



 *Ilinija d.d.*

# Financial statements for the period from 01/01 to 30/06/2018

Biograd na Moru, August 2018



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## I OVERVIEW OF KEY PERFORMANCE INDICATORS FOR THE PERIOD 01/01 – 30/06/2018

in HRK	I-VI 2018	I-VI 2017	INDEX 2018/2017
<b>Financial indicators</b>			
Total revenues	66.400.292,04	60.882.086,19	109,06
Operating revenues	66.358.980,89	60.835.505,20	109,08
Revenues from sales	65.818.366,26	60.291.588,76	109,17
Operating profit	24.189.844,26	22.414.474,74	107,92
EBITDA	24.231.155,41	22.461.055,73	107,88
EBIT	18.653.417,17	17.360.389,09	107,45
Profit	16.307.919,50	15.175.086,34	107,47
Value of assets	457.743.265,62	433.478.230,01	105,60
Capital	305.291.785,40	284.842.454,32	107,18
Total liabilities	152.451.480,22	148.635.775,69	102,57
Market capitalization	456.149.232,00	392.191.800,00	116,31
Dividend	7.221.240,00	6.016.540,00	120,02
Investments	34.173.913,02	16.766.758,40	203,82

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## 2 KEY INFORMATION FOR THE PERIOD FROM 01/01 TO 30/06/2018

1 In the first half of the year, the Company achieved the growth in all financial key performance indicators, total and operating revenues and profitability indicators, as a result of the growth in the fundamental operating indicators, primarily in hotel industry, camping and real estate sector with significant growth in realization on the domestic and foreign market.

2 Total revenues generated in the first half of 2018 amount to HRK 66,400,292.04 and rose by 9.06% compared to those in the same period of 2017, when they amounted to HRK 60,882,086.19 as a result of the growth in operating revenues or revenues from sales on the domestic and foreign market.

3 Operating revenues in the reporting period amounted to HRK 66,358,980.89 and compared to the operating revenues generated in the same period of 2017, which amounted to HRK 60,835,505.20, they grew by 9.08%. Operating revenues increased in the hotel sector by 18%, camping by 18% and real estate sector by 41%. In the nautical sector, the destination management company / DMC Ilirija Travel and other profit centers saw a slight decline in revenues.

4 Revenues from sales amount to HRK 65,818,366.26 compared to those in the same period of 2017, when they amounted to HRK 60,291,588.76, which grew by 9.17% as a result of growth in revenues on the foreign market by 10% and domestic market by 9%.

5 Total expenses amount to HRK 50,092,372.54 and rose by 9.59% compared to those in the same period in 2017 as a result of growth in operating expenses by 9.76%, amortization by 9.35% and financial expenses by 7.33%.

6 For the first semi-annual period of 2018, operating profit or profit from the business activities of the Company amount to HRK 24,189,844.26, which means that compared to the operating profit generated in the same period of 2017, it rose by 7.92% or by HRK 1,775,369.52, while the profit was generated in the amount of HRK 16,307,919.50 and grew by 7.47% as a result of the growth of operating revenues.

7 In the first six months, EBITDA amounts to HRK 24,231,155.41, and grew by 7.88%, while EBIT was realized in the amount of HRK 18,653,417.17 and it rose by 7.45% compared to that in the same period in the previous fiscal year.

Operating profit, EBITDA, EBIT and profit record slightly lower growth rates than the growth rate of operating revenues due to the generation of the one-time (extraordinary) item of expenditure (expense) of the Company.

8 Total liabilities as at 30 June, 2018 amount to HRK 152,451,480.22 and they have risen by HRK 3,815,704.53 or by 2.57% as a result of an increase in the Company's short-term liabilities and are the consequence of significant investments made that have been largely financed from own resources in the first part of the year.

9 The value of assets increased as a result of investments at the level of the entire company by 5.60% or HRK 24,265,035.61 or from HRK 433,478,230.01, as much as it amounted in the same period in the year 2017, to a total of HRK 457,743,265.62.

10 In the first semi-annual period, the equity grew by 7.18% or by 20,449,331.08 or from the amount of HRK 284,842,454.32 as much as it amounted by the end of the first semi-annual period of 2017, to the amount of HRK 305,291,785.40.

11 According to the Decision of the General Assembly of 20th November 2017, on the split of ordinary shares designated as ILRA-R-A without a par amount, a corporate share split transaction was performed in January in such a way that one share without a par amount is divided into eight (8) ordinary shares designated as ILRA-R-A, without a par amount. According to the foregoing, the Company's share capital in the amount of HRK 229,146,480.00 was divided into 2,413.488 ordinary shares without a par amount.

12 General Shareholders' Assembly unanimously made the following decisions at the session held on 11 May 2018:

- The Decision on the utilization of the profit for the fiscal year 2017, according to which the profit generated after taxation in the amount of HRK 27,755,384.38 was allocated in the way as follows:
  - HRK 22,512,403.90 to retained profit,
  - HRK 3,000,000.00 to statutory reserves, and
  - HRK 2,242,980.48 for profit distribution.
- Decision on dividend distribution according to which the Company's shareholders were paid a dividend in the amount of HRK 7,221,240.00 or HRK 3.00 per share from the residual retained profit from 2011



and part of the profit for the year 2017.

13 The average share price in the first semi-annual period of 2018 was realized in the amount of HRK 174.81, which compared to that in the same period of the previous fiscal year, when the average share price was realized in the amount of HRK 166.01 boiled down to the prices after the share split activity, when the average price increased by 5.30%. The last share price in the reporting period was generated in the amount of HRK 189.00 which increased by 16.31% compared to that in the same period of 2017.

14 The market capitalization has been achieved in the amount of HRK 456,149,232.00 which compared to that in the same period of the previous fiscal year, when it amounted to HRK 392,191,800.00, constitutes a growth by 16.31% or HRK 63,957,432.00.

15 By the end of the month of May, the Company completed the investment cycle totally evaluated at HRK 34,173,913.02, where investments were made in the preparation for the tourist season of 2018. Investments were made to upgrade the existing services, offers and contents at the level of the whole company, in particular its tourist part, followed by the development of new facilities that represent added

value to the existing offer and increase in accommodation capacities, then investments in the part of environmental protection by using natural gas as a core energy, etc. with an aim to ensure a competitive market position, a high-quality and recognizable tourist product according to tourist industry standards and market requirements. The most significant part of the investments was made in the hotel sector in the form of construction of a multipurpose indoor swimming pool, hotel exterior and interior development, reconstruction of the hotel boiler and the continuation of the modernization and development of new facilities, while regarding the nautical sectors a further development of the marina was continued in the segment of receiving and accommodating vessels as well as the increase of the technical-operational capacities, while regarding the camping sector the capacities of mobile accommodation units were increased and further investments were made in the additional facilities and camp infrastructure.

16 Prizes and awards, standards and certificates:

Prizes and awards:

The International Federation of Camping and Caravanning (FICC - Federation Internationale De Camping Et Caravaning) has posted on its website [www.ficc.com](http://www.ficc.com) that it has selected the 85 best camps in Europe, among which there is the Camp "Park Soline" as one of the ten best camps in Croatia. The awards will be delivered to the camp owners at the final ceremony of the World Camping Congress in Portugal in late month of November 2018.

The Croatian Commission for Environmental Education and the Commission for Blue Flag and related programs awarded to Ilirija d.d. a recognition for 15 years of uninterrupted loyalty to the international program Blue Flag for Beach and Marina in the Republic of Croatia for the Nautical tourism Port Marina Kornati, which has been holding the Blue Flag for 15 years.

### 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 61 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 sector** (hotels: Ilirija\*\*\*\*, Kornati\*\*\*\*, Adriatic\*\*\*, Villa Donat\*\*\*\*/\*\*\*), **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, Villa Primorje \*\*\*\*, diffuse hotel Ražnjevića dvori AD 1307, event boat «Nada») **sports-recreational and entertainment center** (Tennis center with 20 tennis courts and Aquatic Center with hospitality facilities), and since the month of December 2016, the Company's portfolio includes the Commercial-shopping center City Galleria in Zadar acquired by acquisition (buying) with more than 28.500m<sup>2</sup> gross area in total six floors and total 9.741,30m<sup>2</sup> net rented floor area.

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



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## 4 CHRONOLOGICAL OVERVIEW OF THE COMPANY'S 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 m<sup>2</sup> with a total capacity of 705 berths on land and sea. Today, Marina Kornati is among the Top 3 Croatian marinas according to the number of berths, technical equipment, quality of service, cleanliness and neatness.

**Year 1988** | The construction of Tennis center, located in a pinewood Soline right next to the old town center Biograd na Moru (400m from the hotel, 150m from the main beach), on an area of 48.000 m<sup>2</sup> with 20 tennis courts (14 clay and 6 color-set tennis courts).

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

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

**Year 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 – 2018** | During this period, that is, by 30th June 2018, the Company has invested HRK 509,753,667.05 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-qual-

ity, recognizable and competitive tourism product and enhance the quality of the offer of the destination itself, which resulted in a growth in total revenues and newly created value in the mentioned period in the amount of HRK 754,971,760.54.

**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 sector consisting of hotel sector, nautics, camping and destination management as core business activities, the Company partly enters the real estate segment having acquired the modern Commercial-shopping center.

**Years 2015 - 2017** | The investment cycle in Marina Kornati has been mainly completed by improving the quality of the accommodation of vessels by modernizing nearly seventy percent of the superstructure and the substructure of the marina or piers, allowing thus the accommodation for a larger category of vessels, better exploitation of the marina aquatorium, further enrichment and modernization of the offer by implementing the best existing technical solutions which contributes to further strengthening of the market position of Marina Kornati among the three leading ports of nautical tourism at the Adriatic Sea.

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## 5 COMPANY'S BODIES

### 2.1 COMPANY MANAGEMENT BOARD

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

### 2.2 SUPERVISORY BOARD

Goran Medić, President of the Supervisory Board

David Anthony Tudorović, Deputy President of the Supervisory Board

Davor Tudorović, Member of the Supervisory Board

Siniša Petrović, Member of the Supervisory Board

Darko Prebežac, Member of the Supervisory Board

### 2.3 SHAREHOLDERS' ASSEMBLY



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## 6 SUBSIDIARIES

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

ILIRIJA GRAĐENJE d.o.o.

ILIRIJA NAUTIKA d.o.o.

(are not active in business)

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## 7 AFFILIATED COMPANIES

Arsenal Holdings d.o.o., Perivoj Gospe od Zdravlja 1, Zadar, Company Tax Number - OIB: 59794687464, holds 1.429.032 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 95,744 shares in Ilirija d.d. which accounts for 3.97% of the shares in its equity capital.

## 8 OWNERSHIP STRUCTURE OF THE COMPANY AND TRADING IN THE COMPANY'S SHARES AT THE ZAGREB STOCK EXCHANGE

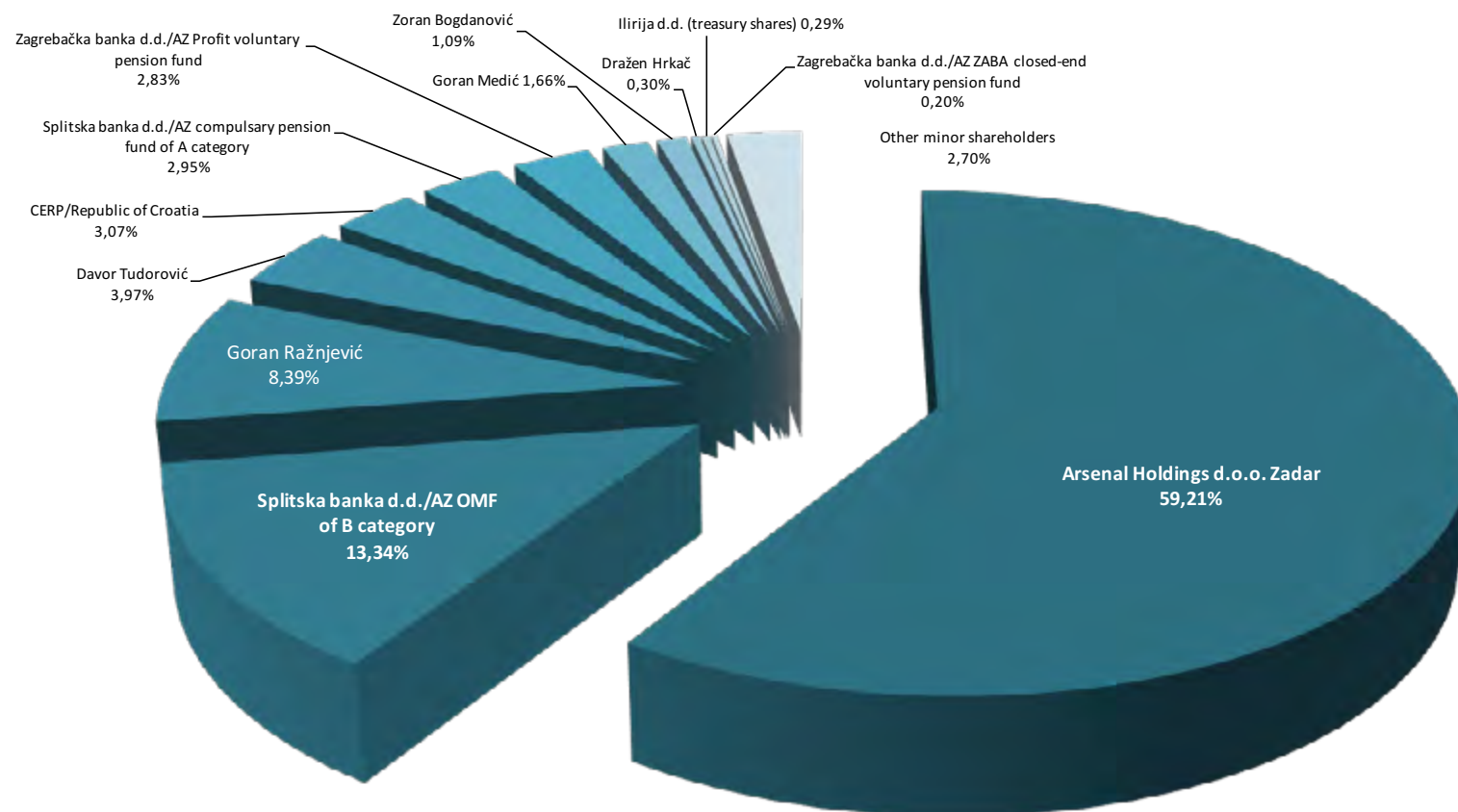
The share capital of the Company is HRK 229,146,480.00 and is divided in 2,413,488 ordinary shares without a par amount.

In the first semi-annual period of 2018, there occurred no significant change in the ownership structure, and an overview of the major shareholders as at 29/06/2018 is given in the below text.

Overview of the major shareholders of the Company as at 29/06/2018:

Oweners - shareholders	Number of shares	Share in %
Arsenal Holdings d.o.o. Zadar	1.429.032	59,21
Splitska banka d.d./AZ OMF of B category	321.968	13,34
Goran Ražnjević	202.536	8,39
Davor Tudorović	95.744	3,97
Cerp/Republic Of Croatia	74.200	3,07
Splitska banka d.d./AZ mandatory pension fund of A category	71.140	2,95
Zagrebačka banka d.d./AZ Profit voluntary pension fund	68.200	2,83
Goran Medić	40.000	1,66
Zoran Bogdanović	26.216	1,09
Dražen Hrkač	7.224	0,30
Ilirija d.d. (treasury shares)	7.056	0,29
Zagrebačka banka d.d./AZ ZABA close-end voluntary pension fund	4.904	0,20
Other minor shareholders	65.268	2,70
<b>TOTAL</b>	<b>2.413.488</b>	<b>100</b>

## OWNERSHIP STRUCTURE OF THE COMPANY AS AT 29/06/2018





## TRADING IN SHARES OF THE COMPANY ON THE CROATIAN CAPITAL MARKET IN THE PERIOD FROM 01ST JANUARY TO 30TH JUNE 2018

Amount in HRK*	I-VI 2018	I-VI 2017		% Change
		Prior the share split	Derivation after the share split	
Total turnover	318.504,00	779.602,53	779.602,53	-59,15%
Average share price	174,81	1.328,11	166,01	5,30%
Average turnover per transaction	9.953,25	15.592,05	15.592,05	-36,16%
Average daily turnover	15.925,20	27.842,95	27.842,95	-42,80%
Last share price	189,00	1.300,00	162,50	16,31%
Market capitalization	456.149.232,00	392.191.800,00	392.191.800,00	16,31%
Number of shares:	2.413.488	301.686		

\* Data on a share price for the period from 01st Jan. to 25th Jan. 2018 equals to the status after the share split corporate activity

In the first semi-annual period of the current fiscal year, the segment of trading in Company's shares on the capital market compared to the same period of the previous fiscal year, should be observed in the context of the Decision of the General Shareholders' Assembly of November 2017 on the split of ordinary shares without a par amount by splitting one share into eight ordinary shares without a par amount, therefore the data for the first six months of 2018 is not fully comparable to that of the same period in 2017. Corporate share split activity was performed in the month of January 2018.

