



 *Ilinija d.d.*

# Financial statements for the period from 01/01 to 31/03/2018

Biograd na Moru, May 2018



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## I OVERVIEW OF KEY PERFORMANCE INDICATORS FOR THE PERIOD FROM 01/01/ – 31/03/2018

in HRK	I-III 2018	I-III 2017	INDEX 2018/2017
<b>Financial indicators</b>			
Total revenues	23.771.958,47	20.665.791,94	115,03
Operating revenues	23.749.772,28	20.642.372,56	115,05
Revenues from sale	23.448.076,51	20.565.717,15	114,02
Operating profit	7.188.623,15	6.324.455,84	113,66
EBITDA	7.210.809,34	6.347.875,22	113,59
EBIT	4.421.940,22	3.796.663,45	116,47
Profit	3.320.002,31	2.675.635,79	124,08
Value of assets	436.397.467,95	419.808.278,53	103,95
Capital	299.275.231,55	278.359.543,77	107,51
Total liabilities	137.122.236,40	141.448.734,76	96,94

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## 2 KEY INFORMATION FOR THE PERIOD FROM 01/01 TO 31/03/2018

1 In the first quarter of 2018, double-digit growth of financial performance was achieved especially in the segment of its profitability as a result of the growth in operating or total revenues. The results achieved in the given period considering the pronounced seasonality of the tourism industry in the Republic of Croatia are therefore of special importance for the Company.

2 Total revenues amount to HRK 23,771,958.47 and grew by 15.03% compared to those in the same period in 2017, when they amounted to HRK 20,665,791.94, as a result of growth in operating revenues and sale revenues.

3 Operating revenues for the first quarter of 2018 amount to HRK 23,749,772.28 and grew by 15.05% compared to the operating revenues generated in the same period of 2017 which amounted to HRK 20,642,372.56. Operating revenues grew in all Company sectors, that is by 234% in the hotel sector, by 37% in the real estate sector, by 21% in camping, by 2% in nautical sector and by 0.44% in the destination management of the company/DMC Ilirija Travel.

4 Revenues from sales amounts to HRK 23,448,076.51

compared to those in the same period of 2017, when they amounted to HRK 20,565,717.15, which grew by 14.02% as a result of a significant generation of the domestic market revenues by 17%.

5 Total expenses amount to HRK 20,451,956.16 and rose by 13.68% compared to those in the same period in 2017 as a result of growth in operating expenses by 15.67% and amortization by 9.32%.

6 Operating profit or profit from the Company's business activities for the first quarter of 2018 amounts to HRK 7,188,623.15, which compared to the operating profit generated in the first quarter of the previous fiscal year is a growth by 13.66% or HRK 864,167.31. Also, an increase in operating profit was followed by the increase in profit by 24.08%, which for the first three months amounts to HRK 3,320,002.31 as a result of a significant growth in operating and total revenues.

7 In the observed period, EBITDA was realized in the amount of HRK 7,210,809.34, and grew by 13.59%, while EBIT was realized in the amount of HRK 4,421,940.22, with a rise by 16.47% compared to that in the same period in the previous fiscal year.

8 The total liabilities of the Company as at 31st March 2018 amount to HRK 137,122,236.40 and are lower by HRK 4,326,498.36 or 3.06% as a result of decreased loan liabilities owed to financial institutions.

9 The value of assets increased by 3.95% or HRK 16,589,189.42 or from HRK 419,808,278.53 as much as it amounted in the same period in the year 2017 to a total of HRK 436,397,467.95. The value of assets grew as a result of investments made in all Company's sectors.

10 In the first quarter the equity grew by 7.51% or by HRK 20,915,687.78 or from the amount of HRK 278,359,543.77, as much as it amounted in the same period of the year 2017, to the amount of HRK 299,275,231.55.

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 nominal value, in January, a corporate share split transaction was performed in January in such a way that one share without nominal amount is divided into eight (8) ordinary shares designated as ILRA-R-A, without a nominal 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 nominal amount.

12 The average share price in the first quarter of 2018 was realized in the amount of HRK 166.19, which compared to the same period of the previous fiscal year, when the average share price was realized in the amount of HRK 166.04 was boiled down to the prices after the share split activity, the average price increased by 0.09%.

In the observed period, the market capitalization was realized in the amount of HRK 456,149,232.00, which is a growth by 14.11% or HRK 56,415,282.00 compared to the same period of the previous fiscal year when the market capitalization amounted to HRK 399,733,950.00.

13 The first quarter of 2018 was marked by the continuation of investments started at the end of the tourist season in 2017 in the promotion of the service, offer and facilities, as well as the increase in the tourism sector's capacities with an aim to achieve a competitive market position and a quality and recognizable tourist product. The most significant part of the investments for the preparation of the current fiscal year 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, i.e. the transition to gas as an energy source and the continuation of the modernization and development of the existing and 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.



### 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\*\*\*\*/\*\*\*, Villa Primorje\*\*\*\*, diffuse hotel Ražnjevića Dvori AD 1307\*\*\*\*), **nautical sector** (Marina Kornati and Hotel port Ilirija-Kornati), **camping** (camp „Park Soline“\*\*\*\*), **hospitality** (restaurant “Marina Kornati” restaurant “Park Soline”, Beach bar “Donat”, “Lavender” lounge

bar), **destination management company/DMC Ilirija Travel**, Arsenal in Zadar, Tennis center Ilirija with 20 tennis courts and coffee bar, **Aquatic center** with the hospitality facility, **event boat “Nada”**, a floating convention center with multifunctional purposes, 36m in length and a capacity to accommodate 180 persons, and since the month of December 2016, the Company’s portfolio includes the Commercial-shopping center City Galleria in Zadar acquired by acquisition (buying) with more than 28.500m<sup>2</sup> gross area in total six floors and total 9.656,30m<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 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 31st March 2018, the Company has invested HRK 489,919,337.64 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 728,133,682.31.

**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.



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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

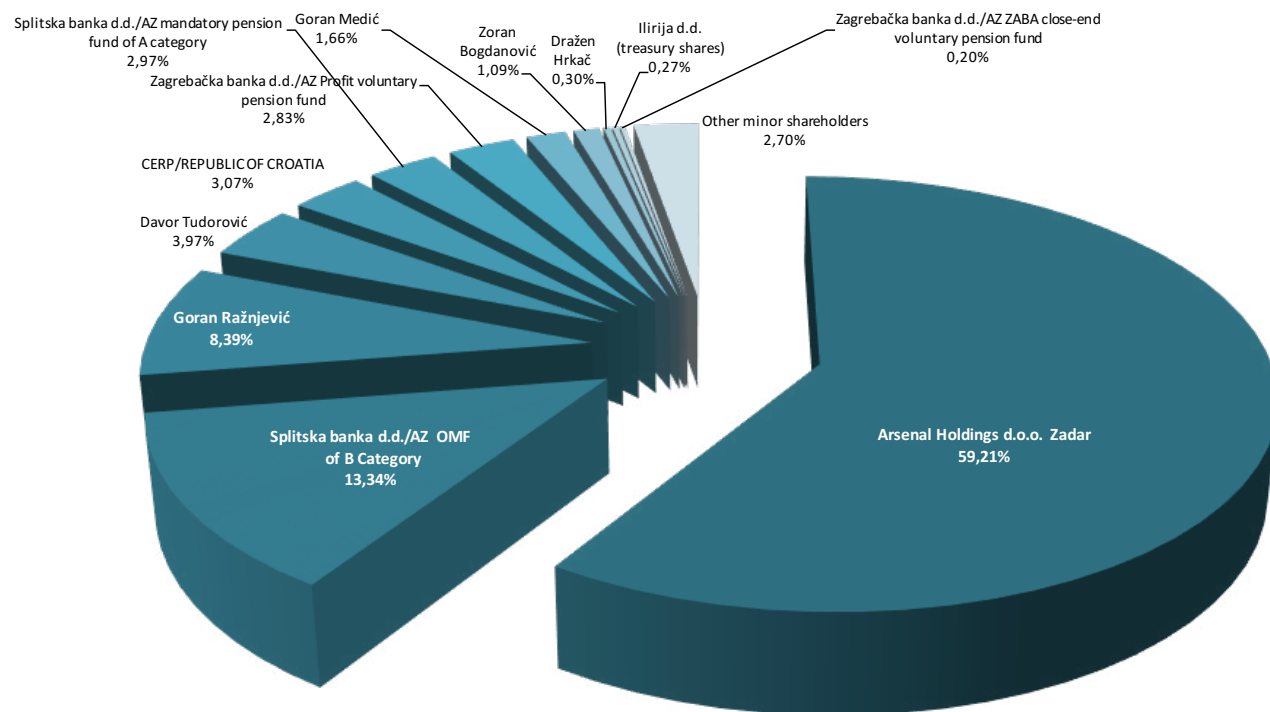
The share capital of the Company is HRK 229,146,480.00 and is divided in 2,413,488 ordinary shares without nominal value.

