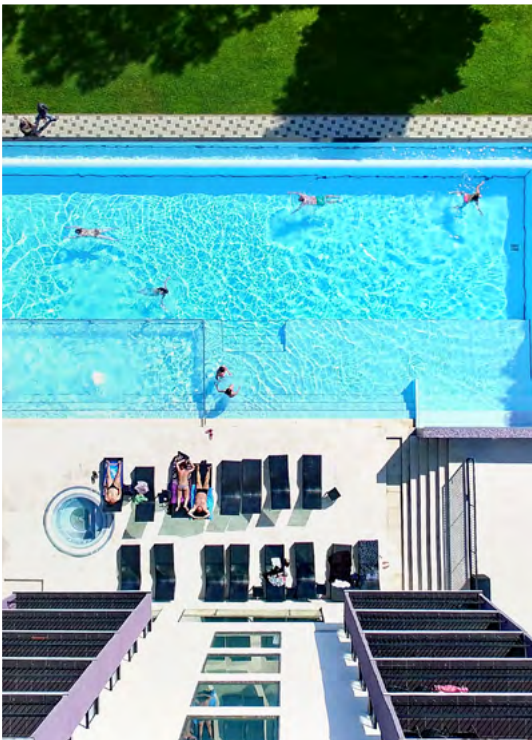




 *Ilinija d.d.*

# Financial statements for the period from 01/01 to 30/06/2017

Biograd na Moru, August 2017



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## I OVERVIEW OF KEY PERFORMANCE INDICATORS FOR THE PERIOD FROM 01/01/ - 30/06/2017

in HRK	I-VI 2017	I-VI 2016	INDEX 2017/2016
<b>Financial indicators</b>			
Total revenues	60.882.086,19	52.178.861,57	116,68
Operating revenues	60.835.505,20	52.119.553,90	116,72
Revenues from sales	60.291.588,76	49.883.391,14	120,87
Operating profit	22.414.474,74	19.660.332,39	114,01
EBITDA	22.461.055,73	19.719.640,06	113,90
EBIT	17.360.389,09	15.606.649,42	111,24
Profit	15.175.086,34	13.650.968,52	111,16
Value of assets	433.478.230,01	334.544.532,45	129,57
Capital	284.842.454,32	225.089.988,45	126,55
Total liabilities	148.635.775,69	109.454.544,00	135,80
Market capitalization	399.733.950,00	301.717.342,86	132,49
Dividend	6.016.540,00	4.937.148,00	121,86

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## 2 KEY INFORMATION FOR THE PERIOD FROM OIST JANUARY – 30TH JUNE 2017

1 In the first six months of 2017 there was a significant increase in financial performance and profitability indicators (operating profit, profit, EBITDA and EBIT) as a result of the growth in total and operating revenues especially on the domestic market and significantly higher activity in the segment of sale of services of the Company (accommodation, food, drinks, excursions, MICE, etc.) as a complementary product through the system of destination management company Ilirija Travel in the period from April to the end of June.

Compared to the same period in 2016, the financial statements for the first six months of 2017 also included the operating indicators of the Commercial-shopping center City Galleria acquired by the Company in the second half of December 2016, therefore the financial statements for the first six months of 2017 should take into account the relevant purchase or acquisition.

2 Total revenues amount to HRK 60,882,086.19 and grew by 16.68% compared to the same period in 2016, when they amounted to HRK 52,178,861.57, as a result of growth in operating revenues and revenues from sales.

3 Operating revenues for the observed period amounts to HRK 60,835,505.20 and they grew by 16.72%, compared to the operating revenue realized in the same period of 2016, which amounted to HRK 52,119,553.90. It is worth mentioning the growth in operating revenues in the hotel sector by 10%, camping by 7%, nautics by 1% and revenues from other profit centers including the destination management company/DMC Ilirija Travel, especially the Arsenal profit center as the most significant segment of Ilirija Travel, and Commercial-shopping center City Galleria, which record the growth by 321.01%.

4 Revenues from sales amounts to HRK 60,291,588.76 compared to the same period of 2016, when it amounted to HRK 49,883,391.14 which grew by 20.87% as a result of a rise in revenues on domestic market by 27%.

5 As a consequence of a significant growth in tourist sales, the total expenses for the first half of 2017 rose and amounted to HRK 45,706,999.85, which grew by 18.63% as compared to the same period in 2016 as a consequence of the growth in operating and financial expenses by 18.37% or 11.74% and amortization by 24.01%.

6 An increase in operating profit or profit from Company's business activities from HRK 19,660,332.39 as it amounted in the semi-annual period of 2016, by 14.01% or HRK 2,754,142.35 and which amounts to HRK 22,414,474.74 for the first semi-annual period in 2017. Also, an increase in operating profit was followed by the increase in profit by 11.16%, which for the observed period amounts to HRK 15,175,086.34, as a result of significant growth in total revenues, despite the increase in total expenses of the Company.

7 EBITDA in the observed period amounts to HRK 22,461,055.73 and was higher by 13.90%, while in the same period EBIT was realized in the amount of HRK 17,360,389.09 with a growth of 11.24%.

8 Total liabilities of the Company as at 30th June 2017 amounted to HRK 148,635,775.69 and grew by HRK 39,181,231.69, that is, by 35.80% as a result of an increase in credit liabilities owed to the financial institutions, especially in the segment of financing the acquisition (buying) of the Commercial-shopping center City Galleria in Zadar, which was partly financed by the long-term investment loan of the commercial bank and partly through a capital increase. Also, the total liabilities have partly risen as a result of financing the other investments of the Company,

where we particularly emphasize the investments in the reconstruction of the Port of nautical tourism Marina Kornati, which was mostly completed on 31st March, 2017.

9 In the observed period, the value of the assets increased by 29.57% or by HRK 98,933,697.56 or from HRK 334,544,532.45 as it amounted in the same period in 2016 to a total of HRK 433,478,230.01. We should also emphasize that the value of the assets increased by a change in financing one portion of the long-term investments by means of financial leasing and acquisition (buying) of the Commercial-shopping center City Galleria in Zadar.

10 In the first six months of 2017, the equity grew by 26.55% or by HRK 59,752,465.87, or from the amount of HRK 225,089,988.45 as much as it amounted in the same period of the year 2016 to the amount of HRK 284,842,454.32.

11 An increase in market capitalization by 32.49% or HRK 98,016,607.14 from the amount of HRK 301,717,342.86, as much as it amounted in the first six months of 2016, to the amount of HRK 399,733,950.00 as much as it amounts in the same period of the 2017.

12 The increase in the average share price by 21.98% from HRK 1.088.75 as much as it amounted in the first six months of 2016 to HRK 1,328.11 in the same period of 2017.

13 In the first six months of 2017, the highest achieved share price amounted to HRK 1,395.00 per share, which compared to the same period in 2016 constitutes a growth by 21.30 when the highest achieved share price amounted to HRK 1.150,00 per share.

14 The Shareholders' Assembly, at the meeting held on 26th April 2017, unanimously adopted the following decisions:

- Decision on the Utilization of the Profit of the Company for the fiscal year 2016 according to which it was decided that the realized profit after tax in the amount of HRK 30,676,076.46 would be allocated in a way that HRK 507,446.46 would be allocated to retained profit, while the amount of HRK 30,168,600.00 would be allocated for an increase in the share capital from the Company's assets (reinvested profit),
- Decision on the payment of dividends from retained profit from 2006, 2010 and 2011 according to which the Company's shareholders will be paid out

the dividend in the total amount of HRK 6,016,540.00. The dividend per share amounts to HRK 20.00 which is a rise of dividend per share by 11.12% compared to the dividend amount of HRK 18.00 per share paid out to the shareholders of the Company in 2016,

- The Decision on an increase in share capital from the Company's assets (reinvested profit) which increases from the reinvested profits earned in 2016 in the amount of HRK 30,168,600.00.

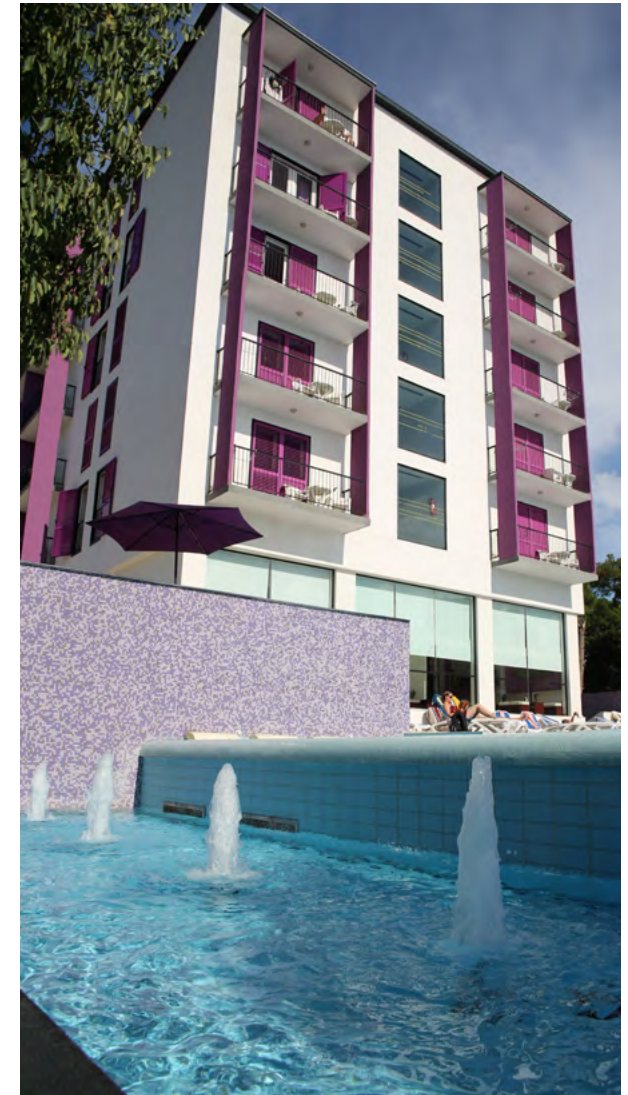
The share capital of the Company increases from the amount of HRK 174,977,880.00 by the amount of HRK 30,168,600.00 (reinvested profit) to the amount of HRK 205,146,480.00, in a way that for each of the totally existing 301,686 shares the nominal amount increases by HRK 100.00 in a way that after the increase each share has a nominal amount of HRK 680.00.

15 In the first six months of 2017, the Company completed an intensive investment cycle, planned for the first half of this fiscal year, in the preparation for the tourist season, i.e. in accommodation capacities, improvement of services, offer and content in all of its sectors with an aim to raise the quality of service and strengthen the competitiveness in the total amount of HRK 16,766,758.40. In view of the importance for

the Company, we particularly emphasize the completion of the reconstruction of the second phase of the Port of Nautical Tourism Marina Kornati, whereby one of the three leading and largest ports of nautical tourism entered the tourist season completely modernly equipped in terms of infrastructure in the area of service of receiving and accommodating the vessels.

The Company has also invested in the purchase of new mobile homes for the camping sector, expansion of the hospitality facility capacities, while the hotel sector invested in the construction of additional facilities or outdoor swimming pools, development and refurbishment of shared public areas and accommodation units, development of four-star hotel external facades and hotel openings and other activities aimed at improving the accommodation facilities, products and services.

16 The Ministry of Construction and Physical Planning has issued an operating permit, Class: UP/I-361-05/17-01/000057, Prot. No.: 531-06-2-2-609-17-0013 and operating permit Class: UP/I-361-05/17-01/000058, Prot. No.: 531-06-2-2-609-17-0013, the both issued on 08th June 2017 which implies the full completion of the second phase of the reconstruction of the Port



of Nautical Tourism Marina Kornati and its coastal part that is, five docks with all accompanied water installations, hydrant network and electricity both in the inland part and in the part of pontoon and with the entire dock equipment, according to the final and non-appealable building permit, Class: UP/I-361-03/15-01/000111, Protocol No.: 531-06-2-1-1467-15-0008, of 20 October 2015.

17 Hrvatske vode, a legal entity for water management, issued a decision on issuing a permanent water permit, Class: UP/I-325-04/16-05/0000343 Prot. No.: 374-24-3-17-2 of 21st April 2017, for the camp "Park Soline" and for hotels in the destination Biograd na Moru, i.e. Ilirija, Kornati and Adriatic hotels, Class: UP/I-325-04/16-05/0000342 Prot. Number: 374-24-3-17-2 dated 02nd May, 2017, confirming the permanent and systematic fulfillment of standards or achieved quality of wastewater purification through the system within the Company's premises where the tested indicators have never exceeded the maximum permitted limit values.

#### 18 Prizes and rewards:

The camp "Park Soline" was given a special award for outstanding quality and cooperation in February by Associazione Campeggiatori turistici d' Italia (A.C.

T. Italia), one of the largest associations of camperists from Italy, having over 30,000 members.

Croatian Camping Union (CCU) has given the campsite "Park Soline" the award Croatia's Best Campsite for the year 2017 for high quality of sanitary facilities, accommodation units, hospitality and trade offers and leisure facilities.

#### 19 Standards and certificates:

In June, the re-certification of the environment management system according to the standard HRN EN ISO 14001 was successfully carried out at the level of the entire Company and all of its sectors (hotel industry, camping, nautics and hospitality and restaurants).

In the month of June, the Halal Quality Certification Center of the Islamic Community of the Republic of Croatia awarded the Halal Quality Certificate to the Company for the implementation of Halal quality management system in the area of preparation and provision of food and beverages and accommodation for the Hotel Adriatic, restaurant "Marina Kornati", event ship "Nada" and Ražnjevića Dvori AD 1307.





### 3 GENERAL INFORMATION

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 over 60 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 Hotel 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 coffee bar, **Aquatic center** with the hospitality facility, **event boat “Nada”**, a floating convention center with multifunctional purposes, 36m in length and a capacity to accommodate 180 persons, and since the month of December 2016, the Company's portfolio includes the Commercial-shopping center City Galleria in Zadar acquired by acquisition (buying) with more than 28.500m<sup>2</sup> gross area in total six floors and total 9.639m<sup>2</sup> net rented floor area.

Its business is based on providing services by using its capacities (hotels, nautics, 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.

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## 4 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.

**Years 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** | Start of construction of the first nautical tourism port in Croatia, according to the first building permit in the Republic of Croatia for the construction of the first nautical port issued by the former Municipality of Biograd na Moru, number: UP/I-03-4-318/1977 as of 10th March 1977, Hotel port Ilirija-Kornati, situated in Biograd na Moru, with a total of 100 berths and the purchase the first charter fleet of 40 vessels, by which the Company became a pioneer of development of the nautical tourism.

**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 m<sup>2</sup> 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 m<sup>2</sup> with 20 tennis courts (14 clay and 6 color-set tennis courts).

**Year 1988** | The construction of Aquatic Center, that is, a beach facility as a part of a unique, technological and functional unit of the existing hotel capacities, that is basically an Olympic outdoor swimming pool with many additional amenities, as a supplement to the existing and basic hotel amenities. Built as a swimming, beach and sports, entertainment and hospitality facility with bleachers with the capacity of 4,000 seats and a terrace of

1.000 m<sup>2</sup>, whereby it represents a center for holding almost all sports, entertaining and dance events in the City Biograd na Moru.

**Year 1991** | By merger of 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 Privatization 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 be top nautical event, 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 has been organized as the first autumn boat show in Croatia.

**Years 1999 – 2017** | During this period, that is, by 30th June 2017, the Company has invested HRK 467,728,054.98 in construction, reconstruction, extension, building annexes, renovation and adaptation of accommodation facilities and establishments of the Company in order 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 the accommodation facilities and nautical capacities, expand hospitality facilities with an aim to create a high-quality, recognizable and competitive tourism product and enhance the quality of the offer of the destination itself, which resulted in a significant growth in total revenues and newly created value in the mentioned period in the amount of HRK 666,619,336.46.

**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 market of the Zagreb Stock Exchange, since the quotation of public joint stock companies was cancelled.

**Year 2014** | The market was presented the event ship "Nada" a 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 compulsory pension fund management company, 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 to the Official market of Zagreb Stock Exchange which will contribute to even greater transparency and openness of the company to all of its stakeholders.

**Year 2016** | The second recapitalization of the Company was successfully carried out in the month of November through which the share capital was increased by contributions in cash and by issuing New ordinary shares of the Company through public offering. The main purpose of the recapitalization is to raise funds for the acquisition of the Commercial-shopping center City Galleria in Zadar.

**Year 2016** | On 19 December 2016, having acquired the Commercial-shopping center City Galleria in Zadar, the Company successfully completed and carried out the process of acquisition or buying of the real property which created a company with a wide range of economic activities, where in addition to tourism and hospitality industry consisting of hotel industry, nautics, camping and destination management as core business activities, the Company partly enters the real estate segment having acquired the modern commercial-shopping center.



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## 5 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



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## 6 SUBSIDIARIES

Ilirija d.d, has two subsidiaries in 100% ownership:

ILIRIJA GRAĐENJE d.o.o.

ILIRIJA NAUTIKA d.o.o.

(are not active in business)

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## 7 AFFILIATED COMPANIES

Arsenal Holdings d.o.o., Perivoj Gospe od Zdravlja 1, Zadar, Company Tax Number - OIB: 59794687464, owner, holds 178,629 shares in the Company, which accounts for 59.21% of the shares in the share capital of the Company, and the same number of votes in the Shareholders' Assembly.

The controlling 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 11,968 shares of Ilirija d.d. which accounts for 3.97% of the shares in its share capital.

## 8 OWNERSHIP STRUCTURE OF THE COMPANY AS AT 30/06/2017 AND TRADING IN THE COMPANY'S SHARES AT THE ZAGREB STOCK EXCHANGE

The share capital of the Company is HRK 205,146,480.00 and is divided in 301,686 ordinary shares with nominal value of HRK 680.00.

