477.986
2. Reserve for own shares	<b>067</b>	6.975.716	6.975.716
3. Treasury shares and shares (deductible items)	<b>068</b>	384.924	540.417
4. Statutory reserves	<b>069</b>		
5. Other reserves	<b>070</b>	7.522.679	7.522.679
IV. REVALUATION RESERVES	<b>071</b>		
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	<b>072</b>	14.402.772	19.870.143
1. Retained earnings	<b>073</b>	14.402.772	19.870.143
2. Loss carried forward	<b>074</b>		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	<b>075</b>	39.475.129	44.789.148
1. Net profit for the period	<b>076</b>	39.475.129	44.789.148
2. Net loss for the period	<b>077</b>		
VII. MINORITY INTEREST	<b>078</b>		
<b>B) PROVISIONS (080 to 082)</b>	<b>079</b>	0	0
1. Provisions for pensions, severance pay and similar liabilities	<b>080</b>		
2. Provisions for tax liabilities	<b>081</b>		
3. Other provisions	<b>082</b>		
<b>C) NON-CURRENT LIABILITIES (084 to 092)</b>	<b>083</b>	77.412.998	65.330.928
1. Liabilities to related parties	<b>084</b>		
2. Liabilities for loans, deposits, etc.	<b>085</b>		
3. Liabilities to banks and other financial institutions	<b>086</b>	77.412.998	65.330.928
4. Liabilities for advances	<b>087</b>		
5. Trade payables	<b>088</b>		
6. Commitments on securities	<b>089</b>		
7. Liabilities to companies with participating interest	<b>090</b>		
8. Other non-current liabilities	<b>091</b>		
9. Deferred tax liabilities	<b>092</b>		
<b>D) CURRENT LIABILITIES (094 to 105)</b>	<b>093</b>	31.443.327	15.296.636
1. Liabilities to related parties	<b>094</b>		
2. Liabilities for loans, deposits, etc.	<b>095</b>		
3. Liabilities to banks and other financial institutions	<b>096</b>	4.971.090	73.249
4. Liabilities for advances	<b>097</b>		
5. Trade payables	<b>098</b>	17.905.467	9.905.127
6. Commitments on securities	<b>099</b>		
7. Liabilities to companies with participating interest	<b>100</b>		
8. Liabilities to employees	<b>101</b>	1.833.277	1.866.026
9. Taxes, contributions and similar liabilities	<b>102</b>	5.785.277	1.296.502
10. Liabilities arising from share in the result	<b>103</b>		
11. Liabilities arising from non-current assets held for sale	<b>104</b>		
12. Other current liabilities	<b>105</b>	948.216	2.155.731
<b>E) ACCRUED EXPENSES AND DEFERRED INCOME</b>	<b>106</b>	2.922.814	1.678.277
<b>F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	325.372.193	338.408.516
<b>G) OFF BALANCE SHEET ITEMS</b>	<b>108</b>		
<b>ADDITION TO BALANCE SHEET (only for consolidated financial statements)</b>			
<b>ISSUED CAPITAL AND RESERVES</b>			
1. Attributable to majority owners	<b>109</b>		
2. Attributable to minority interest	<b>110</b>		

**Income statement**

period 01. 01. 2016. to 30. 09. 2016.

Company: ILIRIJA d.d.

