



 *Ilinija d.d.*

Financial statements for the period from 01/01 to 30/09/2017

Biograd na Moru, November 2017.



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I OVERVIEW OF KEY PERFORMANCE INDICATORS FOR THE PERIOD FROM 01/01/ - 30/09/2017

| in HRK | I-IX 2017 | I-IX 2016 | % Of change 2017/2016 |
|----------------------------------|----------------|----------------|-----------------------|
| Financial indicators | | | |
| Total revenues | 133.814.710,87 | 117.717.140,32 | 113,67 |
| Operating revenues | 133.683.991,24 | 116.341.032,15 | 114,96 |
| Hospitality | 46.417.832,98 | 42.810.240,42 | 108,51 |
| Nautics | 41.496.930,69 | 40.313.804,10 | 102,96 |
| Camping | 29.487.867,94 | 27.185.522,82 | 108,49 |
| Other sectors and profit centers | 16.281.359,63 | 6.031.464,81 | 269,93 |
| Revenues from sales | 132.967.334,20 | 113.730.817,89 | 116,92 |
| EBITDA | 59.019.108,05 | 53.633.864,42 | 110,04 |
| EBITDA margin | 44,15% | 46,12% | 95,72 |
| Adjusted EBITDA | 59.602.229,96 | 54.472.964,42 | 109,42 |
| Adjusted EBITDA margin | 44,58% | 46,85% | 95,16 |
| EBIT | 51.368.986,54 | 47.464.378,46 | 108,23 |
| Adjusted EBIT | 51.655.672,46 | 48.234.909,47 | 107,09 |
| Profit | 48.012.336,56 | 44.789.148,33 | 107,20 |
| Profit margin | 35,91% | 38,51% | 93,25 |
| Net profit | 39.370.115,98 | 35.831.318,66 | 109,88 |

| in HRK | 30/09/2017 | 30/09/2016 | % Of change 2017/2016 |
|---------------------------------|----------------|---------------|-----------------------|
| Balance sheet indicators | | | |
| Net debt | 109.888.646,00 | 61.037.781,12 | 180,03 |
| Net debt / EBITDA | 1,86 | 1,14 | 163,61 |
| Net debt / Adjusted EBITDA | 1,84 | 1,12 | 164,54 |
| Interest coverage | 14,30 | 17,75 | 80,56 |
| Capital investments | 20.834.418,00 | 19.754.868,84 | 105,46 |
| ROE | 12,39% | 14,00% | 88,52 |
| ROA | 8,94% | 11,00% | 81,32 |
| Adjusted ROCE | 12,08% | 14,44% | 83,67 |

| in HRK | 30/09/2017 | 30/09/2016 | % Of change 2017/2016 |
|---|----------------|----------------|-----------------------|
| Indicators of the financial position | | | |
| Value of assets | 440.149.061,08 | 338.408.515,62 | 130,06 |
| Capital | 317.679.704,54 | 256.102.674,48 | 124,04 |
| Total liabilities | 122.469.356,54 | 82.305.840,84 | 148,80 |

| in HRK | I-IX 2017 | I-IX 2016 | % Of change 2017/2016 |
|---|----------------|----------------|-----------------------|
| Achievements on the capital market | | | |
| Market capitalization | 428.394.120,00 | 383.992.171,42 | 111,56 |
| EV | 538.282.766,00 | 445.029.952,54 | 120,95 |
| EV / EBITDA | 9,12 | 8,30 | 109,92 |
| EV / Adjusted EBITDA | 9,03 | 8,17 | 110,55 |
| P / E | 11,27 | 9,75 | 115,59 |
| EPS | 127,77 | 115,3 | 110,80 |
| DPS | 20,00 | 18,00 | 111,11 |

| Physical indicators | I-IX 2017 | I-IX 2016 | % Of change 2017/2016 |
|--|-----------|-----------|-----------------------|
| Hospitality | | | |
| Number of accommodation units | 443 | 443 | 100,00 |
| Overnight stays of tourists | 123.765 | 117.861 | 105,01 |
| Occupancy days | 137 | 126 | 108,73 |
| Annual occupancy | 50,28% | 46,13% | 109,00 |
| Nautics | | | |
| Number of berths | 805 | 805 | 100,00 |
| Contracted vessels | 703 | 705 | 99,72 |
| Transit berth, overnight stay of vessels | 11.067 | 11.264 | 98,25 |
| Transit berth, inbound vessels | 3.348 | 3.308 | 101,21 |
| Port service - number of operations | 2.978 | 3.226 | 92,31 |
| Days of work | 365 | 365 | 100,00 |
| Camping | | | |
| Number of accommodation units | 1.130 | 1.130 | 100,00 |
| Days of work | 163 | 162 | 100,62 |
| Occupancy days | 99,60 | 91,66 | 108,66 |
| Mobile homes | 107,57 | 103,73 | 103,70 |
| Individuals | 48,28 | 44,52 | 108,45 |
| Fixed lease | 163,00 | 162,00 | 100,62 |
| Lump sum | 163,00 | 161,77 | 100,76 |
| Occupancy | 61,10% | 56,58% | 107,99 |
| Mobile homes | 66,00% | 64,03% | 103,08 |
| Individuals | 29,62% | 27,47% | 107,83 |
| Fixed lease | 100,00% | 100,00% | 100,00 |
| Lump sum | 100,00% | 100,00% | 100,00 |
| Overnight stays of tourists | 282.470 | 257.939 | 109,51 |

| Physical indicators | I-IX 2017 | I-IX 2016 | % Of change 2017/2016 |
|---------------------------------------|-----------|-----------|-----------------------|
| Ilirija Travel | | | |
| Number of events | 407 | 300 | 135,67 |
| Number of guests | 47.815 | 31.835 | 150,20 |
| Real-estate* | | | |
| Number of lessees | 35 | | |
| Rented surface area (m ²) | 9.656,30 | | |
| Number of cars in the garage | 474.558 | | |

*Data on real-estate sector is indicated for the year 2017, since the Company performed the acquisition of the Commercial-shopping center City Galleria in December 2016

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

1 In accordance with the Business Plan and budget for the year 2017, in the first nine months of the fiscal year, 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 activities 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 September.

Compared to the same period in 2016, the financial statements for the nine months in 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 current year should take into account the relevant purchase or acquisition.

2 In addition to the significant growth in the financial results of the business operations, the growth in the key operating results of the business operations in the tourism sector of the Company, especially in the hotel and camping sector was achieved which is shown through the guests' arrivals and overnight

stays. The hotel sector achieved the growth in overnight stays by 5%, while the camping sector recorded a growth in overnight stays by 10%.

In the nautical sector, due to investments in modernization of the service in the area of the boat accommodation and acceptance of vessels and modernization of the port service, which was finished by the end of the first quarter of the fiscal year, which partly affected the achievement of the physical turnover of the nautical sector in the segment of the acceptance of the vessels. The number of contracted berths is at the same level as in the previous year, while the segment of transit - inbound of vessels, which is the most active in the third quarter of the fiscal year, recorded a growth by 1%, therefore the operating results of the nautical sector are considered successful because of the said circumstances and especially due to the fact that the revenues at the level of the entire nautical sector, including the hospitality, grew by 3%.

The destination management company / DMC Ilirija Travel, realized 407 events which provided the service to 47,815 persons through the facilities or capacities of DMC Ilirija Travel and other profit centers of the Company, making a complementary and integrated tourist offer with a special emphasis on the business

activities in the pre-season and post-season.

3 Total revenues amount to HRK 133,814,710.87 and grew by 13.67% compared to the same period in 2016, when they amounted to HRK 117,717,140.32, as a result of growth in operating revenue and revenues from sales on the domestic market.

4 Operating revenues for the observed period amounts to HRK 133,683,991.24, they grew by 14.91%, compared to the operating revenues realized in the same period of 2016, which amounted to HRK 116,341,032.15. A significant increase in operating revenues was realized at the level of Company's tourist and hospitality segment represented through the hotel sector, nautics, camping and destination management company Ilirija Travel, which generates almost 93% of the total operating revenues. In the hotel sector, the operating revenues rose by 8%, in the camping they rose by 8%, in the nautical sector they rose by 3% and a growth of 34.24% was achieved in the segment of the destination management, while the operating revenues were realized in the amount of HRK 9,207,297.52 in the real estate sector.

5 Revenues from sales amounts to HRK 132,967,334.20

compared to the same period of 2016, when it amounted to HRK 113,730,817.89 which grew by 16.91% as a result of a rise in the realization on the domestic market by 24% or HRK 19,499,921.97.

6 As a result of the significant increase in the volume of business operations, especially in the tourism sector of the company as well as the acquisitions of the Commercial-shopping center City Galleria, the total expenses grew consequently which for the first nine months in the year 2017, amount to HRK 85,802,374.31, and they have grown by 17.65% compared to same period of 2016, as a result of growth in operating expenses by 16.72%, financial expenses by 25.47% and amortization by 24%.

7 An increase in operating profit or profit from Company's business activities from HRK 52,257,756.25 as it amounted for the nine months of 2016 by 12.69% or HRK 6,630,632.17 and which amounts to HRK 58,888,388.42 for the nine months in the year 2017. Also, an increase in operating profit was followed by the increase in profit by 7.20%, which for the observed period amounts to HRK 48,012,336.56 as a result of significant growth in total revenues, despite the increase in total expenses of the Company.

8 EBITDA achieved in the observed period amounts

to HRK 59,019,108.05 and was higher by 10.04%, while in the same period EBIT was realized in the amount of HRK 51,368,986.54 with a growth by 8.23%.

9 Total liabilities of the Company as at 30th September 2017 amounted to HRK 122,469,356.54 and grew by HRK 40,163,515.70, that is, by 48.80% 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 the capital increase. Also, the total liabilities have partly grown as a result of financing the other investments of the Company, where we particularly emphasize the investments in the modernization of the Port of nautical tourism Marina Kornati, which was mostly completed on 31st March, 2017.

10 In the observed period, the value of the assets rose by 30.06% or by HRK 101,740,545.46 or from HRK 338,408,515.62 as it amounted in the same period in 2016 to a total of HRK 440,149,061.08. We should also emphasize that the value of the assets increased by a change in the financing of the long-term investments by means of financial leasing and

acquisition (buying) of the Commercial-shopping center City Galleria in Zadar.

11 In the nine months of 2017, the equity grew by 24.04% or by HRK 61,577,030.06 or from the amount of HRK 256,102,674.48, as much as it amounted in the same period of the year 2016, to the amount of HRK 317,679,704.54.

12 An increase in market capitalization by 11.56% or HRK 44,401,948.58 from the amount of HRK 383,992,171.42 as much as it amounted for the nine months of 2016 to the amount of HRK 428,394,120.00 as much as it amounts in the same period of the year 2017.

13 The increase in the average share price by 17.90% from HRK 1,143.60 as much as it amounted for the nine months of 2016 to HRK 1,348.27 in the same period of 2017, while at the same time in the observed period the average turnover per transaction amounted to HRK 15,879.59.

14 In the nine months of 2017, the highest achieved share price amounted to HRK 1,420.00 per share, which compared to the same period in 2016 constitutes a growth by 1.43% when the highest share price

amounted to HRK 1.399,97 per share.

15 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 the retained profit, while the amount of HRK 30,168,600.00 would be allocated to increase 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 11.11% 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.

16 According to the Decision of the Constitutional Court of the Republic of Croatia No. U-III-4392/16 of 5th July 2017, the constitutional complaint of the Company was adopted and the judgment rendered by the Supreme Court of the Republic of Croatia was repealed which turned down the revision of Ilirija d.d. in the case of compensation of damages against the City of Biograd na Moru, for converting the property "Primorje" from the construction area to the so-called "area of landscape features", and the case was remanded to the Supreme Court of the Republic of Croatia for re-deciding.

17 The fiscal year 2017 was marked by a significant investment cycle completed at the beginning of the pre-season, where emphasis was placed on the preparation for the tourist season, i.e. in accommo-

dation capacities, improvement of the service, offer and content in all of its sectors with an aim to raise the quality of service and strengthen the competitiveness planned for the first half of this fiscal year in the total amount of HRK 21,165,160.33. In view of the importance for the Company, we particularly emphasize the completion of the investments in the modernization 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.

18 The Supervisory Board of the Company at the meeting held on 05th July 2017, elected the Presi-

dent of the Supervisory Board among its members. Mr. Goran Medić, from Zadar, residing at Ive Senjani- na 12c, was elected, who held this position even in the previous term of office.

Besides, the Supervisory Board at the meeting held on 21st July 2017 accepted the Report on business operations of the Company for the period from 01/01 to 30/06/2017, the Report on investments by profit centers from 01/01 to 30/06/2017 and took note of the information on the position of the sales of tourist capacities.

19 In order to further improve the corporate governance practices of the Company, the Supervisory Board at the meeting held on 21 July 2017 decided that the Company's Audit Committee would instead of the current five (5) members be composed of three (3) members who as of the date of taking the relevant decision are the following members:

- David Anthony Tudorović – President of the Audit Board (Member of the Supervisory Board),
- Goran Medić- Member of the Audit Board (President of the Supervisory Board), and
- Mladen Ostrički – Member of the Audit Board (external member)

20. In the nine months of 2017, the Company ac-

quired 211 treasury shares and on 30th September 2017 it held 1,070 of its treasury shares, accounting for 0.35% of the share in the share capital.

21 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.

22 Hrvatske vode, a legal entity for water management, took a decision on issuing the 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.

23 Prizes and rewards:

The campsite "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.

24 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, camping, nautics and hospitality).

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 Korinati", event ship "Nada", and Ražnjevića Dvori AD 1307.

Since July the hotels of Ilirija Resort have been the holders of certificate Zadar Bike Magic, which brands the cycling tourism offer of the Zadar region, awarded by the Zadar County Tourist Board to cyclotourism service providers confirming that the standards prescribed in providing this service are met.



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 28.500m² gross area in total six floors and total 9.639m² 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.

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 1934 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 m² with a total capacity of 705 berths on land and sea. Today, Marina Kornati is among the Top 3 Croatian marinas according to the number of berths, technical equipment, quality of service, cleanliness and neatness.

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

Year 1988 | The construction of Aquatic Center, 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 m², whereby it represents a center for holding almost all sports, entertaining and dance events in the City Biograd na Moru.

Year 1989 | Construction of an annex to the hotel Kornati**** and administrative building of the Company.

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 1991-1992 | Completion of the remaining part of the port area, i.e. the capacities of the Port of Nautical Tourism Marina Kornati, by building docks in the southern and western aquatorium.

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 September 2017, the Company has invested HRK 471,838,199.78 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 714,511,286.24.

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.



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



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)

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 30/09/2017 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.

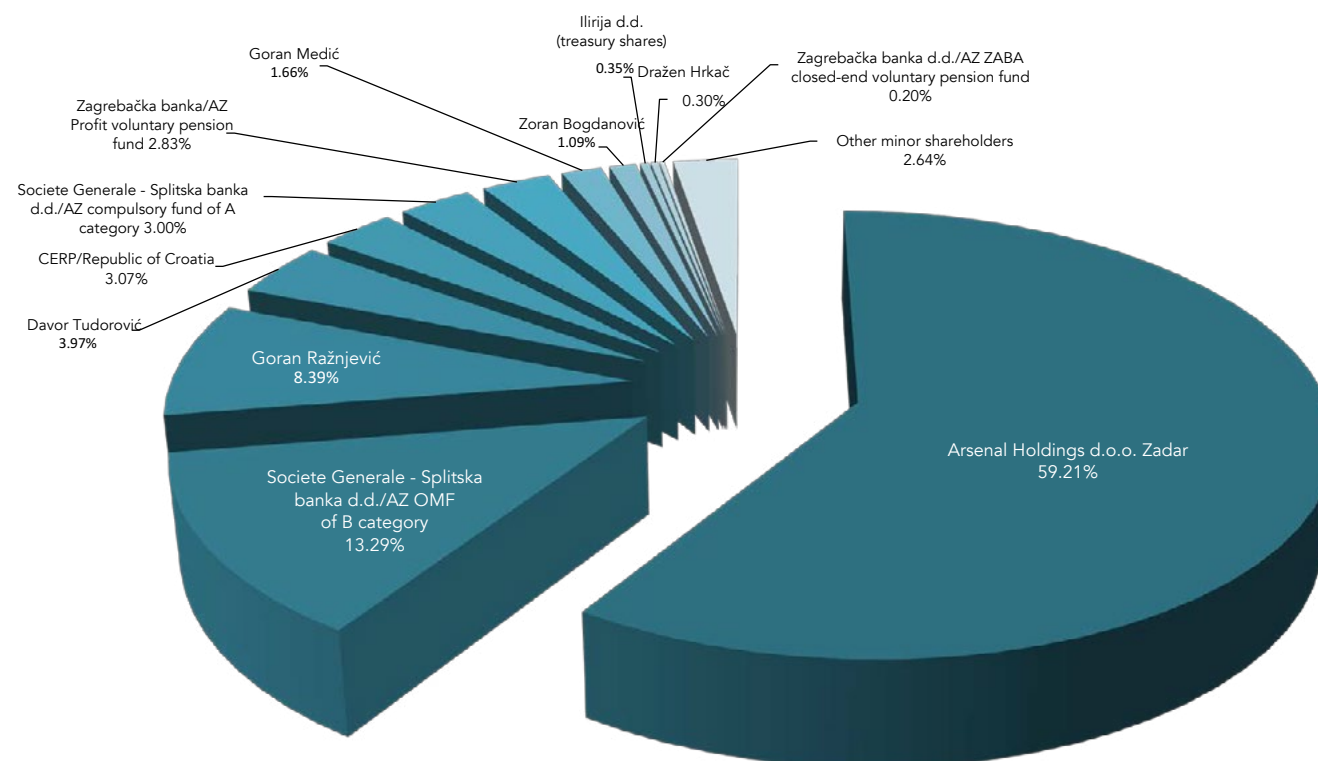
In the first nine months of 2017, there occurred no significant change in the ownership structure, and an overview of the major shareholders as at 30th September 2017 is given in the text below.

Overview of the major shareholders of the Company as at 30th September 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 | 9.064 | 3,00 |
| Zagrebačka banka/AZ Profit voluntary pension fund | 8.525 | 2,83 |
| Goran Medić | 5.000 | 1,66 |
| Zoran Bogdanović | 3.277 | 1,09 |
| Ilirija d.d. (treasury shares) | 1.070 | 0,35 |
| Dražen Hrkač | 903 | 0,30 |
| Zagrebačka banka d.d./AZ ZABA Closed-end voluntary pension fund | 613 | 0,20 |
| Other minor shareholders | 7.957 | 2,64 |
| TOTAL | 301.686 | 100,00 |

OWNERSHIP STRUCTURE AS AT 30/09/2017

In the ownership structure compared to the previous reporting period, there is a growing number of institutional shareholders totaling to five (5) of them, in addition to the AZ mandatory pension fund of B category, AZ Compulsory pension fund of A category, AZ Profit voluntary pension fund and AZ ZABA closed-end voluntary pension fund, among the shareholders there is ERSTE closed-end voluntary pension fund with 30 shares or a stake of 0.01%. As at 30th September 2017, the institutional shareholders held the controlling package of 58,320 shares or 19.33% of the total number of shares of the Company.