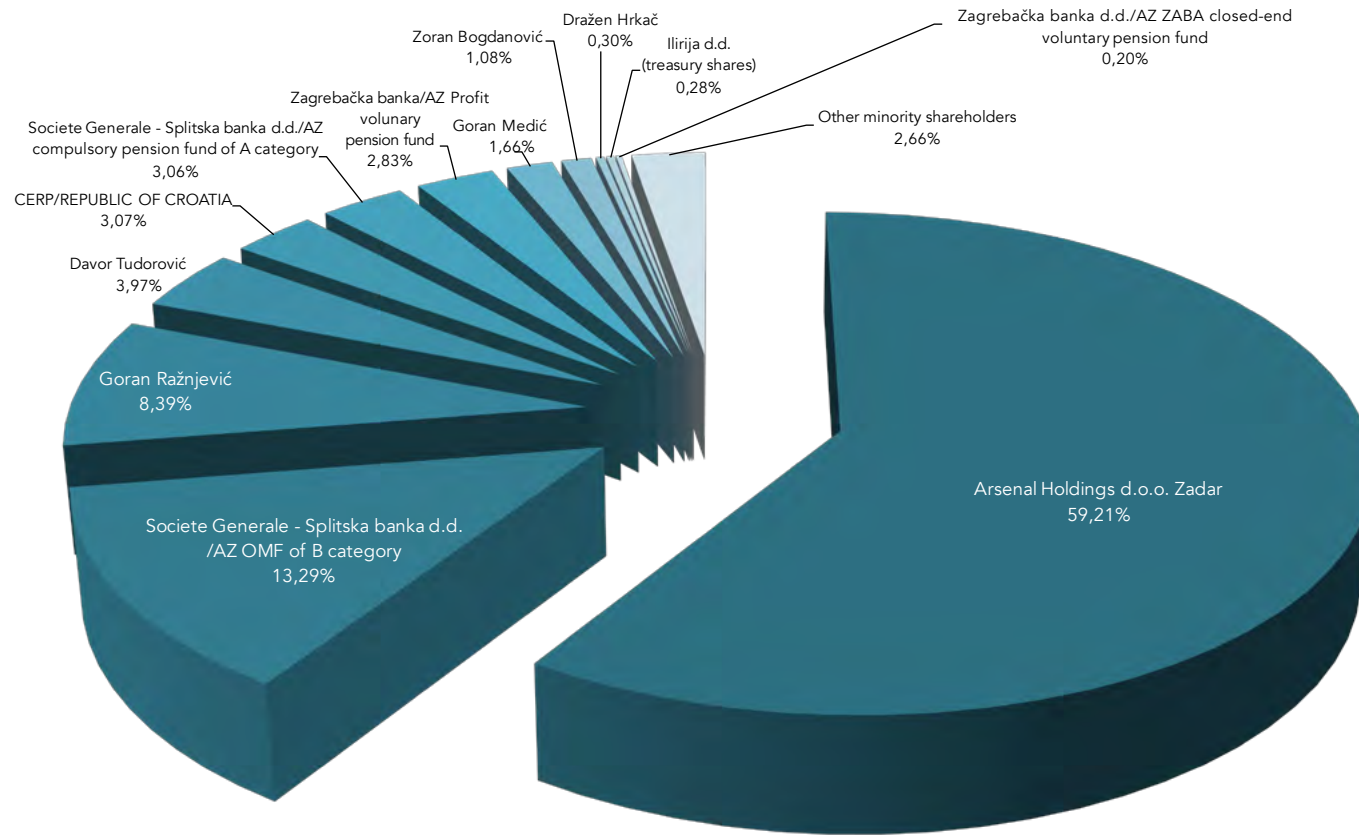
In the first quarter of 2017, there occurred no significant change in the ownership structure, and an overview of the major shareholders as at 30th June 2017 is given in the text below.

Overview of the major shareholders of the Company as at 30th June 2017:

Owners-shareholders	Number of shares	Share in %
Arsenal Holdings d.o.o. Zadar	178.629	59,21
Societe Generale - Splitska banka d.d./AZ OMF of B category	40.088	13,29
Goran Ražnjević	25.317	8,39
Davor Tudorović	11.968	3,97
CERP/REPUBLIC OF CROATIA	9.275	3,07
Societe Generale - Splitska banka d.d./AZ compulsory pension fund of A category	9.245	3,06
Zagrebačka banka/AZ Profit voluntary pension fund	8.525	2,83
Goran Medić	5.000	1,66
Zoran Bogdanović	3.267	1,08
Dražen Hrkač	891	0,30
Ilirija d.d. (treasury shares)	859	0,28
Zagrebačka banka d.d./AZ ZABA closed-end voluntary pension fund	613	0,20
Other minority shareholders	8.009	2,66
<b>TOTAL</b>	<b>301.686</b>	<b>100,00</b>



Ownership structure of the Company as at 30/06/2017



**TRADING IN SHARES OF THE  
COMPANY ON THE CROA-  
TIAN CAPITAL MARKET IN  
THE PERIOD FROM 01/01 -  
30/06/2017**

Amounts in HRK	I-VI 2017	I-VI 2016	% Changes
Total turnover	779.602,53	5.141.057,00	-84,84%
Average share price	1.328,11	1.088,75	21,98%
Average turnover per transaction	15.592,05	59.779,73	-73,92%
Average daily turnover	27.842,95	138.947,49	-79,96%
Last share price	1.325,00	1.100,01	20,45%
Market capitalization	399.733.950,00	301.717.342,86	32,49%

In the first six months of 2017, a total 587 shares were traded in at the Zagreb Stock Exchange, whose total turnover amounted to HRK 779,602.53. The major portion of the turnover in the first semi-annual period of 2017 was realized in the first quarter (HRK 714,640.03 or 91.67%). Compared with the same period of 2016, when it amounted to HRK 5,141,057.00, it decreased by 84.84%. The cause of the decline in turnover in the first semi-annual period of 2017, as compared to the same period of the previous year, should be attributed to the fact that in 2016 a large block transaction was realized which accounted for almost 64% of turnover in that period. The reduction in share turnover in the second quarter of 2017 was in correlation with the overall decline in turnover on the Zagreb Stock Exchange in the segment of shares.

An average share price was realized in the amount of HRK 1,328.11, expressed as the weighted average, which compared to the same period in 2016, when the average share price amounted to HRK 1.088.75 constitutes a rise in price by 21.98%.

The highest single price per share was achieved in the amount of HRK 1,395.00 per share compared to the same period in 2016, when the highest share price amounted to HRK 1.150,00, which is an increase by 21.30%. Also, when comparing the last price of the Company's share, which in the observed period of 2017 amounted to HRK 1,325.00 per share, to the latest share price in the same period of 2016, which amounted to HRK 1,100.01, there is an increase realized by 20.45%.

In the first six months of 2017, the average turnover per transaction amounted to 15,592 with an average daily turnover of HRK 27,842.95.

With a closing price of HRK 1,325.00 for one share as at 30th June, 2017, the Company achieved the market capitalization in the amount of HRK 399,733,950.00, which compared to the same period of the previous fiscal year, when the market capitalization amounted to HRK 301,717,342.86 constitutes a growth by 32.49% or HRK 98,016,607.14. The increase in the amount of market capitalization was partly a consequence of the increase in the share price and partly of the increase in the volume of issued shares of the Company in the second semi-annual period of the

year 2016.

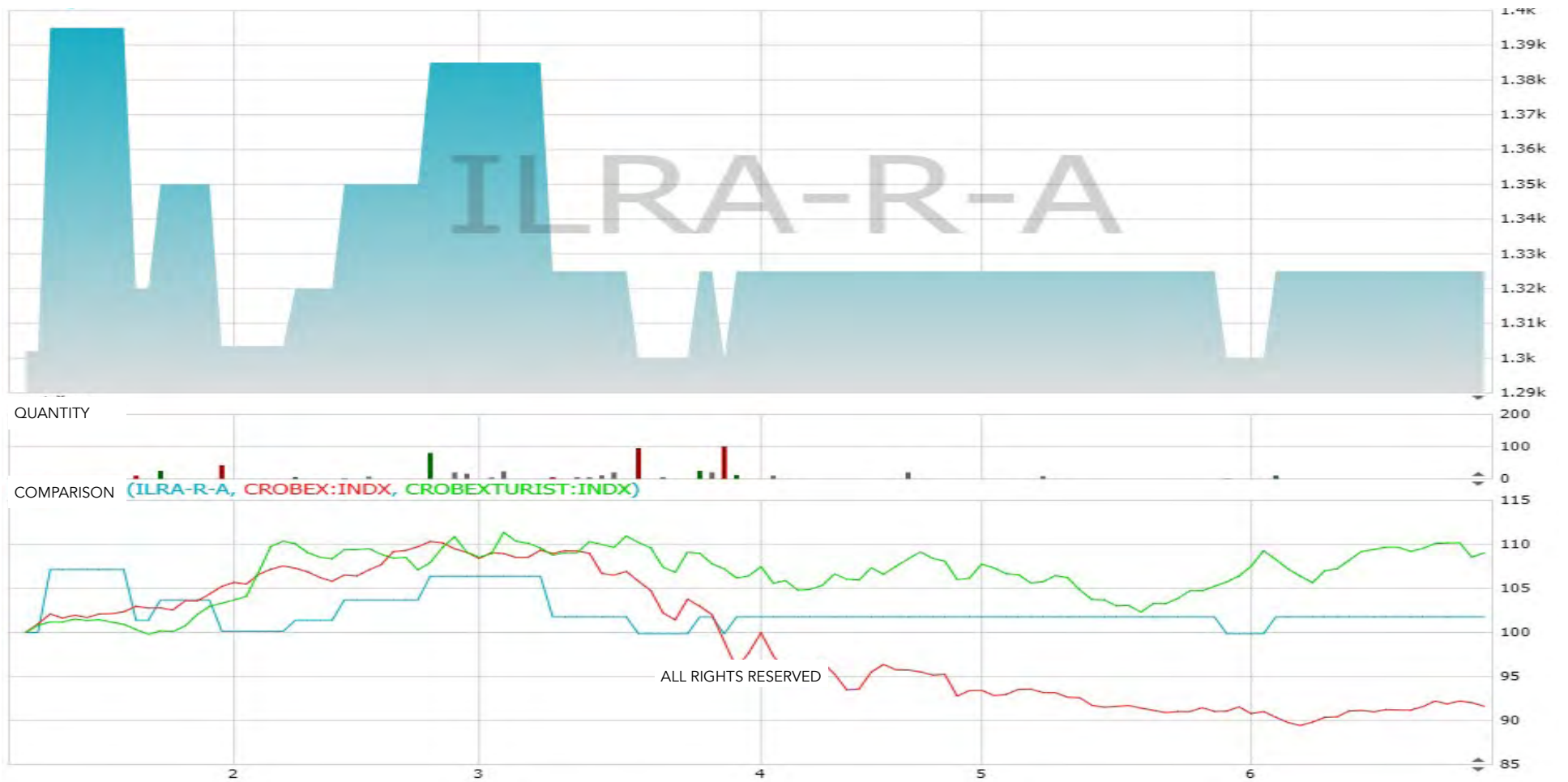
In the reporting period, the Company has not acquired treasury shares and on 30th June 2017 it holds 859 treasury shares, which make for 0.28% of the share in the share capital and the same percentage of votes in the Shareholders' Assembly.

#### The movement of the share price designated as ILRA-R-A and comparison with CROBEX and CROBEX-TURIST indices

By comparing the movement of share price of ILRA-R-A with the CROBEX index, as a relevant indicator of the movement of the most liquid shares on the Zagreb Stock Exchange, it is clear that the Company's shares maintained a stable rate. More specifically, the ILRA-R-A share increased by 1.27% on 30 June 2017 compared to the price of 1st January, 2017, while the CROBEX index value decreased by 6.48% in the same period. The value of the shares of the tourism sector, expressed as CROBEXTURIST index, increased by 13.05% in the same period in spite of the disturbances on the Croatian capital market.

The low volatility and resilience of the share price of ILRA-R-A to the disturbances on the stock market in the Republic of Croatia is the reflection of the stability of the company, its successful growth and development, and disclosed good business results.

The movement of ILRA-R-A share in the first semi-annual period of 2017, with the shown volume of trading and compared with CROBEX and CROBEXTURIST index movement, they are shown in the following graph





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## 9 CAPACITIES OF THE COMPANY

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 Polača (diffuse hotel Ražnjevića dvori AD 1307\*\*\*\*), 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 con-

ference halls and meeting rooms intended for conferences, seminars, presentations, workshops and meetings, there is a number of supporting amenities such as Wellness & beauty center Salvie, Olympic 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 Ilirija Resort classified as a four-star hotel, with a capacity of 165 rooms and 337 beds, and includes a restaurant with 200 seats, a terrace with 70 and aperitif bar with 50 seats. It is located along the coast, close to the old town, surrounded by magnificent nature, sea and pinewood, as well as many amenities.

**HOTEL KORNATI** classified as a four star hotel, with the capacity of 106 rooms and 216 beds, a restaurant with the 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 a three-star hotel, with the capacity of 100 rooms and 210 beds, with a restaurant with the capacity for 230 persons, a terrace for 300 persons and a bar with the capacity for 110 persons. It is located in a pine forest, almost on the beach, and there is Family Aquatic Center next to it, which is ideal for family fun and for a range of attractive summer sea activities.

**HOTEL VILLA DONAT** is located in Sv. Filip i Jakov and consists of Villa with 16 superb and modern rooms, classified as a four star hotel, while the annex is classified as a three star hotel. It 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 and from the tourist season 2017, there is an outdoor swimming pool included in the offer. The hotel is located near the main beach and the town center which reminds of the rich history of this region.

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 outbuildings. 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 and outdoor swimming pool.



## MARINA KORNATI

Nautical sector began to develop in 1976 with the construction of the first nautical marina in Croatia (Hotel port 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 Marina Kornati and Hotel port Kornati, in which the Company has 805 berths on sea and land, which in one day can accept up to 2000 sailors, and by the number of berths, modern technical equipment, quality of service, cleanliness and neatness (Blue Flag) the Marina Kornati is one of the three leading Croatian marinas which annually attracts over 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 and in 2016 it ranked third in the same category.

**ILIRIJA D.D.** is the organizer of the leading boat show in Croatia „BIOGRAD BOAT SHOW" which has been continuously held in Marina Kornati for 18 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 1,130 accommodation units with a total capacity to accommodate up to 3,390 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 258.110 overnight stays in 2016.

### SPORTS FACILITIES:

"*Tenis centar Ilirija*", located in a pinewood Soline near the old city center, covers an area of 48.000 m<sup>2</sup>, 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 ever 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 SHIP “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 Nada Event Ship which adapts to the individual requirements of the clients.

### 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 AD I 307

multi-functional facility, located in the settlement of Polača named after the municipality in this settlement, in the heart of Ravni Kotari, which lies halfway 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.*



## 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 is an ideal venue for holding small conferences and events. In 2016, a total of 73 events were organized in Marina Kornati attended by over 10,573 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 buy-

ing and tasting top quality red and white wines produced from the 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 of the Republic of Croatia. Today, it is classified as a beach hospitality 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.).



## REAL-ESTATE SEGMENT

**COMMERCIAL-SHOPPING CENTER CITY GALLERIA** is located near the old city center of Zadar, one of the two largest shopping centers in Zadar and wider Zadar region, was completed and opened to the public in October 2008 with a total area of more than 28,500 m<sup>2</sup> spread over six floors.

The gross area of the Commercial-shopping center City Galleria consists of associated underground garages with total area of 10,972 m<sup>2</sup>, 10,679.80 m<sup>2</sup> of net leasable area (of which 9,639.30 m<sup>2</sup> relates to the surface area of premises in the Center, and 1,040.50 m<sup>2</sup> to the surface area of the respective terraces of premises), and ancillary rooms and corridors. Current occupancy of Center is 97% of its capacities.

There are following facilities in the Center itself: an underground car garage with over 400 parking spaces on two floors, opened and closed market, supermarket, specialized food and beverage shop, fashion clothing, footwear and sporting equipment shops,

children's shops, restaurants, wellness and beauty center and 6 multiplex movie theaters.

The offer of the Commercial-shopping center City Galleria is conceptually divided by floors, so the ground floor of the center is conceived as a space with a mixed offering of food and services; the first floor is designed as a fashion floor with the supply of clothing, footwear, fashion accessories stores and perfumery/drug store; the second floor is created as a floor for fun and recreation with an offer of restaurants, entertainment and sports services; while the third floor of the Centre is intended for providing services offering a variety of beauty and spa services.

The unique features of the Commercial-shopping center City Galleria have been also recognized at the international level when in 2010 at the award ceremony 'International Property Award', the most prestigious international competition in the real estate business, the Commercial-shopping center City Galleria Zadar received the prestigious five-star award in the category of "Best Retail Development".

The Commercial-shopping center City Galleria distinguishes from the rest of the market because of:

very attractive location within the city's pedestrian zone that provides great visibility of the building, accommodation of the town marketplace with accompanying food facilities in the Centre and offers the first and only multiplex cinema in the city of Zadar.





**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 shows which takes place on the water, brings together all the key representatives of the nautical 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 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, the Open Days grew into Biograd Boat Show. Since 2004, the event has been organized as a autumn boat show which has contributed to an improved boat offer and extension of the tourism 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 shows 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 boat show organizer, but also the Croatian boating industry and tourism.

Today the leading international autumn boat show has grown into the major Croatian boat event. From its early beginnings the boat show 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 subjects, and now long-term exhibitors and partners, we have been developing Biograd Boat Show by listening to their needs, keeping up with trends in the boating and show 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 2016 the show which celebrated eighteen years of its existence, was attended by over 300 registered exhibitors that participated with 300 vessels, while the number of visitors surpassed the figure of 15,000 with over 2000 realized business visits.



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## 10 PHYSICAL OPERATING RESULTS OF THE COMPANY

In accordance with the Business Plan of the Company, the growth of the physical results of business operations was achieved in the first six months of 2017, especially in the hotel and camping sector, which from the beginning of the pre-season has recorded a significant increase in demand for accommodation capacities, with the growth in operating revenues at the same time. In the nautical sector or Marina Kornati, in the first six months, the number of berth contracts (individual and charter vessels) has increased compared to the same period of 2016 with the increase in revenues, which is significant considering the slightly lower fall in physical turnover in the part of transit vessels sailing in and overnight stays of transit vessels, where we expect a greater business activity in the third quarter of the fiscal year. In the destination management company Ilirija Travel the business results are far the best ever with the growth of physical and financial turnover, which represents a complementary offer of the entire Company, focusing on the development of special forms of tourist offer successfully fulfilling one of its fundamental goals - business development in pre-season and post-season i.e. the whole year's business of the tourism and hospitality sector of the Company.