In the first quarter of 2018, there occurred no significant change in the ownership structure, and an overview of the major shareholders as at 30th March 2018 is given in text below.

Overview of the major shareholders of the Company as at 30th March 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	71.640	2,97
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)	6.408	0,27
Zagrebačka banka d.d./AZ ZABA close-end voluntary pension fund	4.904	0,20
Other minor shareholders	65.416	2,70
<b>TOTAL</b>	<b>2.413.488</b>	<b>100</b>

## OWNERSHIP STRUCTURE OF THE COMPANY AS AT 30/03/2018



## TRADING IN SHARES OF THE COMPANY ON THE CROATIAN CAPITAL MARKET IN THE PERIOD FROM 01/01-31/03/2018:

Amount in HRK*	I-III 2018	I-III 2017		% Change
		Prior the share split	After the share split	
Total turnover	192.444,00	714.640,03	714.640,03	-73,07%
Average share price	166,19	1.328,33	166,04	0,09%
Average turnover per transaction	9.164,00	16.619,00	16.619,00	-44,86%
Average daily turnover	16.037,00	31.071,31	31.071,31	-48,39%
Last share price	189,00	1.325,00	165,63	14,11%
Market capitalization	456.149.232,00	399.733.950,00	399.733.950,00	14,11%
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 January, 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 without nominal value is divided into eight new ordinary bearer shares without nominal value. The split itself in the Central Depository Clearing Company was published on the Zagreb Stock Exchange on 23rd January, 2018, while the first day of trading in a new quantity or in 2,413,488 shares designated as IL-RA-R-A without nominal value was on 25th January, 2018.

1,158 Company's shares were traded in during the observed period with a total turnover realized in the amount of HRK 192,444.00. The average share price for the aforementioned period was HRK 166.19 per share, while the average turnover per transaction was HRK 9,164.00. 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 189.00 per share which is a price equivalent of HRK 1,512.00 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 which is a rise by 8.39%. 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 last share price in the same period of 2017, which amounted to HRK 1,325.00, or HRK 165.63, there is an increase realized by 14.11%.

In the observed period, the market capitalization was realized in the amount of HRK 456,149,232.00, which is the growth by 14.11% or HRK 56,415,282.00 compared to the same period of the previous fiscal year when the market capitalization amounted to HRK 399,733,950.00.

In the reporting period, the Company has not acquired treasury shares and on 30th March 2018 it holds 6.408 treasury shares, which make for 0.27% of shares in the share capital.

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

In the first quarter of 2018, a turnover in shares was re-

alized in the amount of HRK 419,553,416 on the Zagreb Stock Exchange. This is a lower turnover by 64.06% than in the same period of 2017 when the turnover was realized in the amount of HRK 1.167.502.421.

The turnover in the ILRA share was realized in the amount of HRK 192,444 in the first quarter of 2018. This was a decrease by 73.07% compared to the same period of 2017. The main reasons for such a decrease in the turnover is a lower interest in investing in the shares on the Croatian market in general, a relatively low free-float of ILRA share and associated low amount of offered shares for the sale that would meet the investors' requirements. The average price of ILRA share has increased along with the reduced turnover, equalling to the price after the share split activity from HRK 166.04 in 2017 to HRK 166.19 in the first quarter of 2018 or by 0.09%.

However, the last ILRA share price in the first quarter of 2018 increased from HRK 162.50 on 02nd Jan. 2018 to HRK 189.00 on 31st March 2018 or by 16.31%. During the same period, CROBEX index lost value by 1.96% and CROBEXTURIST index lost its value by 2.66%.

The movement of ILRA-R-A share in the first quarter of 2018, with the shown volume of trading and compared with CROBEX and CROBEXTURIST index movement, is shown in graph below





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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 929 beds located in Biograd na Moru (Ilirija\*\*\*\*, Kornati\*\*\*\*, Adriatic\*\*\*, Villa Primorje\*\*\*\*), Sv. Filip i Jakov (hotel Villa Donat\*\*\*/\*\*\*) and Polača (diffuse hotel Ražnjevića dvori AD 1307\*\*\*\*), mainly classified as four star hotels.

**Hotel accommodation** is located in Ilirija Resort Hotels & Vilas in Biograd and Sv. Filip i Jakov. The hotels are located along the coast, not far from the town center and beach that is awarded the Blue Flag, which are owing to the ideal location and infrastructure, intended for leisure and congress tourism. In

addition to modern and technically equipped 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 and outdoor swimming pool, a fitness center, a la carte restaurants and coffee bars.

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



## ILIRIJA RESORT HOTELS & VILLAS

**HOTEL ILIRIJA** the largest hotel in Ilirija Resort classified as a four-star hotel, with a capacity of 165 rooms and 337 beds, and includes a restaurant with 200 seats, a terrace with 70 and aperitif bar with 50 seats. It is located along the coast, close to the old town, surrounded by magnificent nature, sea and pinewood, as well as many amenities.

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

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

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

In 2015, the market was presented with **VILLA PRIMORJE**, built in the second half of the 19th century, is a typical traditional Dalmatian stone nobleman's house with the outbuildings. Newly renovated, luxuriously decorated and equipped in line with the latest standards for facilities of its kind and category, it has its own restaurant that offers the possibility of organizing a number of events, the Mediterranean garden with a promenade and, from the tourist season 2017, an outdoor swimming pool.

## MARINA KORNATI

**NAUTICAL SECTOR** the Company began to develop in 1976 when it concluded the Contract on 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 19 years in a row.



## CAMP PARK SOLINE

**CAMP PARK SOLINE**, classified as a four-star camping, also located in Biograd na Moru covers an area of 20.00 Ha, contains 1,130 accommodation units with a total capacity to accommodate up to 3,390 persons. In addition to the enriched restaurant offer, newly built promenade that stretches along the entire camp and the beach leading to the Biograd town center, the camp "Park Soline" is the right choice for a family vacation. In addition to entertainment for children and evening entertainment, active holiday with attractive sports, you can relax walking along the long walking trails and recreational routes in a healthy environment, and the camp is an excellent choice for all nature lovers. The value of investments made so far in the camp "Park Soline" since the year 2000 amounted to approximately HRK 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 1307

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

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



## HOSPITALITY

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

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

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

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



## REAL-ESTATE SEGMENT

### COMMERICAL-SHOPPING CENTER CITY GALLERIA

is located near the old town center of Zadar, one of the two largest shopping centers in the city and the wider Zadar region, completed and opened to the public in October 2008 with a total gross surface of more than 28,500 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 9,656.30 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.

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, umbrella organizations in tourism and boating as well as professional associations. Owing to this partnership with all relevant subjects, and now long-term exhibitors and partners, we have been developing Biograd Boat Show by listening to their needs, keeping up with trends in the boating and show industry while implementing our own vision of its development creating a high quality, distinctive, and above all, sustainable economic and tourism product, which since its beginnings further enriches the Croatian tourism supply, especially its post-season.

In 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 OF THE COMPANY

In the tourism sector of the Company in the first quarter of the fiscal year, given the pronounced seasonality of the tourism industry in the Republic of Croatia, significant business activities take place in the nautical sector, which consequently generate the highest physical and financial turnover of the Company compared to other tourist sectors, that is, hotel sector, camping and destination management company/DMC Ilirija Travel.

We expect significant business activities in the tourism sectors of the Company from April, especially in the hotel and camping sectors, and further activity of all sectors generated through the destination management company Ilirija Travel as a complementary and integrated Company's product. In the observed period, although the Company does not record any significant business activities in the segment of revenue generation, the results achieved and the position of booking and sales in late March indicate a further positive trend in line with the expected and planned results.



## NAUTICS

Marina Kornati, one of the top 3 Croatian marinas judging not only by the size or total capacities, but also judging by the quality of service and facilities, characterized by extremely low business activity in the tourism sector in the first quarter of the year, realized a growth in financial and physical operating results compared to those in the same period last fiscal year.

During the observed period, a total of 384 contracts on using the berth were signed, of which 293 contracts for individual vessels and 91 vessels in charter, which compared with the same period last year is a fall by 2%, whereas 317 individual vessels and 74 charter contracts were signed in the year 2017. A slightly lower number of contract-based vessels was not reflected on the operating revenues from contract-based berth since a number of charter contract-based vessels rose by 23% in the reported period, which charged a higher fee for the accommodation services compared to that for the vessels of individual owners.

