



 *Ilinija d.d.*

Financial statements for the period from 01/01 to 30/09/2018

Biograd na Moru, November 2018



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I OVERVIEW OF KEY PERFORMANCE INDICATORS FOR THE PERIOD FROM 01/01 - 30/09/2018

in HRK	I-IX 2018	I-IX 2017	INDEX 2018/2017
Financial indicators			
Total revenues	143.925.093,73	133.814.710,87	107,56
Operating income	143.746.360,96	133.683.991,24	107,53
<i>Hospitality</i>	51.616.255,74	46.417.832,98	111,20
<i>Nautics</i>	42.259.650,40	41.496.930,69	101,84
<i>Camping</i>	33.212.679,80	29.487.867,94	112,63
Other revenues	16.657.775,02	16.281.359,63	102,31
Revenues from other profit centers	142.709.773,08	132.967.334,20	107,33
EBITDA	65.348.314,49	59.019.108,05	110,72
EBITDA margin	45,46%	44,15%	102,97
Adjusted EBITDA	66.839.389,27	59.602.229,96	112,14
Adjusted EBITDA margin	46,50%	44,58%	104,29
EBIT	56.981.707,13	51.368.986,54	110,93
Adjusted EBIT	58.472.781,91	51.655.672,46	113,20
Profit	53.578.976,45	48.012.336,56	111,59
Profit margin	37,27%	35,91%	103,78
Net profit	43.934.760,69	39.370.115,98	111,59

in HRK	I-IX 2018	I-IX 2017	INDEX 2018/2017
Balance sheet indicators			
Net debt	105.985.930,24	109.888.646,00	96,45
Net debt / EBITDA	1,62	1,86	87,11
Net debt /Adjusted EBITDA	1,59	1,84	86,01
Interest coverage	15,75	14,30	110,14
Capital investments	32.233.032,90	20.834.418,00	154,71
ROE	12,83%	12,39%	103,53
ROA	9,39%	8,94%	104,98
Adjusted ROCE	13,68%	12,08%	113,20

in HRK	I-IX 2018	I-IX 2017	INDEX 2018/2017
Indicators of the financial position			
Value of assets	467.858.439,62	440.149.061,08	106,30
Capital	342.411.182,35	317.679.704,54	107,79
Total liabilities	125.447.257,27	122.469.356,54	102,43

in HRK	I-IX 2018	I-IX 2017	INDEX 2018/2017
Achievements on the capital market			
Market capitalization	458.562.720,00	428.394.120,00	107,04
EV	564.548.650,24	538.282.766,00	104,88
EV / EBITDA	8,64	9,12	94,72
EV / Adjusted EBITDA	8,45	9,03	93,52
P / E	10,41	11,27	92,37
EPS	18,26	127,8	14,29
DPS*	3,00	20,00	

*Note: Dividend per share is not comparable to the one in 2017 considering the corporate action of share split carried out in the month of January 2018, according to which one share was split into eight shares, with no par amount.

Physical indicators	I-IX 2018	I-IX 2017	INDEX 2018/2017
Hotel sector			
Number of accommodation units	443	443	100,00
Overnight stay of tourists	127.067	123.765	102,67
Occupancy days	140	137	102,19
Annual occupancy	38,48%	37,61%	102,31
Nautical sector			
Number of berths	805	805	100,00
Contracted vessels	726	703	103,27
Transit berth, overnight stay of vessels	9.502	11.067	85,86
Transit berth, inbound sail of vessels	3.085	3.348	92,14
Port service - number of operations	3.080	2.978	103,43
Days of work	365	365	100,00
Camping			
Number of accommodation units	1.220	1.130	107,96
Days of work	163	163	100,00
Occupancy days	101,02	99,60	101,43
Mobile homes	102,68	107,57	95,45
Individuals	48,44	48,28	100,33
Fixed lease	163,00	163,00	100,00
Lump sum	163,00	163,00	100,00
Occupancy	61,98%	61,10%	101,44
Mobile homes	63,00%	66,00%	95,45
Individuals	29,71%	29,62%	100,30
Fixed lease	100,00%	100,00%	100,00
Lump sum	100,00%	100,00%	100,00
Overnight stays of tourists	300.878	282.470	106,52

Physical indicators	I-IX 2018	I-IX 2017	INDEX 2018/2017
Ilirija Travel			
Number of events	519	407	127,52
Number of persons (events)	41.441	47.815	86,67
Real-estate			
Number of lessees	35	35	100,00
Rented area (m ²)	9.897,60	9.656,30	102,50
Number of vehicles in the garage	492.763	474.558	103,84

2 KEY INFORMATION FOR THE PERIOD FROM 01/01-30/09/2018

1 In the nine months of 2018, the growth in key operating and financial results continued accompanied by further growth of profitability indicators at the Company level. The achieved operating results are the consequence of: (I) the growth in the fundamental operating indicators of business operations, primarily in hotel sector, nautics, camping and real estate sector, accompanied by growth in performance on the domestic and foreign markets, especially in the tourism sector of the Company, (II) significant business activities in the pre-season, that is, development of the year-round tourist offer, (III) diversified tourist programs and offers, (IV) investments in the development of new offer and raising the quality of contents and services accompanied by marketing activities, (V) total costs incurred in accordance with the business plan or budget.

Business results at the Company level at the end of the third quarter of 2018 are far the best compared to those in the same period of the previous fiscal years, i.e. from the existence of the Company as a modern one, and are also a good indicator in the Company's overall results at the end of the fiscal year. We particularly emphasize the camping sector of the Company which, with a figure of 300,878 realized overnight stays, achieved its record season according to

business plans i.e. according to the Budget for 2018, where it is worth mentioning that with the achieved growth in arrivals by 11.81% and overnight stays by 6.52% it exceeds the growth of the entire camping sector in the Republic of Croatia that records the growth in arrivals by 2.59% and overnight stays by 1.06%.

The hotel sector has also achieved the best business, operating and financial results so far, while the nautical sector with slightly lower operating performance of individual segments of the supply in its financial indicators in these nine months records its best season so far compared to that in the same periods of the previous years.

2 Total revenues amount to HRK 143,925,093.73 and grew by 7.56% compared to those in the same period in 2017, when they amounted to HRK 133,814,710.87 as a result of growth in operating revenues or sales revenue on the domestic and foreign market in key sectors of the Company.

3 The operating revenues were generated in the amount of HRK 143,746,360.96 with an achieved growth in the Company's key sectors, that is, in the real-estate sector by 17%, camping by 13%, hotel

sector by 11% and nautics by 2%, while a decline in operating revenues has been recorded in the destination management company/DMC Ilirija Travel.

4 Sales revenues amount to HRK 142,709,773.08 compared to those in the same period of 2017, when they amounted to HRK 132,967,334.20, which grew by 7.33% as a result of growth in revenues on the foreign and domestic market by 7%.

5 Total expenses amount to HRK 90,346,117.28 and rose by 5.30% compared to those in the same period in 2017 as a result of growth in operating expenses by 5.06%, amortization by 9.37% and financial expenses by 1.37%.

6 Operating profit or profit from the Company's business activities for the observed period amounts to HRK 65,169,581,72, which compared to the operating profit generated in the same period of 2017 constitutes a growth by 10.67% or by HRK 6,281,193.30, while the profit generated in the amount of HRK 53,578,976.45 has risen by 11.59% as a result of growth in operating revenues.

7 For the nine months of the year 2018 EBITDA amounts to HRK 65,348,314.49 and grew by 10.72%,

while EBIT was realized in the amount of HRK 56,981,707.13 and it rose by 10.93% compared to that in the same period in the previous fiscal year.

8 Total liabilities amount to HRK 125,447,257.27 and have risen by HRK 2,977,900.73 or by 2.43% as a result of the increase of Company's short-term liabilities and significant investments from its equity funds in the first part of the year.

9 The value of the assets amounts to HRK 467,858,439.62 and has increased by HRK 27,709,378.54 or by 6.30% compared to that in the same period of 2017 when it amounted to HRK 440,149,061.08.

10 In the reporting period, capital increased by 7.78% or HRK 24,731,477.81 or from the amount of HRK 317,679,704.54 as much as it amounted in the same period of 2017, to the amount of HRK 342,411,182.35.

11 According to the Decision of the General Assembly of 20th November 2017 on the split of ordinary shares designated as ILRA-R-A without a par amount, a corporate share split transaction was performed in January in such a way that one share without a par amount is divided into eight (8) ordinary shares des-

ignated as ILRA-R-A, without a par amount. According to the foregoing, the Company's share capital in the amount of HRK 229,146,480.00 was divided into 2,413.488 ordinary shares without a par amount.

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

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

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

- Decision on dividend distribution according to which the Company's shareholders were paid a dividend in the amount of HRK 7,221,240.00 or HRK 3.00 per share from the residual retained profit from 2011 and part of the profit for the year 2017.

13 The average share price for the nine months of the fiscal year 2018 was realized in the amount of HRK 179.48, which compared to the same period

of the previous fiscal year, when the average share price amounted to HRK 168.53 was brought down to the prices after the corporate share split activity, when the average price increased by 6.49%. The last share price in the reporting period was generated in the amount of HRK 190.00 which increased by 7.04% compared to that in the same period of 2017.

14 The market capitalization has been achieved in the amount of HRK 458,562,720.00 which compared to that in the same period of the previous fiscal year, when it amounted to HRK 428,394,120.00, constitutes a growth by 7.04% or by HRK 30,168,600.00.

15 The investment cycle was realized in the total value of HRK 32,233,032.90 in the preparation of the tourist season 2018. Investments were made to upgrade the existing services, offers and contents at the level of the whole company, in particular its tourist part, followed by the development of new facilities that represent added value to the existing offer and increase in accommodation capacities, then investments in the part of environmental protection by using natural gas as a core energy, etc. with an aim to ensure a competitive market position, a high-quality and recognizable tourist product according to tourist industry standards and market requirements. The

most significant part of the investments was made in the hotel sector in the form of construction of a multipurpose indoor swimming pool, hotel exterior and interior development, reconstruction of the hotel boiler and the continuation of the modernization and development of new facilities, while regarding the nautical sectors a further development of the marina was continued in the segment of receiving and accommodating vessels as well as the increase in the technical-operational capacities, while regarding the camping sector, the capacities of mobile accommodation units were increased and further investments were made in the additional facilities and camp infrastructure.

16 In August, the Company publicly announced the third non-financial report, the Annual Report on Corporate Social Responsibility for 2017, prepared in accordance with the leading international non-financial reporting guidelines, that is, according to GRI Standards, which demonstrates its permanent commitment to sustainable growth, development and corporate social responsibility, thus contributing to the overall socio-economic progress and the preservation of natural resources, cultural and historical heritage of the community in which it operates.

17 Prizes and awards, standards and certificates:

Prizes and awards:

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

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

A special award has been awarded to the Company or its nautical sector Marina Kornati by the Nautical Patrol of the Jutarnji List for the greatest progress in the tourist season of 2018 and for an exceptional

contribution to the development of Croatian nautical tourism.

Standards and certificates:

In August, transition was made to a new standard of quality management system ISO 9001:2015 and environmental management system ISO 14001:2015.

In August, the Company was awarded the recognition "Company as Friend of Health" by the Croatian Public Institute for introducing special markings in the working environment, then allowing its employees to adopt healthy life habits, promoting and encouraging occupational health and expressing concern for employees' health.



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 offer that is: **hotel sector** (hotels: Ilirija****, Kornati****, Adriatic***, Villa Donat****/**), **nautical sector** (Marina Kornati and Hotel port Ilirija-Kornati), **camping** (campsite „Park Soline“****), **hospitality** (restaurant “Marina Kornati” restaurant “Park Soline”, Beach bar “Donat”, “Lavender” lounge bar), **destination management company/DMC Ilirija Travel** (Arsenal

in Zadar, Villa Primorje ****, diffuse hotel Ražnjevića dvori AD 1307, event boat “Nada”) **sports-recreational and entertainment center** (Tennis center with 20 tennis courts and **Aquatic center** with hospitality facilities), and since the month of December 2016, the Company’s portfolio includes the Commercial-shopping center City Galleria in Zadar acquired by acquisition (buying) with more than 28.500m² gross area in total six floors and total 9.897,60m² net rented floor area.

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

4 CHRONOLOGICAL OVERVIEW OF THE COMPANY'S DEVELOPMENT

Year 1957 | The Company was incorporated and domiciled in Biograd na Moru, where it operates today, although the beginnings of the company date back to 1934 when the first hotel called ILIRIJA in Biograd na Moru was built. These are also the first beginnings of organized tourism not only in Biograd but also in the entire Biograd Riviera, by which the Company becomes the pioneer and the leader of all tourism activities in the Biograd region.

Years 1969-1972 | The construction of new hotel facilities (Hotel Kornati **** and Hotel Adriatic ***), the overall reconstruction and construction of hotels Ilirija***** and building an annex to the hotel Villa Donat **** / *** in Sv. Filip and Jakov.

Year 1976 | Start of construction of the first nautical tourism port in Croatia, according to the first building permit in the Republic of Croatia for the construction of the first nautical port issued by the former Municipality of Biograd na Moru, number: UP/I-03-4-318/1977 as of 10th March 1977, Hotel port Ilirija-Kornati, situated in Biograd na Moru, with a total of 100 berths and the purchase the first charter fleet of 40 vessels, by which the Company became a pioneer of development of the nautical tourism.

Year 1986 | Extended nautical capacities of the Company by constructing the nautical tourism Port Marina Kornati, located in Biograd na Moru, with total port area (aquatorium) of 131.600 m² with a total capacity of 705 berths on land and sea. Today, Marina Kornati is among the Top 3 Croatian marinas according to the number of berths, technical equipment, quality of service, cleanliness and neatness.

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

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

1.000 m², whereby it represents a center for holding almost all sports, entertaining and dance events in the City Biograd na Moru.

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

Year 1991 | By merger of the campsite "Soline", located in Biograd na Moru, later renamed into the camp "Park Soline", by which the Company in its operations in addition to hotel management and nautics also included camping as the third segment of its tourism offer.

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

Year 1993 | The Croatian Privatization Fund, makes a decision on the transformation of HTP Ilirija into a joint stock company.

Year 1999 | The Company was privatized and is in major ownership of the company Arsenal Holdings d.o.o. from Zadar, which is in major ownership of Mr. Davor Tudorović.

Year 1999 | The Company starts boat show organized as Spring Open Days, mainly intended for companies that operate in the marina, as the first such event in North Dalmatia. Wishing for Biograd na Moru, to be top nautical event, at which all sectors of the boating and charter business will be presented in a short period, the Open Days grew into a boat event - Biograd Boat Show. Since 2004 Biograd Boat Show has been organized as the first autumn boat show in Croatia.

Years 1999 – 2018 | During this period, that is, by 30th September 2018, the Company has invested HRK 511.786.755,23 in construction, reconstruction, extension, building annexes, renovation and adaptation of accommodation facilities and establishments of the Company in order to enhance the quality, improve the overall service and standards in all sectors of the Company, develop new products, improve and increase the categorization of the accommodation facilities and nautical capacities, expand hospitality facilities with an aim to create

a high-quality, recognizable and competitive tourism product and enhance the quality of the offer of the destination itself, which resulted in a growth in total revenues and newly created value in the mentioned period in the amount of HRK 808.380.698,45.

Year 2002 | The National Audit Office carried out the audit of transformation and privatization of ILIRIJA d.d. and issued an unqualified opinion on the transformation and privatization in full, with an emphasis that the process was carried out in accordance with the legislation and that no irregularities were determined that would affect the legal implementation of the process of transformation and privatization.

Year 2003 | The Company's shares were listed on the Zagreb Stock Exchange in the quotation of public joint stock companies.

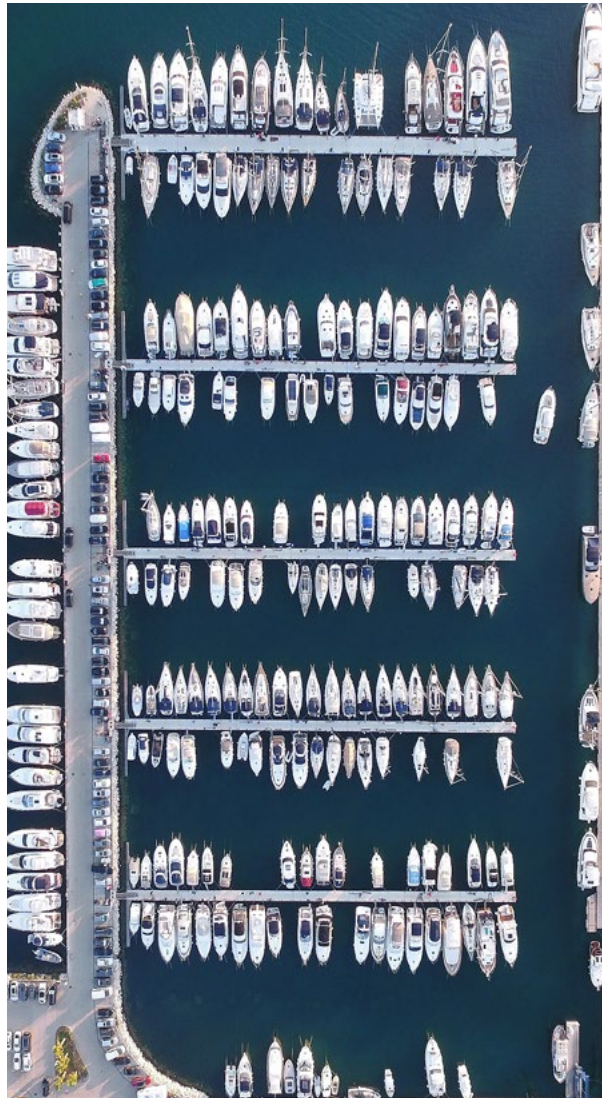
Year 2005 | As part of the Company's business system, the multimedia center Arsenal in Zadar, built in the 17th century at the time of the Venetian Republic, following the completion of the revitalization and renewal according to the concept of "indoor town square," began conducting business activities.

Year 2009 | The Company's shares are listed on the Regular market of the Zagreb Stock Exchange, since the quotation of public joint stock companies was cancelled.

Year 2014 | The market was presented the event ship "Nada" a floating convention center with multifunctional purposes 36m in length and a capacity to accommodate 180 persons.

Year 2014 | As a part of the Company's business system, the first Croatian diffuse hotel Ražnjevića dvori AD 1307 was opened.

Year 2015 | Renovated Villa Primorje****, built in the second half of the 19th century, luxuriously decorated and equipped in line with the latest standards for facilities of its kind and category, has its own restaurant that offers the possibility of organizing a number of events.



Year 2015 | Recapitalization of the company by Allianz ZB d.o.o., the compulsory pension fund management company, with headquarters in Zagreb, which has acquired 10% equity share in the ownership of the company.

Year 2015 | The company's shares are transferred from the Regular to the Official market of Zagreb Stock Exchange which will contribute to even greater transparency and openness of the company to all of its stakeholders.

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

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

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

5 COMPANY'S BODIES

2.1 COMPANY MANAGEMENT BOARD

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

2.2 SUPERVISORY BOARD

Goran Medić, President of the Supervisory Board

David Anthony Tudorović, Deputy President of the Supervisory Board

Davor Tudorović, Member of the Supervisory Board

Siniša Petrović, Member of the Supervisory Board

Darko Prebežac, Member of the Supervisory Board

2.3 SHAREHOLDERS' ASSEMBLY



6 SUBSIDIARIES

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

ILIRIJA GRAĐENJE d.o.o.

ILIRIJA NAUTIKA d.o.o.

(are not active in business)

7 AFFILIATED COMPANIES

Arsenal Holdings d.o.o., Perivoj Gospe od Zdravlja 1, Zadar, Company Tax Number - OIB: 59794687464, holds 1.429.032 shares in the Company, which accounts for 59.21% of the shares in the share capital of the Company and the same number of votes in the Shareholders' Assembly.

The controlling company Arsenal Holdings d.o.o. is registered with the Commercial Court in Zadar, Company Reg. No. MBS: 060014554; share capital HRK 21,027,500.00 paid in whole.

The major owner of the company Arsenal Holdings d.o.o. is Mr. Davor Tudorović with 75.25% shares in its share capital, who also holds 95,744 shares in Ilirija d.d. which accounts for 3.97% of the shares in its equity capital.

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

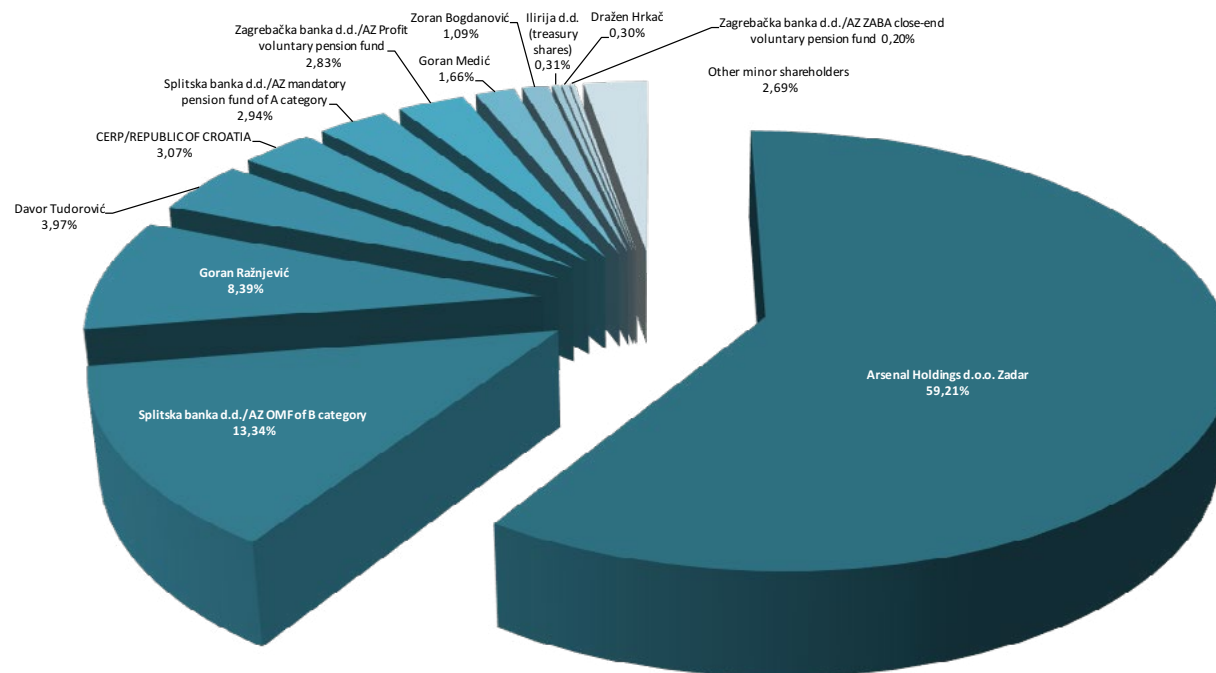
The share capital of the Company is HRK 229,146,480.00 and is divided in 2,413,488 ordinary shares without a par amount.

At the end of the third quarter of 2018, there occurred no significant change in the ownership structure and an overview is given in the text below, showing the major shareholders of the Company as at 28/09/2018.

Overview of the major shareholders of the Company as at 28/09/2018:

Owners - 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	71.046	2,94
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
Ilirija d.d. (treasury shares)	7.556	0,31
Dražen Hrkač	7.224	0,30
Zagrebačka banka d.d./AZ ZABA close-end voluntary pension fund	4.904	0,20
Other minor shareholders	64.862	2,69
TOTAL	2.413.488	100,00

**OWNERSHIP STRUCTURE
OF THE COMPANY AS AT
28/09/2018**



**TRADING IN SHARES OF THE
COMPANY ON THE CROA-
TIAN CAPITAL MARKET IN
THE PERIOD FROM 01/01 TO
30/09/2018**

	I-IX 2018	I-IX 2017		% of change
	(Amounts in HRK)*	Prior the share split	Derivation after the share split	
Total turnover	463.429,00	1.286.246,57	1.286.246,57	-63,97%
Average share price	179,48	1.348,27	168,53	6,49%
Average turnover per transaction	9.086,84	15.879,59	15.879,59	-42,78%
Average daily turnover	14.949,32	23.819,38	23.819,38	-37,24%
Last share price	190,00	1.420,00	177,50	7,04%
Market capitalization	458.562.720,00	428.394.120,00	428.394.120,00	7,04%
Number of shares:	2.413.488	301.686		

*Data on a share price for the period from 01/01-25/01/2018 equals to the status after the share split corporate activity

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

1,693 shares of the Company were traded in with a turnover of HRK 463,429.00 on the Zagreb Stock Exchange during the observed period. The average share price was achieved in the amount of HRK 179.48, which constitutes a rise by 6.49% compared to that in the same period in 2017, when the average share price was achieved in the amount of HRK 168.53, noting that the average share price at the end of the first semi-annual period increased by 2.67% (as at 30/06 of the current year the average share price amounted to HRK 174.81), while the average turnover per transaction was HRK 9,086.84. 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 200.00 per share which is a price equivalent of HRK 1,600.00 per share prior to split, compared to that in the same period in 2017, when the highest share price achieved amounted to HRK 1,420.00 or HRK 177.50 which is a rise by 12.68%. The Company's last share price was achieved in the amount of HRK 190.00, which compared to the highest share price of HRK 1,420.00, that is, HRK 177.50, after the corporate share splitting activity, is a rise by 7.04%.