In the third quarter of the fiscal year we expect the continuation of positive trends and further growth at least within the growth rate of tourism turnover at the national level in the hotel sector, nautics, camping and destination management company/DMC Ilirija Travel. In the nautical sector, considering the investments or the completion of the reconstruction of Marina Kornati and significant improvement of the quality of the service in the segment of receiving and accommodating vessels, we expect an increase in turnover in the segment of transit vessels, while in the hotel and camping sector, taking into account the status of sales for the third and fourth quarters of 2017 with the realization of the planned physical and financial turnover, an additional emphasis is placed on the increase in the share of individuals in the overall guest structure.



## HOTEL SECTOR

In the first six months of 2017, the hotel sector recorded some 16,713 guests, which is a rise by 18% compared to the same period of 2016, that with an average stay of 2.63 days realized a total of 44,027 overnight stays, 14% more than in the same period in 2016.

In the structure of realized overnight stays among the top five source markets, there is (1) the Croatian market with a share of 14.2% of overnight stays, which rose by even 37%, followed by (2) the Austrian market with a share of 12.4% which rose by 30%, (3) the German market with 12% share in overnight stays, (4.) the French market which rose by 42% and with a share of 10.4% and (5) South Korea with 9.7% overnight stays and a rise by 2%. Significant growth, apart from the Croatian one, is recorded by the markets where systematic investments were made in target interest groups: the French and Austrian markets, which have recorded a rise by more than 30%, followed by a growth in the Belgian market, and the markets of Great Britain, the Netherlands, Switzerland and Denmark.

According to market segments, a significant rise in the share of the group segment is recorded by 32%, a rise in the share of allotments by 9%, a slight rise in the share of the fixed lease and a decline in the share of individuals due to the rise in the share of the group segment that was booked and agreed upon in advance and which did not negatively affect the physical and financial turnover of the hotel sector in the first six months of 2017, and an unchanged share of individuals is expected in the market structure at an annual level.

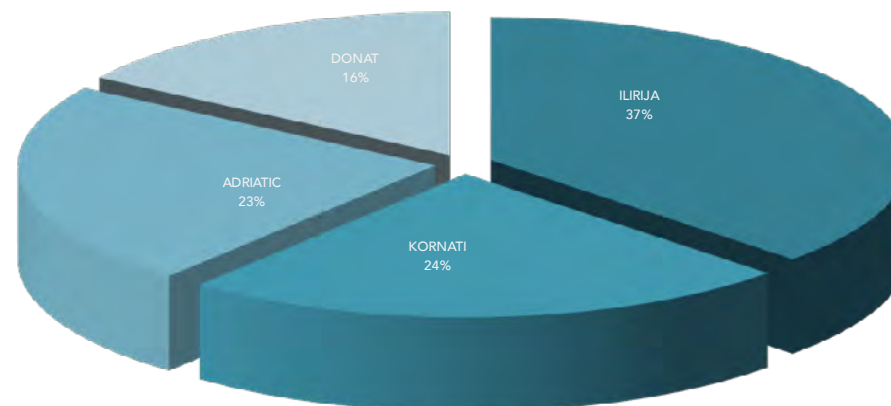
In the observed period, capacity utilization indicators as well as hotel occupancy dates rose significantly, capacity occupancy by 22%, as well as days of occupancy. Better occupancy of hotels is recorded in almost every month from January to June, mostly in June. Given the improved occupancy, the slight decrease in average overnight rates compared to 2016 due to changes in the market structure has not affected the generated revenues, but due to an increased physical volume they have risen by 9% in the board segment or 10% compared to the overall board and extra-board services in the hotel sector.



## Hotel sector capacities

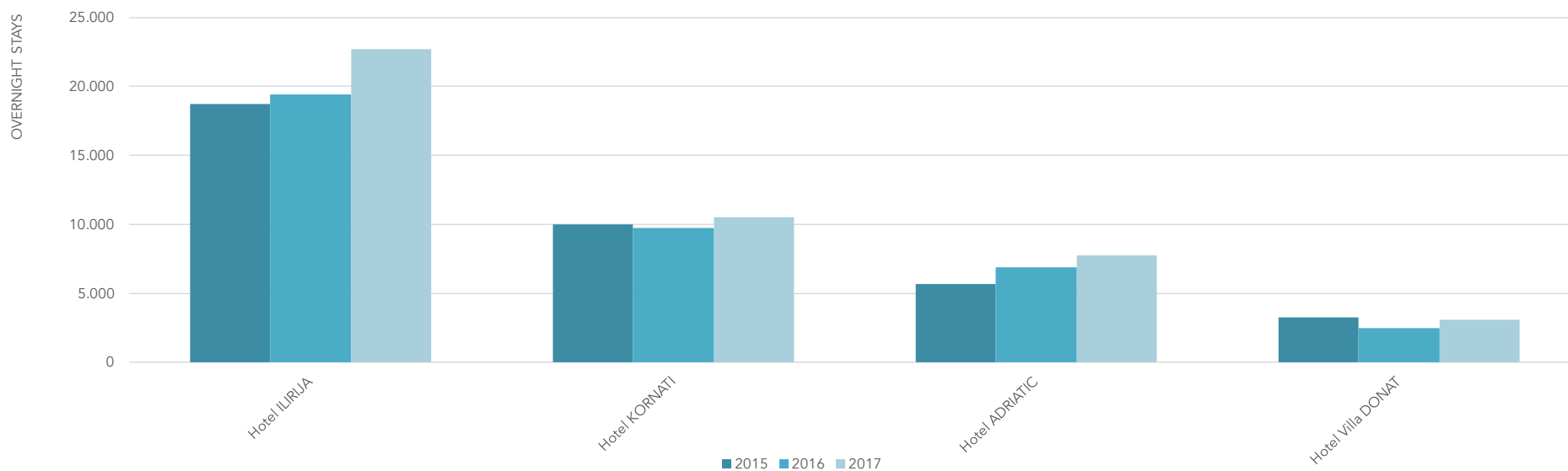
ILIRIJA D.D.	NUMBER OF ROOMS				NUMBER OF BEDS			
	2015	2016	2017	INDEX 2017/2016	2015	2016	2017	INDEX 2017/2016
Hotel ILIRIJA	165	165	165	1,00	337	337	337	1,00
Hotel KORNATI	106	106	106	1,00	216	216	216	1,00
Hotel ADRIATIC	100	100	100	1,00	210	210	210	1,00
Hotel Villa DONAT	72	72	72	1,00	144	144	144	1,00
TOTAL	443	443	443	1,00	907	907	907	1,00

% Share of individual hotel (number of beds)

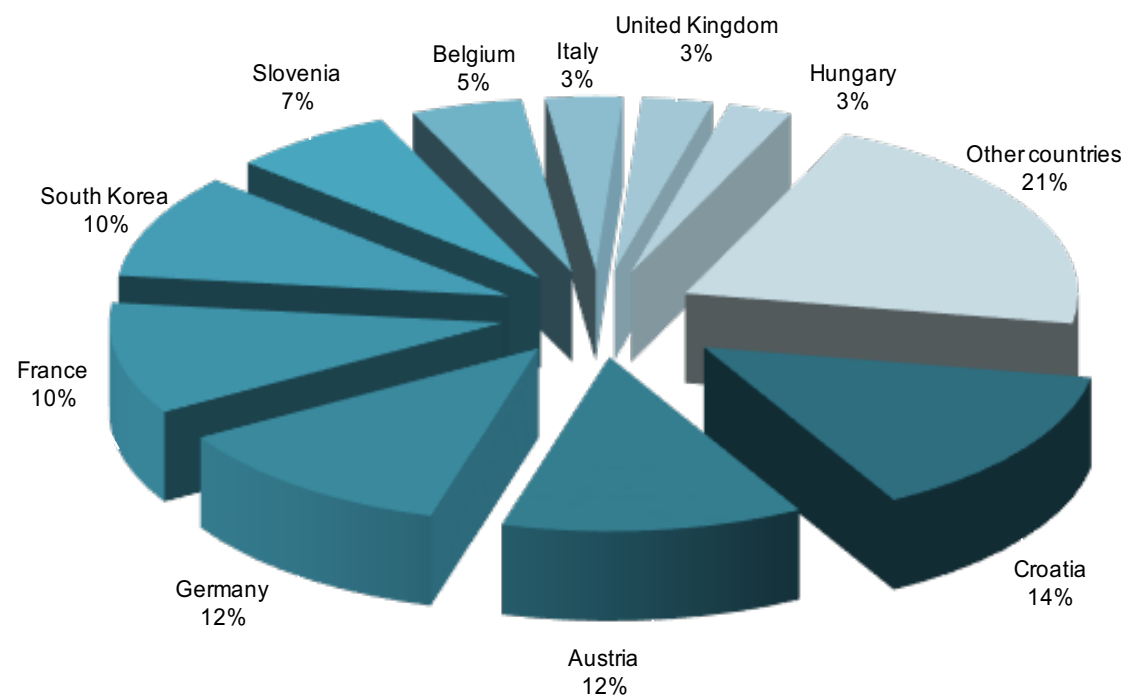


Overview and comparison of realized arrivals and overnight stays from 01/01/2017 to 30/06/2017 with the same period in 2015 and 2016

PROFIT CENTER	HOTEL SECTOR							
	ARRIVALS			INDEX	OVERNIGHT STAYS			INDEX
	2015	2016	2017	2017/2016	2015	2016	2017	2017/2016
Hotel ILIRIJA	8.207	7.191	9.771	136	18.717	19.420	22.760	117
Hotel KORNATI	4.368	4.439	3.980	90	9.970	9.721	10.479	108
Hotel ADRIATIC	1.823	1.962	2.130	109	5.704	6.890	7.746	112
Hotel Villa DONAT	659	589	832	141	3.279	2.479	3.042	123
<b>TOTAL</b>	<b>15.057</b>	<b>14.181</b>	<b>16.713</b>	<b>118</b>	<b>37.670</b>	<b>38.510</b>	<b>44.027</b>	<b>114</b>



Graph of the realized overnight stays by source markets for the period from 01/01/to 30/06/2017



## Occupancy rate for the period from 01/01/2017 to 30/06/2017 and the comparison with the same period in 2016

## Percentage share

MONTH	ILIRIJA					KORNATI					ADRIATIC					DONAT					GRANDTOTAL				
	Total rooms	2016	%	2017	%	Total rooms	2016	%	2017	%	Total rooms	2016	%	2017	%	Total rooms	2016	%	2017	%	Total rooms	2016	%	2017	%
JANUARY (I)	5,115	127	2,48%	290	5,67%	3,286	673	20,48%	289	8,79%	3,100	0	0,00%	120	3,87%	2,232	0	0,00%	0	0,00%	13,733	800	5,83%	699	5,09%
FEBRUARY (II)	4,620	0	0,00%	367	7,94%	2,968	404	13,61%	0	0,00%	2,800	0	0,00%	0	0,00%	2,016	0	0,00%	0	0,00%	12,404	404	3,26%	367	2,96%
MARCH (III)	5,115	968	18,92%	1,389	27,16%	3,286	189	5,75%	105	3,20%	3,100	0	0,00%	0	0,00%	2,232	0	0,00%	0	0,00%	13,733	1,157	8,42%	1,494	10,88%
APRIL (IV)	4,950	2,314	46,75%	3,290	66,46%	3,180	247	7,77%	793	24,94%	3,000	235	7,83%	378	12,60%	2,160	0	0,00%	0	0,00%	13,290	2,796	21,04%	4,461	33,57%
MAY (V)	5,115	3,452	67,49%	3,626	70,89%	3,286	1,573	47,87%	1,999	60,83%	3,100	1,204	38,84%	1,483	47,84%	2,232	162	7,26%	250	11,20%	13,733	6,391	46,54%	7,358	53,58%
JUNE (VI)	4,950	3,413	68,95%	4,227	85,39%	3,180	2,158	67,86%	2,506	78,81%	3,000	2,243	74,77%	2,382	79,40%	2,160	1,080	50,00%	1,376	63,70%	13,290	8,894	66,92%	10,491	78,94%
<b>TOTAL</b>	<b>29.865</b>	<b>10.274</b>	<b>34,40%</b>	<b>13.189</b>	<b>44%</b>	<b>19.186</b>	<b>5.244</b>	<b>27,33%</b>	<b>5.692</b>	<b>29,67%</b>	<b>18.100</b>	<b>3.682</b>	<b>20%</b>	<b>4.363</b>	<b>24,10%</b>	<b>13.032</b>	<b>1.242</b>	<b>10%</b>	<b>1.626</b>	<b>12%</b>	<b>80.183</b>	<b>20.442</b>	<b>25,49%</b>	<b>24.870</b>	<b>31,02%</b>

Occupancy rate for the period from 01/01/2017 to 30/06/2017 and the comparison with the same period in 2016

### Occupancy days

MONTH	ILIRIJA					KORNATI					ADRIATIC					DONAT					GRANDTOTAL				
	Total rooms	2016	days	2017	days	Total rooms	2016	days	2017	days	Total rooms	2016	days	2017	days	Total rooms	2016	days	2017	days	Total rooms	2016	days	2017	days
JANUARY (I)	5.115	127	1	290	2	3.286	673	6	289	3	3.100	0	0	120	1	2.232	0	0	0	0	13.733	800	2	699	2
FEBRUARY (II)	4.620	0	0	367	2	2.968	404	4	0	0	2.800	0	0	0	0	2.016	0	0	0	0	12.404	404	1	367	1
MARCH (III)	5.115	968	6	1.389	8	3.286	189	2	105	1	3.100	0	0	0	0	2.232	0	0	0	0	13.733	1.157	3	1.494	3
APRIL (IV)	4.950	2.314	14	3.290	20	3.180	247	2	793	7	3.000	235	2	378	4	2.160	0	0	0	0	13.290	2.796	6	4.461	10
MAY (V)	5.115	3.452	21	3.626	22	3.286	1.573	15	1.999	19	3.100	1.204	11	1.483	15	2.232	162	2	250	3	13.733	6.391	14	7.358	17
JUNE (VI)	4.950	3.413	21	4.227	26	3.180	2.158	20	2.506	24	3.000	2.243	21	2.382	24	2.160	1.080	15	1.376	19	13.290	8.894	20	10.491	24
TOTAL	29.865	10.274	62	13.189	80	19.186	5.244	49	5.692	54	18.100	3.682	37	4.363	44	13.032	1.242	17	1.626	23	80.183	20.442	46	24.870	56

## Monthly comparison of revenues/overnight stays of Ilirija hotels from 01/01/ to 30/06/2017 and comparison with the same period in 2016

MONTH	GENERATED REVENUES			OVERNIGHT STAYS			AVERAGE PRICE IN HRK		AVERAGE PRICE IN €		
	2016	2017	INDEX	2016	2017	INDEX	2016	2017	2016	2017	INDEX
JANUARY	458.980,79	275.461,90	0,60	1.442	1.243	0,86	318,29	221,61	41,57	29,61	0,71
FEBRUARY	334.933,36	163.173,69	0,49	701	639	0,00	0,00	0,00	0,00	0,00	0,00
MARCH	642.780,24	505.330,20	0,79	2.274	2.212	0,97	282,67	228,45	37,57	30,71	0,82
APRIL	1.480.970,56	2.460.064,91	1,66	4.660	7.645	1,64	317,80	321,79	42,50	43,08	1,01
MAY	3.118.310,35	3.672.406,66	1,18	11.226	12.075	1,08	277,78	304,13	37,10	41,00	1,11
JUNE	6.116.130,92	6.120.858,20	1,00	18.207	20.213	1,11	335,92	302,82	44,71	40,88	0,91
JULY	9.516.904,07	0,00	0,00	30.336	0	0,00	313,72	#DIV/0!	41,95	#DIV/0!	#DIV/0!
AUGUST	10.950.751,87	0,00	0,00	30.663	0	0,00	357,13	#DIV/0!	47,77	#DIV/0!	#DIV/0!
SEPTEMBER	6.454.164,22	0,00	0,00	18.352	0	0,00	351,69	#DIV/0!	46,84	#DIV/0!	#DIV/0!
OCTOBER	2.737.654,91	0,00	0,00	9.074	0	0,00	301,70	0,00	40,25	0,00	0,00
NOVEMBER	545.483,36	0,00	0,00	1.764	0	0,00	309,23	0,00	41,06	0,00	0,00
DECEMBER	1.180.512,13	0,00	0,00	2.772	0	0,00	425,87	0,00	56,35	0,00	0,00
TOTAL	43.537.576,78	13.197.295,56	0,30	131.471	44.027	0,33	331,16	299,75	44,00	40,28	0,92
30/06/2017	12.152.106,22	13.197.295,56	1,09	38.510	44.027	1,14	315,56	299,75	42,15	40,41	0,96

Lavender	2016	2017	INDEX
30/06/	191.248,60	225.365,96	1,18

Aquatic center	2016	2017	INDEX
30/06/	545.628,66	711.886,49	1,30

Tennis center	2016	2017	INDEX
30/06/	126.683,62	154.999,02	1,22

Beach bar	2016	2017	INDEX
30/06/	38.360,83	57.296,16	1,49

TOTAL:	2016	2017	INDEX
30/06/	13.054.027,93	14.346.843,19	1,10

## ILIRIJA TRAVEL

In the reporting period for the first six months of 2017, 383 individual events, special programs, incentives, events, conferences, congresses, weddings, trips, regattas etc. with a total number of over 33,000 guests were realized through the system and organization of DMC Ilirija Travel including other profit centers of Ilirija d.d., which is the backbone of the Company's extension of the season by offering complementary forms of tourism and special interest tourism. The amount of HRK 5,387,009.72 in revenues has been

generated, which is over 50% more than in the same period of 2016, which is the result of Ilirija Travel's new product activity as an integrated product of the Company. The difference in revenues shown in Overview of revenues generated by sectors has been recorded in the hotel industry, camping and nautical sector.

Revenues by activities:

- Revenues from hotel services amount to HRK 13,197,295.56 and have risen by 9% in comparison with the same period in 2016.

- Other revenues from hotel sector including Beach bar Donat, which is a part of the business unit hotel Villa Donat, Sv. Filip i Jakov, were generated in the amount of HRK 1,149,547.63 and are higher by 27% than in the same period in 2016.

- Overall, the revenues of the hotel sector in the first six months of 2017 amount to HRK 14,346,843.19, which is by 10% higher than in the same period of 2016, accounting for 24% of the total operating revenues of the Company for that period.