In the first quarter, a total of 4% more vessels in transit

sailed in with 625 overnight stays or 3% more compared to the same period of 2017. The vessels in transit in the current year stayed longer in the marina due to poor weather conditions which had an impact on longer stay of vessels at berth.

In 2018, 689 port service operations were carried out (lifting, lowering and washing of vessels), which remained the same compared to the same period of the previous fiscal year.

In the first three months of the fiscal year, the nautical sector generated revenues in the amount of HRK 13,605,434.00 without hospitality sector, which is a rise by 2.36% compared to those in same period of the previous fiscal year when the revenues amounted to HRK 13,291,164.00. The most significant growth in revenues relates to daily berth services, which rose by 18.14% compared to those in the same period of 2017, the annual berth with accessories grew from HRK 12,762,622.00 by 2.97%, which makes for around 93.81% of the total revenue. The nautical fair service recorded a higher growth rate compared to the same services in 2017, as well as parking and port services, which grew by 18.52%, and by 1.01%. The growth in revenue from contract-based berth services is the main reason for the growth in revenues in the first quarter of 2018.

In the first quarter of the fiscal year, the Company continued with international and national regatta events, with over 52 vessels with 365 sailors that participated in such events by the end of the month of March in the current fiscal year.







45

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Aiolos

Wolke 7

Attalga

TCH-1

Ardea 1

Bella Donna

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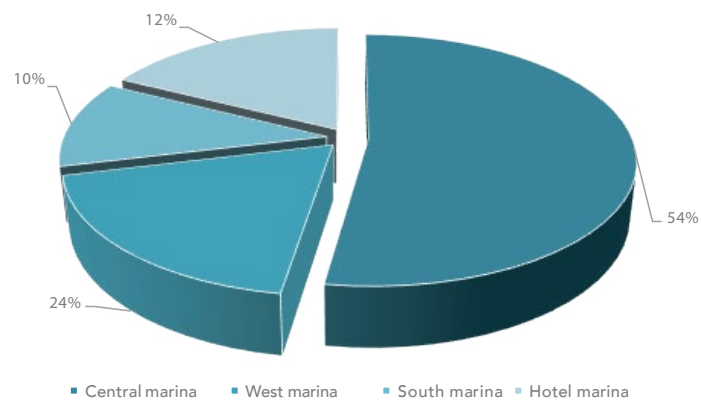
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www.pitter-yachting.com

## 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)

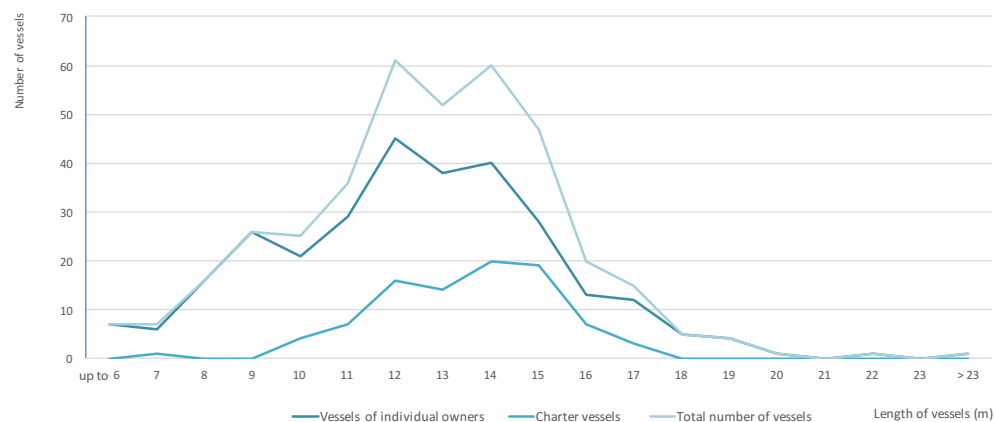




Vessels at contract-based berth during the period from 01/01-31/03/2018 and comparison with the same period in 2017

Purpose	Type of berth	Position of berth	01/01-31/03	% Total	01/01-31/03	% Total	Index
			2018	Vessels	2017	Vessels	
Vessel of individual owners	Annual berth in the sea	Central aquatorium	219	57	237	61	92
		South aquatorium	41	11	42	11	98
		Western aquatorium	1	0	2	1	50
		Hotel port	26	7	32	8	81
	Annual berth on the land	Marina land	2	1	2	1	100
	Seasonal berth in the sea	Marina aquatorium	2	1	2	1	100
		Hotel port	2	1	0	0	#DIV/0!
Total individual vessels:			293	76	317	81	92
Charter vessels	Annual berth in the sea	Central aquatorium	26	7	13	3	200
		South aquatorium	0	0	0	0	#DIV/0!
		Western aquatorium	65	17	61	16	107
		Hotel port	0	0	0	0	#DIV/0!
	Total charter vessels:			91	24	74	19
Total vessels 2018:			384	100	391	100	98

Vessel on berth contract 01/01-31/03/2018



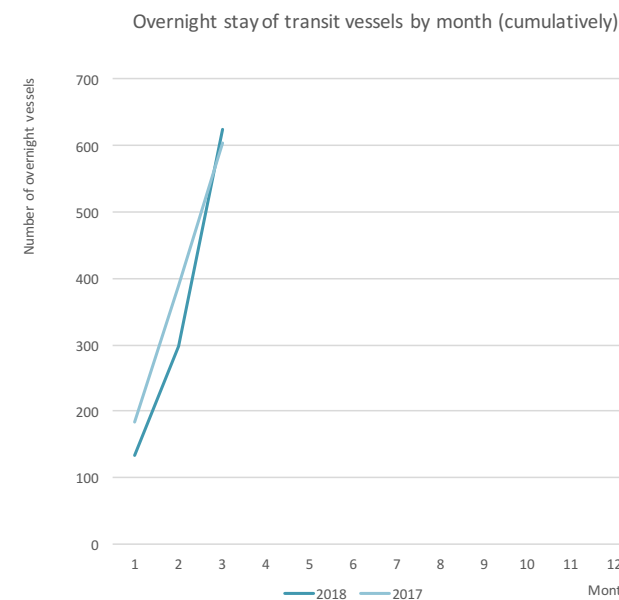
Transit berth – inbound vessels sailing into the port during the period from 01/01-31/03/2018 and comparison with the same period in 2017

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						
5						
6						
7						
8						
9						
10						
11						
12						
<b>Total 2018</b>	<b>29</b>					
<b>Total 2017</b>	<b>28</b>					
<b>Index 2018/2017</b>	<b>104</b>					



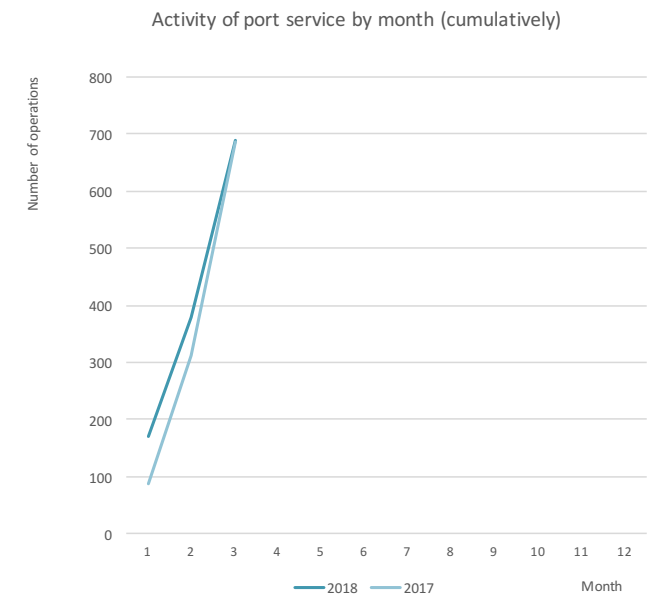
Transit berth – vessel overnight stay during the period from 01/01-31/03/2018 and comparison with the same period in 2017

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						
5						
6						
7						
8						
9						
10						
11						
12						
<b>Total 2018</b>	<b>625</b>					
<b>Total 2017</b>	<b>604</b>					
<b>Index 2018/2017</b>	<b>103</b>					



Activities of port repair services during the period from 01/01-31/03/2018 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						
5						
6						
7						
8						
9						
10						
11						
12						
<b>Total 2018</b>	<b>689</b>					
<b>Total 2017</b>		<b>686</b>				
<b>Index 2018/2017</b>			<b>100</b>			