933 Company's shares were traded in during the observed period with a total turnover realized in the amount of HRK 318,540.00. This is a consequence of the generally diminished investors' interest in investing in shares of Croatian issuers, as shown by the data on the reduced turnover in shares on the Zagreb Stock Exchange.

The average share price for the aforementioned period was realized in the amount of HRK 174.81 per share, which is a rise by 5.30% compared to the same period of the previous fiscal year, while the average turnover per transaction is HRK 9,953.25. Data on share transactions in the observed period, prior to the corporate share splitting activity (until 25th January, 2018), for comparability purposes is reported as if the share split was made on 1st January, 2018.

The highest single price per share was achieved in the amount of HRK 190.00 per share which is a price equivalent of HRK 1,520.00 per share prior to split, compared to that in the same period in 2017, when the highest share price achieved amounted to HRK 1,395.00 or HRK 174.38 which is a rise by 8.96%. Also, when comparing the last price of the Company's share, which in the observed period of 2018 amounted to HRK 189.00 per share, to the latest share price in the same period of 2017, which amounted to HRK 1,300.00 or HRK 162.50, there is an increase recorded which is realized by 16.31%.

In the observed period, the market capitalization was realized in the amount of HRK 456,149,232.00, which is the growth by 16.31% or HRK 63,957,432.00 compared to the same period of the previous fiscal year when the market capitalization amounted to HRK 392,191,800.00. In the reporting period, the Company released 4,288

treasury shares, which accounted for 0.177% shares in the share capital according to the Share Transfer Agreement, concluded with the Company's employees in accordance with the Company's Management Board's Decision on the allocation of treasury shares, as a reward for the achieved business results in the previous mid-term period, ending as at fiscal year 2017. In the reporting period, the Company has acquired 648 treasury shares and as at 29th June 2018, it holds 7,056 treasury shares, which make up for 0.29% of shares in the share capital.

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

In the first semi-annual period of 2018, trade in shares was realized in the amount of HRK 775,511,666 on the Zagreb Stock Exchange. This is a turnover lower by 56.61% than in the same period of 2017 when the turnover was realized in the amount of HRK 1,787,478,783. The total turnover on the Zagreb Stock Exchange (shares and bonds, trading in the order book of bids and block trade) amounted to HRK 1,518,721,387 and is lower by 35.30% than in the same period of 2017 when it amounted to HRK 2,347,490,060. The above data indicates a continuation of the low level of trading in securities at the Stock Exchange. Out of the 116 tra-

ded shares, 36 of them recorded a rise in the price, 75 of them recorded a fall in the price, and 5 shares did not change the price in the first half of the year. The CROBEX index decreased from 1,842.83 to 1,816.49 points, or by 1.43% in the observed period. The share index of the tourist sector CROBEX<sub>tourist</sub> decreased from 3,623.65 to 3,594.73 or by 0.80%.

The price of the company Ilirija d.d. (ILRA) rose in the first half of the year 2018 from HRK\*\* 162.50 to HRK 189.00 or by 16.31%. This is a high growth compared to the stagnating movement of the CROBEX index and the CROBEX<sub>tourist</sub> sector index. The highest share price increase in ILRA was achieved in February 2018 in the observed period. This can be considered a consequence, with Company's good operating indicators, by implementing a share splitting process.

\* The above price is indicated with the correction of the share split conducted

The movement of ILRA-R-A share in the first semi-annual period of 2018, with the shown volume of trading and compared with CROBEX and CROBEXTURIST index movement, is shown in the following graph:





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## 9 CAPACITIES OF THE COMPANY

**Portfolio of ILIRIJA d.d.** consists of six hotels and villas, Marina Kornati with Hotel port Ilirija-Kornati, camp "Park Soline," destination management company Ilirija Travel with its own capacities (Arsenal in Zadar, event ship "Nada" and Ražnjevića dvori AD 1307), Commercial-shopping centre City Galleria, Tennis center "Ilirija", Aquatic center and hospitality facilities.

**Hotel sector capacity** consists of 449 accommodation units (hotel rooms and apartments) with a total of 944 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 conference 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 pool, outdoor and indoor swimming pools, 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 338 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 230 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 purchase of 40 ELAN vessels 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 sailors. 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. In 2017, it received an award for the third place in the category of Large marina in the addition to "XXI Tourism Flower - Quality for Croatia".

**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 20 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 1,220 accommodation units with a total capacity to accommodate up to 3,660 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 159,000,000.00 and owing to these investments, the number of overnight stays rose from 4,556 in 1996 to 283.069 overnight stays in 2017.

### SPORTS FACILITIES:

*Tennis center Ilirija*, located in a pinewood Soline near the old city center, covers an area of 48.000 m<sup>2</sup>, consists of 20 tennis courts and multipurpose courts (14 clay and 6 color set tennis courts) with night lighting, restaurant and changing rooms as well as related facilities.





## ILIRIJA TRAVEL

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

### EVENT SHIP “NADA”

a multifunctional yacht, sized 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 Event Ship “Nada” which adapts to the individual requirements of the clients.

### ARSENAL

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

### DIFFUSE HOTEL RAŽNJEVIĆA DVORI AD I 307

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

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



## HOSPITALITY

**Restaurant "Marina Kornati"**, located in Marina Kornati, having the capacity for over 350 persons, which together with the recently refurbished Captain's Club having the capacity to accommodate 70 persons, or with the overall capacity for 420 persons meets the requirements of boaters for holding various and numerous events in Marina Kornati. Besides hospitality services, Captain's Club also provides services for a number of presentations on nautical products, and is an ideal venue for holding small conferences and events. In 2017, a total of 66 events were organized in Marina Kornati attended by over 11.480 persons.

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

of buying and tasting top quality red and white wines produced from the native Croatian species.

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

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



## REAL-ESTATE SEGMENT

### COMMERCIAL-SHOPPING CENTER CITY GALLERIA

is located near the old 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 m<sup>2</sup> 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 10,863.50m<sup>2</sup> followed by 9,741.30 m<sup>2</sup> 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 cafés, entertainment, cosmetic and sports services; while the third floor offers lease of office spaces.

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 an 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, major 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 2017 the show, which celebrated nineteen years of its existence, was attended by over 320 registered exhibitors that participated with 300 vessels, while the number of visitors surpassed the figure of 15,000 with over 2000 realized business visits.





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## 10 OPERATING RESULTS

During the reporting period, 194,955 overnight stays were realized in the Company's facilities, which is a rise by 20.38% compared to the overnight stays realized in the same period of the previous fiscal year. All the tourism sectors of the company record a growth in the operating results indicated by means of the overnight stays, as a result of which the highest growth in overnight stays was realized in the nautical sector, where 75,333 overnight stays were realized in the charter, i.e. the rise by 33.57% was realized, and the camping sector with 72,079 overnight stays recorded a growth by 17.17%, while the hotel industry with 47,543 overnight stays recorded a rise by 8%. Regarding the nautical sector, in addition to the overnight stays that are not the core activity, but are indicated for informative purposes, as a result of which, the number of concluded berth contracts is a significant indicator of acquisition of revenues, where 715 of them were contracted in the reported period, that is, 3% more than during the previous year. The nautical sector also recorded a growth in the part of the transit berth - inbound vessels sailing in which due to good weather conditions reduced the length of stay at nautical ports resulting in fewer overnight stays in the transit section. In the part of the destination management company / DMC Ilirija Travel, fewer events were realized compared to those in the previous year, which was reflected in the realized financial operating results as a consequence of the lack of events or primarily boat events (regatta).

Considering the status of sales and booking as well as the investments made in designing new additional contents and raising the quality and standards of the existing service in the third quarter of the fiscal year, we expect the continuation of the growth in operating and financial operating results in all the tourist sectors of the company especially through the system of destination management company.

## HOTEL SECTOR

In the first six months 2018, the hotel sector recorded some 20,050 guests that stayed, which is a rise by 20% compared to the that figure in same period of 2017, that with an average stay of 2.37 days realized a total of 47,543 overnight stays, or 8% more stays than in the previous period. The operating and financial results achieved are particularly significant, considering the fact that the hotel sector has operated with the same capacities as in the previous year.

The first semi-annual period of the year 2018 was marked by the continuation of activities undertaken with an aim to extend the season by offering additional contents and experiences by undertaking joint activities through the destination management company system/DMC Ilirija Travel, available sports playgrounds, additional entertainment capacities, active vacation, environment and thematic content or offer. The domestic market, as compared to the same period of 2017, due to changes in the structure of guests in favor of foreign markets, with a focus on Western European countries, recorded a decline in overnight stays by 10%. The foreign markets reacted more quickly to the launched offers, which resulted in significant growth from the markets of Western Europe, particularly from Germany (group segment) in the facilities, which took over the leading position in the

structure of overnight stays. This accomplishment is in line with our strategic goals and targets for stable, emerging markets with high potential for growth and better purchasing power for which purpose some important steps have been taken, starting from the participation at the fairs, promotional campaigns, to visitation of partners and deepening of existing co-operation or new acquisitions.

In the structure of realized overnight stays among the top five source markets, there is (I) the German market with a share of 16.91% of overnight stays, which records a rise by even 52%, mainly realized in the group segment, in which a longer or continuous co-operation is party ensured. The strengthening from the German market, being the most significant in general for the entire Croatian tourism, which is stable and with a high potential for further growth, has been and is part of the company's goals and commitment in general. The next market is (II) the Austrian market with a share of 12.61% in overnight stays and a growth by 10%, which is also one of the company's target strategic markets. It is followed by (III) Croatian market with a share of 11.88% in overnight stays realized so far, (IV) South Korean market, that recorded a decline by 16% and a share of 7.60%, which result is identical to the general trend in Croatia recorded so far and after several years of continuous increase in turnover,

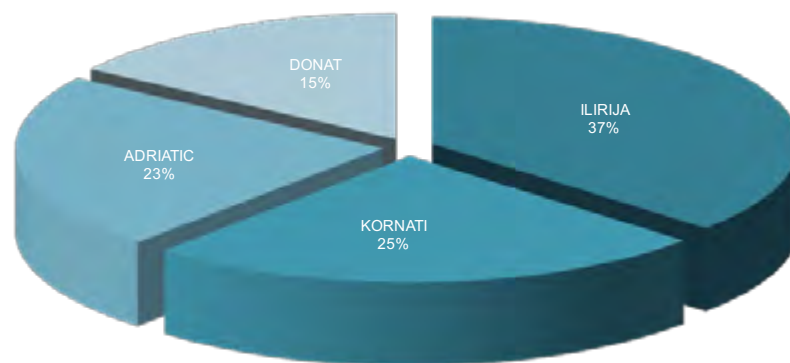
(V) French market with 7.04% share in total overnight stays and a decline by 27%. A significant rise is also recorded by new markets where systematic investments were made in the target interest groups such as markets of Poland, Hungary, and the Netherlands, while significant efforts and commitments are being made in some other target markets such as the Scandinavian market.

The capacity occupancy in the first half of the year recorded a slight growth by 3%, in the year that according to the general trends in hotel industry, and also determined by the schedule of holidays, was complex and we regard it as a step forward. At the same time, total revenue grew by 20% over the same period of 2017, which is a significant improvement. This is conditioned by previously agreed arrangements, primarily from the group segment and individual arrangements. The Group segment grew by 12% and in this period it constitutes a dominant 52% share in revenues generated. Groups related to program sports, thematic, cultural and other contents that we are trying to use as our strategic advantage particularly in the pre-season are in question to a great extent. We recorded a high growth in the individual segment, which grew by 37.5% over the same period last fiscal year. In this way, we have achieved a total improvement in the average price per room of 12%, while the average price rose from EUR 71.13 to EUR 83.35.

Hotel sector capacities

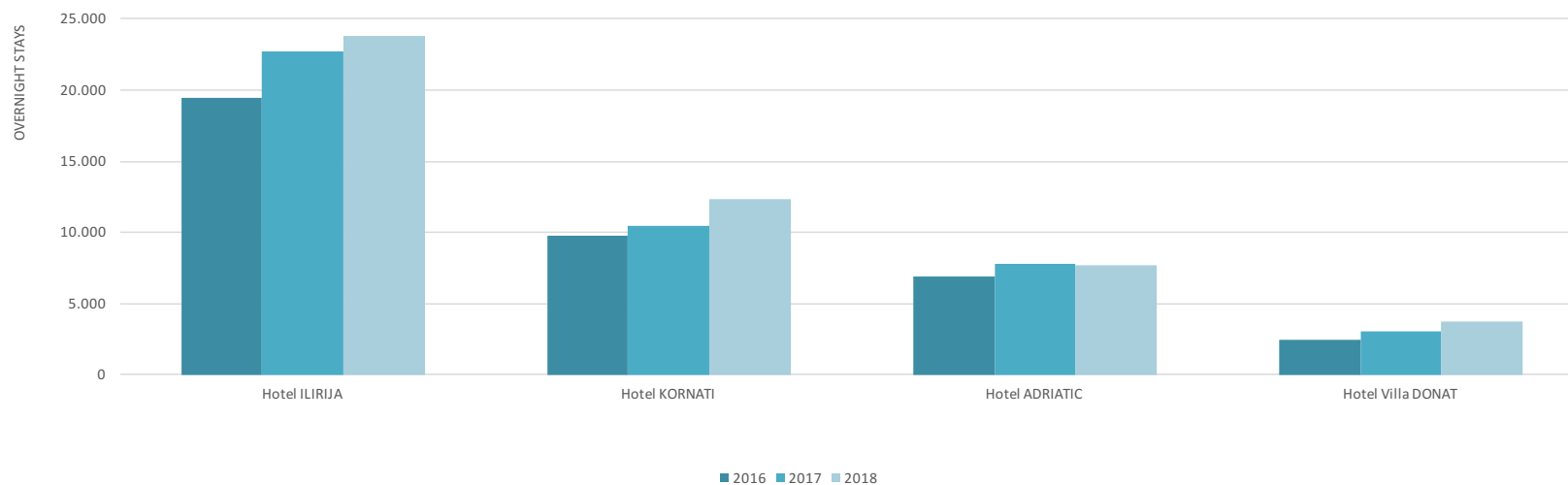
ILIRIJA D.D.	NUMBER OF ROOMS				NUMBER OF BEDS			
	2016	2017	2018	INDEX 2018/2017	2016	2017	2018	INDEX 2018/2017
ILIRIJA	165	165	165	1,00	337	337	338	1,00
KORNATI	106	106	106	1,00	216	216	230	1,06
ADRIATIC	100	100	100	1,00	210	210	210	1,00
DONAT	72	72	72	1,00	144	144	144	1,00
TOTAL	443	443	443	1,00	907	907	922	1,02

% SHARE OF INDV. HOTEL ( number of beds )

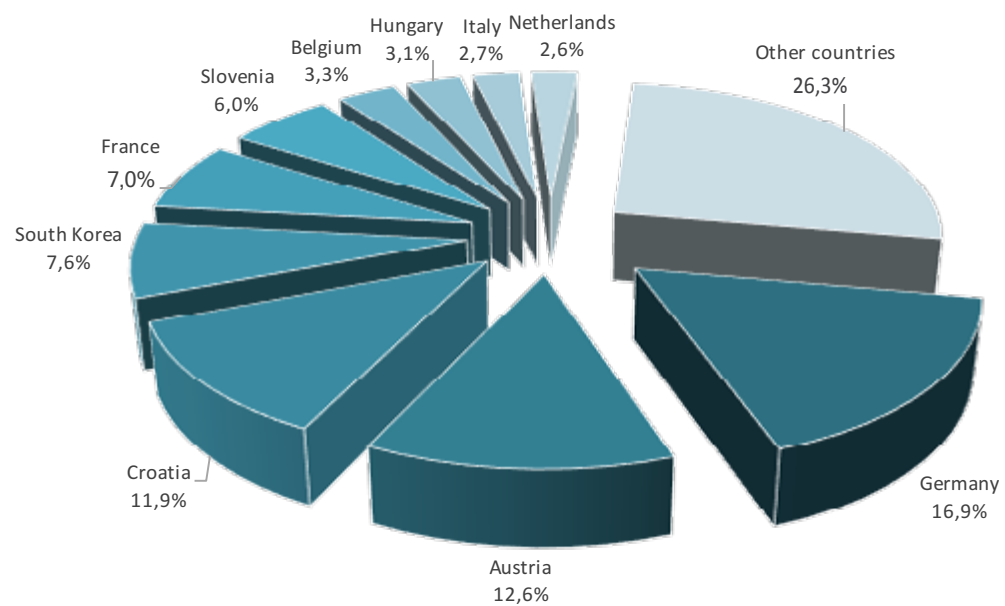


Overview and comparison of realized arrivals and overnight stays from 01/01-30/06/2018 and comparison with the same period in 2016 and 2017

PROFIT CENTER	HOTEL INDUSTRY							
	ARRIVALS			INDEX	OVERNIGHT STAYS			INDEX
	2016	2017	2018	2018/2017	2016	2017	2018	2018/2017
Hotel ILIRIJA	7.191	9.771	10.683	109	19.420	22.760	23.763	104
Hotel KORNATI	4.439	3.980	5.842	147	9.721	10.479	12.381	118
Hotel ADRIATIC	1.962	2.130	2.566	120	6.890	7.746	7.710	100
Hotel Villa DONAT	589	832	959	115	2.479	3.042	3.689	121
TOTAL	14.181	16.713	20.050	120	38.510	44.027	47.543	108