## NAUTICS

Marina Kornati entered in the tourist or nautical season of 2017 with the completed second phase of reconstruction, i.e. five new piers fully equipped in terms of infrastructure, which enabled the reception of longer and larger vessels as well as the rise of the quality of the service in the segment of accommodating the vessels, resulting in the growth of the total revenues of the nautical sector by 2.38% compared to the same period last year, where the revenues from the accommodation of vessels, including contract vessels and vessels on a daily berth, increased by 3.21% compared to the same period of 2016.

In the first six months of 2017, a total of 692 berth contracts were signed, of which 407 contracts for individual vessels and 285 for vessels in charter, which compared with the same period last year when 684 vessels were contracted constitutes a rise by 1%. For the aforementioned period, the number of berth contracts for charter vessels increased, of which 285 were concluded in the first six months of 2017, while in 2016 some 261 contracts were signed for the same period, which constitutes a rise by 9.20% as a result of the acquisition of a new charter fleet.

During the observed period, a total of 999 transit vessels sailed in with 3,633 overnight stays realized in Marina Kornati, while in the same period in 2016, 1,088 transit vessels sailed in and realized 4,014 overnight stays, with a slight decrease that is a consequence of favorable weather conditions which allowed sailors to stay longer in the sea. In the third quarter of the fiscal year, as the most intensive period of Croatian tourism, we expect the rise in sailing in and overnight stays of transit vessels, or minimally the reaching the indicators from the same period of the last fiscal year.

In the period from 01st January to 30th June 2017, some 1,830 port service operations were carried out (lifting, lowering and washing of vessels), while in the same period in 2016, some 1,981 port service operations were carried out. The reason for the decrease in the number of port service operations in the previous period compared to the same period of the previous fiscal year is the consequence of 50 tons general travel lift service, which as expected affected the decrease in the port service activity both in the number of performed operations and also in the revenue for the observed period.

In the aforementioned period, there were 18 regatta events attended by 8,361 sailors on 478 vessels in

the Marina Kornati. Among the regattas, the international regatta Kornati Cup 2017 is to be especially mentioned, with about 700 sailors from all over Europe on more than 110 vessels and the Business Cup 2017 with 300 sailors and 50 sailing boats mainly from Austria which can be characterized as a kind of open championship of Austria in sailing.

From 19-22 October 2017, the 19th boating fair Biograd Boat Show, the largest Croatian and Central European boating fair at the sea will be held, which according to the current state of sale and booking of the exhibition space, on a gross area of 38,000 m<sup>2</sup> will be attended by 330 contracted exhibitors who will participate with over 330 vessels.

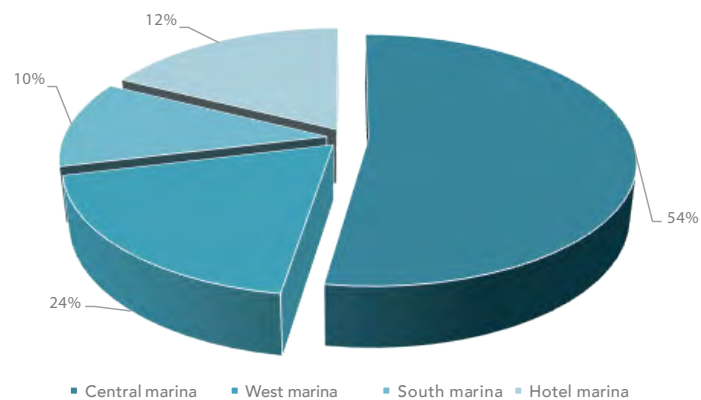
In the organization of this year's fair, significant efforts will be directed towards the further development of its business to business offer called Biograd B2B which will completely replace the Biograd Charter Show, where the business part of the fair will cover the nautical industry as a whole, including, not exclusively charter industry as in the previous two years, which will contribute to the further development of the offer while at the same time raising the quality of the fair itself.



Marina Kornati capacities

	Length of piers / m	Number of berths	Dry berth	Total number of berths
Central marina	923	365	70	435
West marina	262	190	0	190
South marina	180	80	0	80
Hotel marina	450	100	0	100
<b>TOTAL</b>	<b>1.815</b>	<b>735</b>	<b>70</b>	<b>805</b>

% Share of individual marina (number of berths)



Cumulative overview of physical turnover of Marina Kornati during the period from 01/01/2017-30/06/2017 and comparison with the same period in 2016

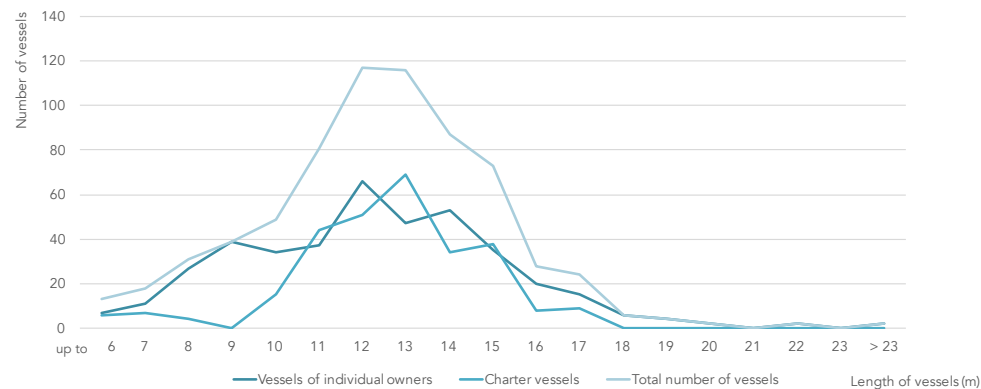
Physical turnover items		2017 BY MONTH											
Name of position	Measurment unit	1	2	3	4	5	6	7	8	9	10	11	12
Contract-based berth - individual	Contracted vessel	91	258	317	369	390	407						
Contract-based berth - charter	Contracted vessel	1	14	74	261	280	285						
<b>TOTAL Contract- based berth</b>	<b>Contracted vessel</b>	<b>92</b>	<b>272</b>	<b>391</b>	<b>630</b>	<b>670</b>	<b>692</b>						
Transit berth-sailing in port	Sailing in port	1	6	28	176	521	999						
Transit berth-overnight stay of vessel	Boat/day	184	390	604	1.365	2.366	3.633						
Transit berth-overnight stay of vessel crew	Overnight stay of a person												
Port service	Operation	87	312	686	1.055	1.487	1.830						

Physical turnover items		2016 BY MONTH											
Name of position	Measurment unit	1	2	3	4	5	6	7	8	9	10	11	12
Contract-based berth - individual	Contracted vessel	118	283	352	373	406	423						
Contract-based berth - charter	Contracted vessel	2	3	19	245	255	261						
<b>TOTAL Contract- based berth</b>	<b>Contracted vessel</b>	<b>120</b>	<b>286</b>	<b>371</b>	<b>618</b>	<b>661</b>	<b>684</b>						
Transit berth-sailing in port	Sailing in port	5	13	42	171	578	1.088						
Transit berth-overnight stay of vessel	Boat/day	200	418	805	1.560	2.722	4.014						
Transit berth-overnight stay of vessel crew	Overnight stay of a person												
Port service	Operation	95	300	605	1.033	1.503	1.981						

Vessels on berth contract in the period from 01/01/2017-30/06/2017 and comparison with the same period in 2016

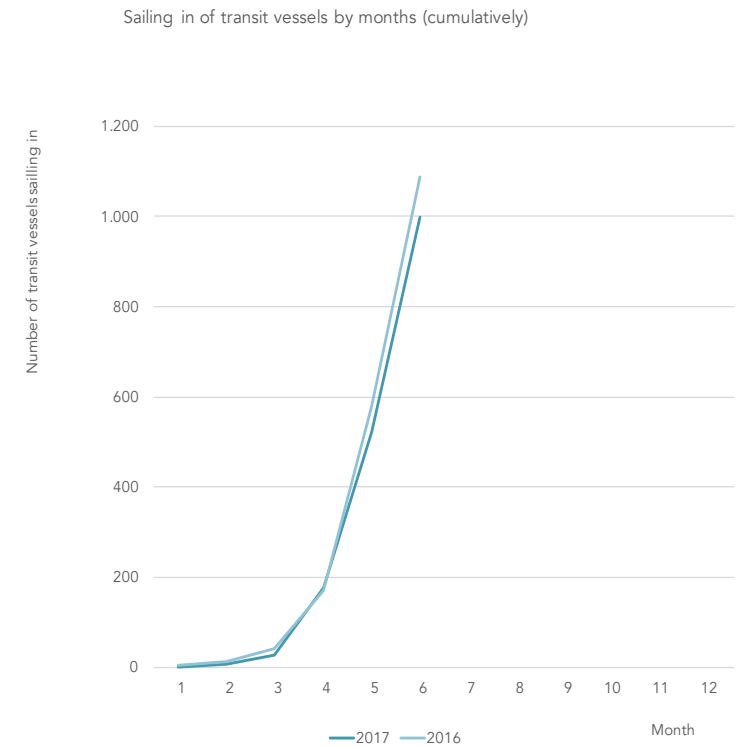
Purpose	Type of berth	Position of berth	01/01-30/06	% Total	01/01-30/06	% Total	Index
			2017	Vessels	2016	Vessels	
Vessels of individual owners	Annual berth in the sea	Central aquatorium	286	41,33	295	43,13	97
		South aquatorium	48	6,94	59	8,63	81
		Western aquatorium	2	0,29	3	0,44	67
	Annual berth on the land	Hotel port	38	5,49	37	5,41	103
		Marina land	2	0,29	4	0,58	50
	Sesonal berth in the sea	Marina aquatorium	20	2,89	14	2,05	143
		Hotel port	11	1,59	11	1,61	100
Total individual vessels:			407	58,82	423	61,84	96
Charter vessels	Annual berth in the sea	Central aquatorium	78	11,27	59	8,63	132
		South aquatorium	0	0,00	0	0,00	#DIV/0!
		Western aquatorium	193	27,89	188	27,49	103
		Hotel port	14	2,02	14	2,05	100
	Total charter vessels:			285	41,18	261	38,16
Total vessels 2017:			692	100	684	100	101

Vessels on berth contract 01/01 - 30/06/2017



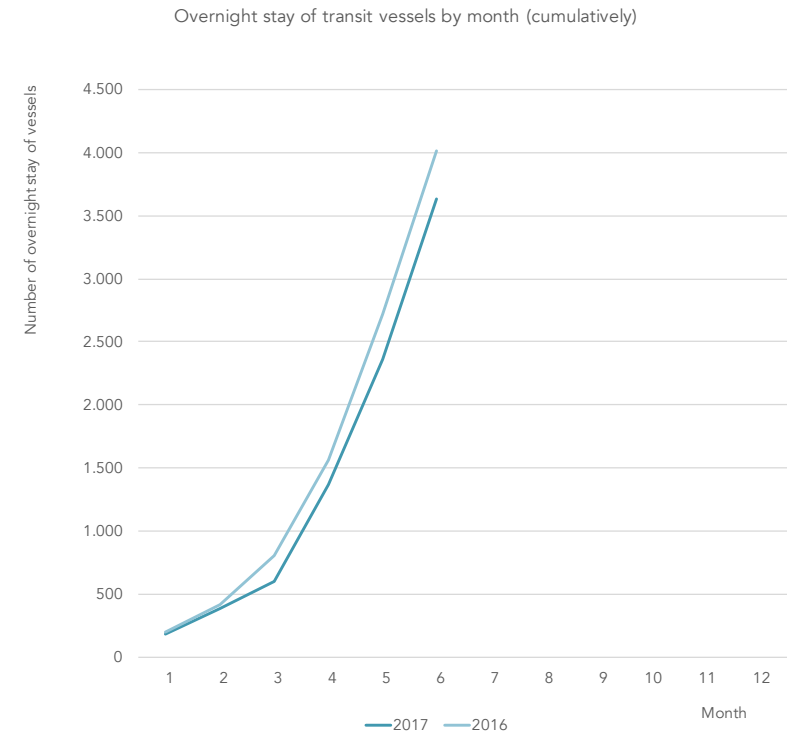
Transit berth – inbound vessels in the period from 01/01/2017-30/06/2017 and comparison with the same period in 2016

2017	Individually monthly			Cumulatively monthly		
	2017	2016	INDEX	2017	2016	INDEX
Month	2017/2016			2017/2016		
1	1	5	20	1	5	20
2	5	8	63	6	13	46
3	22	29	76	28	42	67
4	148	129	115	176	171	103
5	345	407	85	521	578	90
6	478	510	94	999	1.088	92
7						
8						
9						
10						
11						
12						
<b>Total 2017</b>	<b>999</b>					
<b>Total 2016</b>		<b>1.088</b>				
<b>Index 2017/2016</b>		<b>92</b>				



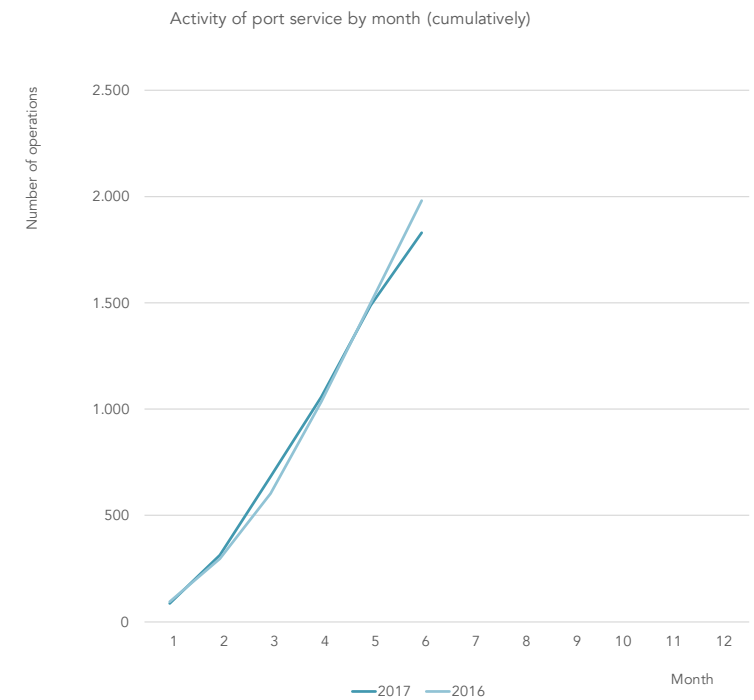
Transit berth – overnight stay of vessels in the period from 01/01/2017-30/06/2017 and comparison with the same period in 2016

2017	Individually monthly			Cumulatively monthly		
	2017	2016	INDEX	2017	2016	INDEX
Month	2017/2016			2017/2016		
1	184	200	92	184	200	92
2	206	218	94	390	418	93
3	214	387	55	604	805	75
4	761	755	101	1.365	1.560	88
5	1.001	1.162	86	2.366	2.722	87
6	1.267	1.292	98	3.633	4.014	91
7						
8						
9						
10						
11						
12						
<b>Total 2017</b>	<b>3.633</b>					
<b>Total 2016</b>	<b>4.014</b>					
<b>Index 2017/2016</b>	<b>91</b>					



Activities of port repair services in the period from 01/01/2017-30/06/2017 and comparison with the same period in 2016

2017	Individually monthly			Cumulatively monthly		
	2017	2016	INDEX	2017	2016	INDEX
Month	2017/2016			2017/2016		
1	87	95	92	87	95	92
2	225	205	110	312	300	104
3	374	305	123	686	605	113
4	369	428	86	1.055	1.033	102
5	432	470	92	1.487	1.503	99
6	343	478	72	1.830	1.981	92
7						
8						
9						
10						
11						
12						
<b>Total 2017</b>	<b>1.830</b>					
<b>Total 2016</b>		<b>1.981</b>				
<b>Index 2017/2016</b>			<b>92</b>			





### Revenues generated by Marina Kornati in the period from 01/01/2017-30/06/2017 individually by months and comparison with the same period in 2016

REVENUES OF MARINA KORNATI 2017 SEPARATE BY MONTHS																	
Revenue positions		Months 2017												2017	2016	Index	
		1	2	3	4	5	6	7	8	9	10	11	12				Cumulat.
I	Daily berth	23.610,83	12.299,16	41.735,58	232.742,19	312.982,77	360.688,97								984.059,50	994.065,89	98,99
II	Contracted berth with accessories	3.342.389,48	6.205.212,33	2.847.500,90	6.099.342,08	1.583.516,10	739.388,11								20.817.349,00	20.130.833,80	103,41
III	Port service	80.388,17	240.034,82	380.894,90	363.057,82	420.735,08	236.988,10								1.722.098,89	1.948.186,20	88,39
IV	Vehicle parking	2.104,00	8.268,00	8.616,00	123.316,00	215.027,22	278.789,38								636.120,60	583.055,77	109,10
V	Other services	3.206,75	27.151,95	60.745,47	80.819,81	56.063,78	67.161,09								295.148,85	272.912,50	108,15
VI	Business cooperation				1.102.318,61		3.698,85								1.106.017,46	1.088.672,25	101,59
VII	Boat fair and events			7.006,00	21.458,27	10.500,00	13.250,00								52.214,27		#DIV/0!
	<b>TOTAL</b>	<b>3.451.699,23</b>	<b>6.492.966,26</b>	<b>3.346.498,85</b>	<b>8.023.054,78</b>	<b>2.598.824,95</b>	<b>1.699.964,50</b>								<b>25.613.008,57</b>	<b>25.017.726,41</b>	<b>102,38</b>

REVENUES OF MARINA KORNATI 2016 SEPARATE BY MONTHS																	
Revenue positions		Months 2016												2016	2015	Index	
		1	2	3	4	5	6	7	8	9	10	11	12				Cumulat.
I	Daily berth	72.419,73	52.067,14	80.926,66	135.568,41	280.823,25	372.260,70								994.065,89	963.980,00	103,12
II	Contracted berth with accessories	4.388.718,59	5.622.732,98	2.455.402,03	4.067.008,43	2.811.078,55	785.893,22								20.130.833,80	19.794.711,00	101,70
III	Port service	117.792,79	231.835,20	311.397,46	454.034,96	411.645,43	421.480,36								1.948.186,20	1.961.951,00	99,30
IV	Vehicle parking	1.472,00	4.833,33	22.264,00	112.396,80	210.145,44	231.944,20								583.055,77	591.121,00	98,64
V	Other services	4.351,98	58.839,32	23.154,92	71.150,66	64.592,60	50.823,02								272.912,50	299.888,00	91,00
VI	Business cooperation				1.082.858,93	4.500,00	1.313,32								1.088.672,25	1.104.045,00	98,61
VII	Boat fair and events															1.481.292,00	
	<b>TOTAL</b>	<b>4.584.755,09</b>	<b>5.970.307,97</b>	<b>2.893.145,07</b>	<b>5.923.018,19</b>	<b>3.782.785,27</b>	<b>1.863.714,82</b>								<b>25.017.726,41</b>	<b>26.196.988,00</b>	<b>95,50</b>



## CAMPING

In the first six months of 2017, some 10,256 arrivals were realized in the camping sector, which constitutes a rise by 23.86% compared to the same period last year. On the one hand, this increase can be attributed to carefully planned investment and marketing investments, and, on the other hand, to a more favorable schedule of holidays in the pre-season compared to the last year, which led to massive tourist movements from the most significant camping market in Germany, which was later linked to holidays in Slovenia and Croatia. Accordingly, the increased number of arrivals has resulted in an increase in the number of overnight stays by 23.69% compared to the same period in 2016.