TRADING IN SHARES OF THE COMPANY ON THE CROATIAN CAPITAL MARKET IN THE PERIOD FROM 01ST JANUARY TO 30TH SEPTEMBER 2017

| Amounts in HRK | I-IX 2017 | I-IX 2016 | % Changes |
|----------------------------------|----------------|----------------|-----------|
| Total turnover | 1.286.246,57 | 8.193.870,01 | -84,30% |
| Average share price | 1.348,27 | 1.143,60 | 17,90% |
| Average turnover per transaction | 15.879,59 | 78.036,86 | -79,65% |
| Average daily turnover | 23.819,38 | 190.555,12 | -87,50% |
| Last share price | 1.420,00 | 1.399,97 | 1,43% |
| Market capitalization | 428.394.120,00 | 383.992.171,42 | 11,56% |

In the first nine months of 2017, a total 954 shares were traded in at the Zagreb Stock Exchange, whose total turnover amounted to HRK 1,286,246.57. Compared with the same period of 2016, when it amounted to HRK 8,193,870.01, it decreased by 84.30%. The cause of the decline in turnover in the nine months' 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 by an institutional investor was realized which accounted for almost 64% of turnover in that period.

An average share price in the amount of HRK 1,348.27 was realized, which compared to the same period in 2016 when the average share price amounted to HRK 1.143,60, constitutes an increase of 17.90%.

The highest single price per share, being at the same time the last achieved price of the share of the Company was achieved in the amount of HRK 1,420.00 per share compared to the same period in 2016, when the highest share price amounted to HRK 1.399,97 which constitutes an increase by 1.43%. In the first nine months of 2017, the average turnover per transaction amounted to HRK 15,879.59 with an average daily turnover of HRK 23,819.38. In the reporting period, the last realized price of the share in the amount of HRK 1,420.00 increased by 1.79% compared to the achieved share price at the beginning of this fiscal year, which amounted to HRK 1,395.00. The Company achieved the market capitalization in the amount of HRK 428,394,120.00 as at 30th September



2017 which compared to the same period of the previous fiscal year, when the market capitalization amounted to HRK 383,992,171.42 constitutes a growth by 11.56% or HRK 44,401,948.58. The increase in the amount of market capitalization was partly a consequence of the 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 acquired 211 treasury shares and on 30/09/2017 it holds 1.070 treasury shares, which make for 0.35% of the share in the share capital and the same percentage of votes in the Shareholders' Assembly.

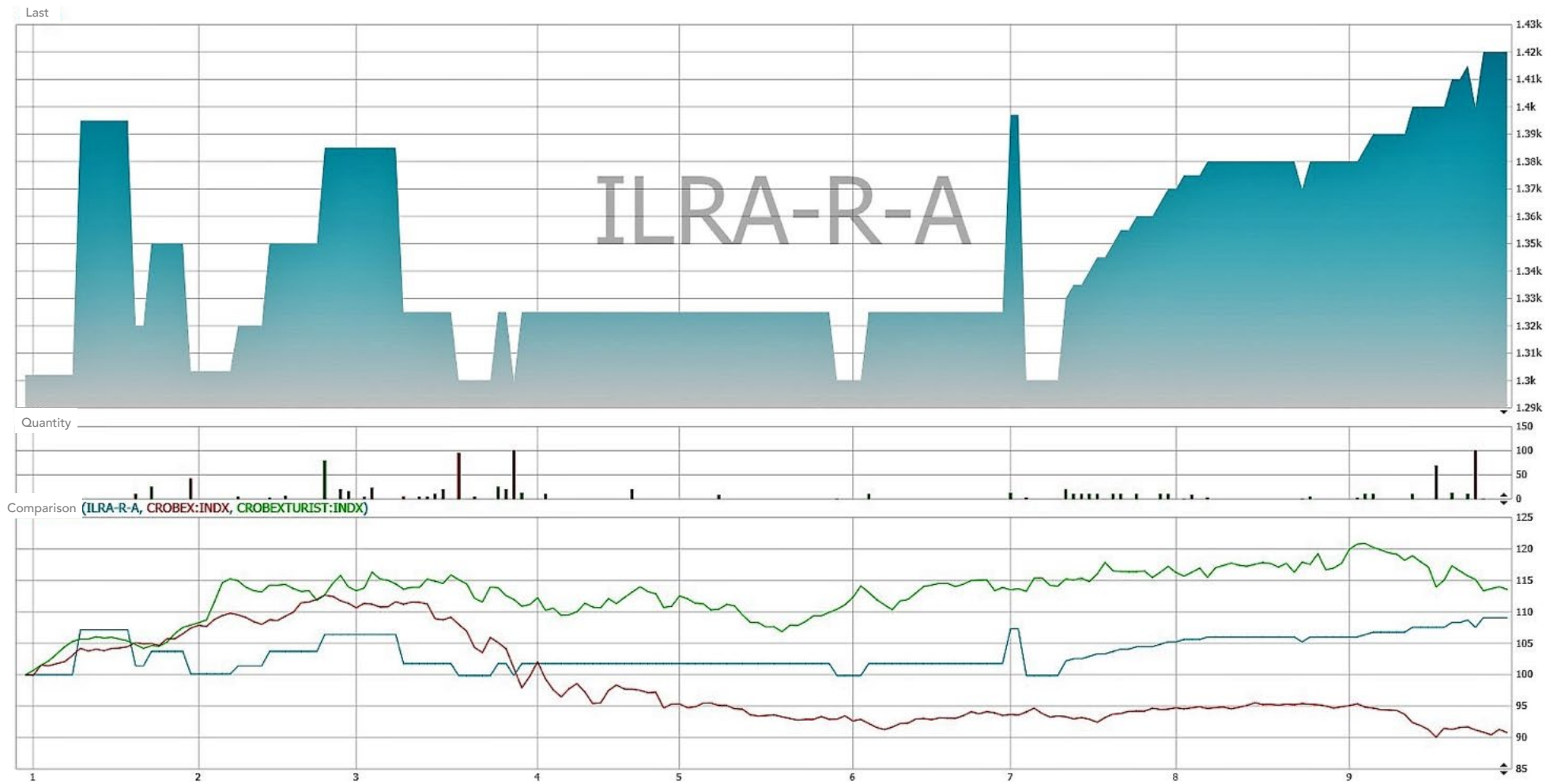
The movement of the share price designated as ILRA-R-A and comparison with CROBEX and CROBEXTURIST indices

The increase in the share turnover at the Zagreb Stock Exchange at the beginning of 2017, and the related growth of the CROBEX index was halted and reduced in the first quarter of 2017, which was reflected on a decline in turnover and decline in prices of most of the shares in the forthcoming months. Despite this, the price of the share ILRA-R-A retained a relatively stable exchange rate between HRK 1,300.00 to HRK 1,325.00 for one share.

The turnover in the share of ILRA-R-A on the Zagreb Stock Exchange is characterized by low liquidity, which is the consequence of the generally low share turnover, but also relatively low free float of the share.

In the third quarter of 2017, the share price of ILRA-R-A increased, so as at 30/09/2017 it reached the highest level ever in the amount of HRK 1,420.00. During the period from 01/01-30/09/2017, the price of ILRA-RA rose from HRK 1,302.00 to HRK 1,420.00 or by 9.06%. In the same period, the CROBEX index fell by 9.21%, while the index CROBEXTURIST increased by 13.55%. The technical analysis indicates a further trend of its growth.

The movement of the share price ILRA-R-A and comparison with CROBEX and CROBEXTURIST indices, are shown in the following graph





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 ship "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 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, and the annex which is classified as a three star hotel. The total capacity is 72 rooms and 144 beds, a restaurant with 120 seats, a terrace for 50 persons, aperitif bar for 20 persons and outdoor swimming pool. 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, the Mediterranean garden with a promenade and, from the tourist season 2017, an outdoor swimming pool.

MARINA KORNATI

NAUTICAL SECTOR the Company began to develop in 1976 when it concluded the Contract on acquisition – purchase of 40 ELAN products from Slovenia or 1977 when the Company began 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 19 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 m², consists of 20 tennis courts and multipurpose courts (14 clay and 6 color set tennis courts) with night lighting, restaurant and changing rooms as well as related facilities.



ILIRIJA TRAVEL

ILIRIJA TRAVEL – destination management company: Owing to the development of new services and facilities, a high-quality, integrated and complementary tourism product has been created in response to the needs of the modern tourism demand, conditioned by technological, social, market factors and trends of 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 36m 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 1307

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

COMMERICAL-SHOPPING CENTER CITY GALLERIA

is located near the old town center of Zadar, one of the two largest shopping centers in the city and the wider Zadar region, completed and opened to the public in October 2008 with a total gross surface of more than 28,500 m² spread over a total of six floors (two garage and four sale areas). The gross area of the center consists of the belonging underground garage of total area of 10,972 m² followed by 9,656.30 m² of net lettable surface area and ancillary rooms and corridors. The current occupancy of the center is 100.00% of all 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 and 6 multiplex movie theaters.

The offer is conceptually divided in 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, cosmetic and sports 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 unique features of the Commercial shopping center City Galleria, which distinguish it from the rest of the market can be summarized in a few features, such as; 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 offer 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.



10 PHYSICAL OPERATING RESULTS OF THE COMPANY

In the nine months of the current fiscal year, the growth of key operating physical indicators in the tourism sector of the Company was realized in all of its sectors, which consequently generated the growth of operating revenues as a result of (i) increased demand in the high season and (ii) extension of the season through increased demand for complementary forms of tourist offer in the part of pre- and post-season realized through the destination management company / DMC Ilirija Travel.

In the hotel sector, the expected growth of operating physical indicators continued from the second quarter of the fiscal year and in the third quarter as well as in the first part of the pre-season or the month of September. In the observed period, the growth of the operating physical indicators was indicated as an increase in arrivals by 13% and overnight stays by 5%, which also resulted in the growth in the revenues of the hotel sector by 8% compared to the same period of the previous fiscal year. In the year 2017, the company has experienced the growth of overnight stays and the number of guests from almost all more lucrative Western European markets, particularly France, Austria, Belgium, the Netherlands, Italy, Great Britain, Switzerland and Denmark.

In the nautical sector in the nine months of 2017, the number of vessels on contracted berth remained at the same level as in the same period in the year 2016, followed by the growth of physical indicators in the transit segment or transit vessels sailing in. Considering the fact that by the end of the first quarter of 2017, investment projects were carried out in the Marina Kornati aquatorium with an aim of its modernization, this partly influenced the provision of vessel accommodation services in the mentioned period, i.e. operating results, both in the first quarter and in the rest of the fiscal year, especially in the part of accommodation service for the vessels on contracted berth. Although the key operating physical indicators, particularly in the part of the berth on a contract basis are at the level of the previous year or with a slight fall in the segment of the overnight stay of vessels in transit, were not reflected on the revenues of the contractual berth and the daily berth which realized a growth by 4.39% or the total revenues of the nautical sector without hospitality rose by 3.82%.

The camping sector the Company continued the rising trend of operating physical results from the first half of the current year, which is why compared to the same period the number of arrivals grew by 12.64% and the number of overnight stays grew by 9.51%, which is a higher growth compared to the overnight stays realized at the level of the entire camping industry in Croatia for the observed period. Also, the achieved results in September or in the post-season are far the best so far followed by the growth of overnight stays by 12% and with the good announcement and the booking status for the month of October indicate the trend of season extension in Croatian camping tourism characterized by a pronounced seasonality.

In the fourth quarter of the fiscal year, the Company will realize further business activities and will generate operating revenues in the sector of nautics, hotel industry and destination management company/ DMC Ilirija Travel. In the nautical sector, we expect further business activities in the month of October in the part of organization of the Biograd Boat Show and other nautical events, while the hotel sector records a significant rise in sales and booking for the last quarter of the fiscal year, es-

pecially in October and December. The Destination Management Company of Ilirija Travel, which as a complementary and integrated product of the Company relies on all of its tourism sectors by the end of the fiscal year, will generate revenues through the organization of 46 individual events that were contracted before the conclusion of this report, including banquets, regattas in the segment of food and beverage services, weddings, organization of cultural and entertainment events, corporate and MICE events, etc., with 9,927 people participating in it.



HOTEL SECTOR

Total hotel sector of the Company in the period from 01/01 till 30/09/2017 had a positive trend in all important indicators. In the hotel sector, in the nine months of this year, there were a total of 35,021 guests, 13% more than in the same period last year.

The total number of overnight stays in all hotels is 123,765 which has also risen by 5% compared to the year 2016, while the guest stayed 3.53 days in the facilities on the average, slightly less than last year when the guest stayed 3.81 days. The reduction in the length of stay is an indicator of changes in tourism trends, where the differences between business and leisure trips have almost disappeared and there is an increasing volatility in the choice of travel elements.

A positive shift is also evident in the revenues from accommodation services generated for the nine months this year which amounts to HRK 41,991,796.04, which is higher by 7% compared to the last year results in the same period, while the average revenue for the sold room amounted to HRK 690.56 (EUR 92.82).

In the structure of overnight stays, Croatia, Slovenia and Germany continue to occupy the first places in

the number of overnight stays, with 14.35%, 14.33% and 11.93% respectively. They are followed by the Austrian and Slovak markets with shares of 8.89% and 8.24% respectively. All five leading source markets recorded a growth ranging between 1 and 4%, with an exception of the Slovenian market.

Significant growth, apart from the Croatian one, is recorded by the markets where systematic investments were made in target interest groups: the French which records a growth over 30%, the Belgian market whose overnight stays have almost tripled. Great Britain, the Netherlands, Switzerland and Denmark also have a significant share in the increase in the number of overnight stays.

Observing the share of overnight stays by market segments, there was a significant growth of the group segment by 34%, a slight increase in the share of the allotments, as well as the share of the fixed lease and the decline in the share of individuals, precisely because of the high increase in the share of the group segment that is booked and arranged in advance. This downturn, on the other hand, did not negatively affect the physical or the financial turnover of the hotel sector, and in the structure of the market at the annual level, we expect an unchanged portion of individuals i.e. their growth in the fourth quarter of the fiscal year.

In the observed period for nine months this year, the capacity utilization indicators as well as hotel occupancy days rose from 46% to 50%, i.e. the days of occupancy in the same period last year rose from 126 to 137 days.

In almost all months, better hotel occupancy was recorded, and the highest increase was achieved in the shoulder season, especially in April, May, June and September. As a result of increased occupancy, a positive trend of seasonal decline continues, although the emphasis is still placed on the period between June and September.

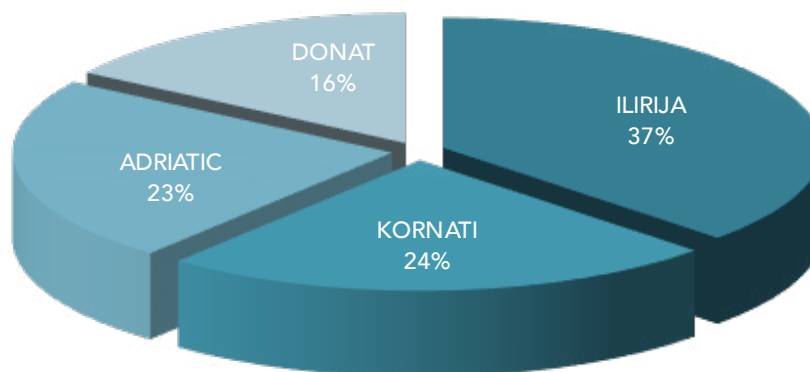
New trends in tourist products, the experience of the destination in which the guest is located, as well as the aforementioned disappearance of the boundaries between the business and leisure travel, wishing to join it in a unique experience, will be major changes in the tourism products in the forthcoming periods. The biggest increase in demand occurs in the area of tourism of special interests, adventurous as well as gastronomic interests. It is Ilirija Travel as an integrated product of the Company that can offer these products, mainly with the support of the hotel industry, but also with the support of other tourism sectors of the Company, that can guarantee the season extension.



Hotel sector capacities

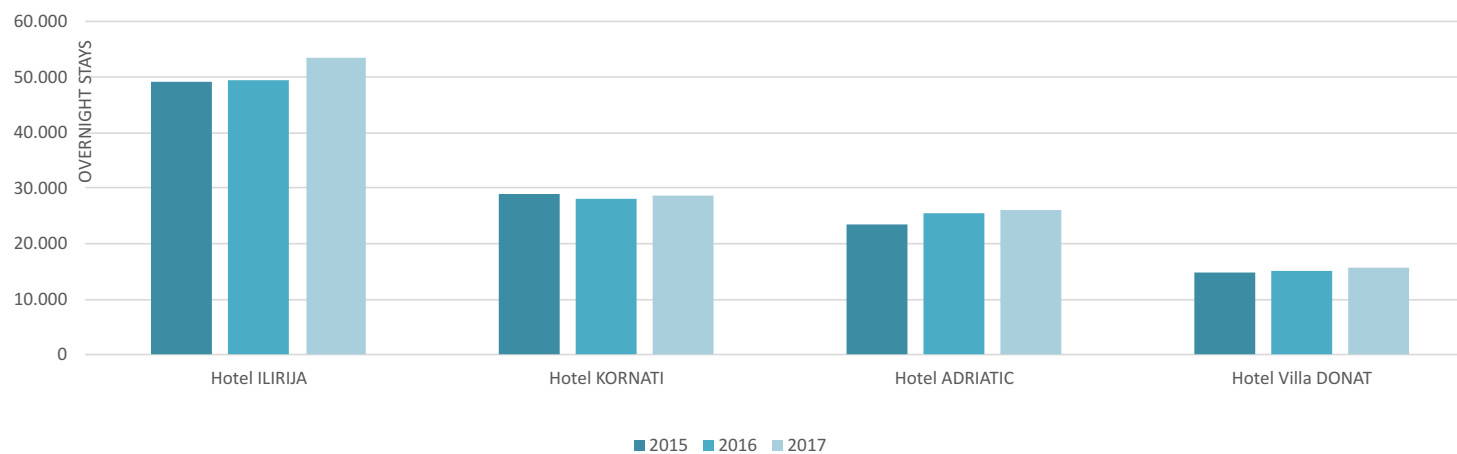
| ILIRIJA D.D. | NUMBER OF ROOMS | | | | NUMBER OF BEDS | | | |
|-------------------|-----------------|------|------|--------------------|----------------|------|------|--------------------|
| | 2015 | 2016 | 2017 | INDEX 2017/2016 | 2015 | 2016 | 2017 | INDEX 2017/2016 |
| Hotel ILIRIJA | 165 | 165 | 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)