Graph of the realized overnight stays by source markets  
for the period from 01/01 to 30/06/2018



## Occupancy rate for the period from 01/01-30/06/2018 and comparison with the same period in 2017

## Percentage share

MONTH	ILIRIJA					KORNATI					ADRIATIC					DONAT					GRANDTOTAL				
	Total room days	2017	%	2018	%	Total room days	2017	%	2018	%	Total room days	2017	%	2018	%	Total room days	2017	%	2018	%	Total room days	2017	%	2018	%
JANUARY (I)	5.115	290	5,67%	141	2,76%	3.286	289	8,79%	416	12,66%	3.100	120	3,87%	152	4,90%	2.232	0	0,00%	0	0,00%	13.733	699	5,09%	709	5,16%
FEBRUARY (II)	4.620	367	7,94%	0	0,00%	2.968	0	0,00%	444	14,96%	2.800	0	0,00%	0	0,00%	2.016	0	0,00%	0	0,00%	12.404	367	2,96%	444	3,58%
MARCH (III)	5.115	1.389	27,16%	1.304	25,49%	3.286	105	3,20%	903	27,48%	3.100	0	0,00%	0	0,00%	2.232	0	0,00%	0	0,00%	13.733	1.494	10,88%	2.207	16,07%
APRIL (IV)	4.950	3.290	66,46%	3.072	62,06%	3.180	793	24,94%	587	18,46%	3.000	378	12,60%	404	13,47%	2.160	0	0,00%	90	4,17%	13.290	4.461	33,57%	4.153	31,25%
MAY (V)	5.115	3.626	70,89%	4.112	80,39%	3.286	1.999	60,83%	2.073	63,09%	3.100	1.483	47,84%	1.244	40,13%	2.232	250	11,20%	412	18,46%	13.733	7.358	53,58%	7.841	57,10%
JUNE (VI)	4.950	4.227	85,39%	4.281	86,48%	3.180	2.506	78,81%	2.467	77,58%	3.000	2.382	79,40%	2.325	77,50%	2.160	1.376	63,70%	1.263	58,47%	13.290	10.491	78,94%	10.336	77,77%
JULY (VII)	5.115	0	0,00%	0	0,00%	3.286	0	0,00%	0	0,00%	3.100	0	0,00%	0	0,00%	2.232	0	0,00%	0	0,00%	13.733	0	0,00%	0	0,00%
AUGUST (VIII)	5.115	0	0,00%	0	0,00%	3.286	0	0,00%	0	0,00%	3.100	0	0,00%	0	0,00%	2.232	0	0,00%	0	0,00%	13.733	0	0,00%	0	0,00%
SEPTEMBER (IX)	4.950	0	0,00%	0	0,00%	3.180	0	0,00%	0	0,00%	3.000	0	0,00%	0	0,00%	2.160	0	0,00%	0	0,00%	13.290	0	0,00%	0	0,00%
OCTOBER (X)	5.115	0	0,00%	0	0,00%	3.286	0	0,00%	0	0,00%	3.100	0	0,00%	0	0,00%	2.232	0	0,00%	0	0,00%	13.733	0	0,00%	0	0,00%
NOVEMBER (XI)	4.950	0	0,00%	0	0,00%	3.180	0	0,00%	0	0,00%	3.000	0	0,00%	0	0,00%	2.160	0	0,00%	0	0,00%	13.290	0	0,00%	0	0,00%
DECEMBER (XII)	5.115	0	0,00%	0	0,00%	3.286	0	0,00%	0	0,00%	3.100	0	0,00%	0	0,00%	2.232	0	0,00%	0	0,00%	13.733	0	0,00%	0	0,00%
<b>TOTAL</b>	<b>60.225</b>	<b>13.189</b>	<b>21,90%</b>	<b>12.910</b>	<b>21,44%</b>	<b>38.690</b>	<b>5.692</b>	<b>14,71%</b>	<b>6.890</b>	<b>17,81%</b>	<b>36.500</b>	<b>4.363</b>	<b>11,95%</b>	<b>4.125</b>	<b>11,30%</b>	<b>26.280</b>	<b>1.626</b>	<b>6,19%</b>	<b>1.765</b>	<b>6,72%</b>	<b>161.695</b>	<b>24.870</b>	<b>15,38%</b>	<b>25.690</b>	<b>15,89%</b>

## Occupancy rate for the period from 01/01 to 30/06/2018 and the comparison with the same period in 2017

## Occupancy days

MONTH	ILIRIJA					KORNATI					ADRIATIC					DONAT					GRANDTOTAL				
	Total room days	2017	Days	2018	Days	Total room days	2017	Days	2018	Days	Total room days	2017	Days	2018	Days	Total room days	2017	Days	2018	Days	Total room days	2017	Days	2018	Days
JANUARY (I)	5.115	290	2	141	1	3.286	289	3	416	4	3.100	120	1	152	2	2.232	0	0	0	0	13.733	699	2	709	2
FEBRUARY (II)	4.620	367	2	0	0	2.968	0	0	444	4	2.800	0	0	0	0	2.016	0	0	0	0	12.404	367	1	444	1
MARCH (III)	5.115	1.389	8	1.304	8	3.286	105	1	903	9	3.100	0	0	0	0	2.232	0	0	0	0	13.733	1.494	3	2.207	5
APRIL (IV)	4.950	3.290	20	3.072	19	3.180	793	7	587	6	3.000	378	4	404	4	2.160	0	0	90	1	13.290	4.461	10	4.153	9
MAY (V)	5.115	3.626	22	4.112	25	3.286	1.999	19	2.073	20	3.100	1.483	15	1.244	12	2.232	250	3	412	6	13.733	7.358	17	7.841	18
JUNE (VI)	4.950	4.227	26	4.281	26	3.180	2.506	24	2.467	23	3.000	2.382	24	2.325	23	2.160	1.376	19	1.263	18	13.290	10.491	24	10.336	23
JULY (VII)	5.115	0	0	0	0	3.286	0	0	0	0	3.100	0	0	0	0	2.232	0	0	0	0	13.733	0	0	0	0
AUGUST (VIII)	5.115	0	0	0	0	3.286	0	0	0	0	3.100	0	0	0	0	2.232	0	0	0	0	13.733	0	0	0	0
SEPTEMBER (IX)	4.950	0	0	0	0	3.180	0	0	0	0	3.000	0	0	0	0	2.160	0	0	0	0	13.290	0	0	0	0
OCTOBER (X)	5.115	0	0	0	0	3.286	0	0	0	0	3.100	0	0	0	0	2.232	0	0	0	0	13.733	0	0	0	0
NOVEMBER (XI)	4.950	0	0	0	0	3.180	0	0	0	0	3.000	0	0	0	0	2.160	0	0	0	0	13.290	0	0	0	0
DECEMBER (XII)	5.115	0	0	0	0	3.286	0	0	0	0	3.100	0	0	0	0	2.232	0	0	0	0	13.733	0	0	0	0
<b>TOTAL</b>	<b>60.225</b>	<b>13.189</b>	<b>80</b>	<b>12.910</b>	<b>78</b>	<b>38.690</b>	<b>5.692</b>	<b>54</b>	<b>6.890</b>	<b>65</b>	<b>36.500</b>	<b>4.363</b>	<b>44</b>	<b>4.125</b>	<b>41</b>	<b>26.280</b>	<b>1.626</b>	<b>23</b>	<b>1.765</b>	<b>25</b>	<b>161.695</b>	<b>24.870</b>	<b>56</b>	<b>25.690</b>	<b>58</b>

## Monthly comparison of revenues/overnight stays of Ilirija hotels from 01/01/ to 30/06/2018 and comparison with the same period in 2017

MONTH	GENERATED REVENUES			OVERNIGHT STAYS			AVERAGE PRICE IN HRK		AVERAGE PRICE IN €		
	2017	2018	INDEX	2017	2018	INDEX	2017	2018	2017	2018	INDEX
JANUARY	275.461,90	803.080,98	2,92	1.243	1.233	0,99	221,61	651,32	29,61	87,86	2,97
FEBRUARY	163.173,69	168.772,98	1,03	639	738	0,00	0,00	0,00	0,00	0,00	0,00
MARCH	505.330,20	1.165.923,76	2,31	2.212	4.005	1,81	228,45	291,12	30,71	39,17	1,28
APRIL	2.460.064,91	2.127.454,35	0,86	7.645	7.317	0,96	321,79	290,76	43,08	39,22	0,91
MAY	3.672.406,66	4.458.081,78	1,21	12.075	13.785	1,14	304,13	323,40	41,00	43,80	1,07
JUNE	6.120.858,20	7.144.094,97	1,17	20.213	20.465	1,01	302,82	349,09	40,88	47,30	1,16
JULY	10.220.585,50	0,00	0,00	30.085	0	0,00	339,72	#DIV/0!	45,86	#DIV/0!	#DIV/0!
AUGUST	11.624.160,61	0,00	0,00	30.621	0	0,00	379,61	#DIV/0!	51,22	#DIV/0!	#DIV/0!
SEPTEMBER	6.949.754,37	0,00	0,00	19.032	0	0,00	365,16	#DIV/0!	48,71	#DIV/0!	#DIV/0!
OCTOBER	3.463.332,65	0,00	0,00	10.102	0	0,00	342,84	0,00	45,66	0,00	0,00
NOVEMBER	615.592,56	0,00	0,00	2.349	0	0,00	262,07	0,00	34,75	0,00	0,00
DECEMBER	741.513,41	0,00	0,00	2.572	0	0,00	288,30	0,00	38,37	0,00	0,00
TOTAL	46.812.234,66	15.867.408,82	0,34	138.788	47.543	0,34	337,29	333,75	45,21	45,04	1,00
30/06/2018	13.197.295,56	15.867.408,82	1,20	44.027	47.543	1,08	299,75	333,75	40,47	45,23	1,12

Revenues per sold room 30/06/18	617,65 kn	83,35 €
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Revenues per sold room 30/06/17	530,65 kn	71,13 €
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## Selected profit centers within the hotel sector

Lavender Bar	2017	2018	INDEX
31/12	1.104.317,96		
30/06	225.365,96	228.305,29	1,01

Aquatic Center	2017	2018	INDEX
31/12	3.048.616,68		
30/06	711.886,49	640.556,00	0,90

Tennis Center	2017	2018	INDEX
31/12	326.811,59		
30/06	154.999,02	194.890,82	1,26

Beach bar Donat	2017	2018	INDEX
31/12	51.603.912,13		
30/06	14.346.843,19	16.957.517,30	1,18

## Hotel sector total

TOTAL:	2017	2018	INDEX
31/12	51.603.912,13		
30/06	14.346.843,19	16.957.517,30	1,18

Revenues per sold room - 2018:	660,08 kn	89,07 €
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Revenues per sold room - 2017:	576,87 kn	77,32 €
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## ILIRIJA TRAVEL

Ilirija Travel as a destination management company (agency) where we develop an integrated and complementary tourist product by developing new services and content as a response to the needs of modern tourist demand through which 304 individual events or special programs, incentives, events, conferences, congresses, weddings, excursions, regattas, etc. were realized in the first six months, with 26,271 persons that participated in them in pre-season (March to end May). Operating revenues were generated in the amount of HRK 4,254,346.76 which compared to that in the previous year declined as a result of the decrease in the number of organized events largely due to the lack of regatta events, traditionally held in Marina Kornati, which also used other Company's services and whose organizers decided to change the destination. Considering the position of sales in the high season or the third quarter, we expect the further growth in the total revenues.

### REVENUES BY ACTIVITIES:

*Revenues from hotel services* amount to HRK 15,867,408.32 and rose by 20% in comparison with those in the same period in 2017.

*Other revenues from hotel industry* including Beach bar Donat, which is a part of the business unit hotel Villa Donat, Sv. Filip i Jakov, were generated in the amount of HRK 1,090,108.48 and are lower by 5.17% than in the same period in 2017, because of opening of some profit centers at some later date.

*Overall, the revenues of the hotel sector* in the first six months of 2018 amount to HRK 16,957,517.90, which are higher by 18.20% than in the same period of 2017, accounting for 25.55% of the total operating revenues of the Company for that period.



## NAUTICS – MARINA KORNATI

As part of the operating results in the reporting period, there were a total of 715 berth contracts concluded, out of which 396 contracts for individual vessels and 319 charter vessels, which is, compared with the same period of the previous 2017, a rise by 3% in the number of contract vessels and a rise by 12% as a result of the growth in the number of contracted charter vessels.

In the first half of the year 2018, 1,005 vessels or 1% more vessels sailed into the waters of Marina Kornati and Hotel port Ilirija-Kornati, which generated 3,356 overnight stays and 8% less overnight stays than in the same period of the year 2017. The reason for the lower number of overnight stays in transit is due, among other things, to the shorter stay of vessels staying in the marina for servicing, a shorter stay of transit vessels with berth in the Hotel port Ilirija-Kornati and a higher number of vessels that sail in the marina solely for the supply while being tied off the nautical ports, mainly in bays or are anchored. Regarding the port servicing, 1,926 operations were performed, which is a rise by 5% compared to the same period last fiscal year, when 1,830 operations were performed, as a result of an increase in the number of charter vessels that used the marina services after they arrived.

Out of generated revenues in the amount of HRK 25,936,772.61, a growth by 1.26% was realized compared to the revenues generated in the same period 2017 when they amounted to HRK 25,614,410.66 as a result of the increase in revenues, in the absolute amounts, in the item of the contract berth with accessories, port services, business cooperation and car parking. Revenues from the contract berth grew as a result of the increase in the number of contract charter vessels, which was also reflected in the growth in income from parking and port servicing. The business cooperation service records a rise due to increased accommodation capacities for business partners.

The 20th nautical fair Biograd Boat Show, the greatest Croatian and Central European boat show at sea will be held in the second half of October, that is, from 18th to 21st October 2018, which was attended by 320 registered exhibitors that participated with more than 300 vessels in 2017. The Biograd Boat Show has been the venue for getting all segments of the Croatian boating industry and tourism together for years: (I) the port of nautical tourism-marina, (II) charter, (III) shipbuilders, (IV) ship operators, (V) ship and nautical equipment manufacturers and (VI) diving tourism. The Biograd Boat Show will in its jubilee

edition continue to grow in quality and volume, and as a result of this even this year's edition will be focused on the development of international character, i.e. the increase in the number of foreign exhibitors, further advancement of the B2B character of the fair and the development of congress offer, since the fair has grown into the boating industry and tourism congress.

Regarding the boat events or regattas in Marina Kornati, there were 40 regatta events and flotillas organized by the end of the semi-annual period, attended by 3500 sailors on 210 vessels in the Marina Kornati. Among the regattas, the international regatta Kornati Cup 2018 is to be especially mentioned, with about 600 sailors from all over Europe on more than 100 vessels and the Business Cup 2018 with 190 sailors and around 30 sailing boats mainly from Austria which can be characterized as a kind of open championship of Austria in sailing.

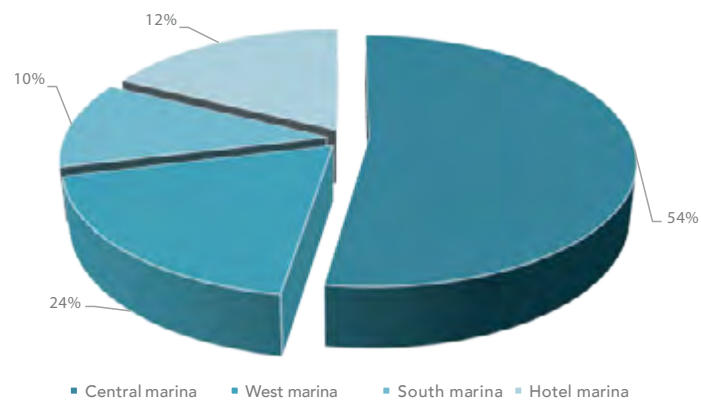
By the end of 2018, about 20 regattas and flotillas have been announced, of which some of them have been held in the Marina Kornati for years, such as Stavebni regatta, Oststeier Cup, ICCA World Championship, Seawolf flotilla, Impression Sailing week, Marina Kornati ORC Cup Regata, Sv. Nikole etc.