All four segments of the campsite business (allotments, lump sum guests, individuals and mobile homes) are experiencing growth in arrivals and overnight stays. The market segment allotment recorded a growth in overnight stays by 21.36% and arrivals by 18.82%, and as a result of this relationship, the rise in average days of stay has been recorded from 6.98 to 7.13 days. The market segment lump-sum reached 24.71% in arrivals and 36.69% in overnight stays com-

pared to the first six months of 2016. This increase was largely due to the increase in leased flat rentals and a good schedule of holidays in June (the markets of Slovenia and Croatia make for the largest share of guests lump sums). The market segment of individuals rose by 17.66% in arrivals and 9.87% in overnight stays. The mobile homes as a segment in the first six months this year saw a rise by 36.81% in arrivals and 30.54% in overnight stays compared to the observed period in 2016. The largest share of this increase occurred in June from the Slovenian and German markets.

The camping sector has seen the rise in physical turnover and revenue item, where the contracted and realized revenues amount to HRK 10,293,364.15 which is an increase by 6% compared to the same period last year, with the rise in revenues from the agencies by 11% as a result of an increase in the number of leased camping pitches and lump sum guests with a rise in contracted revenues by 7%, which is a result of a higher number of leased lump sum pitches compared to the last year, of which the major portion of the lump sum-based rent relates to the mobile homes that bring higher revenues. Revenues from mobile homes record a rise by 49% and revenues from individuals have risen by 14% compared to the same

period of the previous fiscal year due to the carefully planned investment and marketing investments, as well as a more favorable schedule of holidays in the pre-season of 2017.

Also, at the Croatian level, the camping sector records a rise by 24% in the number of overnight stays in the camping sector in the first 6 months, so that the camp Park Soline with a rise by 24% in overnight stays remains at the level of the entire sector.

As the number of arrivals is almost equal to the increase in the number of overnight stays, the total number of days of stay has minimally changed from 6.01 to 6.00 days for the first six months of 2017. The greatest increase in the days of stay was achieved in the market segments of allotment and lump sum.

In the structure of realized overnight stays, the top five source markets are (1) the Czech market with a share of 28% overnight stays, (2) the Slovenian market with a share of 24% overnight stays, (3) the German market with a share of 14% overnight stays, (4) the Croatian market with a share of 9% overnight stays and (5) the Dutch market with a share of 4% overnight stays. In the business segment of mobile homes, the largest increase was recorded by the guests from

the Croatian market (117.26%), the Dutch market (77.33%) and the German market (22.18%) compared to the year 2016. At the same time, in the business segments of camping units, the highest increase is recorded by the guests from the German market (15.39%) and Slovenian market (10.07%).

The agencies with a share of 36% dominate in the structure of overnight stays according to market segments, where the guests in mobile homes achieve

a share of 25% overnight stays, that compared to the same period last year grew by 30.54 % as a result of focussing the marketing and sales activities on the target and more lucrative Western European source markets, whose guests seek a greater quality of the camping accommodation, which is a good indicator for the rest of the season.

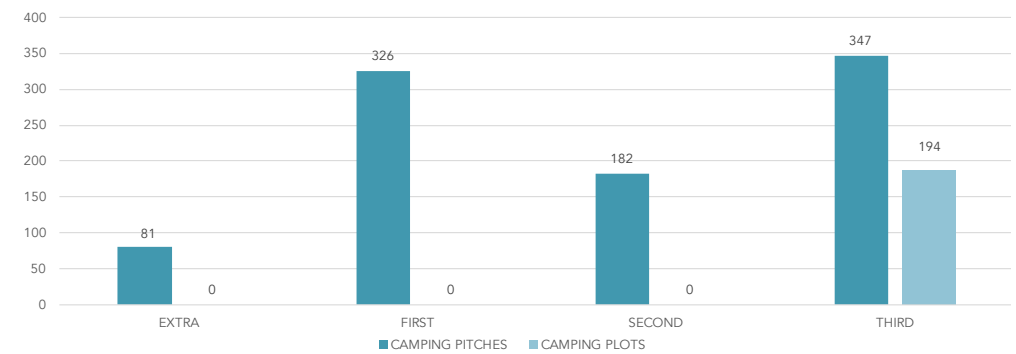
The increase in overnight stays, arrivals and revenues for the first six months of 2017 is the result of inve-

stments in new mobile homes, quality of camping facilities and services, price optimization, marketing activities and strategically planned investments in key sales channels, and intensive early booking from the end 2016, and are a good indicator for the continuation of the season and the achievement of planned business results and goals set for the year 2017.



### Capacities of the Camp "Park Soline"

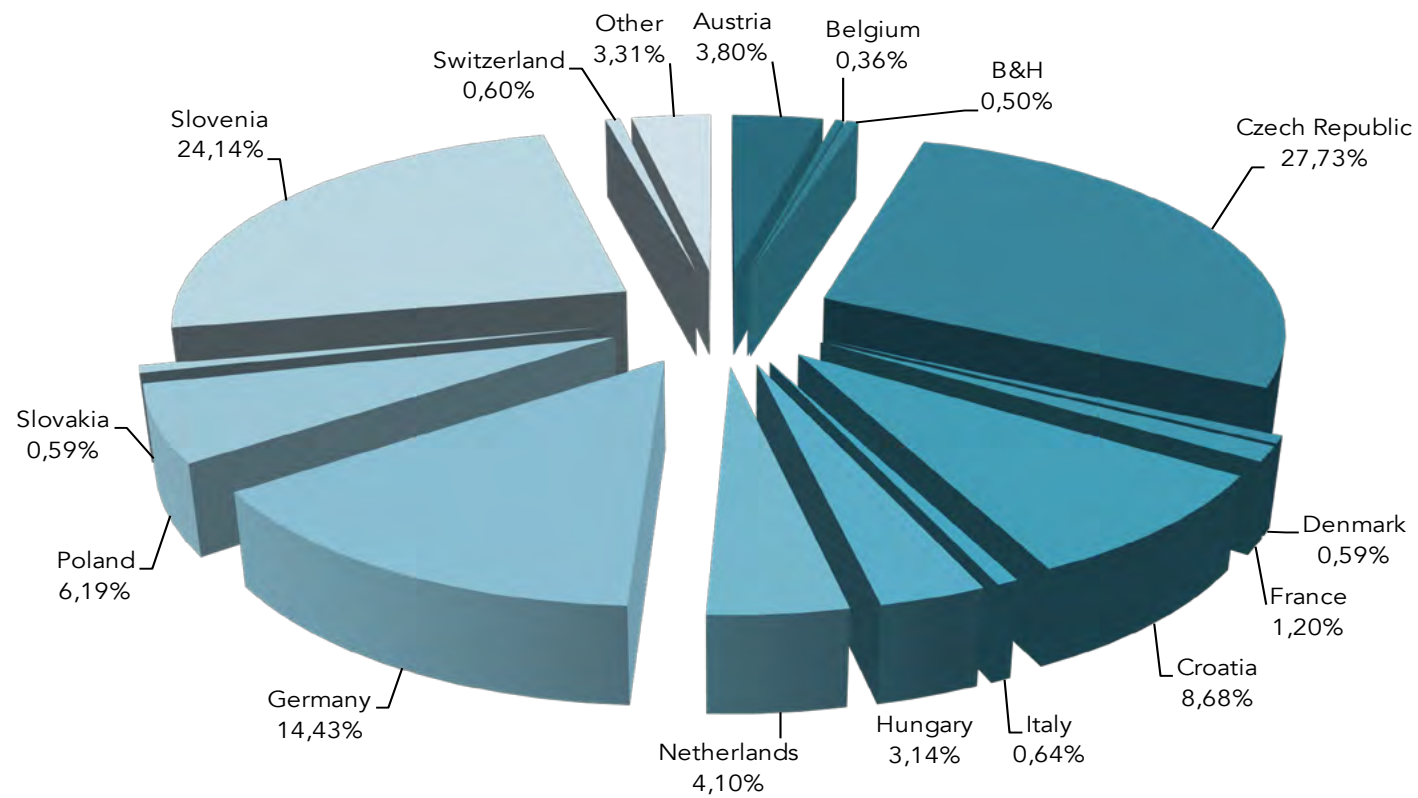
		2013	2014	2015	2016	2017
I	<b>EXTRA ZONE</b>					
	CAMPING PITCHES	80	80	81	81	81
	CAMPING PLOTS	0	0	0	0	0
	TOTAL	80	80	81	81	81
II	<b>FIRST ZONE</b>					
	CAMPING PITCHES	336	345	326	326	326
	CAMPING PLOTS	0	0	0	0	0
	TOTAL	336	345	326	326	326
III	<b>SECOND ZONE</b>					
	CAMPING PITCHES	168	168	182	182	182
	CAMPING PLOTS	0	0	0	0	0
	TOTAL	168	168	182	182	182
IV.	<b>THIRD ZONE</b>					
	CAMPING PITCHES	342	342	347	347	347
	CAMPING PLOTS	130	188	187	194	194
	TOTAL	472	530	534	541	541
Σ	<b>GRANDTOTAL</b>					
	CAMPING PITCHES	926	935	936	936	936
	CAMPING PLOTS	130	188	187	194	194
	<b>GRANDTOTAL</b>	1056	1123	1123	1130	1130



Arrivals, overnight stays per source markets and average days of stay from 01/01/2017-30/06/2017 and comparison with the same period in 2016

COUNTRY	2017		2016		INDEX 17/16		AVERAGE DAYS OF STAY	
	Arrivals	Overnight stays	Arrivals	Overnight stays	Arrivals	Overnight stays	2017	2016
Austria	401	2.342	412	2.316	97,33	101,12	5,84	5,62
Belgium	53	224	48	269	110,42	83,27	4,23	5,60
B&H	94	311	89	272	105,62	114,34	3,31	3,06
Czech Rep	2.437	17.057	2.009	13.597	121,30	125,45	7,00	6,77
Denmark	77	365	76	404	101,32	90,35	4,74	5,32
France	141	739	83	304	169,88	243,09	5,24	3,66
Croatia	1.069	5.340	528	3.439	202,46	155,28	5,00	6,51
Italy	88	397	106	665	83,02	59,70	4,51	6,27
Hungary	322	1.934	284	1.342	113,38	144,11	6,01	4,73
Netherlands	365	2.500	351	2.119	103,99	117,98	6,85	6,04
Germany	1.364	8.878	1.070	7.043	127,48	126,05	6,51	6,58
Poland	517	3.808	488	3.129	105,94	121,70	7,37	6,41
Slovakia	75	368	56	330	133,93	111,52	4,91	5,89
Slovenia	2.768	14.852	2.382	12.361	116,20	120,15	5,37	5,19
Switzerland	100	363	48	134	208,33	270,90	3,63	2,79
Other	385	2.038	250	2.010	154,00	101,39	5,29	8,04
<b>TOTAL</b>	<b>10.256</b>	<b>61.516</b>	<b>8.280</b>	<b>49.734</b>	<b>123,86</b>	<b>123,69</b>	<b>6,00</b>	<b>6,01</b>

## Overnight stays per source markets until 30/06/2017



## Cumulative overview of daily and monthly occupancy of accommodation units of the camp "Park Soline" from 21/04/2017-30/06/2017

MONTH	APRIL				MAY				JUNE				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 ACCOMODATING UNITS	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY
MONBILE HOMES ILIRIJA	1.500	347	23,13%	2,31	4.650	918	19,74%	6,12	4.500	3.123	69,40%	20,82	150	10.650	4.388	41,20%	29,25
AGENCIES	2.460	2.460	100,00%	10,00	7.626	7.626	100,00%	31,00	7.380	7.380	100,00%	30,00	246	17.466	17.466	100,00%	71,00
LUMP SUM	1.820	1.820	100,00%	10,00	5.642	5.642	100,00%	31,00	5.460	5.460	100,00%	30,00	182	12.922	12.922	100,00%	71,00
INDIVIDUALS PITCHES STANDARD MARE, COMFORT AND STANDARD	3.960	185	4,67%	0,47	12.276	848	6,91%	2,14	11.880	3.775	31,78%	9,53	396	28.116	4.808	17,10%	12,14
INDIVIDUALS CAMPING PLACE STANDARD	1.560	0	0,00%	0,00	4.836	0	0,00%	0,00	4.680	76	1,62%	0,49	156	11.076	76	0,69%	0,49
INDIVIDUALS TOTAL	5.520	185	3,37%	0,34	17.112	848	4,96%	1,54	16.560	3.851	23,25%	6,98	552	39.192	4.884	12,46%	8,85
<b>TOTAL</b>	<b>11.300</b>	<b>4.812</b>	<b>42,58%</b>	<b>4,26</b>	<b>35.030</b>	<b>15.034</b>	<b>42,92%</b>	<b>13,30</b>	<b>33.900</b>	<b>19.814</b>	<b>58,45%</b>	<b>17,53</b>	<b>1130</b>	<b>80.230</b>	<b>39.660</b>	<b>49,43%</b>	<b>35,10</b>



## Revenues of the camp in the period from 01/01/2017 to 30/06/2017 and comparison with the same period in 2016

SEGMENT		2016					2017			INDEX	
		REALIZED IN 2016			CONTRACTED TILL 30/06/2016		CONTRACTED TILL 30/06/2017			2017/2016	
		NUMBER OF PITCHES	OVERNIGHT STAYS	REVENUES	REALIZED OVERNIGHT STAYS	REVENUES	NUMBER OF PITCHES	REALIZED OVERNIGHT STAYS	CONTRACTED REVENUE	OVERNIGHT STAYS	REVENUES
1	MOBILE HOMES ILIRIJA	135	54.712	8.931.726,76 kn	11.811	1.016.928,73 kn	150	15.418	1.512.089,79 kn	131	149
2	AGENCIES	213	81.467	3.965.195,24 kn	18.280	3.951.539,64 kn	246	22.185	4.400.088,00 kn	121	111
3	INDIVIDUALS	610	81.529	7.211.770,32 kn	10.952	515.815,36 kn	552	12.033	588.224,48 kn	110	114
4	LUMP SUM	172	40.402	3.045.447,42 kn	8.691	3.098.104,87 kn	182	11.880	3.327.811,22 kn	137	107
5	OTHER SERVICES	-	-	1.658.520,76 kn	-	1.096.392,34 kn	0	0	465.150,66 kn	#VALUE!	42
<b>TOTAL:</b>		<b>1130</b>	<b>258.110</b>	<b>24.812.660,50 kn</b>	<b>49.734</b>	<b>9.678.780,94 kn</b>	<b>1130</b>	<b>61.516</b>	<b>10.293.364,15 kn</b>	<b>124</b>	<b>106</b>

## COMMERCIAL-SHOPPING CENTER CITY GALLERIA

It is located in a highly residential area, only 10 minutes walking distance from the city center and bus and railway stations, the Commercial-shopping center City Galleria is easily accessible for a large number of residents of the city of Zadar and county, as well as for foreign visitors.

The center offers a wide variety of facilities including an open and closed market with fresh local food, fish market, specialized food and beverage store, supermarket, fashion clothing store, footwear and sports equipment store, service activities, sports facilities, numerous hospitality facilities, and the first and the only multiplex cinema in the city with 6 halls. On the levels -2 and -1 in the center there is an underground garage with more than 400 parking spaces, which is opened to visitors 24 hours a day. Thanks to the unique architectural concept and the diverse offer of the content, the City Galleria Center has become a place where the citizens' everyday life takes place.

The City Galleria's operational results, the occupancy of business premises, and the interest of potential lessees in the business cooperation is continuously seeing the growth. The average occupancy of the center for the first six months of 2017 was 96.25% of all capacities or 33 premises lease contracts ranging from 20m<sup>2</sup> to over 1,836m<sup>2</sup>, including the present lessees, all of whom with their brands and services are the international market leaders such as Müller stores, Blitz CineStar cinema, SPAR Croatia, Gym-s4You, CCC shoes&bags and Zagrebačka banka. We can also mention other international and domestic renowned brands such as Timberland, Shooster, Adidas, Nike&Converse, Ghetaldus, Farmacia and others. The added value and distinctiveness of the center lies in the open city marketplace, located on the outdoor covered market square, the indoor market and fish market, whereby the Commercial-shopping center City Galleria has established itself as a place where visitors can meet most of their daily needs and as such represent a departure from the contents of classic shopping centers and enables the Commercial-shopping center City Galleria to be distinguished among the others and offer different incentives to visitors for frequent arrivals and spending their spare time.

Continuous efforts are being made to improve and advance the offer of the center in order to create an attractive and diverse offer or strengthen its overall market recognition and positioning within the Zadar Region. As a result, the Company cooperates with the existing lessees in the center to increase its business volume and raise the quality of the service and is working with them on the active policy of bringing new lessees, especially those that are not yet present in the Zadar County area, making the offer of the Center more competitive.

The usage of the underground garage by customers of the Center is also rising, and for the first six months of 2017 this figure is 294,686 vehicles, which constitutes a rise by 12.39% which is an indicator of increased interest of visitors in the offer of the Center.