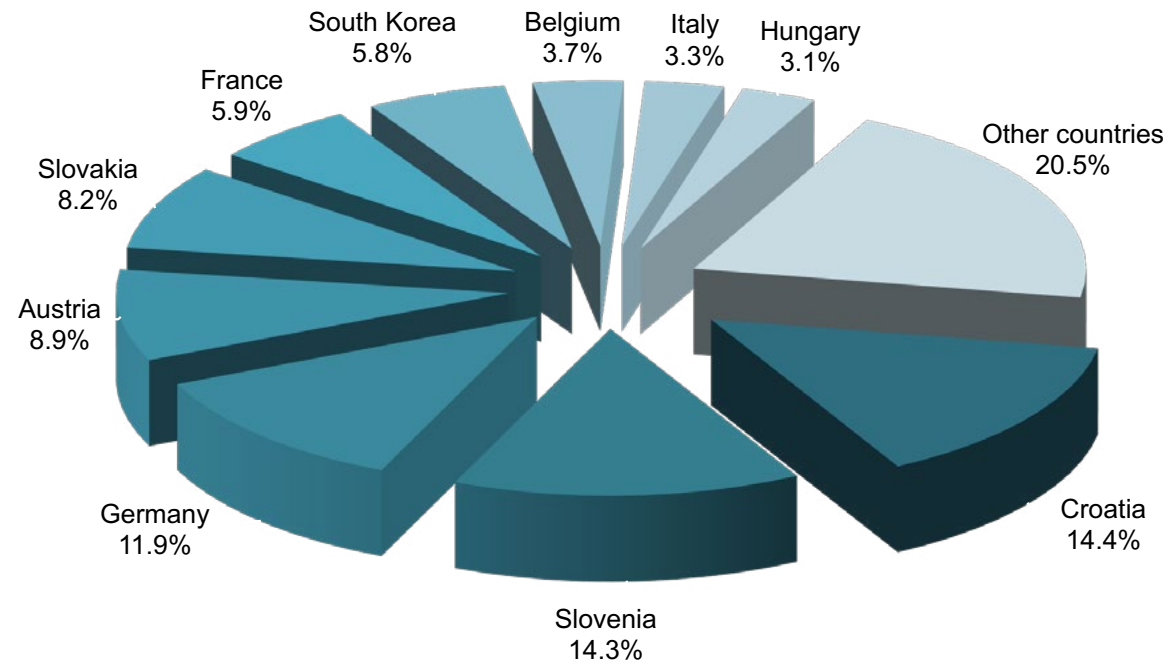


Overview and comparison of realized arrivals and overnight stays from 01/01/2017–30/09/2017 with the same period in 2015 and 2016

| PROFIT CENTER | HOTEL SECTOR | | | | | | | |
|-------------------|--------------|--------|--------|-----------|-----------------|---------|---------|-----------|
| | ARRIVALS | | | INDEX | OVERNIGHT STAYS | | | INDEX |
| | 2015 | 2016 | 2017 | 2017/2016 | 2015 | 2016 | 2017 | 2017/2016 |
| Hotel ILIRIJA | 15.601 | 14.322 | 17.810 | 124 | 49.202 | 49.483 | 53.450 | 108 |
| Hotel KORNATI | 8.238 | 8.416 | 8.502 | 101 | 28.821 | 27.940 | 28.714 | 103 |
| Hotel ADRIATIC | 5.217 | 5.469 | 5.721 | 105 | 23.568 | 25.487 | 25.887 | 102 |
| Hotel Villa DONAT | 2.839 | 2.711 | 2.988 | 110 | 14.631 | 14.951 | 15.714 | 105 |
| TOTAL | 31.895 | 30.918 | 35.021 | 113 | 116.222 | 117.861 | 123.765 | 105 |



Graph of the realized overnight stays by source markets for the period from 01/01/to 30/09/2017



Occupancy rate for the period from 01/01/2017 to 30/09/2017 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% |
| JULY (VII) | 5.115 | 4.574 | 89,42% | 4.600 | 89,93% | 3.286 | 2.959 | 90,05% | 2.978 | 90,63% | 3.100 | 2.848 | 91,87% | 2.898 | 93,48% | 2.232 | 2.120 | 94,98% | 2.034 | 91,13% | 13.733 | 12.501 | 91,03% | 12.510 | 91,09% |
| AUGUST (VIII) | 5.115 | 4.829 | 94,41% | 4.872 | 95,25% | 3.286 | 3.121 | 94,98% | 3.112 | 94,70% | 3.100 | 2.999 | 96,74% | 2.939 | 94,81% | 2.232 | 2.122 | 95,07% | 2.136 | 95,70% | 13.733 | 13.071 | 95,18% | 13.059 | 95,09% |
| SEPTEMBER (IX) | 4.950 | 3.998 | 80,77% | 4.394 | 88,77% | 3.180 | 2.598 | 81,70% | 2.688 | 84,53% | 3.000 | 2.302 | 76,73% | 1.998 | 66,60% | 2.160 | 874 | 40,46% | 1.289 | 59,68% | 13.290 | 9.772 | 73,53% | 10.369 | 78,02% |
| TOTAL | 45.045 | 23.675 | 52,56% | 27.055 | 60% | 28.938 | 13.922 | 48,11% | 14.470 | 50,00% | 27.300 | 11.831 | 43,34% | 12.198 | 44,68% | 19.656 | 6.358 | 32% | 7.085 | 36% | 120.939 | 55.786 | 46,13% | 60.808 | 50,28% |

Occupancy rate for the period from 01/01/2017 to 30/09/2017 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 | 12 | 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 | 22 | 2.382 | 24 | 2.160 | 1.080 | 15 | 1.376 | 19 | 13.290 | 8.894 | 20 | 10.491 | 24 |
| JULY (VII) | 5.115 | 4.574 | 28 | 4.600 | 28 | 3.286 | 2.959 | 28 | 2.978 | 28 | 3.100 | 2.848 | 28 | 2.898 | 29 | 2.232 | 2.120 | 29 | 2.034 | 28 | 13.733 | 12.501 | 28 | 12.510 | 28 |
| AUGUST (VIII) | 5.115 | 4.829 | 29 | 4.872 | 30 | 3.286 | 3.121 | 29 | 3.112 | 29 | 3.100 | 2.999 | 30 | 2.939 | 29 | 2.232 | 2.122 | 29 | 2.136 | 30 | 13.733 | 13.071 | 30 | 13.059 | 29 |
| SEPTEMBER (IX) | 4.950 | 3.998 | 24 | 4.394 | 27 | 3.180 | 2.598 | 25 | 2.688 | 25 | 3.000 | 2.302 | 23 | 1.998 | 20 | 2.160 | 874 | 12 | 1.289 | 18 | 13.290 | 9.772 | 22 | 10.369 | 23 |
| TOTAL | 45.045 | 23.675 | 143 | 27.055 | 164 | 28.938 | 13.922 | 131 | 14.470 | 137 | 27.300 | 11.831 | 118 | 12.198 | 122 | 19.656 | 6.358 | 88 | 7.085 | 98 | 120.939 | 55.786 | 126 | 60.808 | 137 |

Monthly comparison of revenues/overnight stays of Ilirija hotels from 01/01/ to 30/09/2017 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 | 10.220.585,50 | 1,07 | 30.336 | 30.085 | 0,99 | 313,72 | 339,72 | 41,95 | 45,86 | 1,09 |
| AUGUST | 10.950.751,87 | 11.624.160,61 | 1,06 | 30.663 | 30.621 | 1,00 | 357,13 | 379,61 | 47,77 | 51,22 | 1,07 |
| SEPTEMBER | 6.454.164,22 | 6.949.754,37 | 1,08 | 18.352 | 19.032 | 1,04 | 351,69 | 365,16 | 46,84 | 48,71 | 1,04 |
| 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 | 41.991.796,04 | 0,96 | 131.471 | 123.765 | 0,94 | 331,16 | 339,29 | 44,00 | 45,60 | 1,04 |
| 30/09/2017 | 39.073.926,38 | 41.991.796,04 | 1,07 | 117.861 | 123.765 | 1,05 | 331,53 | 339,29 | 44,16 | 45,26 | 1,02 |

| | | |
|---------------------------------|-----------|---------|
| Revenues per sold room 30/09/17 | 690,56 kn | 92,82 € |
|---------------------------------|-----------|---------|

| | | |
|---------------------------------|-----------|---------|
| Revenues per sold room 30/09/16 | 700,43 kn | 93,05 € |
|---------------------------------|-----------|---------|

Spin-off profit centers in the hotel sector

| Lavender Bar | 2016 | 2017 | INDEX |
|--------------|--------------|--------------|-------|
| 31/12 | 1.016.581,44 | | |
| 30/09 | 968.883,13 | 1.061.808,45 | 1,10 |

| Aquatic Center | 2016 | 2017 | INDEX |
|----------------|--------------|--------------|-------|
| 31/12 | 2.516.761,93 | | |
| 30/09 | 2.468.975,39 | 3.052.547,76 | 1,24 |

| Tenis center | 2016 | 2017 | INDEX |
|--------------|------------|------------|-------|
| 31/12 | 271.213,65 | | |
| 30/09 | 266.516,09 | 311.680,73 | 1,17 |

| Beach bar Donat | 2016 | 2017 | INDEX |
|-----------------|------------|------------|-------|
| 31/12 | 327.665,09 | | |
| 30/09 | 319.351,14 | 302.233,00 | 0,95 |

Grandtotal hotel sector

| TOTAL: | 2016 | 2017 | INDEX |
|--------|---------------|---------------|-------|
| 31/12 | 47.669.798,89 | | |
| 30/09 | 43.097.652,13 | 46.720.065,98 | 1,08 |

| | | |
|--------------------------------|-----------|----------|
| Revenues per sold room - 2017: | 768,32 kn | 103,27 € |
|--------------------------------|-----------|----------|

| | | |
|--------------------------------|-----------|----------|
| Revenues per sold room - 2016: | 772,55 kn | 102,64 € |
|--------------------------------|-----------|----------|

ILIRIJA TRAVEL

In the nine months of the year 2017, 407 events - individual events, special programs, incentives, conferences, congresses, weddings, trips, regattas and concerts with a total number of 47,815 visitors were realized through the system and organization of DMC Ilirija Travel including other profit centers of the Company, which is the backbone of the Company's extension of the season by offering complementary forms of tourism and special interest tourism as tailor-made events which are increasingly demanded forms of tourism.

A total of HRK 8,949,457.80 of revenues was realized, and it is the result of Ilirija Travel activities as an integrated product of the Company.

REVENUES BY ACTIVITIES:

Revenues from hotel services amount to HRK 41,991,796.04 and rose by 7% in comparison with the same period last year.

Other revenues from hotel sector including Beach bar Donat, which is a part of the business unit of hotel Villa Donat, Sv. Filip i Jakov, were generated in the amount of HRK 4,728,269.94 and are higher by 17,5% than in the same period in 2016.

Overall, the revenues of the hotel sector in the nine months amount to HRK 46,720,065.98, which is by 8% higher than in the same period last year, accounting for 34.95% of the total operating revenues of the Company for that period.





NAUTICS – MARINA KORNATI

As a result of the new investments in the modernization of Marina Kornati and following nautical trends, the nautical sector of the Company, composed of Marina Kornati and Hotel Port Ilirija-Kornati, being among the top 3 leading marinas in Croatia, recorded an increase in revenues by 3.82% in nine months of 2017, compared to the same period last year. The most significant contribution to the growth in operating revenues, regardless of the fact that the largest increase in relative amount was not realized, since it accounts for about 71% of the total revenue in the nautical sector in the observed period, refers to the revenue from vessels on contracted berth with accessories which are higher by 4.39% compared to the same period in 2016, and are also the most significant accumulator of increase in revenues for the first nine months of 2017. Significant increase in the revenues of the nautical sector was also realized in the part of the revenues from parking and boat fair and events which grew by 5.58% or by 31.28% compared to the same period in 2016.

In the nautical sector the overnight stays are not the core business of the marina, but are indicated for in-

formative purposes, while the core nautical activities in terms of generating revenues are: (1) The berth on a contract basis for vessels in the marina, (2) transit number of inbound vessels from other ports (3) repair services, (4) lifting services, (5) parking and (6) hospitality.

In the first nine months of 2017, a total 703 berth contracts were signed, of which 416 contracts were concluded for individual vessels and 287 vessels in the charter, which was at the same level as in the previous fiscal year when 440 individual contracts and 265 charter contracts were concluded. The growth of contracted charter vessels by 8% resulted in higher revenue generated from berth on a contract basis due to the increase in the price of accommodating vessels for charter and the increase in the size - length of charter vessels compared to the individual vessels.

During the observed period a total of 3,348 vessels in transit sailed in Marina Kornati, while in the same period in 2016 some 3,308 vessels in transit sailed in, realizing thus a rise by 1%. At the same time during the mentioned period, the vessels in transit realized 11,067 overnight stays which, compared to the same period of 2016, is a decline by 2% as a result of the decrease of the average days of the stay of the ves-

sels in transit, which on the average stayed 3 days during the reporting period, while in the same period of 2016 they stayed 3.4 days. The reason for shorter stays in 2017 was the consequence of more favorable weather conditions which allowed sailors to stay longer at sea, and possibly anchorage in the coves. Reduction of the average number of days spent in transit did not affect the revenue earned from the daily berth, which in the observed period increased by 4.39% compared to the same period of 2016.

In the period from 01st January to 30th September 2017, some 2,978 port service operations were carried out (lifting, lowering and washing of vessels), while in the same period in 2016, some 3,226 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 item for the observed period.

The growth in revenues was recorded in the case of boat fair services and events that in the first nine months in 2017 rose by 31.28% compared to the year

in 2016 as a consequence of the increase in revenues in the segment of the boat fair.

From 19th - 22nd October 2017, the 19th boat fair Biograd Boat Show, the largest Croatian and Central European boat 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 m² will be attended by 330 contracted exhibitors who will participate with over 330 vessels at the sea and the mainland.

In the organization of the nineteenth boat fair, significant activities were directed towards the further development of its business to business character through a business platform called "Biograd B2B", with an aim of strengthening the business character of the fair, stronger interaction of business visitors and exhibitors, especially in the segment of shipbuilding and nautical tourism or strengthening its business activities.

The Biograd Boat Show was recognized by the leading professional and business associations and societies as the central place for getting all segments of the Croatian boating industry and tourism together: (i) the port of nautical tourism-marina, (II) charter, (III) ship operators, (IV) shipbuilders, (V) ship and nauti-

cal equipment manufacturers and (VI) diving tourism. Therefore, the boat fair this year has grown into the congress of the Croatian boating industry and tourism, which at this year's event was also formally confirmed through the organization of the first Boat Days organized by the Croatian Chamber of Commerce, which will contain a rich congress and professional program with relevant topics in the area of all segments of the boating industry and tourism.

In the aforementioned period, there were 27 regatta events attended by 12,000 sailors on 680 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 Austrian open sailing championship.

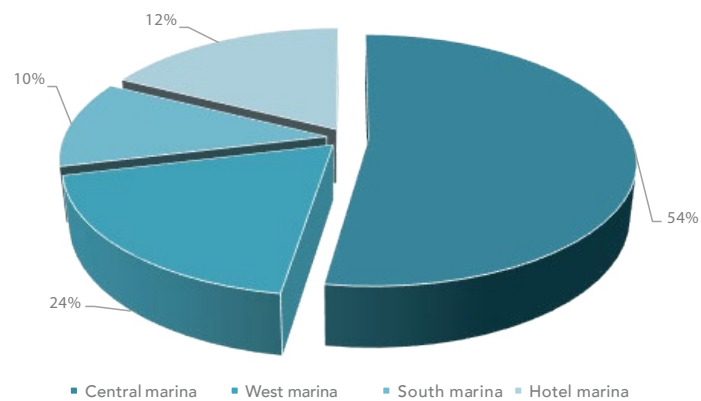




Marina Kornati capacities

| | 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 |
| TOTAL | 1.815 | 735 | 70 | 805 |

% Share of individual marina (number of berths)



Cumulative overview of physical turnover of Marina Kornati during the period from 01/01/2017-30/09/2017 and comparison with the same period in 2016

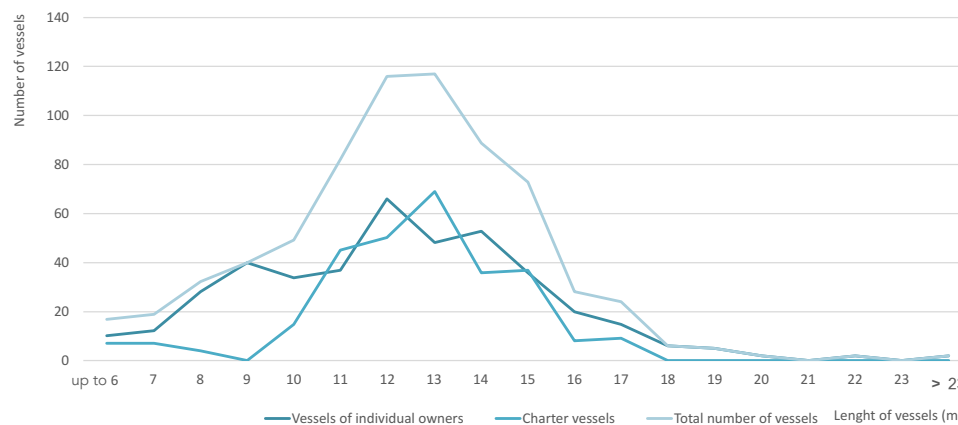
| Physical turnover items | | 2017 by month | | | | | | | | | | | |
|---|----------------------------|---------------|------------|------------|------------|------------|------------|------------|------------|------------|----|----|----|
| Name of position | Measurement unit | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| Contract-based berth -individual | Contracted vessel | 91 | 258 | 317 | 369 | 390 | 407 | 412 | 415 | 416 | | | |
| Contract-based berth -charter | Contracted vessel | 1 | 14 | 74 | 261 | 280 | 285 | 285 | 286 | 287 | | | |
| TOTAL Contract-based berth | Contracted vessel | 92 | 272 | 391 | 630 | 670 | 692 | 697 | 701 | 703 | | | |
| Transit berth-sailing in port | Sailing in port | 1 | 6 | 28 | 176 | 521 | 999 | 1.833 | 2.830 | 3.348 | | | |
| Transit berth-overnight stay of vessel | Boat / day | 184 | 390 | 604 | 1.365 | 2.366 | 3.633 | 6.333 | 9.604 | 11.067 | | | |
| Transit berth-overnight stay of vessel crew | Overnight stay of a person | | | | | | | | | | | | |
| Port service | Operation | 87 | 312 | 686 | 1.055 | 1.487 | 1.830 | 2.255 | 2.723 | 2.978 | | | |

| Physical turnover items | | 2016 by month | | | | | | | | | | | |
|---|----------------------------|---------------|------------|------------|------------|------------|------------|------------|------------|------------|----|----|----|
| Name of position | Measurement 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 | 434 | 437 | 440 | | | |
| Contract-based berth -charter | Contracted vessel | 2 | 3 | 19 | 245 | 255 | 261 | 263 | 265 | 265 | | | |
| TOTAL Contract-based berth | Contracted vessel | 120 | 286 | 371 | 618 | 661 | 684 | 697 | 702 | 705 | | | |
| Transit berth-sailing in port | Sailing in port | 5 | 13 | 42 | 171 | 578 | 1.088 | 1.847 | 2.811 | 3.308 | | | |
| Transit berth-overnight stay of vessel | Boat/day | 200 | 418 | 805 | 1.560 | 2.722 | 4.014 | 6.638 | 9.977 | 11.264 | | | |
| Transit berth-overnight stay of vessel crew | Overnight stay of a person | | | | | | | | | | | | |
| Port service | Operation | 95 | 300 | 605 | 1.033 | 1.503 | 1.981 | 2.436 | 2.926 | 3.226 | | | |

Vessels on berth contract in the period from 01/01/2017-30/09/2017 and comparison with the same period in 2016