## Marina Kornati capacities

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

% Share of individual marina (number of berths)



### Cumulative overview of physical turnover of Marina Kornati during the period from 01/01-30/06/2018 and comparison with the same period in 2017

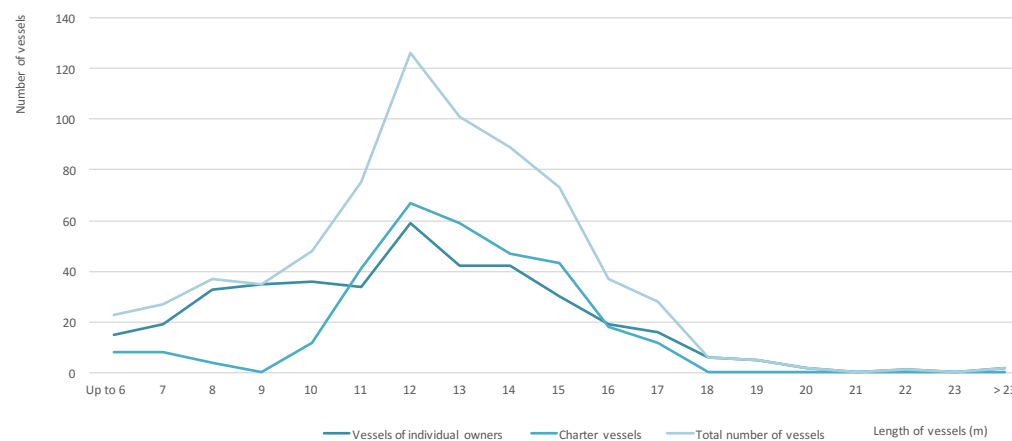
Physical turnover items		2018 by month											
Name of position	Measurement unit	1	2	3	4	5	6	7	8	9	10	11	12
Contract-based berth -individual	Contracted vessel	77	233	293	351	381	396						
Contract-based berth -charter	Contracted vessel	4	6	91	293	316	319						
<b>TOTAL Contract-based berth</b>	<b>Contracted vessel</b>	<b>81</b>	<b>239</b>	<b>384</b>	<b>644</b>	<b>697</b>	<b>715</b>						
Transit berth-sailing in port	Sailing in port	1	7	29	139	520	1.005						
Transit berth-overnight stay of vessel	Boat / day	134	298	625	1.233	2.190	3.356						
Transit berth-overnight stay of vessel crew	Overnight stay of a person												
Port service	Operation	171	379	689	1.111	1.536	1.926						

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						
Contract-based berth -charter	Contracted vessel	1	14	74	261	280	285						
<b>TOTAL Contract-based berth</b>	<b>Contracted vessel</b>	<b>92</b>	<b>272</b>	<b>391</b>	<b>630</b>	<b>670</b>	<b>692</b>						
Transit berth-sailing in port	Sailing in port	1	6	28	176	521	999						
Transit berth-overnight stay of vessel	Boat / day	184	390	604	1.365	2.366	3.633						
Transit berth-overnight stay of vessel crew	Overnight stay of a person												
Port service	Operation	87	312	686	1.055	1.487	1.830						

## Vessels on berth contract during the period from 01/01-30/06/2018 and comparison with the same period in 2017

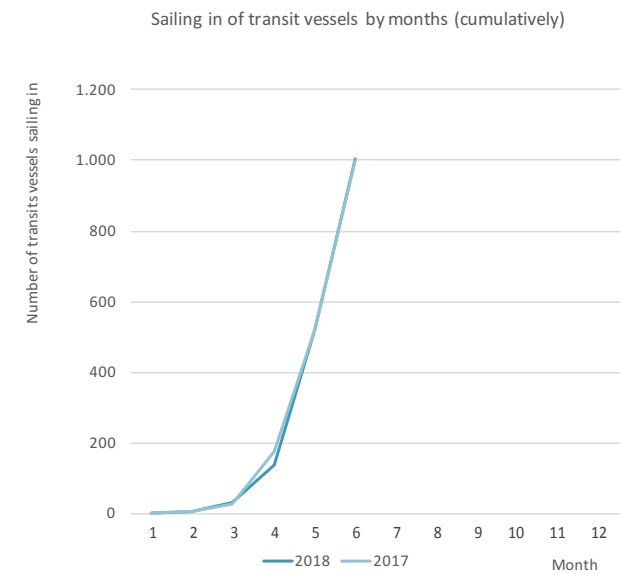
Purpose	Type of berth	Position of berth	01/01-30/06	% Total	01/01-30/06	% Total	Index
			2018	Vessels	2017	Vessels	
Vessel of individual owners	Annual berth in the sea	Central aquatorium	272	38	286	41	95
		South aquatorium	45	6	48	7	94
		Western aquatorium	8	1	2	0	400
	Annual berth on the land	Hotel port	36	5	38	5	95
		Marina land	3	0	2	0	150
	Seasonal berth in the sea	Marina aquatorium	17	2	20	3	85
		Hotel port	15	2	11	2	136
Total individual vessels:			396	55	407	59	97
Charter vessels	Annual berth in the sea	Central aquatorium	91	13	78	11	117
		South aquatorium	0	0	0	0	#DIV/0!
		Western aquatorium	228	32	193	28	118
		Hotel port	0	0	14	2	0
	Total charter vessels:			319	45	285	41
Total vessels 2018:			715	100	692	100	103

## Vessel on berth contract 01/01-30/06/2018



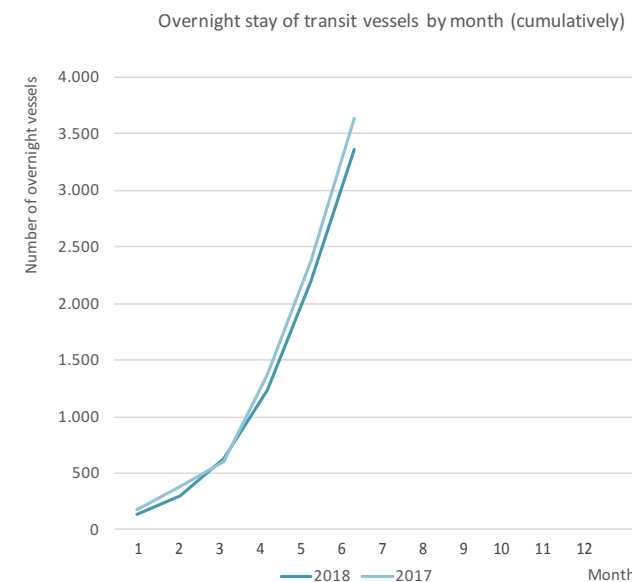
Transit berth – inbound vessels during the period from 01/01-30/06/2018 and comparison with the same period in 2017

2018	Individually monthly			Cumulatively monthly		
	2018	2017	INDEX	2018	2017	INDEX
Month	2018/2017			2018/2017		
1	1	1	100	1	1	100
2	6	5	120	7	6	117
3	22	22	100	29	28	104
4	110	148	74	139	176	79
5	381	345	110	520	521	100
6	485	478	101	1.005	999	101
7						
8						
9						
10						
11						
12						
<b>Total 2018</b>	<b>1.005</b>					
<b>Total 2017</b>		<b>999</b>				
<b>Index 2018/2017</b>		<b>101</b>				



Transit berth – overnight stay of vessels during the period from 01/01-30/06/2018 and comparison with the same period in 2017

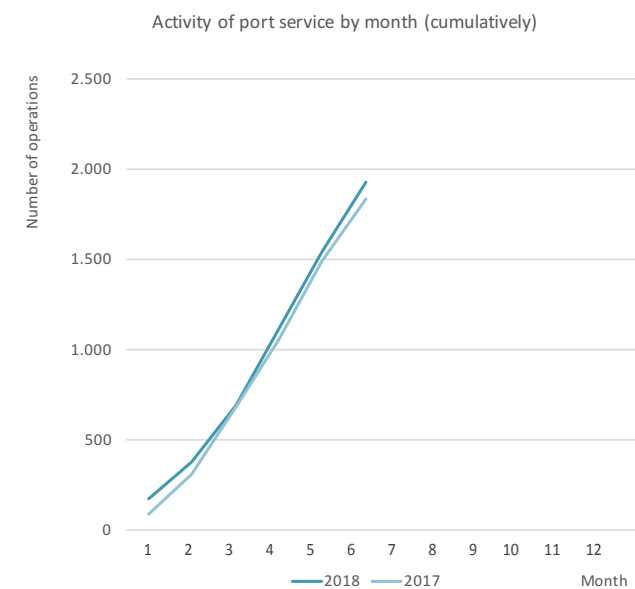
2018	Individually monthly			Cumulatively monthly		
	2018	2017	INDEX	2018	2017	INDEX
Month	2018/2017			2018/2017		
1	134	184	73	134	184	73
2	164	206	80	298	390	76
3	327	214	153	625	604	103
4	608	761	80	1.233	1.365	90
5	957	1.001	96	2.190	2.366	93
6	1.166	1.267	92	3.356	3.633	92
7						
8						
9						
10						
11						
12						
<b>Total 2018</b>	<b>3.356</b>					
<b>Total 2017</b>	<b>3.633</b>					
<b>Index 2018/2017</b>	<b>92</b>					





Activities of port repair service in the period from 01/01-30/06/2018 and comparison with the same period in 2017

2018	Individually monthly			Cumulatively monthly		
	2018	2017	INDEX	2018	2017	INDEX
Month	2018/2017			2018/2017		
1	171	87	197	171	87	197
2	208	225	92	379	312	121
3	310	374	83	689	686	100
4	422	369	114	1.111	1.055	105
5	425	432	98	1.536	1.487	103
6	390	343	114	1.926	1.830	105
7						
8						
9						
10						
11						
12						
<b>Total 2018</b>	<b>1.926</b>					
<b>Total 2017</b>		<b>1.830</b>				
<b>Index 2018/2017</b>			<b>105</b>			



## Revenue generated by Marina Kornati during the period from 01/01-30/06/2018 individually by months and comparison with the same period in 2017

REVENUES OF MARINA KORNATI 2018 SEPARATE BY MONTHS																
Revenue positions		2018 by month												2018	2017	Index
		1	2	3	4	5	6	7	8	9	10	11	12	Cumulat.	Total	2018/2017
I	Daily berths	21.798,53	17.162,98	52.765,59	137.407,35	257.811,82	336.771,25	0,00	0,00	0,00	0,00	0,00	0,00	823.717,52	984.059,50	83,71
II	Contracted berth with accessories	3.055.113,30	5.666.701,26	4.040.807,17	6.138.972,98	1.491.753,01	648.604,10	0,00	0,00	0,00	0,00	0,00	0,00	21.041.951,82	20.817.349,00	101,08
III	Port service	136.539,66	221.275,21	350.618,77	430.464,87	394.404,73	293.203,91	0,00	0,00	0,00	0,00	0,00	0,00	1.826.507,15	1.722.098,89	106,06
IV	Vehicle parking	924,00	4.812,00	16.769,20	116.172,16	243.356,04	328.993,60	0,00	0,00	0,00	0,00	0,00	0,00	711.027,00	636.120,62	111,78
V	Other services	5.298,19	22.435,64	-47.587,88	16.907,04	128.366,56	142.568,89	0,00	0,00	0,00	0,00	0,00	0,00	267.988,44	295.148,85	90,80
VI	Business cooperation	0,00	0,00	0,00	1.170.278,80	686,40	28.560,48	0,00	0,00	0,00	0,00	0,00	0,00	1.199.525,68	1.106.017,46	108,45
VII	Boat fair and events	40.000,00	0,00	0,00	22.625,00	3.430,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	66.055,00	53.616,34	123,20
<b>TOTAL:</b>		<b>3.259.673,68</b>	<b>5.932.387,09</b>	<b>4.413.372,85</b>	<b>8.032.828,20</b>	<b>2.519.808,56</b>	<b>1.778.702,23</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>25.936.772,61</b>	<b>25.614.410,66</b>	<b>101,26</b>

REVENUES OF MARINA KORNATI 2017 SEPARATE BY MONTHS																
Revenue positions		2017 by month												2017	2016	Index
		1	2	3	4	5	6	7	8	9	10	11	12	Cumulat.	Total	2017/2016
I	Daily berths	23.610,83	12.299,16	41.735,58	232.742,19	312.982,77	360.688,97	0,00	0,00	0,00	0,00	0,00	0,00	984.059,50	994.065,89	98,99
II	Contracted berth with accessories	3.342.389,48	6.205.212,33	2.847.500,90	6.099.342,08	1.583.516,10	739.388,11	0,00	0,00	0,00	0,00	0,00	0,00	20.817.349,00	20.130.833,80	103,41
III	Port service	80.388,17	240.034,82	380.894,90	363.057,82	420.735,08	236.988,10	0,00	0,00	0,00	0,00	0,00	0,00	1.722.098,89	1.948.186,20	88,39
IV	Vehicle parking	2.104,00	8.268,00	8.616,00	123.316,00	215.027,24	278.789,38	0,00	0,00	0,00	0,00	0,00	0,00	636.120,62	583.055,77	109,10
V	Other services	3.206,75	27.151,95	60.745,47	80.819,81	56.063,78	67.161,09	0,00	0,00	0,00	0,00	0,00	0,00	295.148,85	272.912,50	108,15
VI	Business cooperation	0,00	0,00	0,00	1.102.318,61	0,00	3.698,85	0,00	0,00	0,00	0,00	0,00	0,00	1.106.017,46	1.088.672,25	101,59
VII	Boat fair and events	0,00	0,00	7.006,00	22.860,34	10.500,00	13.250,00	0,00	0,00	0,00	0,00	0,00	0,00	53.616,34	0,00	#DIV/0!
<b>TOTAL:</b>		<b>3.451.699,23</b>	<b>6.492.966,26</b>	<b>3.346.498,85</b>	<b>8.024.456,85</b>	<b>2.598.824,97</b>	<b>1.699.964,50</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>25.614.410,66</b>	<b>25.017.726,41</b>	<b>102,39</b>



## CAMPING – CAMPSITE “PARK SOLINE”

In the first six months of 2018, some 12,845 arrivals were realized in the camping sector, which constitutes a rise by 25.24% compared to those in the same period last year. This increase can partly be attributed to carefully planned investments and marketing, and partly due to excellent occupancy in the pre-season especially during May holidays (Labor Day) and due to extremely good booking in the second half of June, which was affected by the end of the school year and good schedule of non-working days and holidays. Accordingly, the increased number of arrivals has resulted in an increase in the number of overnight stays by 17.17% compared to the same period in 2017 and the number of realized overnight stays in the reporting period was 72,079.

All four segments of the campsite business (allotments, lump sum, individuals and mobile homes) are recording growth in arrivals and overnight stays. The market segment allotment records a growth in overnight stays by 5.91% and arrivals by 17.41%, and the result of this relationship is that the agency guests record a decline in average days of stay from 7.13 to 6.43 days. The lump sum market segment re-

corded an increase in arrivals by 50.33% and in overnight stays by 35.05% compared to that in the first six months of 2017. This increase was largely due to the increase in leased flat rentals and a good schedule of holidays in June (the markets of Slovenia and Croatia make up for the largest share of lump sum guests). The market segment of individuals rose by 21.87% in arrivals and 18.14% in overnight stays. Mobile homes as a segment in the first six months of this year saw an increase of 19.09% in arrivals and 18.84% in overnight stays, and the largest share of this increase was achieved in June from the Slovenian and German markets.

The camping sector records a rise in physical turnover and revenue item, where the contracted and realized revenues amount to HRK 11,736,667.66 and are higher by 13% compared to those in the same period last year, accompanied by the rise in revenues from the agencies by 5% as a result of an increase in the number of leased camping pitches. The market segment of the lump sum also recorded a growth in contracted revenues by 24%, which is a result of the number of rented lump-sum pitches compared to those in

the previous year, of which the majority of the lump sum relates to mobile homes that bring higher revenues. Revenues from mobile homes record a rise by 10% and the revenues from individuals have risen by 22% compared to those in the same period last year due to the carefully planned investments and marketing activities, as well as a more favorable schedule of holidays in the pre-season of 2018. Since the increase in the number of arrivals is somewhat higher than the increase in the number of overnight stays, the total number of days of stay has minimally decreased from 6.00 to 5.61 days in 2018.

In the structure of realized overnight stays, the five top source markets include: (I) the Slovenian market with a share of 27% overnight stays, (II) the Czech market with a share of 25% overnight stays, (III) the German market with a share of 13% overnight stays, (IV) the Croatian market with a share of 9% overnight stays and (V) the Polish 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 Polish market (106.26%), the Czech market (52.16%) and the

Slovenian market (39.75%) compared to the same period in the year 2017. In the business segments of camping units, the highest increase is recorded by the guests from the Slovenian market (57.37%), Austrian market (23.94%) and German market (16.17%). The agencies with a share of 33% dominate in the structure of overnight stays according to market segments, where the guests in mobile homes achieve a share of 25% overnight stays, that compared to the same period last year grew by 18.84 % as a result of focusing on the marketing and sales activities on the target and more lucrative Western European source markets, whose guests seek a better quality of the camping accommodation, which is a good indicator for the continuation of the season.