## Revenue generated by Marina Kornati during the period from 01/01-31/03/2018 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	21.799	17.163	52.766										91.727	77.646	118,14
II Contracted berth with accessories	3.055.113	5.666.701	4.040.807										12.762.622	12.395.102	102,97
III Port service	136.540	221.275	350.619										708.434	701.318	101,01
IV Vehicle parking	924	4.812	16.769										22.505	18.988	118,52
V Other services	5.298	22.436	-47.588										-19.854	91.104	(21,79)
VI Business cooperation	0	0	0										0	0	#DIV/0!
VII Boat fair and events	40.000	0	0										40.000	7.006	570,94
<b>TOTAL:</b>	<b>3.259.674</b>	<b>5.932.387</b>	<b>4.413.373</b>										<b>13.605.434</b>	<b>13.291.164</b>	<b>102,36</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	23.611	12.299	41.736										77.646	205.413	37,80
II Contracted berth with accessories	3.342.389	6.205.212	2.847.501										12.395.102	12.466.854	99,42
III Port service	80.388	240.035	380.895										701.318	661.025	106,10
IV Vehicle parking	2.104	8.268	8.616										18.988	28.569	66,46
V Other services	3.207	27.152	60.745										91.104	86.346	105,51
VI Business cooperation	0	0	0										0	0	#DIV/0!
VII Boat fair and events	0	0	7.006										7.006	0	#DIV/0!
<b>TOTAL:</b>	<b>3.451.699</b>	<b>6.492.966</b>	<b>3.346.499</b>										<b>13.291.164</b>	<b>13.448.208</b>	<b>98,83</b>





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## COMMERCIAL-SHOPPING CENTER CITY GALLERIA

The Commercial-shopping center City Galleria is located in a highly residential area, only 10 minutes walking distance from the old city center and main bus terminal. Due to its location, it is easily accessible to a large number of residents of the city of Zadar and county, as well as to foreign visitors. The center offers a variety of contents with a wide range of products and services, including the city marketplace, fish market, butcher shops, specialized food and beverage stores, a supermarket, fashion clothing stores, footwear and sports equipment stores, shops offering home and beauty products, service activities, sports facilities, numerous hospitality facilities, and the first and only multiplex cinema in Zadar with 6 screens. An underground garage with more than 400 parking spaces is located on levels -2 and -1 of the center, catering to the needs of visitors 24 hours a day.

Thanks to the unique architectural concept and its diverse offer of goods and services, City Galleria Center has become a place for everyday life of local residents.

Commercial-shopping center City Galleria's operational results, occupancy of business premises, and interest from potential lessees for business cooperation is continuously noting growth. As of 31st March

2018, the occupancy of the center was 100.00% of all capacities, with 34 active lease contracts for business units, ranging from 20m<sup>2</sup> to 1.836m<sup>2</sup> in surface area. The lessees operating in the Commercial-shopping center City Galleria are, among others, multiplex cinemas CineStar, drugstore and perfumery Müller, supermarket SPAR, CCC shoes&bags, PEPCO, Gym-s4You, Zagrebačka banka, majority of which are market leaders in their respective fields. We can also mention other international and domestic renowned lessees such as shops Timberland, Shooster, Adidas, Nike&Converse, Ghetaldus, Farmacia, Bubamara, TELE2 and others.

Operating revenues from the Center City Galleria for the first three months in 2018 generated by the lease of business premises, common expenses, lease of common areas of the center, lease of advertising space and revenues from the garage amount to HRK 3,342,007.15. Grand-total operating revenues of the center amount to HRK 3,504,961.96, including other operating revenues in the amount of HRK 162,954.81. This records a growth compared to the same period in the previous year at a rate of 36.84%, noting that in this period from January to March 2017, monthly rent and common expenses were not invoiced to the

lessee SPAR Hrvatska d.o.o.

In this period, 63.46% of the operating revenues, or HRK 2,224,380.69 was generated from calculation of rent for business premises. The largest lessees, according to the size of leased area, are Spar Hrvatska d.o.o., Müller trgovina d.o.o. and Blitz - Cinestar d.o.o. These three lessees have taken lease of 50.27% of the total net leasable area in the Commercial-Shopping Center City Galleria. In addition to the lease of business premises, operating revenues generated from the calculation of common expenses to the lessees, amount to HRK 775,424.51, which is 22.12% of total revenues; the revenues from leasing and commercial use of common areas of the center amount to HRK 163,341.84, or 4.66%; the revenues from one-time parking charge and leasing of the parking lots amount to HRK 170,162.20 or 4.85%; and, in the smallest part, the revenues from leasing of advertising space on the facade of the Center amount to HRK 8,697.91, which is 0.25% of total revenues generated.

The usage of the underground garage by customers of the Center is also on the rise, and for the first three months of 2018 this figure comprises to

162,478 vehicles, which represents an increase of 12.3% compared to the same period last year. The revenues generated from the garage of the Commercial-Shopping Center City Galleria in the amount of HRK 170,162.20 were mostly realized from one-time parking of visitors, which comprises for 91.94% of the stated revenues. Compared to the operating revenues from the garage generated in the quarter period of 2017 in the amount of HRK 96,856.57, the increase in revenues from the garage was realized at a rate of 75.68%.

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 section of the office space in question with the lessee ROSS d.o.o., a media company. Continuous efforts are being made to improve and advance the offer of the center in order to create an attractive and diverse offer and strengthen its overall market recognition and positioning in the Zadar Region. The Company cooperates with the existing lessees in the center with the objective of increasing its business volume, raising the quality of service and implementing an active policy of bringing new

lessees, especially those that are not yet present in the region of Zadar County, making the offer of the Center even more competitive in the current market.



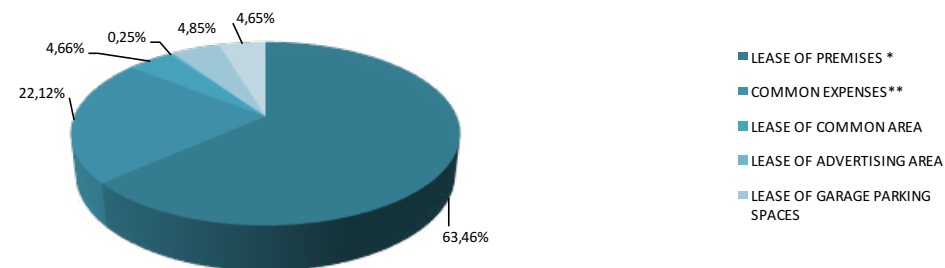
The operating revenues of the Commercial-shopping center City Galleria in Zadar during the period from 01/01-31/03/2018 and comparison with the same period in 2017

DESIGNATION	DESCRIPTION	NUMBER OF ACTIVE CONTRACTS	SURFACE AREA m <sup>2</sup>	REVENUES 01-03/2018	%	REVENUES 01-03/2017	%	INDEX 2018/2017
1	LEASE OF PREMISES *	34	9.656,30	2.224.380,69 kn	63,46%	1.680.222,41 kn	65,60%	132
2	COMMON EXPENSES**	32	6.842,23	775.424,51 kn	22,12%	645.399,17 kn	25,20%	120
3	LEASE OF COMMON AREA	22	1.031,30	163.341,84 kn	4,66%	131.318,98 kn	5,13%	124
4	LEASE OF ADVERTISING AREA	8	118,52	8.697,91 kn	0,25%	7.545,73 kn	0,29%	115
5	LEASE OF GARAGE PARKING SPACES	410***	10.863,50	170.162,20 kn	4,85%	96.856,57 kn	3,78%	176
TOTAL				3.342.007,15 kn	95,35%	2.561.342,86 kn	100,00%	130
6	OTHER BUSINESS REVENUES			162.954,81 kn	4,65%	0,00 kn	0,00%	
GRAND TOTAL REVENUES				3.504.961,96 kn	100,00%	2.561.342,86 kn	100,00%	137

\* During the period 01-03/2017, monthly lease liabilities were not invoiced to the tenant SPAR Hrvatska d.o.o.

\*\* During the period 01-03/2017, monthly liabilities for common expenses were not invoiced to the tenant SPAR Hrvatska d.o.o.