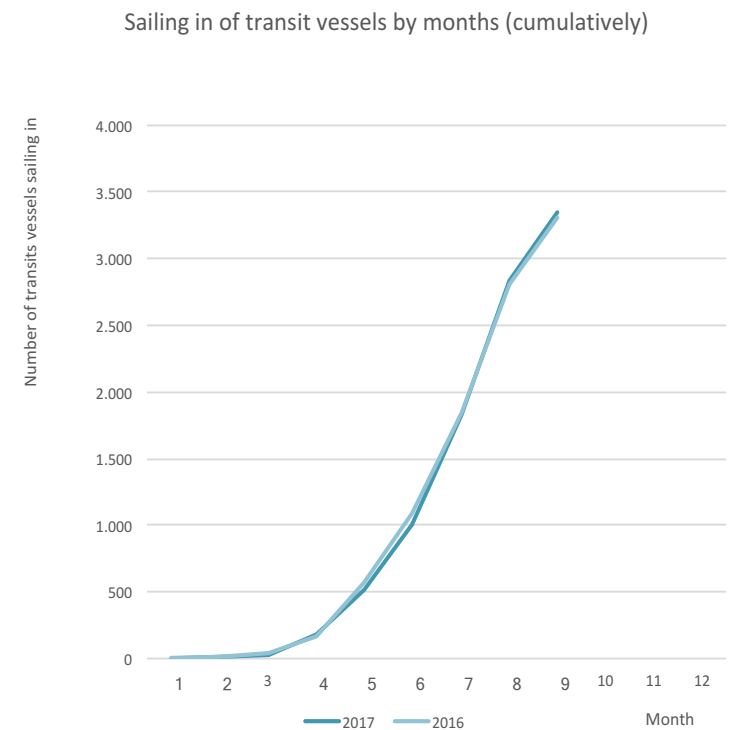
| Purpose | Type of berth | Position of berth | 01/01-30/09 | % Total | 01/01-30/09 | % Total | Index |
|------------------------------|--------------------------|--------------------|-------------|---------|-------------|---------|---------|
| | | | 2017 | Vessels | 2016 | Vessels | |
| Vessels of individual owners | Annual berth in the sea | Central aquatorium | 289 | 41,11 | 307 | 43,55 | 94 |
| | | South aquatorium | 50 | 7,11 | 60 | 8,51 | 83 |
| | | Western aquatorium | 2 | 0,28 | 4 | 0,57 | 50 |
| | Annual berth on the land | Hotel port | 40 | 5,69 | 38 | 5,39 | 105 |
| | | Marina land | 2 | 0,28 | 5 | 0,71 | 40 |
| | Sesonal berth in the sea | Marina aquatorium | 22 | 3,13 | 15 | 2,13 | 147 |
| | | Hotel port | 11 | 1,56 | 11 | 1,56 | 100 |
| Total individual vessels: | | | 416 | 59,17 | 440 | 62,41 | 95 |
| Charter vessels | Annual berth in the sea | Central aquatorium | 78 | 11,10 | 61 | 8,56 | 128 |
| | | South aquatorium | 0 | 0,00 | 0 | 0,00 | #DIV/0! |
| | | Western aquatorium | 195 | 27,74 | 190 | 26,95 | 103 |
| | | Hotel port | 14 | 1,99 | 14 | 1,99 | 100 |
| | Total charter vessels: | | | 287 | 40,83 | 265 | 37,59 |
| Total vessels 2017: | | | 703 | 100,00 | 705 | 100,00 | 100 |

Vessels on berth contract 01/01 - 30/09/2017



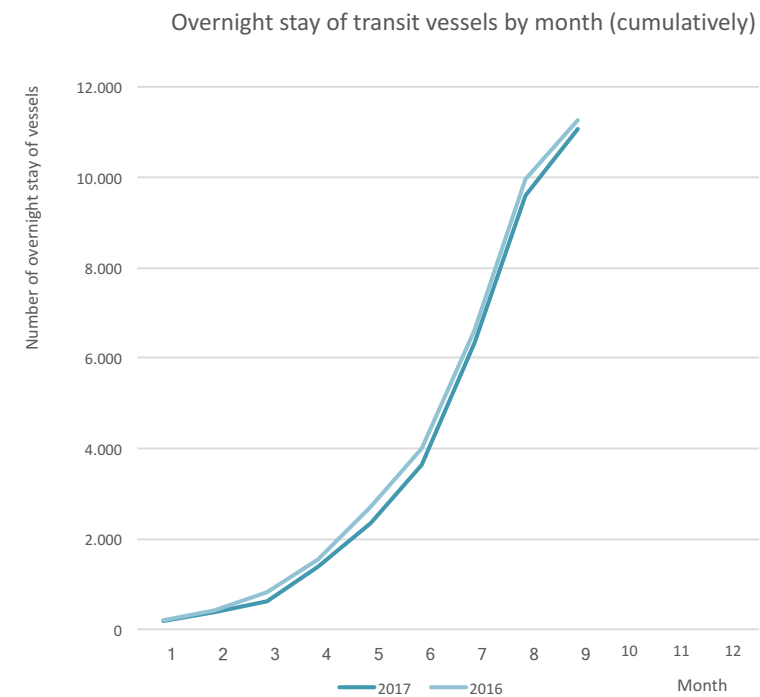
Transit berth-inbound vessels in the period from 01/01/2017-30/09/2017 and comparison with the same period in 2016

| 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 | 834 | 759 | 109,88 | 1.833 | 1.847 | 99 |
| 8 | 997 | 964 | 103,42 | 2.830 | 2.811 | 101 |
| 9 | 518 | 497 | 104,23 | 3.348 | 3.308 | 101 |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| Total 2017 | 3.348 | | | | | |
| Total 2016 | 3.308 | | | | | |
| Index 2017/2016 | 101 | | | | | |



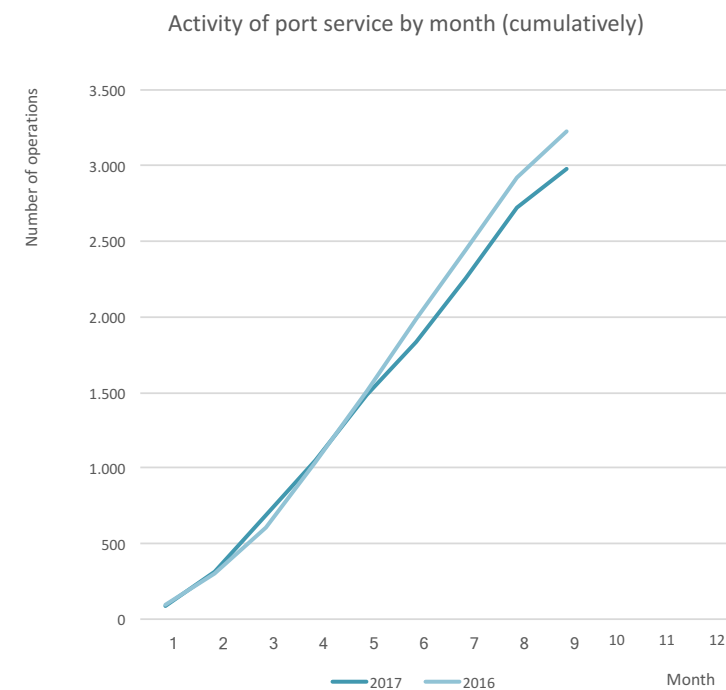
Transit berth – overnight stay of vessels in the period from 01/01/2017-30/09/2017 and comparison with the same period in 2016

| 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 | 2.700 | 2.624 | 102,90 | 6.333 | 6.638 | 95 |
| 8 | 3.271 | 3.339 | 97,96 | 9.604 | 9.977 | 96 |
| 9 | 1.463 | 1.287 | 113,68 | 11.067 | 11.264 | 98 |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| Total 2017 | 11.067 | | | | | |
| Total 2016 | | 11.264 | | | | |
| Index 2017/2016 | | 98 | | | | |



Activities of port repair services in the period from 01/01/2017-30/09/2017 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 | 425 | 455 | 93,41 | 2.255 | 2.436 | 93 |
| 8 | 468 | 490 | 95,51 | 2.723 | 2.926 | 93 |
| 9 | 255 | 300 | 85,00 | 2.978 | 3.226 | 92 |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| Total 2017 | 2.978 | | | | | |
| Total 2016 | | 3.226 | | | | |
| Index 2017/2016 | | | 92 | | | |



Revenues generated by Marina Kornati in the period from 01/01/2017-30/09/2017 individually by months and comparison with the same period in 2016

| REVENUES OF MARINA KORNATI 2017 INDIVIDUALLY BY MONTHS | | | | | | | | | | | | | | | | | |
|--|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----|----|----|----------------------|----------------------|--------------------|--------|
| Revenue positions | | 2017 by months | | | | | | | | | | | | 2017 Cumulat. | 2016 Cumulat. | Index 2017/2016 | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | | | | |
| I | Daily berth | 23.610,83 | 12.299,16 | 41.735,58 | 232.742,19 | 312.982,77 | 360.688,97 | 619.829,47 | 672.106,94 | 399.222,56 | | | | | 2.675.218,47 | 2.562.704,15 | 104,39 |
| 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 | 6.135.276,15 | 117.986,86 | 104.090,87 | | | | | 27.174.702,88 | 26.031.977,49 | 104,39 |
| III | Port service | 80.388,17 | 240.034,82 | 380.894,90 | 363.057,82 | 420.735,08 | 236.988,10 | 233.754,34 | 189.734,69 | 123.537,60 | | | | | 2.269.125,52 | 2.554.895,63 | 88,81 |
| IV | Vehicle parking | 2.104,00 | 8.268,00 | 8.616,00 | 123.316,00 | 215.027,24 | 278.789,38 | 397.409,86 | 385.389,71 | 406.691,14 | | | | | 1.825.611,33 | 1.729.184,29 | 105,58 |
| V | Other services | 3.206,75 | 27.151,95 | 60.745,47 | 80.819,81 | 56.063,78 | 67.161,09 | (4.362,27) | 149.151,88 | 67.717,89 | | | | | 507.656,35 | 577.485,73 | 87,91 |
| VI | Business cooperation | | | | 1.102.318,61 | | 3.698,85 | 1.077.861,91 | | | | | | | 2.183.879,37 | 2.133.838,38 | 102,35 |
| VII | Boat fair and events | | | 7.006,00 | 22.860,34 | 10.500,00 | 13.250,00 | 8.653,00 | 257.883,68 | 1.177.981,22 | | | | | 1.498.134,24 | 1.141.216,49 | 131,28 |
| | TOTAL | 3.451.699,23 | 6.492.966,26 | 3.346.498,85 | 8.024.456,85 | 2.598.824,97 | 1.699.964,50 | 8.468.422,46 | 1.772.253,76 | 2.279.241,28 | | | | 38.134.328,16 | 36.731.302,16 | 103,82 | |

| REVENUES OF MARINA KORNATI 2016 INDIVIDUALLY BY MONTHS | | | | | | | | | | | | | | | | | |
|--|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----|----|----|----------------------|----------------------|--------------------|--------|
| Revenue positions | | 2016 by months | | | | | | | | | | | | 2016 Cumulat. | 2015 Cumulat. | Index 2016/2015 | |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | | | | |
| I | Daily berth | 72.419,73 | 52.067,14 | 80.926,66 | 135.568,41 | 280.823,25 | 372.260,70 | 545.825,13 | 702.859,02 | 319.954,11 | | | | | 2.562.704,15 | 2.402.987,00 | 106,65 |
| 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 | 5.532.138,58 | 200.350,08 | 168.655,03 | | | | | 26.031.977,49 | 26.122.101,00 | 99,65 |
| III | Port service | 117.792,79 | 231.835,20 | 311.397,46 | 454.034,96 | 411.645,43 | 421.480,36 | 233.743,46 | 232.857,49 | 140.108,48 | | | | | 2.554.895,63 | 2.585.026,00 | 98,83 |
| IV | Vehicle parking | 1.472,00 | 4.833,33 | 22.264,00 | 112.396,80 | 210.145,44 | 231.944,20 | 389.819,98 | 381.405,66 | 374.902,88 | | | | | 1.729.184,29 | 1.733.308,00 | 99,76 |
| V | Other services | 4.351,98 | 58.839,32 | 23.154,92 | 71.150,66 | 64.592,60 | 50.823,02 | 119.985,23 | 115.657,76 | 68.930,24 | | | | | 577.485,73 | 655.350,00 | 88,12 |
| VI | Business cooperation | | | | 1.082.858,93 | 4.500,00 | 1.313,32 | 1.050.943,91 | | (5.777,78) | | | | | 2.133.838,38 | 2.129.243,00 | 100,22 |
| VII | Boat fair and events | | | | | | | 34.119,02 | 173.458,19 | 933.639,28 | | | | | 1.141.216,49 | 1.805.240,00 | 63,22 |
| | TOTAL | 4.584.755,09 | 5.970.307,97 | 2.893.145,07 | 5.923.018,19 | 3.782.785,27 | 1.863.714,82 | 7.906.575,31 | 1.806.588,20 | 2.000.412,24 | | | | 36.731.302,16 | 37.433.255,00 | 98,12 | |

Revenues generated by Marina Kornati in the period from 01/01/2017-30/09/2017 cumulatively by months and comparison with the same period in 2016

| REVENUES OF MARINA KORNATI 2017 CUMULATIVELY BY MONTHS | | | | | | | | | | | | | | |
|--|-----------------------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----|----|----|---------------------|
| Revenue positions | | 2017 by months | | | | | | | | | | | | % Of total revenues |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | |
| I | Daily berth | 23.610,83 | 35.909,99 | 77.645,57 | 310.387,76 | 623.370,53 | 984.059,50 | 1.603.888,97 | 2.275.995,91 | 2.675.218,47 | | | | 3,84 |
| II | Contracted berth with accessories | 3.342.389,48 | 9.547.601,81 | 12.395.102,71 | 18.494.444,79 | 20.077.960,89 | 20.817.349,00 | 26.952.625,15 | 27.070.612,01 | 27.174.702,88 | | | | 81,27 |
| III | Port service | 80.388,17 | 320.422,99 | 701.317,89 | 1.064.375,71 | 1.485.110,79 | 1.722.098,89 | 1.955.853,23 | 2.145.587,92 | 2.269.125,52 | | | | 6,72 |
| IV | Vehicle parking | 2.104,00 | 10.372,00 | 18.988,00 | 142.304,00 | 357.331,24 | 636.120,62 | 1.033.530,48 | 1.418.920,19 | 1.825.611,33 | | | | 2,48 |
| V | Other services | 3.206,75 | 30.358,70 | 91.104,17 | 171.923,98 | 227.987,76 | 295.148,85 | 290.786,58 | 439.938,46 | 507.656,35 | | | | 1,15 |
| VI | Business cooperation | | | | 1.102.318,61 | 1.102.318,61 | 1.106.017,46 | 2.183.879,37 | 2.183.879,37 | 2.183.879,37 | | | | 4,32 |
| VII | Boat fair and events | | | 7.006,00 | 29.866,34 | 40.366,34 | 53.616,34 | 62.269,34 | 320.153,02 | 1.498.134,24 | | | | 0,21 |
| | TOTAL | 3.451.699,23 | 9.944.665,49 | 13.291.164,34 | 21.315.621,19 | 23.914.446,16 | 25.614.410,66 | 34.082.833,12 | 35.855.086,88 | 38.134.328,16 | | | | 100,00 |

| REVENUES OF MARINA KORNATI 2016 CUMULATIVELY BY MONTHS | | | | | | | | | | | | | | |
|--|-----------------------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----|----|----|---------------------|
| Revenue positions | | 2016 by months | | | | | | | | | | | | % Of total revenues |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | |
| I | Daily berth | 72.419,73 | 124.486,87 | 205.413,53 | 340.981,94 | 621.805,19 | 994.065,89 | 1.539.891,02 | 2.242.750,04 | 2.562.704,15 | | | | 3,97 |
| II | Contracted berth with accessories | 4.388.718,59 | 10.011.451,57 | 12.466.853,60 | 16.533.862,03 | 19.344.940,58 | 20.130.833,80 | 25.662.972,38 | 25.863.322,46 | 26.031.977,49 | | | | 80,47 |
| III | Port service | 117.792,79 | 349.627,99 | 661.025,45 | 1.115.060,41 | 1.526.705,84 | 1.948.186,20 | 2.181.929,66 | 2.414.787,15 | 2.554.895,63 | | | | 7,79 |
| IV | Vehicle parking | 1.472,00 | 6.305,33 | 28.569,33 | 140.966,13 | 351.111,57 | 583.055,77 | 972.875,75 | 1.354.281,41 | 1.729.184,29 | | | | 2,33 |
| V | Other services | 4.351,98 | 63.191,30 | 86.346,22 | 157.496,88 | 222.089,48 | 272.912,50 | 392.897,73 | 508.555,49 | 577.485,73 | | | | 1,09 |
| VI | Business cooperation | | | | 1.082.858,93 | 1.087.358,93 | 1.088.672,25 | 2.139.616,16 | 2.139.616,16 | 2.133.838,38 | | | | 4,35 |
| VII | Boat fair and events | | | | | | - | 34.119,02 | 207.577,21 | 1.141.216,49 | | | | 0,00 |
| | TOTAL | 4.584.755,09 | 10.555.063,06 | 13.448.208,13 | 19.371.226,32 | 23.154.011,59 | 25.017.726,41 | 32.924.301,72 | 34.730.889,92 | 36.731.302,16 | | | | 100,00 |

CAMPING – CAMP “PARK SOLINE”

In the nine months of 2017, some 37,259 arrivals were realized in the camping sector, which constitutes a rise by 12.64% compared to the same period last fiscal year. Accordingly, the increased number of arrivals has resulted in an increase in the number of overnight stays by 9.51% compared to the same period in 2016 and the number of realized overnight stays in the reporting period was 282,470.

This increase can partly be attributed to carefully planned investment and marketing activities, while partly to a more favorable schedule of holidays in the pre-season compared to that in the previous year. Among other things, the most significant holiday to be mentioned in this section is the feast of Pentecost, which was in early June this year, prompting massive tourist movements from Germany, and later was linked to the holidays in Slovenia and Croatia.

All four segments of the campsite business (allotmans, lump sum guests, individuals and mobile homes) are experiencing growth in arrivals. The market segment allotman records a growth in overnight stays by 14.99% and arrivals by 17.07%, and the re-

sult is that the agency guests record a decline in average days of stay from 8.34 to 8.20 days. The market segment lump-sum realized an increase by 21.73% in arrivals and 19.55% in overnight stays compared to the nine months of 2016. This increase was largely due to the increase in leased camping plots and pitches and a good schedule of holidays in June (the markets of Slovenia and Croatia make for the largest share of lump sum guests). The market segment of individuals rose by 1.09% in arrivals and decline by 3.15% in overnight stays. The mobile homes as a segment in nine months this year rose by 19.42% in arrivals and 12.82% in overnight stays compared to the observed period in 2016. The largest increase in overnight stays was realized by the guests from the Croatian and Slovenian market.

The camp “Park Soline” has seen both the rise in physical turnover and revenues, where the contracted and realized revenues amount to HRK 26,859,436.02 which is an increase by 9% compared to the same period last year, with the rise in revenues from the agencies by 10% as a result of an increase in the number of leased camping pitches and lump sum guests with

a rise in contracted revenues by 12%, 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 relates to the mobile homes that bring higher revenues. Revenues from mobile homes record a rise by 21% and revenues from individuals have remained at the same level as in the observed period in the year 2016. This is the result of the carefully planned investment and marketing activities and more favorable schedule of holidays in the pre-season in the year 2017.

Also, at the Croatian level, the camping sector records a rise by 8% in the number of overnight stays in the nine months of 2017, so that the camp „Park Soline” with a rise by 10% in overnight stays exceeds the level of the entire Croatian camping sector.

As the number of arrivals is somewhat higher as compared to the increase in the number of overnight stays, the total number of days of stay has minimally changed from 7.80 to 7.58 days in 2017.

In the structure of realized overnight stays, the top five source markets are (1) the Slovenian market with

a share of 23% overnight stays, (2) the Czech market with a share of 20% overnight stays, (3) the German market with a share of 14% overnight stays, (4) the Dutch market with a share of 8% overnight stays and (5) the Croatian market with a share of 7% overnight stays.

In the business segment of mobile homes, the largest increase was recorded by the guests from the Croatian market (90.74%), the Italian market (87.31%), the Danish market (64.90%) and the Polish market (26.05%) compared to the year 2016.

In the business segments of camping units, the highest increase is recorded by the guests from the Polish market (17.22%), Danish market (7.52%), Austrian market (4.73%) and German market (1.83%).