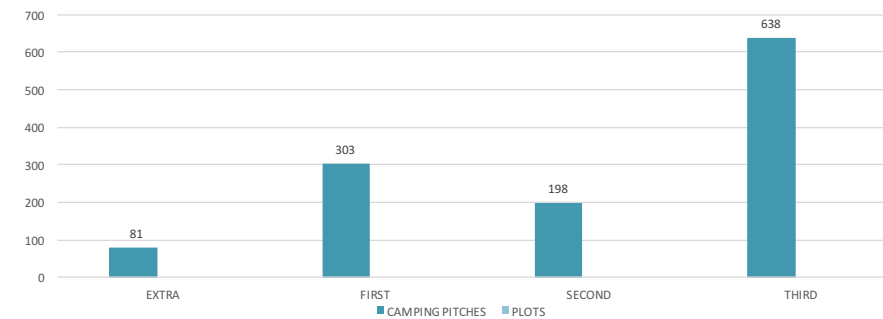
The increase in overnight stays, arrivals and revenues for the first six months of 2018 is the result of investments in new mobile homes, quality of camping facilities and services, price optimization, marketing activities and strategically planned investments in key sales channels, and intensive early booking from the end 2017, and are a good indicator for the continuation of the season and the expected achievement of the planned business results and goals set for the year 2018.





## Capacities of the camp "Park Soline"

		2014	2015	2016	2017	2018
I	EXTRA ZONE					
	CAMPING PITCHES	80	81	81	81	81
	CAMPING PLOTS	0	0	0	0	0
	TOTAL	80	81	81	81	81
II	FIRST ZONE					
	CAMPING PITCHES	345	326	326	326	303
	CAMPING PLOTS	0	0	0	0	0
	TOTAL	345	326	326	326	303
III	SECOND ZONE					
	CAMPING PITCHES	168	182	182	182	198
	CAMPING PLOTS	0	0	0	0	0
	TOTAL	168	182	182	182	198
IV	THIRD					
	CAMPING PITCHES	342	347	347	347	638
	CAMPING PLOTS	188	187	194	194	0
	TOTAL	530	534	541	541	638
Σ	GRANDTOTAL					
	CAMPING PITCHES	935	936	936	936	1220
	CAMPING PLOTS	188	187	194	194	0
	<b>GRANDTOTAL</b>	<b>1123</b>	<b>1123</b>	<b>1130</b>	<b>1130</b>	<b>1220</b>

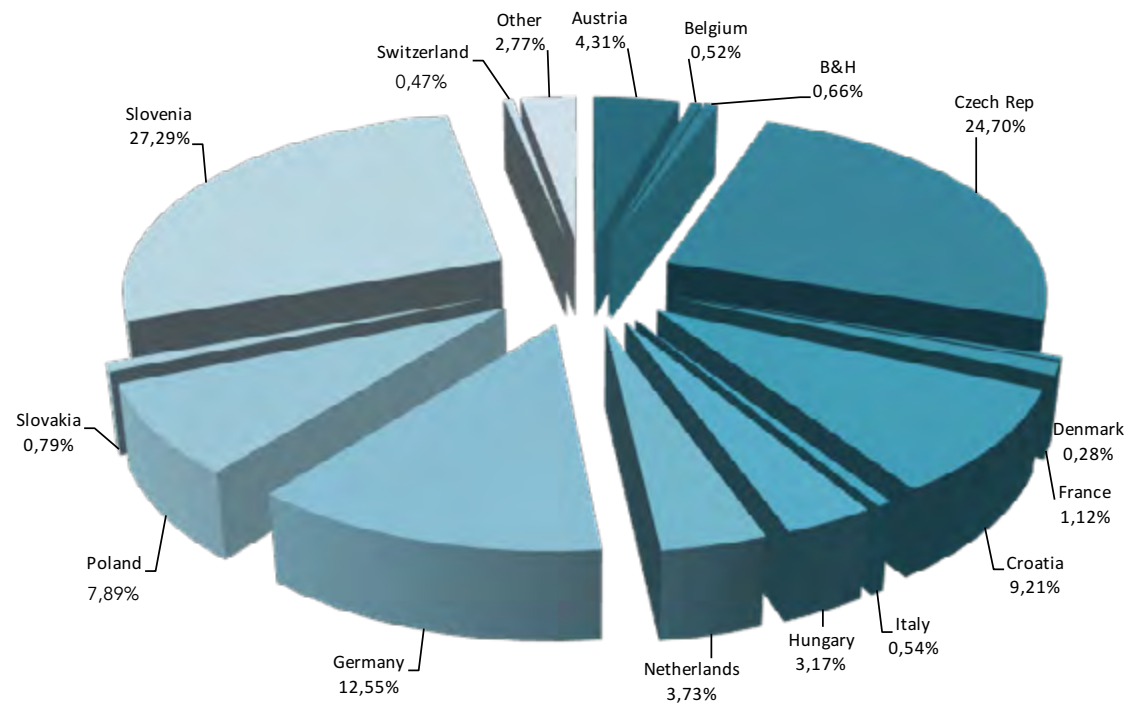


## Arrivals, overnight stays per source markets and average days of stay from 01/01/2018-30/06/2018 and comparison with the same period in 2017

COUNTRY	2018		2017		INDEX 2018/2017		AVERAGE DAYS OF STAY	
	Arrivals	Overnight stays	Arrivals	Overnight stays	Arrivals	Overnight stays	2018	2017
Austria	511	3.107	401	2.342	127,43	132,66	6,08	5,84
Belgium	63	375	53	224	118,87	167,41	5,95	4,23
B&H	159	473	94	311	169,15	152,09	2,97	3,31
Czech Rep	2.763	17.807	2.437	17.057	113,38	104,40	6,44	7,00
Denmark	80	205	77	365	103,90	56,16	2,56	4,74
France	137	809	141	739	97,16	109,47	5,91	5,24
Croatia	1.346	6.638	1.069	5.340	125,91	124,31	4,93	5,00
Italy	111	387	88	397	126,14	97,48	3,49	4,51
Hungary	419	2.287	322	1.934	130,12	118,25	5,46	6,01
Netherlands	453	2.690	365	2.500	124,11	107,60	5,94	6,85
Germany	1.434	9.044	1.364	8.878	105,13	101,87	6,31	6,51
Poland	874	5.690	517	3.808	169,05	149,42	6,51	7,37
Slovakia	98	573	75	368	130,67	155,71	5,85	4,91
Slovenia	3.924	19.668	2.768	14.852	141,76	132,43	5,01	5,37
Switzerland	98	332	100	363	98,00	91,46	3,39	3,63
Other	375	1.994	385	2.038	97,40	97,84	5,32	5,29
<b>TOTAL</b>	<b>12.845</b>	<b>72.079</b>	<b>10.256</b>	<b>61.516</b>	<b>125,24</b>	<b>117,17</b>	<b>5,61</b>	<b>6,00</b>



## Overnight stays per source market from 01/01-30/06/2018



## Cumulative overview of daily and monthly occupancy of accomodation camp units for the period from 21/04-30/06/2018

MONTH	APRIL				MAY				JUNE				TOTAL				
SEGMENT	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	NUMBER OF ACCOMODATING UNITS	MAXIMUM POSSIBLE PITCHES DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY
MOBILE HOMES ILIRIJA	1.840	554	30,11%	3,01	5.704	1.161	20,35%	6,31	5.520	3.539	64,11%	19,23	184	13.064	5.254	40,22%	28,55
AGENCIES	2.640	2.640	100,00%	10,00	8.184	8.184	100,00%	31,00	7.920	7.920	100,00%	30,00	264	18.744	18.744	100,00%	71,00
LUMP SUM	2.070	2.070	100,00%	10,00	6.417	6.417	100,00%	31,00	6.240	6.240	100,00%	30,00	208	14.727	14.727	100,00%	71,00
INDIVIDUAL PITCHES STANDARD MARE CAMPING PLACE STANDARD III ZONE	3.280	338	10,30%	1,03	10.168	1.353	13,31%	4,13	9.840	4.030	40,96%	12,29	328	23.288	5.721	24,57%	17,44
INDIVIDUAL PITCHES CAMPING PLACE STANDARD IV ZONE	2.370	0	0,00%	0,00	7.347	12	0,16%	0,05	7.080	168	2,36%	0,71	236	16.797	180	1,07%	0,76
INDIVIDUALS TOTAL	5.650	338	5,98%	0,60	17.515	1.365	7,79%	2,42	16.920	4.198	24,77%	7,43	564	40.085	5.901	14,72%	10,45
<b>TOTAL</b>	<b>12.200</b>	<b>5.602</b>	<b>45,92%</b>	<b>4,59</b>	<b>37.820</b>	<b>17.127</b>	<b>45,29%</b>	<b>14,04</b>	<b>36.600</b>	<b>21.897</b>	<b>59,83%</b>	<b>17,95</b>	<b>1220</b>	<b>86.620</b>	<b>44.626</b>	<b>51,52%</b>	<b>36,58</b>

## Revenues of the camp in the period 01/01-30/06/2018 and comparison to the same period in 2017

SEGMENT		2017					2018			INDEX	
		GENERATED IN 2017			CONTRACTED TILL 30/06/2017		CONTRACTED TILL 30/06/2018			2018/2017	
		NUMBER OF PITCHES	OVERNIGHT STAYS	REVENUES	REALIZED OVER-NIGHT STAYS	REVENUES	NUMBER OF PITCHES	REALIZED OVER-NIGHT STAYS	CONTRACTED REVENUE	OVERNIGHT STAYS	REVENUES
1	MOBILE HOMES ILIRIJA	150	61.797	10.823.388,61 kn	15.418	1.514.769,29 kn	184	18.323	1.666.960,00 kn	119	110
2	AGENCIES	246	93.709	4.353.649,82 kn	22.185	4.400.088,00 kn	264	23.496	4.637.946,56 kn	106	105
3	INDIVIDUALS	552	79.121	7.139.293,13 kn	12.033	596.643,29 kn	564	14.216	730.361,11 kn	118	122
4	LUMP SUM	182	48.442	3.401.349,91 kn	11.880	3.401.349,91 kn	208	16.044	4.224.411,25 kn	135	124
5	OTHER SERVICES	-	-	1.239.581,33 kn	-	471.055,85 kn	0	0	476.988,74 kn	#DIV/0!	101
<b>TOTAL</b>		<b>1130</b>	<b>283.069</b>	<b>26.957.262,80 kn</b>	<b>61.516</b>	<b>10.383.906,34 kn</b>	<b>1220</b>	<b>72.079</b>	<b>11.736.667,66 kn</b>	<b>117</b>	<b>113</b>



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## COMMERCIAL-SHOPPING CENTER CITY GALLERIA

The Commercial – shopping center City Galleria, one of the two largest shopping centers in the Zadar region, is located in a highly residential area of the city of Zadar and is easily accessible to a large number of residents of the city of Zadar and county, as well as to foreign visitors owing to its location. The center offers a wide variety of contents with a wide range of products and services including the city marketplace, fish market, butcher shop, specialized food and beverage store, supermarket, fashion clothing store, footwear and sports equipment store; stores offering beauty and home products, service activities, sports facilities, numerous hospitality facilities, office premises and the first and the only multiplex cinema in the city with 6 halls. On the levels -2 and -1 in the center there is an underground garage with more than 400 parking spaces, which is opened to visitors 24 hours a day. Thanks to the unique architectural concept and the diverse offer of the content, the City Galleria Center has become a place where the citizens' everyday life takes place.

The City Galleria's operational results, the occupancy of business premises, and the interest of potential lessees in the business cooperation is continuously seeing the growth even in the first semi-annual peri-

od of the year 2018. As at 30th June 2018, the occupancy of the center was 100.00% of all capacities, that is, 36 premises lease contracts are active with floor areas ranging from 20m<sup>2</sup> to 1.836m<sup>2</sup>. The lessees operating in the Commercial-shopping center City Galleria are, inter alia, multiplex cinemas CineStar, drug-store and perfume store Müller, supermarket SPAR, CCC shoes&bags, PEPCO, Gyms4You, Zagrebačka banka, and almost all of them are the market leaders. We can also mention other international and domestic renowned lessees such as stores Timberland, Shooster, Adidas, Nike&Converse, Ghetaldus, Farmacia Bubamara, TELE2 and others.

Operating revenues were generated in the amount of HRK 7,218,417.65 through: (I) lease of business premises, (II) common costs, (III) use of common parts of the center, (IV) lease of advertising space and (V) garage income. Grand-total operating revenues of the center amount to HRK 7,394,309.46 including the other operating revenues in the amount of HRK 175,891.81. They record a growth compared to the same period in the previous year at a rate of 41.22%, but noting that during the same period in 2017, monthly liabilities for rental fee and common costs were not invoiced to the lessee SPAR Hrvatska d.o.o.

In this period, 67.59% of the operating revenues, or HRK 4,998,071.88 was generated from calculation of the rental fee of premises. The largest lessees according to the leased area are Spar Hrvatska d.o.o., Müller trgovina d.o.o. and Blitz - Cinestar d.o.o. In addition to the lease of business premises, operating revenues earned from the calculation of common costs to the lessees amount to HRK 1,549,676.35 making for 20.96% of total revenues; rental income and commercial use of common areas of the center amount to HRK 321,721.92 or 4.35%; the revenues from the one-time parking charge and leasing of parking lots amount to HRK 331,551.84 or 4.48%; and to the smallest extent, the revenues from renting the advertising space on the facade of the center amount to HRK 17,395.66 which makes for 0.24% of the total revenues generated.

The usage of the public underground garage of the Center by customers is also rising, and for the first semi-annual period in 2018 this figure is 321,528 vehicles, which makes for a rise by 9.11% compared to that in the same period last year. The revenues generated from the garage in the amount of HRK 331,551.84 were mostly generated from the one-time parking of visitors to the garage, which makes

for 91.04% of the mentioned revenues. Compared to revenues generated in the first half of 2017, an increase at the rate 58.49% was achieved.

In the first quarter of 2018, the Company started the activation of business premises on the third floor of the center and their conversion from service to office space. During that period, a lease contract was signed for a part of the office space in question with the lessee ROSS d.o.o. that engages in the media activity and operates via the radio station 057 and web portal 057info.hr on the local media market. The commercial activation of the remaining part of space on the 3rd floor floor is expected in early 2019. The company Ontario trgovina d.o.o. started with its business operation in the Center. It is the local fashion brand of children's clothing for the children aged 0-14 years, which additionally enriches the supply of the center for the youngest.

Continuous efforts are being made to improve and advance the offer of the center in order to create an attractive and diverse offer or strengthen its overall market recognition and positioning in the Zadar Region.



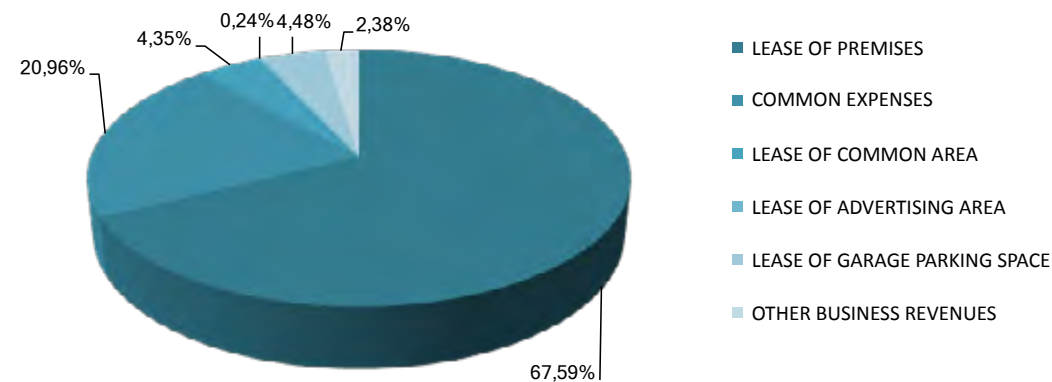
The operating revenues of the Commercial-shopping center City Galleria in Zadar during the period from 01/01-30/06/2018 and comparison with the same period in 2017

DESIGNATION	DESCRIPTION	NUMBER OF ACTIVE CONTRACTS	SURFACE AREA m <sup>2</sup>	REVENUES 01-06/2018	%	REVENUES 01-06/2017	%	INDEX 2018/2017
1	LEASE OF PREMISES *	36	9.741,30	4.998.071,88 kn	67,59%	3.435.183,21 kn	65,61%	1,45
2	COMMON EXPENSES**	34	6.927,23	1.549.676,35 kn	20,96%	1.284.795,39 kn	24,54%	1,21
3	LEASE OF COMMON AREA	22	1.021,80	321.721,92 kn	4,35%	266.403,60 kn	5,09%	1,21
4	LEASE OF ADVERTISING AREA	8	118,52	17.395,66 kn	0,24%	14.899,48 kn	0,28%	1,17
5	LEASE OF GARAGE PARKING SPACES	410***	10.863,50	331.551,84 kn	4,48%	209.189,75 kn	4,00%	1,58
TOTAL				7.218.417,65 kn	97,62%	5.210.471,43 kn	99,51%	1,39
6	OTHER BUSINESS REVENUES			175.891,81 kn	2,38%	25.647,60 kn	0,49%	6,86
GRAND TOTAL REVENUES				7.394.309,46 kn	100,00%	5.236.119,03 kn	100,00%	1,41

\* During the period 01-06/2017, monthly lease liabilities were not invoiced to the tenant SPAR Hrvatska d.o.o.

\*\* During the period 01-06/2017, monthly liabilities for common expenses were not invoiced to the tenant SPAR Hrvatska d.o.o.