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



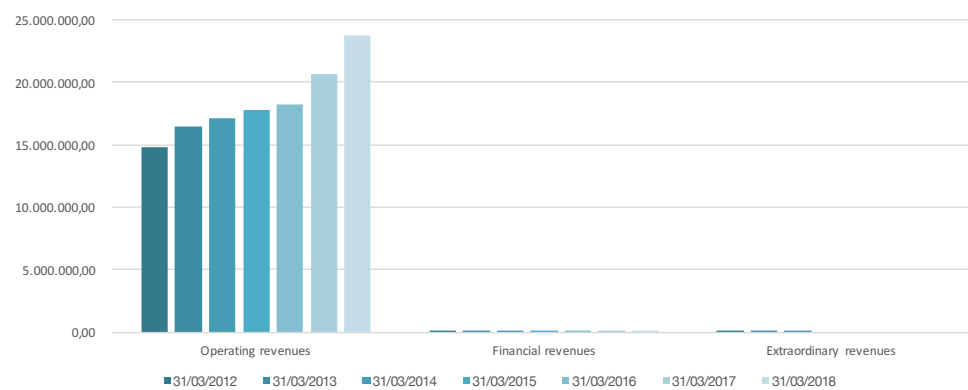


## I I FINANCIAL RESULTS OF THE COMPANY

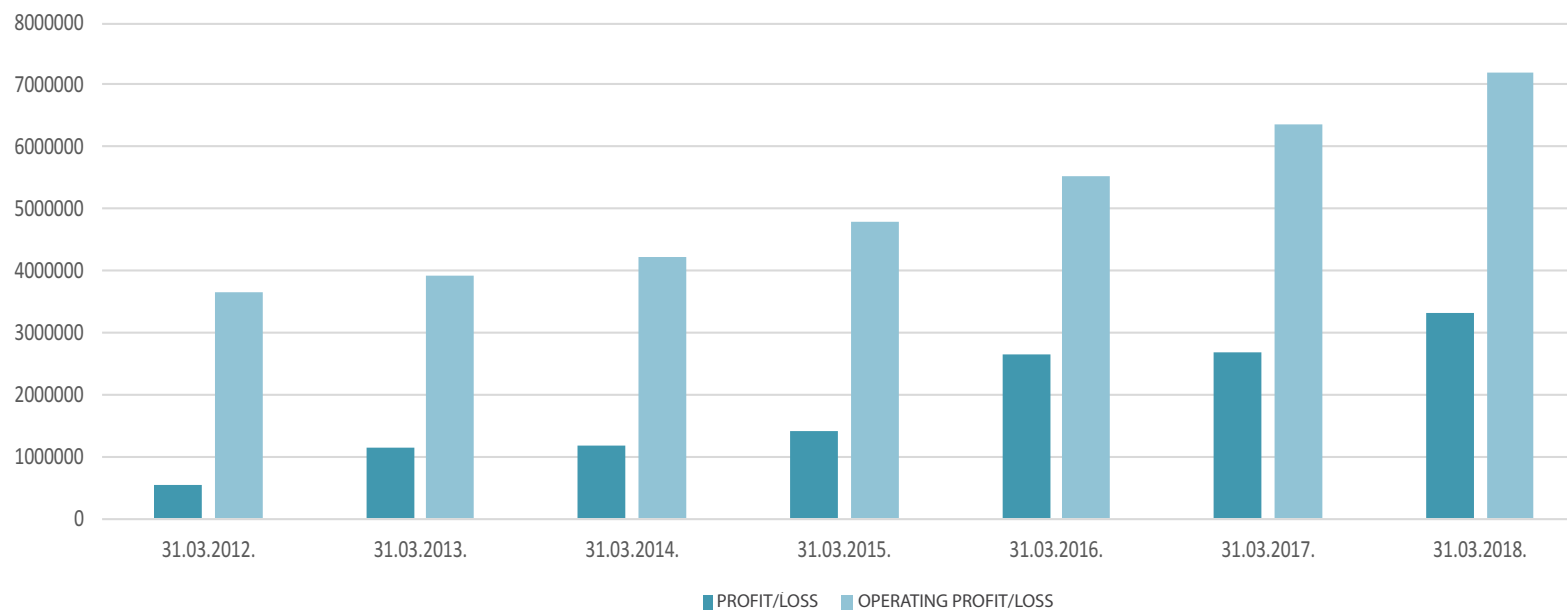
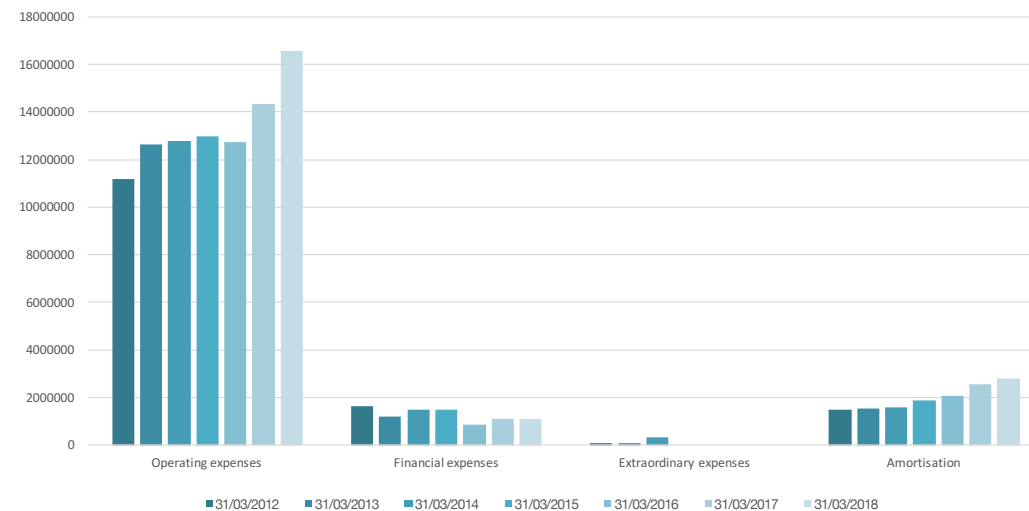
### Overview of financial results during the period from 01/01- 31/03/2018 and comparison with the same period from 2012 to 2017

DESCRIPTION	31/03/2012	31/03/2013	31/03/2014	31/03/2015	31/03/2016	31/03/2017	31/03/2018	Index 2018/2017
Operating revenues	14.806.794,28	16.479.987,38	17.122.542,83	17.749.574,00	18.265.476,75	20.642.372,56	23.749.772,28	115,05
Financial revenues	23.795,44	158.453,31	39.328,22	18.368,65	30.689,62	23.419,38	22.186,19	94,73
Extraordinary revenues	79.991,80	19.028,85	167.167,46	0,00	0,00	0,00	0,00	#DIV/0!
<b>TOTAL REVENUES</b>	<b>14.910.581,52</b>	<b>16.657.469,54</b>	<b>17.329.038,51</b>	<b>17.767.942,65</b>	<b>18.296.166,37</b>	<b>20.665.791,94</b>	<b>23.771.958,47</b>	<b>115,03</b>
Operating expenses	11.206.146,00	12.657.748,02	12.781.446,85	12.990.237,64	12.756.687,07	14.317.916,72	16.561.149,13	115,67
Financial expenses	1.631.559,08	1.214.740,00	1.473.129,61	1.488.006,30	848.451,04	1.121.027,66	1.101.937,91	98,30
Extraordinary expenses	64.817,83	94.848,05	310.889,69	0,00	0,00	0,00	0,00	#DIV/0!
Amortisation	1.471.448,71	1.559.878,46	1.596.301,65	1.867.554,69	2.056.495,32	2.551.211,77	2.788.869,12	109,32
<b>TOTAL EXPENSES</b>	<b>14.373.971,62</b>	<b>15.527.214,53</b>	<b>16.161.767,80</b>	<b>16.345.798,63</b>	<b>15.661.633,43</b>	<b>17.990.156,15</b>	<b>20.451.956,16</b>	<b>113,68</b>
<b>PROFIT/LOSS</b>	<b>536.609,90</b>	<b>1.130.255,01</b>	<b>1.167.270,71</b>	<b>1.422.144,02</b>	<b>2.634.532,94</b>	<b>2.675.635,79</b>	<b>3.320.002,31</b>	<b>124,08</b>
OPERATING PROFIT/ LOSS	3.600.648,28	3.822.239,36	4.341.095,98	4.759.336,36	5.508.789,68	6.324.455,84	7.188.623,15	113,66
EBITDA	3.639.617,69	3.904.873,47	4.236.701,97	4.777.705,01	5.539.479,30	6.347.875,22	7.210.809,34	113,59

REVENUES 2012-2018



EXPENSES 2012-2018



## I

In the first quarter of 2018, total revenues amount to HRK 23,771,958.47 and they increased by 15.03% compared to those in the same period of 2017 as a result of the growth in operating revenues and sale revenues.

Operating revenues in the observed period amount to HRK 23,749,772.28 realizing a growth by 15.05%, compared to those in the same period of the previous fiscal year, as a result of increase in revenues from the sale on the local market at the level of all Company's sectors.