At the same time, in the structure of overnight stays by market segments, the agencies prevail with the share of 33% and individuals with 28% of overnight stays. The share of overnight stays of lump sum guests, agencies and mobile homes increased as a result of the increased number of occupied pitches, while the share of overnight stays of individual guests decreased by 3% due to the decrease in the number of individual pitches.

Increase in arrivals by 20.47% and increase in over-

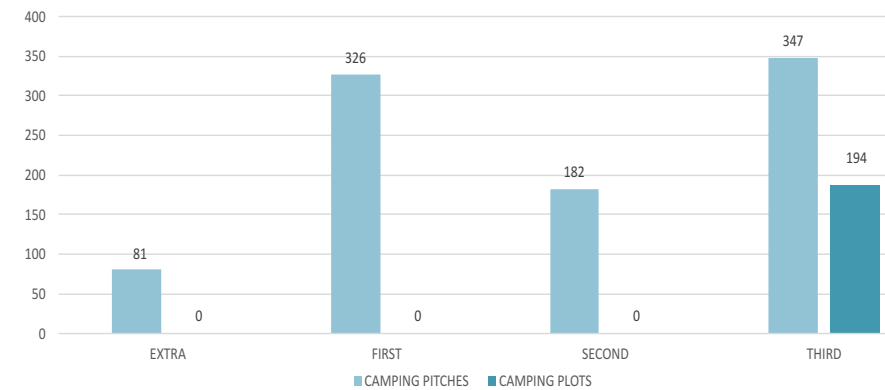
night stays by 11.76% for the month of September 2017 compared to the month of September 2016 are the indicators that the camping sector achieves positive post-seasonal results. Operating results in September show that the largest increase in overnight stays was recorded by Polish guests by 36% and by Croatian guests by 67%. The highest percentage growth in the number of overnight stays by individual guests was achieved by the Polish market (17%) and the Danish market whose guests organized the camp rally in September. The position of booking for the month of October is also the best so far that together with the realized physical turnover in the month of September indicates the trend of the season extension in the camping sector as well as far the most seasonal segment of Croatian tourist offer.





Capacities of camp "Park Soline"

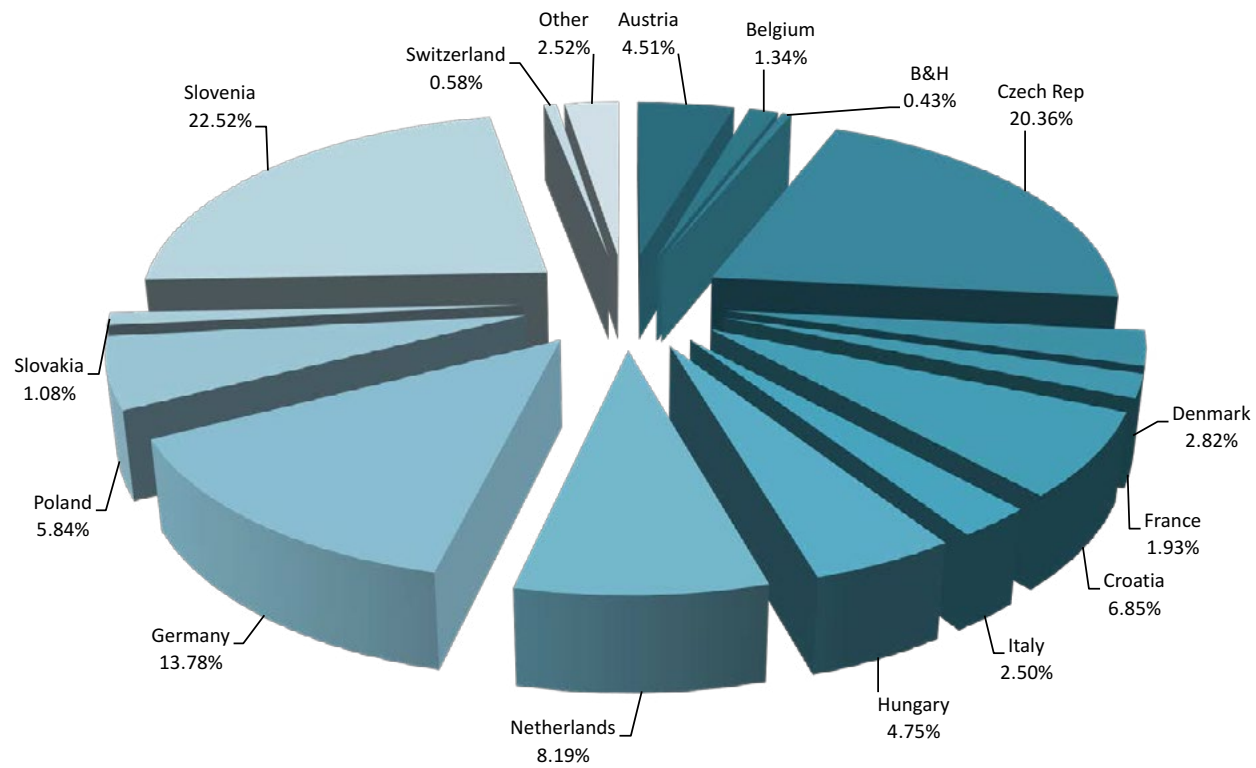
| | | 2013 | 2014 | 2015 | 2016 | 2017 |
|-----|-----------------|------|------|------|------|------|
| I | EXTRA ZONE | | | | | |
| | CAMPING PITCHES | 80 | 80 | 81 | 81 | 81 |
| | CAMPING PLOTS | 0 | 0 | 0 | 0 | 0 |
| | TOTAL | 80 | 80 | 81 | 81 | 81 |
| II | FIRST ZONE | | | | | |
| | CAMPING PITCHES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



Arrivals, overnight stays per source markets and average days of stay from 01/01/2017-30/09/2017 and comparison with the same period in 2016

| MARKET | 2017 | | 2016 | | INDEX 2017/2016 | | AVERAGE DAYS OF STAY | |
|--------------|---------------|-----------------|---------------|-----------------|-----------------|-----------------|----------------------|-------------|
| | Arrivals | Overnight stays | Arrivals | Overnight stays | Arrivals | Overnight stays | 2017 | 2016 |
| Austria | 1.798 | 12.748 | 1.675 | 11.750 | 107,34 | 108,49 | 7,09 | 7,01 |
| Belgium | 540 | 3.778 | 464 | 3.824 | 116,38 | 98,80 | 7,00 | 8,24 |
| B&H | 295 | 1.216 | 274 | 1.248 | 107,66 | 97,44 | 4,12 | 4,55 |
| Czech Rep | 7.506 | 57.499 | 6.386 | 49.989 | 117,54 | 115,02 | 7,66 | 7,83 |
| Denmark | 893 | 7.978 | 730 | 6.687 | 122,33 | 119,31 | 8,93 | 9,16 |
| France | 721 | 5.452 | 609 | 4.263 | 118,39 | 127,89 | 7,56 | 7,00 |
| Croatia | 2.509 | 19.353 | 1.615 | 14.654 | 155,36 | 132,07 | 7,71 | 9,07 |
| Italy | 1.120 | 7.057 | 1.121 | 6.486 | 99,91 | 108,80 | 6,30 | 5,79 |
| Hungary | 1.947 | 13.405 | 1.351 | 8.433 | 144,12 | 158,96 | 6,88 | 6,24 |
| Netherlands | 2.492 | 23.135 | 2.556 | 24.955 | 97,50 | 92,71 | 9,28 | 9,76 |
| Germany | 4.857 | 38.924 | 4.792 | 40.331 | 101,36 | 96,51 | 8,01 | 8,42 |
| Poland | 2.075 | 16.490 | 1.785 | 14.443 | 116,25 | 114,17 | 7,95 | 8,09 |
| Slovakia | 495 | 3.041 | 472 | 3.057 | 104,87 | 99,48 | 6,14 | 6,48 |
| Slovenia | 8.398 | 63.611 | 7.961 | 59.547 | 105,49 | 106,82 | 7,57 | 7,48 |
| Switzerland | 332 | 1.658 | 320 | 1.811 | 103,75 | 91,55 | 4,99 | 5,66 |
| Other | 1.281 | 7.125 | 966 | 6.461 | 132,61 | 110,28 | 5,56 | 6,69 |
| TOTAL | 37.259 | 282.470 | 33.077 | 257.939 | 112,64 | 109,51 | 7,58 | 7,80 |

Overnight stays per source markets until 30/09/2017



Arrivals, overnight stays, number of pitches and average days of stay by source markets till 30th September 2017 and comparison with the same period in 2016

| MARKET SEGMENT | 2017 | | | 2016 | | | INDEX 2017/2016 | | | AVERAGE DAYS OF STAY | |
|----------------|---------------|-----------------|--------------|---------------|-----------------|--------------|-----------------|-----------------|---------------|----------------------|-------------|
| | Arrivals | Overnight stays | Pitch | Arrivals | Overnight stays | Pitch | Arrivals | Overnight stays | Pitch | 2017 | 2016 |
| Allotment | 11.426 | 93.649 | 246 | 9.760 | 81.444 | 213 | 117,07 | 114,99 | 115,49 | 8,20 | 8,34 |
| Lump sum | 5.882 | 48.200 | 182 | 4.832 | 40.318 | 172 | 121,73 | 119,55 | 105,81 | 8,19 | 8,34 |
| Individuals | 11.711 | 78.903 | 552 | 11.585 | 81.473 | 610 | 101,09 | 96,85 | 90,49 | 6,74 | 7,03 |
| Mobile homes | 8.240 | 61.718 | 150 | 6.900 | 54.704 | 135 | 119,42 | 112,82 | 111,11 | 7,49 | 7,93 |
| TOTAL | 37.259 | 282.470 | 1.130 | 33.077 | 257.939 | 1.130 | 112,64 | 109,51 | 100,00 | 7,58 | 7,80 |

Overview of overnight stays by source markets and market segments till 30th September 2017 and the comparison with the same period in 2016

| | MOBILE HOMES ILIRIJA | | | AGENCIES | | | LUMP SUM | | | INDIVIDUALS | | | TOTAL | | |
|--------------------|----------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|----------------|----------------|---------------|
| Source Market | 2016 | 2017 | Index | 2016 | 2017 | Index | 2016 | 2017 | Index | 2016 | 2017 | Index | 2016 | 2017 | Index |
| Austria | 2.742 | 3.067 | 111,85 | 2.639 | 2.638 | 99,96 | 1.065 | 1.488 | 139,72 | 5.304 | 5.555 | 104,73 | 11.750 | 12.748 | 108,49 |
| Belgium | 973 | 1.037 | 106,58 | 544 | 877 | 161,21 | 164 | 199 | 121,34 | 2.143 | 1.665 | 77,69 | 3.824 | 3.778 | 98,80 |
| B&H | 446 | 449 | 100,67 | 72 | 75 | 104,17 | 317 | 510 | 160,88 | 413 | 182 | 44,07 | 1.248 | 1.216 | 97,44 |
| The Czech Republic | 2.494 | 3.025 | 121,29 | 42.990 | 49.361 | 114,82 | 1.237 | 1.976 | 159,74 | 3.268 | 3.137 | 95,99 | 49.989 | 57.499 | 115,02 |
| Denmark | 983 | 1.621 | 164,90 | 2.355 | 2.867 | 121,74 | 238 | 145 | 60,92 | 3.111 | 3.345 | 107,52 | 6.687 | 7.978 | 119,31 |
| France | 790 | 717 | 90,76 | 2.191 | 3.600 | 164,31 | 190 | 84 | 44,21 | 1.092 | 1.051 | 96,25 | 4.263 | 5.452 | 127,89 |
| Croatia | 2.386 | 4.551 | 190,74 | 469 | 309 | 65,88 | 7.830 | 10.273 | 131,20 | 3.969 | 4.220 | 106,32 | 14.654 | 19.353 | 132,07 |
| Italy | 930 | 1.742 | 187,31 | 747 | 968 | 129,59 | 166 | 130 | 78,31 | 4.643 | 4.217 | 90,82 | 6.486 | 7.057 | 108,80 |
| Hungary | 2.455 | 2.884 | 117,47 | 3.139 | 7.632 | 243,13 | 869 | 1.194 | 137,40 | 1.970 | 1.695 | 86,04 | 8.433 | 13.405 | 158,96 |
| Netherlands | 6.858 | 6.548 | 95,48 | 5.397 | 4.596 | 85,16 | 436 | 410 | 94,04 | 12.264 | 11.581 | 94,43 | 24.955 | 23.135 | 92,71 |
| Germany | 13.181 | 12.631 | 95,83 | 7.012 | 5.605 | 79,93 | 2.909 | 3.144 | 108,08 | 17.229 | 17.544 | 101,83 | 40.331 | 38.924 | 96,51 |
| Poland | 3.958 | 4.989 | 126,05 | 5.862 | 5.513 | 94,05 | 622 | 1.298 | 208,68 | 4.001 | 4.690 | 117,22 | 14.443 | 16.490 | 114,17 |
| Slovakia | 955 | 970 | 101,57 | 513 | 428 | 83,43 | 364 | 780 | 214,29 | 1.225 | 863 | 70,45 | 3.057 | 3.041 | 99,48 |
| Slovenia | 13.273 | 15.120 | 113,92 | 6.896 | 8.453 | 122,58 | 23.112 | 25.293 | 109,44 | 16.266 | 14.745 | 90,65 | 59.547 | 63.611 | 106,82 |
| Switzerland | 632 | 579 | 91,61 | 64 | 62 | 96,88 | 170 | 109 | 64,12 | 945 | 908 | 96,08 | 1.811 | 1.658 | 91,55 |
| Others | 1.648 | 1.788 | 108,50 | 554 | 665 | 120,04 | 629 | 1.167 | 185,53 | 3.630 | 3.505 | 96,56 | 6.461 | 7.125 | 110,28 |
| TOTAL | 54.704 | 61.718 | 112,82 | 81.444 | 93.649 | 114,99 | 40.318 | 48.200 | 119,55 | 81.473 | 78.903 | 96,85 | 257.939 | 282.470 | 109,51 |

Cumulative overview of daily and monthly occupancy of accommodation units of the camp "Park Soline" from 21/04/2017-30/09/2017

| MONTH | APRIL | | | | MAY | | | | JUNE | | | | JULY | | | |
|---|---------------|-----------------------------|---------------|----------------|-------------------|-----------------------------|---------------|----------------|-------------------|-----------------------------|---------------|----------------|-------------------|-----------------------------|---------------|----------------|
| | SEGMENT | MAXIMUM POSSIBLE PITCH DAYS | PITCH DAYS | OCCUPANCY IN % | DAYS OF OCCUPANCY | MAXIMUM POSSIBLE PITCH DAYS | PITCH DAYS | OCCUPANCY IN % | DAYS OF OCCUPANCY | MAXIMUM POSSIBLE PITCH DAYS | PITCH DAYS | OCCUPANCY IN % | DAYS OF OCCUPANCY | MAXIMUM POSSIBLE PITCH DAYS | PITCH DAYS | OCCUPANCY IN % |
| MOBILE HOMES ILIRIJA | 1.500 | 347 | 23,13% | 2,31 | 4.650 | 918 | 19,74% | 6,12 | 4.500 | 3.123 | 69,40% | 20,82 | 4.650 | 4.454 | 95,78% | 29,69 |
| 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 | 7.626 | 7.626 | 100,00% | 31,00 |
| 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 | 5.642 | 5.642 | 100,00% | 31,00 |
| 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 | 12.276 | 8.242 | 67,14% | 20,81 |
| 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 | 4.836 | 1.219 | 25,21% | 7,81 |
| INDIVIDUALS TOTAL | 5.520 | 186 | 3,37% | 0,34 | 17.112 | 848 | 4,96% | 1,54 | 16.560 | 3.851 | 23,25% | 6,98 | 17.112 | 9.461 | 55,29% | 17,14 |
| TOTAL | 11.300 | 4.812 | 42,58% | 4,26 | 35.030 | 15.034 | 42,92% | 13,30 | 33.900 | 19.814 | 58,45% | 17,53 | 35.030 | 27.813 | 77,60% | 24,06 |

| MONTH | AUGUST | | | | SEPTEMBER | | | | TOTAL | | | | |
|---|---------------|-----------------------------|---------------|----------------|-------------------|-----------------------------|---------------|----------------|-------------------|------------------------------|-----------------------------|---------------|----------------|
| | SEGMENT | MAXIMUM POSSIBLE PITCH DAYS | PITCH DAYS | OCCUPANCY IN % | DAYS OF OCCUPANCY | MAXIMUM POSSIBLE PITCH DAYS | PITCH DAYS | OCCUPANCY IN % | DAYS OF OCCUPANCY | NUMBER OF ACCOMODATING UNITS | MAXIMUM POSSIBLE PITCH DAYS | PITCH DAYS | OCCUPANCY IN % |
| MOBILE HOMES ILIRIJA | 4.650 | 4.442 | 95,53% | 29,61 | 4.500 | 2.852 | 63,38% | 19,01 | 150 | 24.450 | 16.136 | 66,00% | 107,57 |
| AGENCIES | 7.626 | 7.626 | 100,00% | 31,00 | 7.380 | 7.380 | 100,00% | 30,00 | 246 | 40.098 | 40.098 | 100,00% | 163,00 |
| LUMP SUM | 5.642 | 5.642 | 100,00% | 31,00 | 5.460 | 5.460 | 100,00% | 30,00 | 182 | 29.666 | 29.666 | 100,00% | 163,00 |
| INDIVIDUALS PITCHES STANDARD MARE, COMFORT AND STANDARD | 12.276 | 7.399 | 60,27% | 18,68 | 11.880 | 3.500 | 29,46% | 8,84 | 396 | 64.548 | 23.949 | 37,10% | 60,48 |
| INDIVIDUALS CAMPING PLACE STANDARD | 4.836 | 1.373 | 28,39% | 8,80 | 4.680 | 31 | 0,66% | 0,20 | 156 | 25.428 | 2.699 | 10,61% | 17,30 |
| INDIVIDUALS TOTAL | 17.112 | 8.772 | 51,26% | 15,89 | 16.560 | 3.531 | 21,32% | 6,40 | 552 | 89.976 | 26.649 | 29,62% | 48,28 |
| TOTAL | 35.030 | 26.482 | 75,60% | 23,44 | 33.900 | 19.223 | 56,71% | 17,01 | 1130 | 184.190 | 112.549 | 61,10% | 99,60 |

Revenues of the camp in the period from 01/01 to 30/09/2017 and comparison with the same period in 2016

| SEGMENT | | 2016 | | | | | 2017 | | | INDEX | |
|---------------|----------------|-------------------|-----------------|-------------------------|----------------------------|-------------------------|----------------------------|--------------------------|-------------------------|-----------------|------------|
| | | REALIZED IN 2016 | | | CONTRACTED TILL 30/09/2016 | | CONTRACTED TILL 30/09/2017 | | | 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 | 135 | 54.712 | 8.931.726,76 kn | 54.704 | 8.928.030,21 kn | 150 | 61.718 | 10.808.002,74 kn | 113 | 121 |
| 2 | AGENCIES | 213 | 81.467 | 3.965.195,24 kn | 81.444 | 3.965.195,24 kn | 246 | 93.649 | 4.353.649,82 kn | 115 | 110 |
| 3 | INDIVIDUALS | 610 | 81.529 | 7.211.770,32 kn | 81.473 | 7.101.223,71 kn | 552 | 78.903 | 7.109.362,02 kn | 97 | 100 |
| 4 | LUMP SUM | 172 | 40.402 | 3.045.447,42 kn | 40.318 | 2.998.951,17 kn | 182 | 48.200 | 3.355.044,91 kn | 120 | 112 |
| 5 | OTHER SERVICES | - | - | 1.658.520,76 kn | - | 1.755.189,10 kn | 0 | 0 | 1.233.376,53 kn | #VALUE! | 70 |
| TOTAL: | | 1130 | 258.110 | 24.812.660,50 kn | 257.939 | 24.748.589,43 kn | 1130 | 282.470 | 26.859.436,02 kn | 110 | 109 |

COMMERCIAL-SHOPPING CENTER CITY GALLERIA - ZADAR

It is located in a highly residential area, only 10 minutes walking distance from the old city center and bus and railway stations, the Commercial-shopping center City Galleria is easily accessible to a large number of residents of the city of Zadar and county, as well as to 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 the center there is an underground garage with 410 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 Gallery'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 as at 30th September 2017, was 100.00% of all capacities

or there are 35 premises lease contracts in force ranging from 9.8m² to over 1,836m², including the present lessees, all of whom with their brands and services are the international market leaders such as Blitz CineStar cinema, Müller store, SPAR Croatia, CCC shoes&bags, Gyms4You service activities 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 represents a departure from the contents of traditional 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 made to improve and enhance the offer of the center in order to create attractive and diverse offer, i.e. to strengthen its overall market recognition and positioning within the Zadar

Region, which is why the Company cooperates with the existing lessees in the Center to increase the volume of business and enhance the quality of services and they apply the active policy of bringing new lessees, especially those who are not yet present in the Zadar County region, making the market offer more competitive.