\*\*\* Number of parking spaces in the garage





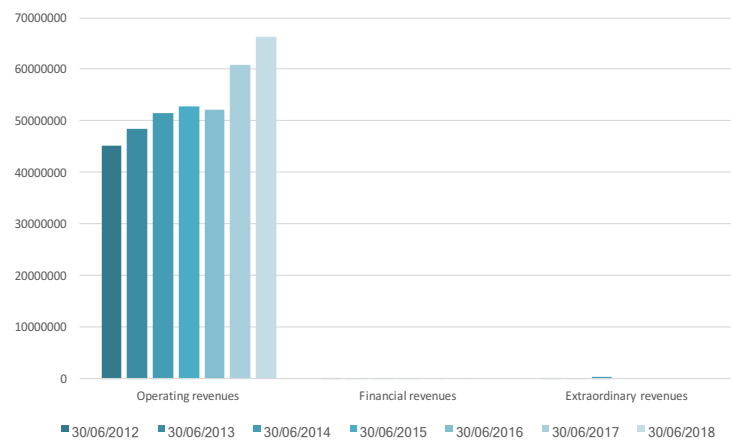


## I I FINANCIAL RESULTS OF THE COMPANY

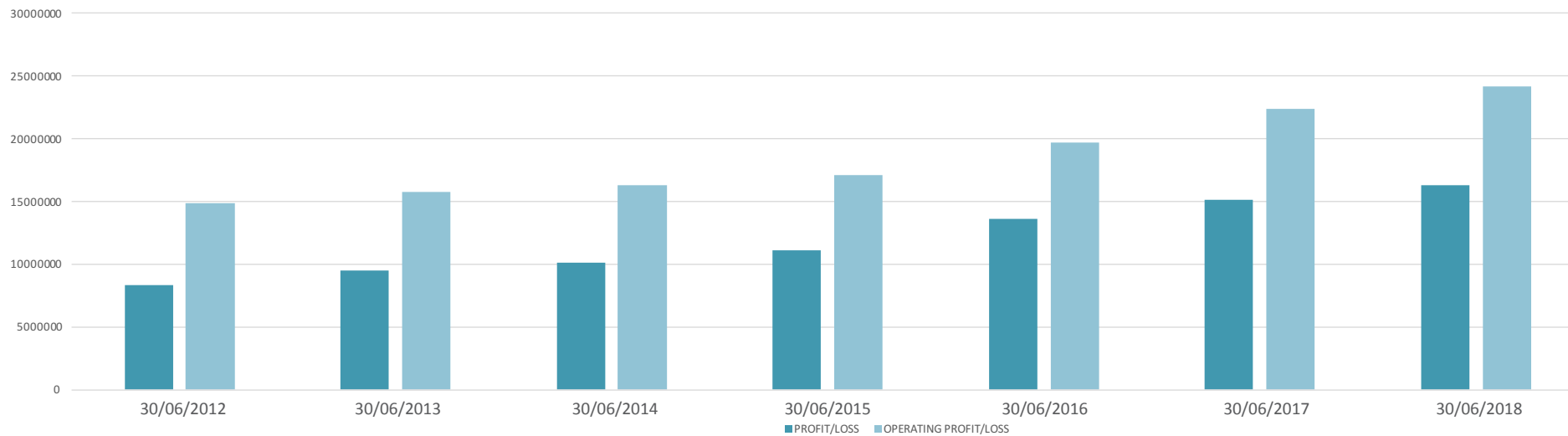
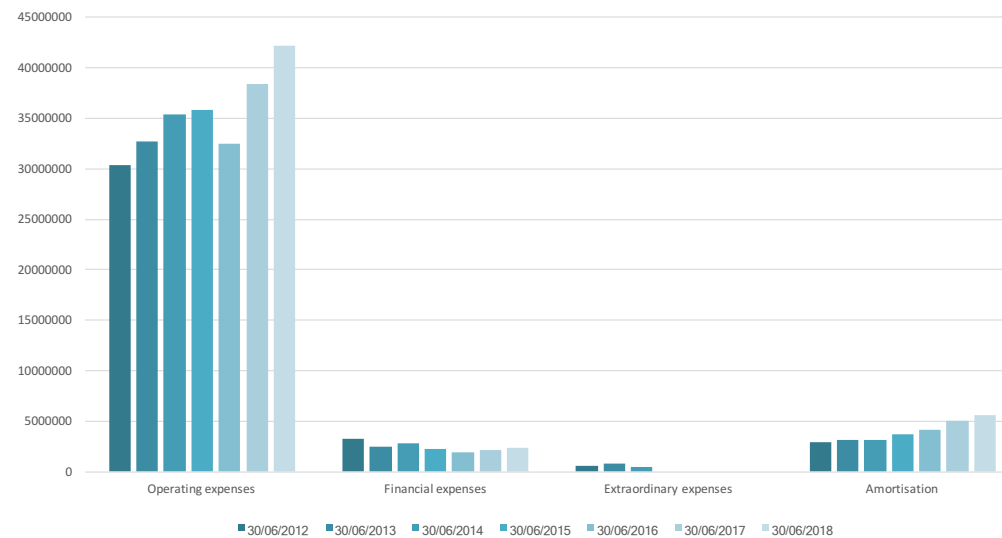
### Overview of financial results during the period from 01/01- 30/06/2018 and comparison with the same period from 2012 to 2017

DESCRIPTION	30/06/2012	30/06/2013	30/06/2014	30/06/2015	30/06/2016	30/06/2017	30/06/2018	Index 2018/2017
Operating revenues	45.197.378,61	48.429.440,48	51.595.070,54	52.895.311,21	52.119.553,90	60.835.505,20	66.358.980,89	109,08
Financial revenues	64.316,74	180.683,05	51.457,30	48.367,93	59.307,67	46.580,99	41.311,15	88,69
Extraordinary revenues	181.542,01	38.325,32	344.066,81	0,00	0,00	0,00	0,00	#DIV/0!
<b>TOTAL REVENUES</b>	<b>45.443.237,36</b>	<b>48.648.448,85</b>	<b>51.990.594,65</b>	<b>52.943.679,14</b>	<b>52.178.861,57</b>	<b>60.882.086,19</b>	<b>66.400.292,04</b>	<b>109,06</b>
Operating expenses	30.310.988,79	32.672.232,34	35.328.010,53	35.780.726,91	32.459.221,51	38.421.030,46	42.169.136,63	109,76
Financial expenses	3.242.563,15	2.519.206,48	2.879.690,51	2.323.711,09	1.955.680,90	2.185.302,75	2.345.497,67	107,33
Extraordinary expenses	579.780,09	812.285,43	491.533,09	0,00	0,00	0,00	0,00	#DIV/0!
Amortisation	2.942.897,41	3.119.755,76	3.192.603,30	3.735.110,10	4.112.990,64	5.100.666,64	5.577.738,24	109,35
<b>TOTAL EXPENSES</b>	<b>37.076.229,44</b>	<b>39.123.480,01</b>	<b>41.891.837,43</b>	<b>41.839.548,10</b>	<b>38.527.893,05</b>	<b>45.706.999,85</b>	<b>50.092.372,54</b>	<b>109,59</b>
<b>PROFIT/LOSS</b>	<b>8.367.007,92</b>	<b>9.524.968,84</b>	<b>10.098.757,22</b>	<b>11.104.131,04</b>	<b>13.650.968,52</b>	<b>15.175.086,34</b>	<b>16.307.919,50</b>	<b>107,47</b>
<b>OPERATING PROFIT/LOSS</b>	<b>14.886.389,82</b>	<b>15.757.208,14</b>	<b>16.267.060,01</b>	<b>17.114.584,30</b>	<b>19.660.332,39</b>	<b>22.414.474,74</b>	<b>24.189.844,26</b>	<b>107,92</b>
<b>EBITDA</b>	<b>14.552.468,48</b>	<b>15.163.931,08</b>	<b>16.171.051,03</b>	<b>17.162.952,23</b>	<b>19.719.640,06</b>	<b>22.461.055,73</b>	<b>24.231.155,41</b>	<b>107,88</b>

REVENUES 2012 - 2018



EXPENSES 2012 - 2018



## I

In the first semi-annual period of 2018, total revenues amount to HRK 66,400,292.04 and they increased by 9.06% compared to those in the same period of 2017 as a result of the growth in operating revenues.

Operating revenues in the observed period amount to HRK 66,358,980.89 recording a growth by 9.08%, compared to those in the same period of the previous fiscal year, as a result of rise in turnover on the domestic and foreign market.

Sale revenues in the observed period amount to HRK 65,818,366.26 and are higher by 9.17%, as compared to those in the same period of the previous fiscal year, when they amounted to HRK 60,291,588.76 which is a result of the increase in sales revenues on the foreign market by 10% and domestic market by 9%. The sales revenues make up for 99.19% of the operating and 99.12% of the total revenues.

## 2

Total expenses in the first six months of 2018 amount to HRK 50,092,372.54 and in comparison to those in the same period in 2017 they are higher by 9.59% as a result of rise in the operating expenses by 9.76%, amortization by 9.35% and financial expenses by 7.33%.

The operating expenses in the observed period amount to HRK 42,169,136.63 and are higher by 9.76% or by HRK 3,748,106.17 compared to those in the same period in 2017 as a result of a growth in other costs by 23%, costs of services by 12% and cost of gross salary by 8%.

## 3

The operating profit or the profit from business activities of the Company rose by 7.92% compared to the same period in 2017 and amounts to HRK 24,189,844.26.

EBITDA or Earnings before interest, taxes, depreciation and amortization was realized in the amount of HRK 24,231,155.41 and rose by HRK 7.88% compared to that in the same period in the year 2017.

EBIT or Earnings before interest and tax was realized in the amount of HRK 18,653,417.17 and rose by HRK 7.45% compared to that in the same period in the year 2017.

The profit for the first semi-annual period of 2018 amounts to HRK 16,307,919.50 and is higher by 7.47% compared to that in the same period in 2017.

Operating profit, EBITDA, EBIT, and profit continued to grow in the second quarter of the fiscal year, albeit far the best so far compared to that in the same periods of previous fiscal years in absolute terms they did not keep up with the revenue growth rates due to the growth of one-time extraordinary items of operating expenses.

**Financial statements**  
of the Company as at 30/06/2018 and comparison with those in the same period in the years 2016 and 2017

REVENUES	2016	2017	INDEX 2017/2016	2018	INDEX 2018/2017
Revenues in the domestic market	41.334.206,64	52.180.149,44	126	56.568.515,80	108
Revenues on foreign market	9.238.509,50	8.525.214,32	92	9.393.850,46	110
Other operating revenues	1.546.837,75	130.141,44	8	396.614,63	305
<b>OPERATING REVENUES</b>	<b>52.119.553,89</b>	<b>60.835.505,20</b>	<b>117</b>	<b>66.358.980,89</b>	<b>109</b>
FINANCIAL REVENUES	59.307,67	46.580,99	79	41.311,15	89
EXTRAORDINARY REVENUES	0,00	0,00	#DIV/0!	0,00	#DIV/0!
<b>TOTAL REVENUES</b>	<b>52.178.861,56</b>	<b>60.882.086,19</b>	<b>117</b>	<b>66.400.292,04</b>	<b>109</b>
EXPENSES					#DIV/0!
Costs of raw materials	6.369.692,28	8.782.119,51	138	8.750.180,65	100
Costs of services	6.043.903,90	6.335.461,93	105	7.092.570,65	112
Gross salaries	13.273.429,89	15.435.976,91	116	16.639.195,22	108
Other expenses	6.772.195,44	7.867.472,11	116	9.687.190,11	123
<b>OPERATING EXPENSES</b>	<b>32.459.221,51</b>	<b>38.421.030,46</b>	<b>118</b>	<b>42.169.136,63</b>	<b>110</b>
AMORTISATION	4.112.990,64	5.100.666,64	124	5.577.738,24	109
FINANCIAL EXPENSES	1.955.680,90	2.185.302,75	112	2.345.497,67	107
EXTRAORDINARY EXPENSES	0,00	0,00	#DIV/0!	0,00	#DIV/0!
<b>TOTAL EXPENSES</b>	<b>38.527.893,05</b>	<b>45.706.999,85</b>	<b>119</b>	<b>50.092.372,54</b>	<b>110</b>
<b>PROFIT/LOSS</b>	<b>13.650.968,51</b>	<b>15.175.086,34</b>	<b>111</b>	<b>16.307.919,50</b>	<b>107</b>
<b>OPERATING PROFIT</b>	<b>19.660.332,38</b>	<b>22.414.474,74</b>	<b>114</b>	<b>24.189.844,26</b>	<b>108</b>
<b>EBITDA</b>	<b>19.719.640,05</b>	<b>22.461.055,73</b>	<b>114</b>	<b>24.231.155,41</b>	<b>108</b>

## REVENUES BY ACTIVITIES

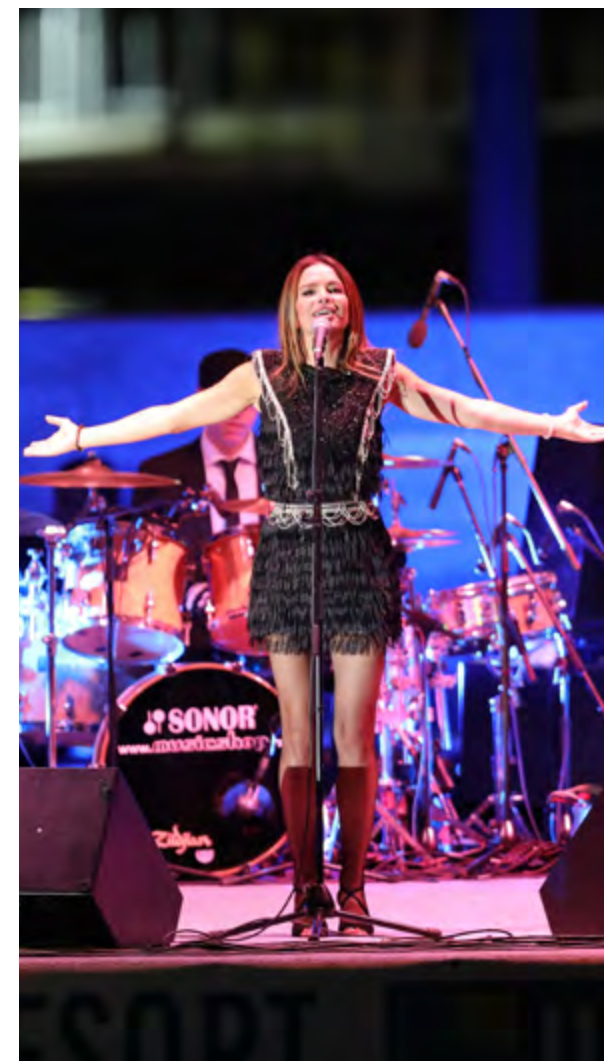
*Revenues from hotel services* amount to HRK 16,931,160.92 and have risen by 18% compared to those in the same period of the previous fiscal year, with the remark that the growth in revenues is the result of the growth in sales revenues especially in the segment of the revenue from accommodation and board services on the domestic market by 15% and foreign market by 25%.

*The revenues from the nautics* amount to HRK 27,331,974.27 and are lower by 1% compared to those in the same period of 2017 as a consequence of the decline in revenues from the hospitality services due to the lack of food and beverage services in the part of the regatta events due to the change of their destination, while the revenues of Marina Kornati in the segment of accommodation of vessels, which account for 94.65% of the nautical sector's revenue, grew by 1%.

*Revenues from camping* amount to HRK 11,203,561.08 and have risen by 18% compared to those in the same period of the previous fiscal year as result of growth in revenues in all markets of the campsite „Park Soline“ of which the revenues from individual guests considerably grew by 22% and the revenues from lump sum guests grew by 24%.

*The revenues from other activities* that is, profit centers, including Ilirija Travel, or Arsenal, event ship „Nada“, Commercial-shopping center City Galleria and hospitality were generated in the amount of HRK 10,892,284.62 and have risen by 15.30% compared to those in the same period of the year 2017.

**GRANDTOTAL:** Operating revenues by activities amount to HRK 66,358,980.89 and have risen by 9.08% in comparison with those in the same period in 2017.





## FUNDAMENTAL FINANCIAL PERFORMANCE INDICATORS AS AT 30/06/2018

As tabular Overview of fundamental indicators of the Company was given back from 2018 to 2010 (nine years) the described indicators in absolute figures and growth rates are listed and realized.

### I

The value of the Company's assets as at 30/06/2018 amounts to HRK 457,743,265.62 and has risen by HRK 24,265,035.61 or by 5.60% compared to that in 2017 when it amounted to HRK 433,478,230.01, whose growth is the result of the investments made.

The value of assets of the Company since 2010, when it amounted to HRK 278,712,268.53, grew by HRK 179,030,997.09 or by 64.24%.

### 2

Total liabilities of the Company as at 30/06/2018 amounted to HRK 152,451,480.22 and rose by HRK 3,815,704.53 that is, by 2.57% compared to those in the year 2017 when they amounted to HRK 148,635,775.69 as a result of growth in liabilities of the Company owed to the financial institutions.