In accordance with available data on the business results achieved by the existing lessees, there is also a continuous noticeable increase in turnover in the business premises in the center, compared to the first half of 2016, which is in line with other parameters of increased visit and interest by visitors in the accessible contents. In response to increased visit,

the working hours of the center have also changed, and as of 01st April this year the working hours have been extended by one hour, making the majority of the offer available in the center from 08:00 until 21:00.

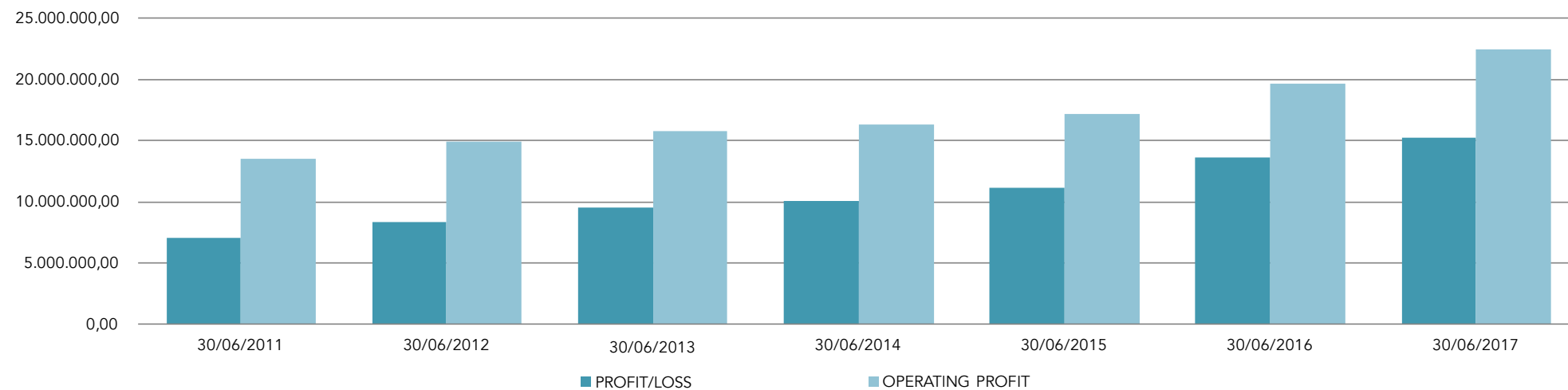
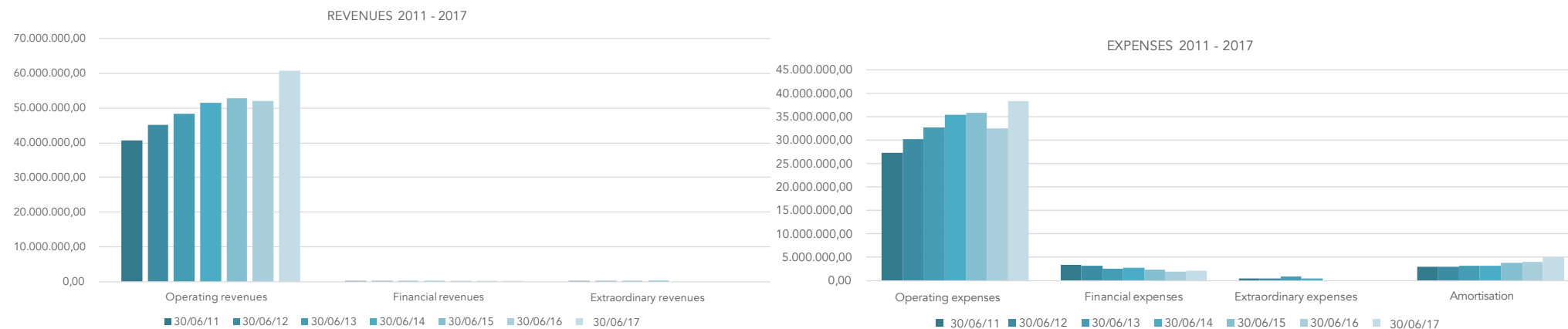
The revenues of the Commercial-shopping center City Galleria for the first semi-annual period of 2017 amount to HRK 5,236,119.03 and in the third and fourth quarter of the fiscal year of 2017, we expect a further increase in revenues that should come from both the expected new lease agreements and the existing agreements that define a rise in rental fees over the time.



## I I FINANCIAL OPERATING RESULTS OF THE COMPANY

Overview of financial operating results during the period from 01st January 2017 to 30th June 2017 and comparison with the same period from 2011 to 2017

DESCRIPTION	30/06/2011	30/06/2012	30/06/2013	30/06/2014	30/06/2015	30/06/2016	30/06/2017	Index 2017/2016
Operating revenues	40.732.863,50	45.197.378,61	48.429.440,48	51.595.070,54	52.895.311,21	52.119.553,90	60.835.505,20	116,72
Financial revenues	66.810,15	64.316,74	180.683,05	51.457,30	48.367,93	59.307,67	46.580,99	78,54
Extraordinary revenues	178.650,93	181.542,01	38.325,32	344.066,81	0,00	0,00	0,00	#DIV/0!
<b>TOTAL REVENUES</b>	<b>40.978.324,58</b>	<b>45.443.237,36</b>	<b>48.648.448,85</b>	<b>51.990.594,65</b>	<b>52.943.679,14</b>	<b>52.178.861,57</b>	<b>60.882.086,19</b>	<b>116,68</b>
Operating expenses	27.220.671,00	30.310.988,79	32.672.232,34	35.328.010,53	35.780.726,91	32.459.221,51	38.421.030,46	118,37
Financial expenses	3.307.253,29	3.242.563,15	2.519.206,48	2.879.690,51	2.323.711,09	1.955.680,90	2.185.302,75	111,74
Extraordinary expenses	520.255,43	579.780,09	812.285,43	491.533,09	0,00	0,00	0,00	#DIV/0!
Amortisation	2.915.391,36	2.942.897,41	3.119.755,76	3.192.603,30	3.735.110,10	4.112.990,64	5.100.666,64	124,01
<b>TOTAL EXPENSES</b>	<b>33.963.571,08</b>	<b>37.076.229,44</b>	<b>39.123.480,01</b>	<b>41.891.837,43</b>	<b>41.839.548,10</b>	<b>38.527.893,05</b>	<b>45.706.999,85</b>	<b>118,63</b>
<b>PROFIT/LOSS</b>	<b>7.014.753,50</b>	<b>8.367.007,92</b>	<b>9.524.968,84</b>	<b>10.098.757,22</b>	<b>11.104.131,04</b>	<b>13.650.968,52</b>	<b>15.175.086,34</b>	<b>111,16</b>
<b>OPERATING PROFIT/LOSS</b>	<b>13.512.192,50</b>	<b>14.886.389,82</b>	<b>15.757.208,14</b>	<b>16.267.060,01</b>	<b>17.114.584,30</b>	<b>19.660.332,39</b>	<b>22.414.474,74</b>	<b>114,01</b>
<b>EBITDA</b>	<b>13.237.398,15</b>	<b>14.552.468,48</b>	<b>15.163.931,08</b>	<b>16.171.051,03</b>	<b>17.162.952,23</b>	<b>19.719.640,06</b>	<b>22.461.055,73</b>	<b>113,90</b>
<b>EBIT</b>	<b>10.322.006,79</b>	<b>11.609.571,07</b>	<b>12.044.175,32</b>	<b>12.978.447,73</b>	<b>13.427.842,13</b>	<b>15.606.649,42</b>	<b>17.360.389,09</b>	<b>111,24</b>



## I

In the first six months of 2017, total revenues amounted to HRK 60,882,086.19 and they increased by 16.68% compared to the same period of 2016 as a result of the growth in operating revenues and revenues from sales.

Total operating revenues generated in the observed period amounts to HRK 60,835,505.20 realizing a growth by 16.72%, compared to the same period of the previous fiscal year, as a result of a significant increase in revenues from the sale on the domestic market at the level of the whole Company by 27% and rise in operating revenues in its key sectors. In the first six months of 2017, a significant increase in operating revenues was realized in the hotel sector by 10%, the camping sector by 7%, nautical sector by 1% and the revenues generated by the destination management company/DMC Ilirija Travel rose by 43%, with a special emphasis on growth of revenues from the Arsenal profit center. In addition to the tourism and hospitality sector of the Company, the growth in the operating revenues has been also supported by the results or operating revenues from the real estate sector, i.e. Commercial-shopping center City Galleria.

Total operating revenues earned from the sales in the observed period amount to HRK 60,291,588.76 and are higher by 20.87%, as compared to the same period of the previous fiscal year, when they amounted to HRK 49,883,391.14. The revenues from sales make up for 99.03% of the total and 99.11% of the operating revenues.

## 2

Total expenses in the mentioned period amount to HRK 45,706,999.85 and in comparison to the same period in 2016 they are higher by 18.63% as a result of growth in the operating and financial expenses and increase in amortization in the observed period.

Operating expenses realized in the first six months of 2017 amount to HRK 38,421,030.46 and are higher by 18,37% or HRK 5,961,808.95 compared to the same period of 2016 as a result of the increase in costs of raw materials and other material costs by 38%, costs of services by 5%, other costs by 7%, and gross salary growth by 16%, which was partly planned and expected in view of acquisition (purchase) of the Commercial-shopping center City Galleria which was realized in December 2016.

## 3

The operating profit or the profit from business activities of the Company rose by 14.01% compared to the same period in 2016 and amounts to HRK 22,414,474.74.

EBITDA or Earnings before interest, taxes, depreciation and amortization was realized in the amount of HRK 22,461,055.73 and rose by HRK 13.90% compared to the same period in the year 2016.

EBIT or Earnings before interest and tax was realized in the amount of HRK 17,360,389.09 and rose by HRK 11.24% compared to the same period in the year 2016.

The PROFIT for the first six months of 2017 amounts to HRK 15,175,086.34 and is higher by 11.16% compared to the same period in 2016.

Operating profit, EBITDA, EBIT and profit realized in the first six months of 2017 are by far the best compared to the same periods of the previous fiscal years in their absolute amounts as a result of an increase in total revenues and operating revenues at all sectors with a significant growth in realization in the domestic market.

## Financial statements of the Company as at 30/06/2017 and comparison with the same period in the years 2015 and 2016

REVENUES	2015	2016	INDEX 2016/2015	2017	INDEX 2017/2016
Revenues in the domestic market	41.164.780,24	41.334.206,64	100	52.180.149,44	126
Revenues on foreign market	10.194.042,29	9.238.509,50	91	8.525.214,32	92
Other operating revenues	1.536.488,68	1.546.837,76	101	130.141,44	8
<b>OPERATING REVENUES</b>	<b>52.895.311,21</b>	<b>52.119.553,90</b>	<b>99</b>	<b>60.835.505,20</b>	<b>117</b>
FINANCIAL INCOME	48.367,93	59.307,67	123	46.580,99	79
EXTRAORDINARY REVENUES	0,00	0,00	#DIV/0!	0,00	#DIV/0!
<b>TOTAL REVENUES</b>	<b>52.943.679,14</b>	<b>52.178.861,57</b>	<b>99</b>	<b>60.882.086,19</b>	<b>117</b>
EXPENSES					
Costs of raw materials	7.189.207,17	6.369.692,28	89	8.782.119,51	138
Costs of services	7.807.376,77	6.043.903,90	77	6.335.461,93	105
Gross salaries	13.193.868,60	13.273.429,89	101	15.435.976,91	116
Other expenses	7.590.274,37	6.772.195,44	89	7.867.472,11	116
OPERATING EXPENSES	35.780.726,91	32.459.221,51	91	38.421.030,46	118
AMORTISATION	3.735.110,10	4.112.990,64	110	5.100.666,64	124
FINANCIAL EXPENSES	2.323.711,09	1.955.680,90	84	2.185.302,75	112
EXTRAORDINARY EXPENSES	0,00	0,00	#DIV/0!	0,00	#DIV/0!
<b>TOTAL EXPENSES</b>	<b>41.839.548,10</b>	<b>38.527.893,05</b>	<b>92</b>	<b>45.706.999,85</b>	<b>119</b>
PROFIT/LOSS	11.104.131,04	13.650.968,52	123	15.175.086,34	111
OPERATING PROFIT	17.114.584,30	19.660.332,39	115	22.414.474,74	114
EBITDA	17.162.952,23	19.719.640,06	115	22.461.055,73	114

## REVENUES BY ACTIVITIES:

*Revenues from hotel services* amount to HRK 14,302,330.97 and are higher by 10% compared to the same period of the previous fiscal year as a consequence of a significant increase in demand, especially in April and May, which is also reflected in a significant increase in revenues in the first six months of 2017.

*Revenues from nautical services* amount to HRK 27,611,015.83 and are higher by 1% compared to the same period of 2016 as a result of the growth of the revenue item of the vessel on the Contract berth, parking and other services.

*Revenues from camping* amount to HRK 9,474,995.72 and are higher by 7% compared to the same period last fiscal year and refer to the growth in revenues in all key market segments.

*Other operating revenues* that is, profit centers, including Ilirija Travel, hospitality, Arsenal and event boat „Nada“ and Commercial-shopping center City Galleria were generated in the amount of HRK 9,447,162.68 and rose by 321,01% compared to the same period in 2016.

**GRANDTOTAL:** Operating revenues by activities amount to HRK 60,835,505.20 and rose by 16.72% in comparison with the same period in 2016.







## FUNDAMENTAL FINANCIAL PERFORMANCE INDICATORS AS AT 30/06/2017

Since the tabular overview of fundamental indicators of the Company was given from 2017 to 2009 (eight years) the realized and described indicators in absolute figures and growth rates are listed.

### I

The value of the Company's assets as at 30th June 2017 amounts to HRK 433,478,230.01 and rose by HRK 98,933,697.56 or by 29.57% compared to the same period in 2016 when it was evaluated at HRK 334,554,532.45, and the increase of which is compared to the same period in the last fiscal year the result of the buying (acquisition) of the Commercial-shopping center City Galleria and a change in the balance sheet position of leasing, which changed from the operating leasing to financial leasing, by which all the equipment financed through leasing was brought into the Company's assets.

The value of assets of the Company for the same observed period since 2009, when it amounted to HRK 276,578,760.40 grew by HRK 156,899,469.61 or by 56.73%.

### 2

Total liabilities of the Company as at 30/06/2017 amount to 148,635,775.69 and rose by HRK 39,181,231.69 that is, by 35.80% compared to the same period in 2016 when they amounted to HRK 109,454,544.00 of which growth is the result of the rise in the long-term liabilities of the Company to financial institutions due to acquisition (buying) of the Commercial-shopping center City Galleria, which is partly financed by the long-term investment loan.

Total liabilities of the Company as at 30/06/2017 decreased by HRK 6,943,216.69 or by HRK 4.46%, that is, compared to the total liabilities of the Company as at 30/06/2009 when they amounted to HRK 155,578,992.38.

### 3

Capital and reserves of the Company as at 30th June 2017 amount to HRK 284,842,454.32 and rose by HRK 59,752,465.87 that is by 26.55% compared to the same period in 2016 when they amounted to HRK 225,089,988.45.

Company capital and reserves in the first six months of 2017, increased by HRK 163,842,686.30 or by 235.41%, compared to the same period in 2009 when they amounted to HRK 120,999,768.02.

### 4

The total revenues of the Company in the first six months of 2017 amount to HRK 60,882,086.19 and are higher by HRK 8,703,224.62 or by 16.68% compared to the same period of 2016 when they amounted to HRK 52,178,861.57, the increase of which is the consequence of the rise in operating revenues and revenues from sales.

The total revenues compared to the same period in 2009 when they amounted to HRK 37,894,248.83 grew by HRK 22,987,837.36 or by 60.66%.

### 5

The operating profit of the Company was generated in the amount of HRK 22,414,474.74 and is higher by HRK 2,754,142.35 or by 14.01% compared to the same period in 2016 when it amounted to HRK 19,660,332.39.

Comparing the operating profit generated in the first six months of 2017, it grew by HRK 11,041,808.54 or by 97.09%, compared to the operating profit generated in the same period in 2009, when it amounted to HRK 11,372,666.20.

### 6

EBITDA was realized in the amount of HRK 22,461,055.73 and grew by HRK 2,741,415.67 or 13.90% compared to the same period of 2016 when it amounted to HRK 19,719,640.06.

The EBITDA realized in the first six months of 2017, compared to the same period of 2009, when it amounted to HRK 11,363,937.35, or grew by 97.65% or HRK 11,097,118.38.

### 7

The Company's profit for the first six months of 2017 amounts to HRK 15,175,086.34 and is higher by HRK 1,524,117.82 or by 11.16% compared to the same period of 2016 when it amounted to HRK 13,650,968.52 as a result of growth in total and operating revenues.

Comparing the Company's profit for the first six months of 2017, it increased by HRK 8,739,480.78 or by 235.80% compared to the profit generated in the same period in 2009, which amounted to HRK 6,435,605.56.