The usage of the underground garage by customers of the Center is also rising, and for the nine months of 2017 this figure is 474,558 vehicles, which constitutes a rise by 12.47% 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 same period in the year 2016, which is in line with other parameters of increased visit and interest by visitors in the accessible contents. As some novelties in the offer of the center we can mention some new stores that started their business in this period, and with their product range they improved the existing offer – fashion shoe store „ShoeBeDo“ by the lessee Wulf sport d.d. with a wide range of international fashion brands in the offer, as well as the children's

store “Bubamara” by the lessee Bubamara sve za djecu d.o.o. with a rich product range for babies, children and pregnant women. Also, the premises lease contract was signed with the lessee PEPCO Croatia d.o.o., which represents the European chain of shops offering clothing for the whole family and household products. This lessee's store opening is expected in December 2017 for the public.

The revenues of the Commercial-shopping center City Galleria for the first nine months' period of 2017 amount to HRK 9,207,297.52 and in the last quarter of the fiscal year of 2017, we expect a further increase in revenues that should come from both the above mentioned new lease agreements and the existing agreements that define a rise in rental fees over the time.



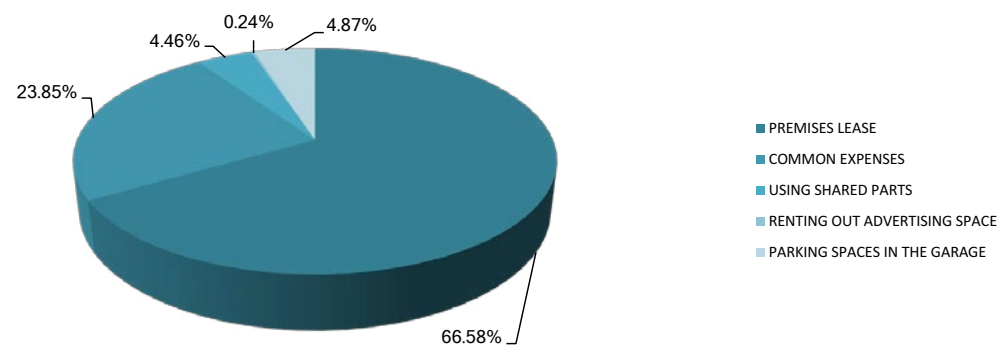
The operating revenues of the Commercial-shopping center City Galleria in Zadar for the period from 01/01 – 30/09/2017

| DESIGNATION | DESCRIPTION | NUMBER OF ACTIVE CONTRACTS | SURFACE AREA (M ²) | REVENUES | % |
|-------------|-------------------------------|----------------------------|--------------------------------|-----------------|---------|
| 1 | PREMISES LEASE | 35 | 9.656,30 | 6.130.523,20 kn | 66,58% |
| 2 | COMMON EXPENSES | 33 | 6.842,23 | 2.196.374,91 kn | 23,85% |
| 3 | USING SHARED PARTS | 23 | 1.003,30* | 410.207,01 kn | 4,46% |
| 4 | RENTING OUT ADVERTISING SPACE | 7 | 118,52** | 21.869,23 kn | 0,24% |
| 5 | PARKING SPACES IN THE GARAGE | 410*** | 10.863,50 | 448.323,17 kn | 4,87% |
| GRANDTOTAL: | | | | 9.207.297,52 kn | 100,00% |

* Out of the mentioned surface area of the shared parts, 800,00 m² relates to the market place area

** The area refers to the illuminated billboards

*** Number of parking spaces in the garage



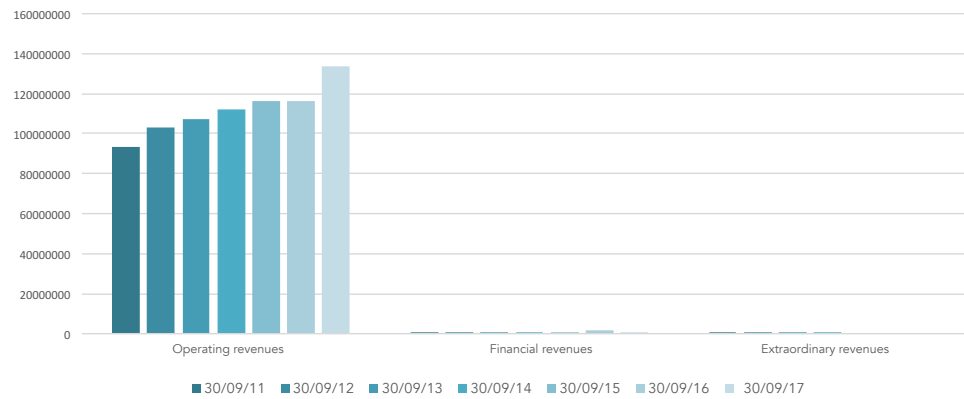


I I BUSINESS RESULTS OF THE COMPANY

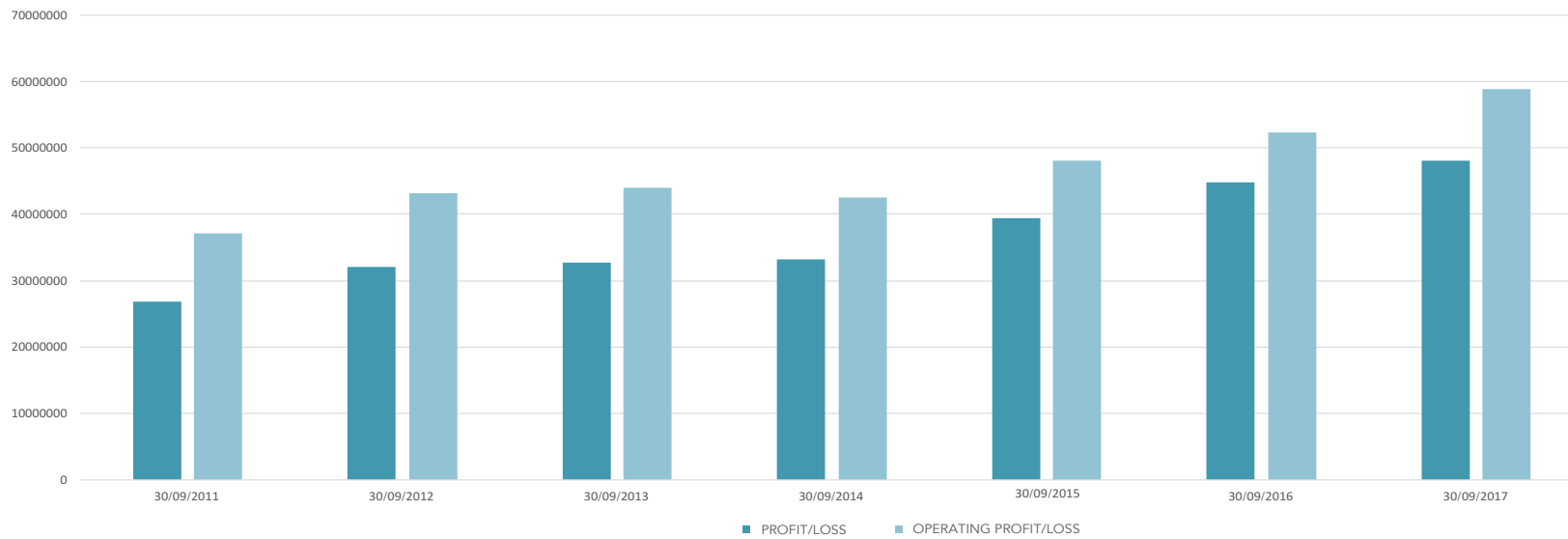
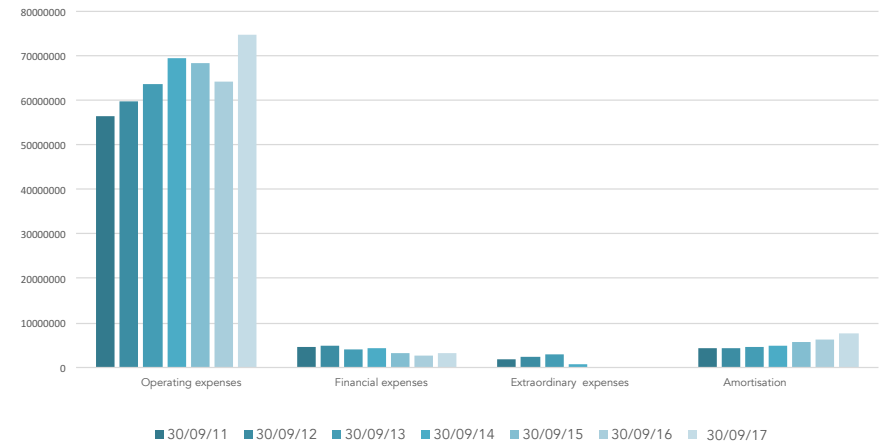
Overview of financial results from 01/01/2017 to 30/09/2017 and comparison with the same period from 2011 to 2017

| DESCRIPTION | 30/09/2011 | 30/09/2012 | 30/09/2013 | 30/09/2014 | 30/09/2015 | 30/09/2016 | 30/09/2017 | Index 2017/2016 |
|--------------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------|
| Operating revenue | 93.482.009,75 | 103.093.525,94 | 107.612.475,44 | 112.063.612,03 | 116.438.694,86 | 116.341.032,15 | 133.683.991,24 | 114,91 |
| Financial revenue | 205.909,31 | 157.590,20 | 211.122,31 | 101.872,88 | 169.969,36 | 1.376.108,17 | 130.719,63 | 9,50 |
| Extraordinary revenues | 377.760,07 | 383.689,23 | 88.306,06 | 367.249,51 | 0,00 | 0,00 | 0,00 | #DIV/0! |
| TOTAL REVENUES | 94.065.679,13 | 103.634.805,37 | 107.911.903,81 | 112.532.734,42 | 116.608.664,22 | 117.717.140,32 | 133.814.710,87 | 113,67 |
| Operating expenses | 56.427.395,94 | 59.888.658,02 | 63.604.415,83 | 69.539.142,34 | 68.406.421,17 | 64.083.275,90 | 74.795.602,82 | 116,72 |
| Financial expenses | 4.602.714,96 | 4.853.152,11 | 4.033.062,83 | 4.390.325,97 | 3.131.122,26 | 2.675.230,13 | 3.356.649,98 | 125,47 |
| Extraordinary expenses | 1.803.702,62 | 2.417.771,78 | 2.926.069,57 | 667.960,12 | 0,00 | 0,00 | 0,00 | #DIV/0! |
| Amortisation | 4.373.087,04 | 4.414.346,12 | 4.679.634,18 | 4.788.904,95 | 5.602.665,15 | 6.169.485,96 | 7.650.121,51 | 124,00 |
| TOTAL EXPENSES | 67.206.900,56 | 71.573.928,03 | 75.243.182,41 | 79.386.333,38 | 77.140.208,58 | 72.927.991,99 | 85.802.374,31 | 117,65 |
| PROFIT / LOSS | 26.858.778,57 | 32.060.877,35 | 32.668.721,40 | 33.146.401,04 | 39.468.455,64 | 44.789.148,33 | 48.012.336,56 | 107,20 |
| OPERATING PROFIT / LOSS | 37.054.613,81 | 43.204.867,92 | 44.008.059,61 | 42.524.469,69 | 48.032.273,69 | 52.257.756,25 | 58.888.388,42 | 112,69 |
| EBITDA | 35.834.580,57 | 41.328.375,57 | 41.381.418,41 | 42.325.631,96 | 48.202.243,05 | 53.633.864,42 | 59.019.108,05 | 110,04 |

REVENUES 2011 - 2017



EXPENSES 2011 - 2017



I

In the nine months of 2017, total revenues amount to HRK 133,814,710.87 and they increased by 13.67% compared to the same period of 2016 as a result of the growth in operating revenues and revenues from sales.

Operating revenues generated in the observed period amounts to HRK 133,686,991.24 realizing a growth by 14.91%, 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 24% and rise in operating revenues at the level of all of its tourist sectors. In the observed period, a significant increase in operating revenues was realized in the hotel sector by 8%, the camping sector by 8%, nautical sector by 3% and the revenue generated by the destination management company / DMC Ilirija Travel has risen by 34.24% with a special emphasis on the growth of revenue from the profit center Arsenal. In addition to the tourism and hospitality sector of the Company, the growth in the Company's operating revenues has been also contributed by the results or operating revenue realized in the real estate sector, i.e. Commercial-shopping center City Galleria in the amount of HRK 9,207,927.52.

Revenues earned from the sales in the observed period amount to HRK 132,967,334.20 and are higher by 16.91%, as compared to the same period of the previous fiscal year, when they amounted to HRK 113,730,817.89. The revenues from sales make up for 99.37% of the total and 99.46% of the operating revenues.

2

Total expenses in the mentioned period amount to HRK 85,802,374.31 and in comparison to the same period in 2016 they are higher by 17.65% as a result of growth in the operating and financial expenses and increase in amortization in the observed period.

Operating expenses realized in the nine months of 2017 amount to HRK 74,795,602.82 and are higher by 16.72% or HRK 10,712,326.92 compared to the same period of 2016 as a result of the increase in material costs by 20% and increase in costs of personnel by 15%, which was planned and expected in view of acquisition (purchase) of the Commercial-shopping center City Galleria which was realized in December 2016, and increase in amortization by 24%.

3

The operating profit or the profit from business activities of the Company rose by 12.69% compared to the same period in 2016 and amounts to HRK 58,888,388.42.

EBITDA or Earnings before interest, taxes, depreciation and amortization was realized in the amount of HRK 59,019,108.05 and rose by HRK 10.04% compared to the same period in the year 2016.

EBIT or Earnings before interest and tax was realized in the amount of HRK 51,368,986.54 and rose by HRK 8,23% compared to the same period in the year 2016.

The PROFIT for the nine months of 2017 amounts to HRK 48,012,336.56 and is higher by 7.20% compared to the same period in 2016.

Operating profit, EBITDA, EBIT and profit realized in the nine months of 2017 are by far the best compared to the same periods of the previous fiscal years in their absolute amounts and are the result of an increase in total revenues and operating revenues at the level of all tourism segments of the Company with a significant growth in realization in the domestic market and also as a result of the acquisition (purchase) of the Commercial-shopping center City Galleria.

Financial
statements of the Company as at 30/09/2017 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 | 80.263.473,22 | 81.490.240,89 | 102 | 100.504.837,86 | 123 |
| Revenues on foreign market | 34.239.400,18 | 33.139.677,00 | 97 | 32.876.271,34 | 99 |
| Other operating revenues | 1.935.821,46 | 1.711.114,26 | 88 | 302.882,04 | 18 |
| OPERATING REVENUES | 116.438.694,86 | 116.341.032,15 | 100 | 133.683.991,24 | 115 |
| FINANCIAL INCOME | 169.969,36 | 1.376.108,17 | 810 | 130.719,63 | 9 |
| EXTRAORDINARY REVENUES | 0,00 | 0,00 | #DIV/0! | 0,00 | #DIV/0! |
| TOTAL REVENUES | 116.608.664,22 | 117.717.140,32 | 101 | 133.814.710,87 | 114 |
| EXPENSES | | | | | #DIV/0! |
| Costs of raw materials | 16.201.073,42 | 14.888.489,53 | 92 | 18.730.170,40 | 126 |
| Costs of services | 13.853.759,73 | 11.113.227,88 | 80 | 12.592.335,54 | 113 |
| Gross salaries | 23.020.000,24 | 23.361.300,05 | 101 | 26.859.874,37 | 115 |
| Other expenses | 15.331.587,78 | 14.720.258,44 | 96 | 16.613.222,51 | 113 |
| OPERATING EXPENSES | 68.406.421,17 | 64.083.275,90 | 94 | 74.795.602,82 | 117 |
| AMORTISATION | 5.602.665,15 | 6.169.485,96 | 110 | 7.650.121,51 | 124 |
| FINANCIAL EXPENSES | 3.131.122,26 | 2.675.230,13 | 85 | 3.356.649,98 | 125 |
| EXTRAORDINARY EXPENSES | 0,00 | 0,00 | #DIV/0! | 0,00 | #DIV/0! |
| TOTAL EXPENSES | 77.140.208,58 | 72.927.991,99 | 95 | 85.802.374,31 | 118 |
| PROFIT/LOSS | 39.468.455,64 | 44.789.148,33 | 113 | 48.012.336,56 | 107 |
| OPERATING PROFIT | 48.032.273,69 | 52.257.756,25 | 109 | 58.888.388,42 | 113 |
| EBITDA | 48.202.243,05 | 53.633.864,42 | 111 | 59.019.108,05 | 110 |

REVENUES BY ACTIVITIES:

Revenues from hotel services amount to HRK 46,417,832.98 and are higher by 8% compared to the same period of the previous fiscal year as a consequence of a significant increase in demand during the high season and significant rise in physical and financial turnover in the pre- and post-season, that is, in April, May and September followed by a rise in revenues in the hospitality facilities as part of the hotel sector which was also reflected in a significant increase in revenues in the nine months of 2017.

Revenues from nautics amount to HRK 41,496,930.69 and are higher by 3% compared to the same period of 2016 as a result of the growth of the revenues from the vessels on a contract berth with accessories, daily berth, parking, business cooperation, boat fair and events and the increase in revenues in the hospitality segment.