Total liabilities of the Company as at 30/06/2018 rose by HRK 3,990,233.57 or by 2.69%, that is, compared to the total liabilities of the Company as at 30/06/2010 when they amounted to HRK 148,461,246.65.

### 3

Capital and reserves of the Company as at 30th June 2018 amounted to HRK 305,291,785.40 and rose by HRK 20,449,331.08 that is by 7.18% compared to those in the same period in 2017 when they amounted to HRK 284,842,454.32.

Compared to the Company's capital and reserves realized in the first half of the year 2018, they increased by HRK 175,040,763.52 or by 134.39% compared to the same period in 2010 when they amounted to HRK 130,251,021.88.

## 4

The total revenues of the Company in the first half of the year 2018 amount to HRK 66,400,292.04 and are higher by HRK 5,518,205,85 or by 9.06% compared to those in the same period of 2017 when they amounted to HRK 60,882,086.19 the increase of which is the consequence of growth in operating revenues and sales revenue.

The total revenues of the Company compared to the same period in 2010 when they amounted to HRK 37,374,076.04 grew by HRK 29,026,216.00 or by 77.66%.

## 5

The operating profit of the Company was generated in the amount of HRK 24,189,844.26 and is higher by HRK 1,775,369,52 or by 7.92% compared to that in the same period in 2017 when it amounted HRK 22,414,474.74 as a consequence of a growth in total and operating revenues.

The operating profit generated in the first half of the year 2018, it grew by 129.92% compared to the op-

erating profit generated in the same period in 2010, when it amounted to HRK 10,521,211.79.

## 6

EBITDA was realized in the amount of HRK 24,231,155.41 and grew by 7.88% or HRK 1,770,099.68 compared to that in the same period of 2017.

The realized EBITDA in the reported period grew by HRK 13,685,247.30 or by HRK 129.77% compared to the same period of 2010 when it was realized in the amount of HRK 10,545,908.11.

## 7

The profit of the Company for the reported period amounts to HRK 16,307,919.50 and is higher by HRK 1,132,833.16 or 7.47% compared to that in the same period in 2017 when it amounted to HRK 15,175,086,34.

The profit realized in the first half of the year 2018 compared to the profit generated in the same period of 2010 that amounted to HRK 5,093,835.17 is higher by HRK 11,214,084.33 or by 220.15%.

## 8

The dividend in the amount of HRK 7,221,240.00 was distributed to the shareholders, which is by HRK 1,204,700.00 or 20.02% higher than in the previous fiscal year.

The Company has allocated 93.04% or HRK 3,480,450.00 more funds to distribute the dividend in the current fiscal year in comparison to the dividend distributed to the shareholders in 2010 that amounted to HRK 3,740,790.00.

The total amount of HRK 40,619,668.00 was distributed to the shareholders for a dividend during the period from 2010 to 30/06/2018.

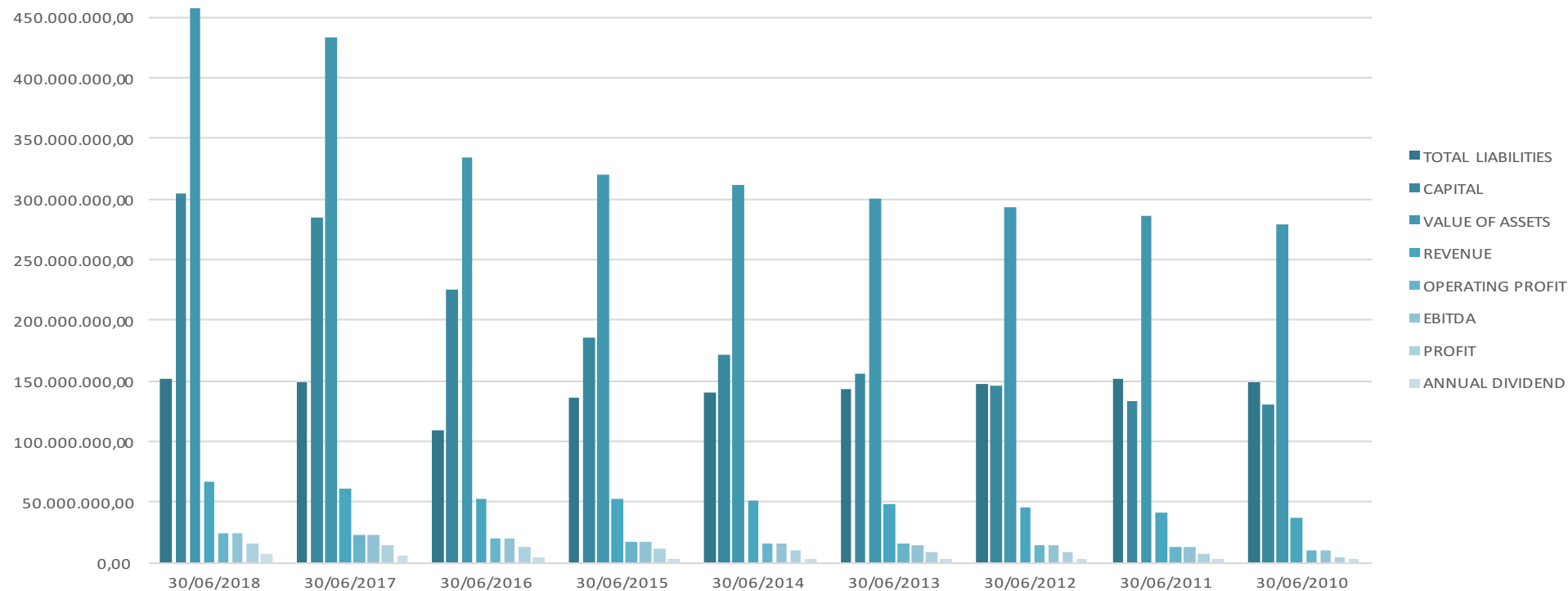
## CUMULATIVE COMPARATIVE OVERVIEW

of fundamental indicators on the position of assets, capital, liabilities and operating results of the Company as at 30/06/2018 and also for the period from 2010 to 2018

YEAR	TOTAL LIABILITIES	CAPITAL	VALUE OF ASSETS	REVENUES	OPERATING PROFIT	EBITDA	PROFIT	ANNUAL DIVIDEND
1	2	3	4	5	6	7	8	9
30/06/2018	152.451.480,22	305.291.785,40	457.743.265,62	66.400.292,04	24.189.844,26	24.231.155,41	16.307.919,50	7.221.240,00
30/06/2017	148.635.775,69	284.842.454,32	433.478.230,01	60.882.086,19	22.414.474,74	22.461.055,73	15.175.086,34	6.016.540,00
30/06/2016	109.454.544,00	225.089.988,45	334.544.532,45	52.178.861,57	19.660.332,39	19.719.640,06	13.650.968,52	4.937.148,00
30/06/2015	135.582.449,17	185.222.056,71	320.804.505,88	52.943.679,14	17.114.584,30	17.162.952,23	11.104.131,04	3.740.790,00
30/06/2014	140.571.098,89	171.392.497,49	311.963.596,38	51.990.594,65	16.267.060,01	16.171.051,03	10.098.757,22	3.740.790,00
30/06/2013	143.828.125,16	156.257.179,19	300.085.304,35	48.648.448,85	15.757.208,14	15.163.931,08	9.524.968,84	3.740.790,00
30/06/2012	147.859.329,10	145.748.085,20	293.607.414,30	45.443.237,36	14.886.389,82	14.552.468,48	8.367.007,92	3.740.790,00
30/06/2011	152.283.384,61	133.915.880,37	286.199.264,98	40.978.324,58	13.512.192,50	13.237.398,15	7.014.753,50	3.740.790,00
30/06/2010	148.461.246,65	130.251.021,88	278.712.268,53	37.374.076,04	10.521.211,79	10.545.908,11	5.093.835,17	3.740.790,00



Overview of fundamental indicators on the position of assets, capital, liabilities and operating results of the Company as at 30/06/2018 and also for the same period from 2010 to 2017



## OPERATING AND OTHER EXPENSES

Operating expenses in the reported period amount to HRK 42.169.136,63 and are higher by HRK 9.76% compared to the same period of the previous fiscal year. The increase in these costs is the result of investments made in the development and improvement of supply and content, increase in gross wage cost by 8% and investments in marketing activities and acquisitions that contribute to the Company's recognizability and competitiveness.

## FINANCIAL EXPENSES

Financial expenses for the first six months of 2018 amount to HRK 2,345,497.67 and increased by 7.33% compared to those in the same period of 2017, when they amounted to HRK 2,185,302.75. The rise in financial expenses is the result of the increase in the total indebtedness of the Company or financing the Company by foreign sources of funding, in this case financial leasing, and they actually constitute the ordinary funding expenses, that is, interests on long-term and short-term financial liabilities and financing the supply by means of financial leasing.

## LIQUIDITY

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

## SHARE SPLIT

In January 2018, in the Central Depository Clearing Company (CSDD), a corporate share split transaction was carried out according to the Decision of the General Assembly of 20th November 2017, in a way that one ordinary bearer share of the Company with no par value is divided into 8 (eight) new ordinary bearer shares with no par amount. Following the completion of the share split process in the Central Depository Clearing Company (CSDD), the share capital of the Company amounts to HRK 229,146,480.00 and is divided into 2,413,488 ordinary shares designated as ILRA-R-A with no par amount.

## EARNING PER SHARE

In the first semi-annual period of the year 2018, the gross earning per share amounts to HRK 27.59.

## UNCERTAINTY OF COLLECTING REVENUES AND POTENTIAL FUTURE COSTS

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



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## 12 INVESTMENTS IN THE YEAR 2018

In the first semi-annual period of 2018 till early May, the Company completed the investment cycle according to the Investment Plan for the fiscal year 2018, totally evaluated at HRK 34,173,913.02 in the hotel, camping, nautical sectors and in the destination management company Ilirija Travel 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 400m<sup>2</sup> 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 Branch, which supplemented 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 connected the Ilirija Hotel and Adriatic Hotel by constructing the indoor multipurpose swimming pool. By building the indoor swimming pool, the number of swimming pool areas of the Company has increased to 1.815m<sup>2</sup>, with a significant improvement of the hotel sector's facilities and services. Besides, instead of the usual, chemical treatment of the pool water by using chemicals, mainly the compounds of chlorine, the use of UV radiation in the form of UV lamps was introduced in the swimming pool. This technology ensures high disinfection performance in addition to lack of toxicity, and gradually reduces the amount of chemicals used so far.

- Further investments in environmental protection through the reconstruction of the boiler room of Ilirija Hotel and Adriatic Hotel by replacing all the installations by a new condensing boiler and moving from liquid fuel as an energy source to natural gas, which enabled the heating of hot water, the hotel area and swimming pool by more environmentally friendly energy. Also, the kitchens of the both hotels have been converted from LPG to natural gas.

- The exterior (facade) fence of Ilirija Hotel and Kornati Hotel has been replaced by a glass fence, where the purchase of the new interior and furniture for common public areas including lobbies, bars and restaurants has additionally contributed to the development of the accommodation units in the hotels in the destination Biograd na Moru. It was followed by the installation of new elevators, keycard locking doors and development of sports and recreational facilities.

- Modernization and increase in capacities of the central laundry by purchasing additional equipment.

The Company has invested in the purchase of new mobile homes in the camping sector together with all the accompanying infrastructure that form a separate camp unit, the development of the IVth zone of the campsite that includes new traffic roads, lighting, sanitary facilities, additional infrastructure development in other campsite zone, especially traffic roads, landscape architecture of the campsite, development of the sports and recreational zone of the campsite, parking lot and further improve-

ment of the hospitality offer with an aim to extend the period of business operations of the facility. In the camping sector, the number of accommodation units has also increased by 90 standard pitches having a surface area of 70 -100m<sup>2</sup>, resulting in an increase in the total accommodation capacities of the campsite from 1.130 to 1.220 accommodation units. The improvement of quality, content and additional services, particularly the quality and equipment of the accommodation units have also been recognized by the agencies that have installed a novelty in the camping offer - glamping tents.

Regarding the nautical sector, the Company has made investments in the modernization of the nautical sector by offering better quality facilities and marina services, especially in the segment of servicing, by increasing the operational-business capacities and technical facilities, and building an annex and extending the sanitary facilities.

In preparing for the current fiscal year, the Company has also made investments in other sectors and profit centers especially in the tourism sector, which represent an additional offer, that is, and in

raising the quality of facilities and services as well as the facilities of the capacities that are essential to the business operations of the destination management company including Arsenal, Villa Primorje and agrotourism. Additional investments have been made in modernization and extension of the fleet of vehicles, followed by the hospitality offer, congress offer by purchasing modern and professional congress equipment.



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## 13 NON-OPERATING ASSETS

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

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

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

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

**Land plot, Tennis center 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 DEVELOPEMENT PLAN IN THE YEAR 2018

In 2018, the Company expects another business year in which it will continue with further development and growth at the level of all sectors in the segment of key performance indicators, especially profitability. The fundamental objectives of the Company indicated in its Business Plan for the year 2018 are:

- (I) increase in revenues by 7%;
- (II) increase in expenses by 3.50%, and
- (III) increase in EBITDA by 7.5 million HRK

The Company bases the accomplishment of the operating results in the year 2018 on the following:

- (I) investments in making preparation for the season 2018** in all sectors of the Company, in particular the tourist portfolio of the company, in raising the quality of the existing facilities, especially in the hotel and camping sector, building and increasing the number of additional facilities, improving the quality and standards of our services, ensuring thus a competitive market position and high quality and a recognizable product,
- (II) adjustment of the prices of its services as a result of the investments made,**

**(III) positioning of the Republic of Croatia as one of the most desirable tourist countries at a global level,**

**(IV) sales and announcements for the year 2018** we expect the growth in arrivals and overnight stays in all sectors,

**(V) on the further development of year-round business operations especially through the destination management company/DMC Ilirija Travel,** the Company's complementary and integrated product, we expect further enhancing and strengthening of the Company's economic activities in the pre-and post-season and more significant revenue generation in the off-season not only in Ilirija Travel itself, but also in other tourist portfolio of the Company through its mediation,

**(VI) management of operating expenses at all levels of the Company.**

The achievement of operating results in 2018 is based on the assumption of economic stability and safety primarily at the regional level, i.e. in the immediate environment of the company as well as on the main source markets of Croatian tourism.

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## 15 OPERATIONAL RISKS OF THE COMPANY

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

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

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

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

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

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



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## 16 IMPORTANT EVENTS

At the meeting held on 08th February 2018, the Supervisory Board gave its consent to the Company's Management Board to award 4288 treasury shares to the Company's employees, which make up for 0.178% of the share in the share capital, with no compensation as a reward for the business results achieved by the Company.

At the meeting held on 19th March 2018, the Supervisory Board adopted the Annual report by the Management Board on the operations and position of the Company for the year 2017, the Management Board's Report on acquisition of treasury shares, Audit report of the Company's operations for the year 2017 and the Report by the Supervisory Board on performed supervision of managing the operations in the year 2017. The fundamental annual financial statements for the year 2017, the draft decision on utilization of the profit and dividend distribution, draft decision on the appointment of the Company's auditor for the year 2018 and proposal for the call with agenda for convocation of the General Meeting were determined.

The Supervisory Board suggested that the profit generated in the fiscal year 2017 after taxation in the amount of HRK 27,755,384.38 should be apportioned in the way as follows:

- HRK 22,512,403.90 to retained profit,
- HRK 3,000,000.00 to statutory reserves, and
- HRK 2,242,980.48 for profit distribution.

At the same meeting, the Supervisory Board proposed the distribution of the dividend from the remaining retained profit for the year 2011, one portion of the profit from the year 2017 totaling to HRK 7,240,464.00. The dividend per one share is HRK 3.00.

The following decisions were taken at the ordinary General Shareholders' Meeting held on 11th May 2018,



1 The following reports have been taken note of: The Management Board's Report on the business operations and position of the Company for the year 2017, the Management Board's Report on acquisition and disposal of the treasury shares, Report of the Company's Supervisory Board on the supervision of the Company's business performed in 2017, the Auditor's Report on the audit of the business operations of the Company in 2017 and the Decision on Establishing the Fundamental Annual Financial Statements of the Company for the year 2017 have been taken note of.

2 The Decision on the utilization of the profit of Ilirija d.d. for the fiscal year 2017, according to which the profit generated after taxation in the fiscal year 2017 in the amount of HRK 27,755,384.38 was allocated in the way as follows:

- HRK 22,512,403.90 to retained profit,
- HRK 3,000,000.00 to statutory reserves, and
- HRK 2,242,980.00 for profit distribution.

3 Decision on dividend distribution on the basis of which dividends were paid to the shareholders in the total amount of HRK 7,221,240.00. The dividend was distributed of the residual retained profit of 2011 and part of profit for the year 2017 in the amount of HRK 2,242,980.48. The dividend per one share is HRK 3.00.

4 The Decision on giving remuneration to the Company's Management Board, according to which the General Shareholders' Assembly approve of the work of the Management Board in conducting the business operations of the Company in the year 2017.