### 8

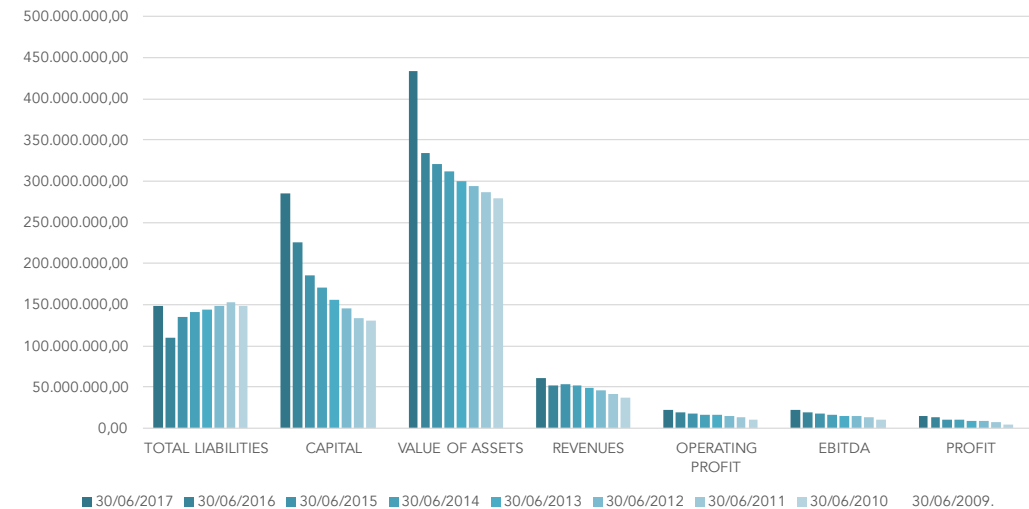
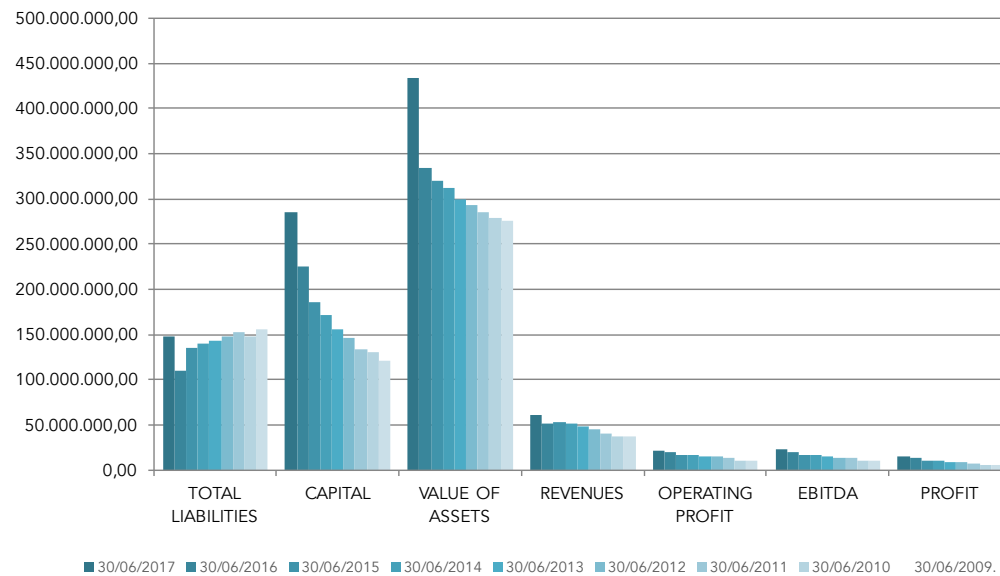
The amount of HRK 6,016,540.00 or 20.00 HRK per share was distributed to the Company's shareholders in the first six months of 2017, which is a rise by HRK 1,079,392.00 or 21.86% compared to the same period in 2016, when the dividend was distributed to the shareholders in the total amount of HRK 4,937,148.00 or 18.00 HRK per share.

## CUMULATIVE COMPARATIVE OVERVIEW

of fundamental indicators on the position of assets, capital, liabilities and operating results of the Company as at 30/06/2017  
and also for the same period from 2009 to 2017

YEAR	TOTAL LIABILITIES	CAPITAL	VALUE OF ASSETS	REVENUES	OPERATING PROFIT	EBITDA	PROFIT	ANNUAL DIVIDENDS
1	2	3	4	5	6	7	8	9
30/06/2017	148.635.775,69	284.842.454,32	433.478.230,01	60.882.086,19	22.414.474,74	22.461.055,73	15.175.086,34	6.016.540,00
30/06/2016	109.454.544,00	225.089.988,45	334.544.532,45	52.178.861,57	19.660.332,39	19.719.640,06	13.650.968,52	4.937.148,00
30/06/2015	135.582.449,17	185.222.056,71	320.804.505,88	52.943.679,14	17.114.584,30	17.162.952,23	11.104.131,04	3.740.790,00
30/06/2014	140.571.098,89	171.392.497,49	311.963.596,38	51.990.594,65	16.267.060,01	16.171.051,03	10.098.757,22	3.740.790,00
30/06/2013	143.828.125,16	156.257.179,19	300.085.304,35	48.648.448,85	15.757.208,14	15.163.931,08	9.524.968,84	3.740.790,00
30/06/2012	147.859.329,10	145.748.085,20	293.607.414,30	45.443.237,36	14.886.389,82	14.552.468,48	8.367.007,92	3.740.790,00
30/06/2011	152.283.384,61	133.915.880,37	286.199.264,98	40.978.324,58	13.512.192,50	13.237.398,15	7.014.753,50	3.740.790,00
30/06/2010	148.461.246,65	130.251.021,88	278.712.268,53	37.374.076,04	10.521.211,79	10.545.908,11	5.093.835,17	3.740.790,00
30/06/2009	155.578.992,38	120.999.768,02	276.578.760,40	37.894.248,83	11.372.666,20	11.363.937,35	6.435.605,56	3.740.790,00

Overview of fundamental indicators on the position of assets, capital, liabilities and operating results of the Company as at 30/06/2017 and also for the same period from 2009 to 2017



## OPERATING AND OTHER EXPENSES

Operating expenses in the first six months of the year 2017 amount to HRK 38,421,030.46 and increased by 18.37% compared to the same period of the previous fiscal year. The increase in these expenses is a consequence of the acquisition of Commercial-shopping center City Galleria, which was acquired by and merged to the Company in the second half of December 2016, continuous increase in the sale of food and beverages and a significant increase in gross salary cost by 16% as the result of the Company's business policy in the segment of human resources management policy.

## FINANCIAL EXPENSES

Financial expenses for the first six months of 2017 amount to HRK 2,185,302.75 and increased by 11.74% compared to the same period of 2016, when they amounted to HRK 1,955,680.90. The growth in financial expenses is the result of the growth in the total indebtedness of the Company or financing the Company by foreign sources of funding and they actually represent the ordinary funding expenses, that is, interests on long-term and short-term financial liabilities and exchange rate losses.

## 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 30 June 2017, there was no share split.

## EARNING PER SHARE

In the first six months of 2017, the gross earning per share amounts to HRK 50.45.

## 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.

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## 12 INVESTMENTS IN THE YEAR 2017

The Company got prepared for the tourist season in a way that in the first six months 2017, it made significant investments in the total amount of HRK 16,766,758.40 in the improvement and development of supply, service and amenities in all of its sectors, tailoring its offer to the requirements, demands and wishes of its clients and market, thereby ensuring a competitive market position and high-quality and recognizable tourism product.

The most significant part of the investment relates to the nautical sector or the Nautical tourism port Marina Kornati, where the second phase of reconstruction of the superstructure and substructure of piers in the central aquatorium was completed in late February in accordance with the Investment Plan for 2017 and the non-appealable building permit. In June 2017, the Ministry of Construction and Physical Planning issued the operating permits for the relevant reconstruction of the piers, Class: UP/I-361-05/17-01/ 000058 Prot. No: 531-06-2-2-609-17-0013, and Class: UP/I-361-05/17-01/ 000057, Prot. No.: 531-06-2-2-609-17-0013, whereby the reconstruction that also includes the replacement of the existing infrastructure by the new one or improved access to piers, electricity and drinking water sup-

ply, and fire fighting equipment was successfully completed. This investment enables the accommodation of a higher category of vessels and the better usage of the existing aquatorium and the rise of the quality of the service in accommodation the vessels.

The investment was also made in additional marine services, in particular in port service, modernization of the services of the travel lift and cranes, improvement of the wash area, better coverage of the marine by the internet network and hospitality facilities.

In the hotel sector, the two outdoor swimming pools have been built in the destination of Biograd na Moru and Sv. Filip i Jakov, which will help the existing hotel facilities, Hotel Villa Donat and Villa Primorje, to improve the offer or to extend the season, achieve better occupancy and utilize the existing accommodation capacities.

In the hotels in the destination Biograd na Moru, the most significant investment in the first semi-annual period of 2017 is the completion of the recon-

struction of the Kornati Hotel or its accommodation units, followed by hospitality facilities - restaurant and bar, facades and changing of all exterior openings of the hotel. In addition, in other hotels in the destination of Biograd na Moru, they additionally invested in the development of their facades, restoration of accommodation units and shared facilities, mainly of restaurants and bars. One of the most significant investments, especially from the environmental protection aspect, is the gasification of the Kornati hotel with a complete reconstruction of the boiler room, which involves switching to natural gas as the main energy source, which is considerably more environmentally acceptable and more cost-effective.

The investment has been made in the camping sector, that is, in the purchase and equipping of new mobile homes, expanding the offer to outdoor fitness by purchasing additional exercise devices, installation of automatic devices in showers in all sanitary facilities with an aim of preserving environment and saving water, i.e. by sustainable usage of water, horticultural developing the campsite up to the level of arboretum and its further infrastructure development with further investments made in the

hospitality offer within the campsite.

In the segment of development of the destination management company/DMC Ilirija Travel, through which the company develops special and selective forms of tourist offer with an aim to extend the tourist season or run year-long business operations in a high quality way for the purpose of which the Company has over the past few years introduced the capacities on the market that make a complementary offer to its existing tourism sectors (hotel industry, nautics and camping) and reduced the seasonality of the business operations: the event ship "Nada", the development of agrotourism through Ražnjevića Dvori AD 1307, the first diffuse hotel in the Republic of Croatia, and Arsenal, 17th century heritage monument revitalized into a multifunctional space for organizing public and private events. In 2017, a further step was taken towards the development of tourism of special interest and experiences with a special emphasis on the development of the offer in the shoulder season – development of cyclotourism, which will be based on the recognizable natural predispositions of this area, coupled with agrotourism and wine tourism.

In order to develop cyclotourism, the company has acquired its own bicycles for different purposes for all sectors while designing special individual, group and corporate offers and arrangement packages, designing cycling routes and organising of the second Bike and Wine event that in addition of natural beauties of Ravni kotari actively promotes wine and agrotourism in our countryside.



## 13 NON-OPERATING ASSETS

An additional impact on the value of the shares of the Company is exerted by non-operating assets owned by the company, which has been neither used for performing the core business activities of the company, nor does the company realize the economic benefit from the relevant assets.

The most important non-operating assets owned by the Company refers to unutilized land (total area of 10-12 hectares) at highly attractive locations:

**Land plot, Sv. Filip i Jakov:** The Company owns approximately 2.5 hectares of the building land plot in Sv. Filip i Jakov, of which a smaller portion thereof is utilized (Villa Donat), while approximately 20.000 m<sup>2</sup> of the land plot remain unused. According to the conceptual design, the Company is planning to build eight detached villas with apartments on the undeveloped part of the land plot and the Company is also planning to extend the existing accommodation and supporting facilities. With respect the planned project, the Municipality has adopted the Detailed development plan for the area intended for hospitality and tourism (T1-hotel) and for mixed-use purposes.

**Land plot, Villa Primorje:** The Company is the owner

of approximately 2.5 hectares of land in the vicinity of the Villa Primorje Hotel, of which only a small part of the land plot is utilized (about 10% of the total surface area). In addition to previous physical planning of the area, the undeveloped part of the land plot may be used for building settlements with traditional Dalmatian type villas. The unused land is in direct contact with the building land plot.

**Land plot, Tennis center:** The Company owns approximately 4.9 hectares of the land plot in Biograd na Moru within the boundaries of the Forest Park Soline that is used only to a smaller part (Tennis center Soline built on about 25% of the total surface area) from which the company does not earn any financial income. In addition to the prior resolution of the physical planning documentation on the relevant land plot, there is a possibility of building a modern multifunctional hotel-health and tourist and recreation center.

**Land plot, Polača:** The Company is the owner of approximately 2.5 hectares of the land plot in the settlement of Polača, that is situated along the state road that connects Biograd to the nearby highway (is of regional significance). The land plot is equipped



with basic utility infrastructure on which the company Ilirija d.d. is planning to build a dry marina that would be functionally linked to the existing nautical facilities owned by Ilirija d.d.

In addition to the above indicated land plots owned by the Company, additional non-operating assets relate to tourist land in Biograd na Moru (the surface area of about 10 hectares), on which the existing tourist capacities of the company may be extended by exercising the concession right.



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## 14 BUSINESS EXPECTATIONS AND DEVELOPMENT PLAN OF THE COMPANY IN THE YEAR 2017

Judging by all previous indicators, this business year has met all the prerequisites to continue to be the year of continuity or another successful year for the Company in which we shall ensure the further growth and development of the Company in the area of physical, financial operating results and profitability indicators considering:

(I) **acquisition (buying) of the Commercial-shopping center City Galleria in Zadar**, whose positive impact on the growth in operating revenues, profitability indicators and EBITDA is expected only in 2017, taking into account the fact that the acquisition of the Commercial-shopping center was completed in the second half of December 2016;

(II) **announcement from the market or the position of sales and booking for all sectors in 2017** and we are still an interesting and attractive destination, if the safety situation in Europe and our closer environment continues to be satisfactory, we expect the growth in arrivals and overnight stays in all sectors;

(III) **the further development and enhancement of innovative and complementary offer of the Company through the destination management com-**

**pany/DMC Ilirija Travel** by which we integrate all the complementary activities related to tourism of special interests and experiences and the development of selective forms of tourism, not only in the Company, but also in our region which is extremely important for the extension of the season as well as for the strengthening and reinforcement of the economic activities of the Company in the shoulder season and better income generation in the parts of the year which are less attractive. In accordance with the strategic orientation of the Company towards long-term development of those segments of the offer, which will contribute to the real extension of business activities throughout the whole year, we expect the further realization of positive business trends through the destination management company Ilirija Travel in the year 2017.

(IV) **the continuous and sustainable investment for the preparation of the 2017 season** in existing capacities, followed by the construction of additional facilities and investment in raising competitiveness, improving the quality and standards of our services; and

(V) **further cost rationalization and cost management at every level of the Company**

Further to foregoing, in accordance with the Company's Business Plan for the year 2017 a growth is expected in operating revenues to HRK 145,000,000.00 at the level of the entire Company and growth in key profitability indicators in particular of EBITDA to HRK 50,000,000.00 by which the Company would be ranked in the top of the profitability in the tourism sector.

As it has been so far, the further development of the Company will be based on long-term, responsible and sustainable development by maintaining the competitiveness and quality of the existing capacities, service, content and offer, continuous investment and reconstruction, adaptation, building an annex and reconstruction of the existing capacities and construction of new facilities in accordance with the latest trends in the tourism industry.

As a result, the Company will in 2017 continue with the investment cycle, in particular in the nautical sector and in the Port of nautical tourism "Marina Kornati" where in November 2016, the second phase of reconstruction of the coastal area of Marina Kornati started and was finished by the end of February 2017.

Besides the nautical sector, the investment cycle of the preparation of the facilities for the tourism season 2017 will also encompass the hotel and camping sector in order to improve and raise the quality of the accommodation facilities, improve service quality and standards, perform landscaping, increase hospitality and restaurant capacities, while regarding the hotel sector, the Company invests in raising the quality of accommodation facilities, shared areas and additional amenities as well as the construction of outdoor swimming pools in Hotel Villa Donat<sup>\*\*\*\*/\*\*\*</sup> and Villa Primorje.

The Company will continue to invest in training of our employees by organizing a wide range of workshops to improve their personal and professional skills, in particular, in the area of sales and marketing, food and beverages and controlling. The Company started the Academy of Business Excellence - ILIRIJA EDUKA with an aim to continuously improve the business processes, employee competencies, service quality, guest satisfaction and revenue. The active personnel policy through continuous education and training at all levels, further recruitment of required personnel and adequate wage policy will ensure the safety in the business process, improve the service quality and

standard.

The Company will perform significant activities to adapt to and implement the standards, procedures and regulations in all aspects of environmental protection, waste management and take further actions in the implementation of HALAL standard.

There will be no business development without long-term stability and balance of the interests of all participants in the business process of the company starting from the shareholders, the state, employees, customers, suppliers, local community and the safety observed through the protection and conservation of nature and environment, life and health of guests and employees. Therefore, the company shall according to our policy continue to actively contribute to the accomplishment of the business objectives adopted by its shareholders in 2017. Besides, we shall strive to sustainable and responsible development and growth, compliance with and enforcement of all laws and regulations of public authorities, fulfill the obligations to our employees, customers and suppliers and we shall contribute to the development of the local community. The long-term development will be based on the principles of corporate social responsibility as an integral part of our corporate values.

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## 15 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 movements 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 circumstances 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 and crucial commercial long-term investments and all the constitutionally guaranteed rights have not been exercised in the field of protection of capital investment.

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## 16 SIGNIFICANT EVENTS

On 06th March 2017, the meeting of the Supervisory Board was held at which the annual report by the Management Board on the operations and position of the Company for the year 2016, audit report of the Company's operations for the year 2016 and the Report by the Supervisory Board on performed supervision of managing the operations for the year 2016 were adopted. The Supervisory Board determined fundamental annual financial statements of the Company for the year 2016 (Report on financial operations, financial position and Cash Flow), draft decision on the use of profit, distribution of dividend and increase in share capital of the Company, draft decision on changes and amendments to the Company's Articles of Association, draft decision on appointment of auditor of the company for the year 2017 and the proposal for the call with the agenda for convocation of the General Meeting.

The Supervisory Board suggested that the profit generated in the fiscal year 2016 after taxation in the amount of HRK 30,676,046.46 should be apportioned in the way as follows:

- HRK 507,446.46 to retained profit,
- HRK 30,168,600.00 for an increase in share capital from the Company's funds (reinvested profit).

The Supervisory Board proposed the distribution of the dividend from the remaining retained profit for the year 2006, profit from the year 2010 and part of the profit from the year 2011 totaling to HRK 6,016,540.00. The dividend per one share is HRK 20.00.

On 06th March 2017 the Call to the Ordinary General Meeting of the Company was publicized with the following agenda:

1. The Management Board's report on the operations and position of the Company for the year 2016,
2. Report by the Supervisory Board of performed supervision of conducting the Company's business in 2016,



3. Auditor's report on the audit of the Company's operations performed in 2016,
4. Taking note of the Decision on establishing the fundamental annual financial statements of the Company for 2016;
5. Decision on use of profit of Ilirija d.d. for the fiscal year 2016;
6. Decision on the distribution of the dividend from the retained profit from the year 2006, 2010 and 2011,
7. Giving remuneration to the Company's Management Board,
8. Giving remuneration to the members of the Supervisory Board for the supervision of the Company's operations performed in the previous period,
9. Appointment of the Company's auditor for the year 2017,
10. Making a decision on an increase in share capital from the Company's funds (reinvested profit), and
11. Making decision on changes and amendments to the Articles of Association and adoption of the full wording.