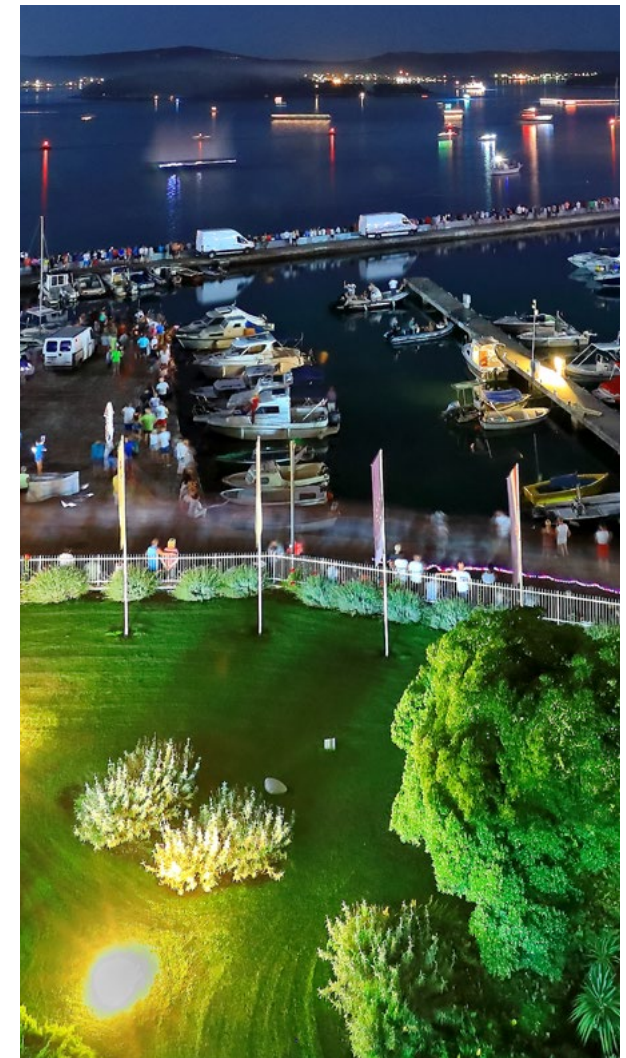
Revenues from camping amount to HRK 29,487,867.94 and are higher by 8% compared to the same period last fiscal year and refer to the growth in revenues as a consequence of the total rise in operating results (arrivals and overnight stays) and rise in revenues from the hospitality segment.

The revenues from other activities, that is, profit

centers, including Ilirija Travel, hospitality, Arsenal and event ship „Nada“ agrotourism, Villa Primorje and Commercial-shopping center City Galleria were generated in the amount of HRK 16,281,359.63 and rose by 169,93% compared to the same period in the year 2016.

GRANDTOTAL: Operating revenues by activities amount to HRK 133,683,991.24 and rose by 15% in comparison with the same period in 2016.

Other revenues: In the nine months of 2017, other revenues were realized in the amount of HRK 302,882.04 and consist of revenues from the use of own products, while the exchange commissions and compensation arising from the insurance claims are insignificant compared to the same period of 2016, because in the current fiscal year we did not have any own revenues compared to the year 2016, which in the nine months amounted to HRK 1,483,629.65.





FUNDAMENTAL FINANCIAL INDICATORS ON THE POSITION AND OPERATIONS OF THE COMPANY AS AT 30/09/2017

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 September 2017 amounts to HRK 440,149,061.08 and rose by HRK 101,740,545.46 or by 30.06% compared to the same period in 2016 when it was evaluated at HRK 338,408,515.62, and the increase of which is compared to the same period in the last fiscal year the result of 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 the assets of the Company for the same observed period since 2009, when it amounted to HRK 281,804,719.08 grew by HRK 158,344,342.00 or by 56.19%.

2

Total liabilities of the Company as at 30/09/2017 amount to 122,469,356.54 and rose by HRK 40,163,515.70 that is, by 48.80% compared to the same period in 2016 when they amounted to HRK 82,305,840.84 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 also partly financed by the long-term investment loan.

Total liabilities of the Company as at 30/09/2017 decreased by HRK 19,369,934.31 or by HRK 13.66% that is, compared to the total liabilities of the Company as at 30/09/2009 when they amounted to HRK 144,839,290.85.

3

Capital and reserves of the Company as at 30th September 2017 amount to HRK 317,679,704.54 and rose by HRK 61,577,030.06 that is by 24.04% compared to the same period in 2016 when they amounted to HRK 256,102,674.48.

Compared to the Company's capital and reserves generated in the nine months of 2017, they increased by HRK 177,714,276.31 or by 126.97% compared to the same period in 2009 when they amounted to HRK 139,965,428.23

4

The total revenues of the Company in the nine months of 2017 amount to HRK 133,814,710.87 and are higher by HRK 16,097,570.55 or by 13.67% compared to the same period of 2016 when they amounted to HRK 117,717,140.32, the increase of which is the consequence of the rise in operating revenues, revenues from sale and acquisition (buying) of the Commercial-shopping center City Galleria in Zadar.

The total revenues of the Company compared to the same period in 2009 when they amounted to HRK 83,364,770.90 grew by HRK 50,449,939.97 or by 60.52%.

5

The operating profit of the Company in the amount of HRK 58,888,388.42 was generated and is higher by HRK 6,630,632.17 or by 12.69% compared to the same period in 2016 when it amounted to HRK 52,257,756.25.

Comparing the operating profit realized in the nine months of 2017, it grew by HRK 27,554,278.06 or by 87.94% compared to the operating profit generated in the same period in 2009, when it amounted to HRK 31,334,110.36.

6

EBITDA was realized in the amount of HRK 59,019,108.05 and grew by HRK 5,385,243.63 or 10.04% compared to the same period of 2016 when it amounted to HRK 53,633,864.42.

EBITDA realized in the nine months of 2017 compared to the same period in 2009 when it amounted to HRK 30,979,941.47 grew by 90.51% or by HRK 28,039,166.58.

7

The Company's profit for the nine months of 2017 amounts to HRK 48,012,336.56 and is higher by HRK 3,223,188.23 or by 7.20% compared to the same period of 2016 when it amounted to HRK 44,789,148.33 as a result of growth in total and operating revenues.

Comparing the Company's profit for the nine months of 2017, it increased by HRK 24,488,617.15 or by 104.10% compared to the profit generated in the same period in 2009 which amounted to HRK 23,523,719.41.

8

The amount of HRK 6,016,540.00 or 20.00 HRK per share was distributed to the Company's shareholders by the end of 30th September 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.

During the period from 2009 till 30th September 2017, the Company distributed the amount of HRK 37,139,218.00 for the dividend.

CUMULATIVE COMPARATIVE OVERVIEW

of fundamental indicators on the position of assets, capital, liabilities and operating results of the Company as at 30/09/2017 and also for the 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 |
| 30/09/2017 | 122.469.356,54 | 317.679.704,54 | 440.149.061,08 | 133.814.710,87 | 58.888.388,42 | 59.019.108,05 | 48.012.336,56 | 6.016.540,00 |
| 30/09/2016 | 82.305.840,84 | 256.102.674,48 | 338.408.515,62 | 117.717.140,32 | 52.257.756,25 | 53.633.864,42 | 44.789.148,33 | 4.937.148,00 |
| 30/09/2015 | 110.720.793,04 | 213.593.055,17 | 324.313.848,21 | 116.608.664,22 | 48.032.273,69 | 48.202.243,05 | 39.468.455,64 | 3.740.790,00 |
| 30/09/2014 | 125.000.091,75 | 194.440.141,31 | 319.440.233,06 | 112.532.734,42 | 42.524.469,69 | 42.325.631,96 | 33.146.401,04 | 3.740.790,00 |
| 30/09/2013 | 128.884.542,13 | 179.400.931,75 | 308.285.473,88 | 107.911.903,81 | 44.008.059,61 | 41.381.418,41 | 32.668.721,40 | 3.740.790,00 |
| 30/09/2012 | 135.863.714,92 | 165.701.164,63 | 301.564.879,55 | 103.634.805,37 | 43.204.867,92 | 41.328.375,57 | 32.060.877,35 | 3.740.790,00 |
| 30/09/2011 | 137.125.121,72 | 152.465.850,07 | 289.590.971,79 | 94.065.679,13 | 37.054.613,81 | 35.834.580,57 | 26.858.778,57 | 3.740.790,00 |
| 30/09/2010 | 142.008.921,31 | 143.990.748,17 | 285.999.669,48 | 84.875.428,58 | 31.722.703,62 | 30.724.067,48 | 22.577.195,98 | 3.740.790,00 |
| 30/09/2009 | 141.839.290,85 | 139.965.428,23 | 281.804.719,08 | 83.364.770,90 | 31.334.110,36 | 30.979.941,47 | 23.523.719,41 | 3.740.790,00 |

OPERATING AND OTHER EXPENSES

Operating expenses in the nine months of the year 2017 amount to HRK 74,795,602.82 and increased by 16.72% 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 15% as the result of the Company's business policy in the segment of human resources management policy.

FINANCIAL EXPENSES

Financial expenses for the nine months of 2017 amount to HRK 3,356,649.98 and increased by 25.47% compared to the same period of 2016, when they amounted to HRK 2,675,230.13. 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 01/01 - 30/09/2017, there was no share split.

EARNING PER SHARE

In the nine months of 2017, the gross earning per share amounts to HRK 159.71.

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.

12 INVESTMENTS IN THE YEAR 2017

In the nine months' period the Company made significant investments in the total amount of HRK 21,165,160.33 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 investment, 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 supply, and fire fighting equipment is considered successfully

completed. The completion thereof allowed the accommodation of a higher category vessels and better utilization of the existing aquatorium, that is, the quality of the service of reception and accommodation of vessels has been improved. The total value of the second phase of the reconstruction of Marina Kornati, namely, only the value of the works carried out in 2017, noting thereby that the works of the second phase of construction started in November 2016, amounts to HRK 5,885,947.53.

The investment was also made in additional marina 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 in 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 help the existing hotel facilities, Hotel Villa Donat and Villa Primorje, to improve the offer, 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 finally by the end of the month of September in 2017 is the completion of the reconstruction of the Hotel Kornati 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 Hotel Kornati 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 the environment and water saving, 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 diffused hotel in the Republic of Croatia, and Arsenal, the 17th century world heritage monument revitalized into a multi-functional space for organizing public and private events. In 2017, a further step was taken towards the development of special interest tourism, experience tourism and special experiences with a special emphasis on the development of the offer in the shoulder season – development of cyclotour-

ism, 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 four sectors (hotel sector, camping, nautics and DMC / Ilirija Travel) while designing special individual, group and corporate offers and arrangement packages, designing cycling routes and organization of the second Bike and Wine event that in addition of natural beauties of Ravni kotari actively promotes wine and agrotourism in our hinterland.

In the fourth quarter of the fiscal year until the beginning of the tourist season of 2018, the Company will in accordance with the Business Investment Plan for the fiscal year 2018, invest significantly in the hotel, camping and nautical sector with an aim of upgrading and modernizing the service, creating a market-competitive and recognizable offer through the reconstruction and expansion of the capacities and the introduction of new and modern technical solutions. According to the foregoing, the Company's investments in the hotel sector will refer

to:

- The construction of the indoor swimming pool with useful surface area of approximately 400m² along with supporting facilities serving its function according to the building permit, Class: UP/I-361-03/16-01/160 Protocol No.: 2198/1-11-2/1-16-6 of 30th December, 2016, issued by the Zadar County, the Administrative Department for the Implementation of the Physical Planning and Construction Documents, Biograd na Moru, which will supplement the existing tourist offer of the hotel Ilirija Resort in the destination of Biograd na Moru. In addition to the two built outdoor swimming pools, the Company will by building the indoor swimming pool increase the number of swimming pool areas of the Company to 1.815m², with a significant improvement of the hotel sector's content and service.
- Further investments in environmental protection through the reconstruction of the boiler room of Hotel Ilirija and Hotel Adriatic by replacing all the installations with a new condensing boiler and moving from liquid fuel as an energy source to natural gas, which will enable the heating of hot water and the heating of the Ilirija hotel and Adri-

atic hotel by more environmentally friendly energy. Also, the kitchens of the both hotels are being converted from LPG to natural gas.

- The replacement of the exterior (facade) fence of Ilirija Hotel, the largest hotel of the Ilirija Resort, which will be replaced by a glass fence, which will along with the purchase of the new interior and furniture for shared public areas including lobbies, bars and restaurants including the Kornati hotel and the installation of new lifts will contribute to improving the quality of the accommodation service.

In the camping sector, while preparing for the next fiscal year, the Company will invest in the purchase of new mobile homes together with all the relevant infrastructure that will form a separate camp unit, followed by an increase in the number of sanitary facilities in the IV. zone, infrastructure development, especially roads, further landscape shaping of the camp and further improvement of the hospitality offer with an aim to extend the period of business operations of the facilities.

After the boat fair is finished in the nautical sector, the Company will continue with the cycle of new investments in the modernization of the nautical sector by reconstructing and replacing the existing technically inadequate solutions and structures by new and modern solutions tailored to the needs of the nautical industry and its trends, a better quality content offer and marine services that will contribute to the further competitiveness of the Company among the increasing number of nautical ports in the Croatian Adriatic Sea, especially in its surrounding in the region of Central Dalmatia. The investment cycle is planned for the maritime building and mainland part of Marina Kornati with a significant investment in environmental protection by applying new technologies and environmental standards.

While preparing for the next fiscal years, the Company will also invest in the other sectors and profit centers, especially in the tourism sector, which constitute additional offer in the form of sports and entertainment facilities, such as Tennis Center Ilirija and Aquatic Center, hospitality offer, congress offer by buying modern and professional congress equipment.

13 COMPANY'S 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 m² 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 Ilirija: 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.



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^{****/***} 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.

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.

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:

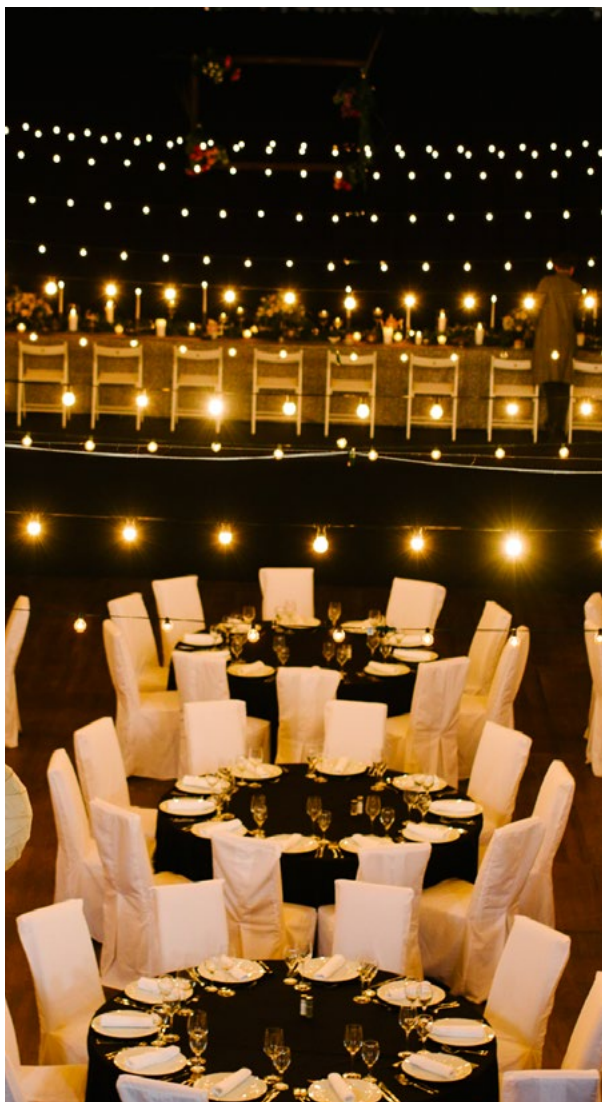
- 1 The Management Board's report on the operations and position of the Company for the year 2016,
- 2 Report by the Supervisory Board of performed supervision of conducting the Company's business in 2016,



- 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.

The Supervisory Board of the Company, at the meeting held on 05th July 2017, elected the President of the Supervisory Board among its members. Mr. Goran Medić, from Zadar, residing at Ive Senjanina 12c, was elected, who held this position even in the previous term of office.

The Supervisory Board at the meeting held on 21st July 2017 accepted the Report on business operations of the Company for the period from 01/01 to 30/06/2017, the Report on investments by profit centers from 01/01 to 30/06/2017 and took note of the information on the position of the sales of tourist capacities.



In order to further improve the corporate governance practices, the Supervisory Board at the meeting held on 21st July 2017 decided that the Company's Audit Committee would instead of the current five (5) members be composed of three (3) members who as of the date of taking the relevant decision are the following members:

- David Anthony Tudorović – President of the Audit Board (Member of the Supervisory Board),
- Goran Medić- Member of the Audit Board (President of the Supervisory Board), and
- Mladen Ostrički – Member of the Audit Board (external member)

17 POST-BALANCE SHEET EVENTS

On 6th October, 2017, the Company publicized a call together with the Agenda for the Extraordinary General Assembly of the Company, which will be held on 20th November 2017, with the following proposals:

- Decision on the election of the Supervisory Board Members

Besides the existing member of the Supervisory Board, Mr. Goran Medić, the four existing members of the Supervisory Board, whose term of office will expire on 17th December 2017 will be elected to the following term of office which will start on 18th December 2017 for the re-elected four members of the Company's Supervisory Board, namely the following:

- 1 Davor Tudorović
- 2 David Anthony Tudorović
- 3 Siniša Petrović, Prof. PhD
- 4 Darko Prebežac, Prof. PhD

- Decision on a change of the business activities of the Company – added activities

The object of the business activities of the Company has changed in a way that the below activities are added:

- Audiovisual activities,
- Complementary activities to audio-visual activities,
- Activity of providing audio and/or audiovisual media services,
- Activity of providing services of electronic publications,
- Activity of publishing audiovisual and radio programs,



- Activity of providing television and/or radio media services
- Decision 1 on changes and amendments to the Articles of Association of the Company

In Articles of Association of the Company, the new lines are added, that constitute the business activities, in the way as follows:

- Audiovisual activities,
- Complementary activities to audio-visual activities,
- Activity of providing audio and/or audiovisual media services,
- Activity of providing services of electronic publications,
- Activity of publishing audiovisual and radio programs,
- Activity of providing television and/or radio media services

In the Articles of Association of 26th April 2017, Paragraph 2, Article 4 of the Articles of Association has changed, which reads:

“Share capital of the Company is divided into 301,686 (three hundred one thousand six hundred eighty-six) bearer ordinary shares without nominal amount.”

- Decision on an increase in the Company's share capital from the Company's funds

The proposal is made to the General Assembly of the Company that a part of the capital reserves of the Company indicated in the financial statements of the Company for the year 2016 as well as in the financial statements



of the Company as at 30th June 2017, out of a total amount of HRK 26,723. 874, a part of the capital reserves in the amount of HRK 24,000,000.00 should be used to increase the share capital from the Company's funds, because there is no uncovered loss according to the financial statements of the Company.

The share capital of the Company shall increase from the amount of HRK 205,146,480.00 by the amount of HRK 24,000,000.00 to the amount of HRK 229,146,480.00. The Company's share capital is increased from the Company's assets by increasing the amount of the share capital referring to one existing ordinary share of the Company without the nominal amount.

It is determined, that the share capital of the Company following the increase conducted amounts to HRK 229,146,480.00 and it is divided into 301,686 ordinary bearer shares without a nominal amount.

The increase in the Company's share capital shall not change the relations between the rights resulting from the shares, i.e. the Company's shareholders shall be entitled to the shares of the increased amount proportionate to their previous participation in the Company's share capital, pursuant to the provision of Article 333 of the Companies' Act, thus maintaining the same relations among the shareholders.

- Decision 2 on changes and amendments to the Articles of Association of the Company

In the Articles of Association of 20th November 2017, Paragraph 1, Article 4 of the Articles of Association has changed, which reads:

„The Company's share capital amounts to HRK 229,146,480.00 (two hundred twenty-nine million one hundred forty-six thousand four hundred eighty Kuna).



- Decision on division of the Company's shares

The Company's bearer ordinary shares without nominal amount designated as ILRA-R-A, ISIN: HRILRARA0009 are divided. One ordinary share of the Company which is a bearer share without a nominal amount is divided in 8 (eight) new ordinary shares of the Company that are bearer shares without the nominal amount.