Sale revenues in the observed period amount to HRK 23,448,076.51 and are higher by 14.01%, as compared to those in the same period of the previous fiscal year, when they amounted to HRK 20,565,717.15 which is a result of the increase in sale revenues on the local market by 17%. The sale revenues make up for 98.73% of operating and 99.64% of operating revenues.

## 2

Total expenses in the first quarter of 2018 amount to HRK 20,451,956.16 and in comparison to those in the same period in 2017 they are higher by 13.68% as a result of the operating expenses by 15.67% and increase in amortization by 9.32%.

The operating expenses in the observed period amount to HRK 16,561,149.13 and are higher by 15.67% or by HRK 2,243,232.41 compared to those in the same period in 2017 as a result of an increase in other costs by 45%, raw material and material costs by 21% and gross salary by 11%.

## 3

The operating profit or the profit from business activities of the Company rose by 13.66% compared to the same period in 2017 and amounts to HRK 7,188,623.15.

EBITDA or Earnings before interest, taxes and amortization was realized in the amount of HRK 7,210,809.34 and rose by HRK 13.59% 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 4,421,940.22 and rose by HRK 16.47% compared to that in the same period in the year 2017.

The PROFIT for the first quarter 2018 amounts to HRK 3,320,002.16 and is higher by 24.08% compared to that in the same period in 2017.

Operating profit, EBITDA, EBIT and profit realized in the first quarter in 2018 are the best so far compared to those in the same periods of the previous fiscal years in their absolute amount and are the result of an increase in total and operating revenues especially in the realization in the domestic market.



### Financial statements of the Company as at 31/03/2018 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	15.547.238,29	18.962.772,53	122	22.158.101,25	117
Revenues on foreign market	2.073.471,47	1.662.944,62	80	1.289.975,26	78
Other operating revenues	644.766,99	16.655,41	3	301.695,77	1.811
<b>OPERATING RVENUES</b>	<b>18.265.476,75</b>	<b>20.642.372,56</b>	<b>113</b>	<b>23.749.772,28</b>	<b>115</b>
FINANCIAL REVENUES	30.689,62	23.419,38	76	22.186,19	95
EXTRAORDINARY REVENUES	0,00	0,00	#DIV/0!	0,00	#DIV/0!
<b>TOTAL REVENUES</b>	<b>18.296.166,37</b>	<b>20.665.791,94</b>	<b>113</b>	<b>23.771.958,47</b>	<b>115</b>
EXPENSES					#DIV/0!
Costs of raw materials	1.641.930,94	2.072.544,55	126	2.498.180,71	121
Costs of services	2.928.871,27	3.084.195,57	105	2.862.502,37	93
Gross salaries	5.362.546,02	6.131.312,83	114	6.821.463,05	111
Other expenses	2.823.338,84	3.029.863,77	107	4.379.003,00	145
OPERATING EXPENSES	12.756.687,07	14.317.916,72	112	16.561.149,13	116
AMORTISATION	2.056.495,32	2.551.211,77	124	2.788.869,12	109
FINANCIAL EXPENSES	848.451,04	1.121.027,66	132	1.101.937,91	98
EXTRAORDINARY EXPENSES	0,00	0,00	#DIV/0!	0,00	#DIV/0!
<b>TOTAL EXPENSES</b>	<b>15.661.633,43</b>	<b>17.990.156,15</b>	<b>115</b>	<b>20.451.956,16</b>	<b>114</b>
PROFIT/LOSS	2.634.532,94	2.675.635,79	102	3.320.002,31	124
OPERATING PROFIT	5.508.789,68	6.324.455,84	115	7.188.623,15	114
EBITDA	5.539.479,30	6.347.875,22	115	7.210.809,34	114

## REVENUES BY ACTIVITIES

*Revenues from hotel services* amount to HRK 2,256,024.82 and have risen by 234% 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 sale revenues especially in the segment of the revenue from accommodation and board services.

*The revenues from the nautics* amount to HRK 13,801,335.29 and have risen by 2% compared to those in the same period of 2017, mainly as a result of the increase in the revenues from the accommodation of the vessels, that is, the contract-based and and daily berth.

*Revenues from camping* amount to HRK 2.733.695,12 have risen by 21% compare to those in the same period of the previous fiscal year and relate to the revenue from increase leased camping pitches for the agencies and individual guests.

*The revenues from other activities* that is, profit centers, including Ilirija Travel, hospitality, Arsenal, event boat „Nada“ and Commercial-shopping center City Galleria were generated in the amount of HRK 4,958,717.11 and have risen by 27.51% compared to those in the year 2017.

**GRANDTOTAL:** Operating revenues by activities amount to HRK 23,749,772.28 and have risen by 15.05% in comparison with those in the same period in 2017.





## FUNDAMENTAL FINANCIAL PERFORMANCE INDICATORS AS AT 31/03/2018

As tabular Overview of fundamental indicators of the Company was given back from 2018 to 2009 (ten years) the described indicators realized are listed in absolute figures and growth rates.

### I

The value of the Company's assets as at 31/03/2018 amounted to HRK 436,397,467.95 and rose by HRK 16,589,189.42 or by 3.95% compared to the same period in 2017 when it amounted to HRK 419,808,278.53, whose growth is the result of the investments made.

The value of assets of the Company since 2009, when it amounted to HRK 267,341,307.20, grew by HRK 169,056,160.75 or by 63.24%.

### 2

Total liabilities of the Company as at 31/03/2018 amount to HRK 137,122,236.40 and fell by HRK 4,326,498.36 that is, by 4.06% compared to the same period in 2017 when they amounted to HRK 141,448,734.76 as a result of reduction in long-term liabilities of the Company owed to the financial in-

stitutions.

Total liabilities of the Company as at 31/03/2018 decreased by HRK 10,483,508.49 or by 7.10%, that is, compared to the total liabilities of the Company as at 31/03/2009 when they amounted to HRK 147,605,744.89.

### 3

Capital and reserves of the Company as at 31/03/2018 amount to HRK 299,275,231.55 and rose by HRK 20,915,687.78 that is by 7.51% compared to the same period in 2017 when they amounted to HRK 278,359,543.77.

Compared to the Company's capital and reserves realized in the first quarter of 2018, they increased

by HRK 179,539,669.24 or by 149% compared to the same period in 2009 when they amounted to HRK 119,735,562.31.

#### 4

The total revenues of the Company in the first quarter of 2018 amount to HRK 23,771,958.47 and are higher by HRK 3,106.166,53 or by 15.03% compared to those in the same period of 2017 when they amounted to HRK 20,665,791.94 the increase of which is the consequence of the rise in operating revenues and revenues from sale.

The total revenues of the Company compared to the same period in 2009 when they amounted to HRK 13,623,690.28 grew by HRK 10,148,268.19 or by 74.49%.

#### 5

The operating profit of the Company was generated in the amount of HRK 7,188,623.15 and is higher by HRK 864,167.31 or by 13.66% compared to that

in the same period in 2017 when it amounted HRK 6,324,455.84 as a consequence of a growth in operating revenues.

The operating profit generated in the first quarter of 2018, it grew by HRK 4,310,778.50 or by 149.79% compared to the operating profit generated in the same period in 2009, when it amounted to HRK 2,877,844.65.

#### 6

The Company's profit for the first quarter of 2018 amounts to HRK 3,320,002.31 and is higher by HRK 644,366.52 or by 24.08% compared to that in the same period of 2017 when it amounted to HRK 2,675,635.79 as a result of growth in total and operating revenues.

The Company's profit for the first quarter of 2018, it increased by HRK 2,979,698.14 or by 875.60% compared to the profit generated in the same period in 2009 which amounted to HRK 340,304.17.