At the end of the third quarter of the fiscal year, the market capitalization was achieved in the amount of HRK 458,562,720.00 which compared to that in the same period of the previous fiscal year, when the market capitalization amounted to HRK 428,394,120.00, constitutes a growth by 7.04% or by HRK 30,168,600.00.

In the reporting period, the Company disposed 4,288 treasury shares, which accounted for 0.177% shares in the share capital according to the Share Transfer Agreement, concluded with the Company's employees in accordance with the Company's Management Board's Decision on the allocation of treasury shares against no compensation, as the compensation for the achieved

business results in the previous medium term, ending as at fiscal year 2017. In the reporting period, the Company acquired 1.248 own shares and at the end of the third quarter of the fiscal year, it holds 7,556 treasury shares, which make up for 0.31% of shares in the share capital.

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

In the period from 01/01 till 30/09/2018, trading in shares resulted in the amount of HRK 1,571,010,406 on the Zagreb Stock Exchange, of which HRK 1,123,372,179 were included in the order book of bids and HRK 447,638,227 as the block transaction. Compared to that in the same period in 2017, this was a decline in trading by HRK 992,845,877 or 38.7% (total trading in shares in the nine months of 2017 was HRK 2,563,856,283).

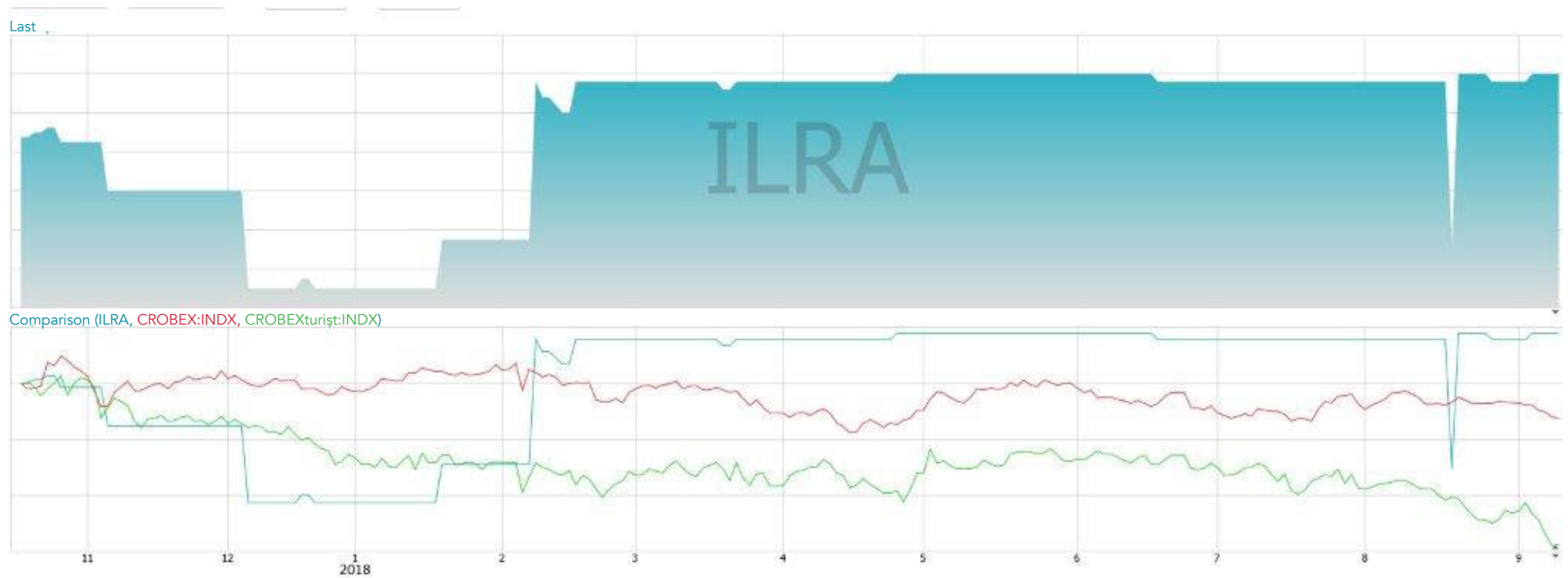
These figures show a total decline in trading in all shares at the Zagreb Stock Exchange in the nine months of 2018 compared to those in the same period of 2017. The contraction of trading in shares and generally considering a decline in share prices, expressed through the CROBEX reference index, indicate the continued

refraining of investors from making the investments in shares in the Croatian capital market. CROBEX index decreased by 2.85% on 30/09/2018 compared to that on 01/01/2018 and the CROBEXTURIST sector index decreased by 7.32% in the same period. The CROBEXTURIST index decreased in spite of the announced record turnover of tourism companies and expected good financial results achieved by them.

The share price of the Company (ILRA) rose by 16.9% in the nine months (from HRK 162.50* as at 1st January, 2018 to HRK 190.00 as at 30th September 2018), so it is a rare positive exception to the general share price movement at the Stock Exchange.

* On 01/01/2018, ILRA share price was indicated by the conversion of the actual price on that date in the amount of HRK 1,300.00 for the share split procedure conducted in mid-January 2018, thus achieving price comparability at the beginning of the year and on 30/09/2018.

The movement of ILRA share with the shown volume of trading and comparison with CROBEX and CROBEXTURIST index movement, are shown in the following graph





9 CAPACITIES OF THE COMPANY

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

Hotel sector capacity consists of 449 accommodation units (hotel rooms and apartments) with a total of 944 beds located in Biograd na Moru (Ilirija****, Kornati****, Adriatic***, Villa Primorje****), Sv. Filip i Jakov (hotel Villa Donat***/***) and Polača (diffuse hotel Ražnjevića dvori AD 1307****), mainly classified as four star hotels.

Hotel accommodation is located in Ilirija Resort Hotels & Vilas in Biograd and Sv. Filip i Jakov. The hotels are located along the coast, not far from the own 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 addi-

tion 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 Salvia, Olympic pool, outdoor and indoor swimming pools, fitness center, a la carte restaurants and coffee bars.

As part of Ilirija Resort there is a conference center that consists of 8 halls with a total capacity to accommodate 30 to 250 persons, and there is also a magnificent garden with terraces ideal for banquets, receptions and entertainment, outdoor swimming pools, beach and from May 2018, an indoor swimming pool.



ILIRIJA RESORT HOTELS & VILLAS

HOTEL ILIRIJA the largest hotel in Ilirija Resort classified as a four-star hotel, with a capacity of 165 rooms and 338 beds, and includes a restaurant with 200 seats, a terrace with 70 and aperitif bar with 50 seats. It is located along the coast, close to the old town, surrounded by magnificent nature, sea and pinewood, as well as many amenities.

HOTEL KORNATI classified as a four star hotel, with the capacity of 106 rooms and 230 beds, a restaurant with the capacity for 230 persons, a terrace for 50 persons and a bar for 40 persons, by its design and atmosphere is linked to and associated with the most beautiful Croatian national park – Kornati. Kornati Hotel is a unique for its connection with the Nautical tourism port Hotel port Ilirija - Kornati, which is located in the very center of Biograd with a beach right next to the hotel.

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

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

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

MARINA KORNATI

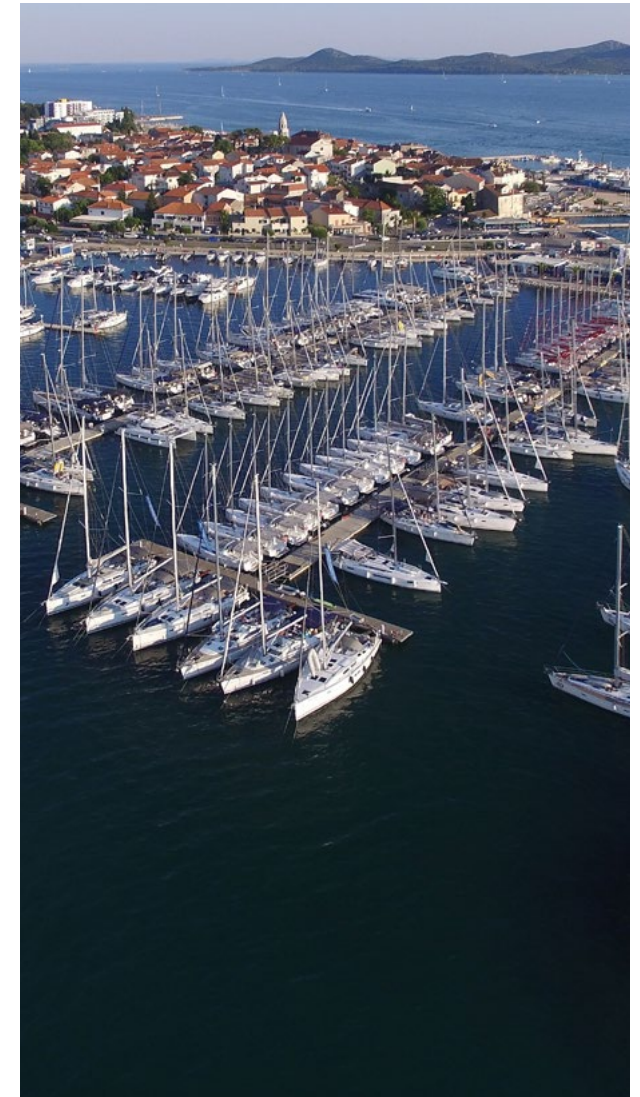
Nautical sector the Company began to develop in 1976 when it concluded the Contract on purchase of 40 ELAN vessels from Slovenia or 1977 when the Company began with the construction of the first nautical marina in Croatia (Hotel port Kornati) with 100 berths and the procurement and organization of the first own charter fleet in the Adriatic sea with more than 40 vessels for the needs of sailors.

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". In the month of September a special award has been given to the Company or its nautical sector Marina Kornati by the Nautical Patrol of the Jutarnji List for the greatest progress in the tourist season of 2018 and for an exceptional contribution to the development of Croatian nautical tourism.

ILIRIJA D.D. is the organizer of the leading boat show in Croatia „BIOGRAD BOAT SHOW" which has been continuously held in Marina Kornati for 20 years in a row.



CAMPSITE PARK SOLINE

CAMPSITE PARK SOLINE, classified as a four-star campsite, also located in Biograd na Moru covers an area of 20.00 Ha, contains 1,220 accommodation units with a total capacity to accommodate up to 3,660 persons. In addition to the enriched restaurant offer, newly built promenade that stretches along the entire camp and the beach leading to the Biograd town center, the campsite "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 campsite is an excellent choice for all nature lovers. The value of investments made so far in the campsite "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 m², consists of 20 tennis courts and multipurpose courts (14 clay and 6 color set tennis courts) with night lighting, restaurant and changing rooms as well as related facilities.



ILIRIJA TRAVEL

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

EVENT SHIP „NADA“

a multifunctional yacht, sized 36m and a capacity to accommodate 180 persons, with a complete restaurant, kitchen and bar which provides an excellent hospitality service during the voyage. Conferences, seminars, special events, unique business meetings, gala receptions and banquets, unique weddings, exclusive day and night cruises, incentive events are all activities organized in the event ship “Nada” which adapts to the individual requirements of the clients.

ARSENAL

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

DIFFUSE HOTEL RAŽNJEVIĆA DVORI AD I 307

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

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



HOSPITALITY

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

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

decorated as a wine cellar, which offers the possibility of buying and tasting top quality red and white wines produced from the native Croatian species.

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

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



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 nautical event considering its status of the city as a cradle of nautical tourism, at which all sectors of the nautical 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 nautical industry and tourism.

Today the leading international autumn nautical show has grown into the major Croatian nautical event. From its early beginnings the boat show brings together all representatives of the nautical industry and tourism, government institutions, major organizations in tourism and nautics 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 nautical and trade fair 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.



REAL-ESTATE SEGMENT

COMMERCIAL-SHOPPING CENTER CITY GALLERIA

is located near the old town center of Zadar, one of the two largest shopping centers in the city and the wider Zadar region, completed and opened to the public in October 2008 with a total gross surface of more than 28,500 m² spread over a total of six floors (two garage and four sale areas). The gross area of the center consists of the belonging underground garage of total area of 10,863.50m² followed by 9,897.60 m² of net lettable surface area and ancillary rooms and corridors. The current occupancy of the center is 96.14% 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 shops, fashion clothing, footwear and sporting equipment shops, children's shops, caffès and 6 multiplex movie theaters.

The offer is conceptually divided in floors, so the ground floor of the center is envisioned as a space with a mixed offering of food and services; the first

floor is designed as a fashion floor with the supply of clothing, footwear, fashion accessories stores and perfumery/drug store; the second floor is created as a floor for fun and recreation with an offer of cafés, entertainment, cosmetic and sports services; while the third floor offers lease of office spaces.

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

The unique features of the Commercial-shopping center City Galleria, which distinguish it from the rest of the market can be summarized in a few features, such as; very attractive location within the city's pedestrian zone that provides great visibility of the facility; 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.





10 OPERATING RESULTS OF THE COMPANY

At the end of the third quarter of 2018, the Company achieved far the best results in the key operational segments of the offer (hotel sector, nautics and camping), while the performance of the destination management company/DMC Ilirija Travel as their complementary and integrated product did not keep up with the performance, operational and financial results, in the key part of the tourism sector of the Company. The realized operating performance ratios in the key tourism sectors of the Company have so far resulted in the best financial or revenue indicators in their absolute amounts.

In the hotel sector, the expected growth in the physical operating performance was achieved in the first half of the fiscal year with a special emphasis on the achievements in the post-season, that is, or the month of September, whose key operating and physical ratios are far the best so far, especially in the segment of occupancy of accommodation capacities. In the nine months of 2018, the key operating performance ratios, i.e. the arrivals and overnight stays, grew by 6% in arrivals and 3% in overnight stays with 140 days of occupancy, which resulted in the growth in revenues of the entire hotel sector by 11%.

Regarding the nautical sector, a significant increase has been achieved in the in the segment of operating ratios in the number of vessels with berth contracts, individual and charter vessels, where 726 of them were concluded compared to the figure in the period of the previous fiscal year showing a rise by 3% of which charter vessels recorded a rise by almost 12%. In addition to the vessels based on a berth contract, the growth was recorded by 3% in the port services indicated by the number of operations (lifting/lowering and washing of vessels), while the other operating ratios in the segment of transit – sailing in and overnight stays of vessels were lower because of a change in the market trend, that is, staying of guests and vessels at sea for a longer time, which was not only reflected on the transit services, but also the hospitality and restaurant services. Finally, the operating results of the nautical sector together with hospitality segment achieved a rise in revenue indicators by 2% compared to those in the same period of 2017.

The camping sector of the Company achieved record business results in all its segments, that is, accommodation services, expressed through the campsite "Park Soline", and the hospitality services or restaurant "Park Soline". In the segment of the operating results, with 300,878 overnight stays achieved, which is a rise by 6.52% compared to that in the same period of 2017, by which the campsite achieved one of the long-term objectives of the Company in the camping sector - realizing over 300,000 overnight stays by the end of September. In addition to the above mentioned rise in overnight stays, the Company recorded a growth in arrivals by 11.81% noting that the growth rates of the campsite „Park Soline“ achieved in arrivals and overnight stays were significantly higher than the results achieved at the national level in the Croatian camping sector, so the performance of the campsite „Park Soline“ is much more significant when taking the overall camping tourism into consideration. The revenues from the camping sector regarding the accommodation services increased by 13% in all of its market segments at rates from 4% to 29%, while the revenues from the hospitality increased by 12%, and consequently the total revenues of the camping sector increased by 13%.

In the final fourth quarter of the fiscal year 2018, judging the current state of sales and booking, the Company expects a highly active post-season, especially the month of October and consequently further generation of revenues. We particularly emphasize the excellent sales figures of the hotel sector with a significant share in the MICE segment, while the nautical sector records significant activities through the holding of the 20th jubilee nautical fair Biograd Boat Show, which according to all current operating and financial ratios will be far the best so far with further development of the business character of the nautical fair and the stronger presence of international exhibitors and business activities in the segment of the regatta events. Further activities of the destination management company that will generate revenues in the post-season through the organization of individual events (events - weddings, banquets, regatta events, corporate and MICE and cultural and entertaining events, concerts, performances and exhibitions), mostly organized in the capacities of DMC Ilirija Travel (Arsenal, Nada's event ship, Ražnjevića Dvori and Villa Primorje) or in the profit centers of other tourism sectors.



HOTEL SECTOR

Total business activities of the hotel sector in the period from 01/01 until 30/09/2018 improved in all important indicators and continued to grow after the previous record year. In the hotel sector, the expected growth in operating physical indicators continued from the second quarter of the fiscal year and in the third quarter as well as in the first part of the pre-season or the month of September. In the nine months of this year, in the hotels of Ilirija Resort, there were a total of 37,288 guests, 6% more than in the same period last year, during which 127,067 overnight stays were realized, which is a growth by 3% compared to that in the same period of 2017, which resulted in the growth in the revenue item by 13% of the hotel sector. In almost all months, better hotel occupancy was recorded, and the highest increase was achieved in the shoulder season, especially in the months of March, May and September, and October will confirm the same. As a result of increased occupancy, a positive trend of seasonality decline continues, although the emphasis is still placed on the period between June and September.

In the observed period, a guest stayed in the facilities 3.41 days on the average, or slightly shorter than

in the same period of 2017, when he stayed for 3.53 days. The trend of slight shortening of stays has been present for several years and is the result of the extension of the season in the pre-season (and post-season) when the average stay of guests is shorter. In this way, the borders between business and leisure trips are more and more disappearing which also reflects in our business.

A positive progress is also evident in the revenue from accommodation services generated for the nine months this year which amounts to HRK 47,587,029.92, which is higher by 13% than the revenue from accommodation generated in the last year in the same period, when it amounted to HRK 41,991,796.04. The average revenue per room sold is HRK 764.78 or EUR 103.18 and is higher by 11% compared to that in the same period of 2017.

In the structure of realized overnight stays, Croatia, Slovenia and Germany continue to occupy the first places in the number of overnight stays, with a significant change, in line with the Company's forecasted objectives, in the rise in the share of guests from the German market by 24% in the total overnight stays. Thus, in the nine months of 2018, the shares in the overnight stays by source markets are as follows: Cro-

atia 14.69%; Germany 14.45% (in the same period in 2017 it was 11.93%) and Slovenia 10.66% (in the same period in 2017 it was 14.33%).

They are followed by the Austrian market with a share of 8.97% with a rise by 4% and the Slovak market with a share of 6.49%. The decline in overnight stays in individual source markets was simultaneously replaced by the growth in overnight stays in other markets such as the Swedish market, now the sixth market of the hotel sector, where we record a rise by 246%, which has 4.54% of share in the total overnight stays in the hotel sector. In the overall growth in overnight stays from the most present countries, we can see a steady growth from the domestic market by 5%, which was especially achieved by extending the season and by accepting and organizing the stay of business groups, a significant increase in overnight stays from the more lucrative tourist markets such as German and an exceptional growth from Swedish, Norwegian, and the Dutch market, which was also positively reflected on the increase in average prices of overnight stays, which is the result of target investments in the same markets in the previous years. The indicated increase in the number of other less represented markets by 17% is an integral part of such efforts, being the expression of target efforts on dispersion of the risks,

market expansion and significant penetration into the markets less interested in the peak summer season, which contributes to the significant extension of the tourist season to the months in the shoulder season.

Considering the share in overnight stays by market segments, there is a significant increase recorded in the two segments, i.e. in the group segment by 13% (after this this segment recorded an increase by 34% in the last year) and individual segment by 25%, accompanied by a reduction in the share of allotments and fixed lease.

We have increased the above-mentioned significant revenue-generating segments as a result of targeting the marketing and sales activities towards higher profitability market segments. Increasing the group and individual segments, especially business segment of the market, also contributes to the increase in spending and placements of other corporate offers within the Company, owing to a wide range of complementary offers and attractiveness of the destination management agency, Ilirija Travel.

In the observed period for nine months this year, we continued to improve the capacity utilization as well as hotel occupancy days that increased to 50% (72% based on the days of opening), that is, the days of oc-

cupancy rose from 137 to 140 days in the same period last year.

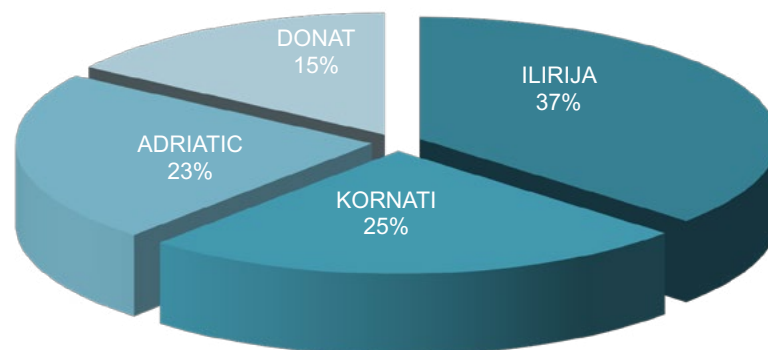
New trends in tourist products, the experience of the destination in which the guest is located, as well as the aforementioned disappearance of the boundaries between the business and leisure travel, wishing to join it in a unique experience, will be major changes in the tourism products in the forthcoming periods. The biggest increase in demand occurs in the area of tourism of experience, that is, tourism of special interests, adventurous as well as gastronomic, hobby, active or cultural tourism and it is exactly Ilirija Travel as an integrated product of the Company that can offer these products, mainly with the support of the hotel industry, but also with the support of its other tourism sectors, through which we seek further progress to be made in extending the season. Target changes in the markets (Germany, Sweden, Norway, Switzerland, the Netherlands, other markets) as well as market segments (increase in the group segment of sales) are focused on these important changes, i.e. extension of the season, opening of the market removing the "sun and sea" tourism concept and focusing on experiential and immersion tourism, as well as arrival of business, working and congress groups, enriched with leisure experiences and a desire for new experiences.