Position	AOP	Previous period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
<b>I. OPERATING INCOME (112 to 113)</b>	<b>111</b>	116.037.178	63.329.652	116.292.366	64.202.461
1. Sales revenues	112	114.502.873	63.276.019	113.730.818	64.069.672
2. Other operating revenues	113	1.534.305	53.633	2.561.548	132.789
<b>II. OPERATING COSTS (115+116+120+124+125+126+129+130)</b>	<b>114</b>	70.629.768	32.203.815	69.440.789	33.299.237
1. Change in inventories of work in progress	115				
2. Material expenses (117 to 119)	116	30.054.833	15.034.324	26.001.717	13.533.639
a) Costs of raw materials	117	16.201.073	9.010.957	14.888.490	8.500.901
b) Cost of goods sold	118				
c) Other material expenses	119	13.853.760	6.023.367	11.113.228	5.032.738
3. Employee benefits expenses (121 to 123)	120	23.020.001	9.826.132	23.361.300	10.087.870
a) Net salaries	121	13.236.027	5.964.465	14.045.142	6.120.609
b) Tax and contributions from salary expenses	122	6.405.611	2.416.731	5.887.708	2.486.788
c) Contributions on salary	123	3.378.363	1.444.936	3.428.450	1.480.473
4. Depreciation and amortisation	124	5.602.665	1.867.555	6.169.486	2.056.495
5. Other expenses	125	11.952.269	5.475.804	13.908.285	7.621.233
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				
<b>III. FINANCIAL INCOME (132 to 136)</b>	<b>131</b>	169.969	120.438	1.376.108	1.315.995
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	169.969	120.438	1.376.108	1.315.995
3. Income from investments in associates and joint ventures	134				
4. Unrealised gains (income) from financial assets	135				
5. Other financial income	136				
<b>IV. FINANCIAL EXPENSES (138 to 141)</b>	<b>137</b>	3.131.122	806.308	2.675.230	715.167
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	3.131.122	806.308	2.675.230	715.167
3. Unrealised losses (expenses) from financial assets	140				
4. Other financial expenses	141				
<b>V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES</b>	<b>142</b>				
<b>VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES</b>	<b>143</b>				
<b>VII. EXTRAORDINARY - OTHER INCOME</b>	<b>144</b>	401.517	213.731	48.666	19.016
<b>VIII. EXTRAORDINARY - OTHER EXPENSES</b>	<b>145</b>	3.379.319	2.280.500	811.973	325.817
<b>IX. TOTAL INCOME (111+131+142+144)</b>	<b>146</b>	116.608.664	63.663.821	117.717.140	65.537.472
<b>X. TOTAL EXPENSES (114+137+143+145)</b>	<b>147</b>	77.140.209	35.290.623	72.927.992	34.340.220
<b>XI. PROFIT OR LOSS BEFORE TAXES (146-147)</b>	<b>148</b>	39.468.455	28.373.198	44.789.148	31.197.252
1. Profit before taxes (146-147)	149	39.468.455	28.373.198	44.789.148	31.197.252
2. Loss before taxes (147-146)	150	0	0	0	0
<b>XII. TAXATION</b>	<b>151</b>				
<b>XII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	39.468.455	28.373.198	44.789.148	31.197.252
1. Profit for the period (149-151)	153	39.468.455	28.373.198	44.789.148	31.197.252
2. Loss for the period (151-148)	154	0	0	0	0
<b>ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)</b>					
<b>XIV. PROFIT OR LOSS FOR THE PERIOD</b>					
1. Attributable to majority owners	155				
2. Attributable to minority interest	156				
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)</b>					
<b>I. PROFIT OR LOSS FOR THE PERIOD (=152)</b>	<b>157</b>	39.468.455	28.373.198	44.789.148	31.197.252
<b>II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 to 165)</b>	<b>158</b>	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				
<b>III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>166</b>				
<b>IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 - 166)</b>	<b>167</b>	0	0	0	0
<b>V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)</b>	<b>168</b>	39.468.455	28.373.198	44.789.148	31.197.252
<b>ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements)</b>					
<b>VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD</b>					
1. Attributable to majority owners	169				
2. Attributable to minority interest	170				

**Cash flow statement - indirect method**  
**period 01. 01. 2016. to 30. 09. 2016.**

Company: ILIRIJA d.d.