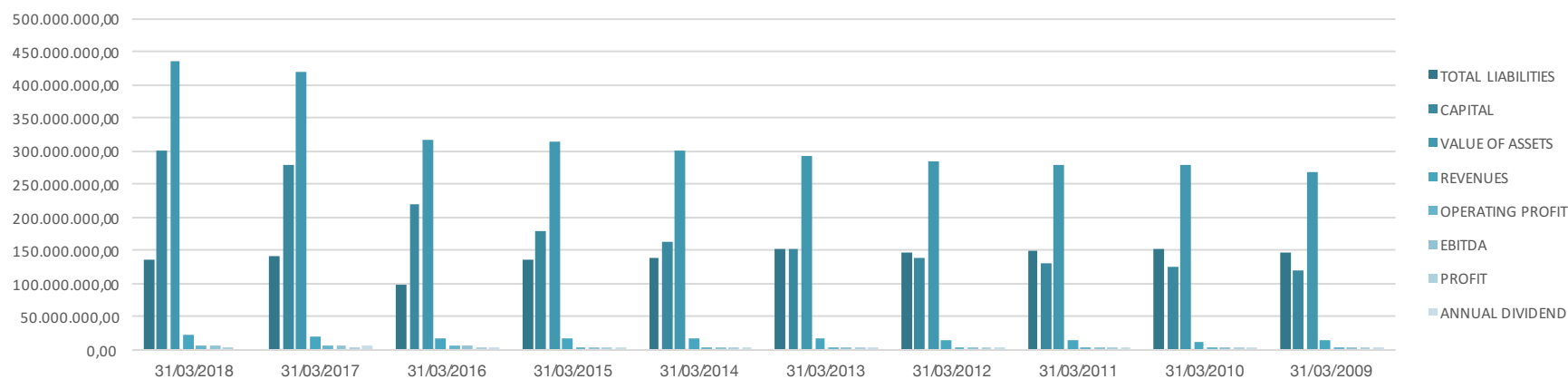


## CUMULATIVE COMPARATIVE OVERVIEW

of fundamental indicators on the position of assets, capital, liabilities and operating results of the Company as at 31/03/2018 and also for the period from 2009 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
31/03/2018	137.122.236,40	299.275.231,55	436.397.467,95	23.771.958,47	7.188.623,15	7.210.809,34	3.320.002,31	0,00
31/03/2017	141.448.734,76	278.359.543,77	419.808.278,53	20.665.791,94	6.324.455,84	6.347.875,22	2.675.635,79	6.016.540,00
31/03/2016	98.831.910,81	219.010.700,88	317.842.611,69	18.296.166,37	5.508.789,68	5.539.479,30	2.634.532,94	4.937.148,00
31/03/2015	135.069.382,93	179.280.859,69	314.350.242,62	17.767.942,65	4.759.336,36	4.777.705,01	1.422.144,02	3.740.790,00
31/03/2014	139.140.342,44	162.510.566,87	301.650.909,31	17.329.038,51	4.341.095,98	4.236.701,97	1.167.270,71	3.740.790,00
31/03/2013	151.603.255,36	151.603.255,36	291.120.786,27	16.657.469,54	3.822.239,36	3.904.873,47	1.130.255,01	3.740.790,00
31/03/2012	146.758.285,42	137.917.687,18	284.675.972,60	14.910.581,52	3.600.648,28	3.639.617,69	536.609,90	3.740.790,00
31/03/2011	148.134.240,07	131.827.187,74	279.971.568,40	13.615.106,65	3.754.665,89	3.763.257,15	909.649,14	3.740.790,00
31/03/2010	151.881.871,96	125.778.942,43	277.660.814,39	12.639.093,65	2.616.941,27	2.566.849,05	23.380,42	3.740.790,00
31/03/2009	147.605.744,89	119.735.562,31	267.341.307,20	13.623.690,28	2.877.844,65	2.877.773,12	340.304,17	3.740.790,00

Overview of fundamental indicators on the position of assets, capital, liabilities and operating results of the Company as at 31/03/2018 and also for the same period from 2009 to 2017



## OPERATING AND OTHER EXPENSES

Operating expenses in the first quarter of the year 2018 amount to HRK 16,561,149.13, and increased by 15.67% compared to those in the same period of the previous fiscal year. The increase in such costs is a consequence of investments made in the development and advancement of offer and facilities, growth in sale of food and beverage services and a significant rise in gross pay costs by 11%.

## FINANCIAL EXPENSES

Financial expenses for the first quarter of 2018 amount to HRK 1,101,937.91 and decreased by 1.70% compared to those in the same period of 2017, when they amounted to HRK 1,121,027.66. The decrease in financial expenses is the result of the fall in the total indebtedness of the Company or financing the Company by foreign sources of funding and they actually represent the ordinary funding expenses, that is, interests on long-term and short-term financial liabilities and exchange rate losses.

## LIQUIDITY

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

## SHARE SPLIT

In January 2018, in the Central Depository Clearing Company (CDCC), 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 without nominal value is divided into 8 (eight) new ordinary bearer shares without nominal value. Following the completion of the share split process in the Central Depository Clearing Company (CDCC), 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 without nominal value.

## EARNING PER SHARE

In the first quarter of 2018, the gross earning per share amounts to HRK 1.38.

## 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 accordance with the Business Investment Plan for the fiscal year 2018 the Company will finalize, with the month of April, the investment cycle in the total value of 25.3 million HRK 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 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 Office, which will supplement the existing tourist offer of the hotel Ilirija Resort in the destination of Biograd na Moru. In addition to the two built outdoor swimming pools, the Company has by building the indoor multi-pur-

pose swimming pool connected Ilirija hotel and Adriatic hotel. 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 Hotel Ilirija and Hotel Adriatic by replacing all the installations by a new condensing boiler and moving from liquid fuel as an energy source to natural gas, which will enable the heating of hot water and the heating of the Ilirija hotel and Adriatic hotel by more environmentally friendly energy. Also, the kitchens of the both hotels are being converted from LPG to natural gas.



- The exterior (facade) fence of Hotel Ilirija and Hotel Kornati 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 IV zone of the campsite that includes new traffic roads, lighting, sanitary facilities, additional infrastructure development in other campsite zone, especially traffic roads, landscape architecture, development of the sports and recreational, parking lot and further improvement of the hospitality offer with an aim to

extend the period of business operations of the facility.

Following the finalization of the boat show regarding the nautical sector, the Company has continued with the cycle of new investments in modernizing the sector with a higher quality facilities and marina services, especially in the segment of servicing, by increasing the capacities of operational-business 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 present 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.



## 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 grant 4288 treasury shares to the Company's employees, which make 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 2017, 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.



On 19th March 2018 the Call to the Ordinary General Meeting of the Company was publicized with the following agenda:

- 1 The Management Board's report on the operations and position of the Company for the year 2017,
- 2 The Management Board's report on acquisition and disposal of treasury shares,
- 3 Report by the Company's Supervisory Board of performed supervision of conducting the Company's business in 2017,
- 4 Auditor's report on the audit of the Company's operations performed in 2017,
- 5 Taking note of the Decision on establishing the fundamental annual financial statements of the Company for 2017;
- 6 Decision on utilization of profit of Ilirija d.d. for the fiscal year 2017;
- 7 Decision on the dividend distribution,
- 8 Giving remuneration to the Company's Management Board,
- 9 Giving remuneration to the members of the Supervisory Board for the supervision of the Company's operations performed in the previous period,
- 10 Appointment of the Company's auditor for the year 2017.

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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.

In the area of environmental protection as a socially responsible company, we are obliged to constantly consider the preservation of the health of our users of services, employees and the environment through our technological processes and their improvements. Therefore, adhering to the principle of investment made in 2018 we also adhered to the principles of environmental protection. The reconstruction of the boiler room 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. 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 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).

Using the Academy of Business Excellence ILIRIJA EDUKA the Company continued with the educational cycle 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 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 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.

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. In the first quarter of 2018, the Company signed with the Municipality of Sv. Filip i Jakov the Agreement on financing the development of the existing sports playground in Sv. Filip i Jakov, which will be available to all residents of the town and municipality of Sv. Filip i Jakov. During this period, the Company has supported numerous events and humanitarian activities of a 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 and Zadar Wine Festival.



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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*



Reporting period: 01/01–31/03/2018

Quarterly financial report TFI-POD

Tax number (MB): 03311953  
Company registration number (MBS): 060032302  
Personal identification number (OIB): 05951496767  
Issuing company: ILIRIJA d.d.  
Postal code and place: 23210 BIOGRAD NA MORU  
Street and house number: TINA UJEVIĆA 7  
E-mail address: ilirija@zd.t-com.hr  
Internet address: www.ilirijabiograd.com  
Municipality/city code and name: 22 BIOGRAD NA MORU  
County code and name: 13 ZADARSKA  
Number of employees: 240  
(period end)  
Consolidated report: NO NKD code: 55100

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

Bookkeeping service:

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

**Documents disclosed:**

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

L.S.