Hotel sector capacities

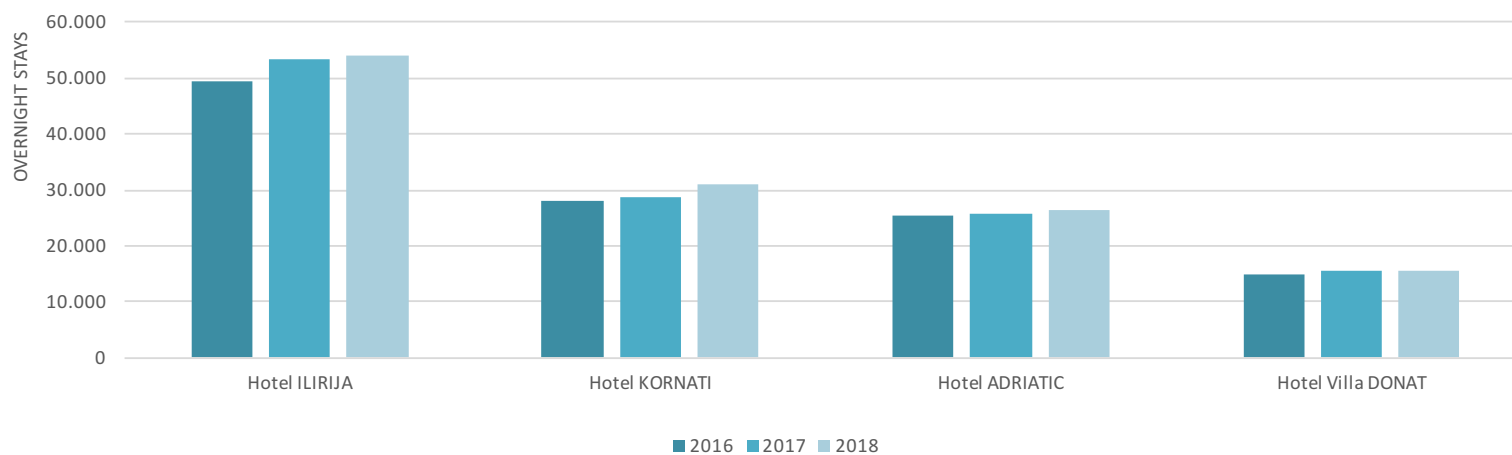
ILIRIJA D.D.	NUMBER OF ROOMS				NUMBER OF BEDS			
	2016	2017	2018	INDEX 2018/2017	2016	2017	2018	INDEX 2018/2017
ILIRIJA	165	165	165	1,00	337	337	338	1,00
KORNATI	106	106	106	1,00	216	216	230	1,06
ADRIATIC	100	100	100	1,00	210	210	210	1,00
DONAT	72	72	72	1,00	144	144	144	1,00
TOTAL	443	443	443	1,00	907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

% Share of individual hotel (number of beds)

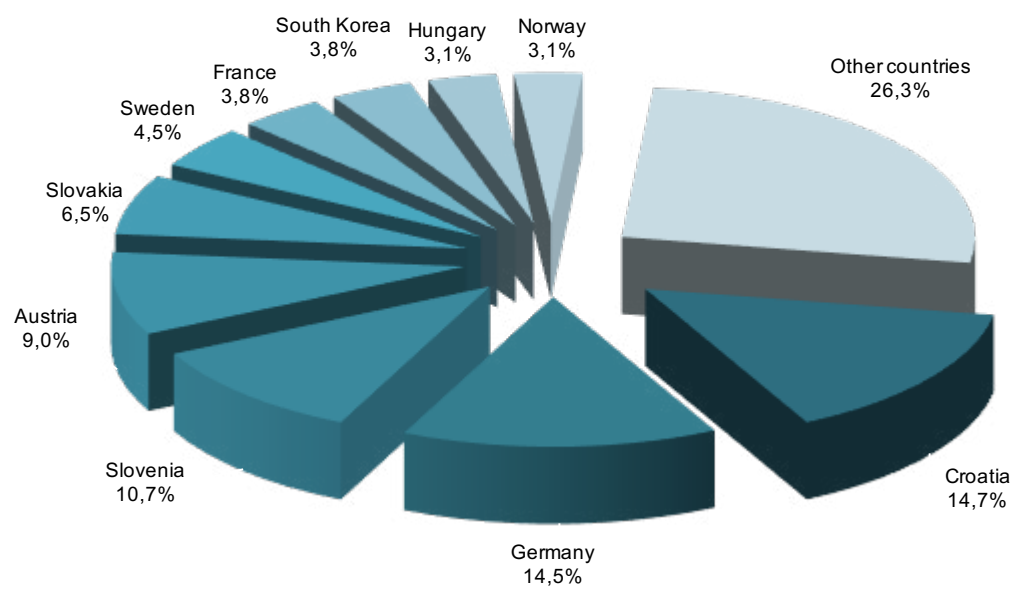


Overview and comparison of realized arrivals and overnight stays from 01/01-30/09/2018 and comparison with the same period in the years 2016 and 2017

PROFIT CENTER	HOTEL SECTOR							
	ARRIVALS			INDEX	OVERNIGHT STAYS			INDEX
	2016	2017	2018	2018/2017	2016	2017	2018	2018/2017
Hotel ILIRIJA	14.322	17.810	17.162	96	49.483	53.450	54.077	101
Hotel KORNATI	8.416	8.502	10.376	122	27.940	28.714	31.027	108
Hotel ADRIATIC	5.469	5.721	6.245	109	25.487	25.887	26.382	102
Hotel Villa DONAT	2.711	2.988	3.505	117	14.951	15.714	15.581	99
TOTAL	30.918	35.021	37.288	106	117.861	123.765	127.067	103



Graph of the realized overnight stays by source markets for the period from 01/01-30/09/2018



Occupancy rate for the period from 01/01-30/09/2018 and comparison with the same period in the year 2017

Percentage share

MONTH	ILIRIJA					KORNATI					ADRIATIC					DONAT					GRANDTOTAL				
	Total rooms	2017	%	2018	%	Total rooms	2017	%	2018	%	Total rooms	2017	%	2018	%	Total rooms	2017	%	2018	%	Total rooms	2017	%	2018	%
JANUARY (I)	5.115	290	5,67%	141	2,76%	3.286	289	8,79%	416	12,66%	3.100	120	3,87%	152	4,90%	2.232	0	0,00%	0	0,00%	13.733	699	5,09%	709	5,16%
FEBRUARY (II)	4.620	367	7,94%	0	0,00%	2.968	0	0,00%	444	14,96%	2.800	0	0,00%	0	0,00%	2.016	0	0,00%	0	0,00%	12.404	367	2,96%	444	3,58%
MARCH (III)	5.115	1.389	27,16%	1.304	25,49%	3.286	105	3,20%	903	27,48%	3.100	0	0,00%	0	0,00%	2.232	0	0,00%	0	0,00%	13.733	1.494	10,88%	2.207	16,07%
APRIL (IV)	4.950	3.290	66,46%	3.072	62,06%	3.180	793	24,94%	587	18,46%	3.000	378	12,60%	404	13,47%	2.160	0	0,00%	90	4,17%	13.290	4.461	33,57%	4.153	31,25%
MAY (V)	5.115	3.626	70,89%	4.112	80,39%	3.286	1.999	60,83%	2.073	63,09%	3.100	1.483	47,84%	1.244	40,13%	2.232	250	11,20%	412	18,46%	13.733	7.358	53,58%	7.841	57,10%
JUNE (VI)	4.950	4.227	85,39%	4.281	86,48%	3.180	2.506	78,81%	2.467	77,58%	3.000	2.382	79,40%	2.325	77,50%	2.160	1.376	63,70%	1.263	58,47%	13.290	10.491	78,94%	10.336	77,77%
JULY (VII)	5.115	4.600	89,93%	4.663	91,16%	3.286	2.978	90,63%	2.918	88,80%	3.100	2.898	93,48%	2.858	92,19%	2.232	2.034	91,13%	1.960	87,81%	13.733	12.510	91,09%	12.399	90,29%
AUGUST (VIII)	5.115	4.872	95,25%	4.764	93,14%	3.286	3.112	94,70%	3.106	94,52%	3.100	2.939	94,81%	2.981	96,16%	2.232	2.136	95,70%	2.028	90,86%	13.733	13.059	95,09%	12.879	93,78%
SEPTEMBER (IX)	4.950	4.394	88,77%	4.599	92,91%	3.180	2.688	84,53%	2.785	87,58%	3.000	1.998	66,60%	2.475	82,50%	2.160	1.289	59,68%	1.396	64,63%	13.290	10.369	78,02%	11.255	84,69%
OCTOBER (X)	5.115	0	0,00%	0	0,00%	3.286	0	0,00%	0	0,00%	3.100	0	0,00%	0	0,00%	2.232	0	0,00%	0	0,00%	13.733	0	0,00%	0	0,00%
NOVEMBER (XI)	4.950	0	0,00%	0	0,00%	3.180	0	0,00%	0	0,00%	3.000	0	0,00%	0	0,00%	2.160	0	0,00%	0	0,00%	13.290	0	0,00%	0	0,00%
DECEMBER (XII)	5.115	0	0,00%	0	0,00%	3.286	0	0,00%	0	0,00%	3.100	0	0,00%	0	0,00%	2.232	0	0,00%	0	0,00%	13.733	0	0,00%	0	0,00%
TOTAL	60.225	27.055	44,92%	26.936	44,73%	38.690	14.470	37,40%	15.699	40,58%	36.500	12.198	33,42%	12.439	34,08%	26.280	7.085	26,96%	7.149	27,20%	161.695	60.808	37,61%	62.223	38,48%

Occupancy rate for the period from 01/01-30/09/2018 and comparison with the same period in the year 2017

Occupancy days

MONTH	ILIRIJA					KORNATI					ADRIATIC					DONAT					GRANDTOTAL				
	Total rooms	2017	Days	2018	Days	Total rooms	2017	Days	2018	Days	Total rooms	2017	Days	2018	Days	Total rooms	2017	Days	2018	Days	Total rooms	2017	Days	2018	Days
JANUARY (I)	5.115	290	2	141	1	3.286	289	3	416	4	3.100	120	1	152	2	2.232	0	0	0	0	13.733	699	2	709	2
FEBRUARY (II)	4.620	367	2	0	0	2.968	0	0	444	4	2.800	0	0	0	0	2.016	0	0	0	0	12.404	367	1	444	1
MARCH (III)	5.115	1.389	8	1.304	8	3.286	105	1	903	9	3.100	0	0	0	0	2.232	0	0	0	0	13.733	1.494	3	2.207	5
APRIL (IV)	4.950	3.290	20	3.072	19	3.180	793	7	587	6	3.000	378	4	404	4	2.160	0	0	90	1	13.290	4.461	10	4.153	9
MAY (V)	5.115	3.626	22	4.112	25	3.286	1.999	19	2.073	20	3.100	1.483	15	1.244	12	2.232	250	3	412	6	13.733	7.358	17	7.841	18
JUNE (VI)	4.950	4.227	26	4.281	26	3.180	2.506	24	2.467	23	3.000	2.382	24	2.325	23	2.160	1.376	19	1.263	18	13.290	10.491	24	10.336	23
JULY (VII)	5.115	4.600	28	4.663	28	3.286	2.978	28	2.918	28	3.100	2.898	29	2.858	29	2.232	2.034	28	1.960	27	13.733	12.510	28	12.399	28
AUGUST (VIII)	5.115	4.872	30	4.764	29	3.286	3.112	29	3.106	29	3.100	2.939	29	2.981	30	2.232	2.136	30	2.028	28	13.733	13.059	29	12.879	29
SEPTEMBER (IX)	4.950	4.394	27	4.599	28	3.180	2.688	25	2.785	26	3.000	1.998	20	2.475	25	2.160	1.289	18	1.396	19	13.290	10.369	23	11.255	25
OCTOBER (X)	5.115	0	0	0	0	3.286	0	0	0	0	3.100	0	0	0	0	2.232	0	0	0	0	13.733	0	0	0	0
NOVEMBER (XI)	4.950	0	0	0	0	3.180	0	0	0	0	3.000	0	0	0	0	2.160	0	0	0	0	13.290	0	0	0	0
DECEMBER (XII)	5.115	0	0	0	0	3.286	0	0	0	0	3.100	0	0	0	0	2.232	0	0	0	0	13.733	0	0	0	0
TOTAL	60.225	27.055	164	26.936	163	38.690	14.470	137	15.699	148	36.500	12.198	122	12.439	124	26.280	7.085	98	7.149	99	161.695	60.808	137	62.223	140

Monthly comparison of revenues/overnight stays of hotels of Ilirija Resort from 01/01-30/09/2018 and comparison with the same period in the year 2017

MONTH	GENERATED REVENUES			OVERNIGHT STAYS			AVERAGE PRICE IN HRK		AVERAGE PRICE IN €		
	2017	2018	INDEX	2017	2018	INDEX	2017	2018	2017	2018	INDEX
JANUARY	275.461,90	803.080,98	2,92	1.243	1.233	0,99	221,61	651,32	29,61	87,86	2,97
FEBRUARY	163.173,69	168.772,98	1,03	639	738	0,00	0,00	0,00	0,00	0,00	0,00
MARCH	505.330,20	1.165.923,76	2,31	2.212	4.005	1,81	228,45	291,12	30,71	39,17	1,28
APRIL	2.460.064,91	2.127.454,35	0,86	7.645	7.317	0,96	321,79	290,76	43,08	39,22	0,91
MAY	3.672.406,66	4.458.081,78	1,21	12.075	13.785	1,14	304,13	323,40	41,00	43,80	1,07
JUNE	6.120.858,20	7.144.094,97	1,17	20.213	20.465	1,01	302,82	349,09	40,88	47,30	1,16
JULY	10.220.585,50	11.251.800,27	1,10	30.085	29.684	0,99	339,72	379,05	45,86	51,27	1,12
AUGUST	11.624.160,61	12.961.474,61	1,12	30.621	29.670	0,97	379,61	436,85	51,22	58,82	1,15
SEPTEMBER	6.949.754,37	7.506.346,22	1,08	19.032	20.178	1,06	365,16	371,39	48,71	50,03	1,03
OCTOBER	3.463.332,65	0,00	0,00	10.102	0	0,00	342,84	0,00	45,66	0,00	0,00
NOVEMBER	615.592,56	0,00	0,00	2.349	0	0,00	262,07	0,00	34,75	0,00	0,00
DECEMBER	741.513,41	0,00	0,00	2.572	0	0,00	288,30	0,00	38,37	0,00	0,00
TOTAL	46.812.234,66	47.587.029,92	1,02	138.788	127.075	0,92	337,29	374,38	45,21	50,52	1,12
30/09/2018	41.991.796,04	47.587.029,92	1,13	123.765	127.075	1,03	339,29	374,38	45,26	50,44	1,11

Revenues per sold room 30/09/18	764,78 kn	103,18 €
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Revenues per sold room 30/09/17	690,56 kn	92,56 €
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Selected profit centers within the hotel sector

Lavender	2017	2018	INDEX
31/12	1.104.317,96		
30/09	1.061.808,45	1.070.896,73	1,00

Aquatic center	2017	2018	INDEX
31/12	3.048.616,68		
30/09	3.052.547,76	2.591.745,37	0,85

Tennis center	2017	2018	INDEX
31/12	326.811,59		
30/09	311.680,73	366.583,72	1,18

Beach bar Donat	2017	2018	INDEX
31/12	311.931,24		
30/09	302.233,00	283.511,03	0,94

Hotel sector total

TOTAL	2017	2018	INDEX
31/12	51.607.843,21		
30/09	46.720.065,98	51.899.766,77	1,11

Revenues per sold room - 2018:	834,09 kn	112,53 €	INDEX
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Revenues per sold room - 2017:	768,32 kn	102,99 €	1,09
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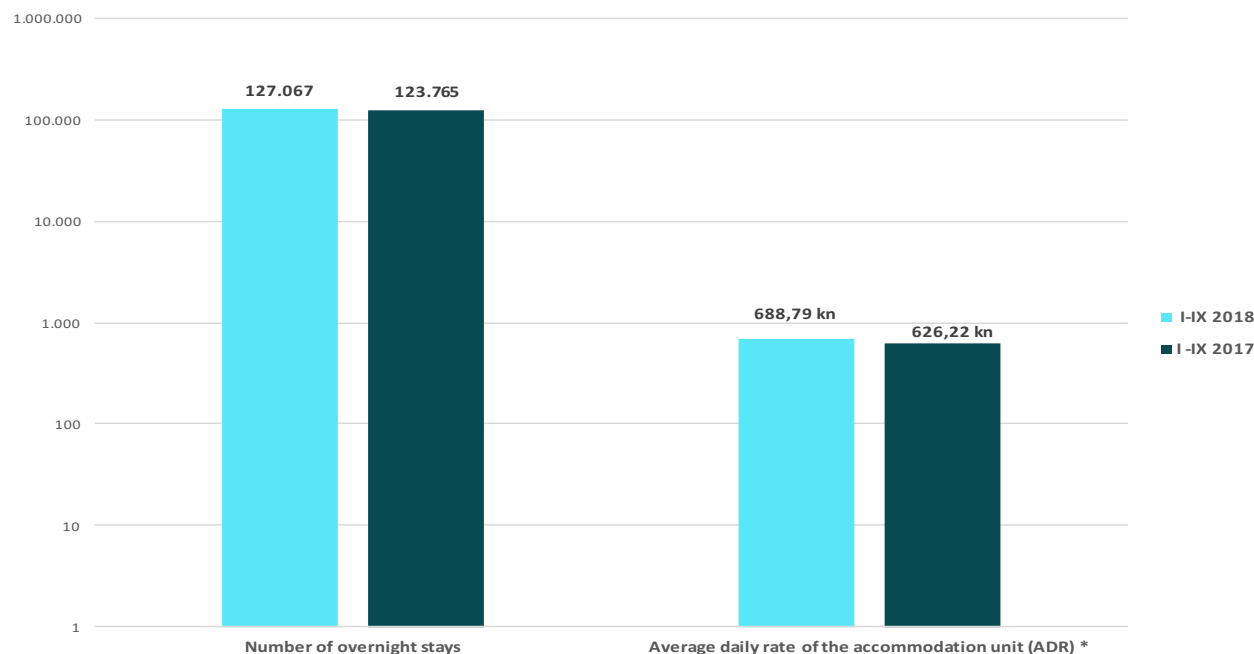
OPERATING RESULTS OF THE HOTEL SECTOR

Summary of the operating results of the hotel sector

The results of the hotel sector is shown separately for the hotels in Biograd and hotel in Sv. Filip Jakov considering a different market profile of these two tourist destinations and also considering the different market position of the hotel in destination of Biograd compared to the hotel in Sv. Filip Jakov.

The hotel sector of the Company generated the best operating results so far in the nine months of 2018 that are reflected both in the market as well as the financial ratios. Compared to the previous year, the Company records an increased volume of physical demand that resulted in an increase in capacity occupancy by 2.7% and is followed by an increase in average daily rate by 9.99%. Due to their market po-

sition, the hotels in Biograd achieved a high increase in the average daily rate by 10.4 per cent and high increase in revenues per available accommodation unit by 13.6% or 10.4% on the base of open days. Hotel in Sv. Filip i Jakov, also achieved an increase in average daily rate by 6.5%, and an increase in revenues per available accommodation unit by 7.8%.



* ADR – Average daily rate of the accommodation unit is calculated on the basis of the revenue from board services (revenue from the accommodation and food and beverages of the board services).

Key market indicators of the hotel sector

	I-IX 2018	I-IX 2017	2018/2017
HOTELS IN BIOGRAD			
Accommodation capacities:			
Number of hotels	3	3	0,00%
Number of accommodation units	371	371	0,00%
Number of beds	778	763	1,97%
Physical turnover			
Number of overnight stays	111.486	108.051	3,18%
Number of accommodation units sold	55.074	53.723	2,51%
The occupancy of accommodation units based on a total number of days in a period (%)	54,38%	52,85%	2,89%
Occupancy rate of the accommodation units on an open days basis (%)	71,40%	65,93%	8,31%
Financial results:			
Average daily rate of the accommodation unit (ADR) *	700,36 kn	634,52 kn	10,38%
Revenue per accommodation unit (RevPAR) on a total number of days basis in period **	380,83 kn	335,34 kn	13,57%
Revenue per accommodation unit (RevPAR) on an open days basis **	500,08 kn	418,32 kn	19,55%
HOTEL IN SV. FILIP I JAKOV			
Accommodation capacities:			
Number of hotels	1	1	0,00%
Number of accommodation units	72	72	0,00%
Number of beds	144	144	0,00%
Physical turnover			
Number of overnight stays	15.581	15.714	-0,85%
Number of accommodation units sold	7.149	7.085	0,90%
The occupancy of accommodation units based on a total number of days in a period (%)	36,37%	35,91%	1,27%
Occupancy rate of the accommodation units on an open days basis (%)	64,06%	73,99%	-13,42%
Financial results:			
Average daily rate of the accommodation unit (ADR) *	599,63 kn	563,30 kn	6,45%
Revenue per accommodation unit (RevPAR) on a total number of days basis in period **	218,09 kn	202,30 kn	7,80%
Revenue per accommodation unit (RevPAR) on an open days basis **	384,12 kn	416,77 kn	-7,83%
HOTELS - TOTAL ILIRIJA d.d.			
Accommodation capacities:			
Number of hotels	4	4	0,00%
Number of accommodation units	443	443	0,00%
Number of beds	922	907	1,65%
Physical turnover			
Number of overnight stays	127.067	123.765	2,67%
Number of accommodation units sold	62.223	60.808	2,33%
The occupancy of accommodation units based on a total number of days in a period (%)	51,45%	50,10%	2,70%
Occupancy rate of the accommodation units on an open days basis (%)	70,47%	66,77%	5,54%
Financial results:			
Average daily rate of the accommodation unit (ADR) *	688,79 kn	626,22 kn	9,99%
Revenue per accommodation unit (RevPAR) on a total number of days basis in period **	354,38 kn	313,71 kn	12,96%
Revenue per accommodation unit (RevPAR) on an open days basis **	485,42 kn	418,15 kn	16,09%

Notes:

Hotels in Biograd include the hotels Ilirija, Adriatic and Kornati, while the hotel in Sv. Filip Jakov is the hotel Villa Donat.

* ADR – Average daily rate of the accommodation unit is calculated on the basis of the revenue from board services (revenue from the accommodation and food and beverages of the board services).

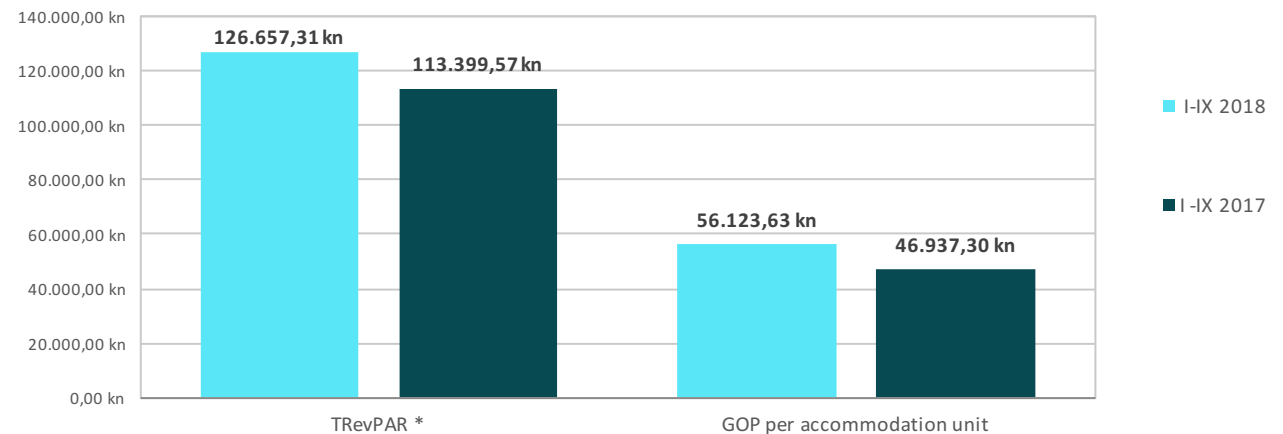
** RevPAR – Revenue from the board services per accommodation unit includes the revenue from the board services (revenue from the accommodation and food and beverages of the board services) divided by the number of the available accommodation units in a given period (273 days; number of open days).

In the nine months of 2018, the hotel sector generated almost HRK 51.6 million in operating revenue which is an increase by 11.2% per cent compared to that in the previous year. The operating expenses of the hotel sector compared to those in the previous year grew by 6.0%. The increase in operating expenses of the hotel sector is mainly the result of an increase in volume of business. Gross operating profit (GOP) at the level of hotel sector in the observed period increased by 18.8% compared to that in the same period last year, while GOP per accommodation unit amounts to HRK 56,123.63 for the hotels in Biograd with an increase by 19.6% and HRK 50,905.52 for the hotel sector of Ilirija d.d. with an increase of 18.8%. HRK 13.1 million of capital investments was made in the improvement of the competitiveness of the products of the hotel industry of the Company in the nine months of 2018.

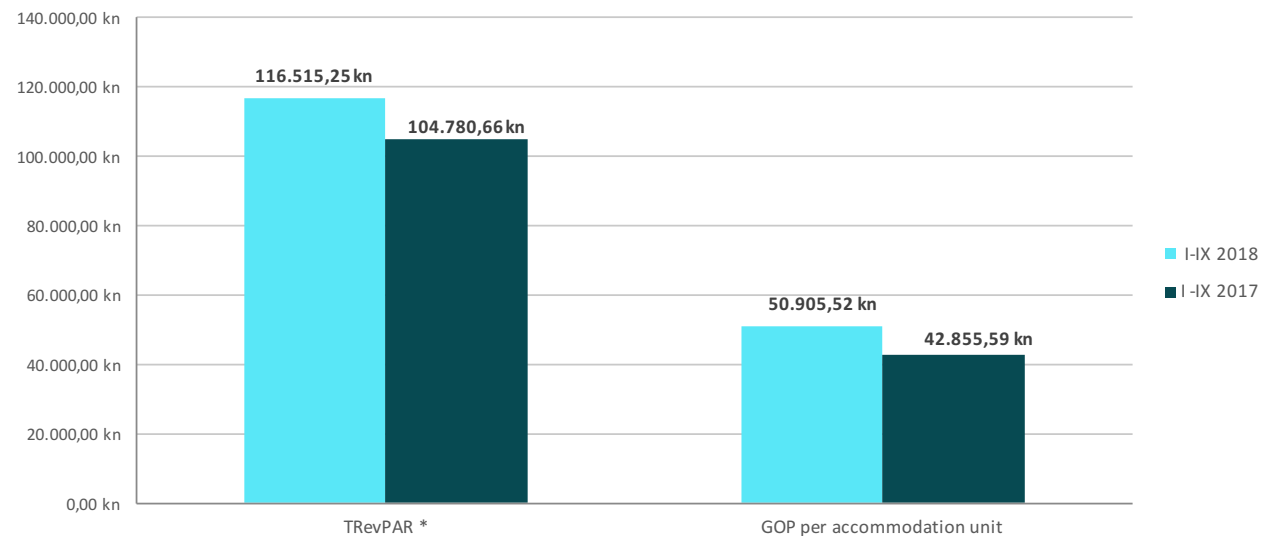
* TRevPAR denotes the total operating revenue of the hotel sector divided by a number of physical accommodation units.