5 Giving remuneration to the members of the Supervisory Board for the supervision of the Company's operations performed in 2017,

6 Decision on appointment of auditor of the Company for the year 2018, according to which the chartered audit company "Revicon" d.o.o. Zadar, Ruđera Boškovića 4, Tax No. OIB: 31008688672 is appointed an auditor to perform audit for the year 2018.

At the session of the Supervisory Board, held on 21st May, 2018, the Decision on Dismissal of Mr. Mladen Ostrički, Member of the Board of Auditors of the Company, appointed according to the Supervisory Board's decision of 21st July 2017, was adopted, and instead of him, Prof. Darko Prebežac, PhD, full time professor with tenure at the Faculty of Economics and Business at the University of Zagreb was elected the Member of the Board of Auditors, who is also a member of the Supervisory Board of the Company. Following the above mentioned Decision, the Board of Auditors of Ilirija d.d. consists of the following members: (I) Mr. David Anthony Tudorović, President; (II) Mr. Goran Medić, Deputy President, and (III) Mr. Darko Prebežac, Member.

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## 17 SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

As a company with corporate social responsibility Ilirija d.d. expresses its social responsibility in the areas of its activities, which is in particular reflected in the following areas: environmental protection, employee relationship and community relationship.

### **Environmental protection:**

Regarding the investments in preparing for the tourist season in 2018, significant attention has been paid to investments in the environmental protection, because the Company as a responsible business system is aware of the fact that its business activities affect the environment, therefore the preservation and protection of the environment by preventing the pollution or reducing it to the smallest possible extent is one of its goals. As a result of this, the reconstruction of the boiler rooms of Ilirija hotel and Kornati hotel was carried out during the relevant period and it was converted to natural gas as a main source of energy, significantly reducing thus the emission of greenhouse gases into the atmosphere. In this way, all these three hotels in Biograd na Moru, Ilirija hotel, Adritic hotel and Kornati hotel are connected to natural gas as an environmentally friendly energy source. Regarding the most important Company's investment in this fiscal year, that is, the construction of

the multifunctional indoor swimming pool, the Company has also installed the UV technology for disinfection of the pool water, which will reduce the amount of chemicals normally used for disinfection of the pool water, and on the other hand it will contribute to a better atmosphere of using the swimming pools and reduction a risk to health. The company uses the ZelEn product, energy won from renewable sources and is the holder of international standards and environmental protection certificates (ISO 14:001, Blue Flag, Green Key and Ecocamping).

### **Employees:**

As at 30th June 2018, the Company had 414 persons employed which is 3% more than on the same day in the previous fiscal year, whereas the number of employees will continue to grow in the following months (July-August). The Company is a responsible employer owing to its active staff management policy to the extent of improving financial income of employees, as a result of which the total gross wage cost grew by 8%, i.e. to the amount of HRK 16,639,195.22.

The Company pays particular attention to training, education and professional development of employees,

since the investment in their education is one of the fundamental principles of human resource management in the company. In this way we stimulate their motivation and satisfaction, in addition to financial income and enhance their personal and professional competencies. Using the Academy of Business Excellence, ILIRIJA EDUKA, the Company completed the educational cycle by the end of the reporting period, which was aimed at improving the competencies of employees (both permanent and seasonal ones), improving the service quality, guest satisfaction, revenue growth and maintaining competitiveness that is carried out in two key areas of the Company's operations: development of food and beverage standards and implementation in the facilities of Ilirija d.d. through the process of staff and mid-management training, benchmarking of product development and experience of best practices in the area of marketing and sales. In addition to its own academy and organized in-house workshops, the Company further educates the employees in leading tourism and hospitality studies, which further motivates our employees especially seasonal ones, because we are recognized as the responsible employer investing in their professional development.

### **Community:**

Through the system of corporate philanthropy, either through donations or sponsorships, the Company supports and initiates the projects of wider social significance and influence, especially by developing the destinations where we work. During this period, the Company has organized and supported numerous events and activities of particular importance for the development of the destination and its tourist offer, of which we particularly emphasize:

- Tuna, wine & sushi festival,
- International Trekking Race Škraping Pašman 2018,
- Wedding festival,
- Zadar wine festival,
- Gastro Biograd 2018 which was held in the Company's facilities this year,
- Bike&Wine – Ravni kotari Tour 2018 whose Company is the main organizer in the cooperation with the local tourist board, and numerous cultural, entertainment and humanitarian events in Arsenal in Zadar, organized in the period of the pre-season, which enriched the destination primarily by entertainment and cultural events.



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## 18 OTHER

### LEGAL ISSUES

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

According to the Decision of the Constitutional Court of the Republic of Croatia Number 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.

According to the judgment of the County Court in

Zadar, Number: 6 Gž-751/16-2 of 13th June 2017, the judgment rendered by the Municipal Court in Zadar, Permanent Department in Biograd na Moru, as of January 2016 was reversed, thereby dismissing the statement of claim filed by the City of Biograd na Moru as unsubstantiated, according to which the City of Biograd na Moru requested that the Agreement of Lease of the Forest Land concluded between Ilirija d.d. and the Croatian Forests d.o.o. Zagreb, Forest Directorate, Split Regional Branch, should be declared null and void. In this way the dispute was finalized to the benefit of Ilirija d.d. by rendering an absolute judgment. Since the tourist land is in question, which was not evaluated in the transformation and privatization process, the company Ilirija d.d. already previously submitted a request to the Government of the Republic of Croatia through the Ministry of Tourism of the Republic of Croatia for obtaining the concession on the co-ownership part of the Republic of Croatia for using the campsite "Park Soline" for a period of 50 years within a legally prescribed term.

With respect to disputes in which the Company participates either as a plaintiff or a defendant, we estimate that these disputes can neither significantly cause a disturbance in the Company's operations

nor can they cause significant financial expenses for the Company nor negatively affect the current and future financial results of the Company.

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

The system of monitoring the business operations has been established in all of its segments at the level of all sectors and the Company as a whole on a daily, weekly and monthly basis in accordance with the applicable Croatian and international reporting standards in the tourism sector. 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.



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## 19 NOTES

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







## Balance Sheet - as of 30/06/2018

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	409.904.850	435.925.603
I. INTANGIBLE ASSETS (004 to 009)	003	296.247	257.218
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	296.247	257.218
II. PROPERTY, PLANT AND EQUIPMENT (011 to 019)	010	409.568.603	435.629.691
1. Land	011	42.341.027	43.295.283
2. Buildings	012	231.030.113	244.595.625
3. Plant and equipment	013	41.845.865	55.419.366
4. Tools, working inventory and transportation assets	014		
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	1.052.004	603.101
7. Tangible assets in progress	017	13.918.761	13.555.172
8. Other tangible assets	018		
9. Investment in real-estate	019	79.380.833	78.161.144
III. NON-CURRENT FINANCIAL ASSETS (021 to 028)	020	40.000	38.694
1. Share in related parties	021	40.000	38.694
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	22.996.967	22.894.723
I. INVENTORIES (036 to 042)	035	2.722.549	2.896.949
1. Raw materials and supplies	036	2.722.549	2.896.949
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	17.639.901	17.360.656
1. Receivables from related parties	044		
2. Receivables from end-customers	045	15.421.009	14.248.542

## Balance Sheet - as of 30/06/2018

Company: ILIRIJA d.d. BIOGRAD NA MORU

3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	616.248	860.947
5. Receivables from government and other institutions	048	1.602.644	2.251.167
6. Other receivables	049		
III. CURRENT FINANCIAL ASSETS (051 to 057)	050	2.389.547	2.338.065
1. Share in related parties	051		
2. Loans to related parties	052		
3. Participating interests (shares)	053		
4. Loans to companies with participating interest	054		
5. Investments in securities	055		
6. Loans, deposits, etc.	056	2.389.547	2.338.065
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	244.970	299.053
D) PREPAYMENTS AND ACCRUED INCOME	059	2.506.337	2.187.869
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	<b>435.408.154</b>	<b>461.008.195</b>
F) OFF BALANCE SHEET ITEMS	061		
EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	284.842.454	305.291.785
I. SUBSCRIBED SHARE CAPITAL	063	205.146.480	229.146.480
II. CAPITAL RESERVES	064	26.723.874	2.932.389
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	23.435.964	26.160.414
1. Legal reserves	066	9.477.986	12.477.986
2. Reserve for own shares	067	6.975.716	6.975.716
3. Treasury shares and shares (deductible items)	068	540.417	815.967
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	14.361.050	30.744.583
1. Retained earnings	073	14.361.050	30.744.583
2. Loss carried forward	074		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	15.175.086	16.307.919
1. Net profit for the period	076	15.175.086	16.307.919
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	112.141.652	111.856.456
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086	112.141.652	111.856.456
4. Liabilities for advances	087		
5. Trade payables	088		
6. Commitments on securities	089		
7. Liabilities to companies with participating interest	090		
8. Other non-current liabilities	091		

## Balance Sheet - as of 30/06/2018

Company: ILIRIJA d.d. BIOGRAD NA MORU

9. Deferred tax liabilities	092		
D) CURRENT LIABILITIES (094 to 105)	093	28.505.552	34.058.522
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits, etc.	095		
3. Liabilities to banks and other financial institutions	096	7.413.421	6.011.321
4. Liabilities for advances	097		
5. Trade payables	098	9.994.764	14.532.324
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	2.183.311	3.244.090
9. Taxes, contributions and similar liabilities	102	4.337.522	4.280.129
10. Liabilities arising from share in the result	103		
11. Liabilities arising from non-current assets held for sale	104		
12. Other current liabilities	105	4.576.534	5.990.658
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	9.918.496	9.801.432
<b>F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	<b>435.408.154</b>	<b>461.008.195</b>
G) OFF BALANCE SHEET ITEMS	108		
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
A) ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	109		
2. Attributable to minority interest	110		

Income statement period 01/01/2018 to 30/06/2018

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	60.835.505	40.193.138	66.358.981	42.628.333
1. Sales revenues	112	60.705.364	40.188.178	65.962.366	42.609.208
2. Other operating revenues	113	130.141	4.960	396.615	19.125
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	43.521.697	26.650.487	47.746.875	28.271.415
1. Change in inventories of work in progress	115				
2. Material expenses (117 to 119)	116	15.117.581	9.960.841	15.842.752	10.376.376
a) Costs of raw materials	117	8.782.119	6.709.575	8.750.181	6.209.171
b) Cost of goods sold	118				
c) Other material expenses	119	6.335.462	3.251.266	7.092.571	4.167.205
3. Employee benefits expenses (121 to 123)	120	15.435.977	9.304.664	16.639.195	9.817.732
a) Net salaries	121	9.382.942	5.693.155	10.021.798	5.952.832
b) Tax and contributions from salary expenses	122	3.787.678	2.245.977	4.174.208	2.422.812
c) Contributions on salary	123	2.265.357	1.365.532	2.443.189	1.442.088
4. Depreciation and amortisation	124	5.100.667	2.549.455	5.577.738	2.788.869
5. Other expenses	125	7.867.472	4.835.527	9.687.190	5.288.438
6. Write down of assets (127+128)	126	0	0	0	0
a) non-current assets (except financial assets)	127				
b) current assets (except financial assets)	128				
7. Provisions	129				
8. Other operating costs	130				
III. FINANCIAL INCOME (132 to 136)	131	46.581	14.035	41.311	19.125
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	46.581	14.035	41.311	19.125
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	2.185.303	1.064.271	2.345.498	1.243.598
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	2.185.303	1.064.271	2.345.498	1.243.598
3. Unrealised losses (expenses) from financial assets	140				
4. Other financial expenses	141				
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	142				
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	143				
VII. EXTRAORDINARY - OTHER INCOME	144				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
<b>IX. TOTAL INCOME (111+131+142+144)</b>	<b>146</b>	<b>60.882.086</b>	<b>40.207.173</b>	<b>66.400.292</b>	<b>42.647.458</b>
<b>X. TOTAL EXPENSES (114+137+143+145)</b>	<b>147</b>	<b>45.707.000</b>	<b>27.714.758</b>	<b>50.092.373</b>	<b>29.515.013</b>
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	15.175.086	12.492.415	16.307.919	13.132.445
1. Profit before taxes (146-147)	149	15.175.086	12.492.415	16.307.919	13.132.445
2. Loss before taxes (147-146)	150	0	0	0	0
XII. TAXATION	151				
<b>XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)</b>	<b>152</b>	<b>15.175.086</b>	<b>12.492.415</b>	<b>16.307.919</b>	<b>13.132.445</b>

Income statement period 01/01/2018 to 30/06/2018

Company: ILIRIJA d.d. BIOGRAD NA MORU

1. Profit for the period (149-151)	153	15.175.086	12.492.415	16.307.919	13.132.445
2. Loss for the period (151-148)	154	0	0	0	0
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155				
2. Attributable to minority interest	156				
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I. PROFIT OR LOSS FOR THE PERIOD (=152)	157				
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 to 165)	158	0	0	0	0
1. Exchange differences from international settlement	159				
2. Changes in revaluation reserves of long-term tangible and intangible assets	160				
3. Profit or loss from re-evaluation of financial assets held for sale	161				
4. Profit or loss from cash flow hedging	162				
5. Profit or loss from hedging of foreign investments	163				
6. Share of other comprehensive income/loss from associated companies	164				
7. Actuarial gains/losses from defined benefit plans	165				
III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166				
IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 - 166)	167	0	0	0	0
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	0	0	0	0
ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements)					
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	169				
2. Attributable to minority interest	170				

Cash flow statement - indirect method  
for the period 01/01/2018 to 30/06/2018  
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	15.175.086	16.307.919
2. Depreciation and amortisation	002	987.676	477.072
3. Increase of current liabilities	003		5.152.970
4. Decrease of current receivables	004		102.244
5. Decrease of inventories	005		
6. Other cash flow increases	006	3.597.150	3.218.104
I. Total increase of cash flow from operating activities	007	19.759.912	25.258.309
1. Decrease of current liabilities	008	5.095.843	
2. Increase of current receivables	009	2.207.701	
3. Increase of inventories	010	477.318	174.400
4. Other cash flow decreases	011		
II. Total decrease of cash flow from operating activities	012	7.780.862	174.400
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	11.979.050	25.083.909
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	0	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of non-current assets	015		
2. Proceeds from sale of non-current financial assets	016		
3. Interest received	017		
4. Dividend received	018		
5. Other proceeds from investing activities	019		
III. Total cash inflows from investing activities	020	0	0
1. Purchase of non-current assets	021		
2. Purchase of non-current financial assets	022		
3. Other cash outflows from investing activities	023	10.227.103	15.742.167
IV. Total cash outflows from investing activities	024	10.227.103	15.742.167
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	10.227.103	15.742.167
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	8.278.442	
V. Total cash inflows from financing activities	030	8.278.442	0
1. Repayment of loans and bonds	031	4.284.643	3.778.918
2. Dividends paid	032	3.493.696	2.541.873
3. Repayment of finance lease	033	2.178.048	4.232.762
4. Purchase of treasury shares	034		
5. Other cash outflows from financing activities	035		
VI. Total cash outflows from financing activities	036	9.956.387	10.553.553
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	0	0

Cash flow statement - indirect method  
for the period 01/01/2018 to 30/06/2018  
Company: ILIRIJA d.d. BIOGRAD NA MORU

C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	1.677.945	10.553.553
Total increases of cash flows (013-014+025-026+037-038)	039	74.002	0
Total decreases of cash flows (014-013+026-025+038-037)	040	0	1.211.811
Cash and cash equivalents at the beginning of period	041	170.968	1.510.864
Increase of cash and cash equivalents	042		
Decrease of cash and cash equivalents	043		
Cash and cash equivalents at the end of period	044	244.970	299.053



## STATEMENT OF CHANGES IN EQUITY for the period 01/01/2018 to 30/06/2018

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	205.146.480	229.146.480
2. Capital reserves	002	26.723.874	2.932.389
3. Reserves from profit	003	23.435.964	26.160.414
4. Retained earnings or loss carried forward	004	14.361.050	30.744.583
5. Net profit or loss for the period	005	15.175.086	16.307.919
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	284.842.454	305.291.785
11. Foreign exchange differences from foreign investments	011		
12. Current and deferred taxes	012		
13. Cash flow hedge	013		
14. Change of accounting policies	014		
15. Correction of significant mistakes pf prior period	015		
16. Other changes	016		
<b>17.Total increase or decrease of equity (AOP 011 to 016)</b>	<b>017</b>	<b>15.175.086</b>	<b>16.307.919</b>
17 a. Attributable to majority owners	018		
17 b. Attributable to minority interest	019		

ILIRIJA d.d.  
BIOGRAD NA MORU  
Biograd na Moru, 30/07/2018

Statement made by the persons responsible for the preparation of the financial statements for the period from 01/01–30/06/2018

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 01/01 to 30/06/2018 have been prepared in accordance with International Financial Reporting Standards and Croatian Accounting Act.

The financial statements give a true and fair view of the financial position of the Company as at 30/06/2018, operating results and cash flows of the Company in accordance with International Financial Reporting Standards.

The Management's Report gives a true overview of operating results and position of the Company as at 30/06/2018.

Accounting Manager:  
Zorka Strpić



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

Management Board:  
Goran Ražnjević





ILIRIJA D.D.

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