Taking this state of affairs into consideration, the Company's share capital is divided into 2,413,488 (two million four hundred thirteen thousand four hundred eighty-eight) bearer ordinary shares and each Company's shareholder shall for each bearer ordinary share of the Company, without a nominal amount, prior to the division of the Company's shares according to this Decision acquire 8 (eight) bearer ordinary shares of the Company without the nominal amount. The Company's share division will not be followed by an increase in share capital.

- Decision 3 on changes and amendments to the Articles of Association of the Company

In the Articles of Association of 20th November 2017, Paragraph 2, Article 4 of the Articles of Association has changed, which reads:

"The share capital of the Company is divided into 2,413,488 (two million four hundred thirteen thousand four hundred eighty-eight) bearer ordinary shares without the nominal amount."

18 SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

The principles of corporate social responsibility in the Company are based on balancing the rights, obligations and interests of all stakeholders of the business process in the entrepreneurial business venture, which involves the following stakeholders: owners, state, financial institutions, employees, local community, suppliers, buyers and the protection of the nature and the environment, as well as the health and life of people.

While sharing our knowledge, experience, best practices and the latest information, we connect with companies similar to us within the existing associations such as the HGK (Croatian Chamber of Commerce) within which we are the member of the Community for the Environment and Corporate Social Responsibility Community. The Company is a member of Croatian Business Council for Sustainable Development (HR PSOR-CR BCSD) as well, which is a non-profit institution of the economic sector that promotes and initiates the principles of corporate social responsibility and sustainable development in the economy.

To be a socially responsible company means to systematically and continually reflect on all aspects of its business operations, actions, decision making and

communication, taking into account their long-term economic and social sustainability, while complying with all positive regulations, ethical codes and corporate governance codes at the same time, which is specifically reflected in the following areas: environmental protection, relationship with the employees and community relation.

In the area of the environmental protection, the Company seeks to minimize the impact of our business processes on the environment. For this reason, in the nine months of this fiscal year, due to the reconstruction of the boiler room and switching of the Kornati hotel to natural gas as the major energy source we have significantly reduced the emission of greenhouse gases into the atmosphere. Besides, the investment will be made in the gasification of other hotels in the destination of Biograd na Moru or Ilirija hotel and Adriatic hotel in the fourth quarter of the year 2017. 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, and on the other hand to manage the environment and nature in our surrounding in a high quality, responsible

and sustainable manner.

The international environmental protection certificates The Blue Flag whose holder we have been since 2004, and the Green Key in the nautical and camping sector of the Company have been also renewed.

In 2017, the Company has continued with the intensive education and training of employees through the ILIRIJA EDUKA internal academy, which in the observed period referred to the education and training of the employees of the Food and Beverage Department and the Sales and Marketing Department, which is also one of the fundamental determinants of socially responsible business operations 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 fourth quarter of the current fiscal year, the Company will continue its education through ILIRIJA EDUKA through a series of in-house seminars and workshops involving employees from all sectors from senior and middle management to employees directly involved in operational processes (reception, hospitality, technical service, sailors, etc.). In addition to the in-house seminars, the Company will educate a part of the employees in the leading Croatian educational centers for hospitality and tourism.

We continuously, systematically and actively through the system of corporate philanthropy (sponsorships and donations), recognizing the needs of the community, support, promote and initiate the projects aimed at enhancing and improving the quality of life and projects of a greater importance to the community, clearly underlining and confirming our commitment and support to the development of sports, culture, education and science, but also the promotion of corporate social responsibility. We especially emphasize the support of the following events that have contributed to the recognizability of the destinations in which we operate and the tourist recognition of the Zadar Region:

- 2nd Bike & Wine event, initiated and organized by Ilirija in cooperation with the local tourist board, where the unforgettable landscapes and heritage of the rural parts of the Zadar County and the most famous wineries of the wider region are connected on a 25 km long tours through Ravni Kotari. This thematic bike tour introduces its participants to the indigenous values of this area, its tradition, history and gastronomy.
- 3rd Tuna, sushi & wine festival organized by the Zadar Tourist Board, the City of Zadar, the Japanese Embassy in the Republic of Croatia, the Ministry of Tourism, the Croatian Tourist Board, and the NPO

JCEA Japanese - Croatian Exchange Society held in February 2017, supported by the Company in a way that the Company gave the accommodation and provided logistical support for organizing the main event of the festival - a gala dinner in Arsenal.

- International trekking race Škraping Tkon - Pašman island 2017 on a harsh island rock that belongs to the extreme sports which is traditionally supported by the Company from its outset by providing financial, organizational and operational support.
- Cultural and historical spectacle "XI Days of Vrana's Knights "and 302nd Sinjska alka
- Flower Festival of the Zadar County, organized by the Tourist Board of the Municipality of Sv. Filip i Jakov, has been supported by the Company from the very beginnings, and in the last few years the Company has made the rooms of Villa Donat Hotel available for organizing the entire festival.
- The Homeland Museum of the City of Biograd na Moru and the City Gallery Biograd organized by setting up the authors' exhibitions or exhibitions of other museums.
- Support to educational institutions in the area of the Zadar County

Numerous ad.hoc donations and sponsorships in response to the current need of the community, especially of those in need.

Tuna 
SUSHI & WINE
FESTIVAL

ARSENAL

Trupa a.d.



19 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 m², 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.

According to the Decision of the Constitutional Court of the Republic of Croatia No. U-III-4392/16 of 5th July 2017, the constitutional complaint of the Company was adopted and the judgment rendered by the Supreme Court of the Republic of Croatia was repealed which turned down the revision of Ilirija d.d. in the case of compensation of damages against the

City of Biograd na Moru, for converting the property "Primorje" from the construction area to the so-called "area of landscape features", and the case was remanded to the Supreme Court of the Republic of Croatia for re-deciding.

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 whole 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 ACQUISITIONS

There have been no mergers and acquisitions.

20 NOTES

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

The Company owns all the proper permits to carry out the business activities, such as the decisions 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 – 30/09/2017
 Quarterly financial report TFI-POD

Tax number (MB):
 Company registration number 060032302
 (MBS):
 Personal identification number 05951496767
 (OIB):
 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: 381
 (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.

ILIRIJA dioničko društvo
 za ugostiteljstvo i turizam
 Biograd na Moru

(signature of the person authorized to represent the
 company)



Balance Sheet - as of 30/09/2017

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 | 313.973.420 | 411.124.483 |
| I. INTANGIBLE ASSETS (004 to 009) | 003 | 423.044 | 290.042 |
| 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 | 423.044 | 290.042 |
| II. PROPERTY, PLANT AND EQUIPMENT (011 to 019) | 010 | 313.510.376 | 410.794.441 |
| 1. Land | 011 | 42.340.227 | 42.340.227 |
| 2. Buildings | 012 | 221.199.612 | 229.698.384 |
| 3. Plant and equipment | 013 | 38.965.858 | 43.210.943 |
| 4. Tools, working inventory and transportation assets | 014 | | |
| 5. Biological assets | 015 | | |
| 6. Advances for purchase of tangible assets | 016 | 420.130 | 719.433 |
| 7. Tangible assets in progress | 017 | 10.584.549 | 15.741.013 |
| 8. Other tangible assets | 018 | | |
| 9. Investment in real-estate | 019 | | 79.084.441 |
| 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 | 23.949.592 | 28.311.449 |
| I. INVENTORIES (036 to 042) | 035 | 2.410.935 | 2.522.511 |
| 1. Raw materials and supplies | 036 | 2.410.935 | 2.522.511 |
| 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 | 17.832.810 | 21.570.100 |
| 1. Receivables from related parties | 044 | | |
| 2. Receivables from end-customers | 045 | 16.524.251 | 20.206.170 |

Balance Sheet - as of 30/09/2017

Company: ILIRIJA d.d. BIOGRAD NA MORU

| | | | |
|---|------------|--------------------|--------------------|
| 3. Receivables from participating parties | 046 | | |
| 4. Receivables from employees and members of the company | 047 | 768.619 | 871.641 |
| 5. Receivables from government and other institutions | 048 | 243.139 | 227.701 |
| 6. Other receivables | 049 | 296.801 | 264.588 |
| III. CURRENT FINANCIAL ASSETS (051 to 057) | 050 | 3.670.925 | 2.245.469 |
| 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 | 3.670.925 | 2.245.469 |
| 7. Other financial assets | 057 | | |
| IV. CASH AND CASH EQUIVALENTS | 058 | 34.922 | 1.973.369 |
| D) PREPAYMENTS AND ACCRUED INCOME | 059 | 485.504 | 713.129 |
| E) TOTAL ASSETS (001+002+034+059) | 060 | 338.408.516 | 440.149.061 |
| F) OFF BALANCE SHEET ITEMS | 061 | | |
| EQUITY AND LIABILITIES | | | |
| A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078) | 062 | 256.102.675 | 317.679.705 |
| I. SUBSCRIBED SHARE CAPITAL | 063 | 159.085.880 | 205.146.480 |
| II. CAPITAL RESERVES | 064 | 8.921.539 | 26.723.874 |
| III. RESERVES FROM PROFIT (066+067-068+069+070) | 065 | 23.435.965 | 23.435.964 |
| 1. Legal reserves | 066 | 9.477.987 | 9.477.986 |
| 2. Reserve for own shares | 067 | 6.975.716 | 6.975.716 |
| 3. Treasury shares and shares (deductible items) | 068 | 540.417 | 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 | 19.870.143 | 14.361.050 |
| 1. Retained earnings | 073 | 19.870.143 | 14.361.050 |
| 2. Loss carried forward | 074 | | |
| VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077) | 075 | 44.789.148 | 48.012.337 |
| 1. Net profit for the period | 076 | 44.789.148 | 48.012.337 |
| 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 | 65.330.928 | 112.690.470 |
| 1. Liabilities to related parties | 084 | | |
| 2. Liabilities for loans, deposits, etc. | 085 | | |
| 3. Liabilities to banks and other financial institutions | 086 | 65.330.928 | 112.690.470 |
| 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 30/09/2017

Company: ILIRIJA d.d. BIOGRAD NA MORU

| | | | |
|--|------------|--------------------|--------------------|
| 9. Deferred tax liabilities | 092 | | |
| D) CURRENT LIABILITIES (094 to 105) | 093 | 15.296.636 | 8.383.234 |
| 1. Liabilities to related parties | 094 | | |
| 2. Liabilities for loans, deposits, etc. | 095 | | |
| 3. Liabilities to banks and other financial institutions | 096 | 73.249 | 1.417.014 |
| 4. Liabilities for advances | 097 | | |
| 5. Trade payables | 098 | 9.905.127 | 4.055.474 |
| 6. Commitments on securities | 099 | | |
| 7. Liabilities to companies with participating interest | 100 | | |
| 8. Liabilities to employees | 101 | 1.866.026 | 2.190.107 |
| 9. Taxes, contributions and similar liabilities | 102 | 1.296.502 | 285.792 |
| 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 | 2.155.732 | 434.847 |
| E) ACCRUED EXPENSES AND DEFERRED INCOME | 106 | 1.678.277 | 1.395.652 |
| F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106) | 107 | 338.408.516 | 440.149.061 |
| 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 from 01/01/2017 to 30/09/2017

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 | 116.341.032 | 64.221.477 | 133.683.991 | 72.931.918 |
| 1. Sales revenues | 112 | 113.730.818 | 64.069.672 | 133.381.109 | 72.817.493 |
| 2. Other operating revenues | 113 | 2.610.214 | 151.805 | 302.882 | 114.425 |
| II. OPERATING COSTS (115+116+120+124+125+126+129+130) | 114 | 70.252.762 | 33.625.053 | 82.445.724 | 37.753.955 |
| 1. Change in inventories of work in progress | 115 | | | | |
| 2. Material expenses (117 to 119) | 116 | 26.001.718 | 13.533.639 | 31.322.506 | 16.205.805 |
| a) Costs of raw materials | 117 | 14.888.490 | 8.500.901 | 18.730.170 | 9.948.931 |
| b) Cost of goods sold | 118 | | | | |
| c) Other material expenses | 119 | 11.113.228 | 5.032.738 | 12.592.336 | 6.256.874 |
| 3. Employee benefits expenses (121 to 123) | 120 | 23.361.300 | 10.087.869 | 26.859.874 | 11.423.897 |
| a) Net salaries | 121 | 14.045.142 | 6.120.609 | 16.350.378 | 6.967.436 |
| b) Tax and contributions from salary expenses | 122 | 5.887.708 | 2.486.788 | 6.567.594 | 2.779.916 |
| c) Contributions on salary | 123 | 3.428.450 | 1.480.472 | 3.941.902 | 1.676.545 |
| 4. Depreciation and amortisation | 124 | 6.169.486 | 2.056.495 | 7.650.122 | 2.550.040 |
| 5. Other expenses | 125 | 13.908.285 | 7.621.233 | 15.942.097 | 7.157.330 |
| 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 | 811.973 | 325.817 | 671.125 | 416.883 |
| III. FINANCIAL INCOME (132 to 136) | 131 | 1.376.108 | 1.315.995 | 130.720 | 0 |
| 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 | 1.376.108 | 1.315.995 | 130.720 | |
| 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 | 2.675.230 | 715.167 | 3.356.650 | 1.170.953 |
| 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 | 2.675.230 | 715.167 | 3.356.650 | 1.170.953 |
| 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 | | | | |
| IX. TOTAL INCOME (111+131+142+144) | 146 | 117.717.140 | 65.537.472 | 133.814.711 | 72.931.918 |
| X. TOTAL EXPENSES (114+137+143+145) | 147 | 72.927.992 | 34.340.220 | 85.802.374 | 38.924.908 |
| XI. PROFIT OR LOSS BEFORE TAXES (146-147) | 148 | 44.789.148 | 31.197.252 | 48.012.337 | 34.007.010 |
| 1. Profit before taxes (146-147) | 149 | 44.789.148 | 31.197.252 | 48.012.337 | 34.007.010 |
| 2. Loss before taxes (147-146) | 150 | 0 | 0 | 0 | 0 |
| XII. TAXATION | 151 | | | | |
| XII. PROFIT OR LOSS FOR THE PERIOD (148-151) | 152 | 44.789.148 | 31.197.252 | 48.012.337 | 34.007.010 |

Income statement - Period from 01/01/2017 to 30/09/2017

Company: ILIRIJA d.d. BIOGRAD NA MORU

| | | | | | |
|--|-----|------------|------------|------------|------------|
| 1. Profit for the period (149-151) | 153 | 44.789.148 | 31.197.252 | 48.012.337 | 34.007.010 |
| 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 | | | | | |
| 3. Profit or loss from re-evaluation of financial assets held for sale | 160 | | | | |
| 4. Profit or loss from cash flow hedging | | | | | |
| 5. Profit or loss from hedging of foreign investments | 161 | | | | |
| 6. Share of other comprehensive income/loss from associated companies | 162 | | | | |
| 7. Actuarial gains/losses from defined benefit plans | 163 | | | | |
| III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD | 164 | | | | |
| IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 - 166) | 165 | | | | |
| V. COMPREHENSIVE PROFIT OR LOSS FOR THE PERIOD (157+167) | 166 | | | | |
| ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements) | | | | | |
| VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD | 167 | 0 | 0 | 0 | 0 |
| 1. Attributable to majority owners | 168 | 0 | 0 | 0 | 0 |
| 2. Attributable to minority interest | | | | | |
| 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 30/09/2017

Company: ILIRIJA d.d. BIOGRAD NA MORU

| Position | AOP | Previous period | Current period |
|---|-----|-----------------|----------------|
| 1 | 2 | 3 | 4 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| 1. Profit before tax | 001 | 44.789.148 | 48.012.337 |
| 2. Depreciation and amortisation | 002 | 566.821 | 1.480.635 |
| 3. Increase of current liabilities | 003 | | |
| 4. Decrease of current receivables | 004 | 849.444 | |
| 5. Decrease of inventories | 005 | 287.479 | |
| 6. Other cash flow increases | 006 | | |
| I. Total increase of cash flow from operating activities | 007 | 46.492.892 | 49.492.972 |
| 1. Decrease of current liabilities | 008 | 16.146.691 | 7.196.026 |
| 2. Increase of current receivables | 009 | | 3.737.290 |
| 3. Increase of inventories | 010 | | 111.576 |
| 4. Other cash flow decreases | 011 | 294.345 | 269.995 |
| II. Total decrease of cash flow from operating activities | 012 | 16.441.036 | 11.314.887 |
| A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES | 013 | 30.051.856 | 38.178.085 |
| 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 | 9.410.723 | 14.557.199 |
| 2. Purchase of non-current financial assets | 022 | | |
| 3. Other cash outflows from investing activities | 023 | 6.625.599 | 6.277.218 |
| IV. Total cash outflows from investing activities | 024 | 16.036.322 | 20.834.417 |
| B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES | 025 | 0 | 0 |
| B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES | 026 | 16.036.322 | 20.834.417 |
| 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 | 3.600.000 | 8.278.442 |
| V. Total cash inflows from financing activities | 030 | 3.600.000 | 8.278.442 |
| 1. Repayment of loans and bonds | 031 | 12.240.479 | 12.665.858 |
| 2. Dividends paid | 032 | 3.649.854 | 7.638.809 |
| 3. Repayment of finance lease | 033 | 0 | 0 |
| 4. Purchase of treasury shares | 034 | | |
| 5. Other cash outflows from financing activities | 035 | 2.028.155 | 3.681.952 |
| VI. Total cash outflows from financing activities | 036 | 17.918.488 | 23.986.619 |
| C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES | 037 | 0 | 0 |

CASH FLOW STATEMENT - indirect method

Period 01/01/2017 to 30/09/2017

Company: ILIRIJA d.d. BIOGRAD NA MORU

| | | | |
|---|-----|------------|------------|
| C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES | 038 | 14.318.488 | 15.708.177 |
| Total increases of cash flows | 039 | 0 | 1.635.491 |
| Total decreases of cash flows | 040 | 302.954 | 0 |
| Cash and cash equivalents at the beginning of period | 041 | 337.876 | 337.878 |
| Increase of cash and cash equivalents | 042 | | |
| Decrease of cash and cash equivalents | 043 | | |
| Cash and cash equivalents at the end of period | 044 | 34.922 | 1.973.369 |

STATEMENT OF CHANGES IN EQUITY in period from 01/01/2017 to 30/09/2017

| Position | AOP | Previous period | Current period |
|---|-----|-----------------|----------------|
| 1 | 2 | 3 | 4 |
| 1. Subscribed share capital | 001 | 159.085.880 | 205.146.480 |
| 2. Capital reserves | 002 | 8.921.539 | 26.723.874 |
| 3. Reserves from profit | 003 | 23.435.964 | 23.435.964 |
| 4. Retained earnings or loss carried forward | 004 | 19.870.143 | 14.361.050 |
| 5. Net profit or loss for the period | 005 | 44.789.148 | 48.012.337 |
| 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 | 256.102.674 | 317.679.705 |
| 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 | 44.789.148 | 48.012.337 |
| 17. Total increase or decrease of equity (AOP 011 to 016) | 017 | 44.789.148 | 48.012.337 |
| 17 a. Attributable to majority owners | 018 | | |
| 17 b. Attributable to minority interest | 019 | | |

ILIRIJA d.d.
BIOGRAD NA MORU

Biograd na Moru, 30/10/2017

Statement made by the persons responsible for preparation of financial statements for the period from 01/01 - 30/09/2017

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 September 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 30/09/2017, 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 30/09/2017.

Accounting Manager:

Zorka Strpić



Management Board:

Goran Ražnjević



ILIRIJA dioničko društvo
za ugostiteljstvo i turizam
Biograd na Moru



ILIRIJA D.D.

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