GOP denotes a gross operating profit of the hotel sector before the allocation of costs of common services, and is calculated in the following way: operating revenues – operating expenses (before the allocation, without depreciation and fixed costs).

Total revenue per accommodation unit (TrevPAR) and GOP per accommodation unit in the hotels in Biograd in period I-IX 2018 and I-IX 2017



Total revenue per accommodation unit (TrevPAR) and GOP per accommodation unit in hotel sector of Ilirija d.d. in period I-IX 2018 and I-IX 2017



Key financial indicators of the hotel sector

	I-IX 2018	I-IX 2017	2018/2017
HOTEL SECTOR - BIOGRAD			
Operating revenues	46.989.862,32 kn	42.071.240,55 kn	11,69%
Revenues from board services	38.571.621,97 kn	34.088.228,70 kn	13,15%
TRevPAR *	126.657,31 kn	113.399,57 kn	11,69%
Operating costs**	26.167.996,31 kn	24.657.501,09 kn	6,13%
Gross operating profit (GOP) ***	20.821.866,01 kn	17.413.739,46 kn	19,57%
GOP per accommodation unit	56.123,63 kn	46.937,30 kn	19,57%
GOP margin****	44,3%	41,4%	7,06%
Capital investments	12.538.359,66 kn	3.640.810,73 kn	244,38%
HOTEL SECTOR - SV. FILIP I JAKOV			
Operating revenues	4.626.393,42 kn	4.346.592,43 kn	6,44%
Revenues from board services	4.286.736,82 kn	3.990.959,03 kn	7,41%
TRevPAR *	64.255,46 kn	60.369,34 kn	6,44%
Operating costs **	2.897.116,00 kn	2.775.303,47 kn	4,39%
Gross operating profit (GOP) ***	1.729.277,42 kn	1.571.288,96 kn	10,05%
GOP per accommodation unit	24.017,74 kn	21.823,46 kn	10,05%
GOP margin ****	37,4%	36,1%	3,40%
Capital investments	544.395,00 kn	2.443.044,84 kn	-77,72%
HOTEL SECTOR - TOTAL ILIRIJA d.d.			
Operating revenues	51.616.255,74 kn	46.417.832,98 kn	11,20%
Revenues from board services	42.858.358,79 kn	38.079.187,73 kn	12,55%
TRevPAR *	116.515,25 kn	104.780,66 kn	11,20%
Operating costs **	29.065.112,31 kn	27.432.804,56 kn	5,95%
Gross operating profit (GOP) ***	22.551.143,43 kn	18.985.028,42 kn	18,78%
GOP per accommodation unit	50.905,52 kn	42.855,59 kn	18,78%
GOP margin ****	43,7%	40,9%	6,82%
Capital investments	13.082.754,66 kn	6.083.855,57 kn	115,04%

Notes:

The hotel sector in Biograd includes hotels Ilirija, Adriatic and Kornati, Lavender bar, Aquatic center and entertainment - sports center, while the hotel sector in Sv. Filip Jakov refers to the hotel Villa Donat.

* TRevPAR (total annual revenue per accommodation unit) denotes the total operating revenue of the hotel sector divided by a number of physical accommodation units.

** Operating costs include the costs of raw material and material, costs of services, gross pays and other operating costs, not including the depreciation, financial expenses and extraordinary expenses.

*** GOP denotes a gross operating profit of the hotel sector before the allocation of costs of common services, and is calculated in the following way: operating revenues – operating expenses (before the allocation, without depreciation and fixed costs).

**** GOP margin is calculated by correlating the amount of GOP before the allocation of costs of common services and operating revenues.

ILIRIJA TRAVEL

In the nine months of the year 2018, some 519 events - individual events, special programs, incentives, conferences, congresses, weddings, trips, regattas and concerts with a total number of 41,441 visitors were realized through the system and organization of DMC Ilirija Travel including other profit centers of the company, which is the backbone of the Company's extension of the season by offering complementary forms of tourism and special interest tourism as tailor-made events which are increasingly demanded forms of tourism. A total of HRK 6,932,514.21 of revenues was realized, and it is the result of Ilirija Travel activities as an integrated product of the Company. In affirming the complementary forms of tourism and tourism of special interests as well as tailor made events, the number of events increased by 28%. A number of visitors (participants) reduced by 13% and a decline in revenues by 28% (the revenue in the same period of 2017 was HRK 8,949,457.80) is the result of lack of some major mass events as well as special programs of regional gatherings of more prominent foreign companies that we have been doing events for with cruises around the Adriatic in 2017. In this part, it is evident that in 2017 Croatia was a hit destination, whereas prominent Eu-

ropean and international companies organized regional gatherings, social gatherings, presentations, regattas and reward trips here for their customers or employees, which has not happened this year.

At the same time, the number of private, business and incentive events with the guests of Ilirija Resort on the Biograd and Zadar Riviera increased, thus extending the season in our facilities and increasing the satisfaction of our guests.

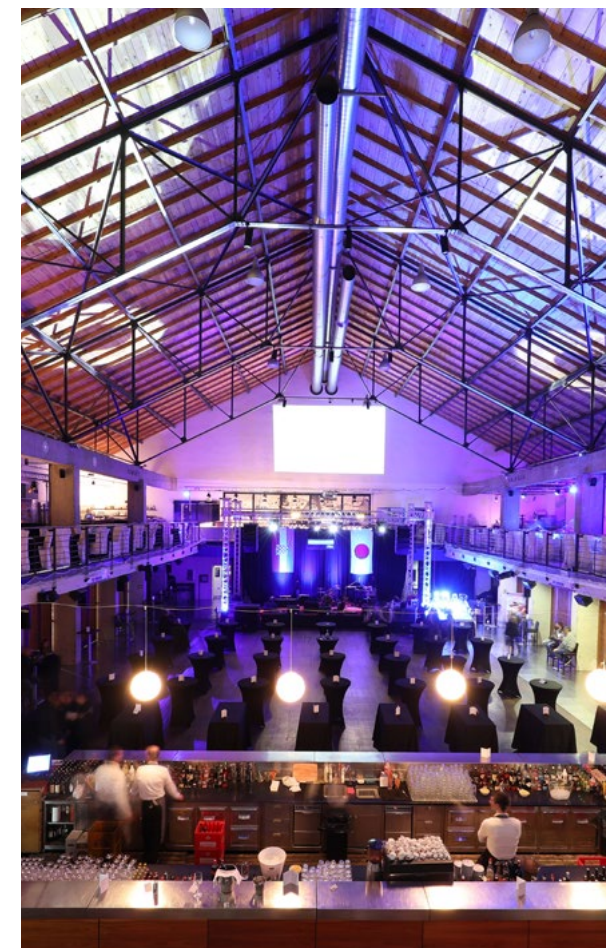
REVENUES BY ACTIVITIES:

Revenues from hotel services amount to HRK 47,587,029.92 and rose by 13% in comparison with those in the same period last year.

Other revenues from hotel sector including Beach bar Donat, which is a part of the business unit hotel Villa Donat, Sv. Filip i Jakov, were generated in the amount of HRK 4,312,736.85 and are lower by 9% than those in the same period in 2017.

Overall, the revenues of the hotel sector in the nine months amount to HRK 51,899,766.77, which is by 11% higher than those in the same period last year,

accounting for 36.11% of the total operating revenues of the Company for the observed period.





NAUTICS – MARINA KORNA TI

At the end of the third quarter of 2018, a total 726 berth contracts were concluded, of which 405 contracts for individual vessels and 321 contracts for charter vessels, which compared to the same period of the last year is a rise by 3% of which specially contracted charter vessels recorded a growth by 12%. The growth in contracted charter vessels resulted in higher revenue generated from berth on a contract basis since the prices of a fee for accommodating charter vessels are higher than a fee for individually contracted vessels.

Regarding the operational part of the business, some 3,085 vessels sailed in Marina Kornati in the observed period, or about 8% less vessels with the realized 9,520 overnight stays compared to those in the same period of 2017. The reasons for the reduction of operating and financial ratios in the segment of the transit service, sailing in and overnight stay of the vessels or the revenue from the daily berth are the result of changes in the general trend among the guests in transit, who, compared to situation last year, stay longer at sea and tie the vessels to the anchors, instead in nautical ports, which also was reflected on the revenues generated from the transit berth.

In the nine months, some 3.080 port service operations were carried out (lifting, lowering and washing of vessels), while 2,978 operations were carried out in the same period last year, which constitutes a growth by 3%, which resulted in the growth in revenues in the mentioned period.

In the nine months of this year, the financial results of the business operations or operating revenues of the nautical sector in the segment of accommodating vessels, excluding the hospitality were generated in the amount of HRK 39,640,826.84, which is an increase by 3.95% compared to those in the same period of 2017 when operating revenues amounted to HRK 38,134,328.16. Except for the revenue item of the daily berth, the revenue was also generated in other items. The most significant item is the revenue from the contract-based berth with accessories of HRK 28,552,431.11 which increased by 5.07% or by HRK 1,377,728.23, generating the total growth in revenues of Marina Kornati, while in relative amounts the highest growth in revenues was recorded by boat fair and events that grew by 15.10%, followed by a growth in revenues generated in the port service by 6.53%, business cooperation by 5.76%, and other services and parking services.

The nautical sector expects an intensive business activity in the fourth quarter of the fiscal year with regard to its year-round operations, holding of the nautical fair Biograd Boat Show and regatta events. The 20th nautical fair called Biograd Boat Show, the greatest Croatian and Central European nautical fair at sea will be held in the second half of October, that is, from 18th to 21st October 2018, which was attended by 320 registered exhibitors participating with more than 300 vessels in 2017. In the last two years, the significance of the Biograd Boat Show as the central gathering place of all segments of the nautical industry and tourism in Croatia as well as the activities, dedication, tradition and knowledge that the Company has for years invested in its development have been recognized by the leading business and professional associations, recognizing the fair as a significant event getting all the important representatives of the nautical industry in Croatia, renowned international exhibitors, producers, representatives or associations from the field of nautical industry and tourism together, as an event with a rich congress program, domestic and international media coverage.

In the nine months, there were 45 regatta events attended by 4,020 sailors on 285 vessels in the Marina

Kornati. Among the regattas, the international regatta Kornati Cup 2017 is to be especially mentioned, with about 700 sailors from all over Europe on more than 110 vessels and the Business Cup 2017 with 300 sailors and 50 sailing boats mainly from Austria which can be characterized as a kind of Austrian open sailing championship, where Bavaria Cup, the Russian regatta attended by over 130 participants is far the most important regatta event in the post-season. By the end of the fiscal year, mainly in the month of October, some ten regatta events will be held, which will be attended by over 1,100 participants.

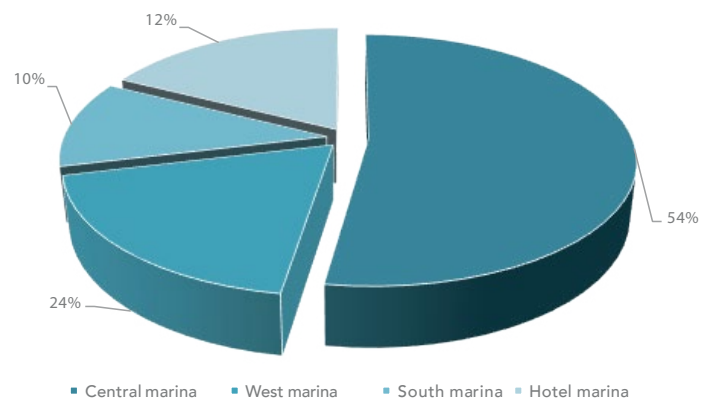




Marina Kornati capacities

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

% Share of individual marina (number of berths)



Cumulative overview of physical turnover of Marina Kornati during the period from 01/01-30/09/2018 and comparison with the same period in the year 2017

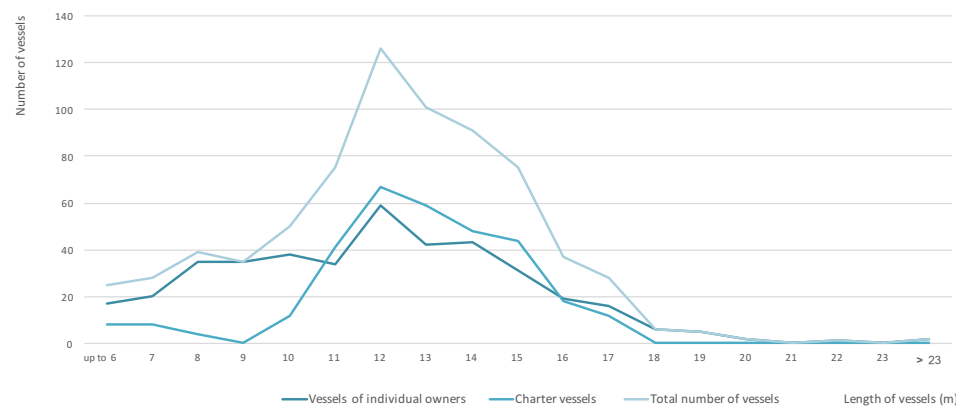
Physical turnover items		2018 by month											
Name of position	Measurment unit	1	2	3	4	5	6	7	8	9	10	11	12
Contract-based berth - individual	Contracted vessel	77	233	293	351	381	396	402	405	405			
Contract-based berth -charter	Contracted vessel	4	6	91	293	316	319	320	321	321			
TOTAL Contract-based berth	Contracted vessel	81	239	384	644	697	715	722	726	726			
Transit berth-sailing in port	Sailing in port	1	7	29	139	520	1.005	1.835	2.648	3.085			
Transit berth-overnight stay of vessel	Boat/day	134	298	625	1.233	2.190	3.356	5.832	8.509	9.520			
Transit berth-overnight stay of vessel crew	Overnight stay of a person												
Port service	Operation	171	379	689	1.111	1.536	1.926	2.410	2.859	3.080			

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

Vessels on berth contract from 01/01-30/09/2018 and comparison with the same period in the year 2017

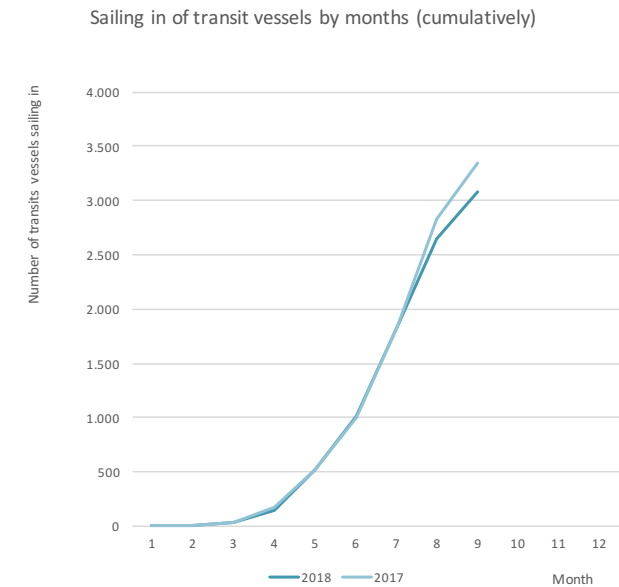
Purpose	Type of berth	Position of berth	01/01-30/09	% Total	01/01-30/09	% Total	Index
			2018	Vessels	2017	Vessels	
VESSEL OF INDIVIDUAL OWNERS	Annual berth in the sea	Central aquatorium	277	38	289	41	96
		South aquatorium	45	6	50	7	90
		Western aquatorium	8	1	2	0	400
	Annual berth on the land	Hotel port	36	5	40	6	90
		Marina land	3	0	2	0	150
	Seasonal berth in the sea	Marina aquatorium	20	3	22	3	91
		Hotel port	16	2	11	2	145
Total individual vessels:			405	56	416	59	97
CHARTER VESSELS	Annual berth in the sea	Central aquatorium	92	13	78	11	118
		South aquatorium	0	0	0	0	#DIV/0!
		Western aquatorium	229	32	195	28	117
		Hotel port	0	0	14	2	0
	Total charter vessels:			321	44	287	41
Total vessels 2018:			726	100	703	100	103

Vessels on berth contract from 01/01-30/09/2018



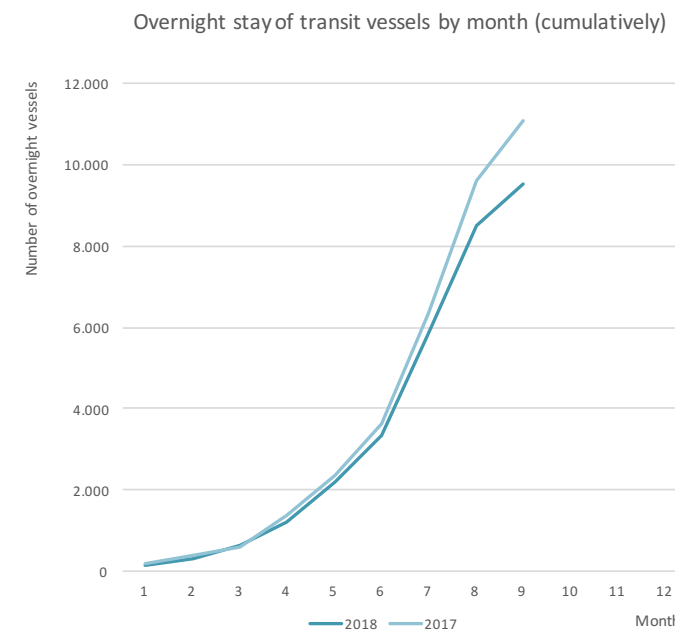
Transit berth – inbound vessels sailing into the port during the period from 01/01-30/09/2018 and comparison with the same period in the year 2017

2018	Individually monthly			Cumulatively monthly		
	2018	2017	INDEX	2018	2017	INDEX
Month	2018/2017			2018/2017		
1	1	1	100	1	1	100
2	6	5	120	7	6	117
3	22	22	100	29	28	104
4	110	148	74	139	176	79
5	381	345	110	520	521	100
6	485	478	101	1.005	999	101
7	830	834	100	1.835	1.833	100
8	813	997	82	2.648	2.830	94
9	437	518	84	3.085	3.348	92
10			#DIV/0!			#DIV/0!
11			#DIV/0!			#DIV/0!
12			#DIV/0!			#DIV/0!
Total 2018	3.085					
Total 2017	3.348					
Index 2018/2017	92					



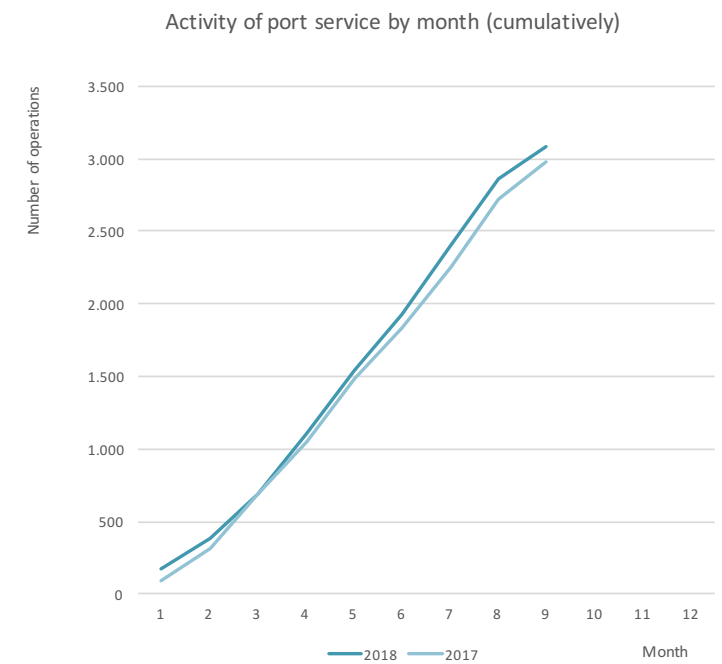
Transit berth – vessel overnight stay during the period from 01/01-30/09/2018 and comparison with the same period in the year 2017

2018	Individually monthly			Cumulatively monthly		
	2018	2017	INDEX	2018	2017	INDEX
Month	2018/2017			2018/2017		
1	134	184	73	134	184	73
2	164	206	80	298	390	76
3	327	214	153	625	604	103
4	608	761	80	1.233	1.365	90
5	957	1.001	96	2.190	2.366	93
6	1.166	1.267	92	3.356	3.633	92
7	2.476	2.700	92	5.832	6.333	92
8	2.677	3.271	82	8.509	9.604	89
9	1.011	1.463	69	9.520	11.067	86
10			#DIV/0!			#DIV/0!
11			#DIV/0!			#DIV/0!
12			#DIV/0!			#DIV/0!
Total 2018	9.520					
Total 2017	11.067					
Index 2018/2017	86					



Activities of port repair services during the period from 01/01-30/09/2018 and comparison with the same period in the year 2017

2018	Individually monthly			Cumulatively monthly		
	2018	2017	INDEX	2018	2017	INDEX
Month	2018/2017			2018/2017		
1	171	87	197	171	87	197
2	208	225	92	379	312	121
3	310	374	83	689	686	100
4	422	369	114	1.111	1.055	105
5	425	432	98	1.536	1.487	103
6	390	343	114	1.926	1.830	105
7	484	425	114	2.410	2.255	107
8	449	468	96	2.859	2.723	105
9	221	255	87	3.080	2.978	103
10			#DIV/0!			#DIV/0!
11			#DIV/0!			#DIV/0!
12			#DIV/0!			#DIV/0!
Total 2018	3.080					
Total 2017		2.978				
Index 2018/2017			103			



Revenue generated by Marina Kornati during the period from 01/01-30/09/2018 individually by months and comparison with the same period in the year 2017

REVENUES OF MARINA KORNATI 2018 SEPARATE BY MONTHS																
Revenue positions		Months 2018												2018	2017	Index
		1	2	3	4	5	6	7	8	9	10	11	12	CUMULAT.	TOTAL	2018/2017
I	Daily berths	21.798,53	17.162,98	52.765,59	137.407,35	257.811,82	336.771,25	547.611,97	614.909,89	261.303,69	0,00	0,00	0,00	2.247.543,06	2.675.218,47	84,01
II	Contracted berth with accessories	3.055.113,30	5.666.701,26	4.040.807,17	6.138.972,98	1.491.753,01	648.604,10	7.412.226,30	73.727,75	24.525,24	0,00	0,00	0,00	28.552.431,11	27.174.702,88	105,07
III	Port service	136.539,66	221.275,21	350.618,77	430.464,87	394.404,73	293.203,91	266.638,50	215.071,96	108.994,10	0,00	0,00	0,00	2.417.211,71	2.269.125,52	106,53
IV	Vehicle parking	924,00	4.812,00	16.769,20	116.172,16	243.356,04	328.993,60	423.876,39	398.572,88	332.824,89	0,00	0,00	0,00	1.866.301,16	1.825.611,33	102,23
V	Other services	5.298,19	22.435,64	-47.587,88	16.907,04	128.366,56	142.568,89	-64.339,85	148.390,61	171.353,03	0,00	0,00	0,00	523.392,23	507.656,35	103,10
VI	Business cooperation	0,00	0,00	0,00	1.170.278,80	686,40	28.560,48	1.110.131,30	0,00	0,00	0,00	0,00	0,00	2.309.656,98	2.183.879,37	105,76
VII	Boat fair and events	40.000,00	0,00	0,00	22.625,00	3.430,00	0,00	178.062,11	19.392,32	1.460.781,16	0,00	0,00	0,00	1.724.290,59	1.498.134,24	115,10
	TOTAL:	3.259.673,68	5.932.387,09	4.413.372,85	8.032.828,20	2.519.808,56	1.778.702,23	9.874.206,71	1.470.065,41	2.359.782,11	0,00	0,00	0,00	39.640.826,84	38.134.328,16	103,95