Position	AOP	Previous period	Current period
1	2	3	4
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. Profit before tax	<b>001</b>	39.475.129	44.789.148
2. Depreciation and amortisation	<b>002</b>	813.760	566.821
3. Increase of current liabilities	<b>003</b>	381.183	
4. Decrease of current receivables	<b>004</b>		849.444
5. Decrease of inventories	<b>005</b>	302.471	287.479
6. Other cash flow increases	<b>006</b>		
<b>I. Total increase of cash flow from operating activities</b>	<b>007</b>	40.972.543	46.492.892
1. Decrease of current liabilities	<b>008</b>		16.146.691
2. Increase of current receivables	<b>009</b>	3.385.880	
3. Increase of inventories	<b>010</b>		
4. Other cash flow decreases	<b>011</b>	8.407.132	294.345
<b>II. Total decrease of cash flow from operating activities</b>	<b>012</b>	11.793.012	16.441.036
<b>A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>013</b>	29.179.531	30.051.856
<b>A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>014</b>	0	0
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
1. Proceeds from sale of non-current assets	<b>015</b>		
2. Proceeds from sale of non-current financial assets	<b>016</b>		
3. Interest received	<b>017</b>		
4. Dividend received	<b>018</b>		
5. Other proceeds from investing activities	<b>019</b>		
<b>III. Total cash inflows from investing activities</b>	<b>020</b>	0	0
1. Purchase of non-current assets	<b>021</b>	3.167.124	9.410.723
2. Purchase of non-current financial assets	<b>022</b>		
3. Other cash outflows from investing activities	<b>023</b>	5.754.749	10.275.452
<b>IV. Total cash outflows from investing activities</b>	<b>024</b>	8.921.873	19.686.175
<b>B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>025</b>	0	0
<b>B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>026</b>	8.921.873	19.686.175
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
1. Proceeds from issue of equity securities and debt securities	<b>027</b>		
2. Proceeds from loans and borrowings	<b>028</b>		
3. Other proceeds from financing activities	<b>029</b>	3.845.000	3.600.000
<b>V. Total cash inflows from financing activities</b>	<b>030</b>	3.845.000	3.600.000
1. Repayment of loans and bonds	<b>031</b>	12.014.996	12.240.479
2. Dividends paid	<b>032</b>		
3. Repayment of finance lease	<b>033</b>		
4. Purchase of treasury shares	<b>034</b>		
5. Other cash outflows from financing activities	<b>035</b>	11.506.471	2.028.155
<b>VI. Total cash outflows from financing activities</b>	<b>036</b>	23.521.467	14.268.634
<b>C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>037</b>	0	0
<b>C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>038</b>	19.676.467	10.668.634
Total increases of cash flows	<b>039</b>	581.191	0
Total decreases of cash flows	<b>040</b>	0	302.953
Cash and cash equivalents at the beginning of period	<b>041</b>	88.220	337.876
Increase of cash and cash equivalents	<b>042</b>		
Decrease of cash and cash equivalents	<b>043</b>		
Cash and cash equivalents at the end of period	<b>044</b>	669.411	34.922

<b>STATEMENT OF CHANGES IN EQUITY</b>			
period	1.1.2016	to	30.9.2016
Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	137.162.300	159.085.880
2. Capital reserves	002	829.039	8.921.539
3. Reserves from profit	003	21.723.815	23.435.964
4. Retained earnings or loss carried forward	004	14.402.772	19.870.143
5. Net profit or loss for the period	005	39.475.129	44.789.148
6. Revaluation of tangible assets	006		
7. Revaluation of intangible assets	007		
8. Revaluation of available for sale assets	008		
9. Other revaluation	009		
<b>10. Total equity and reserves (AOP 001 to 009)</b>	<b>010</b>	213.593.055	256.102.674
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		
a	015		
16. Other changes	016	39.475.129	44.789.148
<b>17. Total increase or decrease of equity (AOP 011 to 016)</b>	<b>017</b>	39.475.129	44.789.148
17 a. Attributable to majority owners	018		
17 b. Attributable to minority interest	019		

**ILIRIJA d.d.  
BIOGRAD NA MORU**

**Biograd na Moru, 14/10/2016**

**Statement made by the persons responsible for preparation of financial statements for the period from 01/01/ January 2016 to 30 September 2016**

**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 September 2016 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 30/09/2016, 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 30/09/2016.**

**Accounting Manager:**

**Zorka Strpić**

**Management Board:**

**Goran Ražnjević**

*ILIRIJA dioničko društvo  
za ugostiteljstvo i turizam  
Biograd na Moru 5*