At the session held on 26th April 2017, the Shareholders' Assembly took the decisions identical to the proposals contained in the Call for the General Meeting, in the way as follows:

- The Management Board's Report on the business operations and position of the Company for the year 2016, the Report of the Supervisory Board on the supervision of the Company's business performed in 2016, the Auditor's Report on the audit of the business operations of the Company in 2016 and the Decision on Establishing the Fundamental Annual Financial Statements of the Company for the year 2016 have been taken note of.



- The Decision on the utilization of the profit was made, according to which the profit generated in the fiscal year 2016 after taxation in the amount of HRK 30,676,046.46 was allocated in the way as follows:
  - HRK 507,446.46 has been allocated to the retained profit,
  - HRK 30,168,600.00 has been allocated for the increase in share capital from the Company's funds (reinvested profit).
- Decision on the payment of dividends from retained profit from 2006, 2010 and 2011 according to which the Company's shareholders will be paid out the dividend in the total amount of HRK 6,016,540.00, which amounts to HRK 20.00 per one share.
- The Decision on giving remuneration to the Company's Management Board for conducting the business operations of the Company in the year 2016.
- The Decision on giving remuneration to the Company's Supervisory Board for supervising the business operations of the Company in the year 2016.
- Decision on appointment of auditor for the year 2017, according to which the authorized audit company "Revicon" d.o.o. Zadar, Ruđera Boškovića 4, is appointed as an auditor to perform audit for the year 2017.



- The Decision on an increase in share capital from the Company's assets (reinvested profit) according to which the share capital increases from the reinvested profits earned in 2016 by the amount of HRK 30,168,600.00.
- Decision on changes and amendments to the Articles of Association of the company Ilirija d.d.

On 26th May, 2017, the Company received the Decision by the Commercial Court in Zadar on registration in the Court Registry of an increase in share capital, the decision on an increase in share capital and registration of the amendment to the General Act, Tt-17/2120. According to the said Decision, the share capital increased from the present HRK 174,977,880.00 by the amount of HRK 30,168,600.00 to the amount of HRK 205,146,480.00, so that for each of the existing total 301,686 shares, the nominal amount increased by HRK 100.00 per share, after which each share has a nominal amount of HRK 680.00 after the increase performed.

At the Extraordinary General Meeting of the Company held on 21st June 2017, the Decision was taken on the appointment of Mr. Goran Medić from Zadar, Senjanina 12/c, Tax No. OIB: 54770742757, as a member of the Supervisory Board of Ilirija d.d. for a four years' term of office.



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## 17 SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

Since the establishment of Ilirija as a modern tourist company, the Company has been an active member of the community, the local and regional community, and by being a member in professional and vocational associations we contribute to the development of Croatian tourism offer and at the national level.

Being socially responsible in our business, we pay special attention to social responsibility in three areas: community, employees and environmental protection.

### Community

With the project of socially responsible corporate philanthropy we actively and responsibly participate, assist and support the work of various associations and organizations, sports clubs and educational and health institutions as well as numerous projects and events of wider importance for the social, economic and tourist development of the community and destinations as multi-year donor, sponsor or partner. In the first half of 2017, we particularly emphasize that in cooperation with the Association for Sustainable Development of Croatia (UZOR Croatia), the initial initiator of the project "Together for Children and Planet Earth", launched in 2012, which spread over time to other parts of Croatia, we supported the affir-

mation of the project "Recognition and classification of waste" in the Zadar County. Through the participation of kindergarten children in our local community where through our educational workshops led by our employees and by donating manuals and sets to kindergartens for the development of sustainable systems for separate waste collection, we involved the children from the "Cvit" kindergarten from Sv. Filip i Jakov and the "Biograd" kindergarten.

From projects that contribute to the development of the destination offer and its recognizability, which we have supported almost from their very beginnings, are projects/manifestations/events like Škrapinga, an international trekking race on the harsh island rocks that belongs to the kind of extreme sports and is held on the island of Pašman during the month of March. This manifestation is followed by the traditional Zadar County Flower Festival held at our Villa Donat Hotel in Sv. Filip and Jakov, and the sponsorship of the 2nd Tuna, Sushi & Wine Festival held in February and Arsenal with numerous minor events that we traditionally support.

### Employees

On 30th June 2017, the Company had 404 employees, whose number will grow by at least 12% in

the third quarter, and is the leading employer in Biograd na Moru. By engaging other companies on the basis of business cooperation that perform the boating activities in Marina Kornati and lessees in the Commercial-shopping center City Galleria, the Company provides jobs for over 1,000 employees in the season.

One of our permanent goals in managing personnel is the satisfaction and motivation of our employees, which is in addition to adequate wage policy or financial income, ensured by working in the environment by which we encourage their professional development and provide further education. For that reason, the Company started the Academy of Business Excellence - ILIRIJA EDUKA in 2016 with an aim to continuously improve the employee competencies, improve the quality of service and guest satisfaction.

In the first semi-annual period of 2017, the Company has continued with the intensive education and training of employees through the internal academy, which in the observed period referred to the education and training of employees of the Food and Beverage Department and the Sales and Marketing Department, which is also one of the fundamental

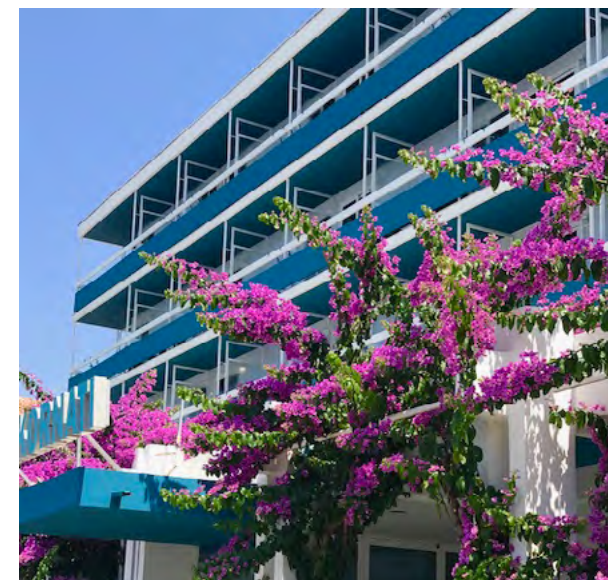
determinants of corporate social responsibility of the Company in the segment of management and development of its own personnel - continuous education and training and professional development of the employees.

In the part of the active human resources management policy in the part relating to employees' income for the first semi-annual period of 2017, the Company's gross wage cost amounted to HRK 15,435,976.91, which is a rise by 16% compared to the same period of 2016.

#### Environmental protection

In the area of environmental protection, the Company strives to minimize the impact of our business processes on the environment, so in the first half of this fiscal year, we reconstructed the boiler room in Kornati hotel, whereby it passed onto the natural gas as an energy source. In addition, even in this fiscal year, the Company uses the ZelEn product, the energy obtained from renewable sources, that on the one hand allows us to minimize the negative effects of the tourism activity on the environment and nature. The "Soline Park" campsite has installed automatic device in showers in all sanitary facilities with an aim of preserving the environment and saving water and

for the purpose of its sustainable use. The Croatian Waters took a decision on issuing a permanent water permits for the campsite "Park Soline" and for hotels in the destination Biograd na Moru, i.e. Ilirija, Kornati and Adriatic hotels, thereby confirming the permanent and systematic fulfillment of standards or achieved quality of wastewater purification through the system within the Company's premises where the tested indicators have never exceeded the maximum permitted limit values.



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## 18 OTHER

### LEGAL ISSUES

The judgment rendered by the Higher Commercial Court of the Republic of Croatia as of 2016 affirmed the judgment rendered by the Commercial Court in Zadar, which designates Ilirija d.d. as the owner of the entire property with land plot 3232 cadastral municipality Biograd, with an area of 48,705 m<sup>2</sup>, which in the nature is "Tennis Center Ilirija" with the surrounding land. In this way the dispute over the property of the "Tennis center Ilirija" has been completed to the benefit of the Company by rendering final and absolute judgment.

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.

### MONITORING AND REPORTING ON BUSINESS OPERATIONS ON A DAILY, WEEKLY AND MONTHLY BASIS

The system of monitoring the business operations has been established in all of its segments at the level

of all sectors and the Company as a whole on a daily, weekly and monthly basis in accordance with the applicable Croatian and international reporting standards in the tourism industry. This has enabled timely and high-quality monitoring of the achieved operating results and the production of high-quality forecasts and business plans throughout the fiscal year, creating thus the foundations for a more efficient and rational management of the entire business process and improving and speeding up the entire process of reporting at all levels, particularly in the operational part of the Company's business operations.

### MERGERS AND TAKEOVERS

There have been no mergers and takeovers.

### 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.

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## 19 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.

Goran Ražnjević,  
President of the Management Board

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



Reporting period: 01/01 – 30/06/2017

Quarterly financial 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:	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: 404 (period end)
Consolidated report:	NO		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

Fax:

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 30/06/2017

Company: ILIRIJA d.d. BIOGRAD NA MORU

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	314.174.173	409.904.850
I. INTANGIBLE ASSETS (004 to 009)	003	521.187	296.247
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	521.187	296.247
II. PROPERTY, PLANT AND EQUIPMENT (011 to 019)	010	313.612.986	409.568.603
1. Land	011	42.340.227	42.341.027
2. Buildings	012	222.033.656	231.030.113
3. Plant and equipment	013	39.122.311	41.845.865
4. Tools, working inventory and transportation assets	014		
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	449.570	1.052.004
7. Tangible assets in progress	017	9.667.222	13.918.761
8. Other tangible assets	018		
9. Investment in real-estate	019		79.380.833
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	20.247.910	22.996.967
I. INVENTORIES (036 to 042)	035	2.245.231	2.722.549
1. Raw materials and supplies	036	2.245.231	2.722.549
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	15.432.200	17.639.901
1. Receivables from related parties	044		
2. Receivables from end-customers	045	14.499.557	15.421.009

## Balance Sheet - as of 30/06/2017

Company: ILIRIJA d.d. BIOGRAD NA MORU

3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	416.881	616.248
5. Receivables from government and other institutions	048	515.762	1.602.644
6. Other receivables	049		
III. CURRENT FINANCIAL ASSETS (051 to 057)	050	2.399.511	2.389.547
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	2.399.511	2.389.547
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	170.968	244.970
D) PREPAYMENTS AND ACCRUED INCOME	059	122.449	2.506.337
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	<b>334.544.532</b>	<b>435.408.154</b>
F) OFF BALANCE SHEET ITEMS	061		
EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	225.089.988	284.842.454
I. SUBSCRIBED SHARE CAPITAL	063	150.857.300	205.146.480
II. CAPITAL RESERVES	064	8.921.539	26.723.874
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	23.561.457	23.435.964
1. Legal reserves	066	9.477.986	9.477.986
2. Reserve for own shares	067	6.975.716	6.975.716
3. Treasury shares and shares (deductible items)	068	414.924	540.417
4. Statutory reserves	069		
5. Other reserves	070	7.522.679	7.522.679
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	28.098.723	14.361.050
1. Retained earnings	073	28.098.723	14.361.050
2. Loss carried forward	074		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	13.650.969	15.175.086
1. Net profit for the period	076	13.650.969	15.175.086
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	68.200.158	112.141.652
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086	68.200.158	112.141.652
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		

## Balance Sheet - as of 30/06/2017

Company: ILIRIJA d.d. BIOGRAD NA MORU

9. Deferred tax liabilities	092		
D) CURRENT LIABILITIES (094 to 105)	093	33.601.395	28.505.552
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits, etc.	095		
3. Liabilities to banks and other financial institutions	096	6.116.777	7.413.421
4. Liabilities for advances	097		
5. Trade payables	098	14.756.586	9.994.764
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	1.910.701	2.183.311
9. Taxes, contributions and similar liabilities	102	5.871.560	4.337.522
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	4.945.771	4.576.534
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	7.652.991	9.918.496
<b>F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	<b>334.544.532</b>	<b>435.408.154</b>
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 01/01/2017 to 30/06/2017

Company: ILIRIJA d.d. BIOGRAD NA MORU

Position	AOP	Previous period		Current period	
		Cummulative	Quarter	Cummulative	Quarter
1	2	3	4	5	6
I. OPERATING INCOME (112 to 113)	111	52.119.554	33.848.121	60.835.505	40.193.138
1. Sales revenues	112	49.883.391	32.365.866	60.705.364	40.188.178
2. Other operating revenues	113	2.236.163	1.482.255	130.141	4.960
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	36.572.212	21.715.194	43.521.697	26.650.487
1. Change in inventories of work in progress	115				
2. Material expenses (117 to 119)	116	12.413.596	7.803.033	15.117.581	9.960.841
a) Costs of raw materials	117	6.369.692	4.696.505	8.782.119	6.709.575
b) Cost of goods sold	118				
c) Other material expenses	119	6.043.904	3.106.528	6.335.462	3.251.266
3. Employee benefits expenses (121 to 123)	120	13.273.430	7.910.884	15.435.977	9.304.664
a) Net salaries	121	7.924.533	4.778.455	9.382.942	5.693.155
b) Tax and contributions from salary expenses	122	3.400.919	1.971.446	3.787.678	2.245.977
c) Contributions on salary	123	1.947.978	1.160.983	2.265.357	1.365.532
4. Depreciation and amortisation	124	4.112.991	2.056.495	5.100.667	2.549.455
5. Other expenses	125	6.286.039	3.628.554	7.867.472	4.835.527
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	486.156	316.228		
III. FINANCIAL INCOME (132 to 136)	131	59.308	28.307	46.581	14.035
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	59.308	28.307	46.581	14.035
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	1.955.681	1.107.195	2.185.303	1.064.271
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	1.955.681	1.107.195	2.185.303	1.064.271
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				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
<b>IX. TOTAL INCOME (111+131+142+144)</b>	<b>146</b>	<b>52.178.862</b>	<b>33.876.428</b>	<b>60.882.086</b>	<b>40.207.173</b>
<b>X. TOTAL EXPENSES (114+137+143+ 145)</b>	<b>147</b>	<b>38.527.893</b>	<b>22.822.389</b>	<b>45.707.000</b>	<b>27.714.758</b>
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	13.650.969	11.054.039	15.175.086	12.492.415
1. Profit before taxes (146-147)	149	13.650.969	11.054.039	15.175.086	12.492.415
2. Loss before taxes (147-146)	150	0	0	0	0
XII. TAXATION	151				
<b>XII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	<b>13.650.969</b>	<b>11.054.039</b>	<b>15.175.086</b>	<b>12.492.415</b>

## Income statement - period 01/01/2017 to 30/06/2017

Company: ILIRIJA d.d. BIOGRAD NA MORU

1. Profit for the period (149-151)	153	13.650.969	11.054.039	15.175.086	12.492.415
2. Loss for the period (151-148)	154	0	0	0	0
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 PROFIT 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

Period 01/01/2017 to 30/06/2017

Company: ILIRIJA d.d. BIOGRAD NA MORU

Position	AOP	Previous period	Current period
1	2	3	4
CASH FLOW FROM OPERATING ACTIVITIES			
1. Profit before tax	001	13.650.696	15.175.086
2. Depreciation and amortisation	002	377.880	987.676
3. Increase of current liabilities	003		
4. Decrease of current receivables	004		
5. Decrease of inventories	005	540.843	
6. Other cash flow increases	006		3.597.150
I. Total increase of cash flow from operating activities	007	14.569.419	19.759.912
1. Decrease of current liabilities	008	9.707.051	5.095.843
2. Increase of current receivables	009	2.408.167	2.207.701
3. Increase of inventories	010		477.318
4. Other cash flow decreases	011		
II. Total decrease of cash flow from operating activities	012	12.115.218	7.780.862
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	2.454.474	11.979.050
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		
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		
III. Total cash inflows from investing activities	020	0	0
1. Purchase of non-current assets	021		
2. Purchase of non-current financial assets	022		
3. Other cash outflows from investing activities	023	9.239.243	14.983.546
IV. Total cash outflows from investing activities	024	9.239.243	14.983.546
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	9.239.243	14.983.546
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	027		
2. Proceeds from loans and borrowings	028		
3. Other proceeds from financing activities	029	10.883.188	8.278.442
V. Total cash inflows from financing activities	030	10.883.188	8.278.442
1. Repayment of loans and bonds	031		
2. Dividends paid	032		
3. Repayment of finance lease	033		
4. Purchase of treasury shares	034		
5. Other cash outflows from financing activities	035	4.265.327	5.199.944
VI. Total cash outflows from financing activities	036	4.265.327	5.199.944
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	6.617.861	3.078.498

## CASH FLOW STATEMENT - indirect method

Period 01/01/2017 to 30/06/2017

Company: ILIRIJA d.d. BIOGRAD NA MORU

C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	0	0
Total increases of cash flows	039	0	74.002
Total decreases of cash flows	040	166.908	0
Cash and cash equivalents at the beginning of period	041	337.876	170.968
Increase of cash and cash equivalents	042		
Decrease of cash and cash equivalents	043		
Cash and cash equivalents at the end of period	044	170.968	244.970

## STATEMENT OF CHANGES IN EQUITY in period from 01/01/2017 to 30/06/2017

Position	AOP	Previous period	Current period
1	2	3	4
1. Subscribed share capital	001	150.857.300	205.146.480
2. Capital reserves	002	8.921.539	26.723.874
3. Reserves from profit	003	23.561.457	23.435.964
4. Retained earnings or loss carried forward	004	28.098.723	14.361.050
5. Net profit or loss for the period	005	13.650.969	15.175.086
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	225.089.988	284.842.454
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 pf prior period	015		
16. Other changes	016		
<b>17. Total increase or decrease of equity (AOP 011 to 016)</b>	<b>017</b>	<b>13.650.969</b>	<b>15.175.086</b>
17 a. Attributable to majority owners	018		
17 b. Attributable to minority interest	019		

ILIRIJA d.d.  
BIOGRAD NA MORU

Biograd na Moru, 28/07/2017

Statement made by the persons responsible for preparation of financial statements for the period from 01/01/2017 to 30/06/2017

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 June 2017 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 30/06/2017, 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 30/06/2017.

Accounting Manager:  
Zorka Strpić

Management Board:  
Goran Ražnjević



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





Ražnjevića Dvori

City Galleria

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 Center

Restaurant Park Soline

Camp "Park Soline"

ILIRIJA D.D.

TINA UJEVIĆA 7, BIOGRAD NA MORU, REPUBLIC OF CROATIA

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