REVENUES OF MARINA KORNATI 2017 SEPARATE BY MONTHS																
Revenue positions		Months 2017												2017	2016	Index
		1	2	3	4	5	6	7	8	9	10	11	12	CUMULAT.	TOTAL	2017/2016
I	Daily berths	23.610,83	12.299,16	41.735,58	232.742,19	312.982,77	360.688,97	619.829,47	672.106,94	399.222,56	0,00	0,00	0,00	2.675.218,47	2.562.704,15	104,39
II	Contracted berth with accessories	3.342.389,48	6.205.212,33	2.847.500,90	6.099.342,08	1.583.516,10	739.388,11	6.135.276,15	117.986,86	104.090,87	0,00	0,00	0,00	27.174.702,88	26.031.977,49	104,39
III	Port service	80.388,17	240.034,82	380.894,90	363.057,82	420.735,08	236.988,10	233.754,34	189.734,69	123.537,60	0,00	0,00	0,00	2.269.125,52	2.554.895,63	88,81
IV	Vehicle parking	2.104,00	8.268,00	8.616,00	123.316,00	215.027,24	278.789,38	397.409,85	385.389,71	406.691,14	0,00	0,00	0,00	1.825.611,33	1.729.184,29	105,58
V	Other services	3.206,75	27.151,95	60.745,47	80.819,81	56.063,78	67.161,09	-4.362,27	149.151,88	67.717,89	0,00	0,00	0,00	507.656,35	577.485,73	87,91
VI	Business cooperation	0,00	0,00	0,00	1.102.318,61	0,00	3.698,85	1.077.861,91	0,00	0,00	0,00	0,00	0,00	2.183.879,37	2.133.838,38	102,35
VII	Boat fair and events	0,00	0,00	7.006,00	22.860,34	10.500,00	13.250,00	8.653,00	257.883,68	1.177.981,22	0,00	0,00	0,00	1.498.134,24	1.141.216,49	131,28
	TOTAL:	3.451.699,23	6.492.966,26	3.346.498,85	8.024.456,85	2.598.824,97	1.699.964,50	8.468.422,45	1.772.253,76	2.279.241,28	0,00	0,00	0,00	38.134.328,16	36.731.302,16	103,82

Revenue generated by Marina Kornati during the period from 01/01-30/09/2018 cumulatively by months and comparison with the same period in the year 2017

REVENUES OF MARINA KORNATI 2018 CUMULATIVE BY MONTHS													
Revenue positions	Months 2018												% of total revenues
	1	2	3	4	5	6	7	8	9	10	11	12	
I Daily berths	21.798,53	38.961,50	91.727,10	229.134,45	486.946,27	823.717,52	1.371.329,48	1.986.239,37	2.247.543,06	0,00	0,00	0,00	5,67
II Contracted berth with accessories	3.055.113,30	8.721.814,56	12.762.621,73	18.901.594,71	20.393.347,72	21.041.951,82	28.454.178,12	28.527.905,87	28.552.431,11	0,00	0,00	0,00	72,03
III Port service	136.539,66	357.814,87	708.433,64	1.138.898,51	1.533.303,24	1.826.507,15	2.093.145,65	2.308.217,61	2.417.211,71	0,00	0,00	0,00	6,10
IV Vehicle parking	924,00	5.736,00	22.505,20	138.677,36	382.033,40	711.027,00	1.134.903,39	1.533.476,27	1.866.301,16	0,00	0,00	0,00	4,71
V Other services	5.298,19	27.733,84	-19.854,05	-2.947,01	125.419,55	267.988,44	203.648,59	352.039,20	523.392,23	0,00	0,00	0,00	1,32
VI Business cooperation	0,00	0,00	0,00	1.170.278,80	1.170.965,20	1.199.525,68	2.309.656,98	2.309.656,98	2.309.656,98	0,00	0,00	0,00	5,83
VII Boat fair and events	40.000,00	40.000,00	40.000,00	62.625,00	66.055,00	66.055,00	244.117,11	263.509,43	1.724.290,59	0,00	0,00	0,00	4,35
TOTAL:	3.259.673,68	9.192.060,77	13.605.433,62	21.638.261,82	24.158.070,38	25.936.772,61	35.810.979,32	37.281.044,73	39.640.826,84	0,00	0,00	0,00	100,00

REVENUES OF MARINA KORNATI 2017 CUMULATIVE BY MONTHS													
Revenue positions	Months 2017												% of total revenues
	1	2	3	4	5	6	7	8	9	10	11	12	
I Daily berths	23.610,83	35.909,99	77.645,57	310.387,76	623.370,53	984.059,50	1.603.888,97	2.275.995,91	2.675.218,47	0,00	0,00	0,00	7,02
II Contracted berth with accessories	3.342.389,48	9.547.601,81	12.395.102,71	18.494.444,79	20.077.960,89	20.817.349,00	26.952.625,15	27.070.612,01	27.174.702,88	0,00	0,00	0,00	71,26
III Port service	80.388,17	320.422,99	701.317,89	1.064.375,71	1.485.110,79	1.722.098,89	1.955.853,23	2.145.587,92	2.269.125,52	0,00	0,00	0,00	5,95
IV Vehicle parking	2.104,00	10.372,00	18.988,00	142.304,00	357.331,24	636.120,62	1.033.530,48	1.418.920,19	1.825.611,33	0,00	0,00	0,00	4,79
V Other services	3.206,75	30.358,70	91.104,17	171.923,98	227.987,76	295.148,85	290.786,58	439.938,46	507.656,35	0,00	0,00	0,00	1,33
VI Business cooperation	0,00	0,00	0,00	1.102.318,61	1.102.318,61	1.106.017,46	2.183.879,37	2.183.879,37	2.183.879,37	0,00	0,00	0,00	5,73
VII Boat fair and events	0,00	0,00	7.006,00	29.866,34	40.366,34	53.616,34	62.269,34	320.153,02	1.498.134,24	0,00	0,00	0,00	3,93
TOTAL:	3.451.699,23	9.944.665,49	13.291.164,34	21.315.621,19	23.914.446,16	25.614.410,66	34.082.833,12	35.855.086,88	38.134.328,16	0,00	0,00	0,00	100,00

OPERATING RESULTS OF THE NAUTICS

Summary of the operating results of nautics

The nautical sector of the Company, consisting of three business segments (Marina Kornati, nautical show - Biograd Boat Show and restaurant "Marina Kornati") generated the operating revenues in the amount HRK 42,259,650.40 during the period from 01/01-30/09/2018, as a result of which the nautical sector records a growth in operating revenues by 1.84% or by HRK 762,719.71 compared to those in the previous year.

The capacity of berths and prices of Marina Kornati remained at the level of the previous fiscal year, and the achieved business results are the consequence of continuous planning of the exploitation and efficiency of the marina in the best possible way with continuous monitoring of nautical trends and markets.

The operating revenues from Marina Kornati are the most important part of the nautical sector and it generated a growth rate by 3.49 % in the mentioned period compared to that in the same period last year. The most significant impact on the growth in revenue from Marina Kornati was exerted by the growth in revenue from the contract-based berth with acce-

ssories (growth rate of 5.07%), which is the result of an increased number of contracted charter vessels for which the price of fee for using the contract-based berth increased by 10% compared to the price of individual vessels that use contract-based berth, and at the same time the average length of charter vessels is higher compared to that in individual contract-based vessels. The revenue from the nautical fair saw a high rate of growth by 15.10% for the observed period compared to that in the same period in 2017 as a result of stronger market profiling of the fair and the development of its business character and consequently the increased demand for the exhibition space. The hospitality segment of the nautical sector of the Company has seen a decline in revenues by 22.12% which is the consequence of a decrease in the number of regatta events using food and beverage services, followed by a decrease in the number of participants in the regatta events and a decrease in the number of events themselves in the nautical sector of the Company that have chosen new destinations or ports of nautical tourism in the Middle and South Adriatic Coast as the place where they would be held. The operating expenses of nautics for the observed period compared to those in the previous year grew

by 3.15%. The growth in operating expenses is the result of an increase in labor costs and increased costs associated with the improvement of the quality of service due to increased costs associated with the service improvement and the development of new business networking products. The operating expenses of the Marina Kornati restaurant decreased by 11.6% as a result of low level of business activities. The amount of HRK 2,425,258.73 was invested in the improvement of the competitiveness of the product of the entire nautical sector in the observed period.

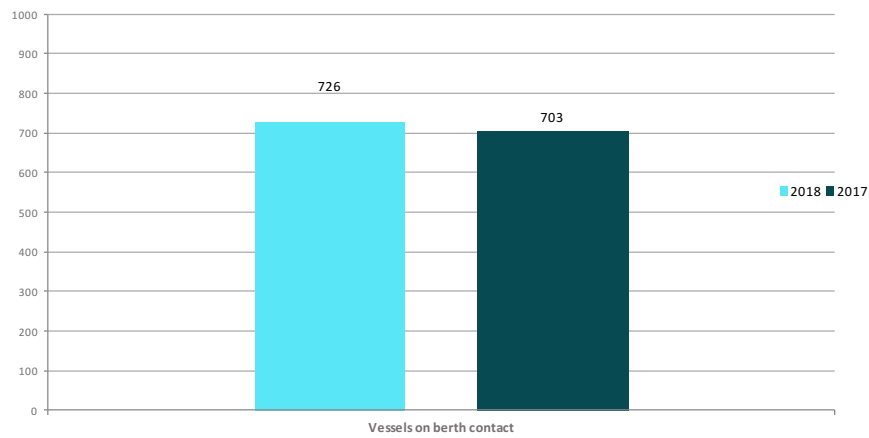
Key market indicators of Marina Kornati

	I-IX 2018	I-IX 2017	2018/2017
Capacity (number of berths): *			
Central marina	435	435	0,00%
Western marina	190	190	0,00%
Southern marina	80	80	0,00%
Hotel marina	100	100	0,00%
Total number of berths	805	805	0,00%
Physical turnover:			
Vessels on berth contact	726	703	3,27%
Number of overnight stays (vessels having transit berth)	9.520	11.067	-13,98%
Number of service operations	3.080	2.978	3,43%
Number of parking places	500	500	0,00%
Number of business cooperation agreements	49	47	4,26%
Financial results:			
Total operating revenue of the marina	37.916.536,25 kn	36.636.193,92 kn	3,49%
Berth contract:			
Revenue from berth contracts	28.552.431,11 kn	27.174.702,88 kn	5,07%
Aver. revenue per berth contract	39.328,42 kn	38.655,34 kn	1,74%
Share in the total operating revenue of the marina	75,3%	74,2%	1,52%
Transit berth:			
Revenue from the transit berth	2.247.543,06 kn	2.675.218,47 kn	-15,99%
Aver. revenue per overnight stay (transit berth)	236,09 kn	241,73 kn	-2,33%
Share in the total operating revenue of the marina	5,9%	7,3%	-18,82%
Servicing:			
Revenue from servicing	2.417.211,71 kn	2.269.125,53 kn	6,53%
Aver. revenue per serv. operation	784,81 kn	761,96 kn	3,00%
Share in the total operating revenue of the marina	6,4%	6,2%	2,93%
Parking:			
Revenue from parking	1.866.301,16 kn	1.825.611,33 kn	2,23%
Aver. revenue per parking space	3.732,60 kn	3.651,22 kn	2,23%
Share in the total operating revenue of the marina	4,9%	5,0%	-1,22%
Business cooperation:			
Revenue from business cooperation	2.309.656,98 kn	2.183.879,37 kn	5,76%
Aver. revenue from business cooperation	47.135,86 kn	46.465,52 kn	1,44%
Share in the total operating revenue of the marina	6,1%	6,0%	2,19%

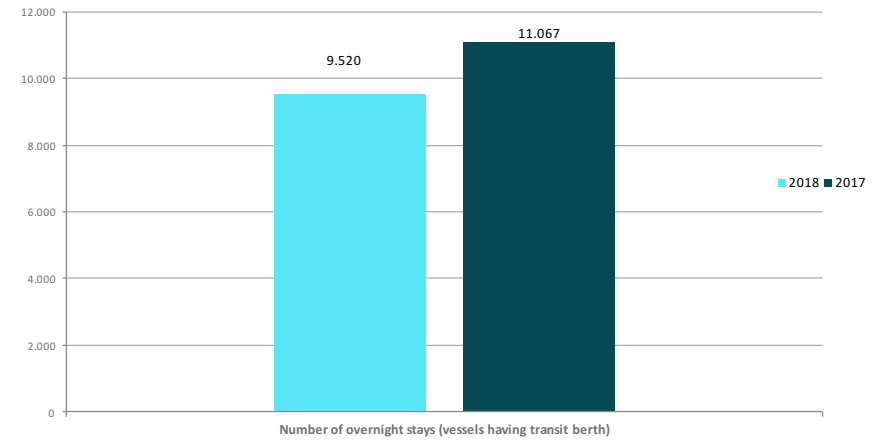
Note:

* Number of berths refers to physically available number of berths in the marina.

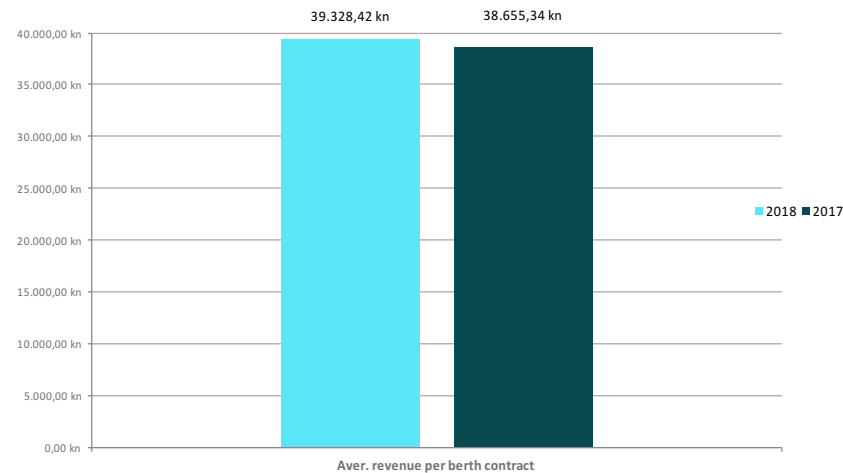
No. of vessels per berth contract in the Marina Kornati I-IX 2018 and I-IX 2017



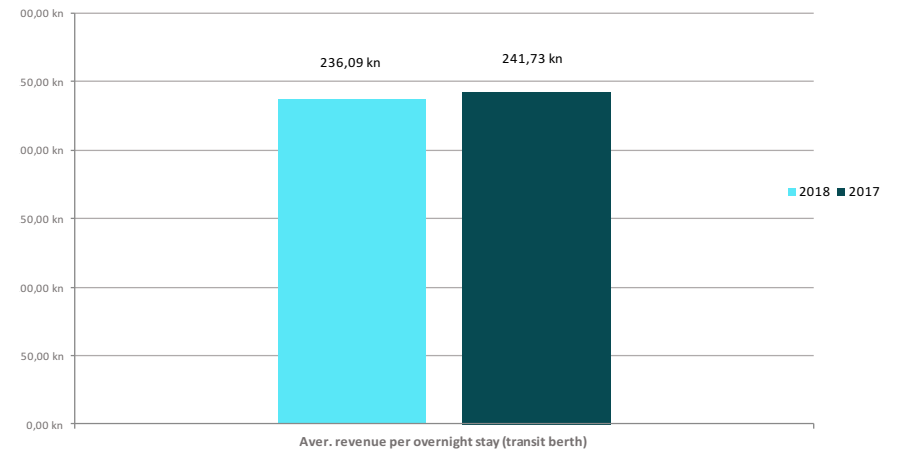
No. of overnight stay of transit vessels in Marina Kornati I-IX 2018 and I-IX 2017



Average revenues per berth contract in Marina Kornati I-IX 2018 and I-IX 2017



Average revenue per overnight stay of transit vessel in Marina Kornati I-IX 2018 and I-IX 2017



Key financial indicators of nautics

	I - IX 2018	I - IX 2017	2018/2017
NAUTICS TOTAL			
Operating revenues	42.259.650,40 kn	41.496.930,69 kn	1,84%
Operating revenue per berth	52.496,46 kn	51.548,98 kn	1,84%
Operating costs *	13.813.259,51 kn	13.391.114,21 kn	3,15%
GOP **	28.446.390,89 kn	28.105.816,48 kn	1,21%
GOP per berth	35.337,13 kn	34.914,06 kn	1,21%
GOP margin ***	67,3%	67,7%	-0,61%
Capital investments	2.425.258,73 kn	5.885.947,53 kn	-58,80%
MARINA KORNATI			
Operating revenues	37.916.536,25 kn	36.636.193,92 kn	3,49%
Operating revenue per berth	47.101,29 kn	45.510,80 kn	3,49%
Operating costs *	10.077.177,51 kn	9.452.711,25 kn	6,61%
GOP **	27.839.358,74 kn	27.183.482,67 kn	2,41%
GOP per berth	34.583,05 kn	33.768,30 kn	2,41%
GOP margin ***	73,4%	74,2%	-1,05%
RESTAURANT MARINA KORNATI			
Operating revenues	2.618.823,56 kn	3.362.602,53 kn	-22,12%
Operating costs *	2.745.095,44 kn	3.105.160,96 kn	-11,60%
GOP **	-126.271,88 kn	257.441,57 kn	-149,05%
GOP margin ***	-4,8%	7,7%	-162,98%
BOAT FAIR			
Operating revenues	1.724.290,59 kn	1.498.134,24 kn	15,10%
Operating costs *	990.986,56 kn	833.242,00 kn	18,93%
GOP **	733.304,03 kn	664.892,24 kn	10,29%
GOP margin ***	42,5%	44,4%	-4,18%

Notes:

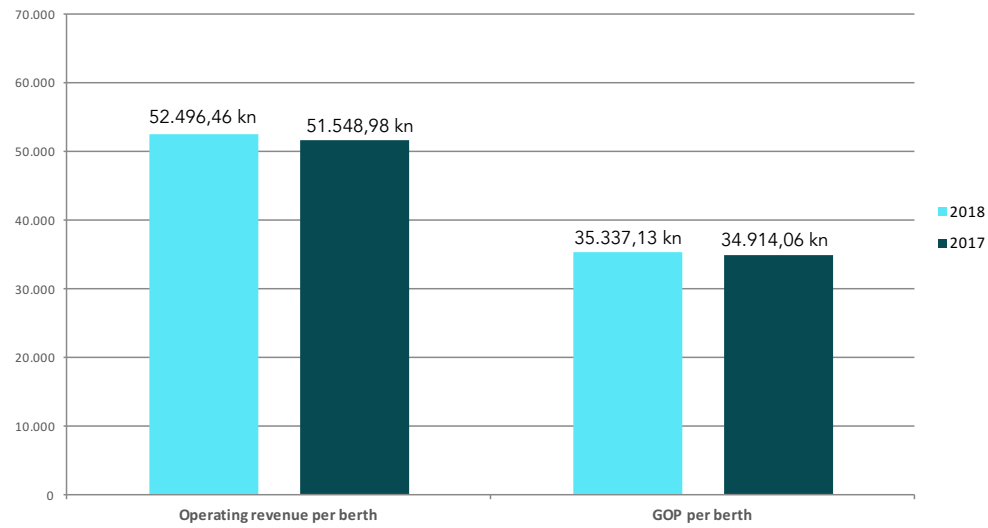
The nautics consists of three business units: Marina Kornati, Biograd Boat Show and restaurant „Marina Kornati.

* Operating costs include the costs of raw material and material, costs of services, gross pays and other operating costs, not including the depreciation, financial expenses and extraordinary expenses.

** GOP (Gross Operating Profit) denotes a gross operating profit of the nautics before the allocation of costs of common services, and is calculated in the following way: operating revenues – operating expenses (before allocation, without depreciation and fixed costs).

*** GOP margin is calculated by correlating the amount of GOP before the allocation of costs of common services and operating revenues.

Total operating revenue and gross operating profit (GOP) per berth of nautics of Ilirija d.d. I-IX 2018 and I-IX 2017



CAMPING – CAMPSITE “PARK SOLINE”

In the nine months of 2018, some 300,878 overnight stays were realized in the camping sector, which constitutes a rise by 6.52% and 41,658 arrivals were also realized, where a growth by 11.81% was recorded compared to that in the same period last fiscal year. This increase can partly be attributed to carefully planned investments and marketing, and partly due to excellent occupancy in the pre-season especially during public holidays (the 1st of May) and due to extremely good booking in the second half of June, which was affected by the end of the school year and good schedule of non-working days and holidays.

All three segments of the campsite business (lump sum, individuals and mobile homes) are recording a growth in arrivals and overnight stays. The allotment market segment records a decline in overnight stays by 3.35% and a rise in arrivals by 3.33%, which resulted in a reduction of average days of stay from 8.20 to 7.67 among the agency guests. The lump sum market segment has recorded an increase in arrivals by 36.23% and in overnight stays by 22.23% compared to that in the first nine months of 2017. This increase

is largely due to the increase in leased flat rentals and a good schedule of holidays in June (the markets of Slovenia and Croatia make up for the largest share of lump sum guests). The market segment of individuals rose by 5.11% in arrivals and 1.69% in overnight stays. The mobile homes as a segment in the first nine months this year saw a rise by 15.64% in arrivals and 15.39% in overnight stays compared to the observed period in 2017. The largest share of this increase occurred from the Slovenian and German markets.

The camping sector records both a growth in physical turnover and revenue item, where the contracted and generated revenues amount to HRK 30,257,965.53 and are higher by 13% compared to those in the same period last year. The growth in revenues was realized from the agencies by 8% as a result of an increase in the number of leased pitches, followed by lump sums with a growth in contracted revenues by 29%, which is the consequence of a higher number of leased lump sum pitches compared to those in the previous year, of which a major part of the lump sum refers to mobile homes which bring in greater revenue. Revenues from mobile homes record a rise by

15% and the revenues from individuals have risen by 4% compared to those in the last year due to the carefully planned investments and marketing activities, as well as a more favorable schedule of holidays in the pre-season of 2018 and excellent booking in July and August.

Since the increase in the number of arrivals is somewhat higher than the increase in the number of overnight stays, the total number of days of stay has minimally decreased from 7.58 to 7.22 days in 2018.

In the structure of realized overnight stays, the top five source markets are (1) the Slovenian market with a share of 22.65% overnight stays, (2) the Czech market with a share of 19.3% overnight stays, (3) the German market with a share of 14.11% overnight stays, (4) the Croatian market with a share of 8.2% overnight stays and (5) the Dutch market with a share of 6.72% overnight stays.

In the business segment of mobile homes, the largest increase has been recorded by the guests from the Polish market (41.75%), the Austrian market (41.02%) and the Slovenian market (22.67%) compared to that

in the year 2017. In the business segments of camping units, the highest increase has been recorded by the guests from the Czech market (34.17%), the Croatian market (20.38%) and the German market (13.04%).

At the same time, the agencies with a share of 30% and individuals with a share of 27% of overnight stays prevail in the structure of overnight stays by market segments that compared to those in the same period of the previous year have grown as a result of channeling the marketing and sales activities to the target and more lucrative Western European source markets whose customers seek higher quality of accommodation in campsites.

The increase in overnight stays, arrivals and revenues for the nine months of 2018 is the result of investments in new mobile homes, quality of camping facilities and services in the campsite, price optimization, marketing activities and strategically planned investments in key sales channels, and intensive early booking from the end of the year 2017.