(signature of the person authorized to represent the company)

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



## Balance Sheet - as of 31/03/2018

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	407.395.772	424.385.649
I. INTANGIBLE ASSETS (004 to 009)	003	336.452	299.528
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	336.452	299.528
II. PROPERTY, PLANT AND EQUIPMENT (011 to 019)	010	407.019.320	424.047.427
1. Land	011	42.340.227	43.295.283
2. Buildings	012	232.347.442	241.132.567
3. Plant and equipment	013	42.304.303	51.453.578
4. Tools, working inventory and transportation assets	014		
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	1.239.522	2.573.552
7. Tangible assets in progress	017	9.110.601	7.128.906
8. Other tangible assets	018		
9. Investment in real-estate	019	79.677.225	78.463.541
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	12.412.507	12.011.819
I. INVENTORIES (036 to 042)	035	2.358.997	2.213.961
1. Raw materials and supplies	036	2.358.997	2.213.961
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	6.543.758	7.860.784
1. Receivables from related parties	044		
2. Receivables from end-customers	045	5.292.150	6.579.632

## Balance Sheet - as of 31/03/2018

Company: ILIRIJA d.d. BIOGRAD NA MORU

3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	826.678	837.469
5. Receivables from government and other institutions	048	330.912	379.374
6. Other receivables	049	94.018	64.309
III. CURRENT FINANCIAL ASSETS (051 to 057)	050	2.434.811	1.717.081
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	2.434.811	2.055.765
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	1.074.941	219.993
D) PREPAYMENTS AND ACCRUED INCOME	059		
<b>E) TOTAL ASSETS (001+002+034+059)</b>	<b>060</b>	<b>419.808.279</b>	<b>436.397.468</b>
F) OFF BALANCE SHEET ITEMS	061		
EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	278.359.544	299.275.231
I. SUBSCRIBED SHARE CAPITAL	063	174.977.880	229.146.480
II. CAPITAL RESERVES	064	26.723.874	2.723.874
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	23.435.964	22.758.389
1. Legal reserves	066	9.477.986	9.477.986
2. Reserve for own shares	067	6.975.716	6.975.716
3. Treasury shares and shares (deductible items)	068	540.417	1.217.992
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	50.546.190	41.326.486
1. Retained earnings	073	50.546.190	41.326.486
2. Loss carried forward	074		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	2.675.636	3.320.002
1. Net profit for the period	076	2.675.636	3.320.002
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	109.846.075	110.288.785
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086	109.846.075	110.288.785
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 31/03/2018

Company: ILIRIJA d.d. BIOGRAD NA MORU

9. Deferred tax liabilities	092		
D) CURRENT LIABILITIES (094 to 105)	093	26.132.786	22.398.973
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits, etc.	095		
3. Liabilities to banks and other financial institutions	096	11.982.449	8.035.244
4. Liabilities for advances	097		
5. Trade payables	098	9.038.461	7.922.632
6. Commitments on securities	099	1.500.000	
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	1.256.163	1.379.031
9. Taxes, contributions and similar liabilities	102	1.361.294	3.750.775
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	994.419	1.311.291
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	5.469.874	4.434.479
<b>F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)</b>	<b>107</b>	<b>419.808.279</b>	<b>436.397.468</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 31/03/2018

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	20.642.373	20.642.373	23.749.772	23.749.772
1. Sales revenues	112	20.565.717	20.565.717	23.448.076	23.448.076
2. Other operating revenues	113	76.656	76.656	301.696	301.696
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	16.869.128	16.869.128	19.350.018	19.350.018
1. Change in inventories of work in progress	115				
2. Material expenses (117 to 119)	116	5.156.741	5.156.741	5.360.683	5.360.683
a) Costs of raw materials	117	2.072.545	2.072.545	2.498.181	2.498.181
b) Cost of goods sold	118				
c) Other material expenses	119	3.084.196	3.084.196	2.862.502	2.862.502
3. Employee benefits expenses (121 to 123)	120	6.131.313	6.131.313	6.821.463	6.821.463
a) Net salaries	121	3.689.787	3.689.787	4.068.966	4.068.966
b) Tax and contributions from salary expenses	122	1.541.701	1.541.701	1.751.395	1.751.395
c) Contributions on salary	123	899.825	899.825	1.001.102	1.001.102
4. Depreciation and amortisation	124	2.551.212	2.551.212	2.788.869	2.788.869
5. Other expenses	125	2.911.900	2.911.900	3.394.306	3.394.306
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	117.962	117.962	984.697	984.697
III. FINANCIAL INCOME (132 to 136)	131	23.419	23.419	22.186	22.186
1. Interest, foreign exchange differences, dividends and similar income from related parties	132	23.419	23.419	22.186	22.186
2. Interest, foreign exchange differences, dividends and similar income from third parties"	133				
3. Income from investments in associates and joint ventures	134				
4. Unrealised gains (income) from financial assets	135				
5. Other financial income	136				
IV. FINANCIAL EXPENSES (138 to 141)	137	1.121.028	1.121.028	1.101.938	1.101.938
1. Interest, foreign exchange differences, dividends and similar income from related parties	138				
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	1.121.028	1.121.028	1.101.938	1.101.938
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>20.665.792</b>	<b>20.665.792</b>	<b>23.771.958</b>	<b>23.771.958</b>
<b>X. TOTAL EXPENSES (114+137+143+145)</b>	<b>147</b>	<b>17.990.156</b>	<b>17.990.156</b>	<b>20.451.956</b>	<b>20.451.956</b>
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	2.675.636	2.675.636	3.320.002	3.320.002
1. Profit before taxes (146-147)	149	2.675.636	2.675.636	3.320.002	3.320.002
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>2.675.636</b>	<b>2.675.636</b>	<b>3.320.002</b>	<b>3.320.002</b>

Income statement period 01/01/2018 to 31/03/2018

Company: ILIRIJA d.d. BIOGRAD NA MORU

1. Profit for the period (149-151)	153	2.675.636	2.675.636	3.320.002	3.320.002
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 31/03/2018  
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	2.675.636	3.320.002
2. Depreciation and amortisation	002	2.551.212	2.788.869
3. Increase of current liabilities	003		
4. Decrease of current receivables	004		
5. Decrease of inventories	005		145.036
6. Other cash flow increases	006		
I. Total increase of cash flow from operating activities	007	5.226.848	6.253.907
1. Decrease of current liabilities	008	9.661.705	3.733.813
2. Increase of current receivables	009	337.537	1.317.026
3. Increase of inventories	010	251.258	
4. Other cash flow decreases	011		
II. Total decrease of cash flow from operating activities	012	10.250.500	5.050.839
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	0	1.203.068
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	5.023.652	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	2.599.175	5.278.932
III. Total cash inflows from investing activities	020	2.599.175	5.278.932
1. Purchase of non-current assets	021	3.933.168	3.651.158
2. Purchase of non-current financial assets	022		
3. Other cash outflows from investing activities	023		
IV. Total cash outflows from investing activities	024	3.766.832	3.651.158
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	1.627.774
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	1.167.657	0
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	027		
2. Proceeds from loans and borrowings	028	8.278.442	
3. Other proceeds from financing activities	029		
V. Total cash inflows from financing activities	030	8.278.442	0
1. Repayment of loans and bonds	031	2.616.170	1.657.510
2. Dividends paid	032		
3. Repayment of finance lease	033	736.644	2.464.203
4. Purchase of treasury shares	034		
5. Other cash outflows from financing activities	035		
VI. Total cash outflows from financing activities	036	3.352.814	4.121.713
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	4.925.628	0

Cash flow statement - indirect method  
for the period 01/01/2018 to 31/03/2018  
Company: ILIRIJA d.d. BIOGRAD NA MORU

C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	0	4.121.713
Total increases of cash flows (013-014+025-026+037-038)	039	0	0
Total decreases of cash flows (014-013+026-025+038-037)	040	1.265.681	1.290.871
Cash and cash equivalents at the beginning of period	041	2.340.622	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	1.074.941	219.993

## STATEMENT OF CHANGES IN EQUITY for the period 01/01/2018 to 31/03/2018

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	174.977.880	229.146.480
2. Capital reserves	002	26.723.874	2.723.874
3. Reserves from profit	003	23.435.964	22.758.389
4. Retained earnings or loss carried forward	004	50.546.190	41.326.486
5. Net profit or loss for the period	005	2.675.636	3.320.002
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	278.359.544	299.275.231
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>59.348.843</b>	<b>20.915.687</b>
17 a. Attributable to majority owners	018		
17 b. Attributable to minority interest	019		

ILIRIJA d.d.  
BIOGRAD NA MORU  
Biograd na Moru, 20/04/2018

Statement made by the persons responsible for the preparation of the financial statements for the period from 01/01–31/03/2018

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 31/03/2018 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 31/03/2018, 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 31/03/2018.

Accounting Manager:  
Zorka Strpić



Management Board:  
Goran Ražnjević



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



ILIRIJA D.D.

TINA UJEVIĆA 7, BIOGRAD NA MORU, REPUBLIC OF CROATIA  
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