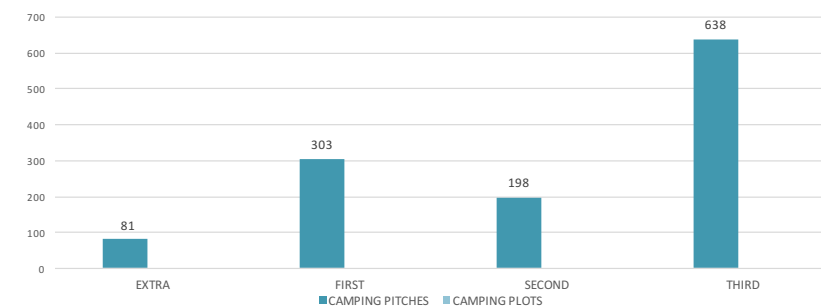
Camping park Soline

BIROGRAD



Capacities of the campsite „Park Soline“

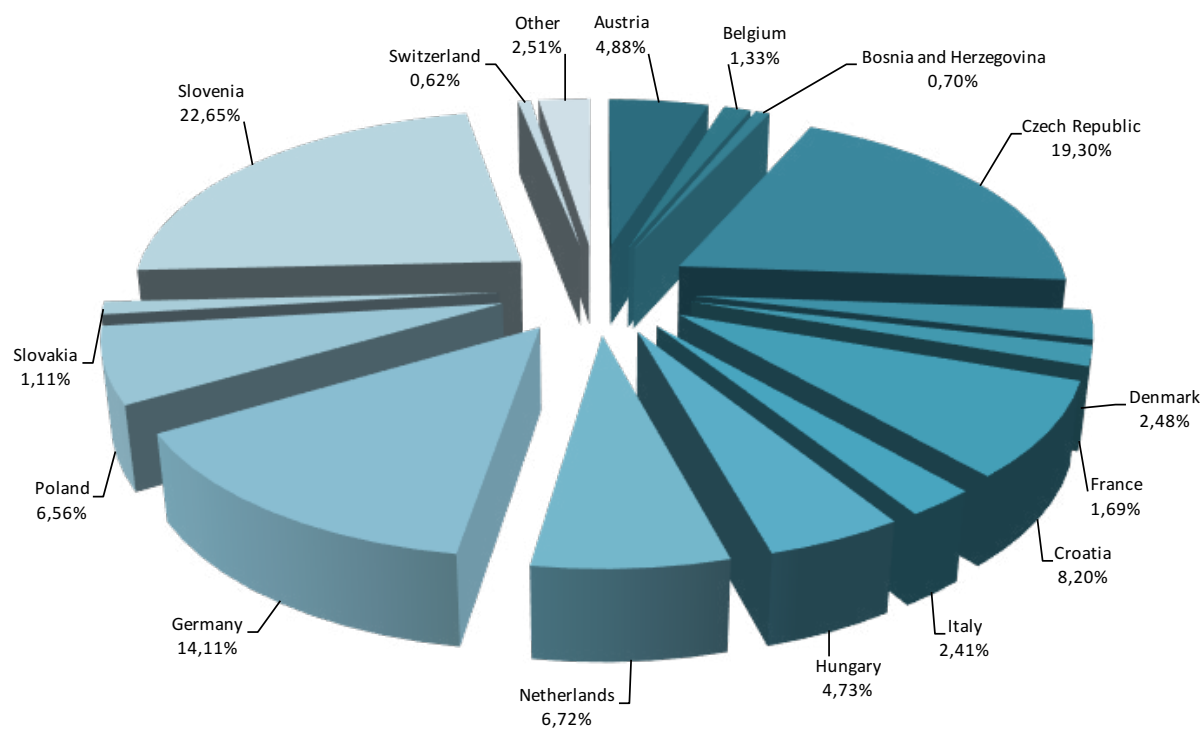
		2014	2015	2016	2017	2018
I	EXTRA ZONE					
	CAMPING PITCHES	80	81	81	81	81
	CAMPING PLOTS	0	0	0	0	0
	TOTAL	80	81	81	81	81
II	FIRST ZONE					
	CAMPING PITCHES	345	326	326	326	303
	CAMPING PLOTS	0	0	0	0	0
	TOTAL	345	326	326	326	303
III	SECOND ZONE					
	CAMPING PITCHES	168	182	182	182	198
	CAMPING PLOTS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



Arrivals and overnight stays by source markets and average days of stay during the period from 01/01 to 30/09/2018 and comparison with the same period in the year 2017

Country	2018		2017		INDEX 2018/2017		AVERAGE DAYS OF STAY	
	Arrivals	Overnight stays	Arrivals	Overnight stays	Arrivals	Overnight stays	2018	2017
Austria	2.055	14.697	1.798	12.748	114,29	115,29	7,15	7,09
Belgium	489	3.991	540	3.778	90,56	105,64	8,16	7,00
Bosnia and Herze- govina	450	2.125	295	1.216	152,54	174,75	4,72	4,12
Czech Republic	7.659	58.062	7.506	57.499	102,04	100,98	7,58	7,66
Denmark	819	7.446	893	7.978	91,71	93,33	9,09	8,93
France	709	5.076	721	5.452	98,34	93,10	7,16	7,56
Croatia	3.446	24.687	2.509	19.353	137,35	127,56	7,16	7,71
Italy	1.211	7.262	1.120	7.057	108,13	102,90	6,00	6,30
Hungary	2.208	14.221	1.947	13.405	113,41	106,09	6,44	6,88
Netherlands	2.326	20.214	2.492	23.135	93,34	87,37	8,69	9,28
Germany	5.400	42.471	4.857	38.924	111,18	109,11	7,87	8,01
Poland	2.728	19.739	2.075	16.490	131,47	119,70	7,24	7,95
Slovakia	536	3.340	495	3.041	108,28	109,83	6,23	6,14
Slovenia	9.881	68.136	8.398	63.611	117,66	107,11	6,90	7,57
Switzerland	377	1.874	332	1.658	113,55	113,03	4,97	4,99
Other	1.364	7.537	1.281	7.125	106,48	105,78	5,53	5,56
TOTAL	41.658	300.878	37.259	282.470	111,81	106,52	7,22	7,58

Overnight stays by source markets during the period from 01/01-30/09/2018



Cumulative overview of daily and monthly occupancy of accommodation units of the campsite during the period from 21/04 -30/09/2018

MONTH	APRIL				MAY				JUNE				JULY			
	SEGMENT	MAXIMUM POSSIBLE PITCH DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	MAXIMUM POSSIBLE PITCH DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	MAXIMUM POSSIBLE PITCH DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	MAXIMUM POSSIBLE PITCH DAYS	PITCH DAYS	OCCUPANCY IN %
MOBILE HOMES ILIRIJA	1.840	554	30,11%	3,01	5.704	1.161	20,35%	6,31	5.520	3.539	64,11%	19,23	5.704	5.370	94,14%	29,18
AGENCIES	2.640	2.640	100,00%	10,00	8.184	8.184	100,00%	31,00	7.920	7.920	100,00%	30,00	8.184	8.184	100,00%	31,00
LUMP SUM	2.070	2.070	100,00%	10,00	6.417	6.417	100,00%	31,00	6.240	6.240	100,00%	30,00	6.510	6.510	100,00%	31,00
INDIVIDUALS PITCHES STANDARD MARE - CAMPING PLACE STANDARD III ZONE	3.280	338	10,30%	1,03	10.168	1.353	13,31%	4,13	9.840	4.030	40,96%	12,29	10.168	7.145	70,27%	21,78
INDIVIDUALS CAMPING PLACE STANDARD IV ZONE	2.370	0	0,00%	0,00	7.347	12	0,16%	0,05	7.080	168	2,36%	0,71	7.254	2.868	39,54%	12,26
INDIVIDUALS TOTAL	5.650	338	5,98%	0,60	17.515	1.365	7,79%	2,42	16.920	4.198	24,77%	7,43	17.422	10.013	57,47%	17,82
TOTAL	12.200	5.602	45,92%	4,59	37.820	17.127	45,29%	14,04	36.600	21.897	59,83%	17,95	37.820	30.077	79,53%	24,65

MONTH	AUGUST				SEPTEMBER				TOTAL				
	SEGMENT	MAXIMUM POSSIBLE PITCH DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	MAXIMUM POSSIBLE PITCH DAYS	PITCH DAYS	OCCUPANCY IN %	DAYS OF OCCUPANCY	NUMBER OF ACCOMODATING UNITS	MAXIMUM POSSIBLE PITCH DAYS	PITCH DAYS	OCCUPANCY IN %
MOBILE HOMES ILIRIJA	5.704	5.383	94,37%	29,26	5.520	2.887	52,30%	15,69	184	29.992	18.894	63,00%	102,68
AGENCIES	8.184	8.184	100,00%	31,00	7.920	7.920	100,00%	30,00	264	43.032	43.032	100,00%	163,00
LUMP SUM	6.510	6.510	100,00%	31,00	6.300	6.300	100,00%	30,00	210	34.047	34.047	100,00%	163,00
INDIVIDUALS PITCHES STANDARD MARE - CAMPING PLACE STANDARD III ZONE	10.168	6.187	60,85%	18,86	9.840	3.021	30,70%	9,21	328	53.464	22.074	41,29%	67,30
INDIVIDUALS CAMPING PLACE STANDARD IV ZONE	7.254	2.049	28,25%	8,76	7.020	104	1,48%	0,44	234	38.325	5.201	13,57%	22,12
INDIVIDUALS TOTAL	17.422	8.236	47,27%	14,65	16.860	3.125	18,53%	5,56	562	91.789	27.275	29,71%	48,44
TOTAL	37.820	28.313	74,86%	23,21	36.600	20.232	55,28%	16,58	1220	198.860	123.248	61,98%	101,02

Revenues of the campsite during the period from 01/01-30/09/2018 and comparison with the same period in the year 2017

SEGMENT		2017					2018			INDEX	
		GENERATED IN 2017			CONTRACTED TILL 30/09/2017		CONTRACTED TILL 30/09/2018			2018/2017	
		NUMBER OF PITCHES	OVERNIGHT STAYS	REVENUES	REALIZED OVERNIGHT STAYS	REVENUES	NUMBER OF PITCHES	REALIZED OVERNIGHT STAYS	CONTRACTED REVENUE	OVERNIGHT STAYS	REVENUES
1	MOBILE HOMES ILIRIJA	150	61.797	10.824.296,55 kn	61.718	10.808.002,74 kn	184	71.214	12.419.859,12 kn	115	115
2	AGENCIES	246	93.709	4.353.649,87 kn	93.649	4.353.649,82 kn	264	90.512	4.723.061,00 kn	97	108
3	INDIVIDUALS	552	79.121	7.139.293,13 kn	78.903	7.109.362,02 kn	562	80.239	7.358.516,02 kn	102	104
4	LUMP SUM	182	48.442	3.427.390,56 kn	48.200	3.355.044,91 kn	210	58.913	4.340.817,37 kn	122	129
5	OTHER SERVICES	-	-	1.418.470,13 kn	-	1.233.376,53 kn	0	0	1.415.712,02 kn	#DIV/0!	115
TOTAL:		1130	283.069	27.163.100,24 kn	282.470	26.859.436,02 kn	1220	300.878	30.257.965,53 kn	107	113

OPERATING RESULTS OF THE CAMPING

Summary of the camping operating results

The camping of the Company, consisting of the campsite „Park Soline“ and restaurant „Park Soline“ recorded a significant growth in the nine months of 2018 compared to that in the previous year both according to physical and financial indicators. In comparison with the same period in the previous fiscal year, a higher number of guest arrivals and overnight stays was recorded in the campsite „Park Soline“, which resulted in the rise of capacity occupancy rate by 1.43%, increase in average daily rate by 2.95% and an increase in revenue from accommodation per camp unit by 4.42% on the basis of the camp unit occupancy rate based on open days. Such improvement of the key market indicators is the result of carefully planned sales and marketing activities, price policy by market segments, a higher number of concluded lump sum and agency contracts and an increase in a number of own mobile homes.

Number of overnight stays and revenue from accommodation per camp unit in the campsite Park Soline I-IX 2018 and I-IX 2017



Note:

** RevPAR – Revenue from accommodation per camp unit is the revenue from accommodation divided by a number of available camp units in the given period (365 days; number of open days).

Key market indicators of the campsite „Park Soline“

	I-IX 2018	I-IX 2017	2018/2017
Accommodation capacities:			
Number of camping units	1.220	1.130	7,96%
Number of guests	3.660	3.390	7,96%
Physical turnover:			
No. of overnight stays	300.878	282.470	6,52%
No. of sold camp units	123.248	112.549	9,51%
Annual occupancy rate of the camp units (%)	27,68%	27,29%	1,43%
Occupancy rate of the units on an open days basis (%)	61,98%	61,10%	1,43%
Financial results:			
Average daily rate of the camp unit (ADR)*	243,86 kn	236,88 kn	2,95%
Revenue from accommodation per camp unit (RevPAR) on a basis of 365 days **	67,50 kn	64,64 kn	4,42%
Revenue from accommodation per camp unit (RevPAR) on an open days basis **	151,14 kn	144,75 kn	4,42%

Notes:

* ADR – Average daily rate of a camp unit is calculated on the basis of the revenue from accommodation in the campsite and the number of camp units sold.

** RevPAR – Revenue from accommodation per camp unit is the revenue from accommodation divided by a number of available camp units in a given period (365 days; number of open days).

In the nine months of 2018, the camping sector of the Company generated HRK 33,212,679.80 in operating revenue which is an increase by 12.63% compared to that in the nine months of the previous year. First of all, the increase in revenues was realized from lump sum guests (growth rate of 29%) and from own mobile homes (growth rate of 15%), while at the same time the revenue from restaurant increased by 11.80%.

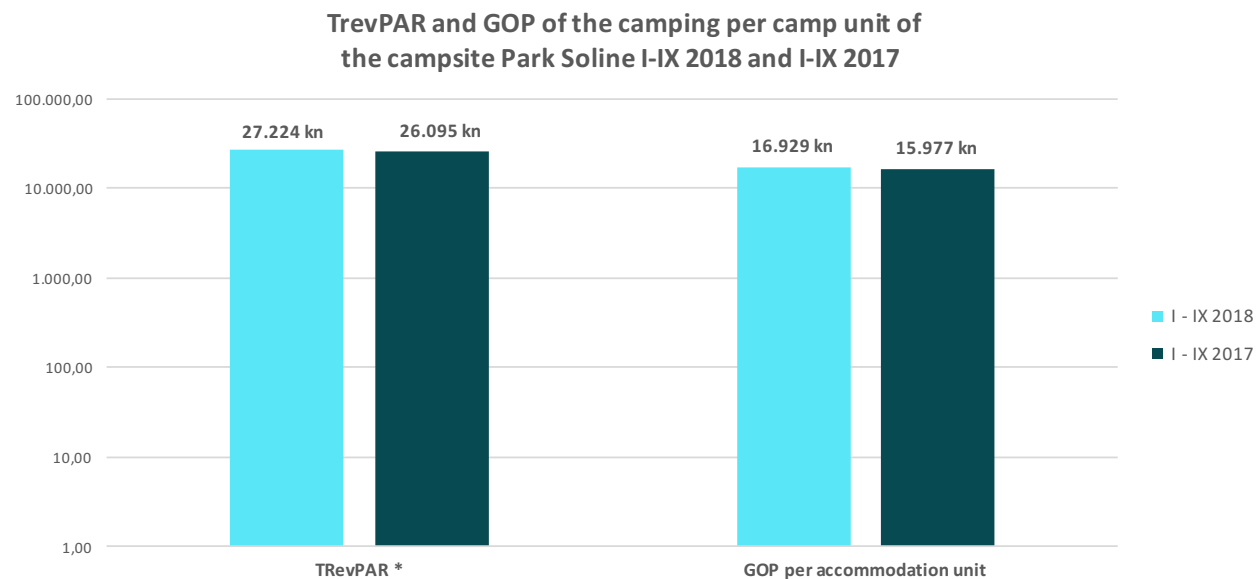
The operating expenses at the level of the whole campsite increased by 9.84%, partly as a consequence of the condition on the labor market and consequent increase in labor costs by 14%, but also as a result of an increase in costs of raw material and material by 22% which incurred as a result of the improvement of the quality and competitiveness of the products.

In the nine months in 2018, some HRK 10,666,335.27 was invested in capital investments in the improvement of competitiveness and quality of services.

Notes:

* TRevPAR denotes the total operating revenue of the campsite divided by a number of physical camp units.

GOP denotes a gross operating profit of the campsite before the allocation of costs of common services, and is calculated in the following way: operating revenues – operating expenses (before the allocation, without depreciation and fixed costs).



Key financial indicators of the camping sector

	I - IX 2018	I - IX 2017	2018/2017
CAMPING TOTAL			
Operating revenue	33.212.679,80 kn	29.487.867,94 kn	12,63%
TRevPAR *	27.223,51 kn	26.095,46 kn	4,32%
Operating costs**	12.559.016,75 kn	11.433.488,37 kn	9,84%
GOP ***	20.653.663,05 kn	18.054.379,57 kn	14,40%
GOP per accommodation unit	16.929,23 kn	15.977,33 kn	5,96%
GOP margin ****	62,2%	61,2%	1,57%
Capital investments	10.666.335,27 kn	4.195.847,70 kn	154,21%
CAMPSITE PARK SOLINE			
Operating revenue	30.273.965,53 kn	26.859.436,02 kn	12,71%
TRevPAR *	24.814,73 kn	23.769,41 kn	4,40%
Operating costs**	9.858.466,48 kn	9.045.241,38 kn	8,99%
GOP ***	20.415.499,05 kn	17.814.194,64 kn	14,60%
GOP per accommodation unit	16.734,02 kn	15.764,77 kn	6,15%
GOP margin ****	67,4%	66,3%	1,68%
RESTAURANT PARK SOLINE			
Operating revenue	2.938.714,27 kn	2.628.431,92 kn	11,80%
Operating costs**	2.700.550,27 kn	2.388.246,99 kn	13,08%
GOP ***	238.164,00 kn	240.184,93 kn	-0,84%
GOP margin ****	8,1%	9,1%	-11,31%

Notes:

The campsite includes the accommodation and restaurant in the Park Soline Campsite.

* TRevPAR - Total revenue per camp unit denotes total operating revenue of the camping (or the campsite) divided by a number of physical camp units.

** Operating costs include the costs of raw material and material, costs of services, gross pays and other operating costs, not including the depreciation, financial expenses and extraordinary expenses.

** GOP (Gross Operating Profit) denotes a gross operating profit of the camping/campsite/restaurant before the allocation of costs of common services, and is calculated in the following way: operating revenues – operating expenses (before allocation, without depreciation and fixed costs).

**** GOP margin is calculated by correlating the amount of GOP of camping / campsite / restaurant before the allocation of costs of common services and operating revenues.

COMMERCIAL – SHOPPING CENTER CITY GALLERIA

The Commercial – Shopping Center City Galleria is located in a highly residential area, only 10 minutes walk from the old city center, and is one of the two largest shopping centers in the Zadar region. The total gross surface area of the facility is over 28,500 m² spread over a total of 6 floors - 2 floors with underground garages and 4 floors with commercial premises and sales outlets. The gross surface area of the Center consists of the surface area of the underground garage of 10,863.50 m², net rentable area with business premises of 9,897.60 m² increased by the commercial activation of the third floor of the Center, communication, technical and common areas.

The center offer includes a variety of different contents with a wide range of products and services including the city marketplace, fish market, butcher shops, specialized food and beverage stores, supermarket, fashion clothing stores, footwear and sports equipment stores; stores offering beauty and home products, service activities, sports facilities, hospitality facilities, office premises and the first and only multiplex cinema in the city with 6 screens. The contents are conceptually divided into floors, where the ground floor of the center is designed as a space with a mixed offering of food and services; the first floor is designed as a fashion floor with an offer of clothing,

footwear, fashion accessories stores and perfumery/drug store; the second floor is designed as a floor for fun and recreation with an offer of caffès, entertainment, cosmetic and sports contents, while the third floor is designed for leasing office premises. On levels -2 and -1 of the center there is an underground garage with more than 400 parking spaces, which is opened to visitors 24 hours a day. Thanks to the unique architectural concept and the diverse offer of the contents, the City Galleria Center has become profiled as a place where the citizens' everyday life takes place. City Galleria's operational results and the interest of potential lessees in business cooperation is continuously seeing growth. The lessees operating in the Commercial-shopping center City Galleria are, inter alia, multiplex cinemas CineStar, drugstore and perfume store Müller, supermarket SPAR, CCC shoes&bags, PEPCO, Gyms4You, Zagrebačka banka, most of which are market leaders in their respective fields. We can also mention other international and domestic renowned lessees such as stores Timberland, Shooster, Adidas, Nike&Converse, Ghetaldus, Farmacia, Shoe-BeDo, TELE2 and others.

As at 30th September 2018, the occupancy of the center was 96.14% of all capacities, that is, 35 premi-

ses lease contracts are active with floor areas ranging from 20m² to 1,836m². By commercializing the area on the third floor of the Center and creating new office units, the total net rentable surface of the center has further increased. In the observed period, the Company started partial activation of business premises on the third floor of the center and their conversion from service to office premises, of which a part of them has already been leased out.

The operating revenues of the Center City Galleria for the first nine months in 2018 generated by leasing the premises, through common costs, lease of common areas, lease of advertisement space and revenue from the garage amount to HRK 10,649,746.29. Grand-total operating revenues of the center amount to HRK 10,825,638.10 including the other operating revenues in the amount of HRK 175,891.81. The foregoing is a rise compared to the same period of the previous year at a rate of 17.25%.

In this period, 67.05% of the operating revenues, or HRK 7,258,461.92 was generated from the calculation of the rental fee of premises. In addition to the lease of business premises, the operating revenues generated from invoicing of common costs to the lessees amount to HRK 2,328.054,37, which is 21.51% of total revenues; the revenues from leasing and commercial

use of common areas of the center amount to HRK 462,449.45, or 4.27%; the revenues from the one-time parking charge and leasing of the parking lots amount to HRK 574,897.72 or 5.31%; and in the smallest part, the revenues from leasing of the advertising space on the facade of the Commercial-Shopping center amounts to HRK 25,882.83, which is 0.24% of total revenues generated.

The usage of the underground garage by customers of the Center is also rising, and for the first nine months in 2018 this figure is 492,763 vehicles, which makes up for a rise by 3.84% compared to that in the same period last year. The average time of vehicles staying in the garage is rising compared to that in the nine months of 2017 and is an additional indicator of an increase in the visitors' interest in the offer of the Center. The revenues generated from the garage of the Commercial-Shopping Center City Galleria are mostly realized from the one-time parking by visitors to the garage, which makes for 92.12% of the mentioned revenues. Compared to the operating revenues from the garage generated in the same period last fiscal year in the amount of HRK 448,323.17, the increase in revenues from the garage was realized at a rate of 28.23%.

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 to increase its business volume and raise the quality of the service and is working with them on the active policy of bringing new lessees, especially those that are not yet present in the region of the Zadar County, making the offer of the Center even more competitive.



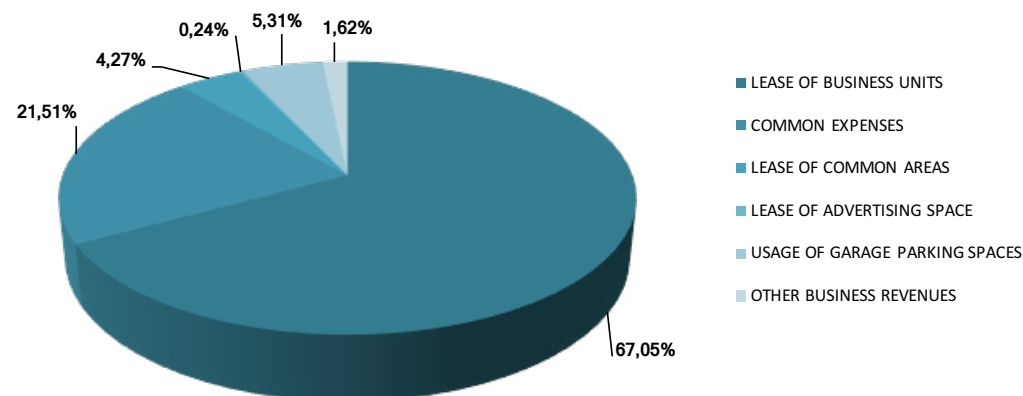
Operating revenues of the Commercial – shopping center City Galleria in Zadar for the period from 01/01 – 30/09/2018 and comparison with those in the same period in the year 2017

DESIGNATION	DESCRIPTION	NUMBER OF ACTIVE CONTRACTS	SURFACE AREA (m ²)	REVENUES 01-09/2018	%	REVENUES 01-09/2017	%	INDEX 2018/2017
1	LEASE OF BUSINESS UNITS	35	9.897,60*	7.258.461,92 kn	67,05%	6.130.523,19 kn	66,40%	118
2	COMMON EXPENSES	33	7.083,53**	2.328.054,37 kn	21,51%	2.196.374,91 kn	23,79%	106
3	LEASE OF COMMON AREAS	21	999,80	462.449,45 kn	4,27%	410.207,02 kn	4,44%	113
4	LEASE OF ADVERTISING SPACE	7	118,52	25.882,83 kn	0,24%	21.869,23 kn	0,24%	118
5	USAGE OF GARAGE PARKING SPACES	410***	10.863,50	574.897,72 kn	5,31%	448.323,17 kn	4,86%	128
REVENUES:				10.649.746,29 kn	98,38%	9.207.297,52 kn	99,72%	116
6	OTHER BUSINESS REVENUES			175.891,81 kn	1,62%	25.647,60 kn	0,28%	686
TOTAL REVENUES				10.825.638,10 kn	100,00%	9.232.945,12 kn	100,00%	117

* Total net leasable surface area

** Total net leasable area for calculation of common expenses

*** Number of parking spaces in the garage



OPERATING RESULTS OF THE REAL ESTATE SECTOR – COMMERCIAL SHOPPING CENTER CITY GALLERIA

Summary of the operating results of the Commercial-shopping center City Galleria

The Company further strengthened its market position and stabilized cash inflows by earning revenues in off-season by acquiring the Commercial-Shopping Center City Galleria in December 2016. In the third quarter, the Commercial-shopping center City Galleria continued to achieve positive operating results, whereby the growth in the key market and financial indicators can be observed in the relevant period.

After having activated the third floor of the Center for commercial purposes and after having converted it into the office premises, the total net lettable surface area of the building increased to 9,897.60 m². As at 30th September, 2018, a total of 35 premises lease contracts were active. The Commercial-shopping center City Galleria generates a major portion of its revenues by leasing its premises. The average rental fee achieved per square meter

of the active premises for the first nine months of 2018 amounted to 745.12 HRK/m² or 82.79 HRK/m² on a monthly basis. Other revenues were generated from invoicing of common costs to the lessees (calculated on the area of 7,083.53 m²), leasing and the commercial use of the common areas of the Commercial-shopping center (total 999.80 m²), charging for one-time parking and leasing of parking spaces in the underground garage of the center (total area of 10,863.50 m²), and in the smallest segment, renting out the advertising space on the facade of the center (total area 118.52 m²).

The public underground garage of the center has 410 parking spaces, with the usage of the underground garage by customers for the first nine months in 2018 of 492,763 vehicles, which makes up for a rise by 3.84% compared to that in the same period last year. The average parking time of vehi-

cles in the garage for 01:03:22 hours constitutes a rise compared to that during the last year, when the average parking time was for 00:58:05 hours. The revenue generated from the garage from one-time parking; monthly, weekly and daily tickets; annual subscriptions and leased parking spaces as at 30th September 2018 totals to HRK 574,897.72 and the average revenue generated from the garage per parking space for the first nine months amounts to HRK 1,402.19.

Key market indicators of the real estate sector - City Galleria

	I-IX 2018	I-IX 2017	2018/2017
Commercial capacities:			
Premises - floor area (m ²)	9.897,60	9.656,30	2,50%
Common costs - floor area (m ²)	7.083,53	6.845,23	3,48%
Common areas - floor area (m ²)	999,80	1.121,30	-10,84%
Advertising space - floor area (m ²)	118,52	118,52	0,00%
Garage - floor area (m ²)	10.863,50	10.863,50	0,00%
Commercial turnover:			
Premises - number of active contracts	35	35	0,00%
Common costs - number of active contracts	33	33	0,00%
Common areas - number of active contracts	21	24	-12,50%
Advertising space - number of active contracts	7	8	-12,50%
Garage - number of parking spaces	410	410	0,00%
Garage - turnover of vehicles	492.763	474.558	3,84%
Financial results:			
Average monthly rent earned per m ² of premises (AMR)*	82,79 kn	70,54 kn	17,37%
Average rent earned per m ² of premises for the period	745,12 kn	634,87 kn	17,37%
Average revenue from the garage per parking space for the period**	1.402,19 kn	1.093,47 kn	28,23%

Notes:

* AMR - Average Monthly Rent - The average monthly price achieved for m² of the premises is calculated based on the revenue from the rent of premises and net available floor area of active premises.

** The revenue from the garage per parking space is the revenue from the garage divided by the number of available parking spaces in a given period.

The operating revenues of the Center City Galleria for the nine months in 2018 generated by leasing the premises, through common costs, lease of common areas, lease of advertisement space and revenues from the garage amount to HRK 10,649,746.29. The grand-total operating revenues of the center total to HRK 10,825,638.10 including the other operating revenues in the amount of HRK 175,891.81. The above-mentioned revenues constitute a rise compared to those in same period of the previous year at a rate of 17.25%.

The operating expenses of the Commercial-shopping Center City Galleria, that do not include the depreciation costs, financial and extraordinary expenses for the reporting period amount to HRK 3,975,362.70. Compared to those in the same period last year, a decrease in operating expenses at a rate of 10% can be observed. 88.16% of the mentioned operating expenses in the year 2018 or HRK 3,504,683.68 refers to the raw material and material costs, costs of services and gross pays.

The operating gross profit of the center for the relevant period amounts to HRK 6,850,275.40 before the allocation of the costs of the common services, which makes up for the margin of 63.3%.

Key financial indicators of the real estate sector – City Galleria

	I-IX 2018	I-IX 2017	2018/2017
Operating revenues	10.825.638,10 kn	9.232.945,12 kn	17,25%
Operating costs*	3.975.362,70 kn	4.427.002,43 kn	-10,20%
GOP **	6.850.275,40 kn	4.805.942,69 kn	42,54%
GOP margin ***	63,3%	52,1%	21,57%
Capital investments	21.400,00 kn		

Notes:

* Operating costs include the costs of raw material and material, costs of services, gross pays and other operating costs, not including the depreciation, financial expenses and extraordinary expenses.

** GOP (Gross Operating Profit) denotes a gross operating profit of the real estate sector before the allocation of costs of common services, and is calculated in the following way: operating revenues - operating expenses (before the allocation, without depreciation and fixed costs).

*** GOP margin is calculated by correlating the amount of GOP of the real estate sector before the allocation of costs of common services and operating revenue.

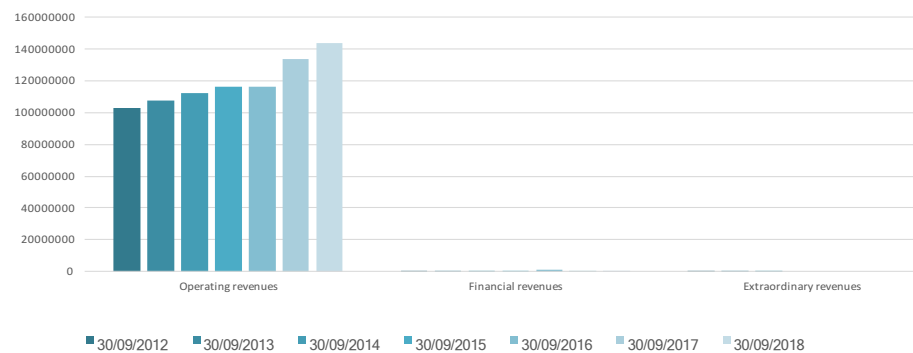


I I FINANCIAL RESULTS OF THE COMPANY

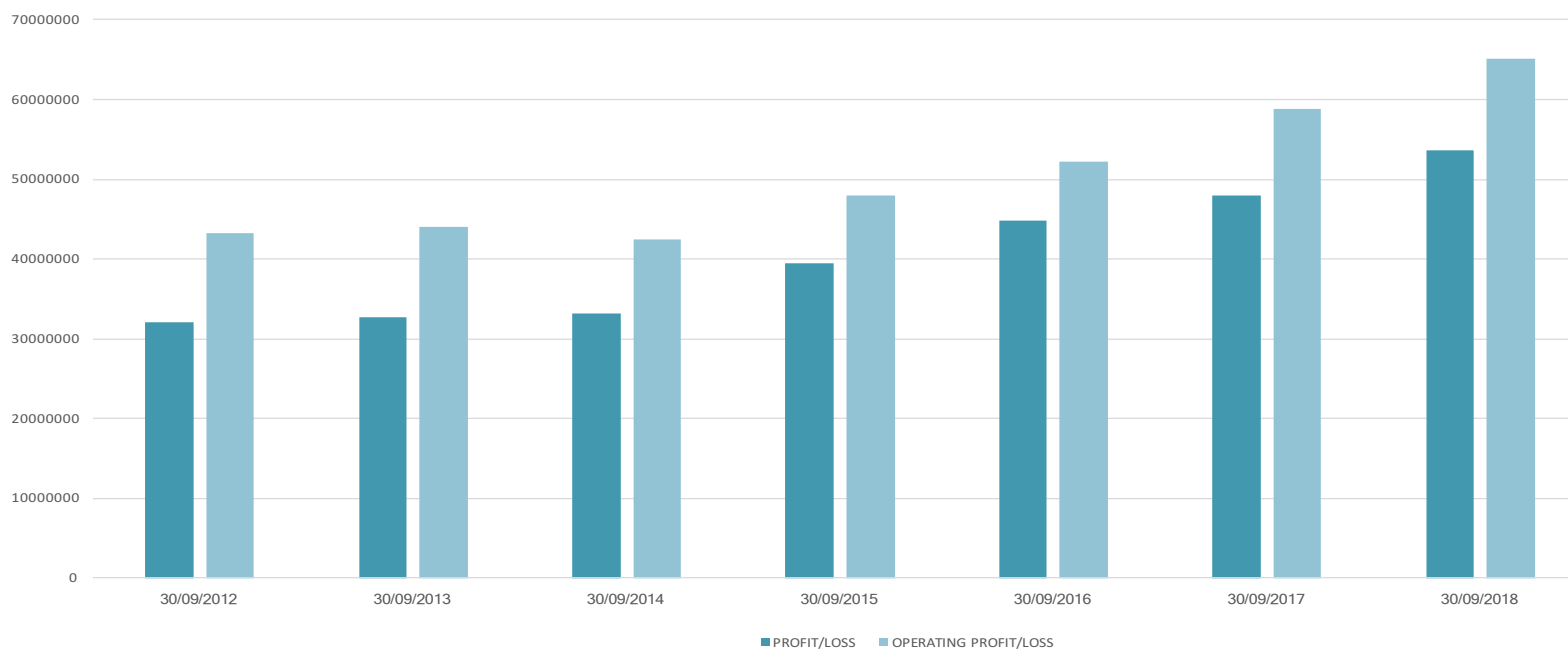
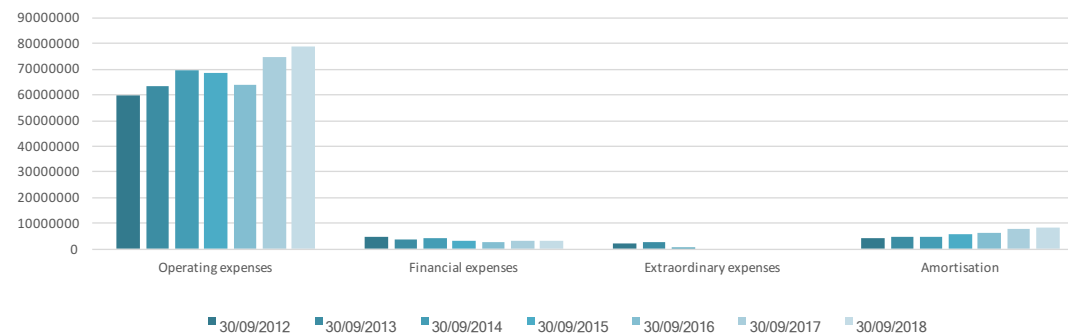
Overview of financial results during the period from 01/01-30/09/2018 and comparison with the same period from 2012 to 2017

DESCRIPTION	30/09/2012	30/09/2013	30/09/2014	30/09/2015	30/09/2016	30/09/2017	30/09/2018	Index 2018/2017
Operating revenues	103.093.525,94	107.612.475,44	112.063.612,03	116.438.694,86	116.341.032,15	133.683.991,24	143.746.360,96	107,53
Financial revenues	157.590,20	211.122,31	101.872,88	169.969,36	1.376.108,17	130.719,63	178.732,77	136,73
Extraordinary revenues	383.689,23	88.306,06	367.249,51	0,00	0,00	0,00	0,00	#DIV/0!
TOTAL REVENUES	103.634.805,37	107.911.903,81	112.532.734,42	116.608.664,22	117.717.140,32	133.814.710,87	143.925.093,73	107,56
Operating expenses	59.888.658,02	63.604.415,83	69.539.142,34	68.406.421,17	64.083.275,90	74.795.602,82	78.576.779,24	105,06
Financial expenses	4.853.152,11	4.033.062,83	4.390.325,97	3.131.122,26	2.675.230,13	3.356.649,98	3.402.730,68	101,37
Extraordinary expenses	2.417.771,78	2.926.069,57	667.960,12	0,00	0,00	0,00	0,00	#DIV/0!
Amortisation	4.414.346,12	4.679.634,18	4.788.904,95	5.602.665,15	6.169.485,96	7.650.121,51	8.366.607,36	109,37
TOTAL EXPENSES	71.573.928,03	75.243.182,41	79.386.333,38	77.140.208,58	72.927.991,99	85.802.374,31	90.346.117,28	105,30
PROFIT/LOSS	32.060.877,35	32.668.721,40	33.146.401,04	39.468.455,64	44.789.148,33	48.012.336,56	53.578.976,45	111,59
OPERATING PROFIT/ LOSS	43.204.867,92	44.008.059,61	42.524.469,69	48.032.273,69	52.257.756,25	58.888.388,42	65.169.581,72	110,67
EBITDA	41.328.375,57	41.381.418,41	42.325.631,96	48.202.243,05	53.633.864,42	59.019.108,05	65.348.314,49	110,72

REVENUES 2012-2018



EXPENSES 2012-2018



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In the nine months of 2018, total revenues amount to HRK 143,925,093.73 and they increased by 7.56% compared to those in the same period of 2017 as a result of the growth in operating revenues.

Operating revenues for the observed period amount to HRK 143,746,360.96 and compared to those in the same period of the previous year they recorded a growth by 7.53% as a result of rise in turnover on the domestic and foreign market.

Sale revenues in the observed period amount to HRK 142,709,773.08 and are higher by 7.33%, as compared to those in the same period of the previous fiscal year, when they amounted to HRK 132,967,334.20 which is a result of the increase in sales revenues on the foreign market and domestic market by 7%. The sales revenues make up for 99.28% of the operating and 99.15% of the total revenues.

2

Total expenses for the nine months of 2018 amount to HRK 90,346,117.28 and in comparison to those in the same period in 2017 they are higher by 5.30% as a result of rise in the operating expenses by 5.06%, amortization by 9.37% and financial expenses by 1.37%.

The operating expenses in the observed period amount to HRK 78,576,779.24 and are higher by 5.06% or by HRK 3,781,176.42 compared to those in the same period in 2017 as a result of a growth in other costs by 10%, gross pay costs by 8% and costs of services by 1%.

3

The operating profit or the profit from business activities of the Company rose by 10.67% compared to that in the same period in 2017 and amounts to HRK 65,169,581.72.

EBITDA or earnings before interest, taxes, depreciation and amortization was realized in the amount of HRK 65,348,314.49 and rose by HRK 10.72% 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 56,981,707.13 and rose by HRK 10.93% compared to that in the same period in the year 2017.

The profit for the nine months of 2018 amounts to HRK 53,578,976.45 and is higher by 11.59% compared to that in the same period in 2017.

Operating profit, EBITDA, EBIT, and profit continued to grow from the second quarter of the fiscal year and are far the best so far compared to those in the same periods of the previous fiscal years in their absolute amount, recording the growth rates higher than the growth rates of the operating or total revenues.

Financial statements of the Company
as at 30/09/2018 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 on the local market	81.490.240,89	100.504.837,86	123	107.771.622,11	107
Revenues on the foreign market	33.139.677,00	32.876.271,34	99	35.310.389,56	107
Other revenues	1.711.114,26	302.882,04	18	664.349,29	219
OPERATING REVENUES	116.341.032,15	133.683.991,24	115	143.746.360,96	108
FINANCIAL REVENUES	1.376.108,17	130.719,63	9	178.732,77	137
EXTRAORDINARY REVENUES	0,00	0,00	#DIV/0!	0,00	#DIV/0!
TOTAL REVENUES	117.717.140,32	133.814.710,87	114	143.925.093,73	108
EXPENSES					#DIV/0!
Raw material and material costs	14.888.489,53	18.730.170,40	126	18.598.209,35	99
Costs of services	11.113.227,88	12.592.335,54	113	12.712.623,65	101
Gross pays	23.361.300,05	26.859.874,37	115	28.930.974,04	108
Other expenses	14.720.258,44	16.613.222,51	113	18.334.972,20	110
TOTAL EXPENSES	64.083.275,90	74.795.602,82	117	78.576.779,24	105
AMORTIZATION	6.169.485,96	7.650.121,51	124	8.366.607,36	109
FINANCIAL EXPENSES	2.675.230,13	3.356.649,98	125	3.402.730,68	101
EXTRAORDINARY EXPENSES	0,00	0,00	#DIV/0!	0,00	#DIV/0!
TOTAL EXPENSES	72.927.991,99	85.802.374,31	118	90.346.117,28	105
PROFIT/LOSS	44.789.148,33	48.012.336,56	107	53.578.976,45	112
OPERATING PROFIT/LOSS	52.257.756,25	58.888.388,42	113	65.169.581,72	111
EBITDA	53.633.864,42	59.019.108,05	110	65.348.314,49	111

REVENUES BY ACTIVITIES:

Revenues from hotel services amount to HRK 51,616,255.74 and have risen by 11% compared to those in the same period of the previous fiscal year, noting that the growth in revenues is the result of the growth in sales revenues especially in the segment of the revenue from accommodation and board services on the domestic market by 17% and foreign market by 15%, the best booking achieved so far in the pre-and post-season and consequently better occupancy of the accommodation capacities.

The revenues from the nautics amount to HRK 42,259,650.40 and have risen by 2% compared to those in the same period of 2017 as a consequence of the increase in the revenues from the accommodation of the vessels, that is, Marina Kornati that account for 89.73% of the revenues from the nautical sector, by 3%.

Revenues from camping amount to HRK 33,212,679.80 and have risen by 13% compared to those in the same period of the previous fiscal year as result of the increase in revenues in all markets

of the campsite „Park Soline“ of which is specifically significant the increase in revenues from mobile homes by 15%, the revenues from lump sum by 29% and the increase in hospitality by 12%.

The revenues from other activities that is, profit centers, including Ilirija Travel, or Arsenal, event ship „Nada“, Commercial-shopping center City Galleria and hospitality were generated in the amount of HRK 16,657,775.02 and have risen by 2.31% compared to those in the same period of the year 2017.

GRANDTOTAL: Operating revenues by activities amount to HRK 143,746,360.96 and have risen by 7.53% in comparison with those in the same period in 2017.





FUNDAMENTAL FINANCIAL PERFORMANCE INDICATORS AS AT 30/09/2018

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

I

The value of the Company's assets as at 30/09/2018 amounts to HRK 467,858,439.62 and has risen by HRK 27,709,378.54 or by 6.30% compared to the same period in 2017 when it amounted to HRK 440,149,061.08, whose growth is the result of the investments made.

The value of assets of the Company since 2009, when it amounted to HRK 281,804,719.08, grew by HRK 186,053,720.54 or by 66.02% .

2

Total liabilities of the Company as at 30/09/2018 amounted to HRK 125,447,257.27 and rose by HRK 2,977,900.73 that is, by 2.43% compared to those in the same period of the year 2017 when they amounted to HRK 122,469,356.54 as a result of growth in current liabilities of the Company.

3

Capital and reserves of the Company as at 30/09/2018 amounted to HRK 342,411,182.35 and rose by HRK 24,731,477.82 that is by 7.79% compared to those in the same period in 2017 when they amounted to HRK 317,679,704.54.

Compared to the Company's capital and reserves realized in the nine months of the year 2018, they increased by HRK 202,445,754.12 or by 144.64% compared to those in the same period in 2009 when they amounted to HRK 139,965,428.23.

4

The total revenues of the Company amount to HRK 143,925,093.73 and are higher by HRK 10,110.382,86 or by 7.56% compared to those in the same period of 2017 when they amounted to HRK 133,814,710.87

the increase of which is the consequence of growth in operating revenues, that is, sales revenues.

The total revenues of the Company compared to those in the same period in 2009, when they amounted to HRK 83,364,770.90, grew by HRK 60,560,322.83 or by 72.64%.

5

The operating profit of the Company was generated in the amount of HRK 65,169,581.72 and is higher by HRK 6,281.193,30 or by 10.67% compared to that in the same period in 2017 when it amounted HRK 58,888,388.42 as a consequence of a growth in total and operating revenues.

The operating profit generated in the nine months of the year 2018, compared with the operating profit from the same period in 2009, when it amounted to HRK 31,334,110.36, it grew by 107.98% or by HRK 33,835,471.36.

6

EBITDA was realized in the amount of HRK

65,348,314.49 and grew by 10.72% or HRK 6,329,206.44 compared to that in the same period of 2017.

The realized EBITDA in the reported period grew by HRK 34,368,373.02 or by HRK 110.94% compared to that in the same period of 2009 when it was realized in the amount of HRK 30,979,941.47.

7

The profit of the Company for the reported period amounts to HRK 53,578,976.545 and is higher by HRK 5,566,639.89 or 11.59% compared to that in the same period in 2017 when it amounted to HRK 48.012.336,56.

The profit realized in the reported period compared to the profit generated in the same period of 2009, that amounted to HRK 23,523,719.41 is higher by HRK 30,055,257.04 or by 127.77%.

8

The dividend in the amount of HRK 7,221,240.00 was distributed to the shareholders, which is by HRK

1,204,700.00 or 20.02% higher than in the previous fiscal year.

The Company has allocated 93.04% or HRK 3,480,450.00 more funds for the distribution of the dividend in the current fiscal year in comparison to the dividend distributed to the shareholders in 2009 that amounted to HRK 3,740,790.00.

The total amount of HRK 44,360,458.00 was distributed to the shareholders for a dividend during the period from 2009 to 30/09/2018.

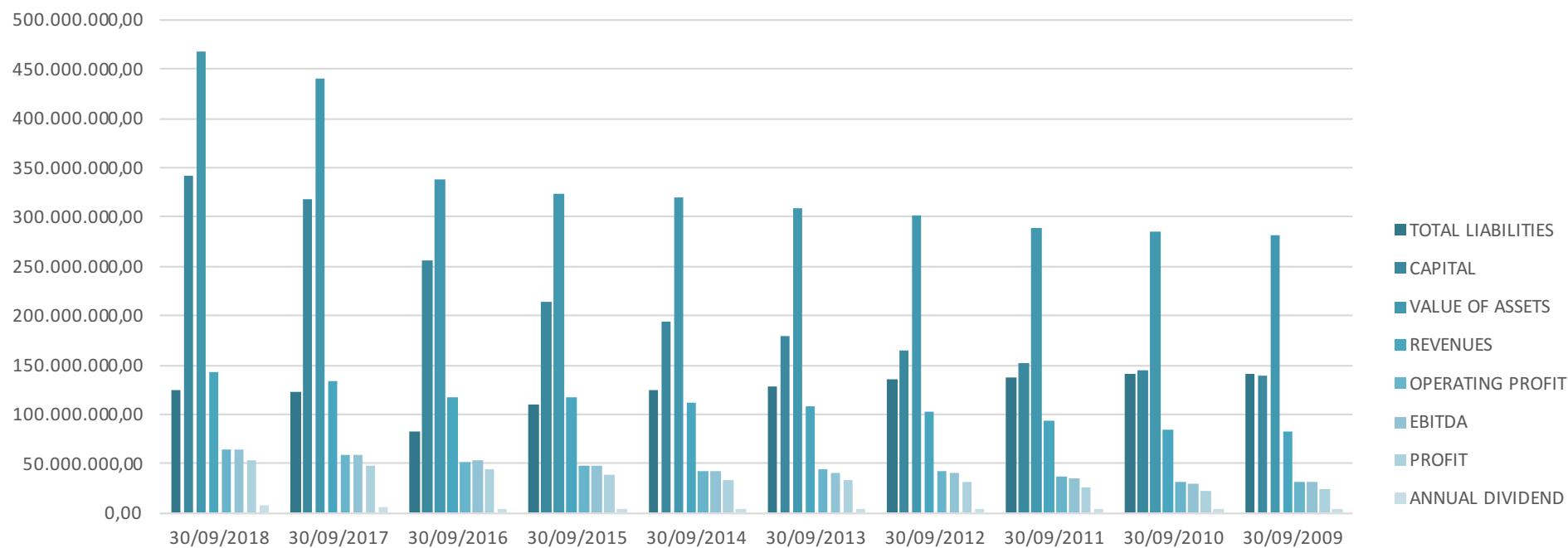


CUMULATIVE COMPARATIVE OVERVIEW

of fundamental indicators on the position of assets, capital, liabilities and operating results of the Company
as at 30/09/2018 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
30/09/2018	125.447.257,27	342.411.182,35	467.858.439,62	143.925.093,73	65.169.581,72	65.348.314,49	53.578.976,45	7.221.240,00
30/09/2017	122.469.356,54	317.679.704,54	440.149.061,08	133.814.710,87	58.888.388,42	59.019.108,05	48.012.336,56	6.016.540,00
30/09/2016	82.305.840,84	256.102.674,48	338.408.515,62	117.717.140,32	52.257.756,25	53.633.864,42	44.789.148,33	4.937.148,00
30/09/2015	110.720.793,04	213.593.055,17	324.313.848,21	116.608.664,22	48.032.273,69	48.202.243,05	39.468.455,64	3.740.790,00
30/09/2014	125.000.091,75	194.440.141,31	319.440.233,06	112.532.734,42	42.524.469,69	42.325.631,96	33.146.401,04	3.740.790,00
30/09/2013	128.884.542,13	179.400.931,75	308.285.473,88	107.911.903,81	44.008.059,61	41.381.418,41	32.668.721,40	3.740.790,00
30/09/2012	135.863.714,92	165.701.164,63	301.564.879,55	103.634.805,37	43.204.867,92	41.328.375,57	32.060.877,35	3.740.790,00
30/09/2011	137.125.121,72	152.465.850,07	289.590.971,79	94.065.679,13	37.054.613,81	35.834.580,57	26.858.778,57	3.740.790,00
30/09/2010	142.008.921,31	143.990.748,17	285.999.669,48	84.875.428,58	31.722.703,62	30.724.067,48	22.577.195,98	3.740.790,00
30/09/2009	141.839.290,85	139.965.428,23	281.804.719,08	83.364.770,90	31.334.110,36	30.979.941,47	23.523.719,41	3.740.790,00

Overview of fundamental indicators on the position of assets, capital, liabilities and operating results of the Company as at 30/09/2018 and also for the same period from 2009 to 2017



OPERATING AND OTHER EXPENSES

Operating expenses in the reported period amount to HRK 78,576,779.24 and are higher by 5.06% compared to those in the same period of the previous fiscal year. The increase in this costs is a consequence of investments made in the development and advancement of offer and facilities, other expenses by 10% and rise in gross pay costs by 8%.

FINANCIAL EXPENSES

Financial expenses for the nine months of 2018 amount to HRK 3,402,730.68 and increased by 1.37% compared to those in the same period of 2017, when they amounted to HRK 3,356,649.98. The rise in financial expenses, albeit a slight rise, is the result of the increase in the total indebtedness of the Company or financing the Company by foreign sources of funding, and they actually constitute the ordinary funding expenses, that is, interests on long-term and short-term financial liabilities and financing the supply of equipment by means of financial leasing.

LIQUIDITY

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

SHARE SPLIT

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

EARNING PER SHARE

In the nine months of 2018, the gross earning per share amounts to HRK 22.27.

UNCERTAINTY OF COLLECTING REVENUES AND POTENTIAL FUTURE COSTS

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

12 INVESTMENTS IN THE YEAR 2018

In the nine months of 2018 till early May, the Company completed the investment cycle according to the Investment Plan for the fiscal year 2018, totally evaluated at HRK 32,233,032.90 in the hotel, camping, nautical sectors and in the destination management company Ilirija Travel with an aim of upgrading and modernizing the service, creating a market-competitive and recognizable offer through the reconstruction and expansion of the capacities and the introduction of new and modern technical solutions. According to the foregoing, the Company's investments in the hotel sector will refer to:

- The construction of the indoor swimming pool with useful surface area of approximately 400m² along with supporting facilities serving its function according to the building permit, Class: UP/I-361-03/16-01/160 Protocol No.: 2198/1-11-2/1-16-6 of 30th December, 2016, issued by the Zadar County, the Administrative Department for the Implementation of the Physical Planning and Construction Documents, Biograd na Moru Branch, which supplemented the existing tourist offer of the hotel Ilirija Resort in the destination of Biograd na Moru. In addition to the two built outdoor swimming pools, the Company connected the Ilirija Hotel and Adri-

atic Hotel by constructing the indoor multipurpose swimming pool. By building the indoor swimming pool, the number of swimming pool areas of the Company has increased to 1.815m², with a significant improvement of the hotel sector's facilities and services. Besides, instead of the usual, chemical treatment of the pool water by using chemicals, mainly the compounds of chlorine, the use of UV radiation in the form of UV lamps was introduced in the swimming pool. This technology ensures high disinfection performance in addition to lack of toxicity, and gradually reduces the amount of chemicals used so far.

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

- The exterior (facade) fence of Ilirija Hotel and

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

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

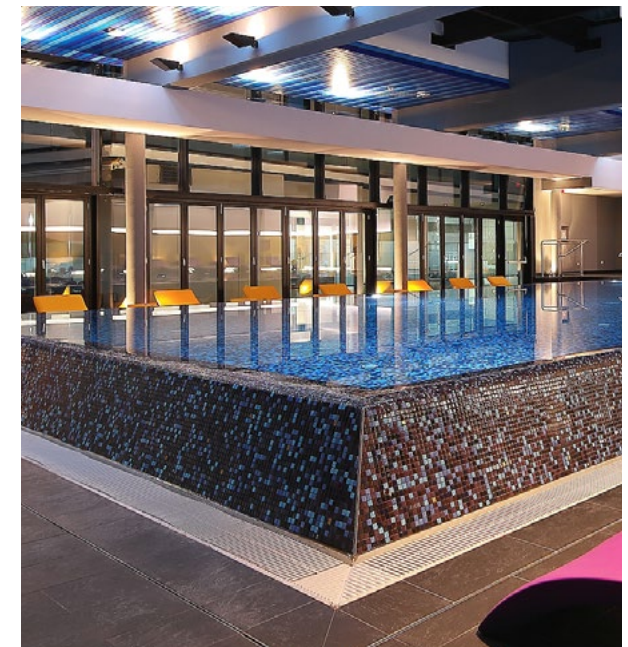
- The Company has invested in the purchase of new mobile homes in the camping sector together with all the accompanying infrastructure that form a separate camp unit, the development of the IV zone of the campsite that includes new traffic roads, lighting, sanitary facilities, additional infrastructure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

the period of business operations of the facility. In the camping sector, the number of accommodation units has also increased by 90 pitches having a standard surface area of 70 -100m², resulting in an increase in the total accommodation capacities of the campsite from 1.130 to 1.220 accommodation units. The improvement of quality, content and additional services, particularly the quality and equipment of the accommodation units have also been recognized by the agencies that have installed a novelty in the camping offer - glamping tents.

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

- In preparing for the current fiscal year, the Company has also made investments in other sectors and profit centers especially in the tourism sector, which represent an additional offer, that is, and in raising the quality of facilities and services as well

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



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 m² of the land plot remain unused. According to the conceptual design, the Company is planning to build eight detached villas with apartments on the undeveloped part of the land plot and the Company is also planning to extend the existing accommodation and supporting facilities. With respect the planned project, the Municipality has adopted the Detailed development plan for the area intended for hospitality and tourism (T1-hotel) and for mixed-use purposes.

Land plot, Villa Primorje: The Company is the owner

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

Land plot, Tennis center Ilirija: The Company owns approximately 4.9 hectares of the land plot in Biograd na Moru within the boundaries of the Forest Park Soline that is used only to a smaller part (Tennis center Ilirija 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 COMPANY DEVELOPMENT 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.

15 COMPANY'S OPERATIONAL RISKS

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

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

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

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

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

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

16 IMPORTANT EVENTS

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

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

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

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

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

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



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

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

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

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

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



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

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

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

17 SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

In August, the Company publicized its third non-financial report - The Annual Report on Corporate Social Responsibility for 2017, in Croatian and English, prepared in accordance with the international standards of reporting on the non-financial impacts of the Company Global Reporting Initiative - GRI Standards (Core Option). This is also the first non-financial report prepared in accordance with the leading international non-financial reporting standards which, in addition to presenting the achieved economic operating results, also includes an overview of environmental and social issues, a total of 15 of them, crucial for understanding the overall activities in 2017 and its contribution to the wider community. The report is verified by the Independent Commission of the Steering Council of the Croatian Business Council for Sustainable Development (CR BCSD), an independent organization of the economic sector, and has been publicly posted on the websites of the Company, www.ilirijabiograd.com, the Zagreb Stock Exchange and The Croatian Financial Services Supervisory Agency.

Being aware of its responsibilities as a socially responsible economic operator and at the same time being a transparent and public company, the Company, unlike in the previous two reports, has actively joined all of its stakeholder groups with an aim to understand their expectations in order to further provide long-term, sustainable and responsible development of the Company.

Apart from the fact that making considerable investments in the preparation of its tourist season in 2018, the Company paid a special attention to the environmental protection, as a result of which the reconstruction of the boiler rooms of Ilirija hotel and Kornati hotel was carried out converting them 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, Adriatic hotel and Kornati hotel are connected to natural gas as an environmentally friendly energy source. Regarding the most important Company's investment in this fiscal year, that is, the construction of the multifunctional indoor swimming pool, the Company has also installed the UV technology for disinfection of the pool water, which will reduce the amount of chemicals normally used for disinfection of the pool water.

Considering the fact, that care for the environment is the care for our future at the same time, we regularly edu-

cate (i) employees, (II) guests and (III) members of our community. Given that the education of our employees and guests is continuous, we were educating the members of our community in the month of September, that is, we organized an educational project entitled "Bio-otpad" /"Bio-waste"/ with a theoretical and practical part for the students of the "Ante Kuzmanić" Secondary Medical School from Zadar with an aim to develop the knowledge on the types of bio-waste and the importance of composting. Therefore, this project is the contribution of the company Ilirija to the development of the wider social awareness of the importance of environmental protection and the reduction of harmful impacts on the environment.

In August, the Company received the award "Company as Friend of Health" as the second tourism company in Croatia, the Croatian Institute of Public Health, which together with the Ministry of Health launched this project to promote health and healthy way of life at a workplace. The recognition was awarded to introduce special labels in the working environment, then to enable its employees to introduce healthy living habits, foster and promote health at a workplace and express concern about employees' health.



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 m², which in the nature is "Tennis center Ilirija" with the surrounding land. In this way the dispute over the property of the "Tennis center Ilirija" has been completed to the benefit of the Company by rendering final and absolute judgment.

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.



19 NOTES

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

The Company owns all the proper permits to carry out the business activities, such as the decisions on the classification, meeting minimum technical requirements for the operation, water management licenses, etc.

Goran Ražnjević,
President of the Management Board

ILIRIJA dioničko društvo
za ugostiteljstvo i turizam
Biograd na Moru



Balance Sheet - as of 30/09/2018

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	411.124.483	435.502.147
I. INTANGIBLE ASSETS (004 to 009)	003	290.042	214.908
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	290.042	214.908
II. PROPERTY, PLANT AND EQUIPMENT (011 to 019)	010	410.794.441	435.248.545
1. Land	011	42.340.227	43.353.859
2. Buildings	012	229.698.384	243.583.458
3. Plant and equipment	013	43.210.943	55.237.936
4. Tools, working inventory and transportation assets	014		
5. Biological assets	015		
6. Advances for purchase of tangible assets	016	719.433	914.026
7. Tangible assets in progress	017	15.741.013	14.279.120
8. Other tangible assets	018		
9. Investment in real-estate	019	79.084.441	77.880.146
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	28.311.449	31.837.206
I. INVENTORIES (036 to 042)	035	2.522.511	2.647.242
1. Raw materials and supplies	036	2.522.511	2.647.242
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	21.570.100	22.698.499
1. Receivables from related parties	044		
2. Receivables from end-customers	045	20.206.170	21.363.779

Balance Sheet - as of 30/09/2018

Company: ILIRIJA d.d. BIOGRAD NA MORU

3. Receivables from participating parties	046		
4. Receivables from employees and members of the company	047	871.641	811.422
5. Receivables from government and other institutions	048	227.701	175.999
6. Other receivables	049	264.588	347.299
III. CURRENT FINANCIAL ASSETS (051 to 057)	050	2.245.469	1.965.766
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	2.245.469	1.965.766
7. Other financial assets	057		
IV. CASH AND CASH EQUIVALENTS	058	1.973.369	4.525.699
D) PREPAYMENTS AND ACCRUED INCOME	059	713.129	519.087
E) TOTAL ASSETS (001+002+034+059)	060	440.149.061	467.858.440
F) OFF BALANCE SHEET ITEMS	061		
EQUITY AND LIABILITIES			
A) ISSUED CAPITAL AND RESERVES (063+064+065+071+072+075+078)	062	317.679.705	342.411.182
I. SUBSCRIBED SHARE CAPITAL	063	205.146.480	229.146.480
II. CAPITAL RESERVES	064	26.723.874	2.932.389
III. RESERVES FROM PROFIT (066+067-068+069+070)	065	23.435.964	26.008.754
1. Legal reserves	066	9.477.986	12.477.986
2. Reserve for own shares	067	6.975.716	6.975.716
3. Treasury shares and shares (deductible items)	068	540.417	967.627
4. Statutory reserves	069		
5. Other reserves	070	7.522.679	7.522.679
IV. REVALUATION RESERVES	071		
V. RETAINED EARNINGS OR LOSS CARRIED FORWARD (073-074)	072	14.361.050	30.744.583
1. Retained earnings	073	14.361.050	30.744.583
2. Loss carried forward	074		
VI. NET PROFIT OR LOSS FOR THE PERIOD (076-077)	075	48.012.337	53.578.976
1. Net profit for the period	076	48.012.337	53.578.976
2. Net loss for the period	077		
VII. MINORITY INTEREST	078		
B) PROVISIONS (080 to 082)	079	0	0
1. Provisions for pensions, severance pay and similar liabilities	080		
2. Provisions for tax liabilities	081		
3. Other provisions	082		
C) NON-CURRENT LIABILITIES (084 to 092)	083	112.690.470	111.869.699
1. Liabilities to related parties	084		
2. Liabilities for loans, deposits, etc.	085		
3. Liabilities to banks and other financial institutions	086	112.690.470	111.869.699
4. Liabilities for advances	087		
5. Trade payables	088		
6. Commitments on securities	089		
7. Liabilities to companies with participating interest	090		
8. Other non-current liabilities	091		

Balance Sheet - as of 30/09/2018

Company: ILIRIJA d.d. BIOGRAD NA MORU

9. Deferred tax liabilities	092		
D) CURRENT LIABILITIES (094 to 105)	093	8.383.234	12.340.346
1. Liabilities to related parties	094		
2. Liabilities for loans, deposits, etc.	095		
3. Liabilities to banks and other financial institutions	096	1.417.014	1.258.092
4. Liabilities for advances	097		
5. Trade payables	098	4.055.474	7.343.545
6. Commitments on securities	099		
7. Liabilities to companies with participating interest	100		
8. Liabilities to employees	101	2.190.107	2.324.461
9. Taxes, contributions and similar liabilities	102	285.792	253.128
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	434.847	1.161.120
E) ACCRUED EXPENSES AND DEFERRED INCOME	106	1.395.652	1.237.213
F) TOTAL EQUITY AND LIABILITIES (062+079+083+093+106)	107	440.149.061	467.858.440
G) OFF BALANCE SHEET ITEMS	108		
ADDITION TO BALANCE SHEET (only for consolidated financial statements)			
A) ISSUED CAPITAL AND RESERVES			
1. Attributable to majority owners	109		
2. Attributable to minority interest	110		

Income statement period 01/01/2018 to 30/09/2018

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	133.683.991	72.931.918	143.746.361	77.250.007
1. Sales revenues	112	133.381.109	72.817.493	143.082.012	77.387.380
2. Other operating revenues	113	302.882	114.425	664.349	137.373
II. OPERATING COSTS (115+116+120+124+125+126+129+130)	114	82.445.724	37.753.955	86.943.386	39.189.926
1. Change in inventories of work in progress	115				
2. Material expenses (117 to 119)	116	31.322.506	16.205.805	31.310.833	15.458.373
a) Costs of raw materials	117	18.730.170	9.948.931	18.598.209	9.847.359
b) Cost of goods sold	118				
c) Other material expenses	119	12.592.336	6.256.874	12.712.624	5.611.014
3. Employee benefits expenses (121 to 123)	120	26.859.874	11.423.897	28.930.974	14.099.502
a) Net salaries	121	16.350.378	6.967.436	17.434.928	7.413.129
b) Tax and contributions from salary expenses	122	6.567.594	2.779.916	7.245.133	4.878.650
c) Contributions on salary	123	3.941.902	1.676.545	4.250.913	1.807.723
4. Depreciation and amortisation	124	7.650.122	2.550.040	8.366.607	2.788.869
5. Other expenses	125	15.942.097	7.157.330	17.873.183	6.829.938
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	671.125	416.883	461.789	13.244
III. FINANCIAL INCOME (132 to 136)	131	130.720	0	178.733	137.373
1. Interest, foreign exchange differences, dividends and similar income from related parties	132				
2. Interest, foreign exchange differences, dividends and similar income from third parties"	133	130.720		178.733	137.373
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	3.356.650	1.170.953	3.402.732	1.056.745
1. Interest, foreign exchange differences, dividends and similar income from related parties	138				
2. Interest, foreign exchange differences, dividends and similar income from third parties	139	3.356.650	1.170.953	3.402.732	1.056.745
3. Unrealised losses (expenses) from financial assets	140				
4. Other financial expenses	141				
V. SHARE OF PROFIT FROM ASSOCIATED COMPANIES	142				
VI. SHARE OF LOSS FROM ASSOCIATED COMPANIES	143				
VII. EXTRAORDINARY - OTHER INCOME	144				
VIII. EXTRAORDINARY - OTHER EXPENSES	145				
IX. TOTAL INCOME (111+131+142+144)	146	133.814.711	72.931.918	143.925.094	77.387.380
X. TOTAL EXPENSES (114+137+143+145)	147	85.802.374	38.924.908	90.346.118	40.246.671
XI. PROFIT OR LOSS BEFORE TAXES (146-147)	148	48.012.337	34.007.010	53.578.976	37.140.709
1. Profit before taxes (146-147)	149	48.012.337	34.007.010	53.578.976	37.140.709
2. Loss before taxes (147-146)	150	0	0	0	0
XII. TAXATION	151				
XIII. PROFIT OR LOSS FOR THE PERIOD (148-151)	152	48.012.337	34.007.010	53.578.976	37.140.709

Income statement period 01/01/2018 to 30/09/2018

Company: ILIRIJA d.d. BIOGRAD NA MORU

1. Profit for the period (149-151)	153	48.012.337	34.007.010	53.578.976	37.140.709
2. Loss for the period (151-148)	154	0	0	0	0
ADDITION TO PROFIT AND LOSS ACCOUNT (only for consolidated financial statements)					
XIV. PROFIT OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	155				
2. Attributable to minority interest	156				
STATEMENT OF OTHER COMPREHENSIVE INCOME (only for IFRS adopters)					
I. PROFIT OR LOSS FOR THE PERIOD (=152)	157				
II. OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAXES (159 to 165)	158	0	0	0	0
1. Exchange differences from international settlement	159				
2. Changes in revaluation reserves of long-term tangible and intangible assets	160				
3. Profit or loss from re-evaluation of financial assets held for sale	161				
4. Profit or loss from cash flow hedging	162				
5. Profit or loss from hedging of foreign investments	163				
6. Share of other comprehensive income/loss from associated companies	164				
7. Actuarial gains/losses from defined benefit plans	165				
III. TAXATION OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD	166				
IV. NET OTHER COMPREHENSIVE INCOME FOR THE PERIOD (158 - 166)	167	0	0	0	0
V. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (157+167)	168	0	0	0	0
ADDITION TO STATEMENT OF OTHER COMPREHENSIVE INCOME (only for consolidated financial statements)					
VI. COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD					
1. Attributable to majority owners	169				
2. Attributable to minority interest	170				

Cash flow statement - indirect method
for the period 01/01/2018 to 30/09/2018
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	48.012.337	53.578.976
2. Depreciation and amortisation	002	1.480.635	716.485
3. Increase of current liabilities	003		3.957.112
4. Decrease of current receivables	004		
5. Decrease of inventories	005		
6. Other cash flow increases	006		
I. Total increase of cash flow from operating activities	007	49.492.972	58.252.573
1. Decrease of current liabilities	008	7.196.026	
2. Increase of current receivables	009	3.737.290	3.525.757
3. Increase of inventories	010	111.576	124.731
4. Other cash flow decreases	011	269.995	
II. Total decrease of cash flow from operating activities	012	11.314.887	3.650.488
A1) NET INCREASE OF CASH FLOW FROM OPERATING ACTIVITIES	013	38.178.085	54.602.085
A2) NET DECREASE OF CASH FLOW FROM OPERATING ACTIVITIES	014	0	0
CASH FLOW FROM INVESTING ACTIVITIES			
1. Proceeds from sale of non-current assets	015		
2. Proceeds from sale of non-current financial assets	016		
3. Interest received	017		
4. Dividend received	018		
5. Other proceeds from investing activities	019		
III. Total cash inflows from investing activities	020	0	0
1. Purchase of non-current assets	021	14.557.199	24.377.664
2. Purchase of non-current financial assets	022		
3. Other cash outflows from investing activities	023	6.277.218	4.990.526
IV. Total cash outflows from investing activities	024	20.834.417	29.368.190
B1) NET INCREASE OF CASH FLOW FROM INVESTING ACTIVITIES	025	0	0
B2) NET DECREASE OF CASH FLOW FROM INVESTING ACTIVITIES	026	20.834.417	29.368.190
CASH FLOW FROM FINANCING ACTIVITIES			
1. Proceeds from issue of equity securities and debt securities	027		
2. Proceeds from loans and borrowings	028		
3. Other proceeds from financing activities	029	8.278.442	
V. Total cash inflows from financing activities	030	8.278.442	
1. Repayment of loans and bonds	031	9.811.038	6.639.457
2. Dividends paid	032	7.638.809	7.208.833
3. Repayment of finance lease	033	2.854.820	5.344.935
4. Purchase of treasury shares	034	301.180	237.920
5. Other cash outflows from financing activities	035	3.380.772	2.787.915
VI. Total cash outflows from financing activities	036	23.986.619	22.219.060
C1) NET INCREASE OF CASH FLOW FROM FINANCING ACTIVITIES	037	0	0

Cash flow statement - indirect method
for the period 01/01/2018 to 30/09/2018
Company: ILIRIJA d.d. BIOGRAD NA MORU

C2) NET DECREASE OF CASH FLOW FROM FINANCING ACTIVITIES	038	15.708.177	22.219.060
Total increases of cash flows (013-014+025-026+037-038)	039	1.635.491	3.014.835
Total decreases of cash flows (014-013+026-025+038-037)	040	0	0
Cash and cash equivalents at the beginning of period	041	337.878	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	1.973.369	4.525.699

STATEMENT OF CHANGES IN EQUITY for the period 01/01/2018 to 30/09/2018

Position	AOP	Previous year	Current year
1	2	3	4
1. Subscribed share capital	001	205.146.480	229.146.480
2. Capital reserves	002	26.723.874	2.932.389
3. Reserves from profit	003	23.435.964	26.008.754
4. Retained earnings or loss carried forward	004	14.361.050	30.744.583
5. Net profit or loss for the period	005	48.012.337	53.578.976
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	317.679.705	342.411.182
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	48.012.337	53.578.976
17.Total increase or decrease of equity (AOP 011 to 016)	017	48.012.337	53.578.976
17 a. Attributable to majority owners	018		
17 b. Attributable to minority interest	019		

ILIRIJA d.d.
BIOGRAD NA MORU

Biograd na Moru, 22/10/2018

Statement made by the persons responsible for the preparation of the financial statements for the period from 01/01–30/09/2018

According to Article 403-410 of the Capital Market Act, we declare that:

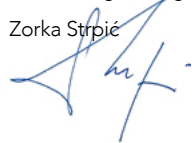
Financial statements of Ilirija d.d., Biograd na Moru, Tina Ujevića 7, Tax No. OIB: 05951496767, for the period from 01/01 to 30/09/2018 have been prepared in accordance with International Financial Reporting Standards and Croatian Accounting Act.

The financial statements give a true and fair view of the financial position of the Company as at 30/09/2018, operating results and cash flows of the Company in accordance with International Financial Reporting Standards.

The Management's Report gives a true overview of operating results and position of the Company as at 30/09/2018.

Accounting Manager:

Zorka Strbić



ILIRIJA dioničko društvo
za ugostiteljstvo i turizam
Biograd na Moru

Management Board:

Goran Ražnjević





ILIRIJA D